

Administrative sanction of 1 July 2024 for non-compliance with professional obligations related to statutory audit

Luxembourg, 02 October 2024

Administrative decision

On 1 July 2024 the CSSF imposed an administrative fine amounting to EUR 17,902 on a *réviseur d'entreprises agréé* (approved statutory auditor).

Legal framework/motivation

The administrative fine was imposed by the CSSF pursuant to the point f) of Article 43 (1) of the Law of 23 July 2016 concerning the audit profession (the "Audit Law"), read in conjunction with Article 40(2) and the points a) and b) of Article 43(2) of the Audit Law, for non-compliance with statutory audit professional obligations, taking into account the criteria defined in Article 44 of this law, in particular the gravity and duration of the breach, the degree of responsibility of the *réviseur d'entreprises agréé*, his financial strength, his level of cooperation with the CSSF and the absence of previous breaches by the *réviseur d'entreprises agréé*.

The professional obligations in relation to which the breaches were observed are set out in particular in:

- the Audit Law;
- the CSSF Regulation No 22-01 relating to the adoption of audit standards in the field of statutory audit;

as applicable at the time of the facts.

Legal bases for the publication

This publication is made pursuant to the provisions of Article 48 of the Audit Law.

In accordance with the point a) of Article 48 (2) of the Audit Law, this publication is made anonymously, the CSSF having considered that a nominative publication would cause disproportionate harm to the parties involved.

Context and major cases of non-compliance with the professional obligations identified

This administrative fine follows a CSSF quality assurance review at a cabinet de révision agréé targeting statutory audit files and their compliance with the standards referred to in Article 33 of the Audit Law. During this quality assurance review, the CSSF identified for one statutory audit under the responsibility of the *réviseur d'entreprises agréé* important breaches in the statutory audit framework which related to statutory audit.

More specifically, these breaches relate to insufficient audit procedures performed and evidence obtained to ensure the appropriateness of the fair value measurement of a financial liability, in respect of the terms of the contract and in accordance with the applicable IFRS accounting framework.

These findings thus contravene Article 18 paragraph 2 of the Audit Law for lack of professional skepticism, Article 35 of the Audit Law in view of the inappropriateness of the audit opinion issued by the *réviseur d'entreprise agréé*, as well as the following International Standards on Auditing ("ISAs"):

- ISA 330 "The Auditor's Responses to Assessed Risks", paragraph 24;
- ISA 540 "Auditing Accounting Estimates and Related Disclosures", paragraphs 22, 33 (b) and (c) and 34;
- ISA 700 "Forming an Opinion and Reporting on Financial Statements", paragraphs 12 and 13; and
- ISA 705 "Modifications to the Opinion in the Independent Auditor's Report", paragraph 6