

## **Administrative penalty of 22 July 2024 for non-compliance with professional obligations related to related to statutory audit**

Luxembourg, 28 October 2024

### **Administrative decision**

On 22 July 2024 the CSSF imposed an administrative fine amounting to EUR 10,000 on a *réviseur d'entreprises agréé* (approved statutory auditor).

### **Legal framework/motivation**

The administrative fine was imposed by the CSSF pursuant to 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 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 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.

More specifically, these breaches relate to insufficient audit procedures performed and audit evidence obtained to demonstrate that the requirements of paragraph 35 of IAS 36 are met, namely that the Group management has, based on past experience, the ability to forecast cash flows accurately over a period in excess of 5 years, when preparing projections for the purposes of goodwill impairment testing.

These findings thus contravene Article 18, paragraph 2 of the Audit Law for lack of professional scepticism as well as the following International Standards on Auditing ("ISAs"):

- ISA 200 "Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing", paragraph 15;
- ISA 330 "The auditor's responses to assessed risks", paragraphs 7 b) et 27;
- ISA 500 "Audit evidence", paragraphs 6 et 9 (a);
- ISA 540 (revised) "Auditing accounting estimates and related disclosures", paragraphs 23 (a), (b), and (d)(i).