

# LUXEMBOURG SUPPLEMENT TO INTERNATIONAL STANDARD ON AUDITING 220 (REVISED) QUALITY MANAGEMENT FOR AN AUDIT OF FINANCIAL STATEMENTS (EFFECTIVE FOR AUDITS OF FINANCIAL STATEMENTS FOR PERIODS BEGINNING ON OR AFTER DECEMBER 15, 2022)

## Definitions

12. For purposes of the ISAs, the following terms have the meanings attributed below: [...]

(d) Engagement team – All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the engagement. This excludes an auditor's external expert engaged by the firm or by a network firm<sup>1</sup> and internal auditors who provide direct assistance on an engagement.<sup>2</sup>

(k) Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking a statutory audit. Relevant ethical requirements ordinarily comprise the provisions of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) related to an audit of financial statements, together with national requirements that are more restrictive.

In Luxembourg, the firm and its personnel are subject to ethical requirements from three sources: the IESBA Code including the Luxembourg supplement, the Audit Regulation (for Public-Interest entities) and the Audit Law (thereafter the "Luxembourg ethical requirements" or "Luxembourg ethical standards").

12D-1. The following terms have the meanings attributed below:

(a) Audit Regulation [AR] – refers to Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014.

(b) Audit Law [AL] – refers to Law of July 23<sup>rd</sup>, 2016 related to the audit profession.

(c) Competent authority – is defined in Article 1(2) of the Audit Law as "the authorities designated by law that are in charge of the regulation and/or oversight of statutory auditors and audit firms or of specific aspects thereof." In Luxembourg the competent authority is the CSSF.

<sup>1</sup> ISA 620, *Using the Work of an Auditor's Expert*, paragraph 6(a), defines the term "auditor's expert."

<sup>2</sup> The use of internal auditors to provide direct assistance is prohibited in an audit conducted in accordance with ISAs – see Luxembourg supplement to ISA 610 (Revised June 2013), paragraph 5-1.

- (d) Key audit partner – is defined in the Audit Law [AL/Article 1(1)] as:
- (i) the statutory auditor(s) designated by an audit firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of the audit firm; or
  - (ii) in the case of a group audit, at least the statutory auditor(s) designated by an audit firm as being primarily responsible for carrying out the statutory audit at the level of the group and the statutory auditor(s) designated as being primarily responsible at the level of material subsidiaries; or
  - (iii) the statutory auditor(s) who sign(s) the audit report.
- (e) Public-interest entity – is as defined in Article 1(20) of the Audit Law.
- (f) Statutory audit – is defined in Article 1(6) of the Audit Law as an audit of annual financial statements or annual consolidated financial statements in so far as required by Union law or by national law.

## Requirements

### Leadership Responsibilities for Managing and Achieving Quality on Audits

13D-1. For statutory audits of financial statements, the key audit partner(s) shall be actively involved in the carrying-out of the audit, devoting sufficient time to the engagement. [AL/Article 25(1)(2)]

### Engagement Performance

36R-1 For statutory audits of financial statements of public-interest entities, the engagement partner shall [...]

- (c) not date the auditor's report and the additional report to the audit committee<sup>3</sup> until the completion of the engagement quality control review.

### Documentation

41D-1. For statutory audits of financial statements, the auditor shall include in the audit documentation all significant threats to the firm's independence as well as the safeguards applied to mitigate those threats. (Ref: Para. A120-1) [AL/Article 22]

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<sup>3</sup> ISA 260 (Revised) Communication with those charged with governance, paragraph 16R-1



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## Application and Other Explanatory Material

### Documentation

A120-1. In documenting the significant threats to the firm's independence and any mitigating safeguards, the auditor refers to the documentation required by ISQM1<sup>4</sup>.

<sup>4</sup> ISQM1. Paragraph 58D-1 (b) (ii)