

Administrative sanction of 8 April 2024 for non-compliance with professional obligations related to statutory audit

Luxembourg, 9 July 2024

Administrative decision

On 8 April 2024 the CSSF imposed the permanent deregistration from the public register and the permanent prohibition for the *réviseur d'entreprises agréé* (approved statutory auditor) Mr Thierry GRUN to carry out statutory audits and/or sign audit reports.

Legal framework/motivation

The sanction was imposed by the CSSF pursuant to Article 40(2), 43(2) points a), b), c) and e) and 43(1) point h) of the Law of 23 July 2016 concerning the audit profession (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* (approved statutory auditor), his level of cooperation with the CSSF and previous breaches by the *réviseur d'entreprises agréé* (approved statutory auditor).

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

- the Audit Law;
- the CSSF Regulation N° 22-01

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 (1) of Article 48 of the Audit Law, the CSSF publishes the sanction on a nominative basis on its website as the final analysis of all the facts and circumstances shows that none of the circumstances to publish the sanction on an anonymous basis provided for in point (2) of the Article 48 of the Audit Law has been met.

Indeed, the CSSF considers that publication of personal data is not shown to be disproportionate, considering the importance for third parties to be informed of the fact that the *réviseur d'entreprises agréé* (approved statutory auditor) no longer fulfils the conditions required to carry out statutory audits in Luxembourg. The CSSF also considers that such publication would not jeopardise the stability of the financial markets or an ongoing criminal investigation and would not cause disproportionate damage to the *réviseur d'entreprises agréé* (approved statutory auditor).

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

This sanction follows a CSSF quality assurance review at a *cabinet de révision agréé* targeting a statutory audit file and its 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* (approved statutory auditor) that the valuation and existence of stocks of raw materials and consumables were not documented in the file. The documents provided subsequently suggest that they were produced after the date on which the audit opinion was signed.

Thus, important breaches in the statutory audit framework were identified as follows:

- Non-compliance with some fundamental ethical principles being the integrity and professional competence and due care, in accordance with paragraph 1 of article 18 of the Audit Law, articles R110.2, R111.1 et R115.1. of the Code of Ethics and paragraph 14 of ISA 200 "*Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing*";
- Non-compliance with some ISA requirements adopted by the CSSF Regulation N° 22-01, in compliance with paragraph 1 of article 35 of the Audit Law and paragraph 18 of ISA 200 "*Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing*";
- Insufficient appropriate audit evidence obtained in accordance with paragraph 17 of ISA 200 "*Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing*";
- Inappropriate design and performance of audit procedures to obtain sufficient appropriate audit evidence in accordance with paragraph 6 of ISA 500 "*Audit Evidence*".