

Administrative sanction of 2 December 2025 for non-compliance with professional obligations related to statutory audit

Luxembourg, 06 March 2026

Administrative decision

On 2 December 2025 following an investigation conducted pursuant to Article 41 of the Law of 23 July 2016 concerning the audit profession (the 'Audit Law'), the CSSF imposed an administrative fine amounting to EUR 8,000 (eight thousand) on a réviseur d'entreprises agréé ("approved statutory auditor").

Legal framework/motivation

The administrative fine was imposed by the CSSF pursuant to Article 41(3), read in conjunction with the point f) of Article 43 (1) of, and the points a) and b) of Article 43(2) of the Audit Law, for non-compliance with legal and regulatory requirements relating to statutory audit, 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 approved statutory auditor, his financial strength, his level of cooperation with the CSSF and the absence of previous breaches by the approved statutory auditor.

The CSSF has duly taken into consideration the remedial actions undertaken by the approved statutory auditor and its cabinet de révision agréé ("audit firm") to resolve the breaches identified and prevent their recurrence.

The administrative fine was imposed by the CSSF due to violations of certain provisions of the Audit Law and CSSF Regulation N°22-01 relating to the adoption of audit standards in the field of statutory audit, in their respective versions applicable at the time of the facts.

Legal bases for the publication

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

In accordance with the points a) and c) of Article 48 (2) of the Audit Law, this publication is made anonymously, the CSSF having considered in this specific case 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 an investigation by the CSSF at an audit firm concerning two statutory audit files of an investment fund (“The Fund”) and their compliance with applicable auditing standards in accordance with the requirements of Article 33 of the Audit Law. During this investigation, the CSSF identified important breaches to the statutory audit framework.

More specifically, in its assessment of the independence risk as required by ISA 220 ‘Quality control for an audit of financial statements’ for the purpose of verifying that the objectivity, integrity and professional skepticism of the audit team are not compromised, the approved statutory auditor had not identified that the valuation services provided by entities that are part of the audit firm’s network, for significant investments of the Fund and for which the valuation involved a significant degree of subjectivity, were prohibited under paragraph R603.4 of the code of ethics issued by the “International Ethics Standards Board for Accountants” (IESBA), being mandatory as per RCSSF regulation N° 22-01, thereby contravening to the paragraph 11 of ISA 220’ (or paragraph 21 of the revised ISA 220 applicable for financial years beginning on or after 15 December 2022).

Indeed, the audit team assessed the appropriateness of the work performed by entities that were members of the audit firm’s network on the fair value measurement of certain significant investments of the Fund. This risk of self-review and advocacy could then lead an objective, reasonable and informed third party to conclude that the independence of the statutory auditor or the audit firm is compromised, thereby casting doubt on the outcome of the statutory audit, particularly regarding the accuracy of the audit opinion.

This also led to an erroneous statement of independence in the section “basis of opinion” of his audit report, as required by paragraph 28(c) of ISA 700 “Forming an Opinion and Reporting on Financial Statements”.

The statutory auditor infringed the provisions of (i) Article 20(1) of the Audit Law (which requires the independence not being affected by any conflict of interest or business relationship), (ii) Article 33(1) and (2) of the Audit Law (requiring statutory audits to be carried out in accordance with ISA standards adopted by the CSSF regulation, including the aforementioned code of ethics), and (iii) Article 35(1) of the Audit Law concerning the audit report, including the statement of independence, which was erroneous in this specific case.