

**COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER**

**CSSF Regulation No. 10-03 on the training log to be presented by
candidates *réviseurs d'entreprises* (statutory auditors) when applying
for registration for the examination of professional competence**

(*Mémorial* A – No. 190 of 27 October 2010)

The Executive Board of the Commission de Surveillance du Secteur Financier,

Having regard to Article 108a of the Constitution;

Having regard to the amended law of 23 December 1998 establishing a financial sector supervisory commission (Commission de Surveillance du Secteur Financier) and in particular Article 9(2);

Having regard to the law of 18 December 2009 concerning the audit profession, and in particular Article 8(2);

Having regard to the Grand-ducal regulation of 15 February 2010 pursuant to the law of 18 December 2009 on the audit profession and determining the requirements for the professional qualification of *réviseurs d'entreprises* and in particular Article 4(4) and (13);

Having regard to the opinion of the Consultative Committee for the audit profession;

Having regard to the opinion of the Consultative Committee for the prudential regulation;

decides:

Art. 1. The training log provided for in Article 4(13) of the Grand-ducal regulation of 15 February 2010 determining the professional qualification requirements of *réviseurs d'entreprises* must be kept according to the model attached to this regulation.

Art. 2. The supervisor (*maître de stage*) must assess the trainee annually. All annual assessments form the basis of the general assessment carried out at the end of the training as to the suitability of the candidate to register for the examination of professional competence.

Art. 3. The annex is an integral part of this CSSF regulation.

Art. 4. This regulation shall be published in the *Mémorial* and on the website of the Commission de Surveillance du Secteur Financier.

Luxembourg, 14 September 2010

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

Claude SIMON
Director

Andrée BILLON
Director

Simone DELCOURT
Director

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Director General

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

EXPLANATORY MEMORANDUM

This draft CSSF regulation aims to determine the content of the training log in compliance with Article 4(13) of the Grand-ducal regulation of 15 February 2010 determining the requirements for the professional qualification of the *réviseurs d'entreprises* (hereafter the "GDR") which provides that: *"throughout his professional training period, the candidate shall keep a training log in accordance with a model made available by the CSSF which shall provide particulars of the assignments which he has followed or undertaken, together with the assessment of the supervisor or, where applicable, the supervisors as to the attainment of the objectives set for the candidate."*

The GDR thus entrusts the CSSF with the mission to establish the model according to which the training log of the trainees *réviseurs d'entreprises* must be kept.

The training log model chosen by the CSSF was prepared according to the objective pursued which is twofold:

- to communicate to the jury of the examination of professional competence (hereafter the "EPC"), pursuant to Article 4(13) of the GDR, an overview of the types of assignments carried out by the candidate during his training, both with regard to the type of statutory assignment and the role played/level of proficiency achieved, the business sector concerned as well as the applied accounting and control standards.
- to ensure an actual and effective monitoring of the trainee by the supervisor, in compliance with the requirements of Article 4(4) of the GDR, and to provide a concrete basis to the general assessment, which is carried out at the end of the training period by the supervisor pursuant to Article 4(13) of the GDR as to the suitability of the candidate to register for the EPC. Indeed, pursuant to Article 4(4) of the aforementioned Grand-ducal regulation, the candidate *"must be closely monitored by a supervisor"*, which implies regularly setting objectives as well as assessing the achievement of the objectives set for the trainee.

In this context, it should be noted that pursuant to this article, the supervisor may be a *"cabinet de revision agréé (approved audit firm) which has been established for more than three years."*

Where the supervisor is a *cabinet de révision agréé*, the CSSF requires that it appoints a partner *réviseur d'entreprises agréé* in charge of the application of the provisions of this regulation.

This partner of the audit department is in particular responsible for:

- the centralised coordination of the monitoring of the trainees;
- ensuring that the annual assessment of each trainee is carried out by the audit partner(s) with whom the trainee mainly worked.

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

The training log as well as the annual assessments shall be signed by this *réviseur d'entreprises agréé* on behalf of the *cabinet de révision agréé*.

The annual assessments shall also be signed by the audit partner(s) with whom the trainee mainly worked and who carried them out.

The *cabinet de révision agréé* shall communicate the name and contact details of this responsible person to the CSSF as well as any subsequent change within one month.

These measures are necessary in order to ensure a high quality monitoring of the trainee and thus avoid that this monitoring becomes a mere administrative exercise.

The training log comprises two parts:

- training log model;
- annual assessments to be completed by the trainee together with his supervisor.

The provisions of this draft CSSF regulation shall apply as from the ordinary session of the EPC organised in September 2011.

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

COMMENTS ON THE ARTICLES

Comments on Article 1:

The training log model the original of which is to be provided with a registration request for the EPC is included in Annex 1 to this draft CSSF regulation.

Below additional information on the method of completion of the log:

The original of the training log duly assessed and certified by the supervisor or, where applicable, the supervisors is to be delivered by the trainees with the written request for registration for the ordinary session of the EPC.

This original comprises three parts:

- "Administrative data": this part includes a summary of all administrative data relating to the trainee. Additional explanation is provided below the table to be filled in.
- "General assessment": this part includes the assessment of the supervisor as to the suitability of the candidate to register for the EPC. It is based on the annual assessments carried out by the supervisor and described under *Comments on Article 2* below:
- "Summary table of assignments": this part gives an overview of the assignments carried out by the trainee throughout the official period of his training, from the start date of his training set by the Ministry of Justice or by the CSSF, as appropriate, to 30 June of the year during which the candidate wishes to register for the EPC.

The boxes of the table listing the assignments are to be filled in number of days spent on these assignments by the trainee.

Note: the number of days set in the training log varies from one candidate to another according to the length of the training within the limits laid down by the GDR (minimum three years and maximum seven years).

The table was created in such a manner that totals 1, 2, 3 and 4 included in the columns indicate the same number of days. It is in fact a breakdown of the number of training days spent on a given type of assignment by level of proficiency/role, business sector as well as by applied accounting and control standards.

The summary table of assignments includes pre-formatted formula and the figures of the case below are indicated, as an example, in the table. The boxes in which no figure can be entered are "greyed out" (e.g. indication of the control standards for the assignments other than the supervisory assignments).

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

Practical example: a trainee who started his training on 1 June 2010 and who intends to take the EPC in 2014 presents a training log of 1,490 days (from 1 June 2010 to 30 June 2014). Let us assume that this trainee spent 500 days on the statutory audit of annual accounts. In this case, the totals "columns" 1 to 4 shall be 500 days for the line "statutory audit of annual accounts".

If he spent half this time carrying out assignments as a senior auditor and the other half as a manager, the candidate will enter 250 days in each of the two corresponding columns of the category "role/level of proficiency".

If 30% of these days relate to the statutory audit of commercial companies and 70% of these days relate to the statutory audit of undertakings for collective investment, the candidate will enter 150 days in the column "Industrial and commercial companies" and 350 days in the column "Undertakings for collective investment (UCIs) in the broad sense" of the category "business sector of the client with which the assignment was carried out".

The procedure is the same for the two remaining categories (accounting and control standards).

The training log model comprises one part entitled "General assessment" summarising the conclusion of the supervisor in respect of the suitability of the candidate to register for the EPC. This general conclusion shall be based on the monitoring carried out by the supervisor throughout the training.

Comments on Article 2:

Below additional explanations on the form and content of the annual assessments:

a) Principle

For the purpose of formalising the close monitoring by the supervisor, the CSSF requests each trainee to provide it with an annual assessment with the content included in point b) below, via "De Guichet" (www.guichet.lu), between 15 December and 15 January of each year at the latest, within the context of the annual validation of the details (see box below).

Each annual assessment covers a period of one year, except for the first assessment period which only begins on the start date of the training. The period between the date on which the last annual assessment was sent and 30 June of the year during which the trainee registers for the EPC will be implicitly covered by the part entitled "General assessment" of the training log; it not necessary to send a separate assessment to the CSSF for this period.

Note: from a practical point of view, assessments will be sent, within the context of the administrative data update/confirmation (Section 4.2.3 of Circular CSSF 10/439). In this respect, the annual assessment, duly signed by the trainee and the supervisor(s) is to be attached electronically in pdf format to the administrative data update/confirmation.

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

b) Content of annual assessments

Each annual assessment shall include at least the following:

- List of communications made with the supervisor over the past year (e.g. determination of the objectives at the beginning of the period, semi-annual/interim review(s), discussion on the objectives reached at the end of the period) and the time devoted to this communication.
- List of short-term objectives on which the trainee and supervisor agreed at the beginning of the period: (a) in respect of the development of his role/level of proficiency (e.g. transition from experienced auditor to manager/team leader); (b) in respect of the development of his technical skills (notably in the accounting field and in professional standards); (c) in respect of the plan of trainings attended/given (including, in particular, the certificate of complementary training at the *Université du Luxembourg* (University of Luxembourg)); (d) in respect of the exposure to the various business sectors (e.g. banks, UCIs, industrial and commercial companies, insurance/reinsurance etc.).
- For each objective set, the assessment will include two columns: (a) self-assessment of the trainee and (b) assessment by the supervisor.
- Any objective which has not been reached must be explained and a monitoring must be carried out during the subsequent period.
- A conclusion shall include a summary of the main objectives reached and the main identified development areas.

All annual assessments (at least three) will be summarised in a general assessment included in the second part of the training log model.

Moreover, the CSSF encourages the *cabinets de révision agréés* applying procedures in respect of human resources management to rely on their performance assessment policies, career development and promotion in order to prepare the annual assessments for trainees *réviseurs d'entreprises*.

The CSSF considers in particular that the monitoring of trainees *réviseurs d'entreprises* must be an integral part of the wider component "human resources" of the internal quality control system of the *cabinet de révision agréé*.

If the candidate changes his supervisor, the annual assessment covering the period during which the change occurred will bear the signature of the two relevant supervisors, each supervisor being responsible for the training period that is relevant to him.

**COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER**

Comments on Article 3:

No specific comment beyond the explanatory memorandum.

Comments on Article 4:

No specific comment beyond the explanatory memorandum.

ANNEX

Training log model

CSSF identification No.: xxxxxxx See comment 1) below:

Details on the trainee

First name: xxx Last name: xxx
 Married name: xxx Uni.lu identification No.: xxx See comment 2) below:

Initial and complementary theoretical training

University degree(s) Name of the degree/Name of the title
Name of the university

Pre-required theoretical qualification(s) obtained in a complementary manner (where applicable): See comment 6) below:

Title	Year
xxx	20xx/20xx
xxx	20xx/20xx

Certificat de formation complémentaire (complementary training certificate)

Course title	Course credit rates	Marks	Year
Ethics of the <i>réviseur d'entreprises</i> and the <i>expert comptable</i> (chartered accountant)	Course credit rate 1	xx	20xx/20xx
Annual Accounts	Course credit rate 2	xx	20xx/20xx
Undertakings for collective investment	Course credit rate 3	xx	20xx/20xx
Consolidated accounts	Course credit rate 4	xx	20xx/20xx
Commercial law	Course credit rate 5	xx	20xx/20xx
Labour and social security law	Course credit rate 6	xx	20xx/20xx
Insurance law	Course credit rate 7	xx	20xx/20xx
Bank accounting	Course credit rate 8	xx	20xx/20xx
Banking legislation and of the other professionals of the financial sector	Course credit rate 9	xx	20xx/20xx
Tax law	Course credit rate 10	xx	20xx/20xx
Legal requirements and professional standards relating to statutory audit and statutory auditors;	Course credit rate 11	xx	20xx/20xx

Training supervision

Supervisor: Full name with: Beginning and end of the supervisor's role See comment 5) below:
 Start date of the log: Day/month/year See comment 3) below:
 End date of the log: 30 June 20xx See comment 4) below:

Comments and explanations:

In grey: cells to be filled in by the trainee.

- 1) The CSSF identification number is allocated to the trainee by the CSSF during his/her initial registration.
- 2) The identification number Uni.lu is an anonymous code used by the University of Luxembourg for the anonymous correction of the examinations of the complementary training certificate.
- 3) The start date of the training log must correspond to the start date of the training, as determined, either by the Ministry of Justice for the candidates admitted to the training prior to the date of entry into force of the law of 18 December 2009 concerning the audit profession, or by the CSSF for the candidates admitted to the training after the date of entry into force of this law.
- 4) The end date of the training log is set on 30 June of the year during which the candidate intends to take the examination of professional competence (hereafter "EPC") (even if the legal duration of the training is calculated in a different way).
- 5) In the event of several supervisors, the full name of the successive supervisors shall be indicated. The candidates are reminded that, pursuant to Article 4(10) of the Grand-ducal regulation of 15 February 2010 determining the requirements for the professional qualification of *réviseurs d'entreprises* (hereafter, the "GDR"), any change of supervisor must be notified by mail to the CSSF and by email at the address supaudit@cssf.lu within one month. This notification shall be countersigned by the new supervisor.
- 6) This part is only to be filled in when the complementary certificates are required as the Master's degree or an equivalent degree does not completely comply with the requirements of Article 2(2) of the GDR.

Training log model

General assessment of the supervisor and suitability to register for the examination of professional competence (example).

Since XXX, Mr./Mrs. XXX has developed his/her technical audit knowledge. During his/her training, his/her increasing involvement in bank audit assignments, commercial and industrial companies, public companies and UCIs enabled him/her to acquire a detailed knowledge in these areas.

The objectives assigned to Mr./Mrs. XXX annually as well as my assessment as to the fulfilment of these objectives are detailed in the different annual assessments sent to the CSSF (see comment 1) below):

- XXX on XXX
- XXX on XXX
- etc.

These objectives of an increasing difficulty covered in particular the following areas:

- definition of the audit strategy, planning, review of the accounting and internal control systems;
- supervision and management of the assignments, review of the audit procedures, participation in the drafting of the reports and communications to the clients;

providing thus the candidate with an adequate overview of the complete performance of the audit assignments.

Please confirm the grade reached by the candidate at the end of the training and the highest role s/he assumed within the assignments referred to in Article 1(29), letters a) and b) of the law of 18 December 2009 on the audit profession. See comment 2) below.

S/he regularly followed internal trainings organised by our firm.

S/he showed, during his/her training, his/her ability to meet the assigned objectives, as indicated in the annual assessments referred to above (see comment 3) below).

I confirm that Mr./Mrs. XXX benefits from adequate experience and professional competence and that s/he is ready to register for the examination of professional competence.

Done in Luxembourg, on *day/month/year*

Signed by
Supervisor(s)

Signed by
Trainee

Comments:

- 1) In the annual assessments, the candidate must describe the communication s/he made with his/her supervisor (communication frequency, communicated elements, problems discussed with the solutions provided, etc.). Indeed, pursuant to Article 4(4) of the Grand-ducal regulation of 15 February 2010 determining the requirements for the professional qualification *obréviseurs d'entreprises* (hereafter, the "GDR"), the candidate must be closely monitored by a supervisor
- 2) The grade reached and the role played by the candidate within the statutory assignments at the end of the training is an important element for the purpose of assessing the suitability of the acquired experience and the professional competence of the candidate.
- 3) The confirmation that the candidate showed his/her ability to reach the assigned objectives directly arises from Article 4(13) of the GDR; the assessment of the supervisor should specify if the candidate carried out assignments during his/her training in respect of which the objectives assigned to him/her were not or only partially reached. These assignments should be reflected in the assessments received by the candidate during his/her professional training within the context of the human resources assessment system established by the firm and which may potentially indicate substantial improvement points. The supervisor is in charge of assessing whether such improvement points may challenge the ability to register for the EPC. The achievement of the objectives set is also part of the annual assessments to be sent by the trainee.

