

LUXEMBOURG SUPPLEMENT TO INTERNATIONAL STANDARD ON AUDITING 250 (REVISED) CONSIDERATION OF LAWS AND REGULATIONS IN AN AUDIT OF FINANCIAL STATEMENTS

Requirements

Communicating and Reporting Identified or Suspected Non-Compliance

Communicating Identified or Suspected Non-Compliance with Those Charged with Governance

23R-1. For statutory audits of financial statements of public-interest entities, when an auditor suspects or has reasonable grounds to suspect that irregularities with regard to the financial statements of the audited entity, may occur or have occurred, the auditor shall (unless prohibited by law or regulation) inform the audited entity and invite it to investigate the matter and take appropriate measures to deal with such irregularities and to prevent any recurrence of such irregularities in the future [AR/ Article 7]

Reporting of Identified or Suspected Non-Compliance to an Appropriate Authority outside the entity

29R-1. For statutory audits of financial statements of public-interest entities, the auditor shall:

- (a) Report promptly to the competent authorities any information concerning that public interest entity of which the auditor has become aware while carrying out the audit and which may bring about any of the following:
 - (i) A material breach of the laws, regulations or administrative provisions which lay down, where appropriate, the conditions governing authorization or which specifically govern pursuit of the activities of such public-interest entity; or
 - (ii) A material threat or doubt concerning the continuous functioning of the public-interest entity; or
 - (iii) A refusal to issue an audit opinion on the financial statements or the issuing of an adverse or qualified opinion.
- (b) Report any information referred to in paragraph 29R-1(a)(i)-(iii) of which the auditor becomes aware in the course of carrying out the audit of an

¹ 'Close links' shall have the meaning assigned to that term in point (38) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

undertaking having close links¹ with the public-interest entity for which they are also carrying out the audit. [AR/Article 12.1]

29R-2. For statutory audits of financial statements of public-interest entities, where the entity does not investigate the matter referred to in paragraph 23R-1, the statutory auditor or the audit firm shall inform the authorities responsible for investigating such irregularities. (Ref: Para. A33-1) [AR/Article 7]

Application and Other Explanatory Material

Communicating and reporting Identified or Suspected Non-Compliance

Communicating Identified or Suspected Non-Compliance with Those Charged with Governance

A25-1. For statutory audits of financial statements of public-interest entities, ISA 260 (Revised)² requires the auditor to communicate in the additional report to the audit committee any significant matters involving actual or suspected non-compliance with laws and regulations or article of association, including from fraud or suspected fraud, which were identified in the course of the audit. [AR/Article 11.2.(k)]

Reporting of Identified or Suspected Non-Compliance to an Appropriate Authority outside the entity

A33-1. The disclosure in good faith to the authorities responsible for investigating such irregularities, by the auditor, of any irregularities referred to in paragraph 29R-2 shall not constitute a breach of any contractual or legal restriction on disclosure of information in accordance with the Audit Regulation. [AR/Article 7]

¹ 'Close links' shall have the meaning assigned to that term in point (38) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

² Luxembourg supplement to ISA 260 (Revised), "Communication with Those Charged with Governance", paragraph 16R-1(k).