

# LUXEMBOURG SUPPLEMENT TO INTERNATIONAL STANDARD ON AUDITING 600 SPECIAL CONSIDERATIONS—AUDITS OF GROUP FINANCIAL STATEMENTS (INCLUDING THE WORK OF COMPONENT AUDITORS)

## Definitions

9. [...]

(n) **Group auditor** – Defined in Article 1(8) of the **Audit Law** as the statutory auditor(s) or **audit firm(s)** carrying out the statutory **audit** of consolidated accounts.

## Requirements

### Responsibility

11D-1. For statutory audits of **group** financial statements, the **group** auditor shall bear the full responsibility for the auditor's **report** on the **group** financial statements. [AL/Article 34(1)]

### Understanding the component auditor

19D-1. For statutory audits of **group** financial statements, the **group** auditor shall request the agreement of the component auditor to the transfer of relevant documentation during the conduct of the **audit** of the **group** financial statements, as a condition of the use by the **group** auditor of the work of the component auditor. [AL/Article 34(3)]

### Evaluating the sufficiency and Appropriateness of **Audit** Evidenced Obtained

42D-1. For statutory audits of **group** financial statements, the **group** auditor shall:

- (a) Evaluate the work performed by the component auditor for the purpose of the **group** audit; and [AL/Article 34(2)]
- (b) Review the **audit** work performed by the component auditor for the purpose of the **group** audit. Where the **group** engagement team is unable to do so, the **group** engagement team shall take appropriate **measures** (including carrying out additional work, either directly or by outsourcing

such tasks, in the relevant component) and inform the CSSF. [AL/Article 34(3)]

## Communication with Group Management and Those Charged with Governance of the group

### *Communication with Those Charged with Governance*

49D-1. For statutory audits of group financial statements of public interest entities, the group auditor shall bear the full responsibility for the additional report to the audit committee<sup>1</sup>. [AL/Article 34(1)] (Ref: para. A66-1)

## Documentation

50D-1. For statutory audits of group financial statements, the group auditor shall include in the audit documentation the nature, timing and extent of the work performed by the component auditor, including, where applicable, the group auditor's review of relevant parts of the component auditor's audit documentation. [AL/Article 34(2)]

50D-2. The group auditor shall retain sufficient and appropriate audit documentation to enable the CSSF to review the work of the auditor of the group financial statements. [AL/Article 34(3)]

50D-3. Where:

- the group engagement team is subject to a quality assurance review or an investigation concerning the group audit; and
- the CSSF is unable to obtain audit documentation of the work carried out by any component auditor from a non-EEA member state; and
- the CSSF requests delivery of any additional documentation of the work performed by that component auditor for the purpose of the group audit (including the component auditor's working papers relevant to the group audit),

the group engagement team shall, in order to properly deliver such documentation in accordance with such request, either:

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<sup>1</sup> ISA 260 (Revised), paragraph 16R-1 deals with the auditor's responsibilities to prepare an additional report to the audit committee.

- (a) Retain copies of the documentation of the work carried out by the relevant component auditor for the purpose of the group audit (including the component auditor's working papers relevant to the group audit); or
- (b) Obtain the agreement of the relevant component auditor that the group engagement team shall have unrestricted access to such documentation on request; or
- (c) Retain documentation to show that the group engagement team has undertaken the appropriate procedures in order to gain access to the audit documentation, together with evidence supporting the existence of any impediments to such access; or
- (d) Take any other appropriate action. [AL/Article 34(4)]

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## Appendix

### Appendix 5

#### Required and Additional Matters Included in the Group Engagement Team's Letter of Instruction

*Matters required by this ISA to be communicated to the component auditor are shown in italicized text.*

Matters that are relevant to the planning of the work of the component auditor:

- The ethical requirements that are relevant to the group audit and, in particular, the independence requirements, for example, where the group auditor is prohibited by law or regulation from using internal auditors to provide direct assistance, it is relevant for the group auditor to consider whether the prohibition also extends to component auditors and, if so, to address this in the communication to the component auditors.<sup>2</sup> [...]

<sup>2</sup> ISA 610 (Revised June 2013), Using the Work of Internal Auditors, paragraph A31. The use of internal auditors to provide direct assistance is prohibited in a statutory audit of financial statements conducted in accordance with ISAs. For a group audit this prohibition extends to the work of any component auditor which is relied upon by the group auditor, including for overseas components – see the Luxembourg supplement to ISA 610 (Revised June 2013), paragraph 5-1.