

BACKGROUND NOTE ON ACTION PLANS

Action Plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC Compliance Self-Assessment Questionnaire. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world.

Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

Refer to responses to the Part 1 Assessment of the Regulatory and Standard-Setting Framework Questionnaire and Part 2 SMO Self-Assessment Questionnaire provide background information on each member and associate their environment and existing processes. These responses may be viewed at: http://www.ifac.org/ComplianceAssessment/published_surveys.php

Use of Information

Please refer to the Disclaimer published on the Compliance Program website.

ACTION PLAN

IFAC Member/Associate:	Institut des réviseurs d'entreprises - Luxembourg
Approved by Governing Body:	IRE Council
Date Approved:	July 28, 2011
Date Published:	August 5, 2011

GLOSSARY

ASC	Advisory and Supervisory Committee	IAESB	International Accounting Education Standards Board
CPD	Continuous Professional Development	IESBA	International Ethics Standards Board for Accountants
CSOEC	Conseil Supérieur de l'Ordre des Experts-Comptables	IES	International Education Standard
CSSF	Commission de Surveillance du Secteur Financier	IFRS	International Financial Reporting Standard
EC	European Commission	IPSAS	International Public Sector Accounting Standard
ED	Exposure Draft	ISQC 1	International Standard on Quality Control 1
EU	European Union	I&D	Investigation and Discipline
FEE	Federation of European Accountants	ISA	International Standard on Auditing
GAAS	Generally Accepted Auditing Standards	NASC	National Accounting Standards Commission
HCEP	High Council for the Economic Professions	PIE	Public Interest Entity
IAASB	Int. Auditing and Assurance Standards Board	QA	Quality Assurance
IASB	International Accounting Standards Board	SMO	Statement of Membership Obligation

Action Plan Subject: SMO 1 - Quality Assurance
Action Plan Objective: Further improvements of the Quality Assurance system

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>In accordance with the law of December 18, 2009 regarding the audit profession (hereafter the “Law”), which enacts the EU directive 2006/43/EC into national legislation, the “Commission de Surveillance du Secteur Financier” (hereafter “CSSF”), which is the public oversight body for the audit profession, is responsible for setting the structure of a quality assurance system (QA) and for supervising the QA reviews of statutory audits and other engagements conferred by law on an exclusive basis to the audit profession. International Standards on Quality Control (ISQC 1) drives the QA system adopted by CSSF.</p> <p>By way of regulation, the CSSF has adopted the International Standards on Auditing (ISA), IESBA Code of Ethics and ISQC 1 as the basis for statutory audit in Luxembourg on April 6, 2010 without any carve in / out. A new regulation, enacted on July 8, 2011, enforces the clarified ISA’s, clarified IESBA Code of Ethics and clarified ISQC1. ISQC1 was completed with some interpretation material in a Luxembourg environment. The regulation uses the ISQC1 in its original English version.</p> <p>IRE has implemented a peer review system with regards to all other contractual engagements and also to fulfill its legal obligation, under article 31 letter d) of the Law, to ensure that IRE members respect their professional obligations arising from the legislation relating to combating money laundering and combating financing of terrorism.</p>					
<i>Adopting new Quality Assurance Standards</i>					
1.	Completed	In accordance with the Law and the EU Statutory Audit Directive (2006/43/EC), statutory auditors of public interest entities are required to have a quality assurance review performed every three years, whereas all other statutory auditors are required to have it performed every six years.	Completed	Legislator	Legislator and IRE Council

#	Start Date	Actions	Completion Date	Responsibility	Resource
2.	Completed	CSSF is entitled to engage in administrative sanctions in response to weaknesses identified in the quality control system of a statutory auditor also from sources other than the quality assurance review.	Completed	Legislator	Legislator and IRE Council
3.	Completed	IRE is entitled to engage in disciplinary sanctions in response to weaknesses identified in the quality control system of a statutory auditor and a auditor for contractual engagements including ensuring that IRE members respect their professional obligations arising from the legislation relating to combating money laundering / terrorism financing.	Completed	Legislator	Legislator and IRE Council
4.	Completed	Support and promote endorsement of the IESBA code of Ethics, ISQC 1 and International Standards on Auditing (ISA) by the CSSF.	Completed	Legislator	Legislator and IRE Council
5.	Completed	Support and promote endorsement of the clarified IESBA code of Ethics, clarified ISQC 1 and clarified ISA's by the CSSF.	Completed	Legislator	Legislator and IRE Council
<i>Maintaining Ongoing Processes</i>					
6.	Ongoing	Use best endeavors to promote best practice QA guidance and promote updated QA standards especially.	On-going	IRE Council	Through representatives within the different CSSF working parties.
7.	Ongoing	Deliver Continuing education program, which includes training on the quality control standards.	Ongoing	IRE Technical director	IRE Education Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review IRE's Compliance Information</i>					
8.	Yearly	The IFAC self-assessment questionnaires and this Action Plan will be reviewed periodically and updated as necessary.	Yearly	IRE Technical director	IRE Council and IRE QA committee

Action Plan Subject: SMO 2 - International Education Standards

Action Plan Objective: Continue to use best endeavors to ensure convergence and compliance with IESs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The following three stages are involved in obtaining the qualification:</p> <p>Higher education Candidates must hold one or more Masters degrees or have undergone equivalent training. The content of those qualifications is governed by the Grand-Ducal Regulation of February 15, 2010 determining the requirements for the professional qualification (in terms of subject matters and ECTS (university credits)).</p> <p>Practical training period Candidates must then serve a period of at least three years' training with a statutory auditor or a registered audit firm. In parallel with the traineeship, they will follow complementary training courses on Luxembourg laws and specificities at the University of Luxembourg. Each course culminates in an examination.</p> <p>The professional aptitude examination Once the three-year training period is completed and the complementary training examinations have been passed, candidates will be able to sit the professional aptitude examination leading to the award of the qualification</p> <p>CONTINUING EDUCATION</p> <p>Statutory auditors and auditors must participate in appropriate programmes of continuing training in order to maintain their theoretical knowledge, their professional skills and their values at a sufficiently high level. They must take at least 120 hours of continuing training per reference period of three years, of which a minimum of 20 hours per reference year. The CSSF and, where applicable, IRE may require documentary evidence enabling the identification of the training activities followed, their duration, their content and the organizing body and a certificate of attendance for a minimum of 60 of the 120 hours required per three-year reference period.</p> <p>The activities for the training of all auditors and statutory auditors must comply with a minimum requirement of 12 hours as regards the legislation regarding combating money laundering and the terrorism financing over a reference period of three years.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>The activities for the training of statutory auditors must also comply with the following minimum requirements over a reference period of three years: 24 hours as regards international accounting standards; 20 hours as regards auditing financial information; 8 hours as regards commercial and tax law; 8 hours as regards information technology; and 4 hours as regards the rules of professional conduct including the rules of independence and ethics. The statutory auditors involved in transnational audits must also devote 16 hours to continuing training over a three year period in the following areas: statutory audit of transnational structures or groups; and the specific obligations connected with stock-exchange-listed companies.</p>					
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	Use best endeavors to ensure national legislation complies also with IFAC's latest IES requirements.	Ongoing	IRE Council	Through representatives within the different CSSF working parties.
2.	Ongoing	Through its membership to FEE (European Federation of Accountants), use best endeavors to participate in FEE's comments on IAASB, IASB, IESBA and IPSAS developments.	Ongoing	IRE Council	Through representatives within the different FEE working parties.
3.	Ongoing	Deliver yearly a continuing education program, which enables practitioners to comply with continuing education requirements.	Ongoing	IRE Technical director	IRE Education Committee
4.	Ongoing	Inform the profession on the IAASB, IASB, IESBA and IPSAS developments through IRE website, add-hoc newsletter and the yearly IRE continuing education program.	Ongoing	IRE Technical director	IRE Secretariat and IRE Education Committee
<i>Review IRE's Compliance Information</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
5.	Yearly	The IFAC self-assessment questionnaires and this Action Plan will be reviewed periodically and updated as necessary.	Yearly	IRE Technical director	IRE Council and IRE Education Committee

Action Plan Subject: SMO 3 - IAASB Pronouncements

Action Plan Objective: Use best endeavors to converge and comply with IAASB pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>As per the Law, the CSSF is responsible for the adoption of auditing standards, ethical (including independence) standards and standards relating to the internal quality control of audit firms. By way of regulation, the CSSF has adopted the International Standards on Auditing (ISA), IESBA Code of Ethics and ISQC 1 as the basis for statutory audit in Luxembourg on April 6, 2010 without any carve in / out. The IESBA Code of Ethics was completed with some interpretation material in a Luxembourg environment. A new regulation, enacted on July 8, 2011, enforces the clarified ISA's, clarified IESBA Code of Ethics and clarified ISQC1. The regulation uses the ISAs in their original English version. The CSSF has created a Technical Committee, which is comprised of CSSF representatives and practitioners, which is responsible for providing advice to the CSSF board with regards to applicable standards and regulation developments.</p>					
<i>Establishing the Ongoing Convergence to IAASB Pronouncements</i>					
1.	Ongoing	Use best endeavors to ensure legislation complies also with IAASB pronouncements.	Ongoing	IRE Council & IRE Technical director	Through representatives within the different CSSF working parties.
2.	Ongoing	Contribute to the work of the ISA subgroup of the European Group of Auditors' Oversight Bodies by providing advice to the CSSF representatives within this EU body.	Ongoing	IRE Council & IRE Technical director	Through representatives within the different CSSF working parties.
3.	Ongoing	Through its membership to FEE, use best endeavors to participate in FEE's comments on IAASB, IASB, IESBA and IPSAS developments.	Ongoing	IRE Council	Through representatives within the different FEE working parties.

#	Start Date	Actions	Completion Date	Responsibility	Resource
4.	Ongoing	Inform the profession of the IAASB implementation guidance through IRE website, add-hoc newsletter and the yearly IRE continuing education program.	Ongoing	IRE Technical director	IRE Secretariat and IRE Education Committee
<i>Supporting Implementation of IAASB pronouncements</i>					
5.	Ongoing	Update the continuing education program to increase training of auditors about clarified ISAs and other IAASB pronouncements.	Ongoing	IRE Technical director	IRE Education Committee
<i>Maintaining Ongoing Processes</i>					
6.	Ongoing	Continuously monitor new and amended IAASB pronouncements through comments / advice to the CSSF Technical Committee.	Ongoing	IRE Technical director	IRE Technical Committee
<i>Review IRE's Compliance Information</i>					
7.	Yearly	The IFAC self-assessment questionnaires and this Action Plan will be reviewed periodically and updated as necessary.	Yearly	IRE Technical director	IRE Council and IRE Technical Committee

Action Plan Subject: SMO 4 - the IESBA Code of Ethics

Action Plan Objective: Promoting adoption by the CSSF of the IESBA Code of Ethics and organizing relevant training

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>As per the Law, the CSSF is responsible for the adoption of auditing standards, ethical (including independence) standards and standards relating to the internal quality control of audit firms. By way of regulation, the CSSF has adopted the ISAs, IESBA Code of Ethics and ISQC 1 as the basis for statutory audit in Luxembourg on April 6, 2010 without any carve in / out. The IESBA Code of Ethics was completed with some interpretation material in a Luxembourg environment. A new regulation, enacted on July 8, 2011, enforces the clarified ISA's, clarified IESBA Code of Ethics and clarified ISQC1. The regulation uses the IESBA Code of Ethics in its original English version. The CSSF has created a Technical Committee, which is comprised of CSSF representatives and practitioners, which are responsible to provide advice to the CSSF board with regards to applicable standards and regulation requirements.</p>					
<i>Promoting Ethical Requirements</i>					
1.	Ongoing	Use best endeavors to ensure national legislation complies with the provisions of the IESBA Code of Ethics and its future developments and suggest related amendment(s) to the regulation when appropriate.	Ongoing	IRE Council & IRE Technical director	Through representatives within the CSSF Technical committee.
2.	Ongoing	Inform the profession on the IESBA implementation guidance through IRE website, add-hoc newsletter and the yearly IRE continuing education program.	Ongoing	IRE Technical director	IRE Secretariat and IRE Education Committee
3.	Ongoing	Through its membership to FEE, use best endeavors to participate in FEE's comments on IAASB, IASB, IESBA and IPSAS developments.	Ongoing	IRE Council	Through representatives within the different FEE working parties.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
4.	Ongoing	Update the continuing education program to increase training of auditors' awareness about the clarified IESBA Code of Ethics in a Luxembourg environment.	Ongoing	IRE Technical director	IRE Education Committee
<i>Review IRE's Compliance Information</i>					
5.	Yearly	The IFAC self-assessment questionnaires and this Action Plan will be reviewed periodically and updated as necessary.	Yearly	IRE Technical director	IRE Council and IRE Technical Committee

Action Plan Subject: SMO 5 - International Public Sector Accounting Standards (IPSAS)
Action Plan Objective: Promoting the use of IPSAS and raising awareness about the work of the International Public Sector Accounting Standards Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
At country's level, the Government has not established convergence with IPSASs as an objective and has no plans to do so. IRE promotes IPSASs through practitioners involved in the different technical committees within the different ministries and by participating to the FEE initiatives on that matter.					
<i>Promoting IPSAS</i>					
1.	Ongoing	Promote the use of IPSAS in governmental accounting reforms and raise awareness about IPSAS.	Ongoing	IRE Council & IRE Technical director	IRE Council and IRE representatives in the different technical committees within the different ministries.
2.	Ongoing	Through its membership to FEE (European Federation of Accountants), use best endeavors to participate in FEE's comments on IAASB, IASB, IESBA and IPSAS developments.	Ongoing	IRE Council	Through representatives within the different FEE working parties.
<i>Review IRE's Compliance Information</i>					
3.	Yearly	The IFAC self-assessment questionnaires and this Action Plan will be reviewed periodically and updated as necessary.	Yearly	IRE Technical director	IRE Council and IRE Technical Committee

Action Plan Subject: SMO 6 - Investigation & Discipline
Action Plan Objective: Use best endeavors to ensure that provisions of SMO 6 are applied

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>CSSF</p> <p>In accordance with the Law, the CSSF is vested with powers of inspection, investigation, injunction, call to order (“rappel à l’ordre”) and sanctions as are necessary for the performance of its functions towards statutory auditors. The CSSF may require any information in order to fulfill its legal duties. The CSSF may order investigations and expert reports. The investigations shall be carried out either by CSSF’s staff or by experts. The CSSF’s power of investigation includes the right:</p> <ul style="list-style-type: none"> (a) to have access to any document in any form whatsoever and to receive a copy thereof; (b) to ask for information from any person and, if necessary, to summon a person and hear him in order to obtain information; (c) to carry out investigations by way of inspection <i>in situ</i> of the persons subject to its oversight; (d) to instruct experts to carry out checks <i>in situ</i> or investigations with persons subject to its oversight; (e) to adopt any measure necessary to ensure that the persons subject to its oversight continue to comply with the requirements of the Law and measures taken in implementation thereof. <p>Within the framework of its competences, the CSSF shall exercise the power to impose sanctions on statutory auditors where an investigation has established that such persons:</p> <ul style="list-style-type: none"> (a) have committed an infringement of the legal and regulatory requirements; (b) have committed professional misconduct and negligence; (c) have conducted themselves contrary to professional scrupulousness and dignity and in breach of honor and integrity; (d) have refused to provide documents or other information requested; (e) have provided documents or other information which prove to be incomplete, inaccurate or false; (f) have impeded the exercise of the CSSF’s powers of inspection and investigation; (g) have not published on their website within three months of the end of each accounting year the transparency report prescribed by article 73 of this Law; (h) have not complied with the injunctions or calls to order of the CSSF. 					

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>The CSSF shall impose administrative sanctions. In the order of their seriousness, these are: (a) a warning; (b) a reprimand; (c) an administrative fine from EUR 125 to 125,000; (d) suspension of the approval from the public register for a period of no more than five years; (e) definitive withdrawal of the approval referred to in Article 5 and definitive striking out of the inscription in the public register; (f) suspension of the title of <i>réviseur d'entreprises</i> or <i>cabinet de révision</i> for a period of no more than five years; (g) definitive withdrawal of the title of <i>réviseur d'entreprises</i> or <i>cabinet de révision</i>. An appeal may be filed before the administrative court against a CSSF decision.</p> <p>IRE</p> <p>IRE has the power to carry out controls and to require any information deemed necessary from its members in the fields attributed by the Law (ref: SMO 1). The controls shall be carried out in accordance with procedures decided upon by the general assembly. IRE President investigates cases referred to him by the State Prosecutor or the CSSF or by complaint or taken up of his own motion. If he considers that he is in the presence of one of the situations referred to in Article 46 of the Law (see below), he may on the advice of the IRE Council, issue an injunction, a call to order or refer the case to the Disciplinary Council. He shall refer directly to the Disciplinary Council all cases referred to him from the State Prosecutor or the CSSF. IRE President may enlist the help of experts in order to carry out his disciplinary investigations. He may delegate his powers of investigation and referral to another member of the IRE Council who is not a member of the Disciplinary Council. The Disciplinary Council complies with the forms laid down for the courts. Before referring a case to the Disciplinary Council, the IRE President draws up a record of the facts underlying the investigation. To this end, he may address himself to the General State Prosecutor with a view to having officers of the judicial police carry out an investigation.</p> <p>Within the framework of IRE's competences, the Disciplinary Council exercises the power to impose sanctions in respect of any of its members on account of:</p> <ul style="list-style-type: none"> (a) infringement of the legal and regulatory requirements; (b) professional misconduct and negligence; (c) acts contrary to professional scrupulousness and dignity and in breach of honor and integrity; (d) refusal to provide documents or other information requested; (e) provision of documents or other information which prove to be incomplete, inaccurate or false; (f) obstruction of the exercise of the IRE's powers of inspection; (g) refusal to comply with injunctions or calls to order from the IRE President; 			

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>the whole without prejudice to the administrative or judicial action which may result from the same facts.</p> <p>The disciplinary sanctions in the order of their seriousness shall be as follows: (a) a warning; (b) a reprimand; (c) a fine of from EUR 1,250 to 125,000; (d) removal of the right to vote in the general assembly with a prohibition on being a member of the IRE Council for a maximum of six years; (e) suspension from exercising one of the activities referred to in article 1(29), subparagraph 2, of the Law for a term not exceeding five years; (f) a definitive prohibition on exercising one of the activities referred to in Article 1(29), subparagraph 2, of the Law; (g) suspension of the right to practice the profession for a term not exceeding five years; (h) a definitive prohibition on the right to practice the profession.</p> <p>The Disciplinary Council may order investigations and expert reports. Investigations are carried out by the Council, by two of its members delegated for that purpose, by experts or by officers of the judicial police. Decisions of the Disciplinary Council may be contested by way of appeal both by the member found guilty and by the General State Prosecutor. The appeal shall be brought before the civil chamber of the Court of Appeal, which rules by definitive judgment.</p>					
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	Keep the profession informed of the disciplinary and administrative mechanisms.	Ongoing	IRE Council & IRE Technical director	Raising awareness through CSSF and IRE annual reports.
2.	Ongoing	Use best endeavors to ensure national legislation complies also with the provisions of SMO 6, its future developments and suggest related amendment(s) to the regulation when appropriate.	Ongoing	IRE Council & IRE Technical director	Through representatives within the CSSF Technical committee.
<i>Review of IBR-IRE's Compliance Information</i>					
3.	Yearly	The IFAC self-assessment questionnaires and this Action Plan will be reviewed periodically and updated as necessary.	Yearly	IRE Technical director	IRE Council and IRE working parties

Action Plan Subject: SMO 7 - International Financial Reporting Standards

Action Plan Objective: Assist the National Accounting Standards Commission with the adoption and implementation of IFRSs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>In accordance with the European Union Regulation concerning the application of International Accounting Standards and as endorsed by the European Commission, International Financial Reporting Standards (IFRS) are mandatory for the preparation of financial statements of consolidated financial statements of listed entities. In addition, non-listed entities are permitted to apply IFRS for their consolidated financial statements. Upon authorization from the National Accounting Standards Commission, other non-listed entities have the choice between using IFRS or Luxembourg GAAP for the preparation of their statutory financial statements. The National Accounting Standards Commission (NASC), which is accountable to the Ministry of Justice, is responsible for setting the accounting standards and communicating them to the public. IRE representatives actively participate in the tasks of NASC and of its subgroups, which provide advices to the NASC with regards to the application of the accounting law and regulation and the implementation of the IFRS.</p>					
<i>Promoting the Implementation of IFRS</i>					
1.	Ongoing	Use best endeavors to ensure proper IFRS implementation through the profession's involvement in the National Accounting Standards Commission and sub-groups.	Ongoing	IRE Council & IRE Technical director	Through representatives within the National Accounting Standards Commission and sub-groups.
2.	Ongoing	Actively participate in the tasks of NASC and of its subgroups, which provide advice to the NASC with regards to the application of the accounting law and regulation, the implementation of the IFRS and suggest related amendment(s) to the law / regulation when appropriate.	Ongoing	IRE Council	Through representatives within the National Accounting Standards Commission and sub-groups.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Supporting Implementation of the Standards</i>					
3.	Ongoing	Ensure proper periodic coverage of IFRS within the continuing education program to maintain or increase awareness about the IFRS and their developments in a Luxembourg environment.	Ongoing	IRE Technical director	IRE Education Committee
<i>Review of IBR-IRE's Compliance Information</i>					
4.	Yearly	The IFAC self-assessment questionnaires and this Action Plan will be reviewed periodically and updated as necessary.	Yearly	IRE Technical director	IRE Council and IRE Technical committee