

## **BACKGROUND NOTE ON ACTION PLANS**

The SMO Action Plan is intended to provide a summary of:

1. The legal and regulatory environment for the profession;
2. The status of adoption of international standards and best practices in the jurisdiction; and
3. The actions undertaken by IFAC Members and Associates to support adoption and implementation of international standards and best practices and fulfill the membership requirements.

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards (IAASB, IESBA, IPSASB), and the IES, as well as by the International Accounting Standards Board (IASB); and to establish a quality assurance (QA) review and investigation and disciplinary (I&D) systems. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where, if any, improvements are needed. Members and Associates should develop an Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment. Action Plans are designed to be ever-green documents that take into consideration IFAC recommendations. Depending on the PAO's level of fulfillment (see *IFAC's Summary Assessment* – page 2), an Action Plan may not be necessary for each SMO section and instead the '*Attestation of Ongoing SMO Compliance*' is used to confirm their ongoing commitments. However, PAOs may wish and are welcome to utilize the Action Plan as a tool to demonstrate how they are using 'best endeavors' and going beyond their mandate with innovative approaches to fulfilling the SMOs and strengthening the national profession.

The specific details of each organization's actions will vary even where two PAOs are involved in the same SMO area. Each PAO operates in its own unique regulatory and standard-setting framework and has different operating, technical, and resource capacities. Moreover, in deciding when and how a particular SMO requirement is to be addressed, PAOs might have differing timeframes and objectives to achieve. Notwithstanding these inevitable differences, seeking the advice and assistance of other PAOs who have already faced and dealt with similar challenges can save significant time and resources. IFAC staff will offer assistance as needed.

### **Use of Information**

Please refer to the [Disclaimer](#) published on the IFAC website.

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<sup>1</sup> *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to affect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

<sup>2</sup> *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop, or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

The regular updates of the SMO Action Plans are required as part of the [IFAC Member Compliance Program](#). The SMO Action Plans are also essential to IFAC’s [reporting on the global status of international standards](#). The SMO Action Plans are a key source of information that IFAC utilizes as part of its process and methodology for [assessing the status of adoption of international standards in each member jurisdiction](#) in collaboration with the international independent standard-setting boards. Therefore, it is important that the SMO Action Plan contains the most up-to-date, relevant information and actions related to the SMOs.

### **ACTION PLAN**

**IFAC Associate:** Ordre des Experts-Comptables OEC - Luxembourg  
**Approved by Governing Body:** OEC Council  
**Original date published:** August 29, 2011  
**Last Updated:** September 2023

**IFAC’s Summary Assessment:** IFAC staff will complete this section at the conclusion of each SMO Action Plan review and update process. PAOs are encouraged to take staff’s recommendation into consideration as part of future strategic planning conversations at the PAO. For more information on IFAC Member Compliance Program Dashboard Reports and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

FOR IFAC COMPLETION	OEC Level of Responsibility for Adoption	Jurisdiction Adoption Status as of 2023	Level of SMO Fulfillment as of 2023
QA / SMO 1	No Direct	■ Adopted	■ Sustain
IES / SMO 2	Shared	■ Adopted	■ Sustain
ISA / SMO 3	No Direct	■ Adopted	■ Sustain
IESBA / SMO 4	Shared	■ Adopted	■ Sustain
IPSAS / SMO 5	No Direct	● Not Adopted	■ Sustain
I&D / SMO 6	Shared	■ Adopted	■ Sustain
IFRS / SMO 7	No Direct	▲ Partially Adopted	■ Sustain

### Attestation of SMO Compliance

The **Ordre des Experts-Comptables du Luxembourg (OEC Luxembourg)** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs. The abovementioned *Governing Body* has reviewed the information contained within the SMO Action Plan and affirms that the **OEC-Luxembourg** continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations where IFAC's assessments are at *Review & Improve* and/or *Sustain*. In areas where IFAC's assessments are at *Execute, Plan, Consider, or Not Active* the **OEC-Luxembourg** has updated the Action Plan to reflect the specific actions to adopt or support adoption and support implementation that must be taken to achieve the improvement accompanied by a timeline.

On behalf of the **OEC-Luxembourg**, the *Governing Body* endorses the information contained within the SMO Action Plan as of the publication date and its publication on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

## **GLOSSARY**

<b>ASC</b>	Advisory and Supervisory Committee	<b>IAESB</b>	International Accounting Education Standards Board
<b>CPD</b>	Continuous Professional Development	<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>EC</b>	European Commission	<b>IES</b>	International Education Standard
<b>ED</b>	Exposure Draft	<b>IRE</b>	Institut des Réviseurs d'Entreprises
<b>EU</b>	European Union	<b>IFRS</b>	International Financial Reporting Standard
<b>FEE</b>	Federation of European Accountants	<b>IPSAS</b>	International Public Sector Accounting Standard
<b>GAAS</b>	Generally Accepted Auditing Standards	<b>ISQC 1</b>	International Standard on Quality Control 1
<b>HCEP</b>	High Council for the Economic Professions	<b>I&amp;D</b>	Investigation and Discipline
<b>IAASB</b>	Int. Auditing and Assurance Standards Board	<b>ISA</b>	International Standard on Auditing
<b>IASB</b>	International Accounting Standards Board	<b>NASC</b>	National Accounting Standards Commission
		<b>PIE</b>	Public Interest Entity
		<b>QA</b>	Quality Assurance
		<b>SMO</b>	Statement of Membership Obligation

**Action Plan Subject:** SMO 1, Quality Assurance  
**Action Plan Objective:** use best endeavors to improve the OEC peer review system

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Background</b>					
<p>In accordance with the law of July 23, 2016 on the audit profession (as previously with the law of December 18, 2009 on the audit profession) and the law of June 10, 1999 organizing the profession of “expert-comptable” (the Law) OEC members, contrary to company auditors:</p> <ul style="list-style-type: none"> <li>– do not perform any audit engagements such as defined in the law of July 23, 2016,</li> <li>– are not under the supervisory of the CSSF (<i>Commission de Surveillance du Secteur Financier</i>)</li> <li>– and do not come under the EU rules on public oversight, (i.e. REGULATION (EU) No 537/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014; DIRECTIVE 2014/56/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts)</li> </ul> <p>As a result, OEC has not established a QA review system.</p> <p>Nevertheless, OEC has implemented review systems to ensure that OEC members respect their legal obligations and professional rules, -in compliance with the OEC general competences -, and to fulfill the express OEC legal obligation under articles 11 f) and 38-1 of the Law, i.e. to ensure that OEC members respect their professional obligations arising from the legislation relating to the fight against money laundering and terrorism financing.</p> <p>A peer review system is defined in the OEC “Règlement sur le Contrôle confraternel”, as adopted by the General Assembly of its members.</p> <ul style="list-style-type: none"> <li>– peer review is mandatory for all OEC members.</li> <li>– OEC is entitled to engage in disciplinary sanctions in response to weaknesses identified in the peer review system.</li> </ul> <p>A committee is in charge of supervising these reviews. The president of the committee analyses the report form the reviewers, may request additional information or documentation from the firm/partner reviewed, issue some recommendations, request an additional on-site review or forward the file to the president of the OEC for potential disciplinary actions.</p> <p>The objective of the system is to ensure that OEC members respect their professional obligations:</p> <ol style="list-style-type: none"> <li>1. compliance with legal requirements (excluding AML/TF requirements)</li> <li>2. compliance with OEC rules and standards (excluding AML/TF rules and standards),</li> </ol> <p>The peer review covers the procedures implemented by members:</p> <ol style="list-style-type: none"> <li>1. review of the procedures as adopted by members,</li> <li>2. together with their implementation: controls are performed at the OEC members’ offices.</li> </ol> <p>Consequently, this peer review system does not exactly comply with the SMO 1 best practices as it does not currently cover a quality control of the professional services themselves, such as advices, analysis, valuations etc.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>With regards to the professional obligations arising from the legislation relating to the fight against money laundering and terrorism financing (AML/CFT), the OEC has moved from a peer review system to a professional examination system (3 people – soon to be 4 – have been hired for this purpose).</p> <p>This professional examination system is defined in the OEC “Règlement sur le Contrôle LCB/FT” and in the “Procédure du contrôle LCB/FT”, as adopted by the General Assembly of the members.</p> <ul style="list-style-type: none"> <li>– AML/CFT control is mandatory for all OEC members.</li> <li>– OEC is entitled to engage in disciplinary sanctions in response to weaknesses identified in the professional examination system.</li> </ul> <p>An AML/CFT committee is in charge of supervising these reviews.</p> <p>The president of the committee analyses the report from the professional controllers, may request additional information or documentation from the CPA reviewed, issue some recommendations, request an additional on-site review, or forward the file to the president of the OEC for potential disciplinary actions.</p> <p>The objective of the system is to ensure that OEC members respect their professional obligations:</p> <ol style="list-style-type: none"> <li>3. compliance with professional AML/TF requirements,</li> <li>4. compliance with the OEC specific AML/TF rules and standards.</li> </ol> <p>The professional review covers the procedures implemented by members, together with their implementation (checking a sample of files).</p>					
<b>Maintaining Ongoing Processes</b>					
1.	Ongoing	<p>Continue to use best endeavors to improve the review systems of the OEC.</p> <p>As decided by the OEC Assembly of June 2011, procedures and inspections included in the OEC review systems and dedicated to the compliance with the legislation relating to the fight against money laundering and terrorism financing have been extended (specific missions, specialized inspectors...). The OEC reviews has been implemented by the OEC Assembly of June 2011 with two different reviews: a general review on one side and a specific anti-money laundering review on the other side.</p> <p>An IT tool has been developed by the OEC for managing and monitoring the inspections (by lightening the administrative burden for the OEC</p>	Ongoing	OEC Council	OEC Council, OEC General Director OEC AML/CFT Director, OEC specialized committees

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>secretariat and reviewers, the number of review missions have been increased. This tool is currently operational for AML/FT missions and in development for the missions focused on general reviews.</p> <p>Three employees of the OEC (– soon to be 4) have been hired as AML/FT inspectors as from 2019..</p>			
<b><i>Review OEC's Compliance Information</i></b>					
2.	Yearly	The Action Plan will be reviewed periodically and updated as necessary.	Yearly	OEC Technical Manager	OEC Councils and committees.

**Main Requirements of SMO 1**

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>		X		Not applicable: our members do not perform any audit engagements such as defined in the law of July 23, 2016 concerning the audit profession.
<p><b>Quality Control Standards and Other Quality Control Guidance</b></p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	X			Covered by the peer review.
<p>3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.</p>		X		The auditing standards (ISA's & ISQC 1) do not apply to OEC members but to IRE ( <i>Institut des Réviseurs d'entreprises</i> ) members. However, and according to a dedicated OEC 'standard, OEC members who have chosen to perform IFAC ISRS, ISRE and ISAE standards must adhere to all applicable IFAC regulations.
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>	X			The peer review system is defined in the OEC "Règlement sur le Contrôle confraternel" and the professional examination system is defined in the OEC "Règlement sur le Contrôle LCB/FT" and in the "Procédure du contrôle LCB/FT" as adopted by the General Assembly of its members. Moreover, a specific AML/TF guidance has been published and recently updated to assist OEC members in implementing they AML/TF policies and controls. And a partnership has been concluded by the OEC with Dow Jones to offer a preferred price to our members and encourage them to use automatic screening.
<p><b>Review Cycle</b></p>	X			A risk-based approach is used for selecting firms for QA review.

Requirements	Y	N	Partially	Comments
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.				
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).		X		Not applicable as a risk-based approach is used for selecting firms for QA review.
<b>QA Review Team</b>				
7. Independence of the QA Team is assessed and documented.	X			According to the OEC "Règlement sur le Contrôle confraternel", The reviewers should attest that they are independent and have no interest conflict for each firm/partner reviewed.
8. QA Team possesses appropriate levels of expertise.	X			Being a peer review, the reviewer is also a "expert-comptable". And each new reviewer is trained before starting their controls.
<b>Reporting</b>				
9. Documentation of evidence supporting the quality control review report is required.			X	Confirmed for AML/FT professional reviews. For the non-AML/FT peer reviews, supporting documentation is not sent to OEC systematically. OEC aims to align this process to the AML/FT one.
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	X			Confirmed. For the AML/FT review, the report is made online by the reviewer based on a preliminary questionnaire fulfilled by the firm/partner reviewed and following the on-site inspection.  For the non-AML review, the questionnaire is going to be revised (and will be implemented to be processed as the AML one).
<b>Corrective and Disciplinary Actions</b>				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	X			If needed, reviewed firms/partners receive a letter requiring them to make timely adjustments to meet recommendations from the review report. They have then to confirm that recommendations have been followed. A second reviewed can be made to check.

<b>Requirements</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
12. QA review system is linked to the Investigation and Discipline system.				According to the Law, the disciplinary council exercises the power of discipline over all the members of the profession for violation of the legal and regulatory requirements concerning the exercise of the profession;
<p><b>Consideration of Public Oversight</b></p> 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.				Not applicable. OEC itself is the oversight body regarding reviews (referral to the Disciplinary Council if needed).  Moreover, OEC can inform the Ministry of Economy if breaches of the law are found (regarding the establishment law).
<p><b>Regular Review of Implementation and Effectiveness</b></p> 14. Regular reviews of implementation and effectiveness of the system are performed.	<b>X</b>			With regards to the professional obligations arising from the legislation relating to the fight against money laundering and terrorism financing (AML/CFT), the OEC has moved from a peer review system to a professional examination system (3 people – soon to be 4 – have been hired for this purpose).  And the non-AML review is going to be updated (review of the questionnaire and IT tool for the reviewer).

**Action Plan Subject:** SMO 2, International Education Standards  
**Action Plan Objective:** Convergence to the IES applicable to the profession

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>INITIAL PROFESSIONAL DEVELOPMENT</b>					
The following three stages are involved in obtaining a license as “expert-comptable”:					
<b>1- Higher education</b>					
Candidates must hold one or more Bachelor degrees or have undergone equivalent training.					
<b>2- Practical training period</b>					
Candidates must then serve a period of at least three years’ training with a minimum of 1 year per 3 to be obtained with a qualified “expert-comptable”.					
<b>3- The professional aptitude examination</b>					
Once the training period with a qualified “expert-comptable” has begun, candidates will be able to sit the professional test leading to the award of the qualification.					
The license as “expert-comptable” is under the responsibility of the Ministry of Economy and is delivered by this authority. The education requirements are set by law. The education program and the professional examinations are organized by the University of Luxembourg in accordance with the legal requirements. OEC is in the University Committee which is responsible for the professional education program and the organization of the examinations (test d’aptitude).					
As a result, the rules under points 1 to 3 are compliant with the current requirements of the IESs.					
A bill of law, which aims to update the Law and especially replace the holding of Bachelor degree by the holding of a master degree has been proposed to the ministry of Economy. A meeting should be held before the end of the year to discuss this project.					
<b>CONTINUING PROFESSIONAL DEVELOPMENT</b>					
Our organization is responsible for the continuous professional development of our members.					
The principle of continuous professional development is set in the OEC regulations, mainly:					
<ul style="list-style-type: none"> <li>- The OEC “code de déontologie” based on the IESBA Code of Ethics published in 2010, adopted by the OEC General Assembly of June 2011</li> <li>- The OEC standard adopted by the OEC General Assembly of June 2010 relating to specific obligations to continuous professional development of their own knowledge of the rules to combating money laundering and terrorism financing, as modified by the Assembly of June 2013 in order to increase members’ obligations to continuous professional training.</li> </ul>					
Choices relating to their own CPD are under the responsibility of OEC members, unless proposals are recommended by OEC and specific trainings organized by OEC and IRE (Institut des Réviseurs d’Entreprises- Luxembourg).					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Please find below an update on the work that OEC Luxembourg has performed to influence the alignment of education practice to the 2022 version of the International Education Standards.</p> <p>First of all, OEC has improved the visibility of its website by offering a tab dedicated to training, through which the training standard is accessible and through which upcoming training courses and current partnerships are listed. Mailings are also sent periodically (at least one per month) to OEC members.</p> <p><u>Then, the OEC organizes "taylor made" conferences and/or trainings on a regular basis. Moreover, 5 e-learning courses on AML/CF issues have been developed especially for our members.</u></p> <p><u>Then, the OEC has forwarded to all its members the invitation received from IFAC to the webinar (on July 24, 2021) : "How Small Firms Can Adapt in the Covid-19 Environment."</u></p> <p><u>The OEC has enter into partnerships with several recognised professional training bodies (Legitech, <a href="#">House of Trainings</a>, ....)</u></p> <ul style="list-style-type: none"> <li>- the development of trainings especially intended for CPA and their specific issues</li> <li>- negotiation of preferential conditions for OEC members on the training courses offered by these organizations.</li> <li>- special offers on selected professional books.</li> </ul> <p><u>Other supports :</u></p> <p>In May 2022, the OEC published its new edition of the OEC's AML/CFT Practical Guide (digital version completed by a set of technical data sheets to deepen the essential themes): available to our members via their private access.</p> <p>Then, the publication series "Anti-Money Laundering: The Basics", developed by IFAC in collaboration with ICAEW, is specifically relayed on our website on the page dedicated to AML/CFT resources.</p> <p style="text-align: center;">-</p>					
<b>Maintaining Ongoing Processes</b>					
1.	Ongoing	<p>Use best endeavors to improve the convergence to the IFAC standard IES 7.</p> <p>According to the OEC standard (lastly updated in 2013), the recommendation still provides 60 hours of continuous professional training in each rolling three-year period and a decrease of the proportion of the self-training hours.</p> <p>16 % of OEC members are also IRE members and therefore concerned by CPD obligations to meet the 120 credits per every three years.</p>	Ongoing	OEC Council	Through the development of the OEC rules in this matter

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>A systematic process (data sheet available on each member space) has been implemented to monitor whether OEC members meet the CPD requirements. This calculation sheet is used as from the beginning of 2018 as a checking support of compliance with the OEC CPD standards.</p> <p>To help OEC members to comply with this standard, the Ethics Task force and the CPD Task force of the OEC had issued guidance (FAQ document- 2014 and “notice d’information”)</p> <p>Moreover, a CPD Task force is developing the OEC training offer.</p>			
2.	Ongoing	Through its membership to Accountancy Europe, use best endeavor to participate to comment on to exposure drafts	Ongoing	OEC Council	Through representatives within the different Accountancy Europe working parties.
3.	Ongoing	<p>Propose yearly a continuing education program, which enable practitioners to comply with continuing education requirements.</p> <p>OEC periodically informs its members by e-mails on selected information (about laws, regulations, draft laws, etc..) regarding the profession in Luxembourg as well as the developments insight the European Union (EU), Financial Action Task Force (FAFT), IFAC, Accountancy Europe, Confédération Fiscale Européenne (CFE)...Technical memo are also issued when required by a specific topic (GDPR as an example).</p> <p>On the other hand, OEC periodically organizes training for its members</p> <p>Finally, some projects have been developed: as for example, several partnerships with training organization to propose trainings and/or organize conference cycles to our members at preferential prices.</p>	Ongoing	OEC Council	OEC General Director
4.	Ongoing	Inform the profession on developments through OEC website, using RSS flows.	Ongoing	OEC Council	OEC General Director and OEC Secretariat

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b><i>Review OEC's Compliance Information</i></b>					
5.	Yearly	The Action Plan will be reviewed periodically and updated as necessary.	Yearly	OEC General Director	OEC Councils and committees.

**Action Plan Subject:** SMO 3, IAASB Pronouncements  
**Action Plan Objective:** Use best endeavors to inform OEC members

**Background**

OEC members are not allowed to perform audit engagements, which are reserved to authorized auditors by the law of 23 July 2016 on the audit profession (as previously by the law of 18 December 2009 on the audit profession).

As a result:

- the auditing standards (ISA's) do not apply to OEC members but to IRE (Institut des Réviseurs d'entreprises) members.
- the adoption and implementation of ISA's in Luxembourg are only under the authority of the European Commission, the CSSF (Commission de Surveillance du Secteur Financier) and the IRE respectively.

Should a member of OEC be also authorized as auditor ("Réviseur d'entreprises agréé"), it will be mandatory for this "Expert-comptable" to register also as a member of IRE. In such a situation, this professional would be allowed to perform audit engagements in reference to his qualification of auditor and his membership of IRE. As a result, he would have to comply with legal requirements applicable to auditors and IRE/CSSF rules in the performance of audit engagements.

Information published by OEC (web site) also cover explanations regarding the rules detailed above.

In addition, questions about a possible status as auditor together with the kind of engagements performed by OEC members, are included in the procedures of peer review missions.

Finally, the 2011 General Assembly of the OEC has adopted a standard related to the professional diligences to be applied by "Experts-comptables" providing contractual services – not reserved to IRE members - with reference to International Standards on Related Services (ISRS), International Standards on Review Engagements (ISRE), and International Standards on Assurance Engagements (ISAE). OEC members who have chosen to perform IFAC ISRS, ISRE, ISAE, and ISAE standards must adhere to all applicable IFAC regulations.

When IFAC informs the OEC about the update of an ISA standard, this information is relayed to our members by e-mail / newsletter or now via the IFAC RSS feeds on our new website (implemented from February 2017).

**Action Plan Subject:** SMO 4, the IESBA Code of Ethics  
**Action Plan Objective:** Promoting the IESBA Code of Ethics

### **Background**

Under the Law, OEC is responsible for establishing ethical requirements applicable to its members.

The OEC "Code de déontologie" has been approved by the General Assembly of its members. It is available on the OEC web site in the area restricted to OEC members.

Moreover, a specific course on Ethics matters is incorporated in the (initial) professional accountancy education program for candidates for OEC Luxembourg membership and for IRE Luxembourg membership.

Currently, the OEC "Code de déontologie" is based on the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, published by the International Federation of Accountants (IFAC) in April 2010 and used with a formal permission of the IFAC.

The Code of Ethics has been approved in 2011 with some necessary adaptations to the Luxembourg specificities for our profession.

The current OEC Code of Ethics (accessible via the OEC website) consists of:

- the "International Code of Ethics for Professional Accountants (including the International Standards of Independence)" of IFAC as updated in 2022;
- to which the specificities applicable to Luxembourg and its environment have been added in a supplement.

The two documents summarize all the rules of ethics and independence that the members of the OEC must apply since June 2023 (last approval by the General Assembly).

In addition, the 2022 Handbook of the IFAC is also available via the OEC website as well as the fact that the IESBA offers an electronic version of the Code : the e Code.

In parallel, a specialized lawyer has been selected to assist the Commission in setting up a training program dedicated to the following topics

- 1- Informing the members of the OEC on the modifications of the Code;
- 2- Raising awareness of the supplement among members;
- 3- Adopting best practices, especially against the risk of conflict of interest with clients in the context of the entrusted mission.

It should be noted that it is also planned to prepare deciphering sheets which will allow, in addition to the support linked to the Luxembourg specificities, to become more familiar with certain provisions of the Code.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Promoting Ethical Requirements</b>					
1.	Ongoing	Inform the profession on the IESBA implementation guidance through OEC website, OEC newsletter and the OEC continuing education program.	Ongoing	OEC Council	OEC General Director
2.	Ongoing	Through its membership to Accountancy Europe, use best endeavor to participate to FEE comments on IASB, IESBA and IPSASB developments.	Ongoing	OEC Council	Through representatives within the different Accountancy Europe working parties.
<b>Maintaining Ongoing Processes</b>					
3.	Ongoing	Use the continuing education process to increase training of our members' awareness about the clarified IESBA Code of Ethics in a Luxembourg environment published under the OEC "Code de déontologie 2011". Use the answer to related questions from members to refer specifically to the applicable section of the "Code de déontologie".	Ongoing	OEC Council	OEC General Director
<b>Review OEC's Compliance Information</b>					
4.	Yearly	The Action Plan will be reviewed periodically and updated as necessary.	Yearly	OEC General Director	OEC Council and OEC Committees

**Action Plan Subject:** SMO 5, International Public Sector Accounting Standards (IPSAS)  
**Action Plan Objective:** Promoting the information of IPSAS and raising awareness about the work of the IPSASB

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Background</b>					
<p>At country's level, the Government has not established convergence with IPSASs as an objective and has no plans to do so.</p> <p>The activities to promote standards and pronouncements issued by the International Public Sector Accounting Standards Board are more under the scope of the Government itself, the Ministry of Finance and the Luxembourg Court of Auditors.</p> <p>Nevertheless, information can be provided to OEC members regarding these standards.</p> <p>OEC could participate in promoting IPSASs through practitioners involved in different technical committees at a ministry level and in Accountancy Europe, in case of initiatives by such authorities.</p> <p>However, the OEC has not been consulted about IPSASs so far.</p>					
<b>Promoting IPSAS</b>					
1.	Ongoing	Provide OEC members regarding the International Public Sector Accounting standards and IPSASB developments through OEC website, and OEC communications.	Ongoing	OEC Council	OEC General Director
2.	Ongoing	Through its membership to Accountancy Europe, use best endeavor to participate to Accountancy Europe comments on IASB, IESBA and IPSASB developments.	Ongoing	OEC Council	Through representatives within the different Accountancy Europe working parties.
<b>Review OEC's Compliance Information</b>					
3.	Yearly	The this Action Plan will be reviewed periodically and updated as necessary.	Yearly	OEC General Director	OEC Council and OEC Committees

**Action Plan Subject:** SMO 6, Investigation & Discipline  
**Action Plan Objective:** Use best endeavors to improve information and guidance to Members

### **Background**

Investigation and disciplinary rules for the profession of “Experts-comptables” are both set by law.

OEC has the power to carry out controls and to require any information deemed necessary from its members in the fields attributed by the Law. The controls shall be carried out in accordance with procedures decided upon by the general assembly. The OEC President investigates cases referred to him by the State Prosecutor 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 26 of the Law (see an extract below), he may refer the case to the Disciplinary Council. He shall refer directly to the Disciplinary Council all cases referred to him from the State Prosecutor. The OEC President may delegate his powers of investigation and referral to another member of the OEC 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 OEC 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.

Within the framework of OEC’s competences, the Disciplinary Council exercises the power to impose sanctions in respect of any of its members on account of:

- infringement of the legal and regulatory requirements;
- professional misconduct and negligence;
- acts contrary to professional scrupulousness and dignity and in breach of honor and integrity...

the whole without prejudice to the administrative or judicial action which may result from the same facts.

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 125 to 250,000; (d) removal of the right to vote in the general assembly with a prohibition on being a member of the OEC Council for a maximum of six years; (e) suspension from exercising the profession for a term not exceeding five years; (f) a definitive prohibition on the right to practice the profession.

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.

The investigation and disciplinary rules for our profession are already compliant with the following requirements of the revised SMO 6 :

- The process is set by law and takes into account the proportionality between sanctions and types of misconduct
- Regarding public interest considerations, sanctions as the suspension from exercising the profession or definitive prohibition on the right to practice, are public (Art 38 of the Law)
- Even if SMO 1 is not applicable to OEC, as per the peer review rules of our profession, disciplinary investigations can be decided due to unsatisfactory results of such reviews.- see further explanations under section SMO 1

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Maintaining Ongoing Processes</b>					
1.	Ongoing	Improve information and guidance to members: <ul style="list-style-type: none"> <li>- news relating to current regulations applicable to the profession (new laws, draft laws, circulars...)</li> <li>- provisions of the ethical code and other applicable standards, rules and requirements</li> <li>- consequences of non-compliance..., through the OEC newsletter, OEC website and OEC continuing education program.</li> </ul>	Ongoing	OEC Council	OEC General Director
<b>Review of OEC Compliance Information</b>					
2.	Yearly	The Action Plan will be reviewed periodically and updated as necessary.	Yearly	OEC General Director	OEC Council and OEC committees

**Main Requirements of SMO 6**

Requirements	Y	N	Partially	Comments
<b>Scope of the System</b>				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	<b>X</b>			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	<b>X</b>			
<b>Initiation of Proceedings</b>				
3. Both a “complaints-based” and an “information-based” approach are adopted.	<b>X</b>			The Secretary General of the OEC is responsible for managing and following up complaints (conciliation mission conferred by the Law).

Requirements	Y	N	Partially	Comments
4. Link with the results of QA reviews has been established.	X			Complaints-based approach is part of the risk-based approach used to the QA review selection.
<b>Investigative Process</b>				
5. A committee or similar body exists for performing investigations.	X			Investigations are conducted by the President of the OEC, according to the Law.
6. Members of a committee are independent of the subject of the investigation and other related parties.	X			
<b>Disciplinary Process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	X			The President of the OEC cannot sit on the Disciplinary Council.
8. Members of the committee/entity include professional accountants as well as non-accountants.	X			The Disciplinary Council is composed of the President of the District Court of Luxembourg and four members of the OEC Council (appointed according to their seniority in the profession).
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	X			
<b>Sanctions</b>				
10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	X			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 125 to 250,000;  (d) removal of the right to vote in the general assembly with a prohibition on being a member of the OEC Council for a maximum of six years;

Requirements	Y	N	Partially	Comments
				<p>(e) suspension from exercising the profession for a term not exceeding five years;</p> <p>(f) a definitive prohibition on the right to practice the profession. In the event of a breach of the provisions referred to in the 2004 AML Law, the OEC has the power to impose the following sanctions and to take the following measures:</p> <p>a) a warning ;</p> <p>b) a reprimand ;</p> <p>c) a public statement specifying the identity of the natural or legal person and the nature of the violation ;</p> <p>d) a temporary ban, for a term not exceeding five years, on :</p> <p>i) from exercising one or more of the activities listed in Article 1, paragraph (8) and Article 2, paragraph (1), point 12 ;</p> <p>(ii) from exercising managerial functions within professionals subject to their respective supervisory powers in accordance with Article 2-1, against any person exercising managerial responsibilities within such a professional or any other natural person held responsible for the infringement ;</p> <p>e) temporary suspension, for a period not exceeding five years, of the right to practise the profession ;</p> <p>f) life ban from practising the profession or removal from office ;</p> <p>g) fines of up to twice the amount of the benefit derived from the violation, where this can be determined, or of up to 1,000,000 euros.</p>

Requirements	Y	N	Partially	Comments
<p><b>Rights of Representation and Appeal</b></p> <p>11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.</p>	X			Decisions of the Disciplinary Board may be challenged by way of appeal by the sanctioned “expert-comptable”, the President of the OEC or the State Attorney General. The appeal is brought before the civil chamber of the Court of Appeal, which rules by a final judgment.
<p><b>Administrative Processes</b></p> <p>12. Timeframe targets for disposal of all cases are set.</p>	X			
<p>13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.</p>	X			
<p>14. Records of investigations and disciplinary processes are established.</p>	X			
<p><b>Public Interest Considerations</b></p> <p>15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.</p>	X			
<p>16. A process for the independent review of complaints on which there was no follow-up established.</p>	X			
<p>17. The results of the investigative and disciplinary proceedings are made available to the public.</p>	X			<p>The OEC publishes any sanction or repressive measure taken as a result of a breach of the provisions of the AML/CFT law on its website.</p> <p>The temporary suspension and the definitive removal of an “expert-comptable” are brought to the attention of the public at the behest of the President of the Disciplinary Council.</p>
<p><b>Liaison with Outside Bodies</b></p>	X			With the Ministry of Economy.

<b>Requirements</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.				
<b>Regular Review of Implementation and Effectiveness</b> 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	<b>X</b>		<b>X</b>	Investigation and disciplinary rules for the profession of “Experts-comptables” being both set by law, only limited review of implementation and effectiveness of the system can be performed, and corrective actions are implemented.

**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

**Background**

The National Accounting Standards Commission (NASC), previously accountable to the Ministry of Justice, has been established in October 2013 as an EIG (“GIE” legal form). OEC 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.

The NASC is responsible for setting the accounting standards and communicating them to the public.

The Luxembourg accounting framework is mainly derived from EU accounting directives and regulations.

- Listed entities

Companies whose securities trade on a regulated market (“listed entities”) are within the scope of the EU Regulation 1606/2002 of 19 July 2002 (“IAS Regulation”) and are therefore required to prepare and publish their consolidated financial statements in accordance with IFRS’s as adopted by the European Union (IFRS –EU). This requirement applies to all listed entities regardless of their industries (e.g. banks, insurance, other undertakings).

In accordance with Luxembourg law, listed entities are also allowed – but not required – to prepare and publish their statutory annual financial statements under IFRS-EU. If such option is not exercised, statutory annual financial statements of listed entities are prepared in accordance with domestic provisions (see hereunder).

- Non-listed banks

Non-listed banks must prepare and publish their statutory annual financial statements as well as – if applicable – their consolidated financial statements in accordance with the provisions of the Law of 17 June 1992 relating to (1) the annual and consolidated accounts of credit institutions governed by the laws of Luxembourg and (2) the obligations regarding publication of the accounting documents of branches of credit institutions and financial institutions governed by foreign laws (“LUX bank accounting law”) derived from EU directive 86/635/EEC of 8 December 1986.

- Non-listed insurers

Non-listed insurance and reinsurance undertakings must prepare and publish their statutory annual financial statements as well as – if applicable – their consolidated financial statements in accordance with the provisions of the Law of 8 December 1994 on the annual and consolidated accounts of insurance and reinsurance undertakings governed by Luxembourg law (“LUX insurance accounting law”) derived from EU directive 91/674/EEC of 19 December 1991.

- Other non-listed undertakings

Other non-listed undertakings must prepare and file / publish their statutory annual financial statements in accordance with the provisions of the Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings and – if applicable – their consolidated financial statements in accordance with the provisions of Title XVII of the Law of 10 August 1915 on commercial companies (“LUX accounting law”) derived from EU directive 2013/34/EU of 26 June 2013.

<ul style="list-style-type: none"> <li>• <u>Common characteristics: a three-tiered system</u></li> </ul> <p>Despite provisions specific to their industries as well as to the size of the undertakings, LUX accounting law, LUX bank accounting law and LUX insurance accounting law all have in common a structure based on a three-tiered system i.e.:</p> <ul style="list-style-type: none"> <li>- a default regime based on prudence and historical cost (“LUX GAAP”);</li> <li>- an optional regime consisting of IFRS’s as adopted by the EU (“IFRS – EU”);</li> <li>- an intermediate optional regime consisting of LUX GAAP with fair value and/or other IFRS options (“LUX GAAP modern”).</li> </ul> <p>Although LUX GAAP is predominantly based on historic cost measurement, there are exceptions for entities such as investment companies for which fair value measurement is the default regime.</p> <ul style="list-style-type: none"> <li>• <u>Other considerations</u></li> </ul> <p>Not-for-profit entities are required to prepare statutory annual financial statements. In the absence of a dedicated accounting framework, these entities generally choose to apply LUX GAAP as applicable to other undertakings.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Promoting the Implementation of IFRS</b>					
1.	On-going	Use best endeavor to ensure proper IFRS implementation through the profession involvement in the National Accounting Standards Commission and sub-groups.	Ongoing	OEC Council & OEC Technical Manager	Through representatives within the National Accounting Standards Commission and sub-groups.
2.	On-going	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, the implementation of the IFRS and suggest related amendment(s) to the law / regulation when appropriate.  Draw the attention of its members to : <ul style="list-style-type: none"> <li>– events organized by the NASC with the participation of representative(s) from EFRAG if any,</li> <li>– NASC circulars as soon as they are published</li> </ul>	Ongoing	OEC Council	Through representatives within the National Accounting Standards Commission and sub-groups.
<b>Supporting Implementation of the Standards</b>					

3.	Ongoing	<p>Ensure proper periodic coverage of IFRS the continuing education program to maintain or increase awareness about the IFRS and their developments in a Luxembourg environment.</p> <p>IFRS training sessions have been proposed by the OEC to its members (through its CPD program) on May, June and October 2017.</p> <p>The related training supports are available on the website of the OEC (area restricted to members).</p> <p>However, IFRSs are rarely used by unregulated / unlisted companies and therefore little used in practice by most of our members.</p> <p>In addition, a survey has been sent to our members (from one of our OEC Committees) to find out about their training needs as part of setting up a training cycle in partnership with a specialized institute.</p>	Ongoing	OEC Technical Manager	OEC Technical Manager and OEC Committees
<b>Review of OEC Compliance Information</b>					
4.	Yearly	The Action Plan will be reviewed periodically and updated as necessary.	Yearly	OEC Technical Manager	OEC Council and OEC committees