Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

22 January 2004 [shall come into force on 19 February 2004];

29 March 2007 [shall come into force on 1 May 2007];

12 June 2008 [shall come into force on 29 June 2008];

29 January 2009 [shall come into force on 4 March 2009];

11 February 2010 [shall come into force on 31 March 2010];

3 June 2010 [shall come into force on 6 July 2010];

3 March 2011 [shall come into force on 6 April 2011];

22 March 2012 [shall come into force on 25 April 2012];

12 September 2013 [shall come into force on 1 January 2013];

18 April 2013 [shall come into force on 22 May 2013];

9 July 2013 [shall come into force on 7 August 2013];

12 September 2013 [shall come into force on 1 January 2014];

29 October 2015 [shall come into force on 1 January 2016];

15 December 2016 [shall come into force on 1 January 2017];

19 April 2018 [shall come into force on 23 May 2018];

21 June 2018 [shall come into force on 18 July 2018];

20 June 2019 [shall come into force on 16 July 2019];

14 September 2023 [shall come into force on 11 October 2023];

26 September 2024 [shall come into force on 17 October 2024].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted

and the President has proclaimed the following law:

**Law on Audit Services**

[*15 December 2016*]

**Chapter I**

**General Provisions**

**Section 1. Terms Used in this Law**

(1) The following terms are used in this Law:

1) **opinion** – an integral part of an auditor’s report which states a clearly expressed view on whether the financial statements included in the annual statement, also in the consolidated annual statement, present a fair and clear view of the financial position, profits or losses, and cash flow of the relevant client in accordance with the relevant financial statement preparation principles (standards) and conform to the laws and regulations. There may be an opinion without reservations, an opinion with reservations, and a negative opinion;

2) **audit working papers** – materials which are prepared for a sworn auditor or commercial company of sworn auditors or which are prepared, obtained, and stored by a sworn auditor or commercial company of sworn auditors and which are related to the provision of audit services. The audit working papers may be prepared in printed form, on electronic data carriers, or in other form [for example, documents the information included wherein is formed by an image or sound and which are perceived and used via a relevant equipment (audiovisual and cinematographic records, photographs, and sound records)];

3) **financial institution** – a credit institution, an investment management company, a manager of alternative investment funds, an insurance company, a branch of a non-member country’s insurer, a reinsurance company, a branch of a non-member country’s reinsurer, or a private pension fund providing financial, insurance, or reinsurance services;

4) **client** – a merchant, a State or local government authority, an association or foundation, or any other person who receives audit service in accordance with this Law;

5) [19 April 2018];

6) **self-employed person** – a natural person who earns employment income independently, without entering into employment relationship with an employer as a paid employee, and does not hold a position that gives the right to remuneration. A natural person who is a member (participant) of a partnership and earns employment income according to a contract entered into by such partnership and the assignor of an audit task shall also be considered a self-employed person;

7) **auditor’s report** – a written document prepared by a sworn auditor or the responsible auditor of a commercial company of sworn auditors regarding the audit (review) of the annual statement and consolidated annual statement;

8) **audit service**:

a) the review (audit) of a client’s annual statement, also consolidated annual statement, specified in the laws and regulations and the provision of an auditor’s report;

b) the performance of an audit task upon request specified by law of the Commercial Register institution, an investigative institution, a prosecutor, a judge, or a court in the cases specified in the law;

c) the financial audit of State and local government authorities and the preparation of an audit report as well as the provision of an opinion on the report on the financial year;

d) the performance of an audit task provided for in other laws and regulations or an audit service contract;

e) the limited review of a client’s annual statement specified in the laws and regulations and the provision of a review report;

9) **audit report** – a document prepared by a sworn auditor regarding the results of a financial audit of a State or local government authority;

10) **audit task** – the review of an annual statement, also a consolidated annual statement, of a client as well as the review of economic activity of a client in accordance with the law or a contract entered into;

11) [19 April 2018];

12) **International Standards on Auditing recognised in Latvia** – International Standards on Auditing, International Standards on Review Engagements, International Standards on Quality Control and statements and standards related thereto insofar as they are related to audit services, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and determined by the Latvian Association of Sworn Auditors;

121) **International Standards on Auditing for public sector recognised in Latvia** – the international standards determined by the Auditor General for the Supreme Audit Institutions;

13) **network of commercial companies of auditors** – cooperation between sworn auditors, commercial companies of sworn auditors, Member State or third country auditors or commercial companies of auditors the purpose of which is income or cost allocation, joint administration or ownership, joint quality assurance policy and procedures, or joint strategy of commercial activity and which provides for the partners of this cooperation to use the same commercial company or a significant portion of professional resources at the disposal of the partners of this cooperation;

14) **third country** – a country which is not a European Union Member State or a country of the European Economic Area;

141) **Member State** – a European Union Member State or a country of the European Economic Area;

15) **third country auditor** – a natural person who, in accordance with the laws of a third country, is entitled to provide an audit service and, in the relevant case, a sustainability report assurance service and who is not an auditor of the Member State;

16) **third country commercial company of auditors** – a commercial company of any type registered in a third country which, in accordance with the laws of a third country, is entitled to provide an audit service and, in the relevant case, a sustainability report assurance service and which is not a commercial company of auditors of the Member State;

17) **public-interest entities** – financial institutions and commercial companies the transferable securities of which are admitted to trading on the regulated market of Member States;

18) **competent authority of the Member State** – an authority to which the responsibility for the supervision of the auditor and the commercial company of sworn auditors and also the audit services provided thereby is specified in the legal acts of the relevant Member State, and of which the relevant Member State has notified the European Commission;

19) **auditor of the Member State** – a natural person who is approved by the competent authority of the Member State other than the Republic of Latvia (hereinafter – another Member State) to be entitled to carry out an audit (review) of the annual statement and the consolidated annual statement of the commercial company registered in this another Member State;

20) **commercial company of auditors of the Member State** – a commercial company of any type registered in another Member State which has been approved by the competent authority of this another Member State to be entitled to carry out an audit (review) of the annual statement and the consolidated annual statement of the commercial company registered in this another Member State;

21) **competent authority of the third country** – an authority to which the competence to carry out the supervision of auditors of this third country and commercial companies of auditors of the third country, and also the audit services provided by them, has been granted by the legal acts of the third country;

22) **State or local government authority** – a State or local government institution, a derived public entity fully or partly financed from the State or local government budget, and also a State or local government agency;

23) **sustainability report assurance service** – performance of the assurance engagement of the sustainability report, also the consolidated sustainability report (if such has been prepared), of the subject (client) and the preparation of an assurance report laid down in the Law on Sustainability Disclosures;

24) **lead sustainability auditor** – a sworn auditor who has been appointed by the management of a commercial company of sworn auditors as the lead auditor responsible for the specific assurance engagement of the sustainability report and who signs the assurance report on behalf of the commercial company of sworn auditors. In case of the consolidated sustainability report assurance service, it is a sworn auditor who has been appointed by the commercial company of sworn auditors as the lead auditor responsible for the performance of the specific assurance engagement of the consolidated sustainability report at the level of the group of companies (group), or a sworn auditor who has been appointed by the commercial company of sworn auditors as the lead auditor responsible for the performance of the assurance engagement of the sustainability report of essential subsidiaries of the group of companies (group);

25) **assurance report** – a written document prepared by a sworn auditor or by a lead sustainability auditor appointed by the management of a commercial company of sworn auditors on the review results of the sustainability report and the consolidated sustainability report (if there is an obligation to prepare one) of the client.

(2) The term “international accounting standards” used in this Law shall correspond to the definition included in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

(3) The term “related parties” used in this Law shall correspond to the term used in IAS 24 “Related party disclosures” referred to in Annex to Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

(4) The term “a sworn auditor and a commercial company of sworn auditors providing audit services to public-interest entities” used in this Law shall be used in the meaning of the sworn auditor and commercial company of sworn auditors which have provided audit services to a public-interest entity at least once in three years after the audit services quality control referred to in Section 35.1, Paragraph one of this Law. This term shall correspond to the term “a statutory auditor or an audit firm carrying out statutory audits of public-interest entities” used in Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (hereinafter – Regulation No 537/2014).

(5) The terms “investment firm”, “regulated market operator”, and “data reporting services provider” used in this Law shall correspond to the terms used in the Financial Instrument Market Law.

(6) The terms “sustainability report” and “consolidated sustainability report” used in this Law shall correspond to the terms used in the Law on Sustainability Disclosures.

[*22 January 2004; 12 June 2008; 9 July 2013; 29 October 2015; 15 December 2016; 19 April 2018; 21 June 2018; 20 June 2019; 14 September 2023; 26 September 2024*]

**Section 2. Purpose and Scope of Application of the Law**

(1) The purpose of this Law is to govern the legal basis of such professional activities of persons which are manifested as audit services and sustainability report assurance services and to ensure the supervision of the professional activity of such persons in order to promote a stable, safe, and credible market of audit services and to protect the common interests of the public (as the user of annual statements and consolidated annual statements).

(2) The Law shall apply to sworn auditors, commercial companies of sworn auditors, recipients of audit services and sustainability report assurance services, public-interest entities, and also competent authorities in the field of supervision of professional activity of sworn auditors and commercial companies of sworn auditors and of public-interest entities.

(21) The requirements laid down in this Law for the audit service, the conditions, rights and obligations specified for the provider of the audit service, and the supervision of such service provider shall also apply to the sustainability report assurance service and its provider, except for the cases specified in this Law where specific requirements are provided for the sustainability report assurance service and its provider.

(3) The Law prescribes:

1) the procedures for obtaining and registration of the sworn auditor certificate and a licence for a commercial company of sworn auditors;

11) the procedures by which a sworn auditor and a commercial company of sworn auditors are granted the right to provide the sustainability report assurance service and the procedures for registering such a right;

2) the requirements for independence, objectivity, and ethics of sworn auditors and commercial companies of sworn auditors, the regulations of professional activity, and the liability for failure to comply with the requirements laid down in this Law and Regulation No 537/2014;

3) the rights and obligations of recipients of audit services;

4) the competent authorities in the field of supervision of the professional activity of sworn auditors and commercial companies of sworn auditors, the obligations and rights of such institutions and authorities;

5) the legal basis of establishment, operating, and supervision of the audit committee of a public-interest entity;

6) the regulations for ensuring the application of Regulation No 537/2014.

[*15 December 2016; 19 April 2018; 26 September 2024*]

**Section 3. Sworn Auditors and Commercial Companies of Sworn Auditors**

(1) Only sworn auditors and commercial companies of sworn auditors which conform to the requirements laid down in this Law are entitled to provide audit services.

(2) A sworn auditor may provide audit services as:

1) a sole proprietorship;

2) an employee of a commercial company of sworn auditors;

3) a self-employed person.

(3) A commercial company of sworn auditors may be a commercial company of any type.

[*19 April 2018*]

**Section 3.1 Special Provisions for Sustainability Report Assurance Service Providers**

The sustainability report assurance service shall be provided by:

1) a sworn auditor or commercial company of sworn auditors which at the same time is the responsible sworn auditor of the annual statement or, if the client is a parent undertaking of the group of companies, the consolidated annual statement of the relevant client;

2) another sworn auditor or commercial company of sworn auditors which at the same time is not the responsible sworn auditor of the annual statement or, if the client is a parent undertaking of the group of companies, the consolidated annual statement of the relevant client;

3) several sworn auditors who provide the sustainability report assurance service as sole proprietorships or self-employed persons, or several commercial companies of sworn auditors who have agreed to jointly provide a assurance service of the sustainability report or consolidated sustainability report (if there is an obligation to prepare one).

[*26 September 2024*]

**Section 4. Status of a Sworn Auditor**

(1) A natural person shall obtain the status of a sworn auditor after such person has passed a sworn auditor qualification examination in accordance with the procedures laid down in this Law, has obtained the sworn auditor certificate issued by the Latvian Association of Sworn Auditors, and has been registered in the Sworn Auditor Register.

(2) The status of a sworn auditor is valid only during the period of validity of the sworn auditor certificate.

**Section 5. Status of a Commercial Company of Sworn Auditors**

(1) A commercial company shall obtain the status of a commercial company of sworn auditors after it has obtained, in accordance with the procedures laid down in this Law, a licence issued by the Latvian Association of Sworn Auditors and has been registered with the Register of Commercial Companies of Sworn Auditors.

(2) The status of a commercial company of sworn auditors is valid only during the period of validity of the licence.

**Chapter II**

**Latvian Association of Sworn Auditors**

**Section 6. Status, Purpose of Activities, and Tasks of the Latvian Association of Sworn Auditors**

(1) The Latvian Association of Sworn Auditors is an independent professional corporation of Latvian sworn auditors.

(2) All the sworn auditors of Latvia and commercial companies of sworn auditors are, on the principle of professional activity, united in the Latvian Association of Sworn Auditors.

(3) The Latvian Association of Sworn Auditors shall supervise that the professional activity of sworn auditors in the field of the provision of audit services would conform to the requirements of this Law, other laws and regulations governing the provision of audit services and also professional standards and rules of ethics.

(4) The Latvian Association of Sworn Auditors:

1) shall represent and defend the interests of its members;

2) shall organise qualification examinations for sworn auditors;

3) shall decide on the issuance of the certificate to a sworn auditor and the issuance of the licence to a commercial company of sworn auditors;

4) shall organise the Sworn Auditor Register and the Register of Commercial Companies of Sworn Auditors;

5) shall review disputes between sworn auditors and clients upon request of one of the parties to the dispute;

6) shall organise and supervise continuation of education and improvement of professional qualification of sworn auditors as part of the further education process recognised by the Latvian Association of Sworn Auditors;

7) shall perform other tasks laid down in laws and its articles of association.

(5) To finance the operation of the Latvian Association of Sworn Auditors, its members shall pay an annual fee in the amount specified by the general meeting of the Association.

(6) Once every year, the Latvian Association of Sworn Auditors shall inform the public of its activities, including the disciplinary sanctions imposed on sworn auditors, to the extent permitted by law. The Latvian Association of Sworn Auditors shall make the abovementioned information available on its website each year until 31 March as well as send it to the Ministry of Finance.

[*12 June 2008; 22 March 2012; 18 April 2013; 19 April 2018*]

**Section 7. Administrative Bodies and Permanent Committees of the Latvian Association of Sworn Auditors**

(1) The supreme administrative body of the Latvian Association of Sworn Auditors is the general meeting. It shall elect the chairperson of the board of the Latvian Association of Sworn Auditors, members of the board and establish the permanent committees.

(2) The permanent committees shall operate in accordance with the articles of association of the Latvian Association of Sworn Auditors and shall implement the decisions of the general meeting and the board.

[*19 April 2018*]

**Chapter III**

**Qualification Examinations for Sworn Auditors**

**Section 8. Specific Requirements for Applicants**

(1) A sworn auditor qualification examination may be taken by a natural person with the capacity to act who meets all the requirements referred to in this Section:

1) has reached 25 years of age;

2) has obtained higher education in the Republic of Latvia or in a foreign country in the field of economics, management, or finances or also has obtained the qualification of an auditor of the relevant foreign country. The decision to recognise the documents certifying the relevant education issued by foreign countries shall be taken by the Latvian Association of Sworn Auditors in conformity with the procedures laid down in the Education Law;

3) is fluent in the Latvian language;

4) has acquired at least three-year experience which is recognised by the Latvian Association of Sworn Auditors in the auditing of annual statements of clients and also in financial auditing;

41) has received a document certifying the completion of the training referred to in Section 8.1 of this Law;

5) has a perfect reputation (none of the conditions referred to in Section 9 of this Law being applicable).

(2) A sworn auditor qualification examination in the field of sustainability may be taken by a person who meets the requirements of Paragraph one, Clauses 1, 2, 3, 4.1, and 5 of this Section and who has obtained eight months of experience in the performance of the assurance engagement of the sustainability report and preparation of the sustainability report which is recognised by the Latvian Association of Sworn Auditors. These eight months of experience may be counted as part of the period of three years referred to in Paragraph one, Clause 4 of this Section.

[*22 January 2004; 15 December 2016; 26 September 2024* / *See Paragraphs 23 and 24 of Transitional Provisions*]

**Section 8.1 Training of Applicants**

(1) A precondition for taking a sworn auditor qualification examination shall be training in the subjects of qualification examination which is attested by a document certifying the completion of the training issued by the training organisers.

(2) The Latvian Association of Sworn Auditors shall develop and approve the content of the training programmes of applicants and publish it on its website.

(3) An applicant shall undergo the training referred to in Paragraph one of this Section at the Latvian Association of Sworn Auditors or another training organiser. Any training organiser shall ensure that the training content conforms to the content of the training programme for applicants approved by the Latvian Association of Sworn Auditors. A document certifying the completion of the training shall be issued to the applicant for the acquisition of the relevant training.

(4) The Cabinet shall determine the process of the training referred to in Paragraph one of this Section, the minimum content, and the information to be included in the document certifying the completion of the training.

[*26 September 2024* / *See Paragraph 25 of Transitional Provisions*]

**Section 9. Persons who May not be Sworn Auditors**

A sworn auditor may not be a person to whom at least one of the following conditions referred to in this Section applies, that is, a person:

1) in relation to whom insolvency proceedings of a natural person have been declared;

2) who is a defendant or an accused in criminal proceedings for the commission of an intentional criminal offence;

3) who has been convicted for the commission of an intentional criminal offence (irrespective of whether the person has been released from serving the sentence because of a statute of limitation period, clemency, or amnesty);

4) against whom criminal proceedings for the commission of an intentional criminal offence have been terminated because of the expiry of a limitation period, settlement, clemency, or amnesty or for whom the conviction for such criminal offence has been extinguished or set aside;

5) who has been dismissed from the office by a court judgment in a criminal case;

6) whose occupation is not compatible with the professional activity of a sworn auditor due to ethical considerations.

[*22 March 2012*]

**Section 10. Procedures for the Submission and Examination of Applications**

(1) An applicant shall submit to the Latvian Association of Sworn Auditors an application for the taking of a sworn auditor qualification examination and other documents in accordance with the procedures stipulated by the Cabinet. In order for the sworn auditor certificate to attest to the right to also provide sustainability report assurance services, an applicant shall indicate in the application whether he or she will take the examination in the fields referred to in Section 14, Paragraph two of this Law.

(2) An applicant shall certify his or her conformity with the requirements of Section 8 of this Law in the application and append to it the documents stipulated by the Cabinet.

(3) After receipt of the application and the documents appended to it, the Latvian Association of Sworn Auditors shall examine the application and the documents appended to it within one month and take the decision on the right of an applicant to take sworn auditor qualification examinations or the refusal.

(4) The decision of the Latvian Association of Sworn Auditors of Latvia shall be notified to an applicant in writing.

(5) If an applicant has received a refusal as the application and the documents appended to it are incomplete or do not prove conformity with the requirements of Section 8 of this Law, he or she may resubmit the application to the Latvian Association of Sworn Auditors only after rectification of the relevant deficiencies but not earlier than six months after the date of receipt of a refusal. A repeated application may not be submitted by a person who may not be a sworn auditor in accordance with Section 9, except for the cases where the circumstances which preclude such person from being a sworn auditor have changed.

(6) Examination of applications for the recognition of experience and applications for the taking of sworn auditor qualification examinations shall be charged for. The procedures for making the payment and the amount thereof shall be determined by the Cabinet.

[*22 January 2004; 26 September 2024*]

**Section 11. General Provisions for Sworn Auditor Qualification Examinations**

(1) The sworn auditor qualification examinations shall examine whether the applicants have an adequate level of theoretical knowledge as well as the ability to apply such theoretical knowledge in practical work so that they might perform the professional activity referred to in Section 2 of this Law appropriately in conformity with the laws and with the international audit standards recognised in Latvia.

(11) If an applicant has indicated in the application that he or she wishes to receive the sworn auditor certificate also for the provision of the sustainability report assurance service, the sworn auditor qualification examination shall examine whether he or she has an adequate level of theoretical knowledge in the relevant fields as well as the ability to apply such theoretical knowledge in practical work so that he or she might provide the sustainability report assurance service.

(2) Sworn auditor qualification examinations are taken in writing, in the Latvian language.

(3) Sworn auditor qualification examinations shall be charged for. The procedures for making the payment and the amount thereof shall be determined by the Cabinet.

[*22 January 2004; 26 September 2024* / *See Paragraphs 23 and 24 of Transitional Provisions*]

**Section 12. Organisation of Sworn Auditor Qualification Examinations**

(1) Sworn auditor qualification examinations shall be organised and held by the Latvian Association of Sworn Auditors.

(2) By-laws for sworn auditor qualification examinations, indicating the number and names of the examination subjects, their programmes, the rules for the establishment of the examination commission, the procedures for the acceptance and examination of applications and also for the preparation, course, and evaluation of examinations shall be approved by the Latvian Association of Sworn Auditors after agreement with the Ministry of Finance.

(3) The sworn auditor qualification examinations commission shall be established by the Latvian Association of Sworn Auditors which shall invite sworn auditors, teaching staff of State-accredited higher education institutions, and other experts in the fields of the examination subjects as members of such commission.

[*22 January 2004*]

**Section 13. Recognition of Professional Qualifications Obtained Abroad**

The Latvian Association of Sworn Auditors shall recognise the qualifications of such person who has obtained his or her professional qualification in a foreign country (an EU Member State, a country of the European Economic Area, or a third country) as equal to the qualifications of a sworn auditor and shall issue the sworn auditor certificate to him or her if such foreign auditor conforms to all the conditions referred to in this Section:

1) in accordance with the procedures laid down in the Education Law, has submitted a document certifying a professional qualification recognised by the Latvian Association of Sworn Auditors which confirms that its holder is entitled, in accordance with the laws of the relevant foreign country, to perform professional activity in that country which, in accordance with the laws of Latvia, are performed by a sworn auditor;

2) has passed such part of the subjects of the sworn auditor qualification examinations, arranged by the Latvian Association of Sworn Auditors, which include a test of the knowledge of applicants in public law, the Civil Law, labour law, and laws governing social guarantees, commercial activity and insolvency laws and tax laws, and also, in the relevant case, a test of the knowledge of applicants in the requirements for the provision of the sustainability report and assurance report;

3) [3 June 2010];

4) has been recorded in the relevant register of auditors of a foreign country (European Union Member State, country of the European Economic Area, or third country).

[*12 June 2008; 3 June 2010; 15 December 2016; 26 September 2024*]

**Section 14. Content of Sworn Auditor Qualification Examinations**

(1) The programmes of subjects for sworn auditor qualification examinations shall include questions and tasks which are directly linked to the reviews of annual statements and consolidated annual statements, or linked to them indirectly, insofar as they are related to such reviews, and which allow to determine the knowledge of applicants in the following areas:

1) theory and technique of an audit, international audit standards;

2) preparation and analysis of annual statements and consolidated annual statements, accounting methods, and the regulations for evaluation;

3) financial and management accounting;

4) internal audit;

5) public law, the Civil Law, labour law, and laws governing social guarantees;

6) commercial activity and insolvency laws;

7) tax laws;

8) information and computer systems;

9) general and financial economics;

10) management and analysis of commercial activity risk;

11) basic principles for financial management;

12) mathematics and statistics;

13) international accounting standards;

14) professional ethics and independence.

(2) The programme of sworn auditor qualification examinations in the field of sustainability shall include questions and tasks which are directly linked to the sustainability report assurance and other services related to sustainability and which allow to determine the knowledge of applicants in the following areas:

1) legal framework and standards in relation to the content and preparation of the sustainability report and consolidated sustainability report;

2) sustainability analysis;

3) due diligence processes in relation to sustainability matters;

4) legal framework and standards in relation to the procedures for the provision of the sustainability report assurance.

[*22 January 2004; 12 June 2008; 26 September 2024* / *See Paragraphs 23, 24, and 26 of Transitional Provisions*]

**Section 15. Procedures for the Announcement of the Results of Sworn Auditor Qualification Examinations**

(1) The decision on the results of the sworn auditor qualification examinations shall be taken by the Latvian Association of Sworn Auditors not later than within two months after the date of the relevant examination, on the basis of the minutes confirmed by the sworn auditor qualification examinations commission, and shall be made known to applicants within 10 days after taking of the decision.

(2) If an applicant has not passed a sworn auditor qualification examination, such examination may be taken again during one of the following examination periods. If the applicant fails again to pass such examination, the decision on the further possibility of the applicant to take the relevant examination shall be taken by the Latvian Association of Sworn Auditors.

(3) The work of an applicant at a sworn auditor qualification examination shall be regarded as restricted access information and shall be stored in the relevant file at the archives of the Latvian Association of Sworn Auditors.

(4) An applicant has the right to become acquainted with the evaluation of his or her work for the sworn auditor qualification examination and to submit a complaint to the responsible permanent committee of the Latvian Association of Sworn Auditors within one month from the date when the applicant has received a statement from the sworn auditor qualification examinations commission.

[*22 January 2004*]

**Chapter IV**

**Procedures for the Issuance, Suspension of Validity, or Cancellation of the Sworn Auditor Certificate, the Sworn Auditor Register**

**Section 16. Procedures for the Issuance of the Sworn Auditor Certificate**

(1) The Latvian Association of Sworn Auditors shall take a decision and shall issue the sworn auditor certificate to applicants who have passed the relevant sworn auditor qualification examinations and afterwards have certified again in writing that none of the conditions referred to in Section 9 of this Law apply to them, and shall specify the date for the signing of the oath of a sworn auditor and for the issuance of the certificate.

(2) Before receipt of the sworn auditor certificate, applicants who wish to become sworn auditors shall sign the following text of the oath: “I swear to comply with the laws of the Republic of Latvia, the articles of association of the Latvian Association of Sworn Auditors and to fulfil my duties honourably, acknowledging that for violation of this oath I shall be liable before the public and the law.”

(3) The signed oath of a sworn auditor shall be stored in the relevant file in the archives of the Latvian Association of Sworn Auditors.

[*12 June 2008*]

**Section 16.1 Granting the Right to Provide the Sustainability Report Assurance Service to a Sworn Auditor**

(1) A sworn auditor shall commence the provision of the sustainability report assurance service after an entry is made in the Sworn Auditor Register that the sworn auditor is entitled to provide the sustainability report assurance service, and also if, in accordance with Section 28.2, Paragraph two of this Law, the requirements for the improvement of professional qualification of sworn auditors as part of the further education process recognised by the Latvian Association of Sworn Auditors are being complied with.

(2) To make the entry referred to in Paragraph one of this Section in the Sworn Auditor Register, a sworn auditor shall submit an application to the Latvian Association of Sworn Auditors for making an entry in the Sworn Auditor Register and shall submit a document which certifies that the further education requirements in the field of sustainability referred to in Section 28.2, Paragraph two of this Law have been met. Examination of the application shall be charged for. The procedures for making the payment and the amount thereof shall be determined by the Cabinet.

(3) If the Latvian Association of Sworn Auditors has taken the decision to refuse to make an entry in the Sworn Auditor Register on the right of the sworn auditor to provide the sustainability report assurance service, the sworn auditor is entitled to, after rectification of the deficiencies referred to in the decision, submit a new application to the Latvian Association of Sworn Auditors for making an entry in the Sworn Auditor Register.

[*26 September 2024* / *See Paragraph 29 of Transitional Provisions*]

**Section 17. Procedures for the Suspension of the Validity of the Sworn Auditor Certificate**

(1) If it is found after the issuance of the sworn auditor certificate that any of the conditions referred to in Section 9, Clause 2 or 6 of this Law is applicable to the person who has received such certificate, the Latvian Association of Sworn Auditors shall suspend the validity of the sworn auditor certificate for a specific period.

(2) The validity of the sworn auditor certificate shall be suspended also for such persons who:

1) have submitted a submission for suspending the validity of the sworn auditor certificate for a specific period in accordance with Section 28, Paragraph two of this Law, indicating the reason and the period for the suspension;

2) have violated the requirements of this Law, the Law on the Prevention of Money Laundering and Terrorism Financing, the International Standards on Auditing recognised in Latvia, the International Standards on Auditing for public sector recognised in Latvia, the instructions governing the professional activity of sworn auditors, or have not complied with the norms of the professional code of ethics.

(3) During the period when the validity of the certificate is suspended, a sworn auditor is not entitled to enter into new contracts for the provision of audit services but is entitled to continue to provide audit services according to the contracts entered into before the validity of the certificate was suspended. If, during the period when the validity of the certificate is suspended, a sworn auditor continues the provision of audit services according to contracts which were entered into prior to the day when the validity of the certificate was suspended, the Latvian Association of Sworn Auditors shall ensure the supervision of professional activity of the sworn auditor in accordance with the procedures stipulated by it until fulfilment of such contracts which were entered into prior to the day when the validity of the certificate was suspended.

(4) Contesting or appealing of the decision of the Latvian Association of Sworn Auditors to suspend the operation of a sworn auditor certificate shall not suspend the operation of such decision.

[*22 January 2004; 22 March 2012; 15 December 2016; 19 April 2018*]

**Section 18. Cancellation of the Sworn Auditor Certificate**

(1) The Latvian Association of Sworn Auditors shall cancel a sworn auditor certificate if it is found after its issuance that any of the conditions referred to in Section 9, Clauses 1, 3, 4, and 5 of this Law is applicable to the person who has received such certificate, or that such person has submitted false information on the circumstances referred to in Sections 8 and 9 of this Law.

(2) The validity of the sworn auditor certificate shall be cancelled also for such persons who:

1) have been recognised, according to a court ruling, as not having the capacity to act or have died;

2) have repeatedly violated the requirements of this Law or other laws and regulations and instructions governing the professional activity of sworn auditors, and also the requirements of the International Standards on Auditing recognised in Latvia, the International Standards on Auditing for public sector recognised in Latvia or have not complied with the norms of the professional code of ethics, or whose violation committed or non-fulfilment of the duties imposed thereon are not compatible with the work of sworn auditors;

3) have committed a substantial violation of the requirements of the Law on the Prevention of Money Laundering and Terrorism Financing;

4) have submitted a submission for the cancellation of a sworn auditor certificate.

[*22 January 2004; 22 March 2012; 15 December 2016; 19 April 2018*]

**Section 18.1 Provision of Information on the Suspension and Cancellation of the Validity of the Sworn Auditor Certificate**

(1) If the validity of a sworn auditor certificate is suspended or a sworn auditor certificate has been cancelled for a person who at the same time is an auditor registered in the register of another Member State and who is entitled to audit (review) annual statements and consolidated annual statements of commercial companies registered in that Member State, the Latvian Association of Sworn Auditors shall, within five working days, notify the Ministry of Finance of the relevant fact in writing, indicating the term and reason for the suspension of the validity of certificate or the reason for the cancellation of certificate.

(2) The Ministry of Finance shall, not later than within five working days, send the information referred to in Paragraph one of this Section to the competent authority of the relevant Member State in the field of audit.

[*29 January 2009*]

**Section 19. Sworn Auditor Register**

(1) Sworn auditors shall be registered in the Sworn Auditor Register which shall be kept and regularly updated by the Latvian Association of Sworn Auditors.

(2) The Register shall contain the following information on a sworn auditor:

1) the given name and surname;

2) the address of the place of practice, the telephone number, the electronic mail address, and the reference to the website address, if it exists;

3) the number of the certificate;

4) the date and basis of the issuance, suspension of validity, or cancellation of the certificate;

5) the firm name (with indication of the type of a merchant), legal address, and registration number in the Commercial Register of the commercial company of sworn auditors if the sworn auditor is in employment relationship with this commercial company or is a member, stockholder, or shareholder thereof;

51) the note whether the sworn auditor is entitled to provide the sustainability report assurance service;

6) if a sworn auditor is at the same time a foreign auditor, indicate the foreign registration institution in the register of which the auditor has been entered as a provider of the audit service or sustainability report assurance service and whether the sworn auditor is the provider of both such services, and also the registration number if the law of the relevant foreign country provides for the entering of the abovementioned auditor in the register, and the transcript of the relevant services.

(3) If any information referred to in Paragraph two, Clauses 1, 2, 5, and 6 of this Section is subject to change, the sworn auditor shall submit a relevant statement to the Latvian Association of Sworn Auditors within two weeks. A statement shall be attested with a signature by a sworn auditor.

(31) It shall be indicated in the Sworn Auditor Register that the Latvian Association of Sworn Auditors shall be responsible for the certification of sworn auditors, the supervision of activities, the audit services quality control, the initiation, examination, and enquiry of disciplinary cases, and the imposition of disciplinary sanctions, and the legal address thereof shall be indicated. Additionally, it shall be indicated that the public supervision of the Latvian Association of Sworn Auditors is carried out by the Ministry of Finance and its address shall be indicated.

(32) The Sworn Auditor Register shall be maintained in Latvian. Additionally, the Latvian Association of Sworn Auditors may maintain the register in any other official language of a Member State of the European Union. In such case, it shall be indicated in the register whether the translation is or is not certified.

(4) The Sworn Auditor Register shall be accessible to the public, and any person has the right to become acquainted with it. The information contained in the Sworn Auditor Register shall be kept and stored electronically and it shall be available on the website of the Latvian Association of Sworn Auditors. The Ministry of Finance shall include an indication on its website to the website of the Latvian Association of Sworn Auditors where such register is available.

(5) [3 June 2010]

(6) [3 June 2010]

[*12 June 2008; 29 January 2009; 3 June 2010; 15 December 2016; 26 September 2024*]

**Chapter V**

**Regulations for the Licensing of Commercial Companies of Sworn Auditors, Register of Commercial Companies of Sworn Auditors**

**Section 20. Licensing of Commercial Companies of Sworn Auditors**

(1) A commercial company of sworn auditors has the right to commence the provision of audit services only after obtaining a licence issued by the Latvian Association of Sworn Auditors.

(2) The Latvian Association of Sworn Auditors shall issue a licence for a commercial company of sworn auditors for an indefinite period.

**Section 21. Criteria for the Issuance of a Licence**

(1) A licence for a commercial company of sworn auditors shall be issued to a commercial company which is entered in the Commercial Register maintained by the Enterprise Register of the Republic of Latvia.

(2) A member of the general partnership of sworn auditors and a complimentary of the limited partnership may be only sworn auditors or commercial companies of sworn auditors, or auditors of the Member States, or commercial companies of sworn auditors of the Member States.

(3) In a capital company of sworn auditors, more than 50 per cent of the voting capital shares or voting stocks shall be owned by sworn auditors or commercial companies of sworn auditors, or auditors of the Member States or commercial companies of auditors of the Member States.

(4) In a capital company of sworn auditors, at least 75 per cent of the members of the executive board shall be sworn auditors or auditors of the Member States.

(5) If a commercial company of sworn auditors is a joint-stock company, it may issue only registered stocks.

(6) The procedures for the work organisation, resource planning, document management, establishment of registers and files for sworn auditors and commercial companies of sworn auditors shall conform to the requirements referred to in the Cabinet regulation issued on the basis of Section 31.1 of this Law.

(7) Persons who, on behalf of a commercial company of sworn auditors, provide an auditor’s report on the review of the client’s annual statements which is determined by laws and also provide an audit report on the financial audit of State or local government authorities must be sworn auditors.

[*22 January 2004; 12 June 2008; 15 December 2016* / *See Paragraph 15 of Transitional Provisions*]

**Section 21.1 Recognition of a Licence for a Commercial Company of Auditors Entered in the Register of Another Member State**

(1) By derogation from Section 3, Paragraph one of this Law, a commercial company of auditors entered in the register of another Member State is entitled to provide audit services in the Republic of Latvia if the Ministry of Finance has recognised it as equal to a commercial company of sworn auditors, it has been issued a licence for a commercial company of sworn auditors, and such commercial company is entered in the Register of Commercial Companies of Sworn Auditors.

(2) The Ministry of Finance shall prepare an opinion if the following is received:

1) a submission for obtaining (registering) a licence for a commercial company of auditors entered in the register of another Member State which contains also a certification that an auditor’s certificate of another Member State has been issued to the persons who, on behalf of the abovementioned commercial company, will provide auditor’s report on the audit (review) of the annual statements and consolidated annual statements of a client, and that the professional qualification of such persons has been recognised in accordance with the procedures laid down in Section 13 of this Law;

2) a document issued by the competent authority of the relevant Member State on the fact that this commercial company of auditors has been entered in the relevant register of commercial companies of auditors of this Member State.

(3) Within five working days after receipt of the documents referred to in Paragraph two of this Section, the Ministry of Finance shall examine them and inform electronically a commercial company of auditors entered in the register of another Member State accordingly that:

1) a licence for a commercial company of sworn auditors or a substantiated refusal will be issued (sent) within 30 days;

2) the document referred to in Paragraph two, Clause 2 of this Section has not been submitted and that a licence for a commercial company of sworn auditors or a substantiated refusal will be issued (sent) within the period referred to in Clause 1 of this Paragraph only after receipt of all the information referred to in Paragraph two of this Section.

(4) If the information referred to in Paragraph two of this Section is received, the Ministry of Finance shall, within 30 days, examine the abovementioned documents and prepare an opinion on recognition of the commercial company of auditors entered in the register of another Member State as equal to a commercial company of sworn auditors.

(5) The Ministry of Finance, where necessary, shall cooperate with the competent authority of the relevant Member State in order to find out the conditions related to the information referred to in Paragraph two of this Section.

(6) If it is recognised that a commercial company of auditors entered in the register of another Member State is equal to a commercial company of sworn auditors, the Ministry of Finance shall prepare and, within five working days, send an opinion:

1) to this commercial company;

2) to the Latvian Association of Sworn Auditors.

(7) The Latvian Association of Sworn Auditors shall issue a licence for a commercial company of sworn auditors to a commercial company of auditors entered in the register of another Member State and enter it in the Register of Commercial Companies of Sworn Auditors on the basis of the opinion of the Ministry of Finance and concurrently inform the Ministry of Finance thereof.

(8) The Ministry of Finance shall, within five working days after receipt of the information referred to in Paragraph seven of this Section, inform the competent authority of the relevant Member State of entering of the commercial company of auditors entered in the register of this other Member State in the Register of Commercial Companies of Sworn Auditors.

[*15 December 2016*]

**Section 22. Procedures for the Issuance of a Licence**

(1) In order to obtain a licence, the entity – commercial company of sworn auditors – requesting it shall submit an application for a licence and other documents stipulated by the Cabinet to the Latvian Association of Sworn Auditors. The procedures for the submission of documents shall be determined by the Cabinet.

(11) Within five working days after receipt of the application and documents referred to in Paragraph one of this Section, the Latvian Association of Sworn Auditors shall inform the requesting entity – commercial company of sworn auditors:

1) that a licence of the commercial company of sworn auditors or a substantiated written refusal will be issued to the requesting entity – commercial company of sworn auditors – within the period referred to in Paragraph two of this Section (indicating a specific date);

2) on the procedures for contesting a substantiated written refusal to issue a licence for a commercial company of sworn auditors.

(12) If, within the period specified in accordance with Paragraph 1.1, Clause 1 of this Section, the Latvian Association of Sworn Auditors does not notify the entity – commercial company of sworn auditors – requesting the licence of its decision to issue the licence for a commercial company of sworn auditors or not to issue the licence for a commercial company of sworn auditors or a substantiated refusal to issue it, it shall be regarded that the Latvian Association of Sworn Auditors has issued the licence for a commercial company of sworn auditors to the commercial company of sworn auditors, applying the default referred to in the Freedom to Provide Services Law.

(13) Within five working days after receipt of the application and documents referred to in Paragraph one of this Section, the Latvian Association of Sworn Auditors shall inform an requesting entity – commercial company of sworn auditors:

1) of an application filled in incompletely and non-submitted documents stipulated by the Cabinet;

2) that a licence for a commercial company of sworn auditors or a substantiated written refusal will be issued within the time period referred to in Paragraph two of this Section only after receipt of all the information specified in laws and regulations.

(14) If the Latvian Association of Sworn Auditors does not notify the entity – commercial company of sworn auditors – requesting the licence of the information referred to in Paragraph 1.3, Clauses 1 and 2 of this Section, it shall be regarded that the Latvian Association of Sworn Auditors has issued the licence for a commercial company of sworn auditors within the period referred to in Paragraph two of this Section, applying the default referred to in the Freedom to Provide Services Law.

(2) The Latvian Association of Sworn Auditors shall examine the application submitted for a licence and the documents appended thereto and issue to the requesting entity – commercial company of sworn auditors – a licence or a substantiated written refusal not later than within 30 days from the date of receipt of the application. If the Latvian Association of Sworn Auditors has issued a substantiated written refusal to the entity – commercial company of sworn auditors – requesting the licence for a commercial company of sworn auditors, the entity – commercial company of sworn auditors – requesting the licence for a commercial company of sworn auditors is entitled to submit anew the application referred to in Paragraph one of this Section to the Latvian Association of Sworn Auditors after elimination of the reasons referred to in the refusal.

(3) [22 January 2004]

(4) The issuance of the licence referred to in this Section shall be charged for. The procedures for making the payment and the amount thereof shall be determined by the Cabinet.

[*22 January 2004; 18 April 2013; 26 September 2024*]

**Section 22.1 Granting the Right to Provide the Sustainability Report Assurance Service to a Commercial Company**

(1) A commercial company of sworn auditors shall commence the provision of the sustainability report assurance service only after an entry is made in the Register of Commercial Companies of Sworn Auditors that the commercial company is entitled to provide the sustainability report assurance service.

(2) To make the entry referred to in Paragraph one of this Section in the Register of Commercial Companies of Sworn Auditors, a commercial company of sworn auditors shall submit an application to the Latvian Association of Sworn Auditors for making an entry in the Sworn Auditor Register and shall submit a document issued by the commercial company of sworn auditors attesting that the sworn auditor appointed by the commercial company of sworn auditors for the provision of the sustainability report assurance service has complied with the further education requirements in the field of sustainability referred to in Section 28.2, Paragraph two of this Law. Examination of the application shall be charged for. The procedures for making the payment and the amount thereof shall be determined by the Cabinet.

(3) If the Latvian Association of Sworn Auditors has taken the decision to refuse to make an entry in the Register of Commercial Companies of Sworn Auditors regarding the right of the commercial companies of sworn auditors to provide the sustainability report assurance service, the commercial company is entitled to, after rectification of the shortcomings referred to in the decision, submit a new application to the Latvian Association of Sworn Auditors regarding making an entry in the Register of Commercial Companies of Sworn Auditors.

[*26 September 2024* / *See Paragraph 30 of Transitional Provisions*]

**Section 23. Suspension and Cancellation of the Validity of a License**

(1) If the composition of the members of the executive board or the composition of the members, stockholders or shareholders of a commercial company of sworn auditors has changed, such commercial company shall notify the Latvian Association of Sworn Auditors thereof in writing within 30 days from the day of occurrence of the changes.

(2) The Latvian Association of Sworn Auditors is entitled to cancel the licence issued to a commercial company of sworn auditors in the following cases:

1) the information provided for the obtaining of the licence is false;

2) the conditions referred to in Section 21 of this Law have been violated;

3) the commercial company has not commenced the provision of audit services within 12 months from the date of receipt of the licence;

4) the commercial company has suspended the provision of audit services for a period exceeding 12 months;

5) the commercial company substantially violates other provisions of this Law or Regulation No 537/2014;

6) the commercial company substantially violates the requirements of the Law on the Prevention of Money Laundering and Terrorism Financing, other laws or legal acts;

7) the commercial company has submitted a submission for the cancellation of the licence.

(3) If the Latvian Association of Sworn Auditors has determined circumstances that allow to decide on the cancellation of a licence issued, having assessed the nature of violation, it may take the decision to suspend the validity of the licence the period of which may not exceed six months.

(4) During the period when the validity of the licence is suspended, a commercial company of sworn auditors is not entitled to enter into new contracts for the provision of audit services but is entitled to continue to provide audit services according to the contracts entered into before the date when the validity of the licence was suspended. If, during the period when the validity of the licence is suspended, the commercial company of sworn auditors continues the provision of audit services according to the contracts which were entered into prior to the day when the validity of the licence was suspended, the Latvian Association of Sworn Auditors shall ensure the supervision of professional activity of the commercial company of sworn auditors in accordance with the procedures stipulated thereby until fulfilment of such contracts which were entered into prior to the day when the validity of the licence was suspended.

(5) The Latvian Association of Sworn Auditors shall notify, in writing, the Commercial Register institution of the suspension of the validity of a licence or the cancellation of a licence.

(51) If the validity of the licence has been suspended or the licence has been cancelled for a commercial company of sworn auditors which at the same time is a commercial company of sworn auditors registered into the register of another Member State and which is entitled to audit (review) annual statements and consolidated annual statements of commercial companies registered in that Member State, the Latvian Association of Sworn Auditors shall, within five working days, notify the Ministry of Finance in writing of the relevant fact, indicating the term and reason for suspension of the validity of a licence or the reason for cancellation of a licence.

(52) The Ministry of Finance shall, not later than within five working days, send the information referred to in Paragraph 5.1 of this Section to the competent authority of the relevant Member State in the field of audit.

(6) [22 January 2004]

(7) Disputing or appealing a decision of the Latvian Association of Sworn Auditors to suspend the validity of a licence for a commercial company of sworn auditors shall not suspend the validity of such decision.

[*22 January 2004; 29 January 2009; 22 March 2012; 15 December 2016; 19 April 2018*]

**Section 24. Register of Commercial Companies of Sworn Auditors**

(1) Commercial companies of sworn auditors are registered in the Register of Commercial Companies of Sworn Auditors which shall be maintained and regularly updated by the Latvian Association of Sworn Auditors.

(2) The Register shall contain the following information on a commercial company of sworn auditors:

1) the firm name (with reference to the type of a merchant) and registration number entered in the Commercial Register;

2) the legal address, contact person, telephone number, electronic mail address, and reference to the website address, if such exists;

3) the number of the licence;

4) the date and basis of the issuance, suspension of validity, or cancellation of the licence;

5) the given names, surnames, and numbers of sworn auditor certificates of members (participants) if the member (participant) is a sworn auditor, but for legal persons – the firm name, registration number entered in the Commercial Register, and legal address;

6) the given name, surname, and number of the certificate of the sworn auditor who is a paid employee of the commercial company of sworn auditors, its partner, or is otherwise connected with such commercial company of sworn auditors, and an indication whether the abovementioned sworn auditor is entitled to provide also the sustainability report assurance service on behalf of the commercial company of sworn auditors;

7) the given name, surname, and number of a sworn auditor certificate of a member of the executive board and the supervisory board (if the supervisory board has been established) of the commercial company if the member of the executive board and supervisory board (if the supervisory board has been established) is a sworn auditor;

8) if a commercial company of sworn auditors is part of a network of commercial companies of auditors – information on the cooperation partners of this network (if available) or reference regarding where such information is accessible to the public;

9) if a commercial company of sworn auditors is at the same time a commercial company registered in a foreign country, the foreign registration institution in the register of which the commercial company has been entered as a provider of the audit service or sustainability report assurance service or as a provider of both such services in the relevant foreign country, and also the registration number, if the law of the relevant foreign country provides for the entering of the abovementioned commercial company of sworn auditors in the register, shall be indicated.

(3) If any of the information referred to in Paragraph two, Clauses 1, 2, 5, 6, 8, and 9 of this Section is subject to change, the commercial company of auditors shall, within two weeks, submit a relevant statement to the Latvian Association of Sworn Auditors. If any of the information in respect of the given name, surname, and number of sworn auditor certificate of members (participants) referred to in Paragraph two, Clause 5 of this Section and also the information referred to in Clause 7 are subject to change, the commercial company of auditors shall submit a relevant statement to the Latvian Association of Sworn Auditors within the time limit referred to in Section 23, Paragraph one of this Law. The statement shall be submitted in writing and it shall be signed by an official who acts on behalf of the commercial company of sworn auditors.

(31) It shall be referred to in the Register of Commercial Companies of Sworn Auditors that the Latvian Association of Sworn Auditors shall be responsible for the licensing and supervision of activities of commercial companies of sworn auditors and the legal address thereof shall be indicated. Additionally, it shall be indicated that the public supervision of the Latvian Association of Sworn Auditors shall be carried out by the Ministry of Finance and its address shall be indicated.

(32) The Register of Commercial Companies of Sworn Auditors shall be maintained in Latvian. Additionally, the Latvian Association of Sworn Auditors may maintain the register in any other of the official languages of a European Union Member State. In such case, it shall be indicated in the register whether the translation is certified.

(4) The Register of Commercial Companies of Sworn Auditors shall be accessible to the public, and any person has the right to become acquainted with it. The information contained in the Register of Commercial Companies of Sworn Auditors shall be maintained and stored electronically and it shall be available on the website of the Latvian Association of Sworn Auditors. The Ministry of Finance shall include an indication on its website to the website of the Latvian Association of Sworn Auditors where such register is available.

(5) [3 June 2010]

(6) The commercial company of sworn auditors shall be excluded from the Register of Commercial Companies of Sworn Auditors if its licence has been cancelled or if such commercial company has been excluded from the Commercial Register.

[*12 June 2008; 29 January 2009; 3 June 2010; 22 March 2012; 15 December 2016; 19 April 2018; 26 September 2024*]

**Section 24.1 Register of Third Country Auditors and Third Country Commercial Companies of Auditors**

(1) The Register of Third Country Auditors and Third Country Commercial Companies of Auditors shall be maintained by the Latvian Association of Sworn Auditors in cooperation with the Ministry of Finance. Third country auditors and commercial companies of third country auditors which provide an auditor’s report on the annual statement or consolidated annual statement of a commercial company which is registered in a third country (hereinafter in this section – the third country commercial company) and the transferable securities of which are admitted to trading on the regulated market of Latvia shall be entered in the Register. The information on the third country auditor and third country commercial company of auditors referred to in Sections 19 and 24 of this Law shall be entered into the Register. Annual statements and consolidated annual statements that have been audited (reviewed) by third country auditors and third country commercial companies of auditors not included in the Register of Third Country Auditors and Third Country Commercial Companies of Auditors shall have no legal effect.

(11) In accordance with the procedures laid down in Paragraph one of this Section, an entry shall be made in the Register of Third Country Auditors and Third Country Commercial Companies of Auditors regarding such third country auditors and third country commercial companies of auditors which provide the assurance report on the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) of such third country commercial company the transferable securities of which are admitted to trading on the regulated market of Latvia. The sustainability report and consolidated sustainability report for which the assurance report has been provided by third country auditors and third country commercial companies of auditors not included in the Register of Third Country Auditors and Third Country Commercial Companies of Auditors shall have no legal effect.

(2) Such third country auditor and third country commercial company of auditors shall not be entered in the Register of Third Country Auditors and Third Country Commercial Companies of Auditors which provide the auditor’s report on the annual statement or consolidated annual statement (if there is an obligation to prepare one) of the third country commercial company which has issued only outstanding debt securities to which one of the following conditions applies:

1) the denomination of one unit of such securities is at least EUR 50 000 or if the value of debt securities is expressed in a currency other than euro, the denomination of one unit of such securities is at least the equivalent of EUR 50 000, and such securities are admitted to trading on the regulated market in one or several Member States before 31 December 2010 until the day when such securities are deleted;

2) the denomination of one unit of such securities is at least EUR 100 000 or if the value of debt securities is expressed in a currency other than euro, the denomination of one unit of such securities is at least the equivalent of EUR 100 000, and such securities are admitted to trading on the regulated market in one or several Member States starting from 31 December 2010 until the day when such securities are deleted.

(21) The conditions of Paragraph two of this Section shall also be applied to such third country commercial company for the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) of which the third country auditor and third country commercial company of auditors provide the assurance report.

(3) The Register of Third Country Auditors and Third Country Commercial Companies of Auditors shall be maintained in Latvian. Additionally, the Latvian Association of Sworn Auditors may maintain the register in any other of the official languages of a European Union Member State. In such case, it shall be indicated in the register whether the translation is certified.

(4) The Register of Third Country Auditors and Third Country Commercial Companies of Sworn Auditors shall be accessible to the public, and any person has the right to become acquainted with it. The information contained in this Register shall be maintained and stored electronically and it shall be available on the website of the Latvian Association of Sworn Auditors. The Ministry of Finance shall include an indication on its website to the website of the Latvian Association of Sworn Auditors where such register is available.

(5) The Latvian Association of Sworn Auditors shall renew (update) the information included in the Register of Third Country Auditors and Third Country Commercial Companies of Auditors within five working days from the date it has received a written notification from a third country auditor or third country commercial company of auditors entered in the Register regarding changes in the information included in the Register.

[*12 June 2008; 12 September 2013; 15 December 2016; 26 September 2024*]

**Section 24.2 Conditions for the Registration of Third Country Auditors and Third Country Commercial Companies of Auditors**

(1) A third country auditor or third country commercial company of auditors shall be entered in the Register of Third Country Auditors and Third Country Commercial Companies of Auditors in accordance with the procedures laid down in Section 24.1 of this Law only upon receipt of an opinion of the Ministry of Finance that all the conditions referred hereinafter in this Paragraph of the Section have been fulfilled:

1) a third country auditor is a person who has a perfect reputation and whose professional qualification is equal to the professional qualification of a sworn auditor;

2) the majority of the members of the executive board of a third country commercial company of auditors are persons whose professional qualification is equal to the professional qualification of a sworn auditor and who have a perfect reputation;

3) persons who, on behalf of a third country commercial company of auditors, provide an auditor’s report on the annual statement and the consolidated annual statement of a commercial company which is registered in this country have perfect reputation and the professional qualification of these persons is equal to the professional qualification of a sworn auditor;

4) the audit (review) of the annual statement or consolidated annual statement of commercial companies registered in the third country is performed in accordance with the international audit standards recognised in Latvia or with equal international audit standards and the requirements of independence, objectivity, and confidentiality specified in this Law or the requirements of third countries equal thereto are observed. The remuneration of a third country auditor or a third country commercial company of auditors which has been received for audit services shall not be affected by the additional services provided or other conditions;

5) a third country auditor or third country commercial company of auditors shall publish on its website a transparency report in which the information referred to in Article 13 of Regulation No 537/2014 or equal information thereto is included.

(11) The equivalence of the requirements laid down in this Law on eight months of experience and qualification examination in the field of sustainability shall not be applicable to the persons referred to in Paragraph one, Clauses 1 and 2 of this Section if a third country auditor and, in the relevant case, a third country commercial company is entered in the Register of Third Country Auditors and Third Country Commercial Companies of Auditors for the provision of audit services.

(12) For the provision of sustainability report assurance, a third country auditor or third country commercial company of auditors shall be entered in the Register of Third Country Auditors and Third Country Commercial Companies of Auditors in accordance with the procedures laid down in Section 24.1 of this Law only when the opinion of the Ministry of Finance has been received that the following conditions have been fulfilled:

1) a third country auditor conforms to the requirements of Paragraph one, Clause 1 of this Section and has complied with the condition referred to in Paragraph one, Clause 5 of this Section;

2) a third country commercial company of auditors conforms to the requirements of Paragraph one, Clauses 1 and 2 of this Section and has complied with the condition referred to in Paragraph one, Clause 5 of this Section;

3) persons who, on behalf of a third country commercial company of auditors, provide the assurance report on the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) of the commercial company which is registered in this country have perfect reputation and the professional qualification of these persons is equal to the professional qualification of a sworn auditor in the field of sustainability;

4) the assurance service of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) of a commercial company registered in a third country is provided in accordance with the assurance standards for sustainability reporting or equivalent assurance standards, and the requirements of independence, objectivity, confidentiality, work organisation and the performance requirements of sustainability report assurance engagement or equivalent third country requirements are complied with. The remuneration of a third country auditor or third country commercial company of auditors which has been received for sustainability report assurance services shall not be affected by the additional services provided or other conditions.

(2) The Ministry of Finance in cooperation with Latvijas Banka shall prepare an opinion if a registration application filled in by a third country auditor or third country commercial company of auditors has been received. The sample form of the registration application shall be approved by the Cabinet. After preparation of an opinion, the Ministry of Finance shall inform the European Commission of such opinion without delay, also indicating whether all the conditions referred to in Paragraph one of this Section have been complied with.

(3) The Cabinet shall determine the sample form of the opinion of the Ministry of Finance referred to in this Section, the procedures for the drawing up and sending thereof.

(4) If the European Commission has recognised third country supervision, quality control, investigation, and penalty systems as equivalent to the supervision, quality control, investigation, and penalty systems of the Member States, then after receipt of a registration application filled in by such third country auditor or a third country commercial company of auditors the Ministry of Finance shall prepare the opinion referred to in this Section, without assessing whether the conditions referred to in Paragraph one of this Section have been complied with.

(5) The Ministry of Finance is entitled to enter into a mutual agreement with the third country competent authority in the field of audit if it is necessary to obtain additional information on the quality control results of the audit services provided by a third country auditor or a third country commercial company of auditors. The Ministry of Finance shall inform the European Commission of entering into a mutual agreement without delay.

[*29 January 2009; 3 June 2010; 22 March 2012; 15 December 2016; 26 September 2024*]

**Section 24.3 Audit Services Quality Control of Third Country Auditors and Third Country Commercial Companies of Auditors Entered in the Register**

Third country auditors and third country commercial companies of auditors which have been entered in the Register of Third Country Auditors and Third Country Commercial Companies of Auditors shall be subject to the audit services quality control specified in Section 35.1 of this Law and the system for initiation, examination of disciplinary matters, and application of penalties, sanctions, and supervisory measures laid down in this Law shall be applied to these auditors and commercial companies of auditors.

[*29 January 2009; 15 December 2016*]

**Chapter VI**

**Independence, Objectivity of a Sworn Auditor and Requirements of Professional Ethics**

[*15 December 2016*]

**Section 25. Independence and Objectivity of a Sworn Auditor**

(1) A sworn auditor (also a responsible sworn auditor appointed by a commercial company of sworn auditors) shall be independent and objective in his or her professional activity.

(2) State and local government authorities, courts, prosecutors, and pre-trial investigation institutions shall guarantee the independence of the professional activity of sworn auditors. In order to guarantee the independence of the professional activity of sworn auditors, it is prohibited:

1) to interfere with the professional activity of sworn auditors, to exert influence or pressure upon them;

2) to request information and explanations from sworn auditors, except for the cases referred to in Section 27, Paragraph one and Section 33 of this Law, and also to question them as witnesses regarding facts that have become known to them while providing professional services;

3) to control the mail, telegraph, and other means of correspondence as well as the documents which sworn auditors have received while providing professional services, to perform inspection and withdrawal of correspondence and documents, or to perform searches in order to find and withdraw correspondence and documents;

4) to control, also by the procedural measures referred to in Clause 3 of this Section, the information systems and means of communication necessary for the provision of professional services of sworn auditors, including electronic means of communication, to obtain information from them and to interfere with their functioning;

5) to request information from clients on the content of the professional services provided by sworn auditors;

6) to subject sworn auditors to any sanctions or threats in respect of the professional services they provide, in accordance with law, to clients;

7) to bring sworn auditors to any type of liability for statements made in writing or orally which they have made, in accordance with the law and in good faith, while fulfilling their professional duties.

(3) Members, shareholders or participants, manager, members of the executive board and the supervisory board (if the supervisory board is established) of the commercial company of sworn auditors and other persons are prohibited from interfering in the professional activity of the sworn auditor (also a responsible sworn auditor appointed by the commercial company of sworn auditors) or affect him or her with a view to influence independence and objectivity of this auditor, his or her view or opinion as an independent expert.

(4) Illegal activity of a sworn auditor in the client’s interests and also his or her activity in promoting illegal commitment of the client shall not be regarded to be a professional activity which expresses as an audit service.

[*29 March 2007; 15 December 2016; 19 April 2018*]

**Section 26. Circumstances which Jeopardise the Independence and Objectivity of a Sworn Auditor or a Commercial Company of Sworn Auditors**

(1) A sworn auditor and commercial company of sworn auditors are entitled to undertake the audit of an annual statement and consolidated annual statement only if the independence and objectivity of the sworn auditor, responsible sworn auditor appointed by the commercial company of sworn auditors, and commercial company of sworn auditors involved in this audit and also experts or specialists and assistants invited thereby are not jeopardised.

(2) The independence and objectivity of a sworn auditor, a responsible sworn auditor appointed by the commercial company of sworn auditors, and a commercial company of sworn auditors and also experts or specialists and assistants invited thereby are jeopardised if any of the abovementioned persons is, directly or indirectly, interested in the outcome of the audit. The independence and objectivity of the abovementioned persons are jeopardised by the following circumstances:

1) financial obligations and participation in transactions of the client;

2) employment relationship with the client which is existing now or which has existed within the last three years;

3) the performance of management functions of the client;

4) kinship or affinity up to the second degree with the member of the executive board or supervisory board of the client of a sworn auditor or his or her spouse, or dependent child, or other relative who has a shared household with the sworn auditor for at least one year;

5) substantial dependence for income on the services provided to one or more mutually connected clients;

6) dependence of the remuneration received for audit services on the results of the audit or additional services provided;

7) acceptance of gifts or services, discounts or other favourable conditions of a transaction from the client, except for the case when an objective and informed third person could consider their value as insignificant or as such which does not cause any consequences;

8) participation in the equity capital of the client (or of a commercial company related thereto) or involvement in the transactions with a view to obtain financial instruments issued, guaranteed or otherwise ensured by the client (or by a commercial company related thereto). That referred to in this Paragraph shall not apply to the participation which is owned only indirectly in different collective investment schemes (for example, investment funds, alternative investment funds, life insurance, funded pension schemes in fund investment plans or private pension plans).

(3) The independence and objectivity of a sworn auditor, a responsible sworn auditor appointed by a commercial company of sworn auditors, and a commercial company of sworn auditors is also jeopardised if at least one of the conditions referred to in Paragraph two of this Section applies to:

1) a cooperation partner of the network of commercial companies of auditors to which a sworn auditor or a commercial company of sworn auditors belongs;

2) a member, shareholder, or participant, manager, member of the executive body, employee of the commercial company of sworn auditors or any other person the services provided by whom are used by or directly or indirectly controlled by a sworn auditor, responsible sworn auditor appointed by a commercial company of sworn auditors, or commercial company of sworn auditors.

(4) A sworn auditor and a commercial company of sworn auditors may not carry out the audit of an annual statement and a consolidated annual statement if there is a risk that the client could be a person related to a sworn auditor or commercial company of sworn auditors, or a risk that this audit could be related with self-interests of a sworn auditor, responsible sworn auditor appointed by a commercial company of sworn auditors, or commercial company of sworn auditors (defence or intimidation of the client in relation to participation in the client’s transactions, financial, civil legal, employment, or other relations between a sworn auditor, commercial company of sworn auditors, network of commercial companies of auditors, or such natural person referred to in Paragraph three of this Section who could directly or indirectly influence the audit result, and the client) from which an objective and duly informed third person could conclude that the independence of the sworn auditor, responsible sworn auditor appointed by a commercial company of sworn auditors, or commercial company of sworn auditors is jeopardised.

(5) A sworn auditor, a responsible sworn auditor appointed by a commercial company of sworn auditors, and a commercial company of sworn auditors has an obligation to indicate the conditions referred to in Paragraphs two and three of this Section in the audit working papers, if such conditions have been established, and also to indicate measures that have been taken to rectify these conditions.

(6) The requirements of independence of the sworn auditor and the commercial company of sworn auditors referred to in Section 25 of this Law and this Section shall apply at least to the time period to which the client’s annual statement or consolidated annual statement to be audited (or reviewed) applies and the time period in which the sworn auditor or commercial company of sworn auditors provides an audit (or review) service.

(7) If, during a time period to which the client’s annual statement applies, the client is being reorganised by merging, division, or restructuring, a sworn auditor or commercial company of sworn auditors shall assess whether the conditions referred to in Paragraphs two and three of this Section have not been caused by the restructuring of the client which may jeopardise the independence of the sworn auditor or commercial company of sworn auditors. Any non-audit services shall also be assessed which have been provided to the abovementioned client before its reorganisation and which could influence the independence of the sworn auditor or commercial company of sworn auditors and capacity to continue audit of such client’s annual statement or consolidated annual statement after the date when the client’s reorganisation entered into effect.

(8) If a sworn auditor or commercial company of sworn auditors detects risk to independence due to the reasons referred to in Paragraph seven of this Section, a sworn auditor and commercial company of sworn auditors has a obligation, as soon as possible but not later than within three months from the day of the detection, to take all necessary measures in order to prevent conditions that cause risk to independence and may influence objectivity of a sworn auditor.

(9) A sworn auditor, a responsible sworn auditor appointed by a commercial company of sworn auditors, and a commercial company of sworn auditors shall, before entering into a contract with a client on audit of the annual statement or consolidated annual statement, and also during the provision of audit service provided for in this contract, assess and immediately indicate in the audit working papers:

1) whether the sworn auditor, responsible sworn auditor appointed by a commercial company of sworn auditors, and commercial company of sworn auditors conform to the requirements for independence and objectivity laid down in this Law;

2) whether any of the conditions referred to in Section 25 of this Law and Paragraphs two and three of this Section is known that may cast substantiated doubts about independence and objectivity of the sworn auditor, responsible sworn auditor appointed by a commercial company of sworn auditors, and commercial company of sworn auditors, and indicate the measures taken to prevent such conditions;

3) whether the experts, specialists, or assistants invited are sufficiently competent for the performance of the audit of the annual statement or consolidated annual statement of the particular client and whether the amount of employees and other necessary resources attracted to this audit are sufficient;

4) whether the time planned for the audit is sufficient in order to fulfil the obligations of the contract on the audit of the client’s annual statement or consolidated annual statement not violating the requirements of this Law and other laws and regulations;

5) in the case of a commercial company of sworn auditors – whether the requirements of Section 31 of this Law are met.

[*15 December 2016; 19 April 2018*]

**Section 27. Confidentiality Requirements**

(1) A sworn auditor is prohibited from disclosing a commercial secret that he or she has learned while performing professional duties. The information containing a commercial secret may not be used or disclosed by a sworn auditor and a commercial company of sworn auditors without the written authorisation of the client, except for the cases referred to in Paragraph two of this Section, Section 33 of this Law, and the Law on the Prevention of Money Laundering and Terrorism Financing and also the law On Taxes and Fees and Regulation No 537/2014, or in the cases when the sworn auditor has the right or an obligation to do so according to a court ruling.

(2) If the audit services contract concluded between a client and a sworn auditor or commercial company of sworn auditors is terminated and the client has concluded an audit services contract with another sworn auditor or commercial company of sworn auditors, the sworn auditor or commercial company of sworn auditors with which the contract is terminated shall ensure that the new sworn auditor or commercial company of sworn auditors (with which the contract has been concluded) has access to all relevant information on the client and the last audit of the annual statement and consolidated annual statement thereof.

(3) The requirements of Paragraph one of this Section shall refer to a sworn auditor and a commercial company of sworn auditors during the period of validity of the audit services contract with the client as well as after the contract is terminated.

(4) Without prejudice to the confidentiality provisions referred to in Paragraph one of this Section, a sworn auditor or commercial company of sworn auditors which is carrying out an audit (review) of the annual statement or consolidated annual statement for a client which is a part of such group of companies the parent undertaking of which is located in a third country is entitled to transfer the audit working papers prepared by it to the responsible auditor or responsible commercial company of auditors of the abovementioned group of companies located in a third country if such papers are necessary for the audit (review) of the consolidated annual statement of the group of companies. In such case, the right of a data subject to request information on data processing, including on the purposes of data processing, data recipients, source from which it has been obtained, right to access his or her data and request their amending, destruction, discontinuation, or prohibition of the processing thereof provided for in the Personal Data Protection Law, shall apply to the data processing performed.

(5) Without prejudice to the confidentiality provisions referred to in Paragraph one of this Section, a sworn auditor or commercial company of sworn auditors which is carrying out an audit service for a client the transferable securities of which are admitted to trading on the regulated market of a third country or which is a subsidiary of the group of companies of the third country is entitled, upon request of the competent authority of this third country, to transfer the audit working papers or other documents prepared for it which are related to the audit of the annual statement or consolidated annual statement of the abovementioned client in conformity with the requirements of Section 37.4 of this Law.

[*12 June 2008; 15 December 2016; 19 April 2018*]

**Chapter VII**

**Activity, Rights, and Duties of Sworn Auditors and Commercial Companies of Sworn Auditors**

**Section 28. Professional Activity of a Sworn Auditor**

(1) A sworn auditor shall provide audit services in accordance with the provisions referred to in Section 3, Paragraph two of this Law in conformity with the requirements of the International Standards on Auditing recognised in Latvia and the norms of the professional ethics. If a client is a public-interest entity, the sworn auditor and the commercial company of sworn auditors shall also conform to the requirements laid down in Regulation No 537/2014 for carrying out an audit of annual statements and consolidated annual statements in such public-interest entity.

(11) If a client is a State or local government authority, a sworn auditor and a commercial company of sworn auditors shall provide audit services in accordance with the requirements of the laws and regulations in conformity with the instructions of the State Audit Office as a group auditor, and also the International Standards on Auditing for public sector recognised in Latvia. The State Audit Office as a group auditor shall provide instructions to a sworn auditor or commercial company of sworn auditors by 15 October of the current year.

(12) A sworn auditor and a commercial company of sworn auditors shall provide the sustainability report assurance service in accordance with the provisions of Section 16 of the Law on Sustainability Disclosures and of this Law and in conformity with the assurance standards for sustainability reporting.

(2) A sworn auditor who cannot for certain reasons perform his or her professional activity for more than one year shall notify the Latvian Association of Sworn Auditors thereof and submit an application for the suspension of the validity of the sworn auditor certificate for a specified period.

(3) A sworn auditor and the responsible sworn auditor appointed by a commercial company of sworn auditors have the right to request from the client and the client has the obligation to provide all information, documents, and explanations required for the provision of the audit service in accordance with this Law. A sworn auditor and a responsible sworn auditor appointed by a commercial company of sworn auditors have the right to invite experts or knowledgeable persons and assistants, notifying the client thereof in advance and assuming the responsibility for the activities carried out by the abovementioned persons, as well as to check the movable and immovable property (also securities and cash), claims and liabilities of the client.

(4) A sworn auditor and a commercial company of sworn auditors, in providing audit services to a State or local government authority, have the right to receive the information from the State Audit Office at the disposal thereof obtained from public registers and databases which is necessary for the achievement of the purpose of the relevant audit.

[*22 January 2004; 15 December 2016; 26 September 2024* / *See Paragraph 31 of Transitional Provisions*]

**Section 28.1 Limited Review of the Annual Statement**

(1) A sworn auditor and a commercial company of sworn auditors shall carry out a limited review of the annual statements laid down in the Law on Annual Statements and Consolidated Annual Statements in accordance with the provisions of this Law and in conformity with the requirements of the International Standards on Auditing recognised in Latvia – International Standards on Review Engagements. The Latvian Association of Sworn Auditors shall determine the procedures in which a set of measures is included, including the methodology for the conformity review of amounts of the enterprise income tax, which shall be performed by sworn auditors and commercial companies of sworn auditors in order to meet the requirements of this Paragraph.

(2) When the limited review of the annual statements is completed, a sworn auditor shall prepare a review report in accordance with the requirements of the International Standards on Auditing recognised in Latvia – International Standards on Review Engagements.

[*29 October 2015* / *See Paragraph 11 of Transitional Provisions*]

**Section 28.2 Continuing Vocational Education of Sworn Auditors**

(1) A sworn auditor has an obligation to continue his or her vocational education and to improve his or her professional qualification in a continuing education process recognised by the Latvian Association of Sworn Auditors. The continuing education requirements and the procedures for its course shall be approved by the Latvian Association of Sworn Auditors after agreement with the Ministry of Finance.

(2) If a sworn auditor and a commercial company of sworn auditors wish to provide the sustainability report assurance service, the sworn auditor and the sworn auditor appointed by the commercial company of sworn auditors and also the sustainability auditor have an obligation to improve their professional qualification through the process of continuing education which is recognised by the Latvian Association of Sworn Auditors and includes the fields referred to in Section 14, Paragraph two of this Law.

[*26 September 2024* / *See Paragraphs 27 and 32 of Transitional Provisions*]

**Section 29. Provision of Professional Services of a Sworn Auditor and a Commercial Company of Sworn Auditors**

(1) A sworn auditor or commercial company of sworn auditors is entitled to provide audit services:

1) upon an invitation from the client, in State or local government authorities and the institutions which are subordinate to them – upon an invitation from the management of a higher authority, but in capital companies where a State or local government authority is a holder of State or local government capital shares – upon an invitation from the capital company itself or the holder of capital shares;

2) upon an invitation from the State institutions and officials specified in the law.

(2) A sworn auditor and a commercial company of sworn auditors shall provide audit services according to a written contract for the provision of such services – an audit services contract.

(3) A client, members of a commercial company, or a meeting of participants (shareholders) have the right to freely choose a sworn auditor or commercial company of sworn auditors with which to enter into an audit services contract insofar as such choice is not restricted by the requirements for independence, objectivity of a sworn auditor or other requirements laid down in this Law but in respect of a public-interest entity – also restrictions laid down in Article 5(1), (4) and (5), and Article 6 of Regulation No 537/2014. A sworn auditor or commercial company of sworn auditors has the right to freely choose a client with which to enter into a contract on provision of audit services insofar as such choice is not restricted by the requirements for independence, objectivity of a sworn auditor or other requirements laid down in this Law but in respect of a public-interest entity – also restrictions laid down in Article 5(1), (4), and (5) and Article 6 of Regulation No 537/2014. The rights to a meeting of members or participants (shareholders) of the commercial company referred to in this Paragraph may not be limited either by the planned provisions of the audit services contract or any previous agreement, or a provision included in the agreements entered into by the executive board of the capital company.

(31) A client may unilaterally derogate from the audit services contract with a sworn auditor or commercial company of sworn auditors only if a substantiated reason exists. Differences in opinions on accounting techniques or audit procedures or, in the relevant case, on sustainability reporting or sustainability report assurance procedures as expressed by a client and a sworn auditor or commercial company of sworn auditors shall not constitute the basis for the termination of the contract. A client who has unilaterally derogated from the audit services contract has an obligation to notify the Ministry of Finance and the Latvian Association of Sworn Auditors thereof, but if the client is a public-interest entity to notify Latvijas Banka, indicating the reason.

(32) If a capital company is a public-interest entity, then participants (shareholders) of such capital company who represent not less than one twentieth of the equity capital may bring an action to the court against such capital company regarding revocation of the sworn auditor elected by the meeting of participants (shareholders) if it has a justified reason.

(33) A sworn auditor and a commercial company of sworn auditors with which the audit services contract is terminated during the term of validity thereof (regardless of whether the reason for the termination of such contract is unilateral derogation of the client, sworn auditor, commercial company of sworn auditors) has an obligation to notify the Ministry of Finance, the Latvian Association of Sworn Auditors thereof, but if the client with which the contract terminated before its expiry has been entered into is a public-interest entity to notify Latvijas Banka, indicating the reason.

(34) A sworn auditor and a commercial company of sworn auditors which has entered into or extended the audit services contract on the audit of the annual statement or consolidated annual statement with a client which is a public-interest entity has an obligation, as soon as possible but not later than within 30 days from the day when the abovementioned contract has entered into effect, to notify the name of the client and time period (in years) for the provision of the audit services laid down in the abovementioned contract, and also a time period regarding which the first annual statement or consolidated annual statement audited according to this contract has been prepared to the Ministry of Finance being the competent authority.

(35) The stockholders, shareholders or members (hereinafter in this Paragraph – the shareholders) of large commercial companies, small and medium commercial companies, parent undertakings of the group of companies which are public-interest entities but are not such commercial companies the transferable securities of which are admitted to trading on the regulated market of Member States and which, in accordance with the Law on Sustainability Disclosures, prepare the sustainability report or consolidated sustainability report (if there is an obligation to prepare one), jointly representing five and more per cent of the equity capital or the number of stocks or shares with voting rights are entitled to submit to the meeting of shareholders a draft decision proposing the invitation of another sworn auditor or commercial company of sworn auditors which is not a sworn auditor or commercial company of sworn auditors elected at the meeting of shareholders, or a member of the network of commercial companies of auditors to which the elected sworn auditor or commercial company of sworn auditors belongs, to provide the assurance report on specific sections of the company’s sustainability report and consolidated sustainability report (if there is an obligation to prepare one) and on the availability of the assurance report to the meeting of shareholders.

(4) [15 December 2016]

(41) A sworn auditor and a commercial company of sworn auditors have no right to provide audit services for the same State or local government authority for more than six consecutive years, and also they are prohibited from participation in the audit of the annual statement of the abovementioned client for at least two years after the end of this time period.

(5) At least one year after termination of the contract on the audit of the annual statement or consolidated annual statement, a sworn auditor and a responsible sworn auditor appointed by a commercial company of sworn auditors are prohibited from holding the office in the executive board or supervisory board of the commercial company which has been the client referred to in the terminated contract. If the client referred to in the terminated contract on the audit of the annual statement or consolidated annual statement is a public-interest entity, at least two years after termination of the abovementioned contract the sworn auditor and responsible sworn auditor appointed by a commercial company of sworn auditors are prohibited:

1) to hold the office in the executive board and supervisory board of such public-interest entity;

2) to become a member of the audit committee of such public-interest entity or if the relevant public-interest entity does not establish the audit committee – a member of such authority which carries out functions similar to the audit committee.

(51) At least one year after provision of audit services, a sworn auditor who provides audit services as a sole proprietorship or self-employed person and a responsible sworn auditor appointed by a commercial company of sworn auditors are prohibited from holding an office in a management body, executive board, supervisory board, audit committee of the former client or if the relevant client does not establish the auditor committee – in a body which carries out functions similar to the audit committee.

(6) A sworn auditor, a commercial company of sworn auditors, and a responsible sworn auditor shall, once a year, provide a written attestation of independence of their professional activity of a sworn auditor from the audited client to the audit committee of a capital company whose transferable securities are admitted to trading on the regulated market of Member States, as well as inform the audit committee of any additional services provided to this client. A sworn auditor, a commercial company of sworn auditors, and a responsible sworn auditor shall inform the client’s audit committee of conditions jeopardising his or her independence within the meaning of Section 26, Paragraph two of this Law and shall consult on measures implemented to rectify these conditions.

[*22 January 2004; 12 June 2008; 29 October 2015; 15 December 2016; 19 April 2018; 26 September 2024*]

**Section 30. Special Provisions Regarding Audit Services Contracts**

(1) Upon receipt of an audit task, a sworn auditor shall inform the assignor of the task and, if he or she works as a paid employee at a commercial company of sworn auditors, also the management of such company as to whether the conditions referred to in Section 26, Paragraph two of this Law apply to him or her. A sworn auditor may undertake the provision of audit services only if his or her independence and objectivity in the submission of an opinion are not jeopardised.

(2) If the conditions referred to in Section 26, Paragraph two enter into effect during the period after entering into of the audit services contract, the sworn auditor has an obligation, without delay, to notify the assignor of the task and to decline the performance of the task specified in the contract.

[*15 December 2016*]

**Section 31. Responsible Sworn Auditor and Lead Sustainability Auditor**

(1) On the basis of an audit services contract with the client, the management of a commercial company of sworn auditors shall appoint a responsible sworn auditor (in the case of an audit of a consolidated annual statement – the responsible auditor of a group of companies) for the provision of audit services (performance of audit task) and notify the client of his or her appointment.

(11) On the basis of a sustainability report assurance services contract with the client, the management of a commercial company of sworn auditors shall appoint the lead sustainability auditor for the performance of the sustainability report assurance service and notify the client of his or her appointment.

(2) The responsible sworn auditor shall provide the audit services and prepare an auditor’s report. Such document, indicating the given name, surname, certificate number, and licence number of the commercial company of sworn auditors, shall be signed by the responsible sworn auditor and the official who acts on behalf of the commercial company of sworn auditors.

[*22 January 2004; 26 September 2024*]

**Section 31.1 Competence of the Cabinet in the Field of Audit Services**

The Cabinet shall determine the requirements for work organisation, resource planning, document management, establishment of registers and files for sworn auditors and commercial companies of sworn auditors.

[*15 December 2016*]

**Section 31.2 Auditor’s Report**

The auditor’s report shall include:

1) a paragraph where a client is identified (indicating the name and type of the client) the financial statements included in the annual statement (consolidated annual statement) of which have been audited, indicating the date and reporting period regarding which the annual statement (consolidated annual statement) has been prepared and the laws and regulations used in the preparation of the annual statement (consolidated annual statement) which determine the structure, scope, content, and procedures for the preparation of the annual statement (consolidated annual statement) of the relevant client (the laws and regulations of the Republic of Latvia or the legal acts of the European Union), and also the information on the responsibility of the client and sworn auditor is included;

2) a description of the volume of audit work performed and a reference to the auditing standards applied in the audit;

3) the opinion of a sworn auditor or a statement on the refusal to provide an opinion;

4) an indication to all conditions or events to which a sworn auditor wishes to pay attention by emphasising them but not providing an opinion with reservations, and also an indication to any material uncertainty (if any detected) relating to the events or conditions that may cast significant doubt on the client’s ability to continue its activity;

5) the view of the sworn auditor on whether the management report is consistent with the financial statement, but in relevant cases – whether the consolidated report is consistent with the consolidated financial statement and whether the abovementioned report has been prepared in accordance with the requirements of the law or regulation governing the preparation thereof;

6) the view of the sworn auditor on whether, in the light of the knowledge and understanding of the client and the environment in which the client operates obtained in the course of the audit, he or she has identified material misstatements in the management report, and an indication of the nature of any such material misstatements;

7) the view of the sworn auditor on whether the corporate governance statement of a capital company (if the transferable securities thereof are admitted to trading on the regulated market of the Member States) contains information in accordance with the requirements of Section 56.1, Paragraph one, Clauses 3, 4, 6, 8, and 9, and also Section 56.2, Paragraph two, Clause 5 and Paragraph three of the Financial Instrument Market Law and whether the information specified in Paragraph two, Clauses 1, 2, 3, 4, 7, and 8 of Section 56.2 is included. If a capital company has included the information referred to in Section 56.2, Paragraph two, Clause 8 of the Financial Instrument Market Law in the sustainability report, it is not required to indicate in the view of the sworn auditor whether the corporate governance statement contains this information;

8) information on whether a client (if the client is such capital company the transferable securities of which are admitted to trading on the regulated market of the Member State, credit institution, insurance company in the form of a joint-stock company or reinsurance company in the form of a joint-stock company) has prepared a non-financial statement, but if the abovementioned client has an obligation to prepare a consolidated annual statement – a consolidated non-financial statement, and on whether the non-financial statement (consolidated non-financial statement) is included in the management report (consolidated management report) or prepared as a separate part of the annual statement (consolidated annual statement) or included in the consolidated non-financial statement prepared by the parent undertaking of the abovementioned capital company;

9) the view of the sworn auditor on whether the information referred to in Section 59.4 of the Financial Instrument Market Law has been included in the remuneration statement of the capital company (if its stocks are admitted to trading on the regulated market) and whether significant non-conformities have been established in the remuneration statement in relation to the financial information indicated in the annual statement;

10) information on whether the commercial company referred to in Law on Disclosure of Information on Revenue and Income Taxes had an obligation to submit the report on income taxes for the reporting year which was before the relevant reporting year on which the annual statement to be audited or the consolidated annual statement to be audited (if there is an obligation to prepare such) has been prepared and, if there was such an obligation, whether this report was submitted to the State Revenue Service in accordance with the requirements of Section 23 of the abovementioned law and published on the website in accordance with the requirements of Section 24 of the abovementioned law.

[*14 September 2023; 26 September 2024*]

**Section 32. Particulars of an Auditor’s Report**

(1) In order to acquire legal validity, an auditor’s report shall contain the following particulars (identification data):

1) the addressee;

2) the date of the document and the place of its preparation;

3) the name of the document;

4) the given name and surname of the sworn auditor (in the cases provided for in the law – of the responsible sworn auditor);

5) the number of the certificate;

6) the signature of the sworn auditor (in the cases provided for in the law – of the responsible sworn auditor);

7) in the cases provided for in this Law – the given name, surname, and signature of the person who acts on behalf of the commercial company of sworn auditors and the number of the licence of the commercial company of sworn auditors;

8) if the author of the report is a commercial company of sworn auditors – the legal address thereof but if the author of the report is a sworn auditor as a sole proprietorship or self-employed person – also the address indicated by a person or, if such address is not indicated, the address of declared place of residence.

(2) If several sworn auditors who provide audit services as sole proprietorships or self-employed persons or responsible sworn auditors appointed by commercial companies of sworn auditors are involved in the audit of the annual statement or consolidated annual statement and they have agreed on the results of the relevant audit, they shall provide a joint auditor’s report which is signed by all the abovementioned sworn auditors.

(3) If several sworn auditors who provide audit services as sole proprietorships or self-employed persons or responsible sworn auditors appointed by commercial companies of sworn auditors are involved in the audit of the annual statement or consolidated annual statement and they cannot agree on the results of the relevant audit in general or on certain issues to be included in the auditor’s report or opinion, they shall submit a joint auditor’s report in which each of the abovementioned sworn auditors shall include a separate opinion accordingly regarding the results of the abovementioned audit or a certain issue of the auditor’s report or opinion by indicating a reason due to which an agreement has not been reached.

(4) That referred to in Paragraph one of this Section shall apply also to a review report which the sworn auditor provides in accordance with Section 28.1 of this Law on a limited review of the annual statement by accordingly applying the requirements of Section 31.2, Clauses 1, 2, 3, and 4 of this Law thereto.

[*12 June 2008; 15 December 2016; 14 September 2023*]

**Section 32.1 Assurance Report**

(1) The assurance report on the sustainability report shall contain:

1) a paragraph identifying the client (indicating the client’s name and type) for which the integrity and completeness of the information included in the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) is assured, indicating the date and reporting period for which the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) is prepared, and the laws and regulations and standards used in the preparation of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) which lay down the structure, scope, and content of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) of the relevant client and the procedures for preparing them, and also information on the liability of the client and sworn auditor;

2) a description of the scope of the performed assurance engagement of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) and a reference to the assurance standards for sustainability reporting complied with during the assurance;

3) a view of the sworn auditor or a refusal to express the view on the conformity of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) with the requirements of the Law on Sustainability Disclosures and assurance standards for sustainability reporting, including a view of the sworn auditor or a refusal to express the view on the conformity of the requirement for marking (labelling) sustainability information with the reporting requirements laid down in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

(2) If several sworn auditors who provide such services as sole proprietorships or self-employed persons or responsible sworn auditors appointed by commercial companies of sworn auditors are involved in the assurance engagement of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) and they have agreed on the results of the relevant sustainability report assurance, they shall provide a joint assurance report on the sustainability report which is signed by all the abovementioned sworn auditors.

(3) If several sworn auditors who provide such services as sole proprietorships or self-employed persons or responsible sworn auditors appointed by commercial companies of sworn auditors are involved in the assurance engagement of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one) and they cannot agree on the results of the relevant sustainability report assurance in general or on certain paragraphs to be included in the assurance report in relation to the sustainability report or in the view, they shall submit a joint assurance report on the sustainability report where each of these sworn auditors shall include a separate opinion on the results of the abovementioned assurance report or on the relevant paragraph of the assurance report by indicating a reason due to which an agreement has not been reached.

(4) The assurance report on the sustainability report shall be signed and dated by the sworn auditor who provides the assurance service of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one), indicating the given name, surname, and number of the certificate. If the sustainability report assurance service is provided by a commercial company of sworn auditors, the assurance report shall be signed and dated by the lead sustainability sworn auditor, indicating the given name, surname, and number of the certificate of the sworn auditor and the licence number of the commercial company of sworn auditors. If several sworn auditors who provide such service as sole proprietorships or self-employed persons or lead sustainability auditors appointed by commercial companies of sworn auditors are involved in the provision of assurance service of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one), the assurance report on the sustainability report shall be signed and dated by all the sworn auditors involved in the provision of this service, or at least by those sworn auditors who are entitled to assure the integrity and completeness of the information provided in the sustainability report on behalf of the commercial company.

(5) A sworn auditor and a commercial company of sworn auditors have an obligation, upon request from the Latvian Association of Sworn Auditors and the Ministry of Finance, to inform them of the sworn auditors, the responsible sworn auditor, the invited experts or knowledgeable persons and assistants involved in the assurance engagement of the sustainability report and consolidated sustainability report (if there is an obligation to prepare one).

[*26 September 2024* / *See Paragraph 33 of Transitional Provisions*]

**Section 33. Provision of Information to the Management of a Client, Latvijas Banka, and the Corruption Prevention and Combating Bureau**

(1) A sworn auditor or a commercial company of sworn auditors shall notify the management (executive board or its responsible members) of a client or an audit committee (if such committee has been established) of the issues not included in the opinion (for example, deficiencies, errors, and violations of the internal control system) which shall not affect the opinion delivered.

(11) A sworn auditor and a commercial company of sworn auditors which provide the sustainability report assurance service to a public-interest entity have an obligation to comply with the requirements referred to in Article (7) of Regulation No 537/2014 and, according to these requirements, to inform the client management and to notify the law enforcement authorities.

(2) A sworn auditor or commercial company of sworn auditors has the obligation to immediately submit a report in writing to Latvijas Banka in accordance with Article 12(1)(a), (b), and (c) of Regulation No 537/2014 on the facts which were discovered during the provision of audit services in respect of a public-interest entity, electronic money institution, payment institution, investment firm, regulated market operator, or data reporting services provider.

(3) A sworn auditor or commercial company of sworn auditors has the obligation to immediately submit a report in writing to Latvijas Banka on the facts referred to in Paragraph two of this Section which have been discovered while providing audit services to a client who is in close relations with a public-interest entity, electronic money institution, payment institution, investment firm, regulated market operator, or data reporting services provider within the meaning of Article 4(1)(38) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

(31) A sworn auditor or commercial company of sworn auditors has the obligation to submit such information and documents to Latvijas Banka which it has requested in writing in accordance with the laws and regulations governing the financial and capital market to ensure the performance of its functions.

(32) A sworn auditor or commercial company of sworn auditors has the obligation to submit a report in writing to the Corruption Prevention and Combating Bureau on the facts which have been discovered during the provision of audit services and might be related to the transfer of financial values, property benefits, or benefits of other nature to a public official in the form of a bribe or related to intermediation in transfer of such financial values, property benefits, or benefits of other nature. A sworn auditor or commercial company of sworn auditors shall submit a report not later than within three working days after discovery of such facts. The Latvian Association of Sworn Auditors shall determine the procedures in which a set of measures is included which have to be performed by sworn auditors and commercial companies of sworn auditors in order to meet with the requirements of this Paragraph. Within the meaning of this Section, the term “public official” shall have the same meaning as the term “public official” in the Criminal Law.

(4) The reporting of information specified in this Section and the submission of documents shall not be regarded as a violation of any contracts, provisions, laws and regulations or laws, and shall not create a civil legal liability for the sworn auditor or the commercial company of sworn auditors.

[*22 January 2004; 29 March 2007; 12 June 2008; 11 February 2010; 3 March 2011; 29 October 2015; 19 April 2018; 21 June 2018; 26 September 2024*]

**Section 33.1 Transparency Report of a Sworn Auditor and a Commercial Company of Sworn Auditors**

(1) A sworn auditor and a commercial company of sworn auditors providing audit services to a public-interest entity shall post a transparency report on their website no later than within four months after the end of a reporting year. The transparency report shall be prepared and published in accordance with the requirements of Article 13 of Regulation No 537/2014.

(2) [15 December 2016]

(3) The transparency report of a commercial company of sworn auditors referred to in Paragraph one of this Section shall be signed by a person acting on behalf of this commercial company of sworn auditors.

[*12 June 2008; 29 October 2015; 15 December 2016*]

**Section 34. Audit Working Papers, Reports and Other Documents**

(1) Audit working papers shall be the property of the provider of the audit service – the sworn auditor or the commercial company of sworn auditors accordingly.

(2) A sworn auditor or the management of a commercial company of sworn auditors has an obligation to keep properly the audit working papers. They may not be revealed to third parties or passed to third parties without the permission of the client, except for the cases specified in this Law. The time period for the storage of audit working papers shall be six years.

(21) Auditor’s reports prepared by a sworn auditor or a responsible auditor appointed by a commercial company of sworn auditors and other reports and documents referred to in Article 15 of Regulation No 537/2014 and also descriptions of the policies and procedures referred to in the laws and regulations governing the requirements for work organisation, resource planning, document management, establishment of registers and files for sworn auditors and commercial companies of sworn auditors, registers for the record of clients, received written claims, complaints and registers for the record thereof, and also other documented information related to audits of the annual statement or consolidated annual statement shall be kept for at least five years.

(3) Audit working papers and also reports and other documents referred to in Paragraph 2.1 of this Section shall be available for the needs of the audit services quality control and inspection of conformity with the requirements for the audit services quality control. The same confidentiality requirements which are laid down for a sworn auditor and commercial company of sworn auditors in Paragraph two of this Section shall also apply to the persons who perform the audit services quality control. The same confidentiality requirements which apply to sworn auditors shall also apply to the persons who perform the audit services quality control.

[*22 January 2004; 15 December 2016; 19 April 2018*]

**Section 34.1 Audit Working Papers of Consolidated Annual Statement**

(1) The responsible auditor of a group of companies shall have full responsibility for an auditor’s report on the audit of the consolidated annual statement of the client, but if the client is a public-interest entity – for the auditor’s report referred to in Article 10 and for the additional report at a level of group of companies referred to in Article 11 of Regulation No 537/2014.

(11) If the same responsible sworn auditor of a group of companies audits (reviews) the annual statement and consolidated annual statement of a parent undertaking of the group of companies, the auditor’s report on the consolidated annual statement of a group of companies may be combined with the auditor’s report on the annual statement of a parent undertaking of the group of companies.

(2) The responsible auditor of a group of companies shall review the work of the audit carried out by another person during the audit (review) of the group of companies – another sworn auditor or a third country auditor, another commercial company of sworn auditors, or a third country commercial company of auditors. The responsible auditor of a group of companies shall prepare review materials of an audit work carried out by another person and include them in his or her audit working papers. The review materials shall be prepared in such a way that the competent authority could review the work of the responsible auditor of a group of companies on an audit review process carried out by another person.

(3) If an audit (review) of the annual statement of a subsidiary of the group of companies involved in consolidation is carried out by a third country auditor or a third country commercial company of auditors and if there is no cooperation with the competent authority of this third country in the field of audit, the responsible auditor of a group of companies shall have the responsibility to ensure that the audit working papers prepared by a third country auditor or a third country commercial company of auditors pertaining to the relevant audit (review) of the consolidated annual statement are submitted to the competent authority upon request.

(4) To ensure the conformity with the requirement referred to in Paragraph three of this Section, the responsible auditor of a group of companies shall include in his or her audit working papers the copies of the audit working papers prepared by a third country auditor or a third country commercial company of auditors or shall agree with a third country auditor or a third country commercial company of auditors on adequate and unlimited access to these papers upon request.

(5) If legal or other conditions impede access to the audit working papers prepared by a third country auditor or a third country commercial company of auditors, the responsible sworn auditor of a group of companies shall attach to his or her audit working papers the evidence that he or she has taken all the necessary measures to gain access to the audit working papers prepared by a third country auditor or a third country commercial company of auditors and the evidence of existence of the delaying conditions and inform the Ministry of Finance thereof. Where necessary, the responsible sworn auditor of a group of companies (himself or herself or by involving another person referred to in Paragraph two of this Section) shall ensure additional audit procedures which he or she considers as necessary in relation to the audit (review) of the annual statement of the subsidiary of the group of companies involved in the consolidation.

(6) If a quality assurance control of the provided audit services or inspection of conformity with the requirements for the audit services quality control, or investigation activities in relation to the audit of the consolidated annual statement are carried out for the responsible sworn auditor of a group of companies, the responsible sworn auditor of a group of companies shall submit the relevant documents to the Latvian Association of Sworn Auditors or the Ministry of Finance accordingly upon its request which he or she has kept in respect of the audit work in the audit of the consolidated annual statement carried out by a third country auditor or third country commercial company of auditors, including all audit working papers which refer to the audit of the consolidated annual statement.

(7) The Ministry of Finance has the right to request and receive from other competent authorities the information necessary for the quality assurance control, inspection of conformity with the requirements for the audit services quality control, or investigation referred to in Paragraph six of this Section and documents regarding the work carried out by a sworn auditor or commercial company of sworn auditors in the audit of the group of companies. When cooperating with other competent authorities, the Ministry of Finance shall conform to the confidentiality requirements in respect of exchange of information and documents.

(8) If the audit of the annual statement of the parent undertaking or subsidiary of the group of companies is carried out by a third country auditor or third country commercial company of auditors, the Ministry of Finance has the right to request additional documents and information from the competent authority of the relevant third country on the audit carried out by such third country auditor or third country commercial company of auditors, applying the cooperation measures referred to in Section 37.4 of this Law.

[*12 June 2008; 29 October 2015; 15 December 2016; 26 September 2024*]

**Section 34.2 Audit (Review) of Adjusted Annual Statements and Consolidated Annual Statements**

If a client submits an adjusted annual statement or consolidated annual statement before the date when a responsible sworn auditor signs the auditor’s report or review report, a sworn auditor shall audit (review) it repeatedly directly in relation to the adjustments made. A sworn auditor shall indicate the fact of a repeated audit (review) of an annual statement or consolidated annual statement in the auditor’s report.

[*29 October 2015*]

**Section 34.3 Consolidated Sustainability Report Assurance**

(1) The lead sustainability auditor who performs the assurance engagement of the consolidated sustainability report at a group of companies level (hereinafter in this Section – the lead sustainability auditor of a group of companies) shall be fully responsible for the assurance report on the consolidated sustainability report.

(2) If, during the consolidated sustainability report assurance of a group of companies, the sustainability report assurance service of a subsidiary included in a group of companies is provided by another lead sustainability auditor, sworn auditor or third country auditor, another commercial company of sworn auditors or third country commercial company of auditors (hereinafter in this Paragraph – another auditor), the lead sustainability auditor of a group of companies shall evaluate and document the sufficiency of evidence obtained by another auditor. The lead sustainability auditor of a group of companies shall include in his or her working papers also the assessment of the procedures and conclusions of the sustainability report assurance engagement performed by another sworn auditor. The lead sustainability auditor of a group of companies shall prepare his or her working papers so that the competent authority could examine whether the procedures carried out by him or her to verify the evidence obtained by another auditor in the sustainability report assurance engagement are sufficient.

(3) To ensure conformity with the requirement referred to in Paragraph two of this Section, the lead sustainability auditor of a group of companies shall include in his or her working papers the copies of working papers of sustainability report assurance prepared by a third country auditor or a third country commercial company of auditors or shall agree with a third country auditor or a third country commercial company of auditors on adequate and unlimited access to these papers upon request.

(4) If legal or other conditions impede access to the sustainability report assurance working papers prepared by a third country auditor or a third country commercial company of auditors, the lead sustainability auditor of a group of companies shall attach to his or her working papers the evidence that he or she has carried out all the necessary measures to gain access to the sustainability report assurance working papers prepared by a third country auditor or a third country commercial company of auditors and to examine them, and also the evidence of existence of the delaying conditions and shall inform the Ministry of Finance thereof. Where necessary, the lead sustainability auditor of a group of companies himself or herself or by involving another outsourced service provider shall ensure additional procedures which he or she considers necessary in relation to the sustainability report assurance of the subsidiary of the group of companies involved in the consolidation.

(5) If the quality control of the consolidated sustainability report assurance service provided by the lead sustainability auditor of a group of companies is carried out or investigating activities are performed in relation to the assurance engagement of the consolidated sustainability report, the lead sustainability auditor of a group of companies shall, upon request of the respective authority, submit to the Latvian Association of Sworn Auditors or, in the relevant case, to the Ministry of Finance the documents which he or she has kept in relation to the assurance engagement of the consolidated sustainability report assurance performed by a third country auditor or third country commercial company of auditors, including all working papers related to the consolidated sustainability report assurance.

(6) The Ministry of Finance has the right to request and receive from other competent authorities the information necessary for the quality control or investigation referred to in Paragraph five of this Section and the documents on the assurance engagement of the consolidated sustainability report of a group of companies performed by the lead sustainability auditor of the group of companies, applying the cooperation measures referred to in Section 37.1 of this Law. When cooperating with other competent authorities, the Ministry of Finance shall conform to the confidentiality requirements in respect of exchange of information and documents.

(7) If the sustainability report assurance engagement of the parent undertaking or subsidiary of the group of companies is carried out by a third country auditor or third country commercial company of auditors, the Ministry of Finance has the right to request additional documents and information from the competent authority of the relevant third country on the sustainability report assurance engagement carried out by such third country auditor or third country commercial company of auditors, applying the cooperation measures referred to in Section 37.4 of this Law.

(8) If the sustainability report assurance engagement of the parent undertaking or subsidiary of the group of companies is carried out by a third country auditor or third country commercial company of auditors with which no agreement has been entered into on the cooperation measures, the lead sustainability auditor of a group of companies shall also be responsible for ensuring that the additional documents of the sustainability report assurance engagement performed by a third country auditor and a third country commercial company of auditors, including working papers related to the consolidated sustainability report assurance engagement, are properly submitted. To ensure the fulfilment of the requirements of this Paragraph, the lead sustainability auditor of a group of companies shall keep the copies of such documents or shall agree with a third country auditor or third country commercial company of auditors on unlimited access to these papers upon request.

(9) If legal or other conditions impede access to the sustainability report assurance working papers prepared by a third country auditor or a third country commercial company of auditors and referred to in Paragraph eight of this Section, the lead sustainability auditor of a group of companies shall attach to his or her working papers the evidence that he or she has taken all the necessary measures to gain access to the sustainability report assurance working papers prepared by a third country auditor or a third country commercial company of auditors, and also the evidence of existence of the delaying conditions and shall inform the Ministry of Finance thereof.

(10) The requirements for the lead sustainability auditor of a group of companies referred to in this Section shall apply to the responsible auditor of a group of companies if, in addition to the audit of the consolidated annual statement of a group of companies, he or she provides the assurance service of the consolidated sustainability report of a group of companies.

[*26 September 2024*]

**Section 35. Assistants of a Sworn Auditor**

[15 December 2016]

**Section 35.1 Audit Services Quality Control**

(1) The Ministry of Finance shall, in cooperation with the Latvian Association of Sworn Auditors, ensure audit services quality control based on risk approach in order to conform to the requirements of the laws and regulations, the International Standards on Auditing recognised in Latvia and the International Standards on Auditing for public sector recognised in Latvia, the norms of the professional code of ethics, independence and objectivity in the provision of audit services. The Ministry of Finance shall ensure audit services quality control based on risk assessment (inspection of the conformity with the requirements for the audit services quality control) for those commercial companies of sworn auditors and those sworn auditors who have provided audit services to public-interest entities during the last three years since the last audit services quality control performed for them.

(2) The following shall be subject to the audit services quality control referred to in Paragraph one of this Section:

1) all commercial companies of sworn auditors and sworn auditors who perform professional activity as sole proprietorships or self-employed persons – not less than once every six years;

2) all commercial companies of sworn auditors and sworn auditors providing audit services to public-interest entities – not less than once every three years;

3) all commercial companies of sworn auditors and sworn auditors providing audit services to State and local government authorities – not less than once every six years.

(3) The Latvian Association of Sworn Auditors shall ensure an inspection of the audit services quality control for commercial companies of sworn auditors and sworn auditors and inform the Ministry of Finance of the results thereof, including of the findings and conclusions made. The inspection of audit services quality control for commercial companies of sworn auditors and those sworn auditors who do not provide audit services to public-interest entities shall be carried out in accordance with the by-laws which after agreement with the Ministry of Finance are approved by the Latvian Association of Sworn Auditors.

(31) The Latvian Association of Sworn Auditors shall inform the Ministry of Finance of the sworn auditors and commercial companies of sworn auditors which are subject to quality control not less than once every three years and once in six years in accordance with the provisions of this Section, each year as soon as possible, however, not later than a month prior to commencing the audit services quality control.

(32) Commercial companies of sworn auditors and sworn auditors who provide audit services to public-interest entities shall, each year by 1 July, submit the information referred to in Article 14 of Regulation No 537/2014 to the Ministry of Finance, and also information on vocational qualification (continuing education) programmes acquired in the previous calendar year. The Ministry of Finance shall compile and analyse the information received and take measures to rectify the detected non-conformities.

(4) An authorised representative of the Ministry of Finance shall, not less than once every three years, inspect how the requirements for the audit services quality control are complied with by those commercial companies of sworn auditors and sworn auditors who provide audit services to public-interest entities and shall draw up an inspection report thereon. The inspection of compliance with the requirements for the audit services quality control shall be carried out in accordance with the requirements of this Law and Article 26 of Regulation No 537/2014. The Cabinet shall determine the procedures for the inspection of the compliance with the requirements for the audit services quality control, the requirements for the qualification of authorised representatives, the information to be included in an inspection report, and also the content of the inspection programme. The authorised representative of the Ministry of Finance has the right to carry out an inspection of the compliance with the requirements for the audit services quality control at the practice place of a sworn auditor or a commercial company of sworn auditors providing audit services to public-interest entities.

(41) In order to ensure inspections of compliance with the requirements for the audit services quality control in conformity with the requirements of Article 26 of Regulation No 537/2014, the Ministry of Finance is entitled to attract experts for carrying out certain inspections at the place of practice of the sworn auditor or commercial company of sworn auditors which provides audit services to public-interest entities. Within the meaning of this Section, the term “expert” shall correspond to the term “expert” used in Article 26(1)(c) of Regulation No 537/2014.

(5) When performing an inspection of the compliance with the requirements for the audit services quality control at the place of practice of the sworn auditor or commercial company of sworn auditors which provides audit services to public-interest entities, an authorised representative of the Ministry of Finance has the right to become familiar with audit working papers and transparency report of the sworn auditor or commercial company of sworn auditors, and also to request other data, documents, and explanations from the sworn auditor or commercial company of sworn auditors to be inspected which are necessary for the performance of the obligations laid down in Article 26(6) of Regulation No 537/2014 and the performance of the inspection of the compliance with the requirements for the audit services quality control and are at the disposal of the sworn auditor or commercial company of sworn auditors. When performing an inspection of the compliance with the requirements for the audit services quality control at the Latvian Association of Sworn Auditors, the authorised representative of the Ministry of Finance has the right to get acquainted with reports on the quality control of audit carried out by the Latvian Association of Sworn Auditors, and also to request other information, documents, and explanations obtained during the quality control process of audit services of the Latvian Association of Sworn Auditors which are necessary for the inspection of the compliance with the requirements for the audit services quality control.

(51) The authorised representative of the Ministry of Finance is prohibited from disclosing commercial secret or personal data obtained when getting acquainted with the documents, information, or explanations referred to in Paragraph five of this Section, except for the cases specified in laws. The authorised representative of the Ministry of Finance shall submit a written declaration to the Ministry of Finance regarding compliance with the confidentiality requirements. The Ministry of Finance shall send a copy of such declaration to the Latvian Association of Sworn Auditors within five working days after receipt of the declaration which has been prepared in accordance with the laws and regulations regarding the development and drawing up of documents.

(52) The authorised representative of the Ministry of Finance has the right to participate in general meetings, meetings of the board, commission and committee meetings of the Latvian Association of Sworn Auditors in which issues and documents related to the audit services quality control are examined, and also to get acquainted with the decisions taken in such general meetings and meetings which are related to the audit services quality control.

(6) A sworn auditor to be checked or a person who provides audit services or has provided them in accordance with the provisions laid down in Article 26(5)(c) of Regulation No 537/2014 during the last three years under the supervision of this sworn auditor or is otherwise connected or has been connected for the last three years with the sworn auditor or commercial company of sworn auditors to be checked may not be as the authorised representative of the Ministry of Finance who inspects the compliance with the requirements for the audit services quality control. A relative of a sworn auditor up to the third degree kinship, a spouse as well as a person who is otherwise interested in the result of an audit also may not be as the authorised representative of the Ministry of Finance who inspects the compliance with the requirements for the audit services quality control. The authorised representative of the Ministry of Finance shall submit to the Ministry of Finance a declaration in writing that the restrictions referred to in this Paragraph do not apply to him or her. The Ministry of Finance shall send a copy of such declaration to the Latvian Association of Sworn Auditors within five working days after receipt of the declaration which has been prepared in accordance with the laws and regulations regarding the development and drawing up of documents.

(7) The authorised representative of the Ministry of Finance who inspects the compliance with the requirements for the audit services quality control is prohibited from holding an office in the executive board or supervisory board (if a supervisory board has been established) of such commercial company of sworn auditors in which he or she has carried out inspections of the compliance with the requirements for the audit services quality control for two years after inspection of the compliance with the requirements for the audit services quality control.

(8) When performing a quality control for a sworn auditor or commercial company of sworn auditors which provides audit services to a State and local government authorities, the Latvian Association of Sworn Auditors has the obligation to obtain information from the State Audit Office on whether the State Audit Office as a group auditor, in preparing an opinion on the report on the financial year of the Republic of Latvia on implementation of the State budget and local government budgets regarding the previous reporting year, could use the financial audit carried out by the relevant sworn auditor or commercial company of sworn auditors in the State or local government authority and the opinion provided in the result thereof.

[*22 January 2004; 12 June 2008; 29 January 2009; 22 March 2012; 29 October 2015; 15 December 2016; 19 April 2018*]

**Section 35.2 Quality Control of the Sustainability Report Assurance Service**

(1) The Ministry of Finance shall, in cooperation with the Latvian Association of Sworn Auditors, ensure the quality control of the sustainability report assurance service based on risk approach during which it will be ascertained that the requirements of laws and regulations, assurance standards for sustainability reporting, and professional code of ethics, and also the requirements of independence and objectivity laid down in this Law have been complied with when providing the abovementioned service.

(2) The Ministry of Finance shall perform the quality control of the sustainability report assurance service for the sworn auditors and commercial companies of sworn auditors which have provided sustainability report assurance services to public-interest entities.

(3) The Latvian Association of Sworn Auditors shall perform the quality control of the sustainability report assurance service for the sworn auditors and commercial companies of sworn auditors which have provided sustainability report assurance services to clients other than public-interest entities.

(4) The sworn auditors or commercial companies of sworn auditors which have provided the sustainability report assurance service to a public-interest entity shall be subjected to the quality control of the sustainability report assurance service referred to in Paragraph two of this Section at least once every three years. All commercial companies of sworn auditors and sworn auditors which have provided the sustainability report assurance service shall be subjected to the quality control of the sustainability report assurance service referred to in Paragraph three of this Section at least once every six years.

(5) The time periods referred to in Paragraph four of this Section shall be counted from the last audit services quality control and in compliance with the condition specified in Paragraph six of this Section.

(6) If the sworn auditor or commercial company of sworn auditors which is subjected to the audit services quality control referred to in Section 35.1 of this Law has provided the sustainability report assurance service to the same audit client, the Latvian Association of Sworn Auditors (if the abovementioned audit client is a public-interest entity – the Ministry of Finance) shall perform the quality control of the sustainability report assurance service within the scope of audit services quality control.

(7) The representative of the Latvian Association of Sworn Auditors and the Ministry of Finance who performs the quality controls of the sustainability report assurance service referred to in this Section shall have an experience in the preparation of the sustainability report and in the preparation of the sustainability report assurance, or other experience in the field of sustainability.

[*26 September 2024* / *See Paragraph 34 of Transitional Provisions*]

**Chapter VIII**

**Supervision of Operations of the Latvian Association of Sworn Auditors and Commercial Companies of Sworn Auditors**

**Section 36. Supervision of Operations of Commercial Companies of Sworn Auditors**

(1) The Latvian Association of Sworn Auditors shall inspect the conformity of commercial companies of sworn auditors with the criteria specified in Section 21 of this Law.

(2) The Latvian Association of Sworn Auditors has the right to request from commercial companies of sworn auditors information and documents on their operations.

(3) A representative of the Latvian Association of Sworn Auditors is entitled to check the documents of commercial companies of sworn auditors to such extent as is necessary to decide on questions regarding the review of compliance, the issuance, suspension, or cancellation of a licence and to participate, without having the right to vote, in meetings of the administrative institutions of such company.

(4) If the Latvian Association of Sworn Auditors finds that a commercial company of sworn auditors has violated the criteria specified in Section 21 of this Law, it shall take the decision on the suspension of validity of the licence of such company within 30 days from the date when the violation was determined. If, within six months from the date when the decision on the suspension of the licence has been received, the commercial company of sworn auditors has not eliminated the abovementioned violations, the decision to cancel the licence issued is taken.

(5) The Latvian Association of Sworn Auditors and its employees do not have the right to disclose information which has been obtained while carrying out the supervision functions specified in this Law, for the cases specified in the law.

[*22 January 2004*]

**Section 36.1 Responsible Institution**

(1) The State policy in the field of auditing of commercial companies and in the field of sustainability report assurance shall be developed and implemented by the Ministry of Finance.

(2) The Ministry of Finance shall carry out State supervision of the Latvian Association of Sworn Auditors and cooperate with the competent authorities in the field of audit of other Member States and third countries.

(3) The Ministry of Finance shall include information on the implementation of the State policy in the field of audit of commercial companies and measures taken throughout the year in relation to State supervision of the Latvian Association of Sworn Auditors in the annual public report thereof.

[*29 January 2009; 3 June 2010; 22 March 2012; 15 December 2016; 26 September 2024*]

**Section 36.2 Cooperation of the Competent Authorities in the Field of the Sustainability Report Assurance Service**

The provisions of Sections 37.1, 37.4, and 37.5 of this Law for the competent (supervision) authorities in relation to the field of audit shall also be equally applicable in the field of sustainability report assurance service.

[*26 September 2024*]

**Section 37. State Supervision of the Latvian Association of Sworn Auditors**

(1) As regards issues which are associated with the certification of sworn auditors, the licensing of commercial companies of sworn auditors and other tasks delegated to the Latvian Association of Sworn Auditors by this Law and related to the supervision of audit services, the Latvian Association of Sworn Auditors shall be under supervision of the Ministry of Finance. The legal acts of the Latvian Association of Sworn Auditors which govern the certification of sworn auditors, the licensing of commercial companies of sworn auditors, and the execution of other tasks delegated to the Latvian Association of Sworn Auditors by this Law shall be approved by the Latvian Association of Sworn Auditors after agreement with the Ministry of Finance.

(2) An authorised representative of the Ministry of Finance who implements the supervision of the Latvian Association of Sworn Auditors and cooperation with the competent authorities of other Member States and third countries in the field of audit is entitled to participate in meetings of the executive board, general meetings, committee and commission meetings of the Latvian Association of Sworn Auditors, and also to become acquainted with the decisions taken during the meetings of the executive board of the Latvian Association of Sworn Auditors. The Latvian Association of Sworn Auditors has the obligation to inform the Ministry of Finance of the convening of a general conference, the executive board meetings, committee and commission meetings not later than three working days before the general meeting or meeting in question and to inform the Ministry of Finance of the decisions taken in writing.

(3) The authorised representative of the Ministry of Finance who implements the supervision of the Latvian Association of Sworn Auditors and cooperation with the competent authorities of other Member States and third countries in the field of audit is entitled to request from the Latvian Association of Sworn Auditors all information, documents, and explanations which are necessary to ensure supervision.

(4) A person who, during the last three years before commencement of the fulfilment of the duties which are connected with the supervision and cooperation, has provided audit services or has been a voting participant or a shareholder or the member of the executive board or supervisory board, or an employee in a commercial company of sworn auditors, or has been otherwise connected with a commercial company of sworn auditors may not be the authorised representative of the Ministry of Finance who implements the supervision of the Latvian Association of Sworn Auditors and cooperation with competent authorities of other Member States and third countries in the field of audit.

(5) The authorised representative of the Ministry of Finance who implements the supervision of the Latvian Association of Sworn Auditors and cooperation with the competent authorities of other Member States and third countries in the field of audit is prohibited from disclosing commercial secret and personal data obtained in carrying out the supervision and cooperation specified in this Law, except for the cases specified in laws.

(6) The requirements referred to in this Section in the field of supervision of audit services shall be equally applicable to the supervision of sustainability report assurance service.

[*22 January 2004; 12 June 2008; 29 January 2009; 3 June 2010; 22 March 2012; 19 April 2018; 26 September 2024*]

**Section 37.1 Cooperation with the Competent Authorities of Other Member States**

(1) The Ministry of Finance shall be the institution responsible for the cooperation with the competent authorities of other Member States and third countries in the field of audit.

(2) Upon request of the competent authority of another Member State, the Ministry of Finance shall, without delay, provide assistance in investigatory activities that are associated with audits (reviews) of annual statements and consolidated annual statements of commercial companies conducted by sworn auditors or commercial companies of sworn auditors. Within the meaning of this Section, the assistance shall mean investigation and communication of information upon request by the competent authority of the Member State as well as securing of permission to the competent authority of another Member State or to persons authorised by that institution to participate in the investigation. If the Ministry of Finance is unable to provide, without delay, the requested assistance, it shall inform the requesting entity of this circumstance and indicate the reasons for delay.

(3) The Ministry of Finance may refuse to provide the assistance referred to in Paragraph two of this Section if:

1) the communication of information or investigation could interfere with the interests of the State or are in conflict with the State security standards;

2) legal proceedings have been initiated against the same sworn auditors or the same commercial companies of sworn auditors regarding the same audit services provided by whom or which the request for assistance referred to in Paragraph two of this Section has been received;

3) for the same actions the final decision has already been taken on the same sworn auditors or the same commercial companies of sworn auditors regarding the same audit services provided by whom or which the request for assistance referred to in Paragraph two of this Section has been received.

(4) The Ministry of Finance has the right to request from the competent authority of another Member State information which is necessary to provide assistance in investigative actions that are associated with audits (reviews) of annual statements and consolidated annual statements of commercial companies conducted by sworn auditors or commercial companies of sworn auditors of another Member State eligible to conduct audits (reviews) of annual statements and consolidated annual statements of commercial companies registered in this Member State. The Ministry of Finance shall use the received information only for the provision of assistance in investigatory activities referred to in this Section.

(41) The Ministry of Finance shall, without delay, inform the competent authority of another Member State if, in providing the investigatory activities referred to in Paragraph four of this Section, at least one of the following conditions is determined:

1) a person which is entitled to carry out audits (reviews) of annual statements and consolidated annual statements of commercial companies registered in another Member State has not complied with the requirements connected with professional ethics, independence, objectiveness, confidentiality or has not been registered in the public register, or has not been subject to quality assurance system;

2) an audit (review) of an annual statement or consolidated annual statement of the commercial company registered in another Member State has not been carried out in accordance with the international auditing standards recognised in Latvia or equal international auditing standards;

3) an audit (review) of an annual statement or consolidated annual statement of the commercial company registered in another Member State has been carried out by a person who is not entitled to carry it out.

(42) The Ministry of Finance is entitled to request from the competent authority of another Member State information on the investigative actions which have been taken after receipt of information on the conditions referred to in Paragraph 4.1 of this Section and significant facts discovered during the investigation which may be the basis for taking of appropriate measures in order to eliminate these conditions.

(43) If the Ministry of Finance receives the information from the competent authority of another Member State that a sworn auditor or a commercial company of sworn auditors has not complied with the requirements of this Law or that an audit (review) of annual statement or consolidated annual statement has been carried out by a person who is not entitled to carry it out, the Ministry of Finance shall perform the necessary investigatory activities and inform the competent authority of another Member State of the results of this investigation and the measures taken.

(44) The Ministry of Finance has the right to request that the investigatory activities within the territory of another Member State are performed by the competent authority of this Member State or that the competent authority of another Member State permits the authorised representative of the Ministry of Finance to participate in the investigation performed by the competent authority of this Member State.

(45) If the investigation is performed in the territory of Latvia, the Ministry of Finance shall supervise the investigation during the course thereof.

(5) The Ministry of Finance shall comply with the confidentiality requirements in its cooperation with the competent authorities of other Member States in the field of audit. When communicating the information referred to in Paragraphs two and six of this Section to the competent authority of another Member State, the Ministry of Finance shall indicate whether the relevant information contains commercial secret or personal data. All persons who have become aware of the information referred to in Paragraph two of this Section in performing the investigation referred to in this Section and who have participated in the provision of the information referred to in Paragraph six of this Section are prohibited from disclosing commercial secret or personal data obtained in performing the abovementioned investigation and providing information, except for the cases specified in laws.

(6) The Ministry of Finance shall cooperate with the competent authorities of Member States in the field of audit, providing them with information on supervision of sworn auditors and commercial companies of sworn auditors and receiving information from them on supervision of foreign auditors and foreign commercial companies of auditors recorded in their register. In cooperation with the competent authorities of other Member States in the field of audit, the Ministry of Finance shall rely on the supervision conditions of foreign auditors and foreign commercial companies of auditors in such Member State in the relevant register of which the foreign auditor or the foreign commercial company of auditors is recorded.

(7) If an auditor of another Member State or a commercial company of auditors of another Member State carries out the audit (review) of the annual statement or consolidated annual statement (if such has been prepared) of a subsidiary of a group of companies of the Republic of Latvia registered in another Member State which is used for the preparation of the consolidated annual statement of a group of companies of the Republic of Latvia, then the audit (review) of such annual statement or consolidated annual statement (if such has been prepared) shall be recognised as equivalent to the audit (review) of the annual statement or consolidated annual statement carried out by a sworn auditor or a commercial company of sworn auditors and the auditor of another Member State or the commercial company of auditors of another Member State which carries out the audit (review) of such annual statement or consolidated annual statement (if such has been prepared) is not subject to additional requirements in relation to registration, quality control, independence, the auditing standards applied during auditing (review) of the consolidated annual statement and the conformity with the ethical norms.

(8) If an auditor of another Member State or a commercial company of auditors of another Member State provides audit services to such commercial company which is not registered in the Republic of Latvia but whose transferable securities are admitted to trading on the regulated market of the Republic of Latvia, then such audit services shall be recognised as equivalent to the audit services provided by a sworn auditor or a commercial company of sworn auditors, and the auditor of another Member State or the commercial company of auditors of another Member State which provides such audit services are not subject to additional requirements in relation to registration, quality control, independence, the auditing standards applied during the audit (review) of the consolidated annual statement and the conformity with the ethical norms.

[*12 June 2008; 29 January 2009; 22 March 2012*]

**Section 37.2 Audit Advisory Council**

(1) The Audit Advisory Council (hereinafter – the Council) is a consultative body which is established by and whose staff is approved by the Minister for Finance. The purpose of the operation of the Council is promoting the increase of quality of audit services.

(2) The Council shall consist of one member from each of the following: the Ministry of Finance, the Ministry of Justice, Latvijas Banka, the Latvian Association of Sworn Auditors, the Latvian Association of Accountants, Riga Stock Exchange, the Foreign Investors Council in Latvia, the Employers’ Confederation of Latvia, and one of the Latvian higher education institutions.

(3) The Council shall act in accordance with the by-law approved by the Cabinet. The activities of the Council shall be technically ensured by the Ministry of Finance from the funds allocated for this purpose in the State budget.

[*12 June 2008; 3 June 2010; 18 April 2013; 26 September 2024*]

**Section 37.3 Tasks and Rights of Audit Advisory Council**

(1) The Council shall examine the documents prepared by the Latvian Association of Sworn Auditors regarding the examination and certification of applicants of sworn auditors, licensing of commercial companies of sworn auditors, maintaining the qualification of sworn auditors and the quality control of the professional activity, and also regarding international auditing standards and ethical guidelines recognised in Latvia and shall make recommendations to the Latvian Association of Sworn Auditors for their improvement while concurrently informing the Ministry of Finance of the recommendations it has made.

(2) The Council has a right to receive from the Latvian Association of Sworn Auditors information and documents necessary for the execution of the tasks of the Council.

(3) The authorised members of the Council have the right to participate in general meetings and meetings of the executive board and committees of the Latvian Association of Sworn Auditors where the documents referred to in Paragraph one of this Section are reviewed, as well as to get familiarised with the decisions pertaining to the documents referred to in Paragraph one of this Section, taken in these general meetings and sessions.

(4) The Council has the right to make recommendations to the Ministry of Finance regarding the necessary amendments to the laws and regulations concerning the field of auditing.

(5) The Council members who, while performing the assignments of the Council, have become aware of commercial secret shall comply with the confidentiality requirements. The confidentiality requirements shall apply to all members of the Council, including persons who have completed their term in the Council.

(6) Once every year, the Council shall submit summarised information on its activities to the Ministry of Finance.

[*12 June 2008*]

**Section 37.4 Co-operation with the Competent Authorities of the Third Countries**

(1) The Ministry of Finance shall enter into a mutual agreement with the competent authority of a third country in the field of audit if a request for the audit working papers and other documents referred to in Paragraph two of this Section has been received therefrom. The Ministry of Finance shall, without delay, inform the European Commission of entering into a mutual agreement.

(2) Upon request of the competent authority of a third country, the Ministry of Finance shall hand over thereto copies of audit working papers and other documents of a sworn auditor and a commercial company of sworn auditors which are at the disposal of the sworn auditor or the commercial company of sworn auditors if all of the following conditions referred to in this Paragraph of the Section exist:

1) the audit working papers and other documents requested are related to the provision of audit services to such commercial companies the transferable securities of which are admitted to trading on the regulated market of the relevant third country or to such commercial company which is a subsidiary of the group of companies involved in consolidation the audit (review) of the annual statement of which is carried out by an auditor of the relevant third country or a commercial company of auditors of the relevant third country;

2) the competent authority of the third country has provided a justification for the request of audit working papers and other documents;

3) confidentiality requirements apply to the employees of the competent authority of the third country who receive copies of the audit working papers or other documents requested;

4) the competent authority of the third country is from such third country the supervision, quality control, investigation, and penalty systems of which have been recognised by the European Commission as equivalent to the supervision, quality control, investigation, and penalty systems of Member States.

(3) The Ministry of Finance is entitled to refuse to hand over copies of the documents referred to in Paragraph two of this Section if at least one of the following conditions referred to in this Paragraph of the Section exists:

1) the handing over of copies of documents may harm the interests of the State or is in conflict with the State security standards;

2) judicial proceedings have been commenced against the same sworn auditors or the same commercial companies of sworn auditors regarding which or regarding the same audit services provided by which the request referred to in Paragraph one of this Section was received.

(4) Within a month after receiving the request of the competent authority of a third country referred to in Paragraph one of this Section, the Ministry of Finance shall send a request to the Latvian Association of Sworn Auditors to submit the copies of the audit working papers and other documents referred to in Paragraph two of this Section to the Ministry of Finance.

(5) Upon request of the Ministry of Finance referred to in Paragraph four of this Section, the Latvian Association of Sworn Auditors shall request copies of the audit working papers or other documents referred to in the request of the Ministry of Finance from the relevant sworn auditor or commercial company of sworn auditors which have been certified in accordance with the laws and regulations regarding the development and drawing up of documents.

(6) Within a month after receiving the request of the Ministry of Finance, the Latvian Association of Sworn Auditors shall submit copies of the audit working papers and other documents referred to in Paragraph two of this Section to the Ministry of Finance for handing over thereof to the relevant competent authority of the third country. The Latvian Association of Sworn Auditors shall submit the abovementioned copies of documents, them being certified in accordance with the laws and regulations regarding the development and drawing up of documents. The Latvian Association of Sworn Auditors shall conform to the confidentiality requirements and, in submitting copies of the abovementioned audit working papers and other documents, indicate whether the particular documents contain commercial secret or personal data. Handing over of personal data to the competent authorities of third country shall take place in accordance with the Personal Data Protection Law. All persons who have become aware of commercial secret and personal data in handing over copies of the abovementioned audit working papers and other documents to the Ministry of Finance are prohibited from disclosing them, except for the cases specified in laws.

(7) If the Latvian Association of Sworn Auditors cannot submit copies of the requested documents within the time limit referred to in Paragraph six of this Section due to objective reasons, it shall notify the Ministry of Finance thereof in writing, indicating the reasons for delay and the date when copies of documents will be submitted.

(8) The Ministry of Finance shall conform to the confidentiality requirements in co-operating with the competent authorities of the third country in the field of audit. In handing over copies of the audit working papers and other documents referred to in Paragraph two of this Section, the Ministry of Finance shall indicate whether the particular documents contain commercial secret or personal data. All persons who have become aware of commercial secret or personal data in handing over copies of audit working papers and other documents to the third country competent authority are prohibited from disclosing them, except for the cases specified in laws.

[*22 March 2012*]

**Chapter VIII.1**

**Regulations for Ensuring the Application of Regulation No 537/2014**

[*15 December 2016*]

**Section 37.5 Competent Authorities**

(1) In accordance with Article 20(1) of Regulation No 537/2014, the competent authority which is responsible for the performance of the tasks provided for in this Regulation and ensuring application of the provisions of this Regulation (except for the performance of the tasks and ensuring application of the provisions provided for in Regulation No 537/2014 for the performance of and ensuring application of which Latvijas Banka is determined to be the responsible institution in Paragraph two of this Section) shall be the Ministry of Finance.

(2) In accordance with Article 20(2) of Regulation No 537/2014, the competent authority which is responsible for ensuring application of the provisions of Chapter III, Articles 16, 17, and 19 of this Regulation shall be Latvijas Banka. Latvijas Banka shall carry out the following obligations as the competent authority referred to in this Paragraph:

1) supervise whether a public-interest entity complies with the provisions of this Law and Article 16 of Regulation No 537/2014 in respect of appointing of a sworn auditor or commercial company of sworn auditors in the public-interest entity and whether the public-interest entity, when entering into an audit services contract or extending the validity of the abovementioned contract, has complied with the provisions of Section 37.8 of this Law and Article 17 of Regulation No 537/2014 regarding the duration of the time period for the performance of the audit task in the public-interest entity;

2) within 10 days starting from the day when the report referred to in Section 29, Paragraph 3.1 or 3.3 of this Law on termination of the audit services contract before expiry thereof, in accordance with the requirements of Article 19 of Regulation No 537/2014, notify the Ministry of Finance thereof in writing;

3) immediately notify the Ministry of Finance in writing of the possible violations of the requirements of this Law and Regulation No 537/2014 in which a sworn auditor or commercial company of sworn auditors appointed by the public-interest entity is involved and which are detected during the supervision process carried out by Latvijas Banka as the competent authority;

4) not later than until 1 February of the next year, compile and submit a written information to the Ministry of Finance on the measures taken and administrative acts issued in the previous year which are related to the supervision referred to in Clause 1 of this Paragraph.

(3) Latvijas Banka is entitled to issue regulations regarding the procedures for the conformity with Chapter III, Articles 16, 17, and 19 of Regulation No 537/2014.

(4) The competent authorities referred to in Article 8(5)(g) of Regulation No 537/2014 shall be the Ministry of Finance and Latvijas Banka.

[*15 December 2016; 26 September 2024*]

**Section 37.6 Non-audit Services**

(1) A sworn auditor and a commercial company of sworn auditors which carry out the audit of annual statements or consolidated annual statements of a public-interest entity but, if the abovementioned sworn auditor or commercial company of sworn auditors is a cooperation partner of the network of commercial companies of auditors, also any cooperation partner of such network of commercial companies of auditors are prohibited from providing prohibited non-audit services referred to in the second sub-paragraph of Article 5(1) of Regulation No 537/2014 to such public-interest entity, the parent undertaking thereof and subsidiaries of such public-interest entity in the European Union during the period indicated in the first sub-paragraph of Article 5(1) of Regulation No 537/2014. Exception is such non-audit services which are referred to in Paragraph two of this Section if all provisions of Paragraph three of this Section are conformed to.

(2) The non-audit services which the sworn auditor, the commercial company of sworn auditors, and the cooperation partner of the network of commercial companies of auditors referred to in Paragraph one of this Section are entitled to provide if all provisions of Paragraph three of this Section are complied with shall be as follows:

1) the provision of tax consultancy services, including consultations in respect of tax reliefs, tax calculation, and preparation of tax declarations;

2) the provision of consultations in respect of receipt of financial aid and support payments.

(3) A sworn auditor, a commercial company of sworn auditors, and a cooperation partner of the network of commercial companies of sworn auditors referred to in Paragraph one of this Section are entitled to provide the non-audit services referred to in Paragraph two of this Section if all of the following conditions are met:

1) these services (separately or in the aggregate) have no direct or have immaterial effect on the annual statement or consolidated annual statement of the public-interest entity;

2) these services have no relation to the management or decision-taking of the public-interest entity;

3) the estimation of the effect of these services on the annual statement or consolidated annual statement of the public-interest entity is comprehensively documented and explained to the audit committee of the public-interest entity or equal entity in accordance with Article 11 of Regulation No 537/2014;

4) a sworn auditor or commercial company of sworn auditors complies with the independence requirements laid down in this Law;

5) the provision of these services, before the commencement thereof, has been approved by the audit committee of the public-interest entity or an entity equal to audit committee.

(4) A sworn auditor and a commercial company of sworn auditors which provide the sustainability report assurance service to a public-interest entity but, if the abovementioned sworn auditor or commercial company of sworn auditors is a cooperation partner of the network of commercial companies of sworn auditors, also any cooperation partner of this network of commercial companies of sworn auditors are prohibited from directly or indirectly providing the prohibited non-audit services referred to in Article 5(1)(2)(b), (c), (e), (f), (g), (h), (i), (j), and (k) of Regulation No 537/2014 to such public-interest entity, its parent undertaking, or companies controlled by such public-interest entities:

1) during the period from the beginning of such period for which the sworn auditor or commercial company of sworn auditors assures the integrity and completeness of the information provided in the sustainability report until the date of issue of the assurance report referred to in Section 32.1 of this Law;

2) in the reporting year immediately preceding the period referred to in Clause 1 of this Paragraph, in relation to the prohibited non-audit services referred to in Article 5(1)(2)(e) of Regulation No 537/2014.

(5) A sworn auditor and a commercial company of sworn auditors which provide the sustainability report assurance service to a public-interest entity but, if the abovementioned sworn auditor or commercial company of sworn auditors is a cooperation partner of the network of commercial companies of sworn auditors, also any cooperation partner of this network of commercial companies of sworn auditors may provide non-audit services other than the prohibited non-audit services referred to in Paragraph four of this Section to such public-interest entity, its parent undertaking, or companies controlled by such public-interest entities, except for the services referred to in Paragraph two of this Section, if all of the provisions referred to in Paragraph three of this Section have been fulfilled.

(6) If a member of such network of commercial companies of sworn auditors the cooperation partner of which is a sworn auditor or commercial company of sworn auditors which provides the sustainability report assurance service to a public-interest entity provides the prohibited non-audit services referred to in Paragraph four of this Section to a commercial company registered in a third country and controlled by a public-interest entity for which the integrity and completeness of the information provided in the sustainability report is being assured, the relevant sworn auditor or commercial company of sworn auditors shall assess whether the provision of services of such network member have an impact on its independence. A sworn auditor and a commercial company of sworn auditors may continue the provision of the sustainability report assurance service to the relevant public-interest entity only if, in accordance with Section 26, Paragraph nine of this Law, a sworn auditor or commercial company of sworn auditors justifies that the services provided by such cooperation partner (member) of the network do not affect the professional opinion of the sworn auditor and the assurance report.

[*15 December 2016; 19 April 2018; 26 September 2024*]

**Section 37.7 Restriction of Receipt of a Fee for Non-audit Services and Granting of an Exemption**

(1) In accordance with the first sub-paragraph of Article 4(2) of Regulation No 537/2014 when the sworn auditor or commercial company of sworn auditors provides audit services to a public-interest entity and concurrently provides also non-audit services to such company or parent company or subsidiary thereof other than prohibited non-audit services referred to in Article 5(1) of this Regulation for three consecutive reporting years or more, the total amount of calculated remuneration (hereinafter – the fee) for such non-audit services shall be limited to not more than 70 % of the average of the annual fee paid in the abovementioned time period of three reporting years for an audit (review) of the annual statement and consolidated annual statement. The average fee of the reporting year shall be calculated on the basis of the fee calculated during the last three reporting years for an audit (review) of the annual statement and consolidated annual statement which is carried out for a public-interest entity and, in the relevant case, for a parent undertaking or subsidiary thereof.

(11) The restrictions of receipt of the fee for non-audit services referred to in Paragraph one of this Section shall not be applicable to the sustainability report assurance services.

(2) In exceptional case, when a submission of the sworn auditor or commercial company of sworn auditors which carries out an audit (review) of the annual statement and consolidated annual statement for a public-interest entity is received where the need to receive exemption in respect of a particular public-interest entity is substantiated, Latvijas Banka is entitled to exempt the abovementioned sworn auditor or commercial company of sworn auditors from the requirement of the first sub-paragraph of Article 4(2) of Regulation No 537/2014 referred to in Paragraph one of this Section in respect of the particular public-interest entity. Such exemption may be granted for a period not exceeding two reporting years.

[*15 December 2016; 26 September 2024*]

**Section 37.8 Maximum Duration of an Audit Task and the Extension Thereof**

(1) In accordance with the second sub-paragraph of Article 17(1) of Regulation No 537/2014, a sworn auditor or commercial company of sworn auditors do not have the right to carry out an audit (review) of the annual statement and consolidated annual statement for more than 10 consecutive years in the same public-interest entity (hereinafter in this Section – the maximum duration of audit task).

(2) By way of derogation from the provisions of Paragraph one of this Section, a public-interest entity is entitled to extend the duration of carrying out the audit task for a commercial company of sworn auditors in order for such time period to be longer than the maximum duration of audit task referred to in Paragraph one of this Section provided that both of the following conditions are complied with:

1) after expiry of the maximum duration of the audit task, the public-interest entity organises an open procurement regarding provision of audit services by using a tender procedure;

2) the maximum duration of the audit task together with the extension thereof (hereinafter in this Section – the extended duration of audit task) does not exceed 20 years.

(3) In accordance with Article 17(3) of Regulation No 537/2014, after expiry of the maximum duration of audit task referred to in Paragraph one of this Section or after expiry of the extended duration of the audit task referred to in Paragraph two of this Section, a sworn auditor and a commercial company of sworn auditors are prohibited from undertaking a new audit task in the abovementioned public-interest entity within the following four-year period. If the sworn auditor or commercial company of sworn auditors belongs to the network of commercial companies of sworn auditors, the prohibition referred to in this Paragraph shall also apply to the cooperation partners of such network.

[*15 December 2016* / *See Paragraph 18 of Transitional Provisions*]

**Section 37.9 Establishment of the Audit Committee**

(1) A commercial company which is registered in Latvia and the transferable securities of which are admitted to trading on the regulated market of a Member State shall establish an audit committee and ensure its operation in accordance with the requirements of the Financial Instrument Market Law.

(2) A public-interest entity other than the commercial company referred to in Paragraph one of this Section shall establish an audit committee or similar entity thereto, applying the requirements for the establishment and operation of the audit committee laid down in Part D, Chapter II1 of the Financial Instrument Market Law accordingly. The public-interest entity need not establish the audit committee if such entity conforms to any of the conditions of Section 55.11, Paragraph four of the Financial Instrument Market Law or it is a private pension fund within the meaning of the Law On Private Pension Funds, or a manager of the State funded pension scheme resources within the meaning of the Law On State Funded Pensions.

(3) A public-interest entity has an obligation to provide the additional report to the audit committee referred to in Article 11 of Regulation No 537/2014 to Latvijas Banka within five working days after a written request by Latvijas Banka.

[*15 December 2016; 26 September 2024*]

**Section 37.10 Responsibility of a Public-interest Entity**

(1) If a commercial company which is registered in Latvia and the transferable securities of which are admitted to trading on the regulated market of a Member State has not complied with the requirements of Section 37.9, Paragraph one or three of this Law, Latvijas Banka is entitled to apply the sanctions or supervisory measures specified in Section 148, Paragraph eighteen of the Financial Instrument Market Law to the abovementioned commercial company. The Financial Instrument Market Law shall determine the procedures for the imposition and publication of such sanctions or supervisory measures, and also the procedures for appealing the administrative act issued by Latvijas Banka by which such sanctions or supervisory measures are imposed.

(2) If a public-interest entity other than the commercial company referred to in Paragraph one of this Section has failed to comply with the requirements of Section 37.9, Paragraph two or three of this Law, Latvijas Banka is entitled to impose one or several of the following sanctions or supervisory measures on the abovementioned public-interest entity:

1) to issue a warning;

2) to publish a public statement on the website of Latvijas Banka indicating the person responsible for the violation and the nature of such violation;

3) to request the person liable for the violation to cease the relevant activity;

4) to impose a temporary prohibition on a member of the supervisory board or executive board of the commercial company who is liable for the relevant violation to fulfil the duties determined for him or her in the commercial company for a period of up to three years;

5) to impose a fine on the commercial company up to 10 per cent of the net turnover amount of the previous reporting year. If 10 per cent of the net turnover amount of the previous reporting year is less than EUR 142 300, Latvijas Banka is entitled to impose a fine of up to EUR 142 300;

6) to impose a fine of up to one million euros on the natural person who is responsible for the violation.

(3) If a public-interest entity has failed to comply with the provisions of this Law and Article 16 of Regulation No 537/2014 in respect of the appointment of a sworn auditor or commercial company of sworn auditors in a public-interest entity or if it, in entering into an audit services contract with a sworn auditor or commercial company of sworn auditors or extending the term of validity of the abovementioned contract, has failed to comply with the provisions of this Law and Article 17 of Regulation No 537/2014 regarding the duration of performance of the audit task in the public-interest entity, Latvijas Banka is entitled to impose one or several sanctions or supervisory measures referred to in Paragraph two of this Section on such public-interest entity.

(4) The fines collected for the violations referred to in Paragraphs two and three of this Section shall be paid into the State budget.

(5) Latvijas Banka shall post information on the sanctions and supervisory measures imposed on persons for the violations referred to in Paragraphs two and three of this Section on its website, indicating information on the appeal of the administrative act issued thereby and the taken decision.

(6) In relation to the information referred to in Paragraph five of this Section, Latvijas Banka is entitled to:

1) make it available to the public without identifying the person if, upon previous assessment, it has been ascertained that disclosure of data of the natural person on whom a sanction or supervisory measure has been imposed is not commensurate or that disclosure of data of the natural or legal person may pose a threat to stability of the financial market or the course of initiated criminal proceedings, or cause incommensurate damage to the persons involved;

2) not make it available to the public if, upon previous assessment, it has been ascertained that disclosure of such information may pose a threat to stability of the financial market or is not commensurate with the committed violation.

(7) The administrative act issued by Latvijas Banka regarding the sanctions or supervisory measures imposed in accordance with Paragraphs two and three of this Section may be appealed to the Regional Administrative Court.

(8) Latvijas Banka shall, within five working days after the day of taking the decision, inform the Ministry of Finance in writing of the sanctions and supervisory measures imposed for the violations referred to in Paragraphs two and three of this Section, indicating the responsible person on whom the abovementioned sanctions and supervisory measures have been imposed, and the type of such sanctions and measures.

[*15 December 2016; 26 September 2024*]

**Chapter IX**

**Liability, Complaints, and Procedures for the Examination of Disputes**

[*22 January 2004*]

**Section 38. Initiation and Examination of Disciplinary Matters and Procedures for the Imposition of Sanctions**

[22 January 2004]

**Section 38.1 Initiation and Examination of Disciplinary Matters and Imposition of Sanctions**

(1) A sworn auditor may be held to disciplinary, civil, and criminal liability for his or her professional activity in accordance with the procedures laid down in the laws and regulations. The procedures by which the Latvian Association of Sworn Auditors shall issue administrative decisions in disciplinary matters shall be determined in the laws and regulations governing the issuing of administrative acts.

(2) The Latvian Association of Sworn Auditors may initiate a disciplinary matter against a sworn auditor upon proposal of a court, the complaint of a legal or natural person or upon its own initiative and shall inform the Ministry of Finance thereof in writing. The procedures for the initiation and examination of disciplinary matters and the imposition of sanctions shall be determined by the by-laws which shall be approved by the Latvian Association of Sworn Auditors after agreement with the Ministry of Finance.

(3) When receiving the information referred to in Paragraph two of this Section, the Ministry of Finance shall comply with the confidentiality requirements. The confidentiality requirements shall apply to all persons who have become informed of commercial secret during and after the time of receiving the information, including persons who have ceased performing their duties related to the State supervision of the activities of the Latvian Association of Sworn Auditors.

(4) The disciplinary matters referred to in Paragraph two of this Section shall be initiated for the violation of this Law and other laws and regulations, the decisions of the Latvian Association of Sworn Auditors, the guidelines governing the professional activity and norms of ethical rules or if a sworn auditor has not complied with the requirement of furthering his or her education and advancing his or her professional qualification through the process of continuing education recognised by the Latvian Association of Sworn Auditors.

(5) The Latvian Association of Sworn Auditors shall inform the Ministry of Finance in writing of all the decisions taken in the disciplinary matter. The Latvian Association of Sworn Auditors shall communicate the abovementioned information within five working days after the decision has entered into effect.

[*12 June 2008; 15 December 2016; 19 April 2018*]

**Section 38.2 Sanctions and Supervisory Measures, Issuing and Appeal of Administrative Acts**

(1) The Ministry of Finance shall issue administrative acts (decisions) on the imposition of sanctions and supervisory measures in the cases specified in this Section on sworn auditors and commercial companies of sworn auditors which provide audit services to public-interest entities. The procedures by which the Ministry of Finance shall issue administrative acts shall be determined in the laws and regulations governing the issuing of administrative acts (decisions).

(2) An administrative act (decision) of the Ministry of Finance issued in relation to the sanctions or supervisory measures referred to in this Section may be appealed to the Regional Administrative Court. The Regional Administrative Court shall examine the case as the court of first instance. The case shall be reviewed in the composition of three judges. A judgement of the Regional Administrative Court may be appealed by submitting a cassation complaint.

(3) Appealing an administrative act (decision) of the Ministry of Finance issued in relation to the sanctions and supervisory measures referred to in this Section shall not suspend the operation of such act (decision).

(4) The Ministry of Finance is entitled to impose one or several of the following sanctions or supervisory measures for non-conformity with the requirements of this Law and Regulation No 537/2014:

1) to issue a warning;

2) to request that a sworn auditor or commercial company of sworn auditors immediately terminate activities which are to be considered as such activities as a result of which the requirements of the laws and regulations governing professional activity of sworn auditors and Regulation No 537/2014 are or could be violated;

3) to prohibit a sworn auditor, commercial company of sworn auditors, or responsible sworn auditor to provide audit services and to sign auditor’s report for a period of time up to three years;

31) to prohibit a sworn auditor, commercial company of sworn auditors, responsible sworn auditor, or lead sustainability auditor to provide the sustainability report assurance services and to sign the assurance report on the sustainability report for a time period of up to three years;

4) to publish a public statement on the website of the Ministry of Finance that the signed auditor’s report does not conform to the content of the auditor’s report specified in this Law and the requirements for the auditor’s report laid down in Section 10 of Regulation No 537/2014;

41) to publish a public statement on the website of the Ministry of Finance that the signed assurance report on the sustainability report does not conform to the requirements of Section 32.1 of this Law;

5) to impose a temporary prohibition on a member of the management body of the commercial company of sworn auditors if it is a sworn auditor and is liable for the relevant violation to fulfil the duties determined for him or her in the commercial company of sworn auditors for a period of up to three years;

6) to publish the information on the website of the Ministry of Finance where the sworn auditor responsible for the violation (the given name, surname, and certificate number of the sworn auditor) and the responsible commercial company of sworn auditors (the name and licence number of the commercial company of sworn auditors) and also the essence of the committed violation are indicated;

7) to impose a fine on the sworn auditor responsible for the violation in the amount of up to EUR 7 200 and on commercial company of sworn auditors responsible for the violation – up to EUR 14 200.

(5) When taking the decision to impose the sanctions and supervisory measures referred to in Paragraph four of this Section on sworn auditors and commercial companies of sworn auditors, the Ministry of Finance shall also take into account:

1) the gravity of the violation;

2) the duration of the violation;

3) the level of responsibility of the person;

4) the income gained by the person as a result of violation insofar as it can be determined;

5) the compensation of losses caused as a result of violation insofar as they can be determined;

6) cooperation of the person with the Ministry of Finance in the investigation of the violation;

7) the financial position of the person: for a commercial company of sworn auditors – the total net turnover in the previous reporting year, for a sworn auditor who carries out professional activity as a sole proprietorship or self-employed person – the total turnover (income) from economic transactions in the previous reporting year;

8) the previous violations of the person committed in the field of provision of professional services.

(6) The Ministry of Finance shall issue recommendations (guidelines) regarding the application of the sanctions and supervisory measures referred to in Paragraph four of this Section and post them on the website thereof.

(7) The Ministry of Finance shall not apply the sanctions and supervisory measures referred to in Paragraph four of this Section in relation to criminal proceedings or disciplinary matter regarding the same violation.

(8) The Ministry of Finance shall, within one month after the end of each calendar year, prepare and send compiled information to the Committee of European Auditing Oversight Bodies on the sanctions and supervisory measures referred to in Paragraph four of this Section applied in the previous year, and also the applied sanctions and supervisory measures referred to in Section 37.10, Paragraphs one, two, and three of this Law, indicating all the persons to whom the sanctions and supervisory measures have been applied and the type of the sanctions and supervisory measures applied.

(9) The Ministry of Finance shall, without delay, inform the Committee of European Auditing Oversight Bodies of application of the sanctions and supervisory measures referred to in Paragraph four, Clauses 3, 3.1, and 5 of this Section, indicating the person to whom the sanction or supervisory measure has been applied and the type of the sanction or supervisory measure applied, and also of application of the sanction or supervisory measure referred to in Section 37.10, Paragraph two, Clause 4 of this Law and Section 148, Paragraph eighteen, Clause 3 of the Financial Instrument Market Law, indicating the person to whom such sanction or supervisory measure is applied and the type of the sanction or supervisory measure applied.

(10) The fine which is collected for violations regarding which it has been imposed in accordance with Paragraph four, Clause 7 of this Section shall be paid into the State budget. The person shall pay the fine imposed by the Ministry of Finance not later than within a month from the day when the decision of the Ministry of Finance to impose the fine has entered into effect.

[*15 December 2016; 19 April 2018; 14 September 2023; 26 September 2024*]

**Section 38.3 Publication of Decisions**

(1) The Ministry of Finance shall post the information on the sanctions and supervisory measures referred to in Section 38.2 of this Law applied to persons on the website thereof, indicating the person responsible for the violation (the given name, surname, certificate number of the sworn auditor and the name, registration number, and licence number of the commercial company of sworn auditors), the type of the violation, and the sanction or supervisory measure applied by the Ministry of Finance, and also data regarding appeal of the decision of the administrative act issued and the court decision taken.

(2) The Ministry of Finance shall post the information referred to in Paragraph one of this Section on the website thereof within five working days from the day when the time period for the appeal of the act (decision) has expired and it has not been appealed.

(3) The Ministry of Finance shall make the information referred to in Paragraph one of this Section available to the public without identifying the person if, upon previous assessment, it has been ascertained that disclosure of data of the natural person to which a sanction or supervisory measure has been applied is not commensurate or that disclosure of data of the natural or legal person may pose a threat to stability of the financial market, the course of initiated criminal proceedings or cause incommensurate damage to the persons involved.

(4) If it is expected that the circumstances referred to in Paragraph three of this Section may terminate within a reasonable time period, making of the information referred to in Paragraph one of this Section available to the public may be suspended for this time period.

(5) The information posted on the website of the Ministry of Finance in accordance with the procedures laid down in this Section shall be available to the public for at least five years from the day of the first posting thereof.

[*15 December 2016*]

**Section 39. Disciplinary Sanctions**

[22 January 2004]

**Section 40. Dispute and Appeal of Decisions by the Latvian Association of Sworn Auditors**

(1) Complaints regarding unlawful activities of the Latvian Association of Sworn Auditors or activities that do not comply with the articles of association shall be adjudicated by a court.

(2) The Latvian Association of Sworn Auditors decisions which are associated with the certification of sworn auditors, the licensing of commercial companies of sworn auditors, and other tasks delegated to the Latvian Association of Sworn Auditors by this Law may be disputed to the Ministry of Finance. The decision of the Ministry of Finance may be appealed to a court in accordance with the procedures laid down in the law.

[*22 January 2004*]

**Section 41. Civil Liability of a Sworn Auditor and a Commercial Company of Sworn Auditors and Time Limits for the Compensation for Losses**

(1) A sworn auditor or commercial company of sworn auditors shall be liable for the commitments which have arisen as a result of entering into of an audit services contract.

(2) A sworn auditor or commercial company of sworn auditors shall be liable for the losses that have occurred to third parties, i.e. users of the annual statement and the consolidated annual statement of the client, if the opinion submitted in accordance with the international audit standards recognised in Latvia substantially contradicts the actual state of things and the provisions of Section 26, 27, 30, or 34 of this Law have not been conformed to. If an opinion has been signed by two or more sworn auditors, they are jointly liable for such losses.

(3) A commercial company of sworn auditors shall be liable for the commitments which it has assumed, as well as for the losses suffered by third parties if the responsible sworn auditor appointed by such company has failed to comply with the provisions of Section 26, 27, 30, or 34 of this Law.

(4) The mutual legal relations and also the liability of a commercial company of sworn auditors and the responsible sworn auditor appointed by it shall be governed by the concluded employment contract.

(5) The compensation for losses from a sworn auditor or commercial company of sworn auditors shall be covered according to a mutual agreement or recovered by judicial means not later than within three years after the day when the opinion of the relevant sworn auditor was signed.

**Section 42. Civil Liability Insurance of a Sworn Auditor and a Commercial Company of Sworn Auditors**

(1) The minimum liability amount of civil liability insurance for a sworn auditor who is a self-employed person or a sole proprietorship shall be the total sum of income of such sworn auditor obtained in the previous reporting year from audit services, and it may not be less than the minimum amount stipulated by the Cabinet, but in the year of starting the activities of a sworn auditor the minimum liability amount shall be the amount stipulated by the Cabinet.

(2) The minimum liability amount of civil liability insurance for a commercial company of sworn auditors, except for partnerships which do not employ employees who are sworn auditors shall be the total sum of income of such company obtained in the previous reporting year from audit services, and it may not be less than the minimum amount stipulated by the Cabinet, but in the year of starting the operation of a commercial company of sworn auditors the minimum liability amount shall be the amount stipulated by the Cabinet.

(3) When providing audit services to a public-interest entity, the minimum liability amount of civil liability insurance for a service provider who is a sworn auditor or commercial company of sworn auditors shall be two per cent of the amount of assets of the client to be audited for whom such assets are the highest ones at the end of the previous reporting year, but not more than EUR 10 million.

(4) For the insurance of their civil liability, a sworn auditor and a commercial company of sworn auditors may choose:

1) an insurance company registered in the Commercial Register which has obtained a licence issued by Latvijas Banka for the insurance of general civil liability;

2) an insurance company registered in an OECD and EEA country, entering into a civil liability contract with which the sworn auditor or the commercial company of sworn auditors shall comply with the requirements of this Law.

(5) When determining the minimum civil liability amount provided for in Paragraphs one and two of this Section, the Cabinet is entitled to differentiate it depending on whether there is a capital share of the State or local government in the commercial company.

[*22 January 2004; 12 June 2008; 12 September 2013; 29 October 2015; 26 September 2024*]

**Section 43. Liability for Fraud of a Person who Does Not Have the Sworn Auditor Certificate**

If a person who does not have the sworn auditor certificate or the licence of a commercial company of sworn auditors accordingly performs the activities permitted by this Law only to a sworn auditor or commercial company of sworn auditors and submits an auditor’s report, he or she shall be held liable in accordance with the law.

[*14 September 2023*]

**Transitional Provisions**

1. With the coming into force of this Law, the law On Sworn Auditors (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 24; 2000, No. 10) is repealed.

2. The sworn auditor certificates which have been issued on the basis of the laws which were in force until the day of coming into force of this Law shall be recognised as valid.

3. Until 1 January 2003, the mandatory review prescribed by laws of annual statements and also consolidated annual statements of financial institutions as well as the commercial companies the stocks of which are admitted to the official stock exchange listing may be carried out by sworn auditors and companies of sworn auditors indicated by the Financial and Capital Market Commission which do not meet the requirements of this Law.

[*22 January 2004*]

4. Until 1 January 2005, the sworn auditor qualification examination may be taken by persons who do not have the three-year practical experience specified in Section 8 of this Law. The sworn auditor certificate shall not be issued to such persons after passing of the sworn auditor qualification examination. If such persons acquire, within 5 years after passing of the sworn auditor qualification examination, the three-year practical experience specified in this Law by working as assistants of sworn auditors, they may receive the sworn auditor certificate in accordance with the procedures laid down in Section 16 of this Law.

5. Until 1 January 2005, not only sworn auditors but also other natural persons may be members of the Latvian Association of Sworn Auditors if they have passed the sworn auditor qualification examinations, are employed as assistants of sworn auditors, and comply with the provisions of the articles of association of the Association. Until 1 January 2003, all licensed commercial companies of sworn auditors must become members of the Latvian Association of Sworn Auditors.

6. Until 1 January 2003, all commercial companies which provide audit services must receive the relevant licence of the Latvian Association of Sworn Auditors.

7. Individual undertakings providing audit services are entitled to continue the provision of such services in the status of individual undertakings until the end of the transitional period specified in the Law on the Procedures for the Coming into Force of the Commercial Law.

8. The provisions of Section 21, Paragraphs two and three of this Law shall come into force on 1 January 2004.

9. Amendments to Sections 19 and 24 of this Law and Sections 24.1, 24.2, and 24.3 shall come into force on 29 June 2009.

[*29 January 2009*]

10. Amendments to Section 1, Clause 7, Sub-clause “e” of this Law, and also Clause 7, Sub-clauses “f” and “g” of this Section shall be applicable to the auditor’s report which is prepared by a sworn auditor and a commercial company of sworn auditors on an annual statement and consolidated annual statement starting from the reporting year 2016 (the reporting year which starts on 1 January 2016 or during the calendar year 2016).

[*29 October 2015; 14 September 2023*]

11. A sworn auditor and a commercial company of sworn auditors shall carry out the limited review of annual statements provided for in Section 28.1 of this Law starting from the reporting year 2016 (the reporting year which starts on 1 January 2016 or during the calendar year 2016).

[*29 October 2015*]

12. Amendments to Section 33 of this Law in relation to the provision of information to the Corruption Prevention and Combating Bureau shall come into force on 1 January 2016.

[*29 October 2015*]

13. The Latvian Association of Sworn Auditors shall develop and approve the procedures referred to in Section 28.1, Paragraph one and also in Section 33, Paragraph 3.2 of this Law until 1 December 2015.

[*29 October 2015*]

14. Until relevant amendments are made to other laws, the reference to the law On Sworn Auditors used therein shall be understood as reference to the Law on Audit Services.

[*15 December 2016*]

15. A commercial company of sworn auditors which does not meet the requirements of Section 21, Paragraph four of this Law (at least 75 per cent of the members of the executive board are sworn auditors or auditors of Member States) is entitled to continue the provision of audit services, however, not longer than until 1 January 2018.

[*15 December 2016*]

16. The provisions of Section 28, Paragraph 1.1 of this Law shall be applied starting from the audit of the annual statement for 2017.

[*15 December 2016*]

17. When starting the application of Section 29, Paragraph 4.1 of this Law, the time limit specified therein shall be counted from the day of coming into force of this norm.

[*15 December 2016*]

18. Section 37.8 of this Law shall be applied by taking into account the conditions of Article 41 of Regulation No 537/2014.

[*15 December 2016*]

19. The public-interest entities referred to in Section 37.9, Paragraph two of this Law shall establish an entity equal to an audit committee or elect an audit committee in the next meeting of stockholders, but not later than within 12 months from the day of coming into force of this norm.

[*15 December 2016*]

20. The Financial and Capital Market Commission shall, in accordance with Section 17.1, Paragraph two of the Law on Financial and Capital Market Commission, issue recommendations (guidelines) for the imposition of the sanctions and supervisory measures referred to in Section 37.10 of this Law and post them on its website by 1 January 2018.

[*15 December 2016*]

21. The Ministry of Finance shall, by 1 January 2018, issue recommendations (guidelines) for the imposition of the sanctions and supervisory measures referred to in Section 38.2 of this Law and post them on its website.

[*15 December 2016*]

22. Section 31.2, Clause 10 of this Law shall be applicable to the auditor’s report which is prepared by a sworn auditor or a responsible sworn auditor of a commercial company of sworn auditors on such annual statement and consolidated annual statement which has been prepared for the reporting year that starts on 22 June 2024 or later.

[*14 September 2006*]

23. The requirements of Section 8, Clause 4.1, Section 11, Paragraph 1.1, and Section 14, Paragraph two of this Law for the sworn auditor examination in relation to the field of sustainability shall not be applicable to the sworn auditors who, until the day of coming into force of amendments to this Law in relation to the field of sustainability, have obtained the certificate of the sworn auditor for the provision of audit services.

[*26 September 2024*]

24. The requirements of Section 8, Clause 4.1, Section 11, Paragraph 1.1, and Section 14, Paragraph two of this Law for the field of sustainability shall not be applicable to applicants who, until the day of coming into force of amendments to this Law in relation to the field of sustainability, have commenced the process for the receipt of the sworn auditor certificate, if such process is completed until 1 January 2026.

[*26 September 2024*]

25. The requirements of Section 8.1, Paragraph one of this Law for mandatory training in the subjects of qualification examination shall not be applicable to applicants who are taking sworn auditor qualification examinations in 2024.

[*26 September 2024*]

26. The requirement to take the sworn auditor examination in the fields referred to in Section 14, Paragraph two of this Law shall be applicable to applicants who, until 1 January 2026, have not completed the process for obtaining the sworn auditor certificate and wish to provide sustainability report assurance services.

[*26 September 2024*]

27. The sworn auditors who, until 1 January 2026, have obtained a sworn auditor certificate and wish to provide sustainability report assurance services shall acquire the required knowledge on the preparation of sustainability reports and the provision of sustainability report assurance in accordance with the requirements of Section 28.2, Paragraph two of this Law. The sworn auditor who provides the sustainability report assurance service shall certify the fulfilment of the continuing education requirements referred to in Section 28.2, Paragraph two of this Law to the Latvian Association of Sworn Auditors starting from 1 January 2026.

[*26 September 2024*]

28. The Latvian Association of Sworn Auditors shall, within three months after coming into force of the Cabinet regulations referred to in Section 8.1, Paragraph four of this Law, develop and approve the training programme referred to in Section 8.1, Paragraph two of this Law.

[*26 September 2024*]

29. The procedures laid down in Section 16.1 of this Law shall be applicable to sworn auditors for the provision of the sustainability report assurance service for the report period starting from the reporting year 2024 (the reporting year that starts on 1 January 2024 or later).

[*26 September 2024*]

30. The procedures laid down in Section 22.1 of this Law shall be applicable to commercial companies of sworn auditors for the provision of the sustainability report assurance service for the report period starting from the reporting year 2024 (the reporting year that starts on 1 January 2024 or later).

[*26 September 2024*]

31. Until the day of coming into force of the sustainability reporting assurance standards adopted by the European Commission and referred to in Section 28, Paragraph 1.2 of this Law, a sworn auditor and a commercial company of sworn auditors shall provide sustainability report assurance services in conformity with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

[*26 September 2024*]

32. The Latvian Association of Sworn Auditors shall, by 30 December 2024, submit to the Ministry of Finance for agreement the further education requirements referred to in Section 28.2, Paragraph one of this Law and its implementation procedures. Until the day of coming into force of the regulations regarding the further education requirements and its implementation procedures, the By-laws Regarding the Mandatory Training of Sworn Auditors of the Latvian Association of Sworn Auditors shall be applicable.

[*26 September 2024*]

33. The requirement of Section 32.1, Paragraph one, Clause 3 of this Law for the provision of the opinion of a sworn auditor on the conformity of the markup (tagging) of sustainability information shall be applicable from the day when the technical requirements for the markup (tagging) of sustainability reports which have been determined in accordance with the delegated legal act of the European Commission amending Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter – Regulation (EU) No 2019/815) have become applicable to the verifiable sustainability reports that have been prepared in the single electronic reporting format in accordance with Article 3 of Regulation (EU) No 2019/815.

[*26 September 2024*]

34. Until 31 December 2025, the persons referred to in Section 35.2, Paragraph six of this Law shall not be subject to the requirements laid down in this Paragraph for experience in the preparation of the sustainability report and the provision of the sustainability report assurance, or experience with other services related to sustainability.

[*26 September 2024*]

**Informative Reference to Directives of the European Union**

[*29 March 2007; 12 June 2008; 11 February 2010; 3 March 2011; 18 April 2013; 29 October 2015; 15 December 2016; 21 June 2018; 14 September 2023; 26 September 2024*]

The Law contains norms arising from:

1) the Eighth Council Directive 84/253/EEC of 10 April 1984 based on Article 54(3)(g) of the Treaty on the approval of persons responsible for carrying out the statutory audits of accounting documents;

2) Council Directive 89/48/EEC of 21 December 1988 on a general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration;

3) European Parliament and Council Directive 95/26/EC of 29 June 1995 amending Directives 77/780/EEC and 89/646/EEC in the field of credit institutions, Directives 73/239/EEC and 92/49/EEC in the field of non- life insurance, Directives 79/267/EEC and 92/96/EEC in the field of life assurance, Directive 93/22/EEC in the field of investment firms and Directive 85/611/EEC in the field of undertakings for collective investment in transferable securities (Ucits), with a view to reinforcing prudential supervision;

4) Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC;

5) Directive 2005/68/EC of the European Parliament and of the Council of 16 November 2005 on reinsurance and amending Council Directives 73/239/EEC, 92/49/EEC as well as Directives 98/78/EC and 2002/83/EC;

6) Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC;

7) Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC;

8) Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (Text with EEA relevance);

9) Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market;

10) Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (Text with EEA relevance);

11) 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 (Text with EEA relevance);

12) Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (Text with EEA relevance);

13) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (Text with EEA relevance);

14) Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches;

15) Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

The Law shall come into force on 1 January 2002.

The Law has been adopted by the *Saeima* on 3 May 2001.

Acting for the President, the Chairperson of the *Saeima* J. Straume

Rīga, 22 May 2001