ISAE 3000\(^1\)— Annotated Example Reports of Direct Engagements

Background

1. At its December 2012 meeting, the IAASB asked the Task Force to prepare an educational presentation on direct engagements to inform the IAASB’s consideration of the Task Force’s proposed revisions to proposed ISAE 3000 (Revised).

2. To facilitate a useful and wide ranging presentation on direct engagements, the Task Force reached out to a public sector audit bodies in Australia, Canada, Sweden and the United Kingdom (UK). These exchanges provided examples of many different types of direct engagements.

3. The Task Force will provide the IAASB with a presentation at its February 2013 meeting. However, to allow members to further develop their understanding of direct engagements, the Task Force has selected four direct engagement assurance reports which will illustrate the variety of approaches used and subject matters encountered in practice.

4. The example reports are presented below, and comprise the following direct engagement reports:

5. As some of these reports contain findings and recommendations that stretch for tens of pages, the Task Force has extracted the key features of each from the longer report. This will aid the IAASB in focusing on the common elements of these reports. However, links to the full reports have been provided to enable members to review the full reports if they wish.

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\(^1\) International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*
Example 1: Office of the Auditor General of Canada, Replacing Canada’s Fighter Jets

Note: This is a long form report, so only extracts are shown here. The full report is available at www.oag-bvg.gc.ca/internet/docs/parl_oag_201204_02_e.pdf. Page references contained in the boxes in this example are to the location of the quotes in the linked document.

Assurance Objective

“The audit objectives were to determine whether:

• National Defence and Industry Canada applied due diligence in managing Canada’s participation in the United States (US)-led Joint Strike Fighter (JSF) Program, and
• National Defence and Public Works and Government Services Canada (PWGSC) applied due diligence in managing the Canadian Next Generation Fighter Capability project for the replacement of the CF-18 fighter jets.” (page 32)

Underlying Subject Matter

The performance of certain government agencies in exercising due diligence in Canada’s participation in the JSF [Joint Strike Fighter] Program and in managing the federal decision-making process to acquire the F-35 as a replacement for the CF-18.

Criteria

“Our criteria reflect basic principles of good management practices and due diligence, and are based on relevant Treasury Board policies that support decision making and sound stewardship and contribute to transparency, accountability, and value for money.

To determine whether National Defence and Industry Canada applied due diligence in managing Canada’s participation in the United States-led Joint Strike Fighter Program and whether National Defence and Public Works and Government Services Canada applied due diligence in managing the Next Generation Fighter Capability project for the replacement of the CF-18 fighter jets, we used the following criteria:
### Criteria and Sources

<table>
<thead>
<tr>
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<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Defence has identified, assessed, and managed risks to support the decision making related to the Canadian participation in the Joint Strike Fighter (JSF) Program. (Sources: 10, 16, 17, 23)</td>
<td>1. <em>National Defence Act</em></td>
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<td>2. <em>Defence Production Act</em></td>
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<td>3. <em>Department of Industry Act</em></td>
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<td>4. <em>Financial Administration Act</em></td>
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<td>5. <em>Department of Public Works and Government Services Act</em>…</td>
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<td></td>
<td>10. <em>Policy on Internal Control, Treasury Board</em>…</td>
</tr>
<tr>
<td>National Defence has a governance and management approach to carry out its activities, within its mandate and authorities, and applied it to the Canadian participation in the JSF Program. (Sources: 1, 2, 3, 4, 5, 10, 13, 15, 16, 18, 19, 21, 24, 25)</td>
<td>[Other criteria and sources follow. See Appendix 1 for a full list]</td>
</tr>
</tbody>
</table>

(Other criteria and sources follow)

### Work Effort/Summary of Procedures

**Scope and approach**

The audit was divided into three lines of enquiry: one for National Defence and one for Industry Canada on Canada’s participation in the US-led JSF Program; and the third line of enquiry for National Defence’s and PWGSC’s management of the Canadian Next Generation Fighter Capability project. Each line of enquiry examined the extent to which the departments applied due diligence in managing their respective responsibilities. For National Defence, these responsibilities relate largely to the JSF Program and project management, and for Industry Canada, to industrial participation. We also examined the role of PWGSC in relation to its responsibilities for procurement.

In addition to our audit examination work, we obtained background information to better understand the history of the JSF Program and to provide context for Canada’s participation in it. The audit examined documents and correspondence contained in National Defence’s program, project, and payment files; Industry Canada’s industrial participation and contribution files; and PWGSC’s procurement files. We conducted interviews with individuals who are currently or were formerly involved in the management of the JSF Program. We interviewed officials of the JSF Program Office, the Cost Assessment and Program Evaluation directorate at the US Department of Defense, the US Government Accountability Office, and Lockheed Martin. We visited the Canadian Forces’ Wing in Cold Lake, Alberta, one location of the CF-18 fleet.

We have chosen the phrase “applied due diligence” to describe our expectation and have drawn on a number of sources (acts and regulations and departmental policies and guides) that address requirements for effective decision making, sound stewardship, and value for money.

We did not examine certain decisions that were made, because they are policy or are beyond our technical capability. We did not audit the merits of the F-35 aircraft.
We also did not audit the JSF Program or the activities of the international partners.” (page 32-33)

Assurance Conclusion (Part of the Subject Matter Information)

"Conclusion

2.78 The Joint Strike Fighter (JSF) Program is unique. In this context, National Defence, as the lead department, exercised due diligence in managing Canada’s participation in the Program. National Defence managed industrial participation well (together with Industry Canada), identified and communicated risks and mitigation strategies related to JSF Program participation, and assessed options before signing the 2006 memorandum of understanding (MOU), committing Canada to the third phase of the JSF Program (production, sustainment, and follow-on development.) However, National Defence did not fully inform decision makers of the implications of participation in the JSF Program for the acquisition process. In some cases, documented analysis did not exist to support decisions.

2.79 Industry Canada exercised due diligence in managing Canada’s industrial participation in the JSF Program. In partnership with National Defence, Industry Canada worked to secure industrial participation.

2.80 National Defence did not exercise due diligence in managing the process to replace the CF-18 jets. National Defence did not appropriately consult Public Works and Government Services Canada (PWGSC) on the procurement implications of the 2006 MOU for the third phase of the JSF Program or develop an appropriate plan for managing the unique aspects of the acquisition. Problems relating to development of the F-35 were not fully communicated to decision makers, and risks presented to decision makers did not reflect the problems the JSF Program was experiencing at the time. Full life-cycle costs were understated in the estimates provided to support the government’s 2010 decision to buy the F-35. Some costs were not fully provided to parliamentarians. There was a lack of timely and complete documentation to support the procurement strategy decision.

[Other conclusions on the other government agencies involved follow. See page 30 of the linked long form report for a full list]
Example 2: Audit Western Australia, Business Continuity Management by Port Authorities

Note: This is a long form report, so only certain extracts are shown here. The full report is available at www.audit.wa.gov.au/reports/pdfreports/report2012_11.pdf (see pages 7-17). Page references contained in the boxes in this example are to the location of the quotes in the linked document.

Assurance Objective
“The audit objective was to assess the maturity of business continuity management at four port authorities.” (page 12)

Underlying Subject Matter
Business continuity management practices at four port authorities – Fremantle, Esperance, Geraldton and Port Hedland.

Criteria
“We used RiskCover’s Business Continuity Management Guidelines (2009) for our assessment and rated the port authorities against RiskCover’s maturity model for business continuity management.” (page 7)

Work Effort/Summary of Procedures
“‘We asked six key questions based on the principles set out in RiskCover’s Western Australian Government Business Continuity Management Guidelines (2009):
- Do port authorities have an appropriate BCM framework in place?
- Have port authorities identified critical business areas and has the impact of disruptive events been assessed?
- Have port authorities identified appropriate response options?
- Have port authorities developed response plans and implemented preparatory controls?
- Have port authorities trained their staff in the use of the response plans?
- Do port authorities exercise and maintain their response plans?’

We then used our assessment to rate the port authorities against RiskCover’s maturity model for business continuity management. Each of the ports was selected due to the significance of its trade and geographical distance from the other ports in the state.

At each port we:
- interviewed agency staff
- examined agency documents
- reviewed the business continuity plans to assess authority compliance with the guidelines and its own program policies and procedures
- assessed the ports using the tool developed by RiskCover to assess the maturity of business continuity management at government entities.

The audit was conducted in accordance with Australian Auditing and Assurance Standards.” (pages 12-13)
Assurance Conclusion (Part of the Subject Matter Information)

“Fremantle Port Authority’s business continuity management was the most advanced of the four ports and had reached a high level of maturity. Geraldton Port Authority was assessed as mature despite only recently engaging with the process. Port Hedland and Esperance Port Authority have yet to develop mature business continuity management. Port Hedland has taken some preliminary steps towards managing their business continuity, while Esperance has not yet started.

A lack of mature business continuity management at our ports exposes the state to significant economic, social and environmental risks.” (page 7)

“We found Fremantle Port Authority (PA) is advanced in the maturity of its risk and business continuity governance, the assessment of its business continuity requirements, and the action response plans it has developed to ensure business continuity. It is also mature in the BCM culture it has developed and the monitoring and maintenance of its plans.

Geraldton PA is mature in its governance, assessment and the BCM culture it has developed. However, the action response plans it has developed and the monitoring and ongoing maintenance it undertakes is basic.

Port Hedland PA is mature in the action response plans it has developed for business continuity. However, it is basic in its governance, assessment, and ongoing monitoring and maintenance. It was found to lack a BCM culture.

The action response plans Esperance PA has in place for its information systems and their ongoing monitoring and maintenance have basic maturity. However, its governance, assessment and its business continuity culture have no maturity.

Figure 4 shows our detailed assessment against each of these factors which are discussed in the following sections. “

![Figure 4: Assessment of the PAs using RiskCover's maturity model](image)

(Ratings: 1 = none, 2-3 = basic, 3-4 = mature, 5 = advanced.)

(page 13)
Example 3: Examination of the forecasts prepared by the Office for Budget Responsibility for 29 November 2010

Note: This is a long form report, so only extracts are shown here. The full report is available at http://www.nao.org.uk/publications/1011/obr_forecasts_november.aspx. Page references contained in the boxes in this example are to the location of the quotes in the linked document.

**Assurance Objective**

"[To] examine whether key economic and fiscal assumptions underpinning the interim Office for Budget Responsibility’s forecasts were independently arrived at.” (page 4)

**Underlying Subject Matter**

Economic and fiscal assumptions underpinning the Office for Budget Responsibility’s forecasts

**Criteria**

"Figure 1 - Criteria

Whether key economic and fiscal assumptions underpinning the Office for Budget Responsibility's forecasts were independently arrived at

- The Budget Responsibility Committee had full discretion over the scope and nature of its judgments on the forecasts.
- The Budget Responsibility Committee and Secretariat had control over sufficient resources to consider the evidence and form a robust judgment.
- The Budget Responsibility Committee and Secretariat had unrestricted access to the necessary data and analysis.
- The Office for Budget Responsibility effectively scrutinized, questioned and challenged the information and advice it received.
- The Budget Responsibility Committee formed its judgments independently of any views of officials, or Ministers.
- The Budget Responsibility Committee had autonomy over the content of its published reports and the means of dissemination.” (page 5)

**Work Effort/ Summary of Procedures**

“Summary of Work Performed

In forming a judgment against the criteria, in principle there are four main types of evidence to consider:

- the institutional arrangements and processes governing the OBR forecasts;
- the views of key stakeholders;
any positive evidence of challenge or scrutiny by the OBR; and
the absence or existence of any evidence suggesting undue external interference over the forecast.

Correspondingly, we collected evidence between 8 November and 2 December 13 from the following:

- A written representation from Robert Chote, Chair of the Committee.
- Interviews with key individuals:
  - The three members of the Committee.
  - Members of the secretariat of the OBR.
  - Senior Treasury officials interacting with the OBR.
- Attending an internal challenge meeting between the OBR and government officials forecasting specific elements of taxation and expenditure.
- The revised terms of reference for the OBR and official statements on the finances of the OBR.
- A selection of briefing documents and correspondence between the Committee, the OBR secretariat and HM Treasury.
- Informal consultation with external non-government commentators to understand their views on the OBR's independence:
  - Jill Matheson, National Statistician and Chief Executive of the UK Statistics Authority.
  - Professor Tim Besley, of the London School of Economics.
  - Sir Alan Budd, former head of the interim OBR.
  - Carl Emmerson, acting director of the Institute for Fiscal Studies.
  - Professor Simon Wren-Lewis, of Oxford University.
- The OBR’s Economic and Fiscal Outlook document, published 29 November 2010.
- The list of substantive contacts between the OBR and ministers, their special advisers and their private office staff during the forecasting process, as published on the OBR’s website on 2 December.” (page 7)

Subject Matter Information

“Findings
Criterion: discretion over scope and judgements

14. The terms of reference for the OBR state that as part of its remit it “will make independent assessments of the economy, public finances and fiscal sustainability”. They also state that “the Budget Responsibility Committee has direct control over the forecasts and will make all the judgements and assumptions underpinning the forecasts and analysis”.

15. The Committee was briefed and advised by the OBR secretariat on the key assumptions for the economic forecast, and by Government officials who undertake detailed fiscal forecasting. The Committee retained discretion over whether or not to accept this advice. The Foreword to the OBR’s forecast document states that “the forecasts presented in this document represent the collective view of the three independent members of the OBR’s Budget Responsibility Committee.”
We take full responsibility for the judgements that underpin them and for the conclusions we have reached.”

16. In preparing its economic and fiscal forecasts, the Committee’s assumption on the output gap is particularly important. The output gap attempts to measure how much spare capacity there is in the economy and is a key judgement that can affect the forecasts of several key variables including inflation and economic growth. The output gap is also critical to the Committee’s judgement as to whether the government’s policies are sufficient to meet its fiscal mandate. To inform their judgement, the OBR secretariat produced detailed analysis of the output gap for discussion with the Committee. In addition the Committee considered different methods for calculating the output gap including the views of HM Treasury economists. As a result of the review the Committee chose to keep the methodology that the previous Committee had used for its June forecasts, which differs from the approach previously used by the Treasury (the OBR will be reviewing this output gap methodology and historic Treasury estimates of the output gap in future work). The Committee’s discussion and judgement concerning the output gap is presented in the published forecast (of 29 November) and is consistent with the documentary evidence supplied to us.

17. The terms of reference also state that “the Office for Budget Responsibility will not comment on the merits of individual policies, or examine alternative policy scenarios”. Some external commentators have suggested that this might reduce its ability and scope to assess fiscal risks and establish its independence. However, we do not believe this to be the case, for the reasons outlined in paragraph 18.

18. Regarding the merits of individual policies, it is worth noting that other independent organisations, such as the National Audit Office, are not allowed to comment on the merits of government policy. The key question for this assessment is whether the interpretation of the terms of reference could reduce the ability of the Committee to have full discretion over the scope and nature of its judgments on the forecasts. In assessing this question we identified a number of considerations:

- Firstly, the members of the Committee and the Treasury officials interviewed were clear that the OBR is free to assess any economic scenarios that it chooses. This is confirmed by the discussion and analysis of two alternative economic scenarios in the OBR’s forecast document (a “delayed rebalancing scenario” and a “persistent weak demand scenario”).
- Secondly, Treasury officials explained that the prohibition on examining “alternative policy scenarios” relates to the OBR examining alternative “macro” policy scenarios such as a slower or a faster pace of fiscal consolidation, relative to announced government policy. The Committee and OBR secretariat shared this interpretation of the remit. The chair of the OBR confirmed his view as previously stated in a letter to the Treasury Select Committee, that he wanted Parliament to provide a steer on whether the OBR should analyse alternative policy paths. Pending that decision, the Committee did not feel that the inability to assess alternative (macro) policy scenarios impinged on their ability to decide on the key economic and fiscal assumptions underpinning its forecasts.
- Thirdly, the Committee explained that for Government policies that are still to be implemented they considered the costings, and methodology underlying them. The Government provided the OBR with revised costings where the fiscal impact of these policies could be quantified with reasonable accuracy. The Committee certified these costings based on a judgment of whether they agreed:
that all measures that could be reasonably quantified had been included; and
with the underlying methodology of the costing.

- For example, they did not include the Universal Credit in their forecasts as the details of the policy are not certain enough. In contrast, the policy details on tuition fees were sufficiently detailed to warrant inclusion of this measure in their forecast.

19. Based on the evidence provided to us and the scenarios presented in the economic forecast, we are content that the current scope of the OBR does not negatively impact on its ability to arrive independently at the key economic and fiscal assumptions and that there is positive evidence of OBR having full discretion over its scope and forecast judgements.”

[The report includes further findings which form part of the Subject Matter Information]

Assurance Conclusion (Part of the Subject Matter Information)

“Conclusion

In our opinion, based on the criteria in Figure 1, the key economic and fiscal assumptions underpinning the Office for Budget Responsibility’s forecasts have been independently arrived at.” (page 13)
Example 4: Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW) Assurance Standard 850, Assurance Engagements on Projects Applying Information Technology (Short Form Report)

Note: This is a private sector direct engagement performed in Germany in accordance with IDW Assurance Standard 850. As it is a private engagement, real life examples are not available. Further, the text of the assurance report has been translated solely for the purposes of facilitating the IAASB’s discussion, and should not be taken as an official translation. Page references contained in the boxes in this example are to the full text of the report, which is available in Appendix 2.

**Assurance Objective**

"I/ We have been engaged by ...[Company] on ...[date] to perform an assurance engagement on the company’s IT project ...[description of project] relating to changes to the IT system relevant to financial reporting completed on ...[date of the implementation].

... My/ our responsibility is to express a conclusion on the changes to the IT-based accounting system undertaken as part of the company’s IT Project based on my/ our assurance engagement." (page 12 below)

**Underlying Subject Matter**

A company’s Information Technology (IT) project which resulted in changes to the IT system relevant to financial reporting

**Criteria**

“applicable legal requirements, including the propriety, security and control requirements stemming from the [German] principles of proper accounting pursuant to IDW Accounting Principle: “Principles of Proper Accounting When Using Information Technology” (page 12 below)

**Work Effort/ Summary of Procedures**

"I/ we performed my/ our assurance engagement in compliance with IDW Assurance Standard: Assurance Engagements on Projects Applying Information Technology (IDW AssS 850). This Standard requires the assurance engagement on the project to be planned and performed so that risks arising from project management and performance are identified and a conclusion can be reached with reasonable assurance about whether the implementation of the project as part the company’s IT-based accounting system is suitable, if properly applied, to ensure the compliance of the accounting system with applicable legal requirements, including the propriety, security and control requirements stemming from the [German] principles of proper accounting pursuant to IDW Accounting Principle: “Principles of Proper Accounting When Using Information Technology (IDW AcP FAIT 1). In determining the assurance engagement procedures, knowledge of the entity’s business activities and its commercial and legal environment as well as expectations about potential errors were taken into account. The assurance
engagement involves the evaluation, in part on a test basis, of the effectiveness of the measures in connection with the project and their impact on the accounting system and also the evaluation of the tests undertaken as part of the project's management. The nature, timing, extent and results of my/our assurance procedures are presented in the preceding long-form assurance report." (page 12 below)

**Assurance Conclusion (Part of the Subject Matter Information)**

"I/We conclude that, based on the findings of our reasonable assurance engagement, the implementation of this project as part of the company's IT-based accounting system, if properly applied, ensures compliance with the requirements as to propriety, security and controls pursuant to IDW AcP FAIT 1 stemming from the applicable legal provisions, including those stemming from the German principles of proper accounting." (page 12 below)
Criteria from Office of the Auditor General of Canada report, *Replacing Canada’s Fighter Jets*

**CRITERIA**

Our criteria reflect basic principles of good management practices and due diligence, and are based on relevant Treasury Board policies that support decision making and sound stewardship and contribute to transparency, accountability, and value for money.

To determine whether National Defence and Industry Canada applied due diligence in managing Canada’s participation in the United States-led Joint Strike Fighter Program and whether National Defence and Public Works and Government Services Canada applied due diligence in managing the Next Generation Fighter Capability project for the replacement of the CF-18 fighter jets, we used the following criteria:

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<td>1. <em>National Defence Act</em></td>
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<td>National Defence has a governance and management approach to carry out its activities, within its mandate and authorities, and applied it to the Canadian participation in the JSF Program. (Sources: 1, 2, 3, 4, 5, 10, 13, 15, 16, 18, 19, 21, 24, 25)</td>
<td>2. <em>Defence Production Act</em></td>
</tr>
<tr>
<td>National Defence has carried out and sought appropriate oversight and approvals at key decision points related to the Canadian participation of the JSF Program. (Sources: 4, 10, 13, 18, 24, 25)</td>
<td>3. <em>Department of Industry Act</em></td>
</tr>
<tr>
<td>National Defence knows its contributions are being used for the purposes intended, in accordance with the terms and conditions of the 2002 system development and demonstration memorandum of understanding and the 2006 production, sustainment, and follow-on development memorandum of understanding. (Sources: 4, 10, 14, 15)</td>
<td>4. <em>Financial Administration Act</em></td>
</tr>
<tr>
<td>Industry Canada has identified, assessed, and managed risks and benefits related to the Canadian industrial participation in the JSF Program. (Sources: 8, 10, 16, 17, 19)</td>
<td>5. <em>Department of Public Works and Government Services Act</em></td>
</tr>
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<td>Industry Canada has a governance and management approach to carry out its activities, within its mandate and authorities, and applied it to the Canadian industrial</td>
<td>6. <em>Government Contracts Regulations</em></td>
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<td>7. Contracting Policy, Treasury Board</td>
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<td>11. Policy on Transfer Payments, Treasury Board</td>
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participation in the JSF Program. (Sources: 3, 10, 11, 13, 15, 18)

Industry Canada has carried out and sought appropriate oversight and approvals at key decision points related to the Canadian industrial participation in the JSF Program. (Sources: 10, 11, 13)

Industry Canada knows that it has met its contribution commitments in accordance with the terms and conditions of the 2002 system development and demonstration memorandum of understanding and the 2006 production, sustainment, and follow-on development memorandum of understanding. (Sources: 3, 10, 11, 15, 18)

National Defence and Public Works and Government Services Canada have identified, assessed, and managed key activities of project management to support the decision making related to the Next Generation Fighter Capability project for the replacement of the CF-18 fighter jets. (Sources: 2, 5, 6, 7, 8, 9, 10, 12, 13, 17, 19, 20, 23, 24)

National Defence has a governance and management approach to carry out its activities, within its mandate and authorities, and applied it to the Next Generation Fighter Capability project for the replacement of the CF-18 fighter jets. (Sources: 1, 3, 9, 10, 12, 13, 15, 16, 18, 19, 21)

National Defence and Public Works and Government Services Canada have carried out and sought appropriate oversight and approvals at key decision points related to the Next Generation Fighter Capability project for the replacement of the CF-18 fighter jets. (Sources: 8, 10, 13, 24)

Management reviewed and accepted the suitability of the criteria used in the audit.” (pages 33-34)
Assurance Report on the Performance of an Assurance Engagement on the IT Project ... [Description] by German Public Auditors, who are not the Entity's Financial Statement Auditor

To the ... [company]

I/ We have been engaged by ...[Company] on ...[date] to perform an assurance engagement on the company's IT project ...[description of project] relating to changes to the IT system relevant to financial reporting completed on ...[date of the implementation].

The Company's officers are responsible for the appropriate planning, performance and monitoring of the project. The Company's officers are also responsible for ensuring the implementation and maintenance of an accounting system that complies with the German legal provisions and the general principles of proper accounting, including an effective internal control system. This responsibility of the officers is unaffected by my/ our assurance engagement. My/ our responsibility is to express a conclusion on the changes to the IT-based accounting system undertaken as part of the company's IT Project based on my/ our assurance engagement.

I/ we performed my/ our assurance engagement in compliance with IDW Assurance Standard: Assurance Engagements on Projects Applying Information Technology (IDW AssS 850). This Standard requires the assurance engagement on the project to be planned and performed so that risks arising from project management and performance are identified and a conclusion can be reached with reasonable assurance about whether the implementation of the project as part the company’s IT-based accounting system is suitable, if properly applied, to ensure the compliance of the accounting system with applicable legal requirements, including the propriety, security and control requirements stemming from the [German] principles of proper accounting pursuant to IDW Accounting Principle: “Principles of Proper Accounting When Using Information Technology (IDW AcP FAIT 1). In determining the assurance engagement procedures, knowledge of the entity’s business activities and its commercial and legal environment as well as expectations about potential errors were taken into account. The assurance engagement involves the evaluation, in part on a test basis, of the effectiveness of the measures in connection with the project and their impact on the accounting system and also the evaluation of the tests undertaken as part of the project’s management. The nature, timing, extent and results of my/ our assurance procedures are presented in the preceding long-form assurance report. I /We believe that my/ our assurance engagement provides a reasonable basis for my/ our conclusion.

I/ We conclude that, based on the findings of our reasonable assurance engagement, the implementation of this project as part of the company's IT-based accounting system, if properly applied, ensures compliance with the requirements as to propriety, security and controls pursuant to IDW AcP FAIT 1 stemming from the applicable legal provisions, including those stemming from the German principles of proper accounting.

[This assurance report is intended to be forwarded only to the company's auditor. It may not be used for third parties.]

(Place)

(Date)

(Signature)

Wirtschaftsprüfer