



WIRTSCHAFTSPRÜFERKAMMER

Körperschaft des
öffentlichen Rechts

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Durchwahl: 171
RA Dr. Jens Engelhardt
874/870
- Please always indicate -

Statement of Membership Obligations 1 - 7 (revised)

Dear Ian,
dear Ladies and Gentlemen,

We are pleased to take the opportunity to comment on the above-mentioned exposure draft.

First of all let us stress that we consider very positively the development towards a highly standardized structure of the different SMOs. Only by this means interdependencies between the different SMOs can be recognized and possible contradictions avoided, respectively.

In this context we noticed that in some SMOs the translation of "international standards" as a whole is required, e.g. in SMO 2 and 4. In SMO 6, note 59, international standards are defined inter alia as ISA, Code of Ethics, IES and also IFRS. From our point of view this requirement should either be generalized and consequently localized in a separate and general SMO (maybe together with other obligations applying to all SMOs) or the different SMOs should explicitly describe the standard or standards to be translated (e.g. the Code of Ethics in SMO 4).

Furthermore we urgently suggest that the requirement of translating international standards should not apply unrestrictedly. As provided for exposure drafts, final standards should only be required to be translated if applicable and proportionate. E.g. the translation of the IFRS by the member organization would not be proportionate since there are official translations by the EU.

Besides these general remarks, concerning the particular SMOs we only have two major points to address, but these ones are extraordinarily important and both pertain to **SMO 1**:

- **SMO 1** now provides that not only for auditors of pie or other statutory auditors a quality assurance review system has to be in place but at least for all auditors of financial statements. WPK rejects this proposal strictly. This would not be proportionate and would trigger lots of bureaucracy and financial burden not only for WPK itself as a regulator, but especially for the considerable number of those German professional accountants who - like tax advisors - only perform audits of financial statements which are not legally prescribed. The propositions of the EU-Commission would have the same effect by including any audit of financial statements in the auditors directive. This is strictly rejected by WPK, too.

Likewise, WPK also rejects an obligation to issue criteria which subject also any other professional services to a quality assurance review.

- **SMO 1** further provides that - according to our understanding - firms are to directly apply ISQC 1 and ISA 220 (Paragraph 20). That would cause, also from a systematic viewpoint, considerable frictions. Instead, ISQC 1 and ISA 220 should, according to the general principles, be required to be adopted by the member bodies and be incorporated into their national standards which should then be complied with by the firms. The corresponding provision should consistently contain IFAC's definition of „adoption“.

We deeply hope that our comments will duely be considered.

Truly yours,


RA Peter Maxl
Executive Director


RA Dr. Volker Schnepel
Head of Professional Law/Accounting/Auditing