



WIRTSCHAFTSPRÜFERKAMMER

Körperschaft des
öffentlichen Rechts

WIRTSCHAFTSPRÜFERKAMMER · Postfach 30 18 82 · 10746 Berlin

Mr. Ken Siong
Technical Director
International Ethics Standards Board
for Accountants
International Federation of Accountants
529 Fifth Avenue
New York, NY 10017
USA

Wirtschaftsprüferhaus
Rauchstraße 26
10787 Berlin
Telefon 0 30/72 61 61-0
Telefax 0 30/72 61 61-212
E-Mail kontakt@wpk.de

Rue des Deux Églises 35
1000 Bruxelles
E-Mail bruessel@wpk.de
www.wpk.de

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Contact: **Dr. Jens Engelhardt**
+49 30 726 161 171
INT/IESBA/874

- please always indicate -

Exposure Draft: Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients

Dear Mr. Siong

Dear Ladies and Gentlemen

We are pleased to take this opportunity to comment on the above-mentioned exposure draft (hereinafter referred to as "ED").

Request for Specific Comments

The IESBA would welcome views on the following questions:

ED: Emergency Provisions

1. Are there any situations that warrant retention of the emergency exceptions pertaining to bookkeeping and taxation services?

WPK welcomes the unexceptional withdrawal of the emergency exception provisions related to bookkeeping and taxation services. The German law does not provide for such emergency exceptions either. The withdrawal is favourable particularly due to the following reasons: Firstly, the determination of what constitutes an emergency situation remains highly unclear and creates a gateway for misuse of the provisions. Secondly, the determination to use the

provision should not be made by the auditor and the client. Thirdly, retaining any emergency exceptions would inevitably lead to and maintain, respectively, regulatory divergence, since some jurisdictions would implement such provisions and others not, thereby undermining IFAC's goal to contribute to global convergence to the greatest extent possible. In contrast, withdrawing the emergency exceptions might also lead to greater acceptance and therefore use of the Code of Ethics.

Against this background we are not capable of recognizing any situations that could warrant the retention of the emergency exceptions.

ED: Management Responsibilities

2. Does the change from "significant decisions" to "decisions" when referring to management responsibilities (paragraph 290.162) enhance the clarity of a management responsibility?

Generally, all decisions regarding acquisition, deployment and control of human, financial, physical, technological and intangible resources are likely to be the responsibility of management. In contrast, requiring significant decisions in this respect might lead to imprecise classifications of management responsibilities. Therefore, for the sake of clarity, the deletion of the term "significant" is the right step forward.

3. Are the examples of management responsibilities in paragraph 290.163 appropriate?

From our point of view, the new and clarified examples, respectively, might provide further guidance and clarification as to what constitutes a management responsibility.

4. Are there any challenges in understanding and applying the prerequisite set out in paragraph 290.165 for non-assurance services that should be considered?

Basically, the prerequisite set out in paragraph 290.165 seem to be clear. However, it remains to be seen if there might be practical implications in individual cases.

5. Will the enhanced guidance assist engagement teams to better meet the requirement of not assuming a management responsibility?

Although we have stated a possible positive effect of the changes above, we would like to express some level of doubts if the changes are really necessary and will significantly contribute to assisting engagement teams to better meet the requirements of not assuming a management responsibility.

6. Does the relocation of the guidance pertaining to administrative services into its own subsection provide greater clarity?

The relocation of the guidance pertaining to administrative services into its own subsection might provide greater clarity.

Routine or Mechanical

7. Does the proposed guidance on "routine or mechanical" clarify the term, or is additional guidance needed?

In our view, the additional descriptive language and the additional examples of activities further and sufficiently clarify the meaning of the phrase "routine or mechanical". Nevertheless, we wonder if such additional guidance could and would be better addressed in a separate guidance paper as opposed to the Code of Ethics itself.

8. Is the meaning and identification of source documents sufficiently clear, taking into account documents that may be generated by software?

Yes, in our view the meaning and identification of source documents seem sufficiently clear.

Section 291

9. Do the changes proposed to Section 291, specifically the additional requirements to proposed paragraph 291.146, enhance the clarity of a management responsibility?

From our point of view, the clarity of a management responsibility is improved by the changes proposed to Section 291. This is also particularly true for the additional requirements to proposed paragraph 291.146.

10. Are the examples of management responsibilities in paragraph 291.144 appropriate?

The examples of management responsibilities are appropriate.

11. Does the relocation of the guidance pertaining to administrative services provide greater clarity?

The relocation of the guidance pertaining to administrative services might provide greater clarity.

Request for General Comments

In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:

(a) *SMPs*—The IESBA invites comments regarding the impact of the proposed changes for SMPs, especially the changes regarding management responsibilities.

As stated above, WPK basically welcomes the present initiative to provide further guidance and clarification. Since and as far as the changes are only aimed at clarifying and providing more guidance, the impact for SMPs are probably of little account.

(b) *Preparers (including SMEs), and users (including regulators)*—The IESBA invites comments on the proposed changes from preparers (particularly with respect to the practical impacts of the proposed changes), and users.

No comment.

(c) *Developing Nations*—Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposed changes, in particular, on any foreseeable difficulties in applying them in a developing nation environment.

Not applicable.

(d) *Translations*—Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposed changes.

Due to the high importance of the Code of Ethics and its worldwide (de facto) binding effect on the profession, one might think about translating the Code of Ethics and the present changes into the respective language of important jurisdictions by IFAC itself. This could also lead to greater acceptance and use of the Code of Ethics.

(e) *Effective Date*—The IESBA proposes that the effective date for the changes will not be less than 12 months after issuance of the final changes. Earlier application would be permitted. The IESBA welcomes comment on whether this minimum period would be sufficient to support effective implementation of the changes.

Basically, WPK deems 12 months as an appropriate period of time.

We hope that our remarks will be taken into consideration in the subsequent course of the proceedings, and we would be delighted to answer any questions you may have.

Kind regards

A handwritten signature in black ink, appearing to read 'Claus C. Securs'. The signature is written in a cursive style with some stylized flourishes.

Claus C. Securs
President WPK