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**Professional Charter for  
Professional Accountants in Public Practice  
(BS WP/vBP)**

of 21st June 2016 (BAanz AT 22.07.2016 B1)  
which came into force on 23rd September 2016 (BAanz AT 04.10.2016 B2)

Please note that the English translation of the Professional Charter for Professional Accountants in Public Practice is for informational purposes only. The original German text of the Professional Charter is the authoritative version.

## Specific Terms and Abbreviations

Deutsch	Abbreviation (if applicable)	English	Remarks
Auftragsbezogene Qualitätssicherung		Engagement-related quality control review	Quality control measures applied at engagement level prior to engagement completion, including consultation, review of the additional auditor's report and engagement quality control review
Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer	BS WP/vBP	Professional Charter for Professional Accountants in Public Practice <sup>1</sup>	
Betriebswirtschaftliche Prüfung		General audit and assurance engagement	
Bundesanzeiger	BAnz	Federal Gazette	
Gesetz über außergerichtliche Rechtsdienstleistungen	RDG	Law on out of court legal services	
Handelsgesetzbuch	HGB	Commercial Code	
Versicherungsaufsichtsgesetz	VAG	Insurance Supervision Act	
Wirtschaftsprüferordnung	WPO	Public Accountants Act	

For sake of simplification only the male form of a person is used.

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<sup>1</sup> The Term "Professional Accountant in Public Practice" comprises Wirtschaftsprüfer (German public accountants/auditors) and vereidigte Buchprüfer (sworn auditors).

## Table of Contents

### **Part 1: General Professional Duties**

- § 1 Principle
- § 2 Independence
- § 3 Prohibition to represent Conflicting Interests
- § 4 Conscientiousness
- § 5 Continuing Professional Development
- § 6 Qualification, Information and Commitment of Employees
- § 7 Initial and Continuing Professional Development of Employees
- § 8 Securing Conscientious Professional Practice
- § 9 Handling of Third-Party Assets
- § 10 Confidentiality
- § 11 Prohibition to utilize Professional Secrets
- § 12 Self-Responsibility
- § 13 Employee Management
- § 14 Proper Professional Conduct
- § 15 Criteria for the Description of Remuneration Schemes in the Transparency Report
- § 16 Duties towards other Professional Accountants in Public Practice
- § 17 Contribution to Initial Professional Development
- § 18 Limitation of Liability
- § 19 Use of the Official Seal
- § 20 Design of the Official Seal
- § 21 Joint Practice
- § 22 Professional Firms

### **Part 2: Professional Indemnity Insurance**

- § 23 Insurance Obligation
- § 24 Contents of the Insurance Contract
- § 25 Proof of Insurance Contract before Appointment
- § 26 Verification Procedures after Appointment
- § 27 Supplementary Insurance

### **Part 3: Special Duties when Carrying Out Audits and Issuing Expert Opinions**

- § 28 Impartiality
- § 29 Unbiasedness and Apprehension of Bias
- § 30 Safeguards
- § 31 Reasons for Exclusion according to §§ 319 Section 3, 319a and 319b Section 1 HGB
- § 32 Self-Interest Threat
- § 33 Self-Review Threat
- § 34 Advocacy Threat
- § 35 Familiarity Threat

- § 36 Intimidation Threat
- § 37 Professional Skepticism
- § 38 Audit Planning
- § 39 Conduct of the Audit
- § 40 Complaints and Allegations
- § 41 Designation of Information taken From Other Sources in Additional Reports of the Auditor and in Expert Opinions
- § 42 Duties when Changing the Auditor
- § 43 Remuneration
- § 44 Signing Audit Reports, Additional Reports of the Auditor and Expert Opinions

#### **Part 4: Professional Duties concerning Quality Control for Statutory Audits in accordance with § 316 HGB**

##### **Section 1: Additional Professional Duties while carrying out the Engagement**

- § 45 Order File
- § 46 Selection and Equipment of the Key Audit Partner
- § 47 Personnel and Time Resources (§ 38 Section 1)
- § 48 Engagement-Related Quality Control Review Measures
- § 49 Monitoring

##### **Section 2: Professional Duties concerning the Creation of Provisions for a Quality Control System according to § 55b Section 2 WPO**

- § 50 General Remarks
- § 51 Requirements regarding the Quality Control System
- § 52 Provisions for Compliance with Reasons for Exclusion
- § 53 Provisions for Acceptance, Continuation and early Termination of Engagements
- § 54 Requirements regarding the Persons involved
- § 55 Overall Planning and Organization of Expert Information
- § 56 Audit Planning
- § 57 Conduct of the Audit
- § 58 Audit File
- § 59 Complaints and Allegations
- § 60 Engagement-Related Quality Control Review Measures
- § 61 Principles of Remuneration and Profit-Sharing
- § 62 Outsourcing of important Audit Procedures
- § 63 Monitoring

#### **Part 5 - Final Provisions**

- § 64 Scope
- § 65 Publication
- § 66 Coming into force, Abrogation

Appendix (to § 20)

**Part 1:**  
**General Professional Duties**

**§ 1**  
**Principle**

(1) <sup>1</sup>Professional Accountants in Public Practice must practice their profession independently, conscientiously, confidentiality and self-responsibly (§ 43 Section 1 Sentence 1 WPO). <sup>2</sup>They are to uphold their duties responsibly and diligently (§ 17 Section 1 WPO). <sup>3</sup>Within and outside the scope of their profession, they must prove themselves in a manner worthy of the trust and respect the profession demands (§ 43 Section 2 Sentence 3 WPO).

(2) <sup>1</sup>Professional Accountants in Public Practice must abstain from all activities that are incompatible with their profession or the reputation of the profession. <sup>2</sup>They must be particularly aware of the specific professional duties arising from their entitlement to issue audit reports on statutory audits (§ 43 Section 2 Sentence 1 and 2 WPO) and to use an official seal (§ 19).

**§ 2**  
**Independence**

(1) <sup>1</sup>Professional Accountants in Public Practice must not enter into commitments that would or could threaten their professional freedom of decision-making. <sup>2</sup>They must maintain their personal and economic independence towards everyone.

(2) It is particularly against professional ethics,

1. Notwithstanding Article 4 of the Regulation (EU) No. 537/2014, to enter into an agreement according to § 2 Section 1 and 3 No. 1 and 3 WPO, by which the level of remuneration is made dependent upon the outcome of the work as a Professional Accountant in Public Practice (§ 55 Section 1 Sentence 1 WPO),
2. For activities according to § 2 Section 2 WPO, to enter into an agreement by which the level of remuneration is made dependent on the outcome of the case or upon the success of the activity of the Professional Accountant in Public Practice or by which the Professional Accountant in Public Practice receives a share of the anticipated tax reduction, tax savings or tax refund as a fee; this does not apply in certain individual cases to agreements if, due to the client's financial standing, from a reasonable perspective, the client would otherwise be prevented from prosecuting his interests in absence of a negotiated contingency fee (§ 55a Section 1 Sentence 1, Section 2 WPO),
3. Above and beyond No. 1, to make remuneration for statutory audits dependent upon further conditions; this also must not be influenced or determined by the rendering of additional services on behalf of the audited company (§ 55 Section 1 Sentence 3 WPO),
4. To distribute or receive any part of the remuneration or other benefits in exchange for brokering

engagements, whether on behalf of a Professional Accountant in Public Practice or a third party (§ 55 Section 2 WPO),

5. To assume the risks of a client or
6. To accept pension commitments from clients.

### **§ 3**

#### **Prohibition to represent Conflicting Interests**

(1) <sup>1</sup>Professional Accountants in Public Practice are not allowed to work for a client if they are advising or representing or have advised or represented another client with conflicting interests in the same matter. <sup>2</sup>The prohibition according to Sentence 1 also applies to all Professional Accountants in Public Practice in the same joint practice or professional firm or connected by a network with the affected Professional Accountant in Public Practice. <sup>3</sup>Sentence 2 does not apply when it can be secured by means of safeguards that the clients' interests are not endangered and they have agreed to the advice or representation after being informed about the type of conflict of interest as well as the implemented or the intended safeguards. <sup>4</sup>The clients are to be separately informed and their explicit permission must be obtained when required due to type and significance of the conflict of interest.

(2) <sup>1</sup>Beyond that, Professional Accountants in Public Practice are only allowed to advise or represent multiple clients in the same matter if they have been assigned jointly or if all the clients involved have agreed. <sup>2</sup>It is permitted to act as a mediator on behalf of all parties involved.

### **§ 4**

#### **Conscientiousness**

(1) In carrying out their duties, Professional Accountants in Public Practice are to comply with the law, remain informed about the regulations governing professional practice, and comply with these provisions and professional rules.

(2) Professional Accountants in Public Practice are only allowed to provide services and accept engagements if they have the required expertise and time to complete the engagement.

(3) By means of an appropriate overall planning of all engagements, Professional Accountants in Public Practice have to set the preconditions that the accepted and anticipated engagements are carried out in an orderly and timely manner in adherence to the professional standards.

(4) Should circumstances occur which would have caused an engagement to be rejected, the

client engagement must be terminated.

## § 5

### Continuing Professional Development

(1) <sup>1</sup>Professional Accountants in Public Practice are obliged to engage in continuing professional development (§ 43 Section 2 Sentence 4 WPO). <sup>2</sup>This continuing professional development shall maintain their professional expertise, their ability to apply that expertise, as well as their awareness of their professional duties at a sufficiently high level. <sup>3</sup>Professional Accountants in Public Practice fulfil their continuing professional development requirements by participating in training measures as lecture attendees or as instructors, as well as through self-studies.

(2) <sup>1</sup>Continuing professional development measures include expert events (lectures, seminars, discussion groups or similar events). <sup>2</sup>It does not make a difference whether the events are organized by third parties or by the professional firm itself and whether they are open to the public or only to employees of the professional firm. <sup>3</sup>Continuing professional development measures also include the completion of IT-assisted expert courses (e-learning, web-based training), if the length of participation can be documented. <sup>4</sup>Equivalent to participation in continuing professional development measures are expert literary work, serving on outside or in-house expert committees as well as teaching at universities.

(3) Self-studies include, in particular, the reading of expert literature.

(4) <sup>1</sup>The continuing professional development must be relevant to the scope of practice specified in §§ 2, 129 WPO and be suitable for improving the knowledge and skills named in Section 1 Sentence 2. <sup>2</sup>Its area of focus shall be the current or anticipated professional activity of the Professional Accountants in Public Practice. <sup>3</sup>For Professional Accountants in Public Practice who conduct statutory audits, the scope of the continuing professional development must sufficiently lie on audit work (§§ 2 Section 1, 129 Section 1 WPO).

(5) <sup>1</sup>The continuing professional development shall encompass no less than 40 hours per year. <sup>2</sup>Thereof, 20 hours must be dedicated to the continuing professional development measures specified in Section 2; these are to be documented according to type and subject for proof of completion. <sup>3</sup>The minimum number of hours according to Sentence 2 can also be completed by continuing professional development measures pursuant to § 57a Section 3 Sentence 2 No. 4, Section 3a Sentence 2 Number 4 WPO.

## **§ 6**

### **Qualification, Information and Commitment of Employees**

- (1) When hiring employees, Professional Accountants in Public Practice have to examine their professional and personal aptitude.
- (2) According to their level of responsibility, employees are to be informed about the professional duties as well as the quality control system established in the professional firm.
- (3) Prior to taking up employment, they shall be committed to comply with the regulations of confidentiality, data protection and insider rules, as well as with the provisions concerning the quality control system; this is to be documented.

## **§ 7**

### **Initial and Continuing Professional Development of Employees**

- (1) <sup>1</sup>Professional Accountants in Public Practice are to ensure that young professionals receive an adequate practical and theoretical initial professional development and that professional employees undergo continuing professional development. <sup>2</sup>The initial and the continuing professional development must be structured and relevant to the professional employee's fields of activity.
- (2) Professional Accountants in Public Practice are allowed to delegate responsibility to their employees only to the extent that those have the necessary qualifications.
- (3) Professional Accountants in Public Practice are to evaluate the performance of their professional employees at appropriate intervals.

## **§ 8**

### **Securing Conscientious Professional Practice**

- (1) <sup>1</sup>In order to secure conscientious professional practice, Professional Accountants in Public Practice shall create, monitor and enforce rules which are appropriate to the nature, scope and complexity of the professional services provided by the professional firm (§ 55b Section 1 WPO). <sup>2</sup>They shall assess the compliance with the professional duties within their professional firm at appropriate intervals and remediate any deficiencies.
- (2) <sup>1</sup>In the case of statutory audits which do not fall within the scope of Part Four and for which an audit report replicated in accordance with § 322 HGB is issued, the provisions of the quality control system for statutory audits according to § 316 HGB shall be applied appropriately (Part 4 Section 2). <sup>2</sup>The requirements upon the quality control system are derived from the specific circumstances of the professional firm and, in particular, from the nature



and scope as well as the complexity of the statutory audits conducted by the Professional Accountants in Public Practice (§ 50 Section 1 Sentence 2). <sup>3</sup>If audit reports according to ISA 700 are issued, the corresponding relevant quality control provisions must be observed.

## **§ 9**

### **Handling of Third-Party Assets**

(1) <sup>1</sup>Professional Accountants in Public Practice must keep consigned third-party assets separate from their own and other third-party assets and administer them conscientiously.

<sup>2</sup>Separate documentation is to be kept for third-party assets. <sup>3</sup>Cash and securities are to be administered either under the name of the principal or deposited into escrow accounts. <sup>4</sup>Third party-owned cash in transit is to be forwarded to the authorized recipient without delay.

(2) <sup>1</sup>Professional Accountants in Public Practice are only allowed to make use of third party assets entrusted to them for specific purposes for covering their own billings (fees, advances and reimbursement of out-of-pocket expenses) only if they have been explicitly authorized to do so. <sup>2</sup>To the extent that offsetting and withholding is permissible these rights shall remain unaffected.

## **§ 10**

### **Confidentiality**

(1) Unless authorized, Professional Accountants in Public Practice are not allowed to reveal facts and circumstances that are entrusted or become known to them in the course of their professional activities.

(2) <sup>1</sup>Professional Accountants in Public Practice shall ensure that facts and circumstances as defined in Section 1 will not become known to unauthorized parties. <sup>2</sup>They are to take appropriate precautions.

(3) The duties in Section 1 and 2 shall remain in force after the engagement has been terminated.

## **§ 11**

### **Prohibition to utilize Professional Secrets**

<sup>1</sup>If, in the course of their professional activities, Professional Accountants in Public Practice become aware of facts and circumstances, in particular commercial decisions or transactions concerning their clients or third parties, they must not make unauthorized use of this knowledge for themselves or third parties. <sup>2</sup>§ 10 Section 3 applies accordingly. <sup>3</sup>If a reasonable and informed third party may obtain the impression that secrets might be utilized the cir-

cumstances providing grounds for this risk may only be brought about or upheld with the permission of the person protected by the prohibition on utilization of secrets.

## **§ 12**

### **Self-Responsibility**

(1) Regardless of the nature of the professional activity (§ 38 No. 1 d WPO), Professional Accountants in Public Practice have to determine their actions self-responsibly and make their own judgements and decisions.

(2) It is not permitted to assume professional activities if the required professional responsibility cannot or is not intended to be upheld.

## **§ 13**

### **Employee Management**

Professional Accountants in Public Practice must be in the position to monitor and evaluate the activities of employees in such a way that they can derive their own conclusions based on knowledge.

## **§ 14**

### **Proper Professional Conduct**

(1) Professional Accountants in Public Practice are to express themselves objectively.

(2) Professional Accountants in Public Practice are obliged to inform their clients about violations of the law they have discovered while carrying out their duties.

(3) <sup>1</sup>Professional Accountants in Public Practice are only allowed to accept benefits in kind from clients or third parties acting on their behalf if the benefits in kind are obviously insignificant and, from the perspective of a reasonable and informed third party in full knowledge of all relevant facts, would not have any influence on the decision-making process or the outcome of the activity. <sup>2</sup>For benefits in kind made by the Professional Accountants in Public Practice to the client, its employees or third parties in connection with an engagement, Sentence 1 applies accordingly; for commissions, § 55a Section 2 WPO applies. <sup>3</sup> Professional Accountants in Public Practice are to ensure that their employees also comply with these principles and are to take appropriate measures to monitor this compliance.

## **§ 15**

### **Criteria for the Description of Remuneration Schemes in the Transparency Report**

<sup>1</sup>The information to be compiled in the transparency report regarding the remuneration

schemes of board members and senior executives shall clearly state whether and how the professional activity is influenced by financial incentives. <sup>2</sup>It must include details as to,

- Whether remuneration is divided up into fixed and variable components, including contingency components,
- Which proportion of the remuneration is variable,
- The nature of the variable remuneration and the basis on which it is calculated.

## **§ 16**

### **Duties towards other Professional Accountants in Public Practice**

(1) When a professional firm or part of it changes ownership against payment, it is not permitted to exploit the dire situation of a professional colleague, his heirs or legatees.

(2) Professional Accountants in Public Practice are not permitted to poach or to commission the poaching of the employees of another Professional Accountant in Public Practice.

(3) When Professional Accountants in Public Practice establish their own professional firm or change employers, they are not allowed to induce the clients of their former employer to transfer existing engagements.

## **§ 17**

### **Contribution to Initial Professional Development**

Professional Accountants in Public Practice shall to the best of their abilities contribute to the initial professional development of young professionals as well as of assistant tax consultants.

## **§ 18**

### **Limitation of Liability**

A statutory limitation of liability must not be waived.

## **§ 19**

### **Use of an Official Seal**

(1) <sup>1</sup>Professional Accountants in Public Practice are required to use an official seal when issuing statements within the exclusive legal responsibility of the profession (§ 48 Section 1 Sentence 1 WPO). <sup>2</sup>This also applies to the issuance of statements within the exclusive legal responsibility of the profession even when the underlying activity is not required by law.

(2) Professional Accountants in Public Practice may use an official seal if, in exercising their

profession, they issue statements on audit or assurance activities or issue expert opinions which are not within the exclusive legal responsibility of the profession.

(3) Professional Accountants in Public Practice must not use the official seal in the course of other professional activities.

(4) Professional Accountants in Public Practice are not allowed to use a seal-imitating round stamp.

## § 20

### Design of the Official Seal

(1) The official seal of the Professional Accountants in Public Practice must comply with the shape and size of the sample in the attachment.

(2) <sup>1</sup>Permitted for use are embossed seals (dry seals, varnish seals), seal stamps and color stamps. <sup>2</sup>The official seal can also be rendered electronically or in print form.

(3) <sup>1</sup>The outer circle of the official seal of a Professional Accountant in Public Practice contains, in the circumscription in the upper half, the first and last name of the Professional Accountant in Public Practice, in the lower half, the name of the place of the professional business, in the inner circle in horizontal letters, the professional title of "Wirtschaftsprüfer" (German public accountant/auditor) or "vereidigter Buchprüfer" (sworn auditor) respectively and on the lower edge the word "Siegel" (seal). <sup>2</sup>If the Professional Accountant in Public Practice is entitled to carry an academic degree or title, this may be added to the name. <sup>3</sup>Official seals of Professional Accountants in Public Practice that maintain a branch office may include, after or below the place of the main office, the place of the branch office and the supplement "Zweigniederlassung" (branch office).

(4) <sup>1</sup>The outer circle of the official seal of an audit firm or firm of sworn auditors contains in the circumscription in the upper half the name of the audit firm or firm of sworn auditors, and in the lower half the place of the main office, in the inner circle in horizontal letters, the title "Wirtschaftsprüfungsgesellschaft" (audit firm) or "Buchprüfungsgesellschaft" (firm of sworn auditors) and on the lower edge the word "Siegel" (seal). <sup>2</sup>Official seals used for a branch office of an audit firm or firm of sworn auditors may include, after or below the place of the main office, the place of the branch office and the supplement "Zweigniederlassung" (branch office). <sup>3</sup>If an alternative corporate identity is used for the branch office of an audit firm or firm of sworn auditors, the outer circle of the official seal of the branch office shall have in the circumscription the name of the company of the branch office in the upper half, and in the lower half the name of the place of the branch office and below, or after that name, a supplement containing the words, "Zweigniederlassung der" (branch office of) along with the

name of the audit firm or firm of sworn auditors. <sup>4</sup>The inner circle of the official seal contains the word "Siegel" (seal).

## **§ 21**

### **Joint Practice**

(1) For joint professional activity in a joint practice, the members of the joint practice must act by their names and professional titles.

(2) As an exception to Section 1, a company- or name-like designation may be used for a joint practice; a joint practice may only act under one uniform name.

(3) <sup>1</sup>All members of the joint practice are to be listed separately on the letterhead with their professional titles; in case of a joint practice with multiple locations, all locations are to be listed. <sup>2</sup>If this is not technically possible or practicable, a name as defined in Section 2 is permissible, listing all professional titles represented in the joint practice. <sup>3</sup>In this case all details according to Sentence 1 are to be made available elsewhere.

(4) For firm signages, Section 1 and 2 shall apply, and in case a name is used according to Section 2, Section 3 Sentence 2 shall apply accordingly.

## **§ 22**

### **Professional Firms**

(1) <sup>1</sup>The designations "Wirtschaftsprüfungsgesellschaft" (audit firm) or "Buchprüfungsgesellschaft" (firm of sworn auditors) are to be included in the company title or name of the professional firm after the denomination of the legal form. <sup>2</sup>Verbal conjunctions with other company titles or name components are not permissible.

(2) The company title or name shall not contain any references to incompatible activities.

**Part 2:**  
**Professional Indemnity Insurance**

**§ 23**  
**Insurance Obligation**

(1) The professional indemnity insurance which must be maintained according to § 54 WPO to cover risks of liability arising from the professional activities (§§ 2, 129 WPO) must be contracted with a company authorized to operate in Germany as an insurance company at submitted general insurance conditions according to the VAG.

(2) <sup>1</sup>If the appointment as a Professional Accountant in Public Practice occurs on the basis of passing an aptitude test according to § 131g Section 1 WPO, the certificates issued by the insurance company of another member state of the European Union or a signatory state to the EEA Treaty or Switzerland concerning a concluded professional indemnity insurance are to be taken as equivalent certificates to those issued in Germany as far as they are sufficient in terms of the cover conditions and scope required by laws, regulations or administrative provisions in Germany. <sup>2</sup>The documentation submitted to prove the above must be accompanied by a notarized translation if not already issued in German. <sup>3</sup>The certificates must not be older than three months.

(3) In the case of Section 2, as far as fulfilment of the duties contained in § 26 are not secured by the insurance company, the Professional Accountant in Public Practice must submit a certificate from the insurer to the Chamber of Public Accountants annually which contains the insurance conditions and the scope of cover.

**§ 24**  
**Contents of the Insurance Contract**

Apart from the legally required contents according to § 54 Section 2 Sentence 1 WPO, the insurance contract must state that

1. During the period of a preliminary ban from certain professional activities or an occupational ban (§ 111 WPO) the insurance cover remains active for a representative (§ 121 WPO),
2. The benefits from the insurer for the co-insured foreign risk in Germany are to be paid out in Euros.

**§ 25**  
**Proof of Insurance Contracts before Appointment**

(1) <sup>1</sup>Applicants who apply for appointment as a Professional Accountant in Public Practice and wish to work as sole practitioner according to § 43a Section 1 Number 1 WPO must demonstrate to the Chamber of Public Accountants the conclusion of an appropriate profes-

sional indemnity insurance according to § 54 WPO as well as §§ 23 and 24 by confirmation of the insurer or submit an appropriate preliminary statement of coverage in which the insurer is required to report revocation of the statement of coverage immediately to the Chamber of Public Accountants. <sup>2</sup>Upon submission of an appropriate preliminary statement of coverage, after appointment, the Chamber of Public Accountants shall be informed, without delay, about conclusion of a professional indemnity insurance in the form of a confirmation from the insurer or a notarized copy of the insurance certificate.

(2) Section 1 applies analogously for recognition as a professional firm.

## **§ 26**

### **Verification Procedures after Appointment**

(1) Professional Accountants in Public Practice have to report

1. The beginning, the ending or termination of the insurance contract,
2. Any change in the insurance contract which could impair the mandatory insurance coverage according to § 54 WPO as well as §§ 23 and 24,
3. Any change of the insurer,
4. The beginning and ending of the obligation to insure as a result of a change in the form of the professional activity and
5. Revocation of a preliminary statement of coverage

to the Chamber of Public Accountants immediately.

(2) <sup>1</sup> Professional Accountants in Public Practice practicing in partnerships with persons who themselves are not appointed as Professional Accountants in Public Practice have to demonstrate to the Chamber of Public Accountants that upon taking up such an activity, the total indemnity coverage of the mandatory insurance according to § 54 WPO is available in its entirety for each insurance case (§ 44b Section 4 WPO). <sup>2</sup>The verification according to Sentence 1 is to be submitted in the form of a confirmation from the insurer or a notarized copy of the insurance certificate.

(3) The insurance contract must oblige the insurer according to Section 1 and 2.

## **§ 27**

### **Supplementary Insurance**

The professional indemnity insurance policy to be taken out and maintained according to § 54 WPO shall exceed the minimum level of coverage if required based on the Professional Accountant in Public Practice's nature and scope of liability risks.

**Part 3:**  
**Special Professional Duties when carrying out Audits and issuing  
Expert Opinions**

**§ 28**  
**Impartiality**

(1) <sup>1</sup>Particularly when issuing audit reports and expert opinions, Professional Accountants in Public Practice are to remain impartial (§ 43 Section 1 Sentence 2 WPO), i.e. not to disadvantage or favor any parties involved. <sup>2</sup>This requires carrying out a complete assessment of the case, making a professional judgement in the light of all essential aspects and issuing a report that includes a full account of all key aspects.

(2) <sup>1</sup>If the engagement calls for an assessment with arguments, this must be clearly stated in the designation of the engagement as well as in the report about the results. <sup>2</sup>The term "expert opinion" must not be used.

**§ 29**  
**Unbiasedness and Apprehension of Bias**

(1) Professional Accountants in Public Practice are to refuse to act in cases where they cannot carry out audits or issue expert opinions free from bias or where an apprehension of bias exists.

(2) <sup>1</sup>A party is considered unbiased if it makes judgements without being influenced by non-objective considerations. <sup>2</sup>Unbiasedness can be impaired in particular by self-interest threats (§ 32), self-review threats (§ 33), advocacy threats (§ 34), familiarity threats (§ 35), as well as intimidation threats (§ 36). <sup>3</sup>The existence of such circumstances does not lead to an impairment of unbiasedness if the circumstances themselves for making judgements are obviously insignificant or, combined with safeguards (§ 30), are on the whole insignificant.

<sup>4</sup>Circumstances referred to in Sentence 2 may arise, in particular, due to commercial, financial, or personal relationships.

(3) <sup>1</sup>Apprehension of bias is the case when circumstances as defined in Section 2 Sentence 2 occur, which in the view of a reasonable and informed third party may be deemed sufficient to influence judgement in a non-objective way. <sup>2</sup>Apprehension of bias does not exist in cases where the threat to unbiasedness as defined in Section 2 Sentence 3 is insignificant.

(4) <sup>1</sup>Apprehension of bias may also be substantiated by the fact that

1. Persons with whom the Professional Accountant in Public Practice jointly practices his profession,
2. Persons with whom the Professional Accountant in Public Practice is associated in a network,



3. Persons, to the extent that they are involved in the conduct of the engagement,
4. Spouses, life partners or direct relatives of the Professional Accountant in Public Practice, other family members who have been living for at least a year with the Professional Accountant in Public Practice in the same household, or a representative acting on behalf of these persons,
5. Companies over which the Professional Accountant in Public Practice has significant influence, in particular legal persons, trusts or partnerships which directly or indirectly are controlled by the Professional Accountant in Public Practice, which were founded for his benefit or whose economic interests broadly match those of the Professional Accountant in Public Practice, or
6. Persons with whom the Professional Accountant in Public Practice works in an office, in as far as services are rendered for the same client,

meet the conditions defined in Section 2. <sup>2</sup>For audit firms and firms of sworn auditors, apprehension of bias may be substantiated if they themselves, one of their legal representatives, a shareholder who can exercise significant influence or who has a responsible position during the conduct of the audit, or other persons involved who may influence the outcome of the audit, or companies in which the audit firm or firm of sworn auditors has significant influence or persons with whom the audit firm or firm of sworn auditors is associated in a network, meet the conditions defined in Section 2. <sup>3</sup>The attribution of such conditions in networks is excluded when the member of the network cannot influence the outcome of the audit; this does not apply to cases of prohibition of self-review (§ 33). <sup>4</sup>The attribution of conditions that lead to an excessive dependency on revenues (§ 32 Section 1 No. 3) is excluded in the cases of Sentence 1 No. 2 to 4.

(5) <sup>1</sup>Prior to accepting an engagement, as well as during the entire course of the engagement, it must be evaluated whether circumstances exist that cause a threat to unbiasedness. <sup>2</sup>The measures taken for the evaluation and the critical factors thereby identified are to be documented in writing in the working papers. <sup>3</sup>If a threat to unbiasedness is established and safeguards can be implemented, the client is to be informed about the threat and the measures taken.

(6) <sup>1</sup>If an audited company is acquired by another company during the financial year to be audited or until issue of the audit report or any other reporting about the result of the audit, or merges with another company or acquires another company, the Professional Accountant in Public Practice will determine and assess all current or just recently terminated relationships of a commercial, financial or personal nature to this company which, while taking account of safeguards, may threaten the unbiasedness of the Professional Accountant in Public Practice after the company acquisition or company merger comes into effect. <sup>2</sup>The Professional Accountant in Public Practice will initiate immediately, but at the latest within a period of three months, all measures which are necessary in order to terminate commercial, financial or personal relationships this company which threaten his unbiasedness and will initiate safe-

guards in order to mitigate threats to his unbiasedness, as much as possible, which arise from previous or current relationships of this nature.

### **§ 30** **Safeguards**

(1) <sup>1</sup>Safeguards are measures or procedures capable of mitigating the threat to unbiasedness of the Professional Accountant in Public Practice to a degree that, from the perspective of a reasonable and informed third party, the threat is considered on the whole as being insignificant. <sup>2</sup>This may include the following in particular, depending on the circumstances at hand from which the threat arises:

1. Discussions with the principal's supervisory bodies,
2. Discussions with oversight authorities outside the company,
3. Transparency provisions,
4. Involvement of persons in the engagement who have not otherwise been involved in it,
5. Consultation with colleagues who have experience in issues of unbiasedness, and
6. Personnel and organizational measures that ensure that the auditor does not become aware of information from the additional activity that could lead to the apprehension of bias of the auditor (firewalls).

(2) In documenting and evaluating the risks (§ 29 Section 5), individual safeguards implemented are also to be documented.

### **§ 31** **Absolute Reasons for Exclusion according to §§ 319 Section 3, 319a and 319b Section 1 HGB**

(1) <sup>1</sup>Professional Accountants in Public Practice must refuse to act if they meet the conditions defined by §§ 319 Section 3, 319b Section 1 Sentence 2 HGB, for all statutory audits according to § 49 Alternative 2 WPO. <sup>2</sup>For non-statutory audits where an audit report is issued which is replicated according to the statutory audit report in § 322 HGB, Sentence 1 also applies accordingly.

(2) <sup>1</sup>If conditions in §§ 319 Section 3, 319b Section 1 HGB are met, apprehension of bias is irrefutably presumed according to the Professional Charter. <sup>2</sup>In these cases, safeguards as defined in § 30 cannot be considered.

(3) If the constituent facts of § 319 Section 3 HGB are not completely fulfilled, apprehension of bias as defined in § 29 Section 3 can only exist if additional circumstances substantiate a

not insignificant threat to unbiasedness.

(4) Sections 1 to 3 apply to the constituent facts of § 319a HGB for statutory audits covered there.

(5) Sections 1 to 4 are to be applied to the auditor of consolidated financial statements accordingly.

## **§ 32**

### **Self-Interest Threat**

(1) Self-interest threats of a financial nature may exist in the case of:

1. Equity interests or other financial ties to the company to be audited, on which an expert opinion is to be issued, or which is commissioning the engagement;
2. Equity interests or other financial ties to a company, in which the company to be audited, to be assessed or which has issued the engagement, one of its legally authorized representatives, a shareholder with controlling influence or a member of the Supervisory Board does have a not only insignificant financial interest;
3. An excessive dependency on revenues from such a company;
4. Relationships involving rendering of services above and beyond a normal exchange of business and services with third parties;
5. Claims against the client or the company on which an expert opinion is to be issued arising from a loan or bank guarantee;
6. Fee claims if they are due over a longer period of time and add up to a considerable amount.

(2) Self-interest threats may also be involved especially in the case of:

1. Breaches of duties from previous audits, to the extent that there is a risk of occlusion;
2. Unresolved litigation regarding claims for damages or guarantee issues from previous engagements.

## **§ 33**

### **Self-Review Threat**

(1) A self-review threat exists when the Professional Accountants in Public Practice shall evaluate a particular matter, in which he directly participated in its creation, and this participation was not only of minor importance.

(2) There is no self-review threat as defined in Section 1 if, although the Professional Accountants in Public Practice was previously involved in the same matter, he did not partici-

pate in its creation as defined in Section 1, but he did audit or otherwise evaluate the same subject.

(3) <sup>1</sup>The participation in keeping the books or in the preparation of the financial statements to be audited constitutes the irrefutable apprehension of bias, as long as the activity is not of minor importance. <sup>2</sup>This applies only to direct participation but generally not to advisory or other services impacting only indirectly the financial statements. <sup>3</sup>Even a participation within the scope of an audit through a preliminary evaluation of issues would not ordinarily be considered bias. <sup>4</sup>Whether additional participation of minor significance is considered damaging shall be determined by weighing the general conditions for bias (§ 29 Section 3) while considering all circumstances, including safeguards.

(4) <sup>1</sup>The participation of the Professional Accountant in Public Practice in carrying out an internal audit constitutes an apprehension of bias if the Professional Accountant in Public Practice assumes a responsible position. <sup>2</sup>It is permissible, on the other hand, to participate in individual areas or duties, and, in particular, to also assume internal auditing activities.

(5) <sup>1</sup>There is always apprehension of bias if the Professional Accountant in Public Practice has assumed management functions in the company, regardless of whether these include the area of financial accounting. <sup>2</sup>The same holds true for the rendering of financial services pertaining to the investment of assets of the company to be audited or the takeover or brokering of equity shares or other financial instruments of the company to be the audited.

(6) <sup>1</sup>Actuarial services and valuation services that are not only of minor significance to the financial statements to be audited may also constitute the apprehension of bias if they involve stand-alone services and the activity is not of minor significance. <sup>2</sup>Non stand-alone services are those for which participation of the Professional Accountant in Public Practice is restricted to technical and mechanical assistance and the essential input for the assumptions to be made as well as for the methodology originate from the client.

(7) During the audit of companies as defined in § 319a HGB, apprehension of bias is irrefutably presumed when the Professional Accountant in Public Practice has rendered valuation services in accordance with Article 5 Section 1 Sub-section 2 Letter f of the Regulation (EU) No. 537/2014 in the financial year to be audited or until issue of the audit report beyond the audit work at or for the limited liability company to be audited and the valuation services individually or collectively have an immediate and not only insignificant effect on the financial statements to be audited.

(8) <sup>1</sup>During the audit of companies as defined in § 319a HGB, apprehension of bias is irrefutably presumed when the Professional Accountant in Public Practice beyond the audit work has rendered tax advisor services in accordance with Article 5 Section 1 Sub-section 2 Let-

ter i and iv to vii of the Regulation (EU) No. 537/2014 in the financial year to be audited and the tax advisor services individually or collectively have an immediate and not only insignificant effect on the financial statements to be audited; a not only insignificant effect is particularly the case when rendered tax advisor services in the financial year to be audited have significantly reduced the inland profit to be determined for taxation purposes or a significant proportion of the profit earned was transferred to foreign countries without there being an economic necessity for the company to do so other than obtaining taxation advantages.<sup>2</sup> If services as defined in Sentence 1 are rendered to companies other than those mentioned this does not constitute the irrefutable presumption of apprehension of bias but should rather be evaluated in each individual case whether the apprehension of bias exists in particular due to additional circumstances occurring (§ 29 Section 3, § 319 Section 2 HGB).<sup>3</sup> Legal services according to § 2 Section 1 RDG which the Professional Accountant in Public Practice renders for an audit client outside the scope of Regulation (EU) No. 537/2014 can lead to apprehension of bias when they directly and not only insignificantly affect the true and fair presentation of net assets, financial position and results of operations in the financial statements to be audited.<sup>4</sup> Advisory services that describe the existing legal situation or are based on the assessment of already settled matters do not pose a threat to unbiasedness.

### **§ 34**

#### **Advocacy Threat**

(1) Unbiasedness may be threatened due to advocacy threats if the Professional Accountant in Public Practice was engaged in another matter to represent the interests for or against the company to be audited, on which an expert opinion is to be issued or which is commissioning the engagement.

(2) An advocacy threat in favor of a company exists in particular when the Professional Accountant in Public Practice becomes the partial and vocal advocate for this company, engages in promotion on behalf of the company or distributes its products, not, however, in the case of legal or tax representation.

(3) An advocacy threat against a company exists in particular when a partial or vocal position is taken on behalf of third-party interests against the company or fiduciary duties are assumed on behalf of individual shareholders in such a company.

### **§ 35**

#### **Familiarity Threat**

A familiarity threat exists where a Professional Accountant in Public Practice has close personal ties to the company to be audited, on which an expert opinion is to be issued, or which is commissioning the engagement, the members of company management or persons

who have influence on the subject of the audit.

### **§ 36**

#### **Intimidation Threat**

<sup>1</sup>The independence may be threatened due to intimidation when the Professional Accountant in Public Practice is under alleged or actual pressure including attempts of inappropriate exertion of influence which is suitable for keeping him from making a proper judgement. <sup>2</sup>This is particularly not the case when, based on regulations such as § 318 Section 1 Sentence 5 or Section 6 Sentence 2 HGB, it is ensured that a pressurized situation according to Sentence 1 cannot arise.

### **§ 37**

#### **Professional Skepticism**

<sup>1</sup>Professional Accountants in Public Practice must exercise professional skepticism while planning and conducting audits. <sup>2</sup>The credibility, adequacy and reliability of audit evidence obtained are to be questioned skeptically during the course of the audit. <sup>3</sup>Professional Accountants in Public Practice must assume irrespectively of their previous experiences with the honesty and integrity of the management of the company being audited, that situations such as errors, deceptions, asset misappropriations or other non-compliance with law may exist resulting in significant misstatements of the examination subject. <sup>3</sup>Sentence 1 to 3 apply accordingly for issuance of expert opinions.

### **§ 38**

#### **Audit Planning**

(1) From the acceptance of an engagement, Professional Accountants in Public Practice are obliged to ensure by means of an appropriate audit planning that the audit is conducted in an adequate and orderly manner with respect to scope, resources and timing according to the actual circumstances and conditions of the company to be audited.

(2) Professional Accountants in Public Practice are obliged to determine and document the responsibility for conducting the engagement.

(3) When selecting the members of the audit team, attention must be paid to sufficient practical experience, understanding of the professional rules, necessary industry knowledge as well as an understanding of the quality control system.

## **§ 39**

### **Conduct of the Audit**

(1) <sup>1</sup>Professional Accountants in Public Practice shall ensure that the actual conduct of the audit matches the circumstances and conditions of the company to be audited. <sup>2</sup>Thereby the Professional Accountant in Public Practice must self-responsibly exercise professional judgement when determining nature, scope and documentation of the audit in dependence of size, complexity and risk of the audit client.

(2) <sup>1</sup>By means of audit instructions Professional Accountants in Public Practice have to address the tasks and responsibilities to their employees. <sup>2</sup>The audit instructions shall guarantee that the audit procedures will be carried out and documented sufficiently and in an orderly manner in the working papers, and that an orderly report can be issued. <sup>3</sup>Adherence to the audit instructions shall be monitored.

(3) <sup>1</sup> In case of significant doubts Professional Accountants in Public Practice are obliged to seek internal or external professional advice to the extent necessary based on professional judgement according to the individual circumstances and conditions. <sup>2</sup>The results of the advice and the conclusions drawn shall be documented.

(4) <sup>1</sup>Professional Accountants in Public Practice are to make an independent judgement of compliance with legal and professional rules based on findings of the persons involved in the audit and their own knowledge gained during the audit. <sup>2</sup>This also includes the results of the engagement-related quality control review (§ 48).

(5) <sup>1</sup>If a Professional Accountant in Public Practice who is not appointed as statutory auditor accepts the engagement of issuing an expert opinion on a specific accounting issue, he has to discuss the background and terms and conditions as well as relevant facts for decision-making with the auditor prior to issuing the expert opinion. <sup>2</sup>The statutory auditor shall be released from his obligation of confidentiality. <sup>3</sup>If the client does not provide such a release or contradicts the contact, the engagement has to be declined or terminated.

## **§ 40**

### **Complaints and Allegations**

Professional Accountants in Public Practice are obliged to investigate complaints or allegations by employees, clients or third parties if they indicate breaches of legal or professional rules.

## **§ 41**

### **Designation of Information taken from Other Sources in Additional Reports of the Auditor and in Expert Opinions**

Within additional reports of the auditor and expert opinions, Professional Accountants in Public Practice are to clearly designate any information taken from other sources.

## **§ 42**

### **Duties when Changing the Auditor**

(1) If an audit engagement concerning a statutory audit is terminated by the auditor pursuant to § 318 Section 6 HGB or by revocation pursuant to § 318 Section 1 Sentence 5 HGB, the designated successor of the engagement may only accept the engagement if he has inquired the reason for the termination or revocation as well as the results of the audit to date.

(2) A proper inquiry requires that the written termination (§ 318 Section 6 Sentence 3 HGB) or the replacement verdict (§ 318 Section HGB), the notifications to the German Chamber of Public Accountants (§ 318 Section 8 HGB) as well as the additional report of the auditor about the audit to date (§ 318 Section 6 Sentence 4 HGB) have been presented to the designated successor of the engagement.

(3) <sup>1</sup>The predecessor of the engagement is required, upon written inquiry, to explain to the successor of the engagement the documents specified in Section 2. <sup>2</sup>If no explanation is made, the successor of the engagement is to decline the engagement unless he is sure, based on other means, that there are no reasons that prevent the engagement acceptance.

(4) <sup>1</sup>In case of a change of auditors without revocation or termination for good cause of the audit engagement, the engagement successor is to have the report on the findings of the previous audit presented to him. <sup>2</sup>The engagement predecessor is required to present these materials to the engagement successor upon written inquiry.

(5) Sections 1 to 4 apply accordingly to all non-statutory audits in which an audit report is to be issued which is replicated in accordance with the statutory audit report in § 322 HGB.

## **§ 43**

### **Remuneration**

(1) <sup>1</sup>In negotiating and invoicing remuneration for audits and expert opinions, the Professional Accountant in Public Practice shall ensure that the quality of professional activity is guaranteed. <sup>2</sup>This generally requires adequate remuneration. <sup>3</sup>If in case of statutory audits a significant discrepancy between the services rendered and the negotiated level of remuneration exists, it must be demonstrated to the German Chamber of Public Accountants upon request



that adequate time and qualified personnel were dedicated to the audit.

(2) Flat-fee remuneration is only allowed for an audit or expert opinion engagement if there is a provision that the fee is to be increased in the case of unforeseeable events on the client's side which lead to a considerable increase in the time and effort required.

#### **§ 44**

##### **Signing Audit Reports, Additional Reports of the Auditor and Expert Opinions**

(1) If audit firms or firms of sworn auditors issue statutory audit reports, these, along with the accompanying additional report of the auditor, must be signed at least by the key audit partner (§ 38 Section 2).

(2) <sup>1</sup>If a Professional Accountant in Public Practice is engaged to perform an audit that is not within the exclusive legal responsibility of the profession, the corresponding audit report and the additional report of the auditor must be signed by at least one Professional Accountant in Public Practice in as far as the official seal is used; the same applies if a joint practice, in which non-Professional Accountants in Public Practice are partners, has been engaged to perform the audit. <sup>2</sup>Sentence 1 applies accordingly to expert opinions.

**Part 4:**  
**Professional Duties concerning Quality Control for Statutory Audits in  
accordance with § 316 HGB**

**Section 1:**  
**Additional Professional Duties while carrying out the Engagement**

**§ 45**  
**Order file**

- (1) The order file required in § 51c WPO is to be prepared at the latest upon acceptance of the audit engagement.
- (2) The order file can be kept electronically.

**§ 46**  
**Selection and Equipment of the Key Audit Partner**

- (1) <sup>1</sup>When selecting the key audit partner (§ 38 Section 2) it is to ensure that he has the required personal suitability and is familiar with the quality control system of the professional firm. <sup>2</sup>The key audit partner conducts the audit engagement self-responsibly (§ 39 Section 4). <sup>3</sup>The obligation to consult (§ 39 Section 3) remains unaffected. <sup>4</sup>The client shall be informed about the person of the key audit partner.
- (2) <sup>1</sup>In order to conscientiously conduct the audit, the key audit partner must be provided with all necessary means and human resources. <sup>2</sup>As part of the overall planning (§ 4 Section 3) it is to ensure that a sufficient amount of time is given to conduct the engagement.
- (3) The key audit partner must spend an appropriate amount of time to conduct the audit.

**§ 47**  
**Personnel and Time Resources (§ 38 Section 1)**

- (1) <sup>1</sup>Planning of personnel shall ensure that an adequate number of suitable professional employees as well as (if required) specialists are available. <sup>2</sup>The audit team in total (§ 38 Section 3) must have experience particularly in the pertinent legal requirements and reporting duties for engagements of a similar nature and scope, have sufficient professional judgement as well as understanding for the information processing technologies applied.
- (2) Part of the personnel planning is to ensure that a sufficient amount of time is given to conduct the engagement.

## **§ 48**

### **Engagement-Related Quality Control Review Measures**

(1) <sup>1</sup>For statutory audits in accordance with Section 316 HGB it is to decide, depending on the risk of the audit client (nature, line of business, complexity), whether and which measures are to be taken for the engagement-related quality control review. <sup>2</sup>Suitable measures in this sense are the consultation (§ 39 Section 3), the review of the additional report of the auditor and the engagement quality control review.

(2) <sup>1</sup>Object of the review of the additional report of the auditor is to verify this additional report prior to issuance whether all applicable professional rules regarding its preparation were observed; in this it is also to be verified whether the audit procedures and audit findings presented in the additional report of the auditor are coherent. <sup>2</sup>The review of the additional report of the auditor shall only be conducted by qualified and capable individuals who themselves did not participate in the preparation of the additional report of the auditor and who were not significantly involved in the conduct of the audit.

(3) <sup>1</sup>Object of the engagement quality control review is to assess whether indications exist that the audit was not conducted in accordance with statutory and professional rules, and whether significant issues have been treated appropriately. <sup>2</sup>The engagement quality control review shall only be conducted by qualified and capable individuals who themselves did not participate in the conduct of the audit.

(4) For the engagement quality control review on statutory audits of public interest entities according to § 319a Section 1 Sentence 1 HGB, Article 8 of the Regulation (EU) No. 537/2014 applies.

## **§ 49**

### **Monitoring**

(1) <sup>1</sup> Professional Accountants in Public Practice are required to perform a monitoring designed to evaluate the adequacy and effectiveness of the policies and procedures of the system of quality control for the conduct of statutory audits. <sup>2</sup>The monitoring refers to the question of whether the policies and provisions relating to the quality control system for the conduct of statutory audits have been observed. <sup>3</sup>The monitoring must take place at appropriate intervals as well as when needed. <sup>4</sup>The quality control system shall be evaluated regarding the provisions for the conduct of statutory audits, the continuing professional development, the instruction and monitoring of employees as well as the files kept (audit file) on an annual basis.

(2) <sup>1</sup>The monitoring of the conduct of individual audit engagements is a comparison of the

requirements between conscientious conduct of statutory audits and their actual conduct.

<sup>2</sup>The nature and scope of the monitoring must be in an adequate relation to the conducted statutory audits, whereby the results of a quality assurance review according to §§ 57a ff. WPO may be taken into account. <sup>3</sup>Thereby all responsible Professional Accountants in Public Practice of the professional firm conducting statutory audits must be involved.

(3) <sup>1</sup>The results of the evaluation and, in case of deficiencies the implemented or suggested measures, are to be summarized in a report, in the case of Section 1 Sentence 4 annually.

<sup>2</sup>This report shall, apart from the reporting according to Sentence 1, include a reporting about breaches of professional duties or violations of the Regulation (EU) No. 537/2014, in as far as these are not only insignificant, as well as the measures taken to remedy these violations.

(4) The monitoring may also be performed in the form of self-assertion when there is no professionally and personally suitable employee available in the professional firm.

## **Section 2:**

### **Professional Duties concerning the Creation of Provisions for a Quality Control System according to § 55b Section 2 WPO**

#### **§ 50**

##### **General Remarks**

(1) <sup>1</sup>The quality control system of a Professional Accountant in Public Practice according to § 55b Section 2 WPO serves to ensure the quality of statutory audits according to § 316 HGB. <sup>2</sup>The requirements upon the quality control system are derived from the specific circumstances of the professional activities of the Professional Accountant in Public Practice and, in particular, from the nature and scope as well as the complexity of the statutory audits conducted by the Professional Accountant in Public Practice.

(2) In the case of audit firms which conduct statutory audits, the responsibility for the internal quality control system lies with the Professional Accountants in Public Practice or EU/EEA auditors.

#### **§ 51**

##### **Requirements regarding the Quality Control System**

(1) For statutory audits the quality control system includes at least adequate provisions

1. For ensuring compliance with professional duties, in particular the requirements for independence, impartiality and avoidance of apprehension of bias as well as self-responsibility,
2. For acceptance of an engagement and its continuation,

3. For early termination of engagements,
4. For recruiting employees (§ 6 Section 1) as well as obtaining declarations and their documentation (§ 6 Section 3),
5. For providing initial and continuing professional development for professional employees (§ 7 Section 1),
6. For assessing professional employees (§ 7 Section 3),
7. For overall planning of all engagements,
8. For organizing expert information,
9. For audit planning,
10. For conduct of engagements (including instruction of the audit team, consultations, supervision of engagement conduct and evaluation of the results by the responsible Professional Accountants in Public Practice as well as safety precautions for engagement-related data processing systems) and keeping of the audit file according to § 51b Section 5 WPO,
11. For handling incidents which may impair the orderly audit work, including complaints and allegations as well as their documentation,
12. For engagement-related quality control review,
13. For the principles of remuneration and profit-sharing according to § 55 WPO,
14. For the case of outsourcing of important audit procedures that ensure that the internal quality control and professional public oversight are not impaired, and
15. For supervising the effectiveness of the quality control system according to § 55b Section 3 WPO by means of a monitoring.

(2) <sup>1</sup>In professional firms with a low degree of task delegation and simple organizational structures, documentation of the quality control system can also take place through proof of observance of the professional duties alongside the organization of the professional firm and as part of the conduct of audits. <sup>2</sup>In this case the documentation of the actual conduct of audits and of the observance of the general professional duties (organization of the professional firm) is subject to increased requirements. <sup>3</sup>If the documentation of the quality control system takes place using a standardized quality control manual, it is necessary to denote for the adequacy of the quality control system which regulations are applicable.

## **§ 52**

### **Provisions for Compliance with Reasons for Exclusion**

By use of appropriate provisions it is to ensure that at least

1. While conducting statutory audits the reasons for exclusion are observed,

2. If threats to objectivity arise or become known after the acceptance of an engagement measures are to be taken which are capable of removing or mitigating the threat to a degree that, from the perspective of a reasonable and informed third party, the threat is considered as being insignificant in total,
3. An engagement is rejected or terminated when reasons for exclusion exist which cannot be removed by the use of safeguards,
4. The persons engaged during the conduct of the audit are required to report any possible threats to their objectivity to the key audit partner,
5. Regular or occasion based questioning of affected persons regarding financial, personal or equity-related ties are required,
6. In particular, in cases of conscious violations of the reasons for exclusion and the corresponding provisions of the quality control system, measures to avoid future violations and, if necessary, internal disciplinary measures are taken.

## **§ 53**

### **Provisions for Acceptance, Continuation and early Termination of Engagements**

By use of appropriate provisions it is to ensure that at least

1. The competences for acceptance, continuation and early termination of statutory audit engagements are clearly established,
2. The evaluation of the reasons for exclusion is completed before an audit engagement is accepted (§ 29 Section 5 Sentence 1) and this is documented in the audit file (§ 51b Section 5 WPO),
3. An analysis of the integrity of the client and the risks associated with the engagement has taken place,
4. Only engagements are accepted or continued that can be carried out in an orderly manner in terms of expertise, personnel and time resources,
5. Before accepting an engagement which was previously terminated by the statutory auditor according to § 318 Section 6 HGB, the engagement is to be rejected if the reasons for termination are not presented by the previous auditor or it is not possible in other ways to remove any doubts about acceptance of the engagement,
6. In the case of subsequent engagements in which a change in the client and engagement risks is identified, the corresponding effects on the professional firm are assessed and the engagement is rejected if necessary,
7. Adequate technical expertise and practical experience for the conduct of the statutory audit is available,
8. Also during the entire course of the statutory audit it is evaluated whether circumstances and

conditions exist which may threaten independence (§ 29 Section 5),

9. Upon subsequent involvement of further persons, evaluation of reasons for exclusion are completed before these persons start working,
10. The duties according to the Money Laundering Act are fulfilled,
11. Upon awareness of subsequent knowledge which would have resulted in the rejection of the engagement, the engagement is terminated (§ 4 Section 4).

## **§ 54**

### **Requirements regarding the Persons involved**

By use of appropriate provisions it is to ensure that at least

1. The responsibility for the statutory audit is established and documented (§ 38 Section 2),
2. The persons involved in the statutory audit have sufficient professional expertise and experience, understanding of the technical provisions, the required branch knowledge as well as an understanding of the quality control system (§ 38 Section 3) as far as this is required for their field of activity,
3. In the case of consultations (§ 39 Section 3), the consulted person does not belong to the audit team.

## **§ 55**

### **Overall Planning and Organization of Expert Information**

(1) By use of appropriate provisions it is to ensure that statutory audits can be conducted as part of the overall planning of the professional firm in an orderly and timely manner (§ 4 Section 3).

(2) The expert information required for conducting statutory audits must be complete and up-to-date.

## **§ 56**

### **Audit Planning**

By use of appropriate provisions it is to at least ensure that at least

1. From the acceptance of an engagement a proper audit planning guarantees an adequate and orderly conduct of the audit according to the actual circumstances and conditions of the company to be audited (size, complexity and risk level of the company to be audited, the degree of difficulty of the audit, experience with and knowledge about the company as well as its legal and economic circumstances) (§ 38 Section 1),

2. All accounting-related circumstances and conditions are taken into account during the planning,
3. In the case of subsequent audits use is made of existing knowledge in as far as it is up-to-date,
4. The audit planning is to be adapted if necessary during the course of the audit when new information is gained.

## **§ 57**

### **Conduct of the Audit**

By use of appropriate provisions it is to ensure that at least

1. The company to be audited is informed by a professional firm about the key audit partner responsible for the statutory audit and that this is documented,
2. The engagement team receives the required information for the statutory audit concerning
  - the company to be audited (particularly the specific engagement risks and risk areas of the audit),
  - other special issues of the statutory audit,
  - the conduct of and reporting about the audit as well as
  - the responsibilities within the engagement team (§ 38 Section 2),
3. By use of audit instructions Professional Accountants in Public Practice make their employees familiar with their tasks and the key audit partner or the employee instructed by him monitors the compliance with the audit instructions appropriately (§ 39 Section 2),
4. Internal or external advice (consultation) is obtained (§ 39 Section 3) when doubtful questions arise; they shall provide adequate resources for these purposes; nature, scope and result of the consultation and its implementation are to be documented,
5. The Professional Accountant in Public Practice primarily responsible for the audit takes part in the ongoing statutory audit to the extent necessary to monitor the progress of the work as well as compliance with the legal and professional regulations of the employees (§ 39 Section 2 Sentence 3); the regulations shall support open discussions regarding critical issues,
6. The key audit partner may self-sufficiently form an opinion in a final review of the results produced by the persons involved in the statutory audit and by using his own knowledge obtained during the audit, including the results of the engagement-related quality control review (§ 39 Section 4),
7. The risks arising from the use of data processing systems for the conduct of the audit are adequately taken into account; thereby at least the confidentiality, the integrity and the availability of the data processing systems and data as well as access rights shall be regulated.



## **§ 58**

### **Audit File**

By use of appropriate provisions it is to ensure that at least

1. An audit file is created which is to be closed off at the latest 60 days after signing the audit report (§ 51b Section 5 WPO),
2. The following items are documented in the audit file
  - a) The observance of independence, the existence of circumstances and conditions which might endanger the independence and the safeguards taken,
  - b) The time, the personnel and the other means required for an appropriate conduct of the audit, as well as
  - c) The queries made to internal and external experts (consultations) as well as their answers,
3. When a professional firm is appointed as statutory auditor, the key audit partner shall be named and documented,
4. All information and documentation,
  - a) Required to establish the audit report according to § 322 HGB and the additional report of the auditor according to § 321 HGB,
  - b) Required for monitoring compliance with professional duties and
  - c) About written complaintsare to be documented,
5. For statutory audits of public interest entities, the documentation obligations according to Articles 6 to 8 of the Regulation (EU) No. 537/2014 are fulfilled.
6. The documentation obligations also apply when the audit file is kept electronically.

## **§ 59**

### **Complaints and Allegations**

By use of appropriate provisions it is to ensure that at least

1. A whistleblower system is installed dependent on the concrete conditions of the professional firm (nature, scope, complexity and risk of the activity),
2. An appropriate unit for receipt of complaints or allegations is set up within or outside the professional firm; if a unit is set up outside the professional firm, it is to ensure that the confidentiality of the reporting employee is maintained,
3. Notices from employees must not lead to any kind of personal disadvantages,

4. In the case of justified notices, the required measures are taken, also in relation to the quality control system.

## **§ 60**

### **Engagement-Related Quality Control Review Measures**

(1) <sup>1</sup>By use of appropriate provisions it is to ensure that for statutory audits according to § 316 HGB it is evaluated and documented whether and which engagement-related quality control review measures are to be taken according to § 48 Section 1. <sup>2</sup>Thereby it shall also be ensured that a review of the additional report of the auditor or an engagement quality control review shall be performed by professionally (specialist and branch knowledge) and personally (audit experience and objectivity) suitable persons who do not have to be a Professional Accountant in Public Practice. <sup>3</sup>Criteria for the suitability are to be imposed.

(2) <sup>1</sup>By use of appropriate provisions it is to ensure that the engagement quality control review for statutory audits of companies according to § 319a Section 1 Sentence 1 HGB is to be performed as stated in Article 8 of the Regulation (EU) No. 537/2014. <sup>2</sup>The provisions have to ensure that the engagement quality control reviewer is a statutory auditor as defined in Article 2 Number 2 of Directive 2006/43/EEC.

## **§ 61**

### **Principles of Remuneration and Profit-sharing**

(1) <sup>1</sup>By use of appropriate provisions it is to ensure that no agreements are entered into which make the level of remuneration dependent upon the results of the statutory audit or the rendering of additional non-audit services. <sup>2</sup>Also the revenues of the Professional Accountant in Public Practice from rendering non-audit services for the audited company must not be part of the performance evaluation or the remuneration of persons who are involved in the statutory audit or who are able to influence the results of the statutory audit.

(2) <sup>1</sup>It is also to ensure by use of appropriate provisions that an adequate incentive is created to secure the quality of the statutory audits. <sup>2</sup>This may be achieved if compliance with provisions of the quality control system has an influence on the individual's professional development as well as on the remuneration. <sup>3</sup>Non-compliance with the provisions of the quality control system can also lead to disciplinary consequences.

## **§ 62**

### **Outsourcing of important Audit Procedures**

<sup>1</sup>In the case of outsourcing of important audit procedures, the quality control and the professional public oversight must not be impaired. <sup>2</sup>By use of appropriate provisions it shall be

ensured that at least

1. The importance of an outsourced audit procedure is assessed according to its significance for the audit report,
2. Outsourcing is taken into account in the course of audit planning,
3. The nature, time and scope of the outsourced audit procedure are determined,
4. The competence, capabilities and objectivity of the third party are assessed,
5. An understanding of the expertise of the third party is acquired,
6. The scope and contents of the outsourcing as well as the basic principles of quality control are agreed upon with the third party, in particular concerning adequate information and communication,
7. The adequacy of the work of the third party and the effect on the additional report of the auditor and the audit report are assessed.

### **§ 63**

#### **Monitoring**

By use of appropriate provisions it is to ensure that at least

1. The monitoring of the conduct of statutory audits takes place at appropriate intervals and the intervals are assessed and adapted regularly,
2. A monitoring of the conduct of statutory audits also occurs when needed,
3. The monitoring according to § 49 Section 1 Sentence 4 is performed annually,
4. The monitoring of the conduct of statutory audits is only performed by professionally and personally suitable persons who in general were not involved in the conduct of the statutory audits included in the monitoring,
5. A monitoring by self-assertion is allowed when there is no suitable person available in the professional firm,
6. The sample of the selected statutory audits is in an appropriate ratio to the statutory audits conducted and in the course of the planning the results of a preceding quality assurance review according to § 57a WPO or an inspection according to § 66a Section 6 Number 1 WPO are also taken into account,
7. In a regular monitoring cycle all responsible Professional Accountants in Public Practice are included with at least one audit engagement,
8. Upon identification of deficiencies in the quality control system, measures are taken to remove these and the key audit partner is informed about the relevant findings and
9. The monitoring as stated in § 49 Section 1 Sentence 4 is documented according to § 49 Section 3.

**Part 5:**  
**Final Provisions**

**§ 64**

**Scope**

(1) <sup>1</sup>The Professional Charter applies to all members of the Chamber of Public Accountants according to § 58 Section 1 Sentence 1 and § 128 Section 3 WPO. <sup>2</sup>Thus these rules apply to audit firms and firms of sworn auditors to the extent that the legal entity does not constitute a special case.

(2) <sup>1</sup>To the extent that the abbreviations WP/vBP are used in the Professional Charter, the professional duties apply to all persons designated in Section 1. <sup>2</sup>For professional duties that only apply to certain groups of persons, these are individually specified.

**§ 65**

**Publication**

The Professional Charter along with its amendments is to be published in the Federal Gazette.

**§ 66**

**Coming into force, Abrogation**

<sup>1</sup>This charter comes into force three months after it has been filed with the Federal Ministry for Economic Affairs and Energy to the extent that the Federal Ministry for Economic Affairs and Energy does not annul the charter or parts thereof (§ 57 Section 3 Sentence 2 WPO).

<sup>2</sup>Upon coming into force of this charter, the Professional Charter from 11th June 1996 (BAnz. P. 7509), last altered according to the decision of the Advisory Board from 6th July 2012 (BAnz AT 25.07.2012 B1), becomes invalid.

Appendix (to § 20)



Siegel eines Wirtschaftsprüfers



Siegel einer Wirtschaftsprüfungsgesellschaft



Siegel eines vereidigten Buchprüfers



Siegel einer Buchprüfungsgesellschaft

