

## BACKGROUND NOTE ON ACTION PLANS

The SMO Action Plan is intended to provide a summary of:

1. The legal and regulatory environment for the profession;
2. The status of adoption of international standards and best practices in the jurisdiction; and
3. The actions undertaken by IFAC Members and Associates to support adoption and implementation of international standards and best practices and fulfill the membership requirements.

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards (IAASB, IESBA, IPSASB), and the IES, as well as by the International Accounting Standards Board (IASB); and to establish a quality assurance (QA) review and investigation and disciplinary (I&D) systems. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where, if any, improvements are needed. Members and Associates should develop an Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment. Action Plans are designed to be ever-green documents that take into consideration IFAC recommendations. Depending on the PAO's level of fulfillment (see *IFAC's Summary Assessment* – page 2), an Action Plan may not be necessary for each SMO section and instead the '*Attestation of Ongoing SMO Compliance*' is used to confirm their ongoing commitments. However, PAOs may wish and are welcome to utilize the Action Plan as a tool to demonstrate how they are using 'best endeavors' and going beyond their mandate with innovative approaches to fulfilling the SMOs and strengthening the national profession.

The specific details of each organization's actions will vary even where two PAOs are involved in the same SMO area. Each PAO operates in its own unique regulatory and standard-setting framework and has different operating, technical, and resource capacities. Moreover, in deciding when and how a particular SMO requirement is to be addressed, PAOs might have differing timeframes and objectives to achieve. Notwithstanding these inevitable differences, seeking the advice and assistance of other PAOs who have already faced and dealt with similar challenges can save significant time and resources. IFAC staff will offer assistance as needed.

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<sup>1</sup> *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to affect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

<sup>2</sup> *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop, or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

### **Use of Information**

Please refer to the [Disclaimer](#) published on the IFAC website.

The regular updates of the SMO Action Plans are required as part of the [IFAC Member Compliance Program](#). The SMO Action Plans are also essential to IFAC's [reporting on the global status of international standards](#). The SMO Action Plans are a key source of information that IFAC utilizes as part of its process and methodology for [assessing the status of adoption of international standards in each member jurisdiction](#) in collaboration with the international independent standard-setting boards. IFAC also assesses the adoption, implementation support, and other best practices (also known as SMO Fulfillment) for [each IFAC member organization](#) utilizing information contained in the SMO Action Plans along with a plethora of third-party sources. This information is summarized in Dashboard Reports (DBRs) which are updated by IFAC alongside each SMO Action Plan submission. Therefore, it is important that the SMO Action Plan contains the most up-to-date, relevant information and actions related to the SMOs.

### **ACTION PLAN**











|                                    |                               |
|------------------------------------|-------------------------------|
| <b>IFAC Member:</b>                | Wirtschaftsprüferkammer (WPK) |
| <b>Approved by Governing Body:</b> | WPK Executive Board           |
| <b>Last Updated:</b>               | October 2023                  |

### **GENERAL: Action Plans by IFAC Members in Germany**

This Action Plan reflects the SMO activity areas where WPK has primary responsibility (SMOs 1, 4 and 6). Please refer to the Action Plan prepared by Institut der Wirtschaftsprüfer (IDW) for information about other SMO activity areas (SMOs 2, 3, 5 and 7).

**IFAC's Summary Assessment:** IFAC staff will complete this section at the conclusion of each SMO Action Plan review and update process. PAOs may take staff's recommendations into consideration as part of future strategic planning conversations at the PAO.

For more information on [IFAC Member Compliance Program](#) and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

| FOR IFAC COMPLETION | WPK Responsibility for Adoption of Standards | Adoption Status as of 2023                                                                               | Level of SMO Fulfillment as of 2023                                                            |
|---------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| QA / SMO 1          | Shared                                       | <br>Adopted           | <br>Sustain |
| IES / SMO 2         | Shared                                       | <br>Adopted           | n/a                                                                                            |
| ISA / SMO 3         | No Direct                                    | <br>Adopted           | n/a                                                                                            |
| IESBA / SMO 4       | Shared                                       | <br>Partially Adopted | <br>Sustain |
| IPSAS / SMO 5       | No Direct                                    | <br>Not Adopted       | n/a                                                                                            |
| I&D / SMO 6         | Shared                                       | <br>Adopted           | <br>Sustain |
| IFRS / SMO 7        | No Direct                                    | <br>Partially Adopted | n/a                                                                                            |

### Attestation of SMO Compliance

The *Wirtschaftsprüferkammer (WPK)* has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs. The abovementioned *Governing Body* has reviewed the information contained within the SMO Action Plan and affirms that the *Wirtschaftsprüferkammer (WPK)* continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations where IFAC's assessments are at *Review & Improve* and/or *Sustain*.

On behalf of the *Wirtschaftsprüferkammer (WPK)*, the *Governing Body* endorses the information contained within the SMO Action Plan as of the publication date and its publication on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

**GLOSSARY**

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|--------------|--------------------------------------------------------------------------------------------------------|
| <b>AOB</b>   | Auditor Oversight Body (Abschlussprüferaufsichtsstelle, established at the BAFA)                       |
| <b>AOC</b>   | Auditor Oversight Commission (replaced by the AOB)                                                     |
| <b>BAFA</b>  | Federal Office for Economic Affairs and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle) |
| <b>CPD</b>   | Continuing Professional Development                                                                    |
| <b>HGB</b>   | German Commercial Code (Handelsgesetzbuch)                                                             |
| <b>IAASB</b> | International Auditing and Assurance Standards Board                                                   |
| <b>IAESB</b> | International Accounting Education Standards Board                                                     |
| <b>IASB</b>  | International Accounting Standards Board                                                               |
| <b>IDW</b>   | Institut der Wirtschaftsprüfer                                                                         |
| <b>IES</b>   | International Education Standards                                                                      |
| <b>IESBA</b> | International Ethics Standards Board for Accountants                                                   |
| <b>IFRS</b>  | International Financial Reporting Standards                                                            |
| <b>PIE</b>   | Public Interest Entity                                                                                 |
| <b>WPK</b>   | Wirtschaftsprüferkammer                                                                                |
| <b>WPO</b>   | German Public Accountant Act (Wirtschaftsprüferordnung)                                                |

**Action Plan Subject:** SMO 1 - Quality Assurance  
**Action Plan Objective:** Further development of the existing Quality Assurance System

| #                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Start Date | Actions | Completion Date | Responsibility | Resource |
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| <p><b>Background</b></p> <p>The Wirtschaftsprüferkammer (WPK) is the state supervised organization of all public auditors (Wirtschaftsprüfer – WP – and vereidigte Buchprüfer – vBP) and firms of public auditors in Germany. It was established in 1961 as a non-profit corporation under public law. All public auditors and firms of public auditors in Germany are mandatory members of the WPK. The WPK acts in the capacity of indirect state administration in the areas of, inter alia, examination, licensing and registration, revocation of licenses, disciplinary oversight for non-Public Interest Entities (non-PIEs), quality assurance and adoption of professional rules.</p> <p>The WPK operates under the state supervision of the Federal Ministry for Economic Affairs and Climate Action and the public oversight of the Auditor Oversight Body (AOB). Effective January 1, 2005, the oversight of the predecessor of the AOB, the Auditor Oversight Commission (AOC), covered all remits of the WPK in relation to those members, who were entitled to carry out statutory audits of financial statements of business corporations or who did so de facto without being entitled. In those cases, the AOC had the ultimate responsibility. The AOC comprised individuals who were independent and had never been a member of the profession.</p> <p>Effective June 17, 2016, the AOC was replaced by the AOB, which is a competent authority in accordance with Regulation (EU) No 537/2014. The establishment of the AOB was one of the main tasks of the implementation of the recent EU audit reform (Regulation (EU) No 537/2014 and Directive 2014/56 EU). This reform was implemented on June 17, 2016, when several amendments, inter alia of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Public Accountant Act (Wirtschaftsprüferordnung – WPO) took effect.</p> <p>We have carefully reviewed revised SMO 1. Our organization has concluded that it already addresses the requirements of the revised SMO subject to the quality assurance review of non-statutory audits.</p> <p>In the past few years we also observed carefully the process of the development of the IAASB Quality Management Standards and commented on the draft versions. After the issuance of the final standards, we evaluated the adjustments required in the German Professional Law to comply with these standards.</p> <p>With effective date of June 17, 2016, the Audit Directive 2014/56/EU was adopted in the German Public Accountant Act. In this course, the obligation for German statutory auditors and audit firms was introduced to have effective procedures for risk assessment in place. This is the basis for the adoption of ISQM 1 and 2 in the German law and has to be further interpreted by professional by-laws and standards.</p> <p>The German Commission on Quality Assurance had established a working group that evaluated the German law, whether additional changes were required. Necessary amendments in the Public Accountant Act and in the by-laws were identified and forwarded to the WPK Board of Management who informed the WPK Advisory Committee in June 2023. In September 2023 the WPK Committee for Professional Law will discuss the proposed</p> |            |         |                 |                |          |

| #                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Completion Date | Responsibility | Resource   |
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| <p>changes and may give further advice to the Advisory Committee. The Advisory Committee is expected to adopt the final amendments of the by-laws in December 2023.</p> <p>As of September 28, 2022, the Institut der Wirtschaftsprüfer (IDW) published two national standards on quality management which implement ISQM 1 and 2. These German quality management standards are mandatory as of December 15, 2023, but earlier application is possible on a voluntary basis.</p> <p>For the sake of the implementation of these standards, WPK and IDW perform CPD sessions and webinars for public accountants in general as well as for quality assurance reviewers in particular and issue articles with further information.</p> <p>As the German quality assurance system did already focus on the quality management system in the past, a revision of the review system is not intended, but the quality assurance reviewers undergo special CPD for the review under ISQM 1 and 2 by the Commission of Quality Assurance.</p> |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 |                |            |
| <p><b>8<sup>th</sup> Amendment of The German Public Accountant Act (Wirtschaftsprüferordnung - WPO)</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 |                |            |
| 1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Completed  | <p>In accordance with Regulation (EU) No 537/2014 and Directive 2014/56 EU, statutory auditors of PIEs are subject to inspections by the AOB regarding the adequacy of the design and effectiveness of their quality control system for audits of PIEs, whereas the WPK quality assurance review verifies the design and effectiveness of the quality control system for audits of non-PIEs. This ensures that there is no undue overlap between the two external quality assurance systems. The review cycles of the AOB and the WPK are both risk-based, but ensure that every auditor of statutory financial statements is reviewed at least every six years.</p> <p>In the last three years 1,079 reviews were carried out under the WPK regime, thereof 287 in 2020, 282 in 2021, and 510 in 2022. In 2023 we expect a peak of about 800 reviews, as the six-year cycle was first introduced in 2005.</p> | Completed       | Legislator     | Legislator |
| 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Completed  | <p>Transfer of the inspection system concerning public auditors and audit firms that carry out statutory audits of PIEs according to Section 319a (now Section 316a) Paragraph 1 Sentence 1 of the German Commercial Code to the AOB.</p> <p>The AOB inspection system is in line with Regulation (EU) No 537/2014. The statutory provisions for the AOB inspection system basically refer to the WPK inspection system (Art. 62b para. 3 and Art. 66a para. 6 WPO). We therefore have no reason to believe that the</p>                                                                                                                                                                                                                                                                                                                                                                                       | Completed       | Legislator     | Legislator |

| #                                                                                              | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Completion Date | Responsibility                                                            | Resource                                                                                                                            |
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|                                                                                                |            | AOB review procedures are different from the WPK review procedures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 |                                                                           |                                                                                                                                     |
| 3.                                                                                             | Completed  | Until June 17, 2016, deficiencies identified in quality assurance reviews led to corrective actions only whereas now they can also lead to the initiation of disciplinary proceedings.                                                                                                                                                                                                                                                                                                                                                                        | Completed       | Legislator                                                                | Legislator                                                                                                                          |
| 4.                                                                                             | Ongoing    | Quality assurance reviewers are subject to inspections performed by members of the Commission on Quality Assurance. The first inspection was performed in November 2016. Since then seven inspections were performed every year, interrupted only by the time of the corona situation in 2020 to 2022 when only two, three or four inspections took place. The inspections inter alia cover the top 20 of quality assurance reviewers regarding reviews performed. These quality assurance reviewers conduct about 40 % of all quality assurance reviews p.a. | Ongoing         | Commission on Quality Assurance                                           | WPK Technical Staff                                                                                                                 |
| 5.                                                                                             | Ongoing    | The Commission on Quality Assurance is entitled to participate in quality assurance reviews to ensure a proper execution.                                                                                                                                                                                                                                                                                                                                                                                                                                     | Ongoing         | Commission on Quality Assurance                                           | WPK Technical Staff                                                                                                                 |
| <b>Maintaining Ongoing Processes (Member Notification, Education and Promotion Activities)</b> |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                 |                                                                           |                                                                                                                                     |
| 6.                                                                                             | Ongoing    | Publication of a legal commentary (approx. 1400 pages) on the professional law on public auditors in Germany with a focus on quality assurance and quality control.<br><br>The first edition was published in July 2008, the second edition in September 2013. The third edition was published in November 2018 and, inter alia, extensively deals with the EU audit reform. The fourth edition was published in October 2022.                                                                                                                                | Ongoing         | Two former presidents of WPK, current president and vice president of WPK | Essentially WPK Technical Staff (interdepartmental) and an honorable judge of the Higher Regional Court Berlin (Disciplinary Court) |
| 7.                                                                                             | Ongoing    | Annual report on procedures and sanctions imposed by the WPK and courts in relation to quality assurance and quality control. The annual reports in German language are available online ( <a href="https://www.wpk.de/oeffentlichkeit/berichte/qualitaetskontrolle/">https://www.wpk.de/oeffentlichkeit/berichte/qualitaetskontrolle/</a> ).                                                                                                                                                                                                                 | Ongoing         | Commission on Quality Assurance                                           | WPK Technical Staff                                                                                                                 |

| #   | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Completion Date | Responsibility                                       | Resource                                                                     |
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| 8.  | Ongoing    | Periodical publication of decisions leading to reprimands and professional and legal proceedings and explanatory articles regarding quality assurance in WPK's member journal. All editions of the WPK's member journal since 2004 are available online ( <a href="https://www.wpk.de/wpk-magazin/ausgaben/2018/">https://www.wpk.de/wpk-magazin/ausgaben/2018/</a> )                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Ongoing         | WPK Executive Board                                  | WPK Technical Staff                                                          |
| 9.  | Ongoing    | Annual presentations of important changes in quality assurance system and main issues regarding quality assurance for WPK members.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Ongoing         | WPK Executive Board, Commission on Quality Assurance | WPK Executive Board, Commission on Quality Assurance and Executive Directors |
| 10. | Ongoing    | Members of the Commission on Quality Assurance conduct continuing professional development sessions for statutory auditors and quality assurance reviewers during professional events.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Ongoing         | Commission on Quality Assurance                      | WPK Technical Staff                                                          |
| 11. | Ongoing    | Development of policies by the Commission on Quality Assurance, including, but not limited to:<br>- Policy on the quality assurance reviewer's report. (Latest amendment September 1, 2020)<br>- Policy on the performance of quality assurance reviews under special consideration of small practitioners. (Latest amendment February 10, 2021.) These policies are available online: <a href="https://www.wpk.de/mitglieder/praxishinweise/qualitaetskontrollverfahren/kfgk/">https://www.wpk.de/mitglieder/praxishinweise/qualitaetskontrollverfahren/kfgk/</a><br><br>In 2018 members of the Commission on Quality Assurance issued an academic paper on some special issues relating to quality assurance reviews. Those were inter alia the selection of spot checks, the scope of the engagement reviews, and the expenditure of time regarding the engagement reviews. | Ongoing         | Commission on Quality Assurance                      | WPK Technical Staff                                                          |
| 12. | Ongoing    | Prior to a quality assurance review, the Commission on Quality Assurance specifies certain requirements to the quality assurance reviewer regarding certain review topics.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Ongoing         | Commission on Quality Assurance                      | WPK Technical Staff                                                          |
| 13. | Ongoing    | Members of the Commission on Quality Assurance conduct special training in quality control for quality assurance reviewers.<br><br>The first training session took place on June 23, 2014, in Berlin. In 2014 two more sessions were performed. In 2015 there were four and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Ongoing         | Commission on Quality Assurance                      | WPK Technical Staff                                                          |



| #                                             | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Completion Date | Responsibility      | Resource            |
|-----------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|---------------------|
|                                               |            | <p>in 2016 six, in 2017 seven, and in 2018, 2019, 2020, 2021 again six training sessions. In 2022 eight training sessions were performed. Six further training sessions are planned for 2023.</p> <p>Every year members of the Commission on Quality Assurance hold two training sessions in cooperation with IDW.</p> <p>In addition, the Commission on Quality Assurance plans to perform a special education session in September 2023 for senior quality assurance reviewers in the format of a knowledge sharing session with members of the Commission on Quality Assurance.</p> |                 |                     |                     |
| <b>Review of WPK's Compliance Information</b> |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |                     |                     |
| 14.                                           | Ongoing    | This Action Plan will be reviewed periodically and updated as necessary by the staff responsible for the relevant area of activity.                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Ongoing         | WPK Executive Board | WPK Technical Staff |

#### Main Requirements of SMO 1

| Requirements                                                                                                                                                                                       | WPK           | AOB | Comments                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Scope of the system</b></p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>                                                                | Partially (P) | P   | <p>WPK: Pursuant to the EU audit reform, only statutory audits that result from EU regulations require mandatory QA.</p> <p><b>AOB:</b> The AOB only carries out QA reviews for audits of PIEs.</p>                            |
| <p><b>Quality Control Standards and Other Quality Control Guidance</b></p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p> | Y             | Y   | <p>German quality control standards at a high level are set forth by law (WPO) and regulated further by the professional charter of the WPK. The IDW gives further guidance in its Standard on Quality Control (IDW QS 1).</p> |

| Requirements                                                                                                                                                             | WPK | AOB | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| 3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.                                                              | Y   | Y   | The professional charter of the WPK covers all main requirements of ISQC 1 and is supplemented by IDW QS 1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.              | Y   |     | Members of the Commission on Quality Assurance and WPK staff provide continuing professional development on a regular basis. IDW provides continuing professional development on IDW QS 1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b>Review cycle</b></p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>                                           | Y   | Y   | <p><b>WPK:</b> Mixed Approach: Every auditor of statutory financial statements is obliged to participate in the quality assurance system at least once every six years. The precise date, when the quality assurance review has to be performed at the latest, is based on a risk assessment by the Commission on Quality Assurance.</p> <p><b>AOB:</b> The frequency of inspections is in accordance with Article 26 (2) subparagraph 2 (a) and (b) of the Regulation (EU) No. 537/2014. According to the AOB's Rules of Procedure ("Verfahrensordnung"), the cycle will be determined by the number of audit engagements. Audit firms who perform a certain number of audits (currently more than 25 PIE) will be subject to annual inspections. Those audit firms with fewer audit engagements are subject to inspections every three years or six years. However, inspections can take place on an ad-hoc basis if deemed necessary.</p> |
| 6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities). | Y   | P   | <b>WPK:</b> As mentioned above, every auditor of statutory financial statements is obliged to participate in the quality assurance system at least once every six years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Requirements                                                                                               | WPK | AOB | Comments                                                                                                                                                                                                                                                                                                                                   |
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|                                                                                                            |     |     | <b>AOB:</b> Regulation (EU) No. 537/2014 prescribes a three-year cycle only for PIEs that are neither small nor medium sized entities, whereas those are subject to at least a six-year cycle.                                                                                                                                             |
| <b>QA Review Team</b>                                                                                      |     |     |                                                                                                                                                                                                                                                                                                                                            |
| 7. Independence of the QA Team is assessed and documented.                                                 | Y   |     | <b>WPK:</b> <a href="https://www.wpk.de/service-center/qualitaetskontrolle/unabhaengigkeitsbestaetigung/">https://www.wpk.de/service-center/qualitaetskontrolle/unabhaengigkeitsbestaetigung/</a><br><b>AOB:</b> We do not have any precise information.                                                                                   |
| 8. QA Team possesses appropriate levels of expertise.                                                      | Y   | Y   | <b>WPK:</b> Quality assurance reviewers must be public auditors for at least three years and must be active in the area of statutory audits. QA team members have to have comparable expertise.<br><b>AOB:</b> Is responsible for teams with collectively appropriate experience. QA team members usually are experienced public auditors. |
| <b>Reporting</b>                                                                                           |     |     |                                                                                                                                                                                                                                                                                                                                            |
| 9. Documentation of evidence supporting the quality control review report is required.                     | Y   | Y   | <b>WPK:</b> Common professional standards regarding documentation are applicable. See also IDW PS 140.<br><b>AOB:</b> Due to administrative law and professional standards, we assume that the AOB documentation meets all requirements.                                                                                                   |
| 10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed. | Y   | Y   | <b>WPK:</b> § 57a Para. 5 WPO, Policy on the quality assurance reviewer's report by the Commission on Quality Assurance. (Latest amendment September 1, 2020).<br><b>AOB:</b> AOB QA teams have to apply the same rules to their reporting (§ 62b Para. 3 WPO)                                                                             |

| Requirements                                                                                                                                                                                                    | WPK | AOB | Comments                                                                                                                                                                                                                                                                                                                                                                 |
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| <p><b>Corrective and disciplinary actions</b></p> <p>11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.</p>                                    | Y   | Y   | <p><b>WPK:</b> § 57e Para. 2 WPO<br/> <b>AOB:</b> § 66 Para. 6 WPO</p>                                                                                                                                                                                                                                                                                                   |
| <p>12. QA review system is linked to the Investigation and Discipline system.</p>                                                                                                                               | Y   | Y   | <p><b>WPK:</b> § 57e Para. 5 WPO<br/> <b>AOB:</b> Regulation (EU) No 537/2014</p>                                                                                                                                                                                                                                                                                        |
| <p><b>Consideration of Public Oversight</b></p> <p>13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.</p> | Y   |     | <p>WPK cooperates with the AOB very well. The AOB participates in all meetings of the Commission on Quality Assurance and its committees; it can participate in quality assurance reviews (basically closing meetings), and gets all relevant information from the Commission on Quality Assurance (e.g. agenda papers, list of upcoming quality assurance reviews).</p> |
| <p><b>Regular review of implementation and effectiveness</b></p> <p>14. Regular reviews of implementation and effectiveness of the system are performed.</p>                                                    | Y   |     | <p>AOB performs reviews of the WPK quality assurance system on a regular basis and reports annually on the WPK quality assurance system, whether it operates in an appropriate, adequate and commensurate manner.</p>                                                                                                                                                    |

**Action Plan Subject:** SMO 4 – IESBA Code of Ethics

**Action Plan Objective:** Ensure ongoing alignment of ethics standards in Germany with IESBA Code of Ethics

| #                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                          | Completion Date       | Responsibility     | Resource                                                                                                                   |
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| <b>Background</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |            |                                                                                                                                                                                                                                                                                                                                                                                                                  |                       |                    |                                                                                                                            |
| <p>Ethical requirements for the German profession are set first and foremost by the national legislator in the German Commercial Code (HGB - Handelsgesetzbuch) and in the Public Accountant Act (WPO - Wirtschaftsprüferordnung). Both laws form the legal basis on which the WPK is legally authorized to develop ethical requirements in more detail in the form of by-laws for the profession (WPK's Professional Charter).</p> <p>On June 16, 2016, the amended EU Audit Directive came into force, leading to multifold adjustments and modifications to the German Commercial Code and the Public Accountant Act (and thus consequently to the by-laws of the WPK). Furthermore the EU Audit Regulation came into force on the same date and contains - inter alia – (ethical) requirements that directly apply to all European Public Interest Entities (PIEs) and their statutory auditors.</p> <p>The WPK conducts on a regular basis thorough comparisons between the IESBA Code of Ethics and the German professional requirements in the German Commercial Code, Public Accountant Act and WPK by-laws – including consideration of the EU Audit Reform – in order to identify any differences between the Code and German ethical requirements. Identified differences are addressed either by incorporating them into the WPK by-laws, as far as WPK is authorized to do this, or they are communicated to the German legislator. Furthermore we continually monitor IESBA-releases regarding the IESBA Code of Ethics and assess whether they result in differences to the German professional requirements. Differences are treated in the way as described above.</p> <p>We have carefully reviewed revised SMO 4. Our organization has concluded that the German professional rules in combination with the EU Audit Regulation reach convergence with the IESBA Code of Ethics 2020 requirements. The WPK is currently in the process of reviewing the 2022 version of the IESBA Code to identify any differences to be addressed and has partly completed the convergence with the IESBA Code of Ethics 2022 (for details, see below).</p> |            |                                                                                                                                                                                                                                                                                                                                                                                                                  |                       |                    |                                                                                                                            |
| <b>Application of the Code of Ethics Standards</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |            |                                                                                                                                                                                                                                                                                                                                                                                                                  |                       |                    |                                                                                                                            |
| 15.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2010       | Review of the IESBA Code of Ethics 2009 - in consideration of IESBA's "Clarity Project" reformatting the Code of Ethics - against the background of a possible need of adapting WPK's Professional Charter or other relevant laws and provisions accordingly has been completed. Majority of CoE-provisions are covered by national rules. Remaining minor differences were addressed (see below Nos 16 and 17). | Completed Summer 2013 | WPK Advisory Board | WPK Executive Board together with a WPK Committee (Professional Law) and WPK Technical Staff (Department Professional Law) |

| #   | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Completion Date | Responsibility                                                                                                   | Resource                                                                                                                       |
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| 16. | 2010       | Full convergence of WPK's by-law with the CoE accomplished in a draft of a revised professional charter with minor adjustments. This draft was subject to the approval of WPK Advisory Board, which did not occur since WPK Advisory Board wanted to take the effects of the EU audit reform into consideration. This draft became obsolete in the meantime due to the EU audit reform (see below No 18).                                                                                 | 2014            | WPK Advisory Board                                                                                               | WPK Executive Board together with a WPK Committee (Professional Law) and WPK Technical Staff (Department Professional Law)     |
| 17. | 2010       | Remaining need to slightly adjust the Commercial Code and the Public Accountant Act as identified and explained to the Federal Ministries of Economics and Energy and Justice and Consumer Protection, which are responsible for these federal laws; response was pending, since the Ministries also intended to take the effects of the EU audit reform into consideration. The response of the Ministries became obsolete in the meantime due to the EU audit reform (see below No 18). | September 2013  | Federal Ministries of Economics and Energy and Justice and Consumer Protection                                   |                                                                                                                                |
| 18. | 2014       | Implementation of the EU Audit Reform into German law (Commercial Code, Public Accountant Act and WPK Professional Charter).<br><br>Some of the previously existing minor differences between German law and the IESBA Code of Ethics are thereby eliminated. As a result German professional rules in combination with the EU Audit Regulation reach convergence with the IESBA Code of Ethics 2014 requirements.                                                                        | Winter 2016     | Federal Ministries of Economic Affairs and Energy and Justice and Consumer Protection,<br><br>WPK Advisory Board | WPK Executive Board together with a WPK Committee (Professional Law) and WPK Technical Staff                                   |
| 19. | 2016/2018  | Beginning of a review of the IESBA Code of Ethics 2016 and due to the restructure project review of the 2018 version against the background of a possible need of adapting WPK's Professional Charter or other relevant laws and provisions accordingly.                                                                                                                                                                                                                                  | Completed 2019  | WPK Advisory Board                                                                                               | WPK Executive Committee together with a WPK Committee (Professional Law) and WPK Technical Staff (Department Professional Law) |

| #                                                                                              | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Completion Date | Responsibility                                      | Resource                                                                                                                            |
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| 20.                                                                                            | 2018       | Full convergence of the German professional rules (in combination with the EU Audit Regulation) with the Code of Ethics 2018 accomplished. To this end, WPK's Professional Charter was amended to address the IESBA provisions Safeguards appropriately. In addition, new application material was included in WPK's Professional Charter to meet other IESBA projects, particularly NOCLAR.                                                                                                   | Completed 2019  | WPK Advisory Board                                  | WPK Executive Board together with a WPK Committee (Professional Law) and WPK Technical Staff (Department Professional Law)          |
| 21.                                                                                            | 2020       | Full convergence of the German professional rules (in combination with the EU Audit Regulation) with the IESBA Code of Ethics 2020 accomplished. In particular, WPK developed additional specific application material regarding Role & Mindset and included it in WPK's Professional Charter. No adjustment was required with a view to IESBA's project ISAE 3000 (Revised).                                                                                                                  | Completed 2021  | WPK Advisory Board                                  | WPK Executive Board together with a WPK Committee (Professional Law) and WPK Technical Staff (Department Professional Law)          |
| 22.                                                                                            | 2021       | Beginning of a review of the IESBA Code of Ethics 2022. The new IESBA provisions Fees, NAS and Quality Management were already addressed by the WPK Professional Law Committee. The remaining pronouncements PIE/Listed Entity and Engagement Team/Group Audits have already been examined on staff level and will be presented to the WPK Professional Law Committee in due course. Therefore, full convergence with the IESBA Code of Ethics 2022 is expected in 2023 or 2024, respectively. | Expected 2023   | WPK Advisory Board                                  | WPK Executive Board together with a WPK Committee (Professional Law) and WPK Technical Staff (Department Professional Law)          |
| <b>Maintaining ongoing processes (Member notification, Education and Promotion Activities)</b> |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 |                                                     |                                                                                                                                     |
| 23.                                                                                            | Ongoing    | Publication of a legal commentary (approx. 1400 pages) regarding the professional law on public auditors in Germany with the main focus on professional duties and ethics standards.                                                                                                                                                                                                                                                                                                           | Ongoing         | Two former presidents of WPK, current president and | Essentially WPK Technical Staff (interdepartmental) and an honorable judge of the Higher Regional Court Berlin (Disciplinary Court) |

| #   | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Completion Date | Responsibility                            | Resource                                                                                                                   |
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|     |            | The first edition was published in July 2008, the second edition in September 2013. The third edition was published in November 2018 and, inter alia, extensively deals with the EU audit reform. The fourth edition was published in October 2022.                                                                                                                                                                                                             |                 | vice president of WPK                     |                                                                                                                            |
| 24. | Ongoing    | Encouraging the awareness and the application of the IESBA Code of Ethics by publishing elaborate annotations on terms and concepts of the IESBA Code in WPK's Professional Charter.                                                                                                                                                                                                                                                                            | Ongoing         | WPK Executive Board                       | WPK Executive Board together with a WPK Committee (Professional Law) and WPK Technical Staff (Department Professional Law) |
| 25. | Ongoing    | IESBA Committee pronouncements and revisions to the IESBA Code are communicated to WPK's members on a timely basis. In addition, produced case study and explanatory material regarding specific issues of ethical and professional conduct and corresponding publication in WPK's quarterly member journal. Report important matters in news flash on WPK's Website, so as to inform members as to the main issues raised.                                     | Ongoing         | WPK Committee (Professional Law)          | WPK Technical Staff (Department Professional Law)                                                                          |
| 26. | Ongoing    | Technical Support for WPK's members by responding to their oral and written inquiries on technical matters in relation to ethics (including a telephone service).                                                                                                                                                                                                                                                                                               | Ongoing         | WPK Head of Department (Professional Law) | WPK Technical Staff (Department Professional Law)                                                                          |
| 27. | Ongoing    | The WPK is an active participant in the IESBA's meetings and the standard-setting processes, having jointly with the IDW successfully nominated an IESBA member and having its Senior Manager in its Accounting & Audit Division serve as Technical Advisor. The WPK responds to IESBA's Exposure Drafts by issuing comment letters and also participates in the National standard setters (NSS) meetings of IESBA. In this context, agenda papers are reviewed | Ongoing         | WPK Head of Department (Professional Law) | WPK Technical Staff (Department Professional Law)                                                                          |



| #   | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Completion Date | Responsibility                               | Resource                                                                                           |
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|     |            | and significant issues identified in order to present them for discussion both on IFAC- and national level.                                                                                                                                                                                                                                                                                                                                                      |                 |                                              |                                                                                                    |
| 28. | Ongoing    | Engage in a continual dialogue with the Legislator and several Ministries, particularly Federal Ministry for Economic Affairs and Climate Action and Federal Ministry of Justice, to spread the spirit of the Code of Ethics and contribute to the legislative processes using the special expertise of the profession. In addition, participation in several other working groups to ensure that the ethic pronouncements of IFAC are taken into consideration. | Ongoing         | WPK Executive Board                          | WPK Executive Directors and Technical Staff                                                        |
| 29. | Ongoing    | Annual fixed dates on which regular meetings and presentations of important issues regarding professional duties and ethics standards are held for WPK members.                                                                                                                                                                                                                                                                                                  | Ongoing         | WPK Executive Board                          | WPK Executive Board and Executive Directors                                                        |
| 30. | 2013       | Roundtable and Jour Fixe held by WPK with former IESBA Chair Jörgen Holmquist and Jim Sylph (IFAC) in Berlin pertaining to the implementation of the CoE, the recent projects of IESBA and ethical developments, with the participation of representatives of the former Federal Ministries of Economics and Technology and Justice, the former Auditor Oversight Commission, professional associations and the profession.                                      | Completed       | WPK Executive Board                          | WPK Executive Board and WPK Committee Professional Law                                             |
| 31. | 2015       | German translation of the 2014 version of the IESBA Code accomplished. Translation is available on WPK's homepage free of charge ( <a href="https://www.wpk.de/fileadmin/documents/WPK/Rechtsvorschriften/IFAC_Verhaltenskodex_Berufsangehoerige.pdf">https://www.wpk.de/fileadmin/documents/WPK/Rechtsvorschriften/IFAC_Verhaltenskodex_Berufsangehoerige.pdf</a> ). WPK's members and the public were informed accordingly.                                    | Completed       | WPK Executive Board and Principal Translator | WPK Committee (Professional Law) together with WPK Technical Staff (Department Audit & Accounting) |

| #                                             | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Completion Date | Responsibility                                         | Resource                                                                                           |
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| 32.                                           | 2019       | German translation of the 2018 version of the IESBA Code started.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Expected 2019   | WPK Executive Board and Principal Translator           | WPK Committee (Professional Law) together with WPK Technical Staff (Department Audit & Accounting) |
| 33.                                           | 2019       | German translation of the 2018 version of the IESBA Code finalized and published in November 2019. Translation is available on WPK's homepage free of charge ( <a href="https://www.wpk.de/fileadmin/documents/WPK/Rechtsvorschriften/IFAC_Verhaltenskodex_Berufsangehoerige.pdf">https://www.wpk.de/fileadmin/documents/WPK/Rechtsvorschriften/IFAC_Verhaltenskodex_Berufsangehoerige.pdf</a> ). WPK's members and the public were informed accordingly.                                                                                                                                          | Completed       | WPK Executive Board and Principal Translator           | WPK Committee (Professional Law) together with WPK Technical Staff (Department Audit & Accounting) |
| 34.                                           | 2016       | Various articles on the recent IESBA project NOCLAR and its effects on the German profession published ( <a href="https://www.wpk.de/mitglieder/praxishinweise/code-of-ethics/">https://www.wpk.de/mitglieder/praxishinweise/code-of-ethics/</a> ; <a href="https://www.wpk.de/fileadmin/documents/Magazin/WPK_Magazin_3-2017.pdf">https://www.wpk.de/fileadmin/documents/Magazin/WPK_Magazin_3-2017.pdf</a> ). Communication with IESBA Chair Dr. Stavros Thomadakis regarding his NOCLAR publication in German journals. Written input on the Staff NOCLAR Q&A provided to the IESBA Task Force. | Completed       | WPK Executive Board Member, Head of Accounting & Audit | WPK Technical Staff (Department Audit & Accounting)                                                |
| 35.                                           | 2023       | IESBA Outreach Germany with IESBA Chair Gabriela Figueiredo Dias and IESBA Program and Senior Director Ken Siong organized by WPK in May 2023. Apart from a meeting of IESBA with WPK, various other meetings with important stakeholders were arranged by WPK, such as Federal Ministry for Economic Affairs and Climate Action, Federal Ministry of Justice, Auditor Oversight Body, Accounting Standards Committee of Germany and Institut der Wirtschaftsprüfer.                                                                                                                               | Completed       | WPK Chief Executive Officer                            | WPK Technical Staff (Department Audit & Accounting)                                                |
| <b>Review of WPK's Compliance Information</b> |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                 |                                                        |                                                                                                    |

| #   | Start Date | Actions                                                                                                                             | Completion Date | Responsibility      | Resource            |
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| 36. | Ongoing    | This Action Plan will be reviewed periodically and updated as necessary by the staff responsible for the relevant area of activity. | Ongoing         | WPK Executive Board | WPK Technical Staff |

**Action Plan Subject:** SMO 6 - Investigation and Discipline  
**Action Plan Objective:** Further Development of the Disciplinary Oversight

| #                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Start Date | Actions | Completion Date | Responsibility | Resource |
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| <p><b>Background</b></p> <p>The rules for the investigation processes and discipline of misconduct for public auditors in Germany are set out in the German Public Accountant Act (Wirtschaftsprüferordnung - WPO), which was amended effective June 17, 2016 by the Abschlussprüferaufsichtsreformgesetz (8<sup>th</sup> Amendment of the WPO) as a result of the Directive 2014/56/EU. Additional rules concerning the oversight of statutory audits of public interest entities (PIEs) according to § 316a sentence 2 German Commercial Code (HGB) are included in the Regulation (EU) No 537/2014. As a result of the “Wirecard”-scandal the WPO was further amended effective July 1, 2021 by the Finanzmarktintegritätsstärkungsgesetz (FISG).</p> <p>Wirtschaftsprüferkammer (WPK) is responsible for the disciplinary oversight of auditors and audit firms. WPK is responsible for investigating and disciplining all violations including (potential) severe misconduct (prior to the 8<sup>th</sup> Amendment of the WPO severe cases were subject to disciplinary jurisdiction by court (District Court of Berlin); the charges were brought to court by the Chief Public Prosecutor after its own investigations). Breaches of professional duties in the course of statutory audits of PIEs according to § 316a sentence 2 HGB are within the competence of the Auditor Oversight Body (AOB), which is established at the Federal Office for Economic Affairs and Export Control (BAFA). AOB also exercises the public oversight of WPK and is the authority of ultimate decision making.</p> <p>Sanctioning measures that may be imposed by WPK (or AOB) comprise: reprimands, fines up to 500.000 EUROS against individuals or 1.000.000 EUROS against audit firms, temporary prohibition of professional activities or expulsion from the profession. An additional prohibition order may be issued in case of repeated breaches.</p> <p>Subsequent to an unsuccessful objection to a sanction a member may appeal for a professional court proceeding. The so-called professional courts (special divisions of criminal courts/Senate at the District Court of Berlin in the First Instance, Superior Court of Justice of Berlin in the Second Instance and the Federal Court of Justice in the Third Instance) are responsible in these cases. The professional courts are assisted by members of the profession who contribute their professional expertise.</p> <p>Sanctioning measures which have become final are published for a duration of 5 years either on the website of WPK or APAS, depending on which authority has imposed the sanctions in question. The publication regularly includes the name of the auditor or the audit firm being sanctioned unless this would be disproportionate under the circumstances.</p> <p>We carefully reviewed revised SMO 6. Our organization has concluded that it already addresses the requirements of the revised SMO (see below).</p> <p>The same is true with respect to the AOB: The investigation process and discipline of misconduct within the competence of the AOB (see above) is governed by the same rules applicable for the investigation and discipline of the WPK (see § 66a para. 6 and 7 WPO). Only few procedural differences exist, which are due to the different legal structure of the AOB and some minor specifics of the Regulation (EU) No 537/2014. These deviations, however, are of no relevance with respect to the requirements of SMO 6 and, therefore, merit no further explanation.</p> |            |         |                 |                |          |

| #                                                                                              | Start Date | Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Completion Date | Responsibility                                                            | Resource                                                                                                                                   |
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| <b>Maintaining Ongoing Processes (Member notification, Education and Promotion Activities)</b> |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                 |                                                                           |                                                                                                                                            |
| 37.                                                                                            | Ongoing    | <p>Publication of a legal commentary (approx. 1400 pages) regarding the professional law on public auditors in Germany also relating especially to investigations.</p> <p>First edition was published in July 2008, the second edition in September 2013. The third edition was published in November 2018 and, inter alia, extensively deals with the EU audit reform. The fourth edition was published in October 2022.</p>                                                                                         | Ongoing         | Two former presidents of WPK, current president and vice president of WPK | Essentially WPK Technical Staff (interdepartmental) and an honorable judge of the Superior Court of Justice of Berlin (Disciplinary Court) |
| 38.                                                                                            | Ongoing    | Periodical publication of decisions in relation to reprimands and legal and professional proceedings and explanatory articles regarding professional duties and investigations in the WPK's member journal.                                                                                                                                                                                                                                                                                                           | Ongoing         | WPK Executive Board                                                       | WPK Technical Staff                                                                                                                        |
| 39.                                                                                            | Ongoing    | <p>Annual report on procedures and sanctions imposed by the AOB/WPK and by the disciplinary court.<br/>(<a href="https://www.wpk.de/fileadmin/documents/Oeffentlichkeit/Berichte/WPK_Berufsaufsicht_2022.pdf">https://www.wpk.de/fileadmin/documents/Oeffentlichkeit/Berichte/WPK_Berufsaufsicht_2022.pdf</a>)</p> <p>Moreover, a report on the content and the results of the review of annual and consolidated accounts is published annually (included in above report, see chapter E. "Abschlussdurchsicht").</p> | Ongoing         | AOC/WPK Executive Board                                                   | WPK Technical Staff                                                                                                                        |
| 40.                                                                                            | Ongoing    | Annual presentations of important changes in system and main issues regarding disciplinary oversight.                                                                                                                                                                                                                                                                                                                                                                                                                 | Ongoing         | WPK Executive Board                                                       | WPK Executive Board and Executive Directors                                                                                                |
| 41.                                                                                            | Ongoing    | Technical support for WPK's members by responding to their oral and written inquiries on professional duties in relation to investigations (including a telephone hot line).                                                                                                                                                                                                                                                                                                                                          | Ongoing         | WPK Head of Department (Disciplinary Oversight)                           | WPK Technical Staff                                                                                                                        |
| 42.                                                                                            | Ongoing    | Engage in a continual dialogue with the legislator and several ministries, particularly Federal Ministry for Economic Affairs and Climate Action and Federal Ministry of Justice, to contribute to the legislative processes using the special expertise of the profession.                                                                                                                                                                                                                                           | Ongoing         | WPK Executive Board                                                       | WPK Executive Directors and Technical Staff                                                                                                |
| <b>Review of WPK's Compliance Information</b>                                                  |            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                 |                                                                           |                                                                                                                                            |
| 43.                                                                                            | Ongoing    | This Action Plan will be reviewed periodically and updated as necessary by the staff responsible for the relevant area of activity.                                                                                                                                                                                                                                                                                                                                                                                   | Ongoing         | WPK Executive Board                                                       | WPK Technical Staff                                                                                                                        |

## Main Requirements of SMO 6

| Requirements                                                                                                           | WPK     |         | AOB     |         | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                        | Yes (Y) | No (No) | Yes (Y) | No (No) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                                                        |         |         |         |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Scope of the system</b>                                                                                             |         |         |         |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational. | Y       |         | Y       |         | <b>WPK:</b> Scope of system is for auditors of non-PIEs<br><b>AOB:</b> Scope of system is for auditors of PIEs and the AOB oversees the I&D procedures of the WPK                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2. Information about the types of misconduct which may bring about investigative actions is publicly available.        | Y       |         | Y       |         | <b>WPK:</b> see annual report, chapter D.3. "Gegenstand der erledigten Verfahren 2022"<br>( <a href="https://www.wpk.de/fileadmin/documents/Oeffentlichkeit/Berichte/WPK_Berufsaufsicht_2022.pdf">https://www.wpk.de/fileadmin/documents/Oeffentlichkeit/Berichte/WPK_Berufsaufsicht_2022.pdf</a> )<br><b>AOB:</b> see annual report, chapter 3.2 „Berufsaufsicht“<br><a href="https://www.apasbafa.bund.de/SharedDocs/Downloads/APAS/DE/apas_jahresbericht_2022.html">https://www.apasbafa.bund.de/SharedDocs/Downloads/APAS/DE/apas_jahresbericht_2022.html</a> |
| <b>Initiation of Proceedings</b>                                                                                       |         |         |         |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 3. Both a "complaints-based" and an "information-based" approach is adopted.                                           | Y       |         | Y       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 4. Link with the results of QA reviews has been established.                                                           | Y       |         | Y       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Investigative process</b>                                                                                           |         |         |         |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 5. A committee or similar body exists for performing investigations.                                                   | Y       |         | Y       |         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Requirements                                                                                                                     | WPK                                 | AOB                                 | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                  | Yes (Y)<br>No (No)<br>Partially (P) | Yes (Y)<br>No (No)<br>Partially (P) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 6. Members of a committee are independent of the subject of the investigation and other related parties.                         | Y                                   | Y                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Disciplinary process</b>                                                                                                      |                                     |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee. | Y                                   | Y                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 8. Members of the committee/entity include professional accountants as well as non-accountants.                                  | Y                                   | Y                                   | All members of the WPK disciplinary committee are professional accountants. However, the AOB, an authority independent of the accounting profession, oversees the I&D procedures of the WPK and has the ultimate responsibility for the decision making, i.e. may overrule decisions of the WPK disciplinary committee. In this way, also non-accountants are involved in the ultimate decision-making.<br><br>With regard to the appeals level, a court chamber (i.e. the appeals tribunal) is chaired by a judge. |
| 9. The tribunal exhibits independence of the subject of the investigation and other related parties.                             | Y                                   | Y                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Sanctions</b>                                                                                                                 |                                     |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly                                  | Y                                   | Y                                   | See § 68 para. 1 WPO for the relevant penalties                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Requirements                                                                                                                                    | WPK                                 | AOB                                 | Comments                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|------------------------------------|
|                                                                                                                                                 | Yes (Y)<br>No (No)<br>Partially (P) | Yes (Y)<br>No (No)<br>Partially (P) |                                    |
| important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership. |                                     |                                     |                                    |
| <b>Rights of representation and appeal</b>                                                                                                      |                                     |                                     |                                    |
| 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.                             | Y                                   | Y                                   | See Part 6 of the WPO (§§ 71a ff.) |
| <b>Administrative Processes</b>                                                                                                                 |                                     |                                     |                                    |
| 12. Timeframe targets for disposal of all cases are set.                                                                                        | Y                                   | Y                                   |                                    |
| 13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.                             | Y                                   | Y                                   |                                    |
| 14. Records of investigations and disciplinary processes are established.                                                                       | Y                                   | Y                                   |                                    |
| <b>Public Interest Considerations</b>                                                                                                           |                                     |                                     |                                    |
| 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.       | Y                                   | Y                                   |                                    |



| Requirements                                                                                                                | WPK                                 | AOB                                 | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                             | Yes (Y)<br>No (No)<br>Partially (P) | Yes (Y)<br>No (No)<br>Partially (P) |                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 16. A process for the independent review of complaints on which there was no follow-up is established.                      | Y                                   | Y                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 17. The results of the investigative and disciplinary proceedings are made available to the public.                         | Y                                   | Y                                   | § 69 para. 1 WPO (as amended by FISG, see background) provides that sanctioning measures which have become final are published for a duration of 5 years. The publication includes the name of the auditor or the audit firm being sanctioned unless this would be disproportionate under the circumstances. Furthermore, personal data of individuals is not published in less serious instances where only a reprimand has been imposed. |
| <b>Liaison with Outside Bodies</b>                                                                                          |                                     |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences. | Y                                   | Y                                   | See § 65 para. 1 WPO                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Regular review of implementation and effectiveness</b>                                                                   |                                     |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.  | Y                                   | Y                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                            |