



EMPACTA Quality Standard No. 4 (English)

Considerations before agreeing to an assignment

Context

Members in practice have duties in accordance with the national legislation, with ISAs, with the IESBA Code of Ethics, and the EQS, before agreeing to audit assignments or audit related assignments. In particular, they have to assure that they have the capacity, that they are independent and that no material conflicts of interest exist. Collusion and even the impression of collusion has to be excluded, not only as a measure of self-protection but also because other members and the whole association might be harmed.

Measures to be taken

Excluding Collusion

Members can register their intent to issue an offer at <https://www.empacta.org/tender.php>. In this case, the member who first registers his offer at the website should have the right to take part in this tender, while other members must refrain.

In case other members will non-the-less take part in this tender, with or without announcing this at <https://www.empacta.org/tender.php>, the other member should be responsible for all damage, reputational or direct, to the member who registered his bid first and to the association who might suffer reputational damage. In case the other member wins the tender, the member who registered his offer first, has the right to demand that the winning member refrains from entering into a contract or even cancels an existing contract. The size of the damage shall be determined by the Ethics Committee.

Members have to pay an amount in ETH to the association, in order to register their bids at <https://www.empacta.org/tender.php>. For the time being this amounts to ETH 50.00 per registration. The amount can be changed by a decision of the Board.

EMPACTA e.V. the association of international auditors

Board: Jamal Abu Farha, David Wortham, Dr. Theis (Chairmen), Frank Fabel (Secretary), Regina Kolesnikova (Treasurer)

Registered in Berlin, VR 33086 B, tax №27/664/56771

Entitled to issue confirmations of donation in acc. with § 52 Abs 2, Satz 1 Nr. (n) 7 AO (charitable purposes)

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Verifying Independence

Members issuing bids or offers or entering into contracts have the duty to check whether their independence is violated. In case of doubt, they have to apply to the Ethics Committee. The decision of the Ethics Committee shall be binding. The decision of the Ethics Committee does not replace legal considerations in the legislation in which the member is operating. The decisions of the Ethics Committee will be published in the Login area of the association.

Excluding Conflicts of Interest

Members issuing bids or offers or entering into contracts have the duty to check for conflicts of interest. For this purpose they are obliged to contact those members who are most likely to have relations with the same client. In case of doubt, they have to apply to the Ethics Committee. The decision of the Ethics Committee shall be binding. The decision of the Ethics Committee does not replace legal considerations in the legislation in which the member is operating. The decisions of the Ethics Committee will be published in the Login area of the association.

Assuring Compliance with Anti-Money-Laundering rules

The Association keeps a register with all member data, including passport data, statutes and powers of attorney. The members are obliged to inform the Board on any changes. With this, transparency rules for transactions between members shall be satisfied.

In relation to client agreements, members are obliged to know their clients personally. Members are obliged to keep a file per client, in which passport data, power of attorney, statutes and registration documents are stored. The persons representing the client have to be checked for compliance with UN sanction list. The member is obliged to proof that she or he checked the compliance.

Threads to Independence

Members are obliged to check the contracts into which they enter whether these contracts comply with the independence standards. In case of non-compliance, the Association might require the member to cancel the contract.

Implementation

The standard comes into force on 1 January 2024.

The conditions of this standard have to be checked during the Quality Assurance Visits. The Quality Assurance Committee can suggest sanctions against the member that is not in compliance. The Board will decide on these proposals. The member might appeal to the Ethics Committee in case it feels not correctly treated.