



Basel Committee on Banking Supervision

BANK FOR INTERNATIONAL SETTLEMENTS

Chairman

Via e-mail

Mr Ken Siong
Senior Technical Director
International Ethics Standards
Board for Accountants (IESBA)

30 October 2019

Exposure Draft: Proposed Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants

Dear Mr Siong

The Basel Committee welcomes the opportunity to comment on the IESBA's proposals regarding the mindset expected of professional accountants (the ED). The Committee has a strong interest in promoting high-quality ethical standards and supports efforts, including those of IESBA, to reinforce and promote appropriate behaviours for professional accountants to meet their responsibility to act in the public interest.

The Committee is pleased that IESBA has retained the term "professional skepticism" for auditors but also wishes to raise standards for all accountants, consistent with the Committee's comments in its response¹ to the IESBA's 2018 Consultation Paper.² The Committee agrees with the IESBA's proposals in the ED, in particular the proposal to require a professional accountant to behave in a manner that is consistent with the profession's responsibility to act in the public interest and the concept of an inquiring mind.

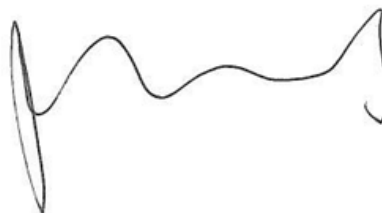
The Committee would welcome clarification on one point, namely the proposals around organisational culture and "effective application" of the IESBA Code (paragraph 120.13.A1). Whilst organisational culture is important context for a professional accountant, the ED is not clear on how the professional accountant should react to different cultures and whether the IESBA is suggesting that culture affects the professional accountant's requirement to adhere to the fundamental principles. The Committee does not believe that organisational culture should affect the applicability of the requirements of the IESBA Code. Therefore, we recommend that the revised Code should clearly explain that its requirements apply regardless of the organisational culture within which the professional accountant operates.

¹ www.bis.org/bcbs/commentletters/ifac54.pdf

² IESBA Consultation Paper on Professional Skepticism – Meeting Public Expectations

We hope you find our comments constructive and helpful. This letter has been prepared by the Committee's Accounting Experts Group, chaired by Fernando Vargas Bahamonde, Associate Director General of the Bank of Spain. If you have any questions regarding these comments, please contact Mr Vargas (+34 913 38 61 04), Michael Gaull, chair of the Committee's Audit Subgroup (+44 20 3461 5781), or Masaya Hatoma at the Basel Committee Secretariat (+41 61 280 8577).

Yours sincerely

A handwritten signature in black ink, consisting of a series of connected loops and curves, representing the name Pablo Hernández de Cos.

Pablo Hernández de Cos