

Instituut van de Bedrijfsrevisoren
Institut des Réviseurs d'Entreprises

Koninklijk Instituut - Institut royal

Mr Jörgen HOLMQUIST
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The President

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Our reference
DS/SVB/edw

Your reference

Date

06-12-2012

Mr Chairman,

Re: Comments on IESBA Exposure Draft "Responding to a Suspected
Illegal Act (August 2012)"

The Belgian *Instituut van de Bedrijfsrevisoren - Institut des Réviseurs
d'Entreprises* (IBR-IRE) thanks the International Ethics Standards Board for
Accountants (IESBA) for its invitation to answer to the IESBA Exposure Draft
"Responding to a Suspected Illegal Act" (hereinafter "ED").

The view of the Board of the IBR-IRE on the ED can be summarized as follows:

- the proposed provisions are in our opinion jeopardizing the necessary trust between the auditor and his client; if the confidentiality is not guaranteed, the auditor, who has no judiciary power or competence to obtain information, may not receive the information by the audited entity that is necessary to perform the audit;
- there may be a number of practical difficulties arising from the lack of definition of e.g. a "suspected" illegal act and a "suspicion" which may render it difficult to make a proper assessment;
- our current national legislation, that contains the professional secrecy, is in line with the Financial Action Task Force (FATF) Recommendations;
- each violation of the Belgian Company Code needs to be mentioned in the auditor's report, which is made public even if not specifically addressed to the "appropriate authority".

Furthermore, compliance with the provisions proposed in the ED would give rise to a violation of the auditor's duty of confidentiality (professional secrecy) under Belgian law.



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In sum of what is set out above, the board of IBR-IRE is of the view that the national legislator has the exclusive competence to deal with the issues addressed in the ED. Soft law cannot and should not override national hard law.

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The Belgian law contributes to a favourable environment for the audit quality. When fraud is detected, the board of directors and, in certain circumstances, the general meeting of shareholders and the public through the audit report, are informed according to the ISAs.

Please do not hesitate to contact us should you need any further information.

Yours sincerely,



Michel DE WOLF
President