



HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

05 Feb 2002

Basel Committee on Banking Supervision's Paper on "The Relationship between Banking Supervisors and Banks' External Auditors"

Our Ref: CB/POL/4/5

5 February 2002

The Chief Executive
All authorized institutions

Dear Sir / Madam,

Basel Committee on Banking Supervision's Paper on "The Relationship between Banking Supervisors and Banks' External Auditors"

The Basel Committee on Banking Supervision issued on 21 January 2002 a paper "The Relationship between Banking Supervisors and Banks' External Auditors" which was jointly developed with the International Auditing Practices Committee of the International Federation of Accountants.

The purpose of the paper is to provide information and guidance on how the relationship between bank auditors and supervisors can be strengthened to mutual advantage, taking into account the Basel Committee's Core Principles for Effective Banking Supervision. Specifically, the paper:

- describes the primary responsibilities of the board of directors and management;
- examines the essential features of the role of external auditors;
- examines the essential features of the role of supervisors;
- reviews the relationship between bank supervisors and the external auditors; and
- describes additional ways in which auditors and the auditing profession can contribute to the supervisory process.

A copy of the paper is [attached](#) for your reference.

We recommend that authorized institutions consider whether their internal control processes can be improved in the light of the guidance in the paper. In order to further strengthen the relationship between bank auditors and the HKMA, we will have regard to the

guidance given in this paper when formulating relevant guidelines in our Supervisory Policy Manual.

I hope that you will find this paper helpful.

Yours faithfully,

Simon Topping
Executive Director (Banking Policy)

Encl.: [Banking Supervision's Paper on "The Relationship between Banking Supervisors and Banks' External Auditors" \(PDF file, 107KB\)](#)

c.c. Chairman, The Securities and Futures Commission
The President, The Hong Kong Society of Accountants

Last revision date : 01 August 2011