

Meeting: IESBA
Meeting Location: Sydney
Meeting Date: September 16-18, 2013

Agenda Item

7

Review of Part C of the Code

Objective of Agenda Item

1. To obtain the IESBA's views on a straw man of proposed changes to Part C of the *Code of Ethics for Professional Accountants* (the Code) to address the topic of pressure to engage in unethical or illegal acts and related issues.

Task Force

2. Members:
 - Jim Gaa, Chair, IESBA Member
 - Larry Kean, Small- and Medium-Sized Entity (SME) Representative
 - Alice McCleary, IESBA Member
 - Ian Rushby, IFAC Professional Accountants in Business (PAIB) Committee Member
 - Lisa Snyder, IESBA Technical Advisor

Background

3. At its meeting in March 2013, the IESBA approved the project to review Part C of the Code, including that priority attention be given to the following topic areas:
 - Pressure by superiors and others to engage in unethical or illegal acts (Pressure);
 - The responsibility of PAIBs to produce financial reports that are faithful representations of the economics of transactions, and associated matters (Faithful Representation); and
 - Facilitation payments and bribes (Inducements).
4. At its meeting in April 2013, the CAG considered the project proposal.
5. At its June 2013 meeting, the IESBA considered issues related to the scope of Part C, specifically how Part C may be relevant to professional accountants in public practice. The IESBA agreed to defer further consideration of this matter until after the topics of Pressure, Faithful Representation and Inducements, as these relate specifically to PAIBs, have been addressed.

6. This project is divided into two phases:
- Phase I will review Sections 300,¹ 320,² 330³ and 340⁴ of the Code and will, in particular, address the topics of Pressure and Faithful Representation.
 - Phase II will address Section 350,⁵ which is related to the topic of Inducements.

Activities since Last IESBA Discussion

7. The Task Force met in July 2013 and by teleconference in August 2013 to discuss the issue of pressure to engage in unethical or illegal acts and a straw man wording.

Material Presented

- Agenda Item 7-A Pressure to Engage in Unethical or Illegal Acts – Issues paper
- Agenda Item 7-B Pressure to Engage in Unethical or Illegal Acts – Straw man

Forward Timeline

8. Subject to the Board's deliberations, the Task Force's anticipated forward timeline for Phase I of the project is as follows:

Indicative Timing	Milestone
December 2013	Issues
April 2014	First read
July 2014	Second read
October 2014	Approve exposure draft

Action Requested

9. The IESBA is asked to consider the issues and preliminary Task Force recommendations presented in Agenda Items 7-A and 7-B, and to provide input to the Task Force.

¹ Section 300, *Introduction*

² Section 320, *Preparation and Reporting of Information*

³ Section 330, *Acting with Sufficient Expertise*

⁴ Section 340, *Financial Interests*

⁵ Section 350, *Inducements*