

Meeting: IESBA
Meeting Location: London
Meeting Date: January 12-14, 2015

Agenda Item 6

Review of Part C of the Code—Phase 2

Objectives of Agenda Item

1. To:
 - (a) Receive a presentation from Transparency International – UK (TI-UK) regarding its work in the area of inducements; and
 - (b) Consider preliminary matters identified by the Task Force on Phase 2 of the Part C project addressing this topic.

Task Force

2. Members:
 - Jim Gaa, Chair, IESBA Member
 - Claire Ighodaro, IESBA Member
 - Helene Agélii, 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 professional accountants in business (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. This project is divided into two phases:
 - Phase 1 addresses Sections 300,¹ 310², 320,³ 330⁴ and 340⁵ of the Code and, in particular, the topics of Pressure and Faithful Representation.

¹ Section 300, *Introduction*

- Phase 2 will address Section 350,⁶ which is related to the topic of Inducements.

Activities since Last IESBA Discussion

5. The Task Force held an in-person meeting in November 2014 to consider issues relating to Phase 2 of the project.
6. Prior to its meeting, the Task Force had reached out to some organizations that have already performed work on the topic of inducements to ascertain the possible benefits of meeting with these organizations and to consider whether their work might provide for useful input into the Phase 2 Board deliberations.
7. The Task Force was able to invite representatives of TI-UK to its meeting to give a presentation on their work as related to inducements and more specifically how their work may be of relevance to PAIBs.

Material Presented

Agenda Item 6-A Review of Part C of the Code, Phase 2—Matters for Consideration

Forward Timeline

8. As a result of IESBA approval of the ED of Phase I at the October 2014 IESBA meeting and the extended exposure period, the Task Force's anticipated forward timeline for the project is as follows:

Indicative Timing Phase 1	Milestone
June-July 2015	Full Review
October 2015	First read post-ED
Jan 2016	Second read post-ED
April 2016	Approve final

² Section 310, *Conflicts of Interest*

³ Section 320, *Preparation and Reporting of Information*

⁴ Section 330, *Acting with Sufficient Expertise*

⁵ Section 340, *Financial Interests*

⁶ Section 350, *Inducements*

Indicative Timing Phase 2	Milestone
January 2015	Discussion
April 2015	Discussion
Jan 2016	Issues
April 2016	First read
July 2016	Approve exposure draft

Action Requested

9. The Board is asked to:
- (a) Consider the matters raised in the presentation by TI-UK as these relate to Phase 2 of the project; and
 - (b) Provide preliminary input to the Task Force on the matters set out in Agenda Item 6-A.