

Meeting: IESBA

Meeting Location: New York, USA

Meeting Date: June 29 – July 1, 2015

Agenda Item

5

Review of Part C of the Code—Phase 1

Objective of Agenda Item

1. To consider a preliminary summary of significant comments on key aspects of the exposure draft (ED), *Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles*, and related Task Force proposals.

Task Force

2. Members:
 - Jim Gaa, Chair, IESBA Member
 - Helene Agélii, IESBA Member
 - Claire Ighodaro, 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 300,¹ 310,² 320,³ 330⁴ and 340⁵ of the Code and, in particular, the topics of Pressure and Faithful Representation.
 - Phase 2 addresses Sections 350 and 260,⁶ and the applicability of Part C to professional accountants in public practice (PAPPs).

Activities since Last IESBA Discussion

5. The Task Force met physically in May 2015 and again via teleconference in June 2015 to discuss the comment letters received. The Task Force subsequently liaised via e-mail to finalize the agenda material to present at this Board meeting.

Material Presented

Agenda Item 5-A Preliminary Summary of Significant Comments on Key Aspects of the Exposure Draft

Agenda Item 5-B Proposed Changes to Section 320 (Mark Up)

Agenda Item 5-C Proposed Changes to Section 320 (Clean)

Draft to be Discussed at the Meeting

6. The Task Force proposes that the mark-up version of the proposed Section 320 (Agenda Item 5-B) be discussed at the meeting.

Forward Timeline

7. The Task Force's updated forward timeline for the project is as follows:

Indicative Timing	Milestone
Phase 1	
June-July 2015	Full review of Phase 1 ED comments (excluding Section 370)
December 2015	First-read post-ED Section 320 and Full Review of Section 370 ED comments

¹ Section 300, *Introduction*

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 260, *Gifts and Hospitality*

Review of Part C of the Code – Phase 1 (Cover Note)
IESBA Meeting (June/July 2015)

Indicative Timing	Milestone
March 2016	Approve close-off Phase 1 ⁷
June 2016	Approve restructured Phase 1

Indicative Timing	Milestone
Phase 2	
September 2016	Issues
December 2016	First read
March 2017	Approve ED

Action Requested

- IESBA members are asked for views and directional feedback on the matters raised in Agenda Item 5-A.

⁷ Approval of final text under current structure and drafting conventions