



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

7 December 2017

Ken Siong
Technical Director, IESBA
529 Fifth Avenue
6th Floor
New York NY 10017

By email: Ken.Siong@ethicsboard.org

Dear Ken

**Submission on the International Ethical Standards Board for Accountant's ("IESBA")
Exposure Draft: Proposed Revisions to the Code Pertaining to the Offering and Accepting of
Inducements**

We are pleased to provide our response to your Exposure Draft entitled "Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements" (the "ED"). As a professional body representing over 100,000 members we are supportive of IESBA's work to promote better ethical behaviour by professional accountants. Appendix A contains more information about Chartered Accountants Australia and New Zealand ("CA ANZ").

Overall we are supportive of the proposed changes included in the ED, we have provided our responses to the specific questions in the ED below.

Question 1: Do respondents support the proposals in Section 250? In particular, do respondents support the proposed guidance to determine whether there is an intent to improperly influence behaviour, and how it is articulated in the proposals?

The items listed in paragraph 250.9.A1 are relevant factors to consider in determining whether there is actual or perceived intent to improperly influence behaviour. We note that the first bullet point refers to the "nature, frequency and value of the inducement" we would recommend the IESBA consider including timing in this bullet. We feel that the timing of an inducement is a relevant factor to consider.

We would like to provide the following additional comments regarding Section 250 for the IESBA's consideration

- Paragraph R250.5 refers to "laws and regulations related to bribery and corruption". We feel that this may limit the accountant's consideration of relevant laws and regulations to **only** those related to bribery and corruption. We recommend that IESBA consider the following or similar amendment so that this limitation is removed,

Chartered Accountants Australia and New Zealand
33 Erskine Street, Sydney NSW 2000,
GPO Box 9985, Sydney NSW 2001, Australia
T +61 2 9290 1344 F +61 2 9262 4841
charteredaccountantsanz.com

“In many jurisdiction, there are laws and regulations, such as those related to bribery and corruption, that prohibit the offering and accepting of inducements in certain circumstances.”

- Many accountants work across multiple jurisdictions, as it is currently drafted R250.5 does not direct an accountant to consider all relevant jurisdictions, additional guidance could be included to address this.
- We feel that the treatment of trivial and inconsequential inducements is unclear. IESBA could improve clarity in this regard by providing a decision tree to assist professional accountants or amending the Code.

To assist IESBA we provide the following observations and recommendations,

- Paragraphs R250.7 and 250.8 are silent in regard to whether the inducement is trivial and inconsequential, including a specific reference in these paragraphs would improve clarity.
- Paragraphs 250.10.A1, 250.14 A1, 340.10 A1 and 340.14 A4 make reference to trivial and inconsequential but we find it difficult to understand the IESBA's intent.
- If the IESBA's intent is that the conceptual framework should apply to **all** inducements we would recommend the following editorial changes to paragraph 250.10 A1 “~~Unless an inducement is trivial and inconsequential,~~ The requirements and application material set out in the conceptual framework apply even when a professional accountant believes the inducement was offered with ~~there is no~~ actual or perceived intent to improperly influence behaviour”. We note that this would be a repetitive in relation to paragraph 250.1.
- If the IESBA's intent is that there is a carve out for inducements that are both trivial and inconsequential **and** are not intended to improperly influence behaviour we recommend IESBA amend the ED and this paragraph in particular to clearly indicate that intent.
- Clarity is also hampered by there not being a heading after paragraph 205.10.A1 for paragraph 250.11.A1 to paragraph 250.11.A4 which we assume as relevant to all inducements regardless of intent.

Question 2: Do respondents agree that the proposed provisions relating to inducements for PAPPs should be aligned with the enhanced provisions for PAIBs in proposed section 250? If so, do respondents agree that the proposals in Section 340 achieve this objective?

We agree that the proposed revisions should be aligned and believe that the IESBA has achieved this objective.

At paragraphs 340.11 A3 we would recommend IESBA consider including raising the matter with those charged with governance as an appropriate safeguard. At paragraph 340.11 A4 disengaging from the engagement or client may also eliminate the threat.

Question 3: Do respondents support the restructuring changes and proposed conforming arrangements in proposed Sections 420 and 906?

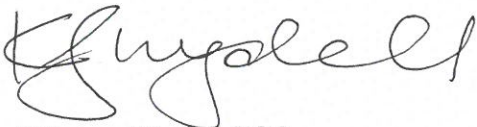
We are supportive of the changes to sections 420 and 906.

Question 4: Do respondents believe the IESBA should consider a project in the future to achieve further alignment of Sections 420 and 906 with proposed Section 340? If so, please explain why.

No, we do not feel that there are significant matters that would warrant the commencement of a project at this stage.

If you have any questions regarding this submission, please contact me via email Kristen.Wydell@charteredaccountantsanz.com.

Yours sincerely



Kristen Wydell FCA
General Manager, Professional Standards

Cc via email:

Channa Wijesinghe,
Technical Director, Accounting Professional & Ethical Standards Board Limited:
channa.wijesinghe@apesb.org.au

About us

Chartered Accountants Australia and New Zealand is made up of over 100,000 diverse, talented and financially astute professionals who utilise their skills every day to make a difference for businesses the world over.

Members of Chartered Accountants Australia and New Zealand are known for professional integrity, principled judgement and financial discipline, and a forward-looking approach to business. We focus on the education and lifelong learning of members, and engage in advocacy and thought leadership in areas that impact the economy and domestic and international capital markets.

We are represented on the Board of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.