



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by Act of Parliament No. 15 of 1965)

TEL: 09053847510 - 1
E-mail: info.ican@ican.org.ng
Website: www.icang.org

PLOT 16, IDOWU TAYLOR STREET,
VICTORIA ISLAND,
P. O. BOX 1580, MARINA,
LAGOS, NIGERIA.

Registrar/Chief Executive
JOHN .I. EVBODAGHE, MBA, FCA

December 7, 2017

ICAN/R&T/ED/DEC/2017

Ken Siong
Technical Director, IESBA
529 Fifth Avenue, New York
NY 10017
USA.

Dear Sir,

**RE: COMMENTS ON DISCUSSION PAPER - PROPOSED REVISIONS TO THE CODE
PERTAINING TO THE OFFERING AND ACCEPTING OF INDUCEMENTS**

The Institute of Chartered Accountants of Nigeria (ICAN) has considered the above named Exposure Draft and submit comments as follows:

A. REQUEST FOR SPECIFIC COMMENTS

Proposed Section 250

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 behavior, and how it is articulated in the proposals?*

RESPONSE

Yes, we support the proposal in section 250. We support the proposed guidance to determine whether there is an intent to properly influence behavior. In addition, we further propose the inclusion of this factor: whether the offer of the inducement is a common practice in the industry of the employing organization. For example: procurement contract given to youths in mineral mining communities.

On the articulation of the proposal, we propose that the factors mentioned in paragraph 250.9A1 be serialized in form of roman numerals or alphabets, instead of in bullet points.

- Proposed Section 340*
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?*

RESPONSE

Yes, we agree that the proposed provisions relating to inducements for PAPPs should be aligned with enhanced provisions for PAIBs in proposed Section 250. However, it should also include: "whether the offer of the inducement is a common practice in the industry of the employing organization."

Yes, we agree that the proposal in section 340 achieved this objective subject to our additional recommendation.

- Proposed Conforming Amendments to Independence Provisions*
3. *Do respondents support the restructuring changes and proposed conforming amendments in proposed Sections 420 and 906?*

RESPONSE

Yes, we support the restructuring changes except for the provision that an audit team member or an assurance team member can accept gift and hospitality from its clients when the value is trivial or inconsequential.

We recommend that no gift or hospitality should be accepted irrespective of whether they are trivial or inconsequential.

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.*

RESPONSE

Yes, we believe that the IESBA should pursue future project in order to align sections 420 and 906 with proposed section 340.

Our basis is that the essence of this Code is to prevent inducement that influences improper behavior and this has to do with the professional accountants. Whether the professional accountant is in public practice as a member of an audit team or an assurance team, the same purpose of prohibiting improper behavior from inducement remains the objective.

B. REQUEST FOR GENERAL COMMENTS

Paragraph 47. In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:

- *Small- and Medium-Sized Entities (SMEs) and Small and Medium Practices (SMPs)* – The IESBA invites comments regarding any aspect of the proposals from SMEs and SMPs.

RESPONSE

The ethical code should be applicable to the Professional Accountants irrespective of whether the accountant is an SMP or services SMEs.

- *Regulators and Audit Oversight Bodies* – The IESBA invites comments on the proposals from an enforcement perspective from members of the regulatory and audit oversight communities.

RESPONSE

Enforcement of this Code may not be effective in developing nations due to manpower inadequacy.

- *Developing Nations* – Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular on any foreseeable difficulties in applying them in their environment.

RESPONSE

Enforcement of this Code may not be effective due to poor data base and weak institutional framework.

- *Translations* – Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.

RESPONSE

The English Language is the lingua franca in Nigeria. We do not have any need for translation; therefore, translation issues do not arise in our jurisdiction.

We thank the Board for giving our Institute an opportunity to contribute to the Discussion Paper.

Yours faithfully,

for: Registrar/Chief Executive



Ben Ukaegbu, PhD, ACA
Deputy Registrar, Technical Services