



The Association of
Accountants and
Financial Professionals
in Business

December 13, 2017

International Ethics Standards Board for Accountants (IESBA) (via IFAC Website)

Dear Members of IESBA:

The Committee on Ethics (CoE) of IMA[®] (Institute of Management Accountants) is pleased to submit its views to the International Ethics Standards Board for Accountants (IESBA) on its Exposure Draft (ED), Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements.

IMA is a global association representing more than 90,000 accountants and financial professionals in business. Our members work inside organizations of various sizes, industries, and types, including manufacturing and services, public and private enterprises, not-for-profit organizations, academic institutions, government entities, and multinational corporations. Our comments are limited to those dealing with Professional Accountants in Business (PAIB).

The CoE is IMA's technical committee on ethics-related matters. It is responsible for encouraging IMA members, their organizations, and other individuals to adopt, promote, and execute superior business practices in management accounting and finance consistent with IMA's mission by advocating the highest ethical principles. It maintains and promotes IMA's principal business and ethics guidance, the IMA Statement of Ethical Professional Practice, and oversees the administration of IMA initiatives designed to ensure compliance with the Statement. It also reviews and responds to research studies, statements, pronouncements, proposals, and other documents issued by domestic and international agencies and organizations.

We wholeheartedly uphold IESBA's overarching objective to serve the public interest by setting high-quality ethics standards for professional accountants. We agree that the Code should provide ethical requirements and guidance to help meet its responsibilities and we commend the Board for addressing the critical issue of corruption in the form of inducements. However, we have one point for you to consider. The new guidance may cause confusion with conflicting provisions of the U.S. Foreign Corrupt Practices Act (FCPA) which has been in force since 1977 and understood by many companies having some nexus in the United States but with headquarters and operations in other countries around the globe. We suggest the Board carefully analyze and compare the contents of the ED with the provisions and many enforcement actions of the FCPA and clearly explain any conflicts.

Below are our responses to the Request for Specific Comments:

1. *Question: Proposed Section 250. 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: We believe it is important to avoid any action or *appearance* of inappropriate influence over behavior or decision making. Therefore, regardless of intent or no intent, we believe in encouraging transparency and full disclosure of these types of situations within an organization.

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

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Response: We do believe that proposed provisions should be aligned between PAPPs and PIABs. The standards should be very high, and similar for both. The proposals in Section 340 appear to achieve that objective.

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

Response: This appears reasonable.

4. *Proposed Conforming Amendments to Independence Provisions. Do respondents believe the IESBA should consider a project in the future to achieve further alignment of Sections 402 and 906 with proposed Section 340? If so, please explain why.*

Response: This would not appear necessary.

We appreciate the opportunity to comment on this important ED and hope you find our suggestions helpful as you deliberate changes to the Code. Please do not hesitate to contact us should you wish to discuss any of the comments in this letter.

Yours very truly,

A handwritten signature in black ink that reads "Edward J. Manley".

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A handwritten signature in black ink that reads "Curtis C. Verschoor".

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