

**Meeting:** IESBA  
**Meeting Location:** New York, USA  
**Meeting Date:** April 13-15, 2015

## Agenda Item

# 4

### Review of Part C of the Code—Phase 2

#### Objective of Agenda Item

1. To receive an update on the analysis by the Part C Task Force (TF) regarding areas where Section 350<sup>1</sup> could be enhanced.

#### 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:

---

<sup>1</sup> Section 350, Inducements

- Phase 1 addresses Sections 300,<sup>2</sup> 310<sup>3</sup>, 320,<sup>4</sup> 330<sup>5</sup> and 340<sup>6</sup> of the Code and, in particular, the topics of Pressure and Faithful Representation.
- Phase 2 addresses Sections 350 and 260,<sup>7</sup> and the applicability of Part C to professional accountants in public practice (PAPPs).

**Activities since Last IESBA Discussion**

5. The Task Force held an in-person meeting in February 2015 to prepare a detailed analysis of Section 350 to highlight areas where improvements should be made.

**Material Presented**

Agenda Item 4-A          Review of Part C of the Code, Phase 2 – Update

**Forward Timeline**

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

Indicative Timing	Milestone
<b>Phase 1</b>	
June-July 2015	Full Review
December 2015	First read post-ED
March 2016	Second read post-ED
June 2016	Approve final

Indicative Timing	Milestone
<b>Phase 2</b>	
June-July 2015	Issues
December 2015	First read

---

<sup>2</sup> Section 300, *Introduction*  
<sup>3</sup> Section 310, *Conflicts of Interest*  
<sup>4</sup> Section 320, *Preparation and Reporting of Information*  
<sup>5</sup> Section 330, *Acting with Sufficient Expertise*  
<sup>6</sup> Section 340, *Financial Interests*  
<sup>7</sup> Section 260, *Gifts and Hospitality*

Review of Part C of the Code – Phase 2 (Cover Note)  
*IESBA Meeting (April 2015)*

<b>Indicative Timing</b> <b>Phase 2</b>	<b>Milestone</b>
March 2016	Second read

**Action Requested**

7. Board members are asked to note the update and to provide input in relation to the matters set out in Agenda Item 4-A by email to Jim Gaa ([james.gaa@ualberta.ca](mailto:james.gaa@ualberta.ca)) and Kaushal Gandhi ([kaushalgandhi@ethicsboard.org](mailto:kaushalgandhi@ethicsboard.org)).