

Meeting: IESBA
Meeting Location: Teleconference
Meeting Date: April 23, 2018

Agenda Item

1

Inducements

Objectives of Agenda Item

1. To:
 - (a) Consider final revisions to the proposed inducements provisions
 - (b) Approve the final proposed text in Sections 250,¹ 340,² 420³ and 906⁴ of the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the “restructured Code⁵) (**Agenda Item 1-B**).

Comments and drafting suggestions are requested in advance of the Board teleconference via email, by **Friday April 20, 2018**. Please email your advance comments and drafting suggestions to: geoffkwan@ethicsboard.org.

Task Force

2. Members:
 - Michael Ashley, Chair, IESBA Member
 - Robert Juenemann, IESBA Member

¹ Part 2 – Professional Accountants in Business, Section 250, *Inducements, Including Gifts and Hospitality*

² Part 3 – Professional Accountants in Public Practice, Section 340, *Inducements, Including Gifts and Hospitality*

³ Part 4A – Independence for Audit and Review Engagements, Section 420, *Gifts and Hospitality*

⁴ Part 4B – Independence for Assurance Engagements Other Than Audit and Review Engagements, Section 906, *Gifts and Hospitality*

⁵ At its December 2017 meeting, the IESBA approved the text of the restructured Code which includes:

- Structural and drafting enhancements developed under the Structure of the Code project;
- Revisions to the provisions pertaining to safeguards in the Code, developed under the Safeguards project;
- Revisions to clarify the applicability of the provisions in Part C of the extant Code to professional accountants in public practice, developed under the Applicability project; and
- New application material relating to professional skepticism and professional judgment, developed under the Professional Skepticism (short-term) project.

The restructured Code was approved by the Public Interest Oversight Board (PIOB) in March 2018 and has been released in April 2018. Additional information about the restructured Code, including its effective date is available at:

<http://www.ethicsboard.org/restructured-code>

- Myriam Madden, IESBA Member
- Lisa Snyder, former IESBA Member

Activities since Last IESBA Discussion

3. The Task Force circulated a revised draft of Sections 420 and 906 to Board participants for comment. The feedback received were considered by the Task Force when developing the agenda materials for this meeting.

Action Requested

4. The Board is asked to:
 - (a) Consider the refinements to the proposed inducements provisions in **Agenda Item 1-B**;
 - (b) Consider whether there are any matters raised by respondents to the Exposure Draft, [*Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements*](#), in addition to those summarized by the Task Force, that they consider should be discussed by the Board;⁶
 - (c) Approve the inducements provisions as a final pronouncement.

Material Presented

For Discussion

- Agenda Item 1-A Inducements –Issues and Task Force Proposals
Agenda Item 1-B Inducements – Proposed texts (Mark-up)

For Reference

- Agenda Item 1-C Inducements – Proposed texts (Clean)
Agenda Item 1-D Inducements – Proposed texts (Mark-up from ED)
Agenda Item 1-E Due Process

Timeline

5. Upon approval, Sections 250, 340, 420 and 906 will become effective in accordance with the effective dates set out for the restructured Code. The effective dates for the restructured Code is as follows:
 - (a) Parts 1, 2 and 3 of the restructured Code will be effective as of June 15, 2019;
 - (b) Part 4A relating to independence for audit and review engagements will be effective for audits and reviews of financial statements for periods beginning on or after June 15, 2019; and
 - (c) Part 4B relating to independence for assurance engagements with respect to subject matter covering periods of time will be effective for periods beginning on or after June 15, 2019; otherwise, it will be effective as of June 15, 2019.

⁶ All comment letters can be accessed on the [IESBA website](#).