



8 December 2017

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

Dear Ken

Exposure Draft - Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements

This response represents the combined view of the CCAB bodies. We are supportive of what IESBA are aiming to achieve here and are not fundamentally opposed to the proposals. However we feel the guidance could be clearer.

In places, the proposals seem to over-complicate matters and are overly theoretical. For example, it is not clear why a gift that is trivial and inconsequential would fall into the category of 'inducement' at all. It is hard to see how an object, situation or action that is trivial or inconsequential can influence another individual's behaviour and thus meet the definition of an inducement. There are also sections on inducements with no intent to improperly influence behaviour, which specifically exclude 'inducements' that are 'trivial and inconsequential'.

It is questionable whether the examples of safeguards given in 250.11 (and 340.11) could be effective where an offer is improper. For example the review safeguard in 340.11 is unlikely to address an issue where an employee feels pressured not to raise issues with the client. Some of the examples in 250.11.A3 would do little to address the perceived threat created by acceptance in the 'heat of the moment'. Furthermore, a professional accountant may have little control over connected parties and the safeguards here are minimal.

The issue of culture requires further guidance. Not offering or accepting a gift in some cultures can cause offence. This causes a potential conflict between the two fundamental principles of objectivity and professional behaviour. Accepting a gift might be regarded as a cultural norm and therefore a requirement of professional behaviour. As a result rejection of a gift could adversely impact reputation. Conversely, acceptance could result in a threat to objectivity which would need to be addressed. In this regard, it is important to take into the account the perception of the reasonable and informed third party in the local culture.

Consultative Committee of Accountancy Bodies

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We support the distinction between inducements prohibited by laws and regulations and those that are not but feel these sections could be clearer in terms of guidance. Given the conceptual framework, the intent test may unnecessarily over-complicate matters.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Iain Lawson'.

Iain Lawson

Chair of CCAB Ethics Group

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