



National Association of State Boards of Accountancy

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November 6, 2017

International Ethics Standards Board  
for Accountants  
International Federation of Accountants  
529 Fifth Avenue, 6<sup>th</sup> Floor  
New York, New York 10017

Via email: [KenSiong@ethicsboard.org](mailto:KenSiong@ethicsboard.org)

Attention: Ken Siong, IESBA Technical Director

Re: Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements

Dear Members and Staff of the International Ethics Standards Board for Accountants (IESBA):

The National Association of State Boards of Accountancy (NASBA) appreciates the opportunity to offer comments to the above referenced Exposure Draft. NASBA's mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy that regulate all certified public accountants and their firms in the United States and its territories.

In furtherance of that objective, we offer the following comments on the Exposure Draft. We have keyed our responses to the questions as presented on page 13-14 of the Exposure Draft.

### **Responses on Requests for Specific Comment**

#### 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?

Yes. NASBA supports the proposals in Section 250 and offers the following suggestions:

- a. We believe this section would be stronger, and therefore more enforceable, if the following change would be made to Section 250.4.A.1 which we believe makes it more clear what improper influence entails as follows:
  - i. "An inducement is an object, situation, or action that is used as a means to influence another individual's behavior. An inducement may (but would not necessarily) be given with the intent to improperly influence an individual's behavior, such that the recipient would be expected to act in a

manner that is inconsistent with the fundamental principles. Inducements can range... (as written).”

ii. This same change should be incorporated in Sec. 340.4 A1.

b. In section 250.9 A1, add as factors:

i. “The manner in which the inducement is offered, for example, whether in secret/strict confidence.”

ii. “Whether there is the expectation of quid pro quo.”

c. In section 250.11 A4, add the following as an example of how to eliminate the threat:

i. “Do not offer or accept the inducement.”

d. In section R250.12 and 250.13 A1, we suggest the use of “an individual” or “the individual” in place of “a counterparty” or “the counterparty” as the term “counterparty” may be interpreted more narrowly than intended (i.e., pertain only to financial transactions).

#### 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?

Yes, NASBA agrees that the proposed provisions relating to inducements for PAPPs should be aligned with the enhanced provisions for PAIBs in proposed Section 250 and that the proposals achieve this objective. We do offer the following comments we believe will improve the section.

a. In section 340.9 A1, add as factors:

i. “The manner in which the inducement is offered, for example, in secret/strict confidence.”

ii. “Whether there is the expectation of quid pro quo.”

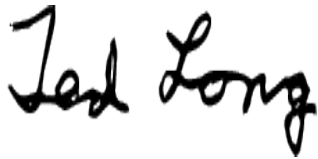
b. In section 340.11 A4, add the following as an example of how to eliminate the threat:

- i. "Do not offer or accept the inducement."

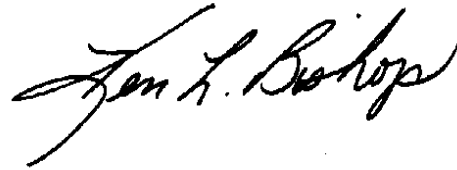
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Thank you for the opportunity to comment on the Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements exposure draft.

Very truly yours,



Theodore W. Long, Jr., CPA  
NASBA Chair



Ken L. Bishop  
NASBA President and CEO