

International Update

Global Ethics Board Resets Expectations of Professional Accountants Regarding Inducements

The International Ethics Standards Board for Accountants recently released new enhancements to its global ethics code which address more fully the responsibilities of professional accountants around the offering and accepting of inducements. The revised standard sets out a comprehensive framework that more clearly delineates the boundaries of acceptable inducements, and guides the behaviour and actions of professional accountants in business and in public practice in situations involving inducements.

Central to this framework is a new intent test that prohibits the offering or accepting of inducements where there is actual or perceived intent to improperly influence the behaviour of the recipient or of another individual. The framework also clarifies the meaning of an inducement; establishes a requirement to understand and comply with laws and regulations that prohibit the offering or accepting of inducements in certain circumstances, such as in relation to bribery and corruption; guides professional accountants in applying the enhanced conceptual framework underpinning the *International Code of Ethics for Professional Accountants (including International Independence Standards)* where there is no improper intent; and provides enhanced guidance on the offering and accepting of inducements by professional accountants' immediate or close family members.

The revised provisions become effective June 2019, including consequential amendments to the independence provisions of the Code addressing gifts and hospitality. The changes constitute the last piece of the recently revised and restructured Code.

International Accountancy and Law Professions Further Anti-Corruption Mandate Ahead of G20

International Federation of Accountants (IFAC) and the International Bar Association (IBA) recently announced their shared commitment to continue their work combating corruption in all its forms. Published ahead of the gathering of global economic leaders (G20), taking place in Buenos Aires, Argentina, the *signed IBA and IFAC Anti-Corruption Mandate* highlights the role of business and government in safeguarding a fair and transparent future for all.

According to the International Monetary Fund, bribery, which is just one aspect of corruption, costs the global economy nearly \$2tn – approximately two per cent of global GDP – each year. However, where governance

architecture is strong, the role played by professional accountants in tackling corruption is amplified, such as in G20 countries and in countries that have adopted anti-money laundering laws in line with international recommendations. The presence of professional accountancy organisations is another important factor, as they advance the adoption of ethical, educational, investigation and discipline requirements that are central to the profession. According to research from IFAC, there is a strong link between the percentage of professional accountants in the workforce and more favourable scores on the main global measure of corruption.

In all its variations, corruption has far reaching negative consequences. The international accountancy and legal professions continue to promote core ethical values, facilitate national and international cooperation in the fight against corruption, and advance monitoring and enforcement systems in the public interest. With the IBA and IFAC global membership spanning more than 170 countries, they play a vital role in training, educating and supporting professionals to uphold the highest levels of integrity and ethics in business.

Updated Practical Support and Guidance for Small Business Audits

Small-and medium-sized practices (SMPs) may require practical support when implementing the International Standards on Auditing (ISAs) in audits of small- and medium-sized entities (SMEs). For this, International Federations of Accountants (IFAC) has updated the *Guide to Using ISAs in the Audits of SMEs, Fourth Edition* (the Guide) to help firms efficiently and proportionally apply ISAs on SME audits.

This fourth edition is updated to reflect recent changes to the ISAs including International Auditing and Assurance Standards Board (IAASB) projects on auditor reporting; disclosures; the auditor's responsibilities relating to other information; and using the work of internal auditors. The Guide is designed for use by all practitioners.

Since it was first published in 2007, the Guide has been downloaded over 100,000 times and there are 22 translations completed or in progress. To help facilitate additional translations, IFAC Members can request a Word version of the Guide with tracked changes.

Many firms use the Guide for training purposes and as the basis for firm manuals. In order to help them and our member organisations maximise the Guide's use, IFAC has also updated the *Companion Manual*, which provides practical 'best use' suggestions for the Guide.