

ED 03/18	APES 110	High level summary of changes
Proposed Inducements Provisions in APES 110 (July 2018)	Compiled (Sept 2017)	
<b>Note that paragraphs are presented in the order of the proposed Inducements Exposure Draft (July 2018)</b>		
<b>Code of Ethics for Professional Accountants (including Independence Standards)</b>		
<b>Glossary</b> (consistency of Glossary definitions vs Definitions in extant APES 110)		
<b>Inducement</b>	- (350.1 )	<b>New</b> definition including examples of Inducements based on content in the extant Code.
<b>Part 2 - Members in Business (Including Employment Relationships of Members in Public Practice)</b>		
<b>Section 250 Inducements, including Gifts and Hospitality</b>		
250.1	-	<b>New</b> introductory paragraph to remind Members of their obligation to comply with the fundamental principles and apply the conceptual framework set out in section 120.
250.2	350.2	
250.3	-	<b>New</b> introductory paragraph which clarifies the need to comply with relevant laws and regulations when offering and accepting Inducements & that this section does not address NOCLAR.
250.4 A1	350.1	<b>New</b> application material explaining the definition of Inducement including additional examples of Inducements (compared to extant Code).
<b>R250.5</b>	-	<b>New</b> requirement to obtain an understanding of relevant local laws and legislation surrounding Inducements, such as bribery or corruption laws.
250.6 A1	-	<b>New</b> application material explaining Inducements may cause threats to compliance with the fundamental principles even if the Inducement is not prohibited by laws and regulations.
<b>R250.7</b>	350.7	Requirement has been revised to include the concept of the reasonable and informed third party test.
<b>R250.8</b>	350.4, 350.3	
250.9 A1	-	<b>New</b> application material explaining the term improperly influence.
250.9 A2	-	<b>New</b> application material explaining a breach of the fundamental principle of integrity occurs when the intent behind the Inducement is to improperly influence behaviour of an individual.
250.9 A3	- (350.3)	<b>New</b> application material to assist in determining whether there is an actual or perceived intent to improperly influence behaviour.
250.10 A1	-	<b>New</b> application paragraph that clarifies that threats to compliance with the fundamental principles may still be created even if the Member does not offer or accept the Inducement.

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250.10 A2	350.4	Revisions to examples of action to reflect new definition of safeguards (including the addition of a <b>new</b> safeguard).
250.11 A1	- (350.8)	<b>New</b> application paragraph that clarifies the conceptual framework applies to assess and evaluate threats to the fundamental principles when an Inducement is offered without any intent to improperly influence behaviour.
250.11 A2	- (350.3, 350.4)	<b>New</b> application paragraph that clarifies the threats are at an Acceptable Level if the Inducement is trivial and inconsequential and there is no intent to improperly influence behaviour.
250.11 A3	-	<b>New</b> application material which provides examples of Inducements that might create threats even in the absence of an actual or perceived intent to improperly influence behaviour.
250.11 A4	-	<b>New</b> application material clarifying that factors outlined in paragraph 250.9 A3 are relevant in evaluating the level of threats created through offering or receiving Inducements.
250.11 A5	-	<b>New</b> application material providing examples of actions that might eliminate threats.
250.11 A6	350.4	Revisions to examples of action to reflect new definition of safeguards (including the addition of 5 <b>new</b> safeguards).
<b>R250.12</b>	350.2	Requirement revised to clarify that Members must remain alert to Inducements offered to or by Immediate or Close Family members.
<b>R250.13</b>	- (350.4)	<b>New</b> requirement to advise an Immediate or Close Family Member not to offer or accept an Inducement if there is intent to improperly influence the behaviour of the Member or of the counterparty.
250.13 A1	350.4	<b>New</b> application material providing guidance surrounding Inducements offered to or by Immediate and Close Family members.
250.13 A2	-	
250.14 A1	-	
250.14 A2	-	
250.15 A1	-	<b>New</b> application material that cross references to applicable requirements in section 240 for Members offered an Inducement by their employing organisation that relates to financial interests, compensation and incentives.
250.15 A2	-	<b>New</b> application material that cross references to applicable requirements in section 260 for Members offered an Inducement that may result in NOCLAR.
250.15 A3	- (350.5, 350.6)	<b>New</b> application material that cross references to applicable requirements in section 270 for Members facing pressure to offer or accept Inducements.

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<b>Part 3 - Members In Public Practice</b>		
<b>Section 340 Inducements, including Gift and Hospitality</b>		
340.1	-	<b>New</b> introductory paragraph to remind Members of their obligation to comply with the fundamental principles and apply the conceptual framework set out in section 120.
340.2	260.1	
340.3	-	<b>New</b> introductory paragraph which clarifies the need to comply with relevant laws and regulations when offering and accepting Inducements & that this section does not address NOCLAR.
340.4 A1	260.2	<b>New</b> definition of Inducements which includes additional examples of Inducements (compared to extant Code).
<b>R340.5</b>	-	<b>New</b> requirement to obtain an understanding of relevant local laws and legislation surrounding Inducements, such as bribery or corruption laws.
340.6 A1	-	<b>New</b> application material explaining Inducements may cause threats to compliance with the fundamental principles even if the Inducement is not prohibited by laws and regulations.
<b>R340.7</b>	-	<b>New</b> requirement for Members in Public Practice not to offer, or encourage others to offer, Inducements which appear to have the intent to improperly influence behaviour of the recipient.
<b>R340.8</b>	260.3, 260.2	
340.9 A1	-	<b>New</b> application material explaining the term improperly influence.
340.9 A2	-	<b>New</b> application material explaining a breach of the fundamental principle of integrity occurs when the intent behind the Inducement is to improperly influence behaviour of an individual.
340.9 A3	260.2	<b>New</b> application material to assist in determining whether there is an actual or perceived intent to improperly influence behaviour.
340.10 A1	-	<b>New</b> application paragraph that clarifies that threats to compliance with the fundamental principles may still be created even if the Member does not offer or accept the Inducement.
340.10 A2	-	<b>New</b> application material that provide examples of action that might be safeguards.
340.11 A1	- (260.2, 260.3)	<b>New</b> application paragraph that clarifies the conceptual framework applies to assess and evaluate threats to the fundamental principles when an Inducement is offered without any intent to improperly influence behaviour.
340.11 A2	-	<b>New</b> application paragraph that clarifies threats are at an Acceptable Level if the Inducement is trivial and inconsequential and there is no intent to improperly influence behaviour.

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340.11 A3	-	<b>New</b> application material which provides examples of Inducements that might create threats even in the absence of an actual or perceived intent to improperly influence behaviour.
340.11 A4	-	<b>New</b> application material clarifying that factors outlined in paragraph 340.9 A3 are relevant in evaluating the level of threats created through offering or receiving Inducements.
340.11 A5	-	<b>New</b> application material providing examples of actions that might eliminate threats.
340.11 A6	-	<b>New</b> application material offering examples of safeguards to threats when accepting or offering Inducements.
<b>R340.12</b>	-	<b>New</b> requirement that Members remain alert to Inducements offered to or by Immediate and Close Family members.
<b>R340.13</b>	-	<b>New</b> requirement to advise an Immediate or Close Family Member not to offer or accept an Inducement if there is intent to improperly influence the behaviour of the Member or of the counterparty.
340.13 A1	-	<b>New</b> application material providing guidance surrounding Inducements offered to or by Immediate and Close Family members.
340.13 A2	-	
340.14 A1	-	
340.14 A2	-	
340.15 A1	-	<b>New</b> application material that cross references to applicable requirements in section 360 for Members offered an Inducement that may result in NOCLAR.
340.15 A2	-	<b>New</b> application material that cross references to applicable requirements in section 420 for Firms, Network Firms or Audit Team members offered gifts or hospitality from an Audit Client.
340.15 A3	-	<b>New</b> application material that cross references to applicable requirements in section 906 for Firms or Assurance Team members offered gifts or hospitality from an Assurance Client.
<b>Part 4A - Independence for Audit and Review Engagements</b>		
<b>Section 420 Gifts and Hospitality</b>		
420.1	-	<b>New</b> introductory paragraph to remind Firms of their obligation to comply with the fundamental principles and apply the conceptual framework set out in section 120.
420.2	290.225	
<b>R420.3</b>	290.225	

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420.3 A1	-	<b>New</b> application material which cross references to applicable requirements in section 340 which apply if the Firm, Network Firm or Audit Team member is offering or accepting an Inducement from an Audit Client.
420.3 A2	-	<b>New</b> application material which cross references to applicable requirements in section 340 which prohibit Inducements even when trivial or inconsequential if the intent is to improperly influence behaviour.
<b>Part 4B - Independence for Assurance Engagements Other Than Audit and Review Engagements</b>		
<b>Section 906 Gifts and Hospitality</b>		
906.1	-	<b>New</b> introductory paragraph to remind Firms of their obligation to comply with the fundamental principles and apply the conceptual framework set out in section 120.
906.2	291.155	
<b>R906.3</b>	291.155	
906.3 A1	-	<b>New</b> application material which cross references to applicable requirements in section 340 which apply if the Firm or Assurance Team member is offering or accepting an Inducement from an Assurance Client.
906.3 A2	-	<b>New</b> application material which cross references to applicable requirements in section 340 which prohibit Inducements even when trivial or inconsequential if the intent is to improperly influence behaviour.