

Question:

You are a manager in the audit department of Carter & Co, and you are dealing with several ethical and professional matters raised at recent management meetings, all of which relate to audit clients of your firm.

4. Several audit clients have requested that Carter & Co provide technical training on financial reporting and tax issues. This is not a service that the firm wishes to provide, and it has referred the audit clients to a training firm, Gates Co, which is paying a referral fee to Carter & Co for each audit client which is referred.

Required:

Identify and evaluate the ethical and other professional issues raised, in respect of:

(d) Gates Co. (3 marks)