

Meeting: IESBA
Meeting Location: London
Meeting Date: January 12-14, 2015

Agenda Item

5

Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations (NOCLAR)

Objectives of Agenda Item

1. To consider:
 - (a) A draft re-exposure draft (re-ED) of the proposed Sections 225¹ and 360;² and
 - (b) A draft articulation of the rationale for the proposed revised framework for responding to NOCLAR or suspected NOCLAR.

(The Task Force intends to eventually incorporate the rationale for the revised framework into the explanatory memorandum accompanying the re-ED.)

Task Force

2. Members:
 - Caroline Gardner, Chair, IESBA Member
 - Helene Agélii, IESBA Member
 - Peter Hughes, IESBA Member
 - Atsushi Kato, IESBA Member
 - Isabelle Sapet, former IESBA Deputy Chair

Activities Since Last IESBA Discussion

3. The Task Force met in person in November 2014 to consider the comments from Board members at the October 2014 IESBA meeting and to develop the draft re-ED and the rationale for the revised framework for the Board's consideration at this meeting.
4. The Task Force subsequently met via teleconference in December 2014 to finalize the agenda material for the Board meeting.
5. In early December 2014, Interim Chair Wui San Kwok presented an update on the project to the International Auditing and Assurance Standards Board (IAASB). Among other matters, there was recognition of the importance of both boards working collaboratively, particularly on projects of

¹ Proposed Section 225, *Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations*

² Proposed Section 360, *Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations*

common interest, including this project. Staff is exploring whether there would be an opportunity of presenting the draft re-ED, incorporating any refinements from the January 2015 Board meeting, at the March 2015 IAASB meeting and obtaining IAASB feedback regarding the implications for the International Standards on Auditing (ISAs).

Material Presented

Agenda Item 5-A	Issues and Task Force Proposals
Agenda Item 5-B	Draft Rationale for Proposed Revised Framework
Agenda Item 5-C	Proposed Sections 225 and 360 and Related Changes to the Code (Mark-Up from October 2014 IESBA Meeting)
Agenda Item 5-D	Proposed Sections 225 and 360 and Related Changes to the Code (Clean)
Agenda Item 5-E	Updated Framework Schematic
Agenda Item 5-F	Comparison Between Exposure Draft and Revised Framework
Agenda Item 5-G	NOCLAR Roundtable Case studies – Response Statistics
Agenda Item 5-H	Illustrative Example Showing Pathway to Disclosure to an Appropriate Authority

Draft to be Discussed at the Meeting

6. The Task Force proposes that the mark-up version of the proposed changes to the Code (**Agenda Item 5-C**) be discussed at the meeting.

Action Requested

7. The IESBA is asked to consider the matters highlighted in Agenda Item 5-A and provide the Task Force with feedback and direction on the draft re-ED and the draft rationale for the proposed revised framework.

Forward Timeline

8. Subject to the Board's deliberations, the anticipated timeline over the next six months is as follows:
 - Discussion of draft re-ED with IESBA Consultative Advisory Group March 2015
 - Discussion of draft re-ED with IAASB (?) March 2015
 - Board consideration of re-ED for approval April 2015