

## **NOCLAR—PROPOSED RESPONSE FRAMEWORK**

### **Objectives – All Categories of Professional Accountants (PAs)**

In acting in the public interest:

- To comply with fundamental principles of integrity and professional behavior
- Through alerting management or, where appropriate, TCWG, to seek to:
  - Have them rectify, remediate or mitigate the consequences of identified or suspected NOCLARs
  - Deter the commission of NOCLAR where it may be about to occur
- To take any further action that may be needed to serve the public interest

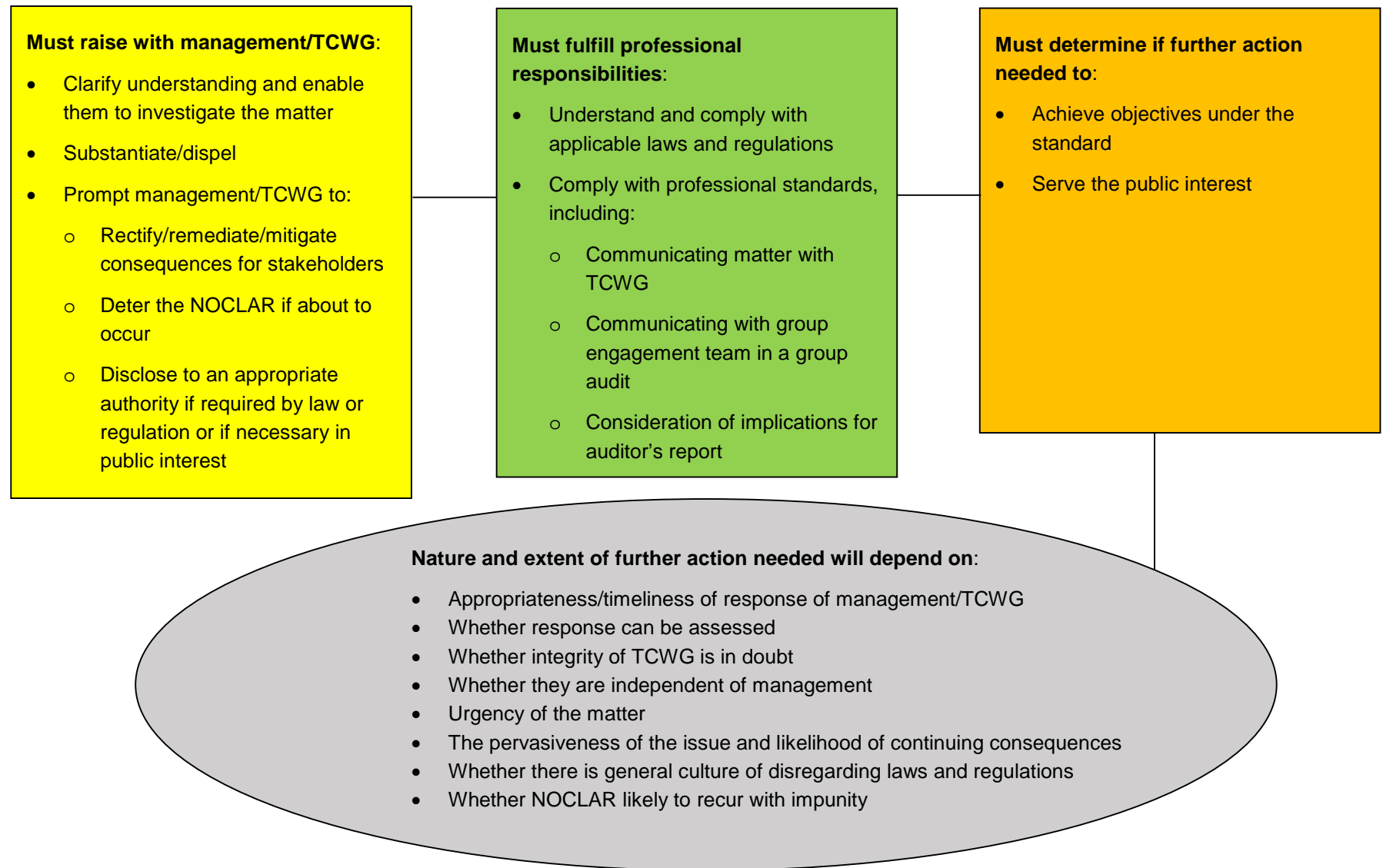
### **Scope – All PAs**

- Laws and regulations covered by ISA 250:<sup>1</sup>
  - Laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements
  - Other laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operating aspects of the business, to the entity's ability to continue its business, or to avoid material penalties
- No distinction between PIEs and non-PIEs

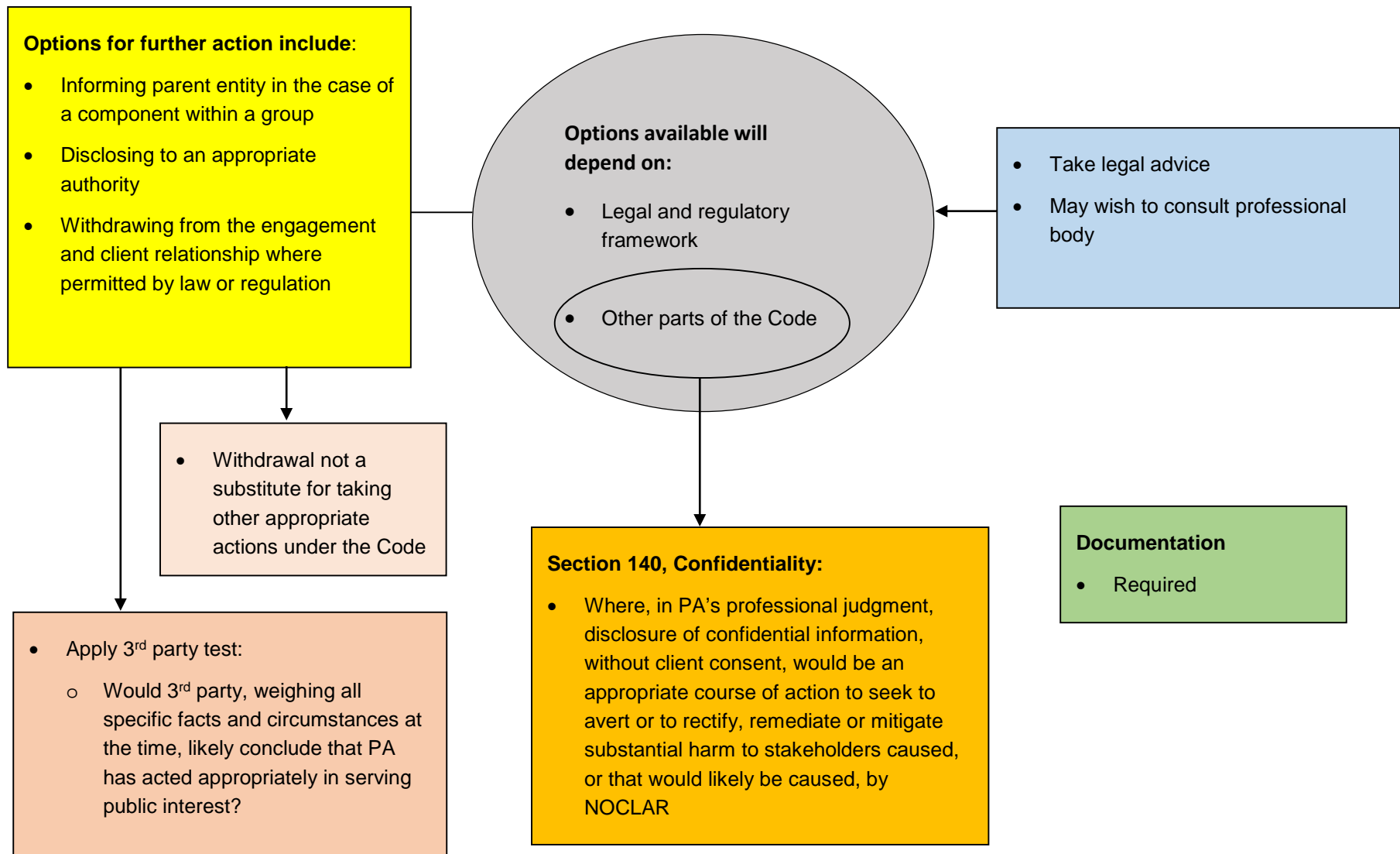
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<sup>1</sup> ISA 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*

**AUDITORS – RESPONSE FRAMEWORK WHEN COMING ACROSS SUSPECTED NOCLAR**



## **AUDITORS – DETERMINATION OF FURTHER ACTION REQUIRED**



## **SENIOR PROFESSIONAL ACCOUNTANTS IN BUSINESS (PAIBs)**

**Senior PAIB:** Director, officer or senior employee able to exert significant influence over, and make decisions regarding, presentation of financial and other information, or compliance with laws and regulations

### **Overarching Expectations:**

- Set the right tone at the top (Section 300)
- Establish appropriate framework to prevent NOCLAR

## **RESPONSE FRAMEWORK WHEN COMING ACROSS SUSPECTED NOCLAR**

### **Must fulfill professional responsibilities:**

- Raise with superior and TCWG
- Understand and comply with applicable laws and regulations
- Rectify/remediate/mitigate consequences
- Seek to deter NOCLAR if it is about to occur
- Alert external auditor

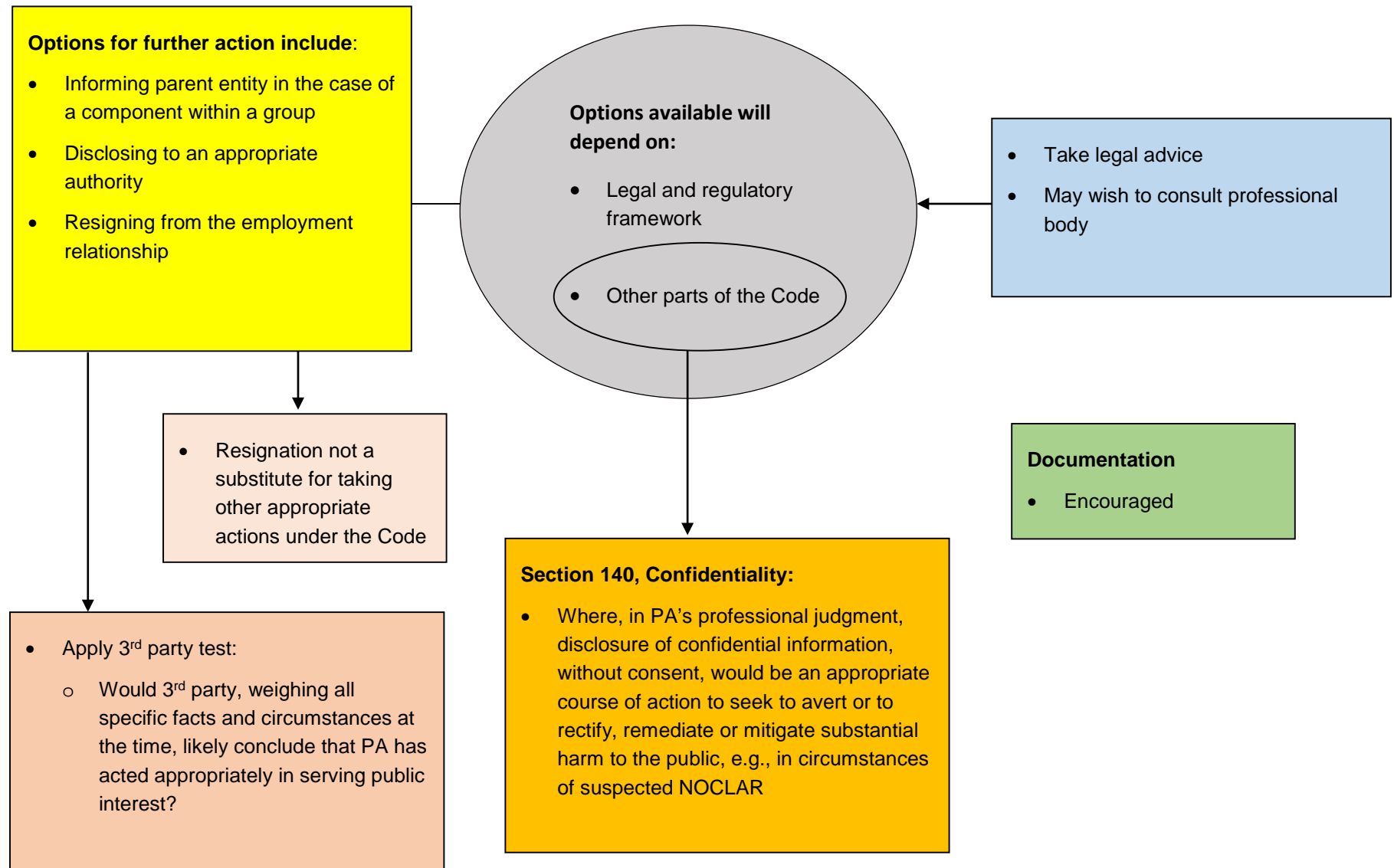
### **Must determine if further action required to:**

- Achieve objectives of the standard
- Serve the public interest

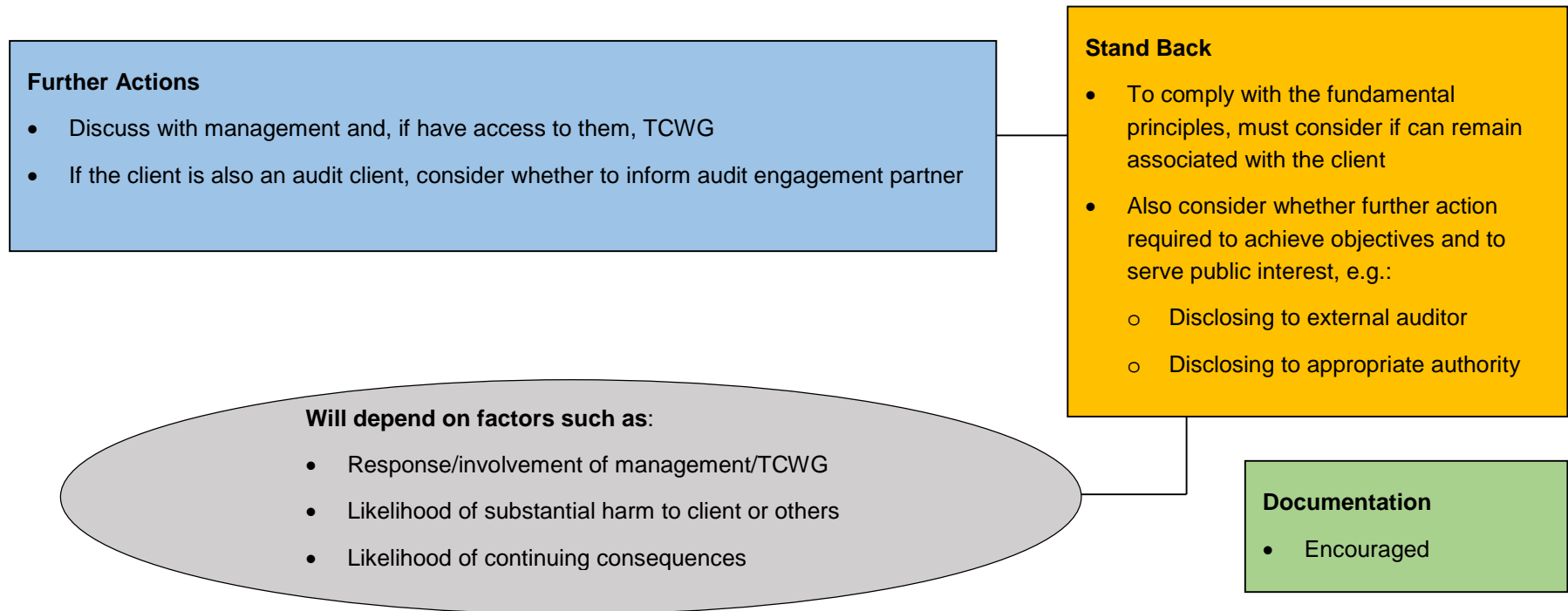
### **Nature and extent of further action will depend on:**

- Appropriateness/timeliness of response of TCWG
- Whether response can be assessed
- Whether integrity of TCWG is in doubt
- Whether TCWG are independent of management
- Urgency of the matter
- The pervasiveness of the issue
- Likelihood of continuing consequences

## **SENIOR PAIBs – DETERMINATION OF FURTHER ACTION REQUIRED**



## **PAs IN PUBLIC PRACTICE OTHER THAN AUDITORS – RESPONSE FRAMEWORK**



## **PAIBs OTHER THAN SENIOR PAIBs – RESPONSE FRAMEWORK**

