

NOCLAR—Due Process**Objective of Agenda Item**

1. To advise the Board of the status of due process regarding the proposed changes to the Code addressing professional accountants' response to non-compliance or suspected non-compliance with laws and regulations.

Background

2. The Technical Director is responsible for advising the Board as to whether due process has been followed effectively and with proper regard for the public interest before final changes to the Code are approved for issuance.
3. The following outlines the Technical Director's conclusion and basis thereof with respect to actions up to the April 2016 IESBA teleconference for the aforementioned changes to the Code. Before final approval of the changes, the Technical Director will advise on whether due process has been followed during the course of the April 2016 meeting.

Due Process Up to the Date of the April 2016 IESBA Teleconference

4. The Technical Director confirms to the Board that, up to the April 2016 IESBA teleconference, the changes to the Code arising from this project have been developed in accordance with the Board's due process.
5. In summary, for the proposed changes, the Board:
 - Approved the relevant project proposal for commencement of work on the proposed changes to the Code.
 - Consulted with the IESBA CAG on:
 - The proposal to start the project; and
 - The significant issues relating to the development of the proposed changes.

Significant comments received through the consultation with the IESBA CAG have been brought to the Board's attention, and the project Task Force has reported back to the IESBA CAG the results of the Board's deliberations.

- Approved and issued an exposure draft of the proposed changes to the Code for public comment, together with an explanatory memorandum highlighting, amongst other matters, the Board's significant proposals.
- Consulted extensively with stakeholders on revised proposals pursuant to responses to the exposure draft, including through holding three global roundtables, leading to the issuance of a second exposure draft.
- Considered analyses of the significant issues raised by respondents on the two exposure drafts, including outlines of their proposed disposition and, as appropriate, the reasons significant changes recommended by respondents have, or have not, been accepted.

- Having familiarized itself with the issues raised in comment letters on the two exposure drafts:
 - Deliberated significant matters raised in the comment letters; and
 - Amended the proposed changes to the Code accordingly.
- Consulted with the IESBA CAG on significant issues raised in comment letters on the exposure drafts of the proposed changes and the Board's related responses. Significant comments received through the consultation with the IESBA CAG have been brought to the Board's attention.