Response ID:176 Data

2. (untitled)

Please indicate if you are responding as an individual or on behalf of your organization?

Responding on behalf of your organization

Approximate years of professional experience:

If you are responding on behalf of your organization, please indicate the jurisdictional profile which best represents your situation, i.e., from which jurisdictional perspective are you providing your responses?

Global

Please indicate the stakeholder category to which you belong, i.e., from which perspective are you providing your responses? If you or your organization has one or more roles (e.g., JSS and Regulator), please respond to all relevant parts of the survey.

Accounting firms and individual PAPPs (Complete Part E)

Please provide the following information *(Personal information will not be made public and will only be used by the Project Team to follow up if clarification on your responses is needed):*

Your organization's name, if any (if you are responding on behalf of an organization[1])

Ernst & Young Global Limited

Your name and job title / role:

Amy King, Global Assurance Vice Chair – Professional Practice

Your email address:

Amy.King@eyg.ey.com

Your jurisdiction/country:

Global

3. (untitled)

Has your organization adopted the NOCLAR provisions of the Code (IESBA NOCLAR provisions)? (Please choose the most representative answer)

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

What guidance or educational materials has your organization issued, or what programs has your organization developed, to support understanding of the local NOCLAR provisions in your jurisdiction? (Select all that apply and provide links)

Does your organization provide guidance to individual professional accountants, accounting firms, or other users of your standards in the application of the local NOCLAR provisions if they seek such assistance, e.g., in dealing with a NOCLAR matter? (Select all that apply)

Which specific provisions in the local NOCLAR provisions has your organization commonly received inquiries or questions about? *(Please provide details, including from which stakeholder groups the inquiries or questions arose)*

Do users of your organization's standards have an overall understanding of the local NOCLAR provisions? (Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by users of your standards)

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? If yes, is the protection under the relevant law or regulation perceived to be effective?

Please provide details.

Has your organization observed any trend in instances of NOCLAR reported or escalated? If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

Based on your organization's observations, has the application of the local NOCLAR provisions been effective in deterring the commission of NOCLAR, or rectifying, remediating or mitigating the consequences of NOCLAR? (Please explain the basis for your response and provide any relevant details, including any supporting materials or reports)

Has your organization observed any challenges in the application of the local NOCLAR provisions? (Please provide details, including specific provisions that caused particular challenges and why, as well as any actions taken to address them)

Has your organization observed any trends where professional accountants or accounting firms encountered NOCLAR or suspected NOCLAR but did not apply the local NOCLAR provisions in whole or in part?

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR provisions, or on matters of translation)?

5. (untitled)

Has your organization adopted the NOCLAR provisions of the Code (IESBA NOCLAR provisions)? (Please choose the most representative answer)

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

6. (untitled)

What guidance or educational materials has your organization issued, or what programs has your organization developed, to support understanding of the local NOCLAR provisions in your jurisdiction? (Select all that apply and provide links)

Does your organization provide guidance to individual members and accounting firms in

the application of the local NOCLAR provisions if they seek such assistance, e.g., in dealing with a NOCLAR matter? (Select all that apply)

Which specific provisions in the local NOCLAR provisions has your organization commonly received inquiries or questions about? (Please provide details, including from which stakeholder groups the inquiries or questions arose)

Do your organization's members have an overall understanding of the local NOCLAR provisions? (Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by its members)

Does your organization enforce the local NOCLAR provisions?

Does your organization have the authority to investigate NOCLAR or suspected NOCLAR that is reported to it and take any necessary action?

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details.

If yes, is the protection under the relevant law or regulation perceived to be effective? Please explain your response.

Has your organization observed any trend in instances of NOCLAR reported or escalated?

If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

Based on your organization's observations, has application of the local NOCLAR provisions been effective in deterring the commission of NOCLAR, or rectifying, remediating or mitigating the consequences of NOCLAR? (Please explain the basis for your response and provide any relevant details, including any supporting materials or reports)

Has your organization observed any challenges in the application of the local NOCLAR provisions? (Please provide details, including specific provisions that caused particular

challenges and why, as well as any actions taken to address them)

Has your organization observed any trends where members or accounting firms encountered NOCLAR or suspected NOCLAR but did not apply the local NOCLAR provisions in whole or in part?

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR provisions, or on matters of translation)?

7. (untitled)

Has your organization adopted the NOCLAR provisions of the Code (IESBA NOCLAR provisions)? (Please choose the most representative answer)

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

What guidance or educational materials has your organization issued, or what programs has your organization developed, to support understanding of the local NOCLAR provisions in your jurisdiction? (Select all that apply and provide links)

Does your organization provide guidance to individual professional accountants or accounting firms in the application of the local NOCLAR provisions if they seek such assistance, e.g., in dealing with a NOCLAR matter? (Select all that apply)

Which specific provisions in the local NOCLAR provisions has your organization commonly received inquiries or questions about? (Please provide details including which stakeholder groups the inquires or questions arose)

Do the professional accountants or accounting firms that your organization regulates or oversees have an overall understanding of the local NOCLAR provisions? (Please explain

the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by professional accountants or accounting firms you regulate or oversee)

Does your organization enforce the local NOCLAR provisions?

Does your organization have the authority to investigate NOCLAR or suspected NOCLAR that is reported to it and take any necessary action?

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details.

If yes, is the protection under the relevant law and regulation perceived to be effective? Please explain your response.

Has your organization observed any trend in instances of NOCLAR reported or escalated? If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

Based on your organization’s observations, has the application of the local NOCLAR provisions been effective in deterring the commission of NOCLAR, or rectifying, remediating or mitigating the consequences of NOCLAR? (Please explain the basis for your response and provide any relevant details including any supporting materials or reports)

Has your organization observed any challenges in the application of the local NOCLAR provisions? (Please provide details, including specific provisions that caused particular challenges and why, as well as any action taken to address them)

Has your organization observed any trends where professional accountants or accounting firms your organization oversees encountered NOCLAR or suspected NOCLAR but did not apply the local NOCLAR provisions in whole or in part?

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain

your response)

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR provisions, or on matters of translation)?

8. (untitled)

Has your firm implemented global, regional or local policies and methodologies that adopt the NOCLAR provisions of the Code (IESBA NOCLAR provisions) or the locally adopted version of the IESBA NOCLAR provisions, as applicable? (Please choose the most representative answer)

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

This question is for global networks.

Where an individual firm is part of a global network and the network has adopted the IESBA NOCLAR provisions, how are these provisions implemented across network firms in the following situations:

Comments: EYG has established global NOCLAR policies for audits of financial statements that conform to the IESBA Code.

What guidance or educational materials has your firm or network issued, or what programs has your firm or network developed, to support understanding of the NOCLAR policies and methodologies of the firm or network? (Select all that apply and provide links)

Technical guidance (e.g., FAQs)
Education/training programs (e.g., webinars)
Articles, publications or newsletters (e.g., updates about standards, case studies or illustrative examples)

If your firm is part of a network, does the network provide guidance to network firms in the application of the network's NOCLAR policies and methodologies? (Select all that apply)

Do audit partners and staff within your firm have an overall understanding of your firm's NOCLAR policies and methodologies? (Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by its audit personnel)

Comments:

Do non-audit partners and staff within your firm have an overall understanding of your firm's NOCLAR policies and methodologies? (Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by its non-audit personnel)

Comments:

Have you or your firm encountered any NOCLAR or suspected NOCLAR (i) at a client, or (ii) within the firm?

Yes, (Where possible, please provide details such as (i) general nature of the NOCLAR or suspected NOCLAR, (ii) whether the client was an audit or non-audit client, (iii) to whom it was communicated, and (iv) how the matter has been addressed (information provided may be anonymized))
Comments:

Have you or your firm observed any trend in instances of NOCLAR reported or escalated?

If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

What benefits have you or your firm experienced as a result of the implementation of its NOCLAR policies and methodologies? (Please explain the basis for your response, e.g., do partners and staff feel better equipped to hold a conversation on a NOCLAR matter with their client; the standard helpful in guiding partners and staff as to how to respond to a NOCLAR or suspected NOCLAR matter?)

We are responding to this question in the context of establishing global NOCLAR policies and methodologies for audits of financial statements, and not in the context of the experiences of individual firms within our network. The primary benefit is that Section 360 sets out a consistent approach to responding to identified or suspected NOCLAR matters for audit clients that is also consistent with the framework established in ISA 250 (Revised). However, as described below, because there is a high degree of consistency between Section 360 and ISA 250 (Revised), it has been challenging to determine the differential work effort required for Section 360 that would not be effectively addressed under ISA 250 (Revised).

Which aspects of the IESBA NOCLAR provisions or the local NOCLAR provisions has your firm found most challenging to apply when responding to a NOCLAR or suspected NOCLAR? (Please provide details, including whether the challenges were for (i) audit partners and staff, and (ii) non-audit partners and staff)

We are responding to this question in the context of establishing global NOCLAR policies and methodologies for audits of financial statements, and not in the context of the experiences of individual firms within our network. Our primary observation is that ISA 250 (Revised) appropriately addresses the wide variety of NOCLAR matters that an auditor may encounter in an audit of financial statements and the auditor's required response to those matters. The requirements of ISA 250 (Revised) that deal with responding to identified or suspected NOCLAR (i.e., ISA 250.19-29) are principally aligned with the equivalent requirements of Section 360 (i.e., R360.10-15 and R360.20), with the most significant difference being the provision in Section 360 for the auditor to determine whether to disclose a NOCLAR matter to an appropriate authority (see separate observations on this requirement below).

In many cases, the NOCLAR matters of which the auditor becomes aware are those that are disclosed by management in response to the auditor's inquiries and other procedures required under ISA 250 (Revised) (e.g., matters such as health and safety, environmental, or tax filing requirements, for which management has been notified by an authority of violations (or of investigations of possible violations) or management has identified certain violations that it is reporting to an authority in accordance with local regulations). In these circumstances, we believe that the procedures as executed under ISA 250 (Revised) are sufficient to address these matters, including from an ethical perspective. Refer to our response to Question 16 regarding our recommendation that IESBA develop non-authoritative materials in coordination with the IAASB to help clarify the circumstances when additional work effort or further considerations would be necessary under the IESBA Code.

IESBA's NOCLAR provision R360.20 requires the professional accountant to "determine whether further action is needed in the public interest", which includes the determination of whether to disclose the matter to an appropriate authority. Most jurisdictions do not have provisions requiring, or even permitting, professional accountants to externally report the matters included in the scope of IESBA's NOCLAR provisions. Those few jurisdictions that do require reporting do so in a much narrower range of circumstances than the scope of NOCLAR matters within Section 360. Although R360.26 states that the professional accountant is permitted to make a disclosure to an appropriate authority pursuant to R114.3 of the Code (which waives the auditor's responsibility to maintain confidentiality), this waiver provides no meaningful protection absent the local jurisdiction explicitly providing a waiver to its applicable confidentiality rules. Further, the auditor has contractual obligations of client confidentiality that cannot be waived by IESBA. Those obligations are determined by local law and regulation governing the terms of the engagement agreement with the audit client. Refer to our response to Question 17 where we emphasize the importance of IESBA obtaining information from jurisdictional standard setters and regulators about their barriers to adoption and reasons why the provisions (or certain aspects of them) have not been adopted by jurisdictions.

Has your firm’s whistleblowing policy been used by personnel within the firm to respond to a NOCLAR or suspected NOCLAR? If so, why was this used instead of escalating the matter to a supervisor or above? (Please provide details (information provided may be anonymized))

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details.

If yes, is the protection under the relevant law and regulation perceived to be effective? (Please explain your response)

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

Consistent with our response to the IAASB-IESBA Joint Stakeholder Survey, we believe that IESBA should prioritize strengthening global adoption and consistent implementation of its standards worldwide. As part of the post-implementation review of the IESBA NOCLAR provisions, it is important for IESBA to determine the adoption rate of the IESBA NOCLAR provisions by jurisdictions, including barriers to adoption and reasons why the provisions (or certain aspects of them) have not been adopted by jurisdictions. The information gathered through this post-implementation review from those bodies with authority to adopt the standard should be valuable in this regard. We recommend IESBA include in its public results of its PIR survey (e.g., feedback statement) a detailed summary of the adoption status and differences between jurisdictional requirements and the IESBA NOCLAR provisions. With regard to jurisdictions that do not respond to this survey, we suggest IESBA conduct specific outreach to obtain this information as part of its post implementation review activities.

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on matters of translation)?

We believe that the IESBA should specifically consider the recent revisions to ISA 240 issued by the IAASB. ISA 240 (Revised) clarifies the roles and responsibilities of the auditor related to fraud, including strengthening the auditor's response to identified or suspected fraud and clarifying that fraud ordinarily constitutes an instance of non-compliance with laws and regulations. An analysis should be done of ISA 240 (Revised) (as well as ISA 250 (Revised)) to determine the extent to which compliance with those ISAs would result in compliance with the IESBA NOCLAR provisions for audits of financial statements. We recommend non-authoritative implementation materials be created, in coordination with the IAASB, to assist auditors in understanding the specific responsibilities of the IESBA Code that are sufficiently addressed by the requirements in these ISAs versus those that are additional to these ISAs.

Overall, any enhancements to the IESBA NOCLAR provisions, or any new or revised implementation materials developed by IESBA should involve close coordination with the IAASB to maintain interoperability of the IESBA Code NOCLAR provisions with ISA 240 (Revised) and ISA 250 (Revised).

9. (untitled)

What guidance or educational materials have you received or accessed on the local NOCLAR provisions? (Select all that apply and provide links)

From which organizations have you received guidance or educational materials on the local NOCLAR provisions? (Select all that apply)

Do you have access to guidance on the application of the local NOCLAR provisions if you seek such assistance, e.g., in dealing with a NOCLAR or suspected NOCLAR? (Select all that apply)

Which specific provisions in the local NOCLAR provisions have you inquired or raised questions about? (Please provide details)

Has your employing organization made changes to its governance mechanisms, ethics policies and procedures, or internal code of conduct in response to the issuance of the local NOCLAR provisions?

Do you have an overall understanding of the local NOCLAR provisions?

Have you encountered any NOCLAR or suspected NOCLAR in your work?

What benefits have you experienced as a result of the application of the local NOCLAR provisions? (Please explain the basis for your response, e.g., you feel better equipped to hold a conversation on a NOCLAR matter with management or those charged with governance of your employing organization; the standard was helpful in guiding you as to how to respond to a NOCLAR or suspected NOCLAR matter?)

Which of the local NOCLAR provisions have you found most challenging to apply when responding to a NOCLAR or suspected NOCLAR? (Please provide details)

Have you used your employing organization's whistleblowing policy in responding to a NOCLAR or suspected NOCLAR? If so, why did you use this whistleblowing policy instead of escalating the matter to a supervisor or above? (Please provide details (information provided may be anonymized))

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details.

If yes, is the protection under the relevant law and regulation perceived to be effective? Please explain your response.

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR provisions)?

10. (untitled)

This section refers to the “local NOCLAR provisions” issued by the local professional accountancy organization, a regulator or the local standard setter responsible for promulgating ethics standards for PAPPs and/or PAIBs, where those local provisions are based on the NOCLAR provisions in the IESBA Code. Has implementation of the local NOCLAR provisions enhanced your confidence in professional accountants and accounting firms responding to NOCLAR or suspected NOCLAR? (Please explain your response)

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? (Please provide details)

If yes, is the protection under the relevant law or regulation perceived to be effective? (Please explain your response)

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions?
