**IESBA Post-Implementation Review (PIR) Survey**

**Responding to Non-Compliance with Laws and Regulations (NOCLAR®)**

## Part A – Demographic Information

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

***Single jurisdiction - The responses are provided by the Lesotho Institute of Accountants, a regulator and a PAO in Africa, Lesotho.***

2. Please indicate the stakeholder category to which you belong, i.e., from which perspective are you providing your responses?

*The Lesotho Institute of Accountants bears the roles of Jurisdictional Standard Setter, A Professional Accountancy Organisation and a Regulator. The Standards are used by individual Professional Accountants in Public Practice (PAPPs), professional accountants in business (PAIBs), accounting firms as well as auditors.*

3. 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)*:

*Organization's name: Lesotho Institute of Accountants (LIA)*
*Name and job title / role: Ms Matseliso Mokokoti, Technical Officer*
*Email address: Matseliso.mokokoti@lia.org.ls*

*Jurisdiction: Lesotho*

## Part B – Jurisdictional Standard Setters (JSS), Part C PAO and Part D – Regulators or Oversight Bodies

### Adoption status and effective date

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

   *Yes, the Institute has adopted the Code including the provisions of NOCLAR through adoption with minor modifications – So far, there has not been any modification to the Code.*

   *Link to the Publication: https://lia.org.ls/public-notice/*

   *No translations made.*

### Guidance and educational materials

5. 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*)

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

### Other support

6. *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)*

   - *Ethics hotline or equivalent (e.g., for technical queries)*
   - *Discussion forum (e.g., for sharing knowledge)*
   - *Whistleblower hotline (e.g., to report actual or suspected NOCLAR)*

### Inquiries and questions

7. 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)*

   - *Enquires on how the Institute can assist them (members) where they have been dismissed/ face bullying at work because they refused to participate in non-compliance or have reported it*

### Level of understanding

8. 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)*

- *Somewhat*

**Legal protection**

9. 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.

   *Yes, the legislation does provide protection from civil, criminal or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority.*

   *And it is indeed perceived to be effective, however due to the small population where everyone knows/relates to each other, that is often compromised.*

**Observed outcomes (benefits and challenges)**

10. Has your organization observed any trend in instances of NOCLAR reported or escalated?
    - *We have frequently noticed cases of fraud, corruption, tax evasion and money laundering*

11. 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*)

12. 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)*
    - *One of the key challenges observed in the application of the local NOCLAR provisions is the reluctance of individuals to report suspected non-compliance. There is a strong perception that reporting misconduct may result in being labelled a "snitch" or informant, which discourages members from coming forward. In addition, individuals who do make reports are often hesitant to provide sufficient identifying information, due to fears of retaliation, victimisation, or being exposed as the source of the report.*

13. 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?
    - *No, not observed*

**Other comments**

14. 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)*

    - *Practical guidance, decision trees, and case studies tailored to smaller practices would assist practitioners in applying the NOCLAR provisions consistently.*

15. 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)?

**Part E – Accounting Firms or individual PAPPs**

***The Institute issued out a survey on post implementation review of NOCLAR to accounting firms and*** **individual PAPPs** ***and the responses below are as per the feedback.***

**Adoption status and effective date**

4. 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*)

   - 66% of the responses indicated: Yes, through full adoption with no modifications *(Please provide (i) information on the effective date and (ii) details of your firm's NOCLAR policies and methodologies)*

     *For example, in relation to investigative work, Cover Operational& Quality policies - Client acceptance, Billing & Invoicing, Technical & Accounting frameworks - Reporting standards, Document retention, Ethics & Independence, Confidentiality.*

2 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:

   - *No response from a global network*

**Guidance and Educational Materials**

3 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*)

   - *66% indicated:*

     *Education/training programs (e.g., webinars)*

   - *33% indicated:*
     *None*

**Other support**

*4* 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)*

   - Ethics hotline or equivalent (e.g., for technical queries, application questions on the network's NOCLAR policies and methodologies)
   - Discussion forum (e.g., knowledge sharing)

**Level of understanding by auditors**

5 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)*

- *66% responded:*

*Not known or no data available*

- *33% responded:*

*Yes*

**Level of understanding by non-auditors (i.e., consulting/advisory)**

6 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)*

*Yes*

*Attendance of local NOCLAR provisions workshops and webinars*

**Practical experience (benefits and challenges)**

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

*Yes, is prevalent in forensic space where people are not able to comply with procedures and processes.*

12. 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?)*

    - *In as much as is costly to comply, policies, procedures and laws are there for purposes of ensuring that people do not act outside the scope.*
    - *Improved operational efficiency as it encourages disclosures, therefore mitigate threats*

13. 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)*

    - *PFMA, Labor Laws and various other legislations.*

14. 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))*

**Legal protection**

15. 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)*

    *Yes, however the problem is that in a number of instances, whistleblowers are killed and therefore fear for their lives.*

**Other comments**

16. 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)*

    *Whistleblower protection mechanisms are sufficient to provide comfort to whistleblowers.*

17. 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)?

    *Protected disclosure acts are very much impractical to implement*

**Part F – Professional Accountants in Business (PAIBs)**

***The Institute issued out a survey on post implementation review of NOCLAR to professional accountants in business and the responses below are as per the feedback.***

**Guidance and educational materials**

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

   - *Education/training programs (e.g., webinars, CPD programs)*
   - *Articles, publications or newsletters (e.g., updates about standards, case studies or illustrative examples)*

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

   - *Professional Accounting Organization (PAO)*
   - *Regulator or oversight body*

**Other support**

6. 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)*

   - *Ethics hotline*
   - *Discussion forum*

**Inquiries and questions**

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

   - *Incorrect tax declaration*
   - *Clarification on the application of the local NOCLAR provisions in relation to the reporting responsibilities where a client was suspected of non-compliance with tax regulations. The inquiry focused on the appropriate actions to take, documentation requirements, and reporting obligations under the applicable professional standards.*
   - *Circumstances under which disclosure to external authorities is permitted or required.*

**Integration into internal framework**

8. 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?

   - *No*

**Level of understanding**

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

- *Somewhat*

**Practical experience (benefits and challenges)**

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

- *Yes*

*Yes. During the reporting period, the firm encountered instances of suspected NOCLAR at audit clients. The matters primarily related to potential non-compliance with tax regulations, including delays in the remittance of statutory taxes and deficiencies in regulatory compliance documentation. The matters were communicated to the client's management and, where appropriate, those charged with governance. Management was advised to investigate the issues, implement corrective actions, and regularize compliance with the relevant laws and regulations. The engagement teams documented the matters, assessed their impact on the audit, and addressed them in accordance with the firm's policies and applicable professional standards.*

*An employee came to work drunk which led to their dismissal after he had been to multiple disciplinary hearings. His blood work was taken and submitted for testing prior to his dismissal.*

11. 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?)*

*The implementation of the firm's NOCLAR policies and methodologies has enhanced awareness of ethical and professional responsibilities when dealing with actual or suspected non-compliance with laws and regulations. Partners and staff feel better equipped to identify potential NOCLAR matters, engage in appropriate discussions with clients, and determine the appropriate course of action. The policies provide a structured framework for assessing, documenting, escalating, and responding to NOCLAR matters, promoting consistency in decision-making and compliance with the IESBA Code of Ethics and applicable local requirements. In addition, the guidance has strengthened professional scepticism, improved the quality of documentation, and reinforced the firm's commitment to acting in the public interest.*

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

*None*

13. 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))*

*Slightly, the firm believed that may the supervisor may conceal the matter and not escalate to above or not take reasonable action on the matter*

**Legal protection**

14. 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.

*Most respondents answered "Yes" and cited legislation such as the Money Laundering and Terrorist Financing legislation and tax laws as providing whistleblower protections. However, several respondents noted that these protections are not widely known, may not be sufficiently robust in practice, and concerns remain about the risk of retaliation if a reporter's identity becomes known. One respondent was uncertain of the existence of such protections, while another believed that no such laws exist. Overall, the responses suggest that although certain legal protections are available, awareness of them is limited and confidence in their effectiveness is mixed.*

**Other comments**

15. 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)*

   - *IESBA to place greater emphasis on practical implementation support and continuous education. Respondents recommended the development of practical guidance, industry-specific examples, case studies, and resources to assist practitioners in applying the NOCLAR provisions and exercising professional judgment. There was also strong support for increased awareness initiatives through webinars, workshops, and ongoing sensitisation programmes, delivered in collaboration with Professional Accountancy Organizations (PAOs). In addition, respondents suggested that IESBA engage more regularly with PAOs to monitor implementation challenges across jurisdictions, promote wider global awareness of the NOCLAR provisions, encourage continuous professional learning on emerging issues, and strengthen the integration of NOCLAR principles within the Code of Ethics. One respondent indicated that no further efforts were necessary.*

16. 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)?