IESBA Post-Implementation Review (PIR) Survey

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

Introduction

This survey is only applicable to respondents that have adopted or use or benefit from the Responding to Non-Compliance with Laws and Regulations (NOCLAR) provisions in the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code). Sections 5260 and 5360 as contained in the International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA), and conforming amendments to Sections 260 and 360 arising from the development of the IESSA, are outside the scope of this survey and only become effective in December 2026.

1. The International Ethics Standards Board for Accountants (IESBA) is conducting a post-implementation review (PIR) of the NOCLAR provisions in Sections 260 and 360 of the Code.
2. This survey seeks to obtain input from a broad range of stakeholders to enable the IESBA to determine:
   (a) Whether the NOCLAR provisions have achieved their intended purpose by identifying:
      (i) Benefits from applying the provisions; and
      (ii) Any practical challenges or questions regarding their implementation, including whether they are being consistently understood and applied; and
   (b) What actions, if any, are needed by the IESBA to address identified matters.
3. The responses received will be analyzed for purposes of providing feedback to the IESBA and in developing recommendations for any actions.
4. Recognizing that some respondents may wish to discuss certain NOCLAR or NOCLAR-related matters on a confidential basis instead of documenting them in writing when responding to this survey, respondents are welcome to reach out to the IESBA Project Team (email jeanneviljoen@ethicsboard.org and kamleung@ethicsboard.org) to discuss such matters confidentially. In such circumstances, respondents are requested to discuss the matters on an anonymized basis.
5. The survey comment period starts on April 1 and ends on July 30.

Survey Responses to be Made Public

6. Unless confidentiality is specifically requested, respondents' submissions will be considered a matter of public record and will be posted to the IESBA's website. Where confidentiality is requested, respondents are nonetheless requested to provide any detailed input on an anonymized basis.
7. Some questions ask for details, examples or sharing of relevant reports or materials. Respondents are requested to provide such information on an anonymized basis.

Survey Instructions

8. Respondents to the survey are asked to provide their responses only on the questions applicable to the stakeholder group to which they belong:

- Part A — Demographic Information (All Respondents)
- ~~Part B — Jurisdictional Standard Setters (JSS)~~: not applicable to RSM
- ~~Part C — Professional Accountancy Organizations (PAOs)~~: not applicable to RSM
- ~~Part D — Regulators or Oversight Bodies~~: not applicable to RSM
- Part E — Accounting Firms or Individual Professional Accountants in Public Practice (PAPPs)
- ~~Part F — Professional Accountants in Business (PAIBs)~~: not applicable to RSM
- ~~Part G — Other Users or Beneficiaries of the Code~~: not applicable to RSM

9. Respondents may respond to all questions or only selected questions or matters. All responses to this survey, whether complete or partial, will be accepted and considered as input for the IESBA Project Team's analysis.

Overview and Key Intended Outcomes of the IESBA NOCLAR Provisions

10. The IESBA NOCLAR provisions establish a response framework to guide auditors, other PAPPs, and PAIBs in deciding how best to act in the public interest when they become aware of NOCLAR or suspected NOCLAR.

11. NOCLAR is any act of omission or commission, intentional or unintentional, committed by a client or employer, or by those charged with governance (TCWG), by management or by other individuals working for or under the direction of a client or employer which is contrary to the prevailing laws or regulations.

12. For a more detailed overview of the NOCLAR provisions of the Code, please access the following link here.

13. Key intended outcomes of the NOCLAR provisions in the public interest include:

- Ensuring that PAs respond in a timely way to identified or suspected NOCLAR.
- Rectifying, remediating, or mitigating the adverse consequences of identified or suspected NOCLAR to stakeholders and the general public.
- Deterring the commission of NOCLAR.
- Stimulating increased reporting of identified or suspected NOCLAR where required by law or regulation, or where determined appropriate under the Code in the public interest.

Part A – Demographic Information (All Respondents)

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

   On behalf of an organization

   (a) If you are responding as an individual: N/A

      (i) Please indicate your jurisdiction

      (ii) Approximate years of professional experience:

         - Less than 5 years
         - 5–10 years
         - 11–20 years
         - More than 20 years

   (b) 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
      - Regional *(Please specify)*
      - Multiple jurisdictions *(Please specify)*
      - Single jurisdiction *(Please specify)*

2. 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.*

   - JSS **(Complete Part B)** *(Please indicate the users of your standards as a JSS, e.g., individual PAPPs, professional accountants in business (PAIBs) and/or accounting firms (including audit firms))*
   - PAOs **(Complete Part C)** *(Please indicate whether your members are PAPPs and/or PAIBs)*
   - Regulators or oversight bodies **(Complete Part D)** *(Please indicate which of the following you regulate or oversee (select all that apply): PAPPs (including auditors), PAIBs, accounting firms (including audit firms), none of the above)*
   - Accounting firms and individual PAPPs **(Complete Part E)**
   - PAIBs **(Complete Part F)**
   - Other users or beneficiaries of the Code *(Please specify)* (e.g., investors or other users of financial statements, those charged with governance, academics) **(Complete Part G)**

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)*:

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

  RSM International Limited (RSM, we, our)

- Your name and job title / role

  Claire Blanton, Global Leader–Quality & Risk

- Your email address

  Claire.Blanton@rsm.global

- Your jurisdiction

  Global

[1] If you respond on behalf of a global organization, the jurisdiction (or name of the country) in which you work. If you are responding on behalf of a global organization, please indicate "Global" as your jurisdiction.

Part E – Accounting Firms or individual PAPPs

Adoption status and effective date

Note: *Adoption (full or with modifications) refers to the formal acceptance and incorporation of the IESBA standards into a jurisdiction's national laws, regulations or professional requirements or, if your firm belongs to a network, your network's policies and methodologies.* *Convergence is where a jurisdiction aligns its national ethics (including independence) standards with the IESBA standards through a process that seeks to eliminate or minimize differences between the IESBA and national standards or provisions. This includes a process where an IESBA standard is used as a basis to develop the local standards or provisions.*

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*)

   (a) 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)*

(i) The IESBA NOCLAR provisions have been effective since 15 July 2017; member firms apply them, as supplemented locally, from that date or the applicable local effective date. (ii) RSM adopted the IESBA NOCLAR provisions—including Sections 260 and 360 of the Code, Responding to Non-Compliance with Laws and Regulations—as the minimum standard for the network. Partners and employees must comply with the higher of the Code and any applicable local requirement. Where local laws or regulations are more stringent or restrictive, those requirements take precedence and are applied in addition to the network's policies. Member firms therefore implement the NOCLAR provisions through the network's policies and their local audit methodologies, supplemented only where local law or regulation requires a higher or additional standard. We consider that no modifications have been made by member firms to the IESBA NOCLAR provisions that would result in compliance with local laws or regulations but non-compliance with the full IESBA NOCLAR provisions.

   (b) Yes, through adoption with modifications *(Please (i) describe the nature of, and reasons for the modifications, (ii) provide information on the effective date and (iii) provide details of your firm's NOCLAR policies and methodologies)*

   (c) No, our firm's policies and methodologies implement local NOCLAR provisions that are converged with the IESBA NOCLAR provisions *(Please (i) provide information on the effective date, (ii) provide details of your firm's NOCLAR policies and methodologies, and (iii) describe any significant differences between your firm's NOCLAR policies and methodologies and the IESBA NOCLAR provisions)*

(d) No, our firm's policies and methodologies are based on law or regulation or a different ethical framework that address NOCLAR *(Please describe any significant differences between your firm's NOCLAR policies and methodologies and the IESBA NOCLAR provisions)*

(e) Not adopted *(Please specify reasons. If there is a plan to adopt the IESBA or local NOCLAR provisions, please provide details, including timing)*

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.

The network's policies are issued in English; member firms are responsible for accurate and complete local translation where required, with the English text remaining definitive.

5. 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:

- The jurisdiction in which the individual firm is based has not adopted the IESBA NOCLAR provisions *(Please describe the circumstances and how this interacts with the network policies)*

  Where the individual firm's jurisdiction has not adopted the IESBA NOCLAR provisions, the member firm nonetheless applies the network's policies, which require compliance with the Code (including the IESBA NOCLAR provisions) as the minimum standard. The Code framework therefore operates through network policy even where the local jurisdiction has not separately adopted it.

- The jurisdiction in which the individual firm is based has provisions in relevant law or regulation or another ethical framework that address NOCLAR *(Please describe the circumstances and how this interacts with the network policies)*

  Where the individual firm's jurisdiction has provisions in law or regulation, or another ethical framework, that address NOCLAR, those local requirements take precedence where they are more stringent or restrictive, and the network's policies apply to the extent that it is not inconsistent with local law. For transnational engagements, member firms must comply with the requirements of all relevant jurisdictions, and the more stringent requirement is followed. In practice, local legal and regulatory requirements prevail and supplement the Code, with the Code providing the underlying framework.

Guidance and Educational Materials

6. 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)

  Internal technical guidance to support understanding of the NOCLAR policies and methodologies of the firm or network is available to owners and employees of RSM and member firms. The guidance is developed by and maintained within RSM or each member firm's internal knowledge and learning platforms and are not publicly available.

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

Internal training courses, webinars and learning programs to support understanding of the NOCLAR policies and methodologies are provided to owners and employees of RSM and member firms. The guidance is developed by and maintained within RSM or each member firm's internal knowledge and learning platforms and are not publicly available.

- Articles, publications or newsletters (e.g., updates about standards, case studies or illustrative examples)

Global external article: NOCLAR – Non-compliance with laws and regulations':
https://www.rsm.global/southafrica/insights/video-insights/noclar-non-compliance-laws-and-regulations

Internal publications, updates and communications to support understanding of the NOCLAR policies and methodologies are distributed periodically.

- Other *(Please specify)*
- None

Other support

7. 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)
- Other *(Please specify)*

Consultation, implementation support and monitoring. Member firms may seek guidance on the application of ethics and independence requirements, including NOCLAR matters, through established consultation channels within the network. The network also supports consistent implementation through training, monitoring and global inspection activities, which reinforce awareness of, and compliance with, ethics and independence requirements.

- None

Level of understanding by auditors

8. 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)*

- Yes

Based on local training, annual written confirmations of compliance, consultation requirements, the integration of NOCLAR considerations into the network's policies, methodologies and guidance, and the results of member firm and global inspection activities, we consider audit partners and staff have an overall understanding of the network's ethics and independence policies, including the IESBA NOCLAR provisions.

Member firms are required to ensure that their ethics and independence policies and procedures, including the IESBA NOCLAR provisions, are clearly communicated to all partners and employees and reinforced through ongoing training and continuing professional development programmes.

In addition, audit partners and employees are required to consult the member firm’s ethics and independence leader, or a delegate when evaluating a NOCLAR or suspected NOCLAR matter.

Understanding is also reinforced through the annual written confirmation of compliance, under which all partners and employees confirm that they have read, understood and complied with the firm’s ethics and independence policies, including the IESBA NOCLAR provisions.

Engagement planning procedures and checklists further reinforce this understanding.

- Somewhat
- No
- Not known or no data available

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

9. 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

Based on local training, annual written confirmations of compliance, consultation requirements, the integration of NOCLAR considerations into the network's policies, methodologies and guidance, and the results of member firm and global inspection activities, we consider non-audit partners and staff have an overall understanding of the network's ethics and independence policies, including the IESBA NOCLAR provisions.

Non-audit partners and staff receive the same ethics and independence training, including IESBA NOCLAR provisions, as audit personnel and are subject to the same annual written confirmation of compliance, which applies to all partners and professional employees. Awareness is reinforced through each member firm’s policies, code of conduct processes and consultation procedures.

- Somewhat

- No
- Not known or no data available

Practical experience (benefits and challenges)

10. 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))*

(i) & (ii) Member firms have encountered NOCLAR or suspected NOCLAR, predominantly at audit clients. To preserve confidentiality, we describe only the general categories of matters observed, which included:

- cybersecurity and data-protection breaches
- money laundering
- misappropriation of assets
- non-compliance with regulatory or state-law requirements

(iii) Matters were communicated to:

- the appropriate level of management
- where applicable, those charged with governance
- where required, to an appropriate authority

(iv) Matters have been addressed in accordance with the firm's established methodology and applicable local law.

- No

11. 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.

We have not observed any discernible increase of instances of NOCLAR or suspected NOCLAR matters reported since the provisions came into effect (15 July 2017); this is consistent across the network.

We have, however, observed a shift in the nature of the NOCLAR or suspected NOCLAR matters arising. A greater proportion of NOCLAR or suspected NOCLAR matters relate to cybersecurity and to compliance with rapidly evolving local laws and the regulatory environment, or changes in enforcement priorities.

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?)*

Our experience is that the NOCLAR provisions have achieved their intended objective of providing an explicit framework for identifying, evaluating and responding to actual or suspected NOCLAR matters.

While many jurisdictions already had legal, regulatory, auditing and professional requirements addressing NOCLAR, the NOCLAR provisions provide a clearer and more globally consistent framework for considering how professional accountants should respond in the public interest when such matters arise.

Benefits experienced as a result of the implementation of our NOCLAR policies and methodologies include:

- The explicit NOCLAR framework has brought greater focus to the identification and treatment of non-compliance during audit planning and execution.
- The explicit NOCLAR framework has strengthened risk management.
- The explicit NOCLAR framework has promoted greater consistency in how partners and staff evaluate and respond to actual or suspected NOCLAR matters across jurisdictions.
- Partners and staff report feeling better equipped to discuss NOCLAR matters with a client and determine an appropriate response.

Benefits are realised even in jurisdictions that have not fully adopted the provisions because related auditing standards, for example the International Auditing and Assurance Standards Board's (IAASB) International Standard on Auditing 250 (Revised) Consideration of Laws and Regulations in an Audit of Financial Statements, address similar underlying risks.

This is consistent with the intended outcomes of the provisions: timely response to identified or suspected NOCLAR; rectification, remediation or mitigation of the adverse consequences of NOCLAR; and deterrence of the commission of NOCLAR.

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)*

The principal challenges reported across the network in applying the IESBA NOCLAR provisions or the local NOCLAR provisions include:

- **Sufficient appropriate evidence where legal privilege applies.** Where a matter is subject to an ongoing investigation (for example, by the U.S. Department of Justice), external legal counsel may be unwilling to provide the information needed, making it difficult to assess the impact on the financial statements and to support a related accrual.

- **Identification of ultimate beneficial ownership.** Complex corporate structures and extensive client-verification requirements under certain regulations in certain jurisdictions (for example, the United States and the European Union) make identification of the ultimate beneficial owner of an entity burdensome, particularly for smaller entities, and clients may regard the information as confidential.
- **Confidentiality, public duty and whistleblower safety.** In certain jurisdictions, there is a tension between confidentiality obligations and the public interest. For example, anti-money-laundering regimes may require the firm to report certain NOCLAR to a regulator while prohibiting the firm from alerting the client. This is compounded in certain jurisdictions by the absence of effective whistleblower protection and the personal risk of reporting due to potential threats of retaliation.
- **Complexity of the Code.** The complexity of the Code, together with its interaction with auditing standards and local legal and regulatory requirements, increases the risk that practitioners may not understand or consistently apply the NOCLAR provisions.

(i) The principal challenges in applying the IESBA NOCLAR provisions or the local NOCLAR provisions have arisen principally for audit partners and staff when responding to a NOCLAR or suspected NOCLAR.

(ii) Non-audit partners and staff did not report significant challenges in applying the IESBA NOCLAR provisions or the local NOCLAR provisions when responding to a NOCLAR or suspected NOCLAR.

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))*

The network's policies require each member firm to establish and communicate clear processes for reporting ethics and independence matters, questions or issues to the member firm's ethics and independence leader and, where additional guidance or support is required, to the global ethics and independence leader

Member firms may also maintain whistleblowing policies and reporting hotlines, which are typically administered by the member firm's risk or compliance functions, and are designed to facilitate the confidential reporting of concerns. As these arrangements, where they exist, are managed locally, we are unable to confirm whether a whistleblowing hotline has been used in relation to a NOCLAR or suspected NOCLAR matter.

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)*

The availability and effectiveness of legal protection varies significantly across jurisdictions. Robust statutory protection against civil, criminal or professional liability, and against retaliation, exists in several jurisdictions. In other jurisdictions, by contrast, protections are absent or the relevant legislation remains at the bill stage and does not yet provide effective protection. This unevenness bears directly on practitioners' willingness and ability to report in the public interest, and we encourage the Board to continue to advocate for the development of appropriate legal protections.

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)*

Overall, we consider the NOCLAR provisions to be operating effectively. To further enhance their consistency and operability globally, we respectfully encourage the Board to consider the following.

- **Make explicit that local law prevails over conflicting steps.** Paragraph R360.6 of the Code requires the accountant to obtain an understanding of, and comply with, legal or regulatory provisions that differ from or go beyond the section, including any requirement to report to an appropriate authority and any prohibition on alerting the client. However, the section does not explicitly state that, where local law prohibits or restricts a step (for example, alerting the client), the accountant should not perform the subsequent steps in the section that would breach that law. This can expose practitioners—particularly at smaller firms—to inadvertent breaches of local law. We suggest adding the following paragraph (or similar) to the 'Introduction' subsection of Section 360. (Added text is underlined.)

360.3A	Where compliance with the relevant law or regulation prohibits or restricts the professional accountant from taking a course of action set out in the remainder of this section, the accountant shall comply with the relevant law or regulation and is not required to take that course of action to the extent it would result in a breach of that law or regulation.

- **Reduce fragmentation of performance and documentation requirements.** Several requirements in responding NOCLAR substantially overlap with International Standard on Auditing (ISA) 250 (Revised). The performance requirement to obtain an understanding of the matter in paragraph R360.10 of the Code is included in paragraph 19(a) of ISA 250 (Revised), including related application paragraph 360.10 A1 of the Code and paragraph A17 of ISA 250 (Revised). Similarly, the performance requirement to discuss the matter with the appropriate level of management and, where appropriate, those charged with governance in paragraph R360.11 of the Code is included in paragraph 20 of ISA 250 (Revised), including related application paragraph 360.11 A1 of the Code and paragraph A20 of ISA 250 (Revised). The auditor is therefore subject to the same two obligations under both the Code and the ISAs.

  In the same way, the documentation requirement in paragraph R360.28 of the Code is expressed to be in addition to the documentation required by the relevant auditing standards. For example, the documentation requirements per the ISAs summarized in paragraph 360.28 A1 of the Code are similar to the documentation requirements in paragraph 30 of ISA 250 (Revised). This results in splitting related requirements between the Code and the relevant auditing standards and creating potential duplication and uncertainty as to where documentation should reside (for example, whether it should be held separately from the audit file for confidentiality or legal-privilege reasons). We suggest the IESBA, with the IAASB, consolidate or more clearly delineate the performance and documentation provisions.

- **Provide further education and implementation support.** Given the complexity of the provisions, additional education and implementation materials would assist practitioners, with particular benefit for smaller firms and for jurisdictions in which whistleblower protection is less developed.

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)?

Translation. Translation has not presented a significant challenge for the network, which operates predominantly in English; local translations are prepared where a jurisdiction requires them, with the English text remaining definitive.

Improving the operability and global consistency. We reiterate that the two changes most likely to improve the operability and global consistency of the NOCLAR provisions are:

- making explicit in the Code that local law prevails over any conflicting step in the section

- reducing the fragmentation of documentation and performance requirements between the Code and the auditing standards.

We thank the Board for undertaking this post-implementation review

End of survey

Thank you for your valuable input. Your input will inform the IESBA's Post-Implementation Review and help the IESBA develop clear, robust and practical ethics standards that reinforce public trust in the profession and effectively serve the public interest.