

**NOCLAR—Summary of Significant Comments on Exposure Draft
and Task Force Proposals**

I. Overview of Responses

1. The comment period on the exposure draft (ED) [Responding to Non-Compliance with Laws and Regulations](#) closed on September 4, 2015. Comment letters were received from 76 respondents, as listed in the Appendix. A further comment letter, received on November 6, 2015 from Committee 1 of the International Organization of Securities Commissions (IOSCO) (see Agenda Item 4-D), did not make it in time for the Task Force's (TF's) deliberations in preparation for this Board meeting. This paper therefore excludes consideration of the IOSCO response. However, the TF Chair will aim to provide an oral outline of the TF's initial reactions to the IOSCO response at the meeting. All comment letters can be accessed on the [IESBA website](#).
2. For purposes of an overview, the table below provides an *indication* of where the balance of *overall* support for the proposals lies. (This table is not intended to represent a vote-counting exercise, particularly as a number of the respondents represent groups of individual organizations.)

Stakeholder Category	Overall Support			
	Yes	Significant Reservations ¹	No	Total
Regulators and Public Authorities	5	4		9
IFAC Member Bodies ²	21	11	2	34
Firms	11	1		12
National Standard Setters	2			2
Other Professional organizations	5	5	1	11
Individuals & Others	8			8
Total	52	21	3	76

3. Compared with the August 2012 proposals, it is clear that *overall* there has been a decisive shift towards positive support for the new proposals, with a substantial body of respondents across all stakeholder categories in support of the latter. In particular, virtually all respondents from the firms and the national standard setters (NSS) have come forward in clear support of the proposed response framework. IFAC member bodies have also been mostly supportive of the proposed framework. Views among regulators and public authorities and among other professional organizations have been somewhat more divided on aspects of the proposals; virtually all of them, however, have acknowledged that the new proposals represent a significant improvement compared with the previous ones, and continue to support the project.

4. Not unexpectedly, there continues to be some diversity of views between stakeholder categories (including within particular jurisdictions themselves) on some of the issues. Nevertheless, there has been substantial support for all the key elements of the proposed framework, namely: the objectives; the scope of laws and regulations covered; the differential approach with respect to the four categories of professional accountants (PAs); factors to consider in determining the need for, and nature and extent of, further action; possible courses of further action; the third party test and its placement in the process; and documentation.
5. Only a few respondents clearly did not support the proposals, arguing that there is no justification for them as PAs' duties are already encompassed in the fundamental principles;³ that NOCLAR issues and breaking confidentiality should be addressed solely by legislation and not by the Code;⁴ and that it would be more appropriate for the Board to engage with global regulatory bodies to explore how best to take forward a principle of reporting NOCLAR in the public interest by relevant professions (and not just the accountancy profession).⁵
6. Two members of the Monitoring Group, the Basel Committee on Banking Supervision (BCBS)⁶ and the International Forum of Independent Audit Regulators (IFIAR)⁷ responded to the ED. BCBS has expressed positive support for the proposed framework, noting in particular that the ED has achieved an appropriate balance when compared to the earlier proposals. BCBS has also noted its belief that the ED's acknowledgement of relevant factors the PA should assess when determining if additional action is needed provides evidence that the Board is mindful of the differences around the globe in legal, regulatory and cultural environments.
7. IFIAR noted the ED's recognition that national laws and regulations take precedence over the Code. IFIAR nevertheless expressed the view that the Board should strive for more stringent requirements than those set out in the ED. IFIAR has in particular noted its belief that where management or those charged with governance (TCWG) have not appropriately responded to a NOCLAR matter, auditors should have the obligation to report the matter to an appropriate authority after having confirmed that it is in the public interest to do so (subject to legal protection for them and provided such disclosure would not be incompatible with national legal provisions). IFIAR also has encouraged the Board to seek to finalize the project in the near future, noting the potential benefit to the public interest that would be achieved by having requirements included in the Code.
8. The remainder of this paper is structured as follows:
 - II. Responses to general questions in the Explanatory Memorandum (EM)
 - A. Whether the proposals would support implementation and application of a legal or regulatory reporting requirement
 - B. Whether the proposals would help guide PAs in acting in the public interest where no legal or regulatory reporting requirement exists
 - C. Consideration of practical aspects of the proposals
 - III. Responses to specific questions in the EM
 - D. Proposed objectives
 - E. Scope of the proposals
 - F. Differential approach for different categories of PAs

- G. Factors to consider regarding further action
 - H. Third party test
 - I. Possible courses of further action
 - J. Factors to consider regarding disclosure to an appropriate authority
 - K. Disclosing the matter to the external auditor
 - L. Documentation
- IV. Other Matters
- M. Interaction with International Standards on Auditing (ISAs)
 - N. Cross-border engagements and interaction of the Code with law
 - O. Communication between existing and proposed auditors
 - P. Section 360 matters
 - Q. Other issues
 - R. Timing of issuance of NOCLAR provisions
- V. Other comments and suggestions from respondents

Appendix: List of respondents

II. Responses to General Questions in the EM

- A. WHETHER THE PROPOSALS WOULD SUPPORT IMPLEMENTATION AND APPLICATION OF A LEGAL OR REGULATORY REPORTING REQUIREMENT
9. A substantial body of respondents⁸ across all stakeholder categories who commented on this question agreed that the proposals would support the implementation and application of a legal or regulatory requirement to report NOCLAR to an appropriate authority. Some respondents in particular noted that:
- The proposals would help emphasize PAs' responsibility to comply with applicable laws and regulations, and provide useful context to understanding the nature of the legal or regulatory requirements.
 - The proposed framework should assist PAs in responding to NOCLAR in jurisdictions where the law or regulation merely contains a reporting requirement but does not include guidance to assist the PA in discharging that responsibility.
10. Several respondents,⁹ however, disagreed or had reservations as to whether the Code would be capable of supporting implementation and application of legal or regulatory reporting requirements. They noted in particular the following:
- It would depend on the nature of the applicable laws and regulations, and legislation may regulate the matter in different ways.
 - The existence of domestic law and regulation would override, and negate the need for, additional guidance in the Code.

- It is questionable whether the Code can be effective as guidance to supplement specific national laws.
11. The TF noted that overall, respondents appear to support the view that the proposals would provide helpful guidance to PAs in implementing or applying a legal or regulatory reporting requirement. The TF also noted that judgment in following the guidance in the proposals will be necessary, taking into account the nature of the particular legal or regulatory reporting requirement.

Matter for Consideration

1. Do IESBA members agree with the TF's views?

B. WHETHER THE PROPOSALS WOULD HELP GUIDE PAs IN ACTING IN THE PUBLIC INTEREST WHERE NO LEGAL OR REGULATORY REPORTING REQUIREMENT EXISTS

12. Again, a substantial body of respondents¹⁰ across all stakeholder categories who commented on this question agreed that the proposals would help guide PAs in acting in the public interest where there is no legal or regulatory reporting requirement.
13. A number of other respondents disagreed or only partially agreed for various reasons, including the following:
- The IESBA is not the appropriate institution to establish provisions for regulating the disclosure of NOCLAR to an appropriate authority; this should be left to lawmakers who can provide legal certainty; and for auditors, the approach to reporting NOCLAR in ISA 250 should be sufficient.¹¹
 - The proposals could be further strengthened to require disclosure to an appropriate authority if this would be, on balance, in the public interest, after due consideration of any potential adverse consequences and if not prohibited by law or regulation.¹² This view was also shared by some regulatory respondents who commented more generally on the proposals.¹³
 - The proposals would impose an unnecessary and inappropriate responsibility on PAs to pursue matters of little significance; the guidance should be shorter and less prescriptive.¹⁴

Among those respondents, one¹⁵ felt that the proposals regarding the matters the auditor would potentially disclose to an appropriate authority and the circumstances surrounding a determination to do so were overly vague, and that this lack of precision would create considerable uncertainty. Another respondent¹⁶ from the same stakeholder category and jurisdiction shared a similar concern about the lack of clarity in the precise meaning of some terms and the factors to consider in determining whether to disclose the matter to an appropriate authority, which it felt would potentially make the process of determining the right action subjective and therefore lead to considerable legal uncertainty. The latter respondent nevertheless felt that the proposed requirements and guidance overall were very detailed and to some extent overly complex.

14. The TF noted that respondents have raised no new issues or concerns that the Board had not previously considered. The TF also noted, perhaps unsurprisingly, the continuing dichotomy of views between different stakeholder groups regarding whether the Code should address the matter of disclosure of NOCLAR to an appropriate authority. On the balance of the responses to this particular question, it does appear though that respondents broadly feel that the proposals would

be helpful to PAs in guiding them to respond to NOCLAR matters where law or regulation has not prescribed any reporting requirement.

Matter for Consideration

2. Do IESBA members agree with the TF's views?

C. CONSIDERATION OF THE PRACTICAL ASPECTS OF THE PROPOSALS

15. The EM invited views from respondents on the practical aspects of the proposals, particularly their impact on the relationships between (a) auditors and audited entities; (b) other PAs in public practice (PAPPs) and their clients; and (c) PAIBs and their employing organizations. Views from respondents who commented on this question were diverse.

16. In relation to auditors and audited entities:

- Several respondents¹⁷ expressed recurring concerns about the potential for the proposals to jeopardize the trust relationship between auditors and audited entities, and therefore adversely affect the flow of information from the latter to the former. There were also concerns about the potential for unintended consequences and increasing the expectations gap.¹⁸ A few¹⁹ were concerned about increasing the complexity and cost of the engagement, especially for smaller firms, and the need to acknowledge this.
- Several other respondents,²⁰ including a few regulatory stakeholders, however, felt that the proposals would broadly encourage, or not adversely impact, the free flow of information between the two parties. Some of them also felt that the proposals may have a positive or strengthening effect on auditors' relationship with management, particularly through the value-add that auditors may provide in bringing NOCLAR issues to management's attention. Some also felt that the proposals would have no significant or unreasonable impact on the relationship where management integrity is not an issue.

17. In relation to other PAPPs and their clients:

- Several respondents²¹ expressed concern about the potential adverse impact on the level of trust and sharing of information between other PAPPs and their clients. Some of them highlighted the need to be sensitive to expectations of these other PAs to act as trusted advisors. Others²² were concerned about the potential for PAs to be placed at a competitive disadvantage relative to non-PAs with respect to the same services.
- Other respondents,²³ including a regulatory stakeholder, were of the view that there would likely be no significant or further impact on the relationship, particularly where integrity is not an issue. It was noted also that the proposals would clarify the responsibilities of each party and enhance the relevance of PAs' services.

18. In relation to PAIBs and their organizations:

- A few of the respondents²⁴ were concerned about the potential adverse impact on the level of trust and sharing of information between the two parties.
- Other respondents,²⁵ including a regulatory stakeholder, felt that the proposals are proportional and balanced, and will avoid placing PAIBs at a professional disadvantage vs. non-PAs. Some were of the view that it is unlikely that there will be any change in the

relationships, noting that the concept of whistle-blowing is not new. It was also felt that there should be no unreasonable impact on the relationships where integrity is not an issue, and that the proposals may in fact enhance the credibility of the profession.

19. In the light of these comments, the TF believes that the proposals have broadly struck an appropriate balance between the responsibilities of PAs and those of their clients or organizations, and also in terms of the approach to the different categories of PAs.

Interaction with Contract Law

20. Some respondents²⁶ highlighted a perceived lack of clarity regarding whether the Code can require PAs to override contractual obligations in relation to confidentiality. It was noted in particular that PAIBs may face an ethical dilemma where confidentiality is embedded into employment contracts. It was also suggested that the Board consider requiring a senior PAIB to endeavor to avoid company policies requiring executives to sign confidentiality agreements barring the reporting of NOCLAR to authorities.²⁷
21. The TF noted that it is a prerequisite to PAs discharging their professional obligations—whether as part of providing professional services to their clients or as part of undertaking professional activities for their organizations—that they comply with the relevant ethical requirements of their professional bodies or that may apply to the particular engagements. Indeed, for PAPPs providing assurance services, ISA 210 notes that assurance engagements, including audit engagements, may only be accepted when the PAPP considers that relevant ethical requirements such as independence and professional competence will be satisfied.²⁸ The TF therefore believes that this is an engagement acceptance issue and not an ethical issue. Firms can set clear client expectations at the outset by highlighting in their engagement letters specific ethical obligations with which they have to comply (including with respect to NOCLAR) in relation to the engagement.

Matter for Consideration

3. IESBA members are asked whether they agree with the TF's responses above.

III. Responses to Specific Questions in the EM

D. PROPOSED OBJECTIVES

22. The EM asked respondents whether they agreed with the proposed objectives for all categories of PAs. A substantial body of respondents across all stakeholder categories who commented on this question expressed support for all or almost all of the objectives.²⁹
23. Among those respondents, one³⁰ felt that there was a circular logic in the proposals in that the third objective referred to taking such further action as may be needed in the public interest, but the proposals also required the PA to determine if further action is needed to achieve the PA's objectives. In addition, the respondent felt that the reasonable and informed third party provision (paragraph 225.25 in the ED) provided a useful context in which to frame the judgment regarding the need for further action (paragraph 225.20 in the ED). Accordingly, the respondent suggested merging both paragraphs as follows, and in so doing address the circularity point: *"The PA shall exercise professional judgment in determining whether further action is needed, taking into account whether a reasonable and informed third party, weighing..., would be likely to conclude that the PA has acted appropriately in the public interest."*

24. Related, a Monitoring Group member³¹ suggested, as part of its general response to the ED, that the reference to the objectives in the requirement to determine if further action is needed, and the link between the objectives and the other factors to consider when determining whether further action is needed, should be clarified for purposes of driving consistency in application.
25. The TF accepted that some could perceive an element of circularity in how the third objective interacted with the requirement regarding further action. On further reflection in the light of the comments, the TF felt that it was not necessary to refer to all the objectives when determining if further action is needed. This is because at that point in the process, the PA should already have raised the matter with management and, where applicable, TCWG (the second objective). Also, the fact that the PA would have responded to the matter at that point would largely have already enabled the PA to fulfill the first objective (i.e., complying with the fundamental principles of integrity and professional behavior). Rather, the TF believes that at this point in the process, what really is at stake is whether further action is needed in the public interest. The TF therefore proposes to:
- (a) Reword the third objective as: “To take such further action as appropriate in the public interest;” (see paragraphs 225.4(c) and 360.4(c))³² and
 - (b) More specifically link the requirement regarding further action to the public interest (see paragraphs 225.23 and 360.20).
26. The TF did not accept the suggestion to merge paragraphs 225.20 and 25 as the third party provision is intended to serve as a stand-back for the PA to evaluate the possible courses of further action objectively. The TF nevertheless agreed to relocate the third party provision to immediately after the determination of the need for further action to make clear the context in which that judgment would need to be made (see paragraphs 225.24 and 360.21.)
27. Significant comments or suggestions from other respondents who were generally supportive of the approach to the objectives included the following:

#	Respondents' Comments	TF Proposals/Responses
1.	A respondent ³³ was of the view that the third objective might be difficult for non-auditors in public practice and PAIBs other than senior PAIBs to achieve, especially if, despite their best efforts, they do not have the necessary information to determine further actions or are precluded by law or regulation from taking further action. The respondent suggested that the third objective be amended to read: “ <u>Where possible, to</u> take such further action as may be needed in the public interest.”	The TF noted that the third objective referred to “ <i>such</i> further action as <i>may be</i> needed in the public interest,” which will necessarily depend on these PAs’ ability to have access to the relevant information. Further, with respect to non-auditors in public practice, paragraph 225.42 of the ED already noted that the nature and extent of further action will depend on the legal and regulatory framework. Nevertheless, the TF believes that the refinement to the wording of the third objective as proposed above will assist in addressing this concern.
2.	Some respondents ³⁴ were of the view that the third objective may be too wide as the “public interest”	See discussion on the concept of “public interest” below.

#	Respondents' Comments	TF Proposals/Responses
	concept is not defined and only little guidance had been provided. They were concerned about the potential for unintended consequences.	
3.	<p>Some respondents³⁵ were of the view that the second objective may have an unintended consequence in that it could lead PAs to ignore anti-tipping-off legislation. It was suggested that the provision cautioning such consideration (paragraphs 225.10 (for auditors), 225.33 (for non-auditors in public practice) and 360.10 (for PAIBs)) be moved to the start of the relevant sections.</p> <p>Related, a regulatory respondent³⁶ noted, as part of its general response to the ED, that some of its audit oversight members had identified a number of instances in their inspections where audit firms had applied the Code's provisions directly, without adapting their internationally developed policies to include their more stringent locally applicable legislation. The respondent encouraged the Board to recognize and place emphasis, whenever possible, on applicable laws and regulations that may be more stringent than the Code.</p>	<p>The TF noted that the Code does not override laws and regulations. Accordingly, a precondition to complying with the Code is that PAs first observe and comply with all applicable legal and regulatory requirements. The TF, however, accepted the suggestion to give greater prominence to PAs' responsibility to comply with applicable laws and regulations, including any requirements against tipping-off. Accordingly, paragraphs 225.10 and 33 in the ED have been moved to paragraph 225.3, and paragraph 360.10 in the ED to paragraph 360.3.</p> <p>To address the regulatory concern, the TF also proposes to highlight in these provisions that PAs should comply with any legal or regulatory requirements to report NOCLAR matters to an appropriate authority.</p>

28. Some respondents disagreed or only partially agreed with the proposed objectives on the following grounds:

- The fundamental principles should be the overarching objectives or primary driver of PAs' responses.³⁷

While accepting that complying with the fundamental principles is the overarching objective in the Code, the TF noted that a primary aim of the project is to *guide* PAs in deciding how best to act in the public interest when they come across NOCLAR or suspected NOCLAR. Such guidance is currently lacking in the Code.

- The objectives are too broad and should focus only on matters of public interest and not matters that are other than clearly inconsequential.³⁸

(See Section E addressing the scope of the proposals for the TF's response.)

- It is inappropriate for the response framework for senior PAIBs to be broadly comparable to that for auditors given the widely differing missions for each group and dissimilar organizations.³⁹

The TF noted that the approach for senior PAIBs had been discussed at length by the Board. Senior PAIBs do operate in different roles and organizations and perform different professional activities compared with auditors. Nevertheless, public expectations of them in

responding appropriately to NOCLAR issues will be equally high given their levels of influence and decision-making ability within their organizations.

- The proposals introduce a different understanding of the public interest than that already in existence in the Code, i.e., if compliance with the Code is acting in the public interest, it was unclear what further action may be needed or expected by PAs to act in the public interest.⁴⁰

The TF noted that the Code currently lacks guidance for PAs in how to respond to NOCLAR or suspected NOCLAR. Accordingly, complying with the Code today will likely not assist PAs in fulfilling their responsibility to act in the public interest in such circumstances.

29. A regulatory respondent⁴¹ suggested that the objectives should instead include the following:
- All PAs should not be associated with a client or employing organization that knowingly does not comply with laws and regulations and lacks integrity, unless disassociation is prohibited by law or regulation.
 - All PAs should be satisfied that, where possible and appropriate, disclosure of actual or suspected NOCLAR is made to an appropriate authority able to take action.
30. The TF did not agree with these suggestions as they are much narrower in focus. Additionally, the suggested focal points on disassociation and the possibility of disclosure to an appropriate authority are already covered in the proposals.

Concept of Public Interest

31. A number of respondents⁴² expressed concern that there were no clear definition and common understanding of the concept of “public interest.” Some were of the view that the “public interest” is very subjective, particularly given cultural differences, and therefore there would be potential for inconsistent application. Others felt that PAs will feel compelled to take legal advice as a defensive or self-protective measure, or that they will be second-guessed by regulatory authorities. Some of them suggested the need for more guidance. By contrast, a respondent⁴³ was of the view that a strict definition of “public interest” should be avoided and that it would be better to leave it principles-based.
32. The TF noted that seeking to define the concept of “public interest” would be a significant endeavor that would go beyond the scope of this project. The proposals already contained guidance in paragraphs 225.27 and 360.26 to assist PAs in interpreting it in the specific context of NOCLAR. Professional judgment will be essential. The TF believes there would be a risk of making the proposals prescriptive, and therefore limiting PAs’ flexibility to exercise appropriate judgment, by providing overly detailed guidance. The TF did not accept the comments about second-guessing as such a concern could be raised equally in any other circumstance where PAs are called to exercise professional judgment. Rather, the general expectation is that PAs will act reasonably and in good faith, and their actions judged on that basis.
33. A few respondents⁴⁴ commented that the guidance provided in paragraphs 225.4 and 360.4 of the ED regarding what constitutes the public interest seemed too wide and indefinite, and therefore not useful. It was also pointed out that while the guidance referred to “immediate or ongoing consequences,” it had omitted to refer to probable consequences.
34. On reflection in the light of these comments, the TF agreed that this guidance was not adding substantively to the proposals, given that more specific guidance had already been provided in

paragraphs 225.27 and 360.26. Accordingly, the TF proposes that paragraphs 225.4 and 360.4 in the ED be deleted.

Matter for Consideration

4. IESBA members are asked whether they agree with the TF’s proposals and responses above.

E. SCOPE OF THE PROPOSALS

35. The EM asked respondents whether they agreed with the scope of laws and regulations covered. A substantial body of respondents⁴⁵ across all stakeholder categories who commented on this question supported or largely supported the proposal.

36. Specific concerns from respondents included the following:

#	Respondents’ Comments	TF Proposals/Responses
1.	A few ⁴⁶ among respondents who largely supported the proposal expressed concern about the potential for unrealistic expectations regarding auditors’ responsibilities, given that the proposals would extend auditors’ mandate under ISA 250. ⁴⁷ It was suggested that the Board make clear the inherent limitations concerning auditors’ ability to identify NOCLAR, especially with respect to laws and regulations that do not have a direct effect on the financial statements but that are fundamental to the entity’s operations.	The TF noted that the Code and the ISAs serve different objectives. In particular, unlike the ISAs, the proposals do not require auditors to identify instances of NOCLAR that may have a material effect on the financial statements. Rather, they are aimed at enabling and assisting them to respond appropriately when they come across or are made aware of instances of NOCLAR or suspected NOCLAR in the course of providing their audit services. Further, paragraph 225.14 in the ED already explained that auditors are not expected to have a level of knowledge of laws and regulations beyond that which is required for the audit. Accordingly, the TF did not believe that it would be appropriate to emphasize the inherent limitations in auditors’ ability to detect NOCLAR.
2.	A respondent ⁴⁸ was of the view that the proposed scope of laws and regulations is not appropriate for assurance engagements where the subject matter is not financial statements, believing that the proposals should complement not only the ISAs but also the International Standards on Assurance Engagements (ISAEs) that apply to other assurance services. The respondent noted that ISAEs refer to laws and regulations that have a direct effect on the subject matter of the engagement and do not refer to financial	The TF noted paragraphs 21-22 of the EM had explained the rationale for the Board’s approach to the scope of laws and regulations covered. The TF also noted that a narrow focus on laws and regulations pertaining to the subject matter information addressed in a non-audit assurance engagement could lead the PA not to respond to NOCLAR that may have a significant adverse impact on the entity’s financial statements or its operations, even if the PA had recognized such issue. Conversely,

#	Respondents' Comments	TF Proposals/Responses
	statements. Accordingly, the respondent suggested that the wording of the proposed scope refer to “the determination of material amounts and disclosures in the underlying subject matter information” (as opposed to the financial statements).	there will be few instances of significant NOCLAR related to the subject matter information of a non-audit assurance engagement that will not have a significant impact on the entity’s financial statements or its operations eventually.
3.	A regulatory respondent ⁴⁹ expressed the view that the scope was too limited and narrower than that of ISA 250, which it believed does not restrict the scope of laws and regulations covered in an audit of financial statements. The respondent argued that all PAs should be required to respond appropriately when they identify matters that they know or suspect to be NOCLAR, and not just laws and regulations related to the preparation of financial statements or fundamental to the entity’s business. The respondent did not believe that it was acceptable that PAs’ responsibilities with respect to other laws and regulations should be subject to same ethical expectations as ordinary good citizens, as stated in the EM.	The TF noted that placing no limitation on the scope of laws and regulations covered would lead to an undue burden being placed on PAs, over and above what it would be reasonable to expect them to respond to by virtue of their professional training and expertise. The TF remains of the view that it should be a personal responsibility for PAs to determine whether and how they should respond to NOCLAR outside the proposed scope.
4.	Another regulatory ⁵⁰ respondent commented that the limitations on the scope of laws and regulations covered would result in the auditor not considering all required irregularities to respond to in accordance with applicable legal or regulatory requirements relevant for the audit. The respondent suggested that the Board consider increasing the scope of elements to be considered. The respondent also suggested that the Board make clear that the level of scope set by the Code would not capture the higher level of requirements that could apply in a number of jurisdictions around the world.	The TF noted that the proposals already required PAs to understand and comply with applicable laws and regulations governing responding to NOCLAR. Accordingly, the proposals already were aimed at enhancing PAs’ compliance with applicable legal and regulatory requirements, which must necessarily include adhering to the prescribed scope of these requirements. Nothing in the Code is intended to detract from such requirements. The TF also noted that the further emphasis it is now proposing to add in paragraph 225.3 regarding auditors’ responsibility to comply with any legal or regulatory reporting requirement would help to alleviate such concern.

NOCLAR Committed by Parties (Other Than Employees) Who Work for the Organization

37. A few respondents⁵¹ noted that the proposals did not appear to cover NOCLAR committed or that may be committed by parties who work for the organization apart from employees (for example, non-executive directors, contractors and agents).
38. The TF agreed with the respondents, especially as in practice many parties may work for the entity but not necessarily through an employment contract. To make it clear that NOCLAR committed by these parties is in scope, the TF proposes that Sections 225 and 360 define NOCLAR to include acts committed by individuals working for, or under the direction or oversight of, a client or the employing organization (as opposed to committed by employees). (See paragraphs 225.2 and 360.2.) Conforming changes have been made to the rest of the sections.
39. In this regard, the TF understands that the Part C TF has been considering the issue of how the Code refers or should refer to employees, and that it will be proposing a new description of the term “employing organization” for the Board’s consideration at the November/December 2015 meeting.

Forensic-Type Engagements

40. Several respondents⁵² were of the view that forensic services where a PAPP is engaged to investigate suspected wrongdoing should be exempt from the provisions regarding disclosure to parties outside the client, even when legal privilege does not apply. It was noted that much forensic work may not be under legal privilege, and the reference to legal privilege in paragraph 225.44 of the ED would limit the exclusion to circumstances where there is a legal basis for preclusion.
41. The TF noted that the Board’s intention was not to limit the preclusion only to engagements where legal privilege applies. Indeed, paragraph 225.44 had referred to legal privilege as only an example of a circumstance where the terms or nature of the engagement would preclude external disclosure. The TF, however, accepted that the provision could be clearer. Accordingly, the TF proposes to reword the bullet point as follows:
 - Whether the purpose of the engagement is to investigate potential non-compliance with laws and regulations within the entity to enable it to take appropriate action. (See paragraph 225.46.)

Clearly Inconsequential Matters

42. A respondent⁵³ expressed significant concern that the scope of the proposals appeared too broad in covering matters that are other than clearly inconsequential, and therefore would impose an unnecessary and inappropriate burden on PAs to pursue matters of little significance. The respondent argued that the proposals should focus only on matters of significant public interest.
43. The TF noted that the Board had discussed at length the scoping out of clearly inconsequential matters and the Board’s rationale in this regard had been set out in paragraphs 30-34 of the EM. As no other respondents raised a concern about this issue, the TF proposes that no change be made.

Other Laws and Regulations that Should be Covered

44. Some respondents⁵⁴ provided various suggestions for other laws and regulations they believed it would be useful to add to the illustrative list of laws and regulations covered, including those addressing data protection, privacy, occupational safety, employment and fiduciary responsibilities.

45. The TF believes that in adding many other examples to the list, there would be a risk of making the guidance prescriptive. The TF nevertheless agreed to add the example of data protection to the list in recognition of the significant financial and other consequences to entities and the general public that breaches of data protection laws can have (see paragraphs 225.6 and 360.6).

Matter for Consideration

5. IESBA members are asked whether they agree with the TF's proposals and responses above.

F. DIFFERENTIAL APPROACH FOR DIFFERENT CATEGORIES OF PAs

46. The EM asked respondents whether they agreed with the differential approach among the four categories of PAs regarding responding to identified or suspected NOCLAR. A substantial body of respondents⁵⁵ across all stakeholder categories who commented on this question agreed or largely agreed with the proposal.

47. Some respondents disagreed or only partially agreed for various reasons, including the following:

- The differentiation should be based primarily on the expected level of understanding of laws and regulations that may be relevant to the scope of PAs' responsibilities and their ability to investigate further and take action.⁵⁶

The TF noted that differentiating on the basis of the "expected" level of understanding of laws and regulations would create significant uncertainty as to which PAs should be subject to the more stringent framework. This approach presupposes that every PA's level of understanding of laws and regulations relevant to their responsibilities would be capable of being objectively assessed in order for the framework to be enforceable. In practice, it is likely that there will be significant variation in such understanding, even for a specific type of PA within a particular category (for example, given the complexity of tax laws in many jurisdictions, it is unlikely that a uniform level of understanding of such laws could be clearly defined among all tax partners in a particular jurisdiction, especially given variations in levels of experience and degrees of specialization, and responsibilities that are often not finely delineated). This approach would therefore be difficult to operationalize.

Further, many professional services that PAPPs provide are private engagements with no or virtually no public interest involved. It would be difficult to argue that the most stringent framework should apply to such engagements. With respect to differentiating on the basis of PAs' ability to investigate further and take action, the TF noted that the proposed response framework already takes these into account.

- PAPPs other than auditors and PAIBs other than senior PAIBs should be exempt from the response framework. For the former, the engagements are limited in scope and it is often impractical for them to access relevant information outside these engagements. Accordingly, it would be difficult for them to obtain a further understanding of, and make a judgment about, the matter. For the latter, it would be extremely difficult for them to obtain information outside the scope of their designated roles and the related authority assigned to them. Accordingly, they would not be able to apply the provisions in practice.⁵⁷

The TF noted that these categories of PA have an overarching responsibility to respond to NOCLAR in compliance with the fundamental principles. However, the response framework

for them is much less demanding than that for auditors and senior PAIBs, in recognition precisely of the limitations highlighted by the respondent. In particular, the proposals only require them to *seek* to obtain an understanding of the matter, recognizing that constraints on their access to information may preclude them from obtaining such an understanding. In addition, for PAPPs other than auditors, they are only required to *consider* (and not determine) if further action is needed; and for PAIBs other than senior PAIBs, they are only required to raise the matter through their organizations' ethics policy or whistle-blowing mechanism, or bring it to the attention of their superior. Accordingly, what is expected of them under the framework is already undemanding.

- It would be inappropriate for senior PAIBs to have to comply with broadly the same response framework as auditors, given their different roles and operating contexts. In addition, PAIBs' responses would be better linked to their operating contexts as opposed to their seniority.⁵⁸

The TF acknowledged that PAIBs and auditors operate in different roles and in different environments. However, public expectations of senior PAIBs in responding to NOCLAR are as equally high as for auditors, given the former's decision-making ability and their greater spheres of influence within their organizations (as the feedback from the NOCLAR roundtables indicated). Virtually all other respondents have also agreed with the proposed response framework for senior PAIBs. Finally, the TF believes that differentiating the response framework on the basis of senior PAIBs' operating contexts would create significant uncertainty from a definitional perspective given that the operating contexts in which these individuals work vary enormously in practice.

- The differential approach may encourage a more rules-based approach to ethical decision-making and a move away from the conceptual framework.⁵⁹

The TF noted that the aim of the project is to *help* guide PAs in responding to what will often be challenging NOCLAR situations. While the conceptual framework provides a tool to ensure compliance with the fundamental principles, it alone would be insufficient to assist PAs in appropriately addressing the matter.

- It was questionable whether the proposed differential approach would adequately cover the broad accountancy profession.⁶⁰

The TF noted that the four categories of PAs covered by the proposed framework cover the universe of PAs who have to comply with the Code. It is not currently within the remit of the Code to establish ethical requirements for accountants who are not professional accountants as defined by the Code.

48. Other specific comments included the following:

#	Respondents' Comments	TF Proposals/Responses
1.	A regulatory respondent ⁶¹ expressed the view that if auditors of an entity become aware of existing or potential NOCLAR when performing non-audit services for that entity, they should be required to take the same steps as if the matter was identified in the course of the audit. A few other respondents ⁶² commented that the proposed framework for auditors should also apply to PAs performing other assurance engagements. They noted their belief that the same duty of care that applies to auditors in relation to NOCLAR exists for those other PAs.	The TF noted that the nature of non-audit services (including other assurance engagements) that PAPPs may perform for audit clients is extremely diverse. These PAs may often not have the same level of access to information, management and TCWG as PAPPs performing audits of financial statements. The non-audit services themselves may be one-off limited scope engagements and their duration very short. Accordingly, it would be unreasonable to impose the same response framework on PAPPs performing these services as on PAPPs performing audits of financial statements. Nevertheless, as noted in paragraph 83 of the EM, jurisdictions would not be precluded from extending the framework for auditors to PAPPs performing other engagements if they believe that doing so would serve their national needs.
2.	A regulatory respondent ⁶³ questioned why the responsibilities of non-auditors in public practice should not include the same proposed responsibilities for auditors as set out in paragraphs 225.17-19 (addressing the matter with management and those charged with governance), and why there were differences in the factors to consider when determining whether further action is needed. A few other respondents ⁶⁴ suggested that consideration be given to extending the guidance applicable to auditors in paragraphs 225.27-28 of the ED (concerning disclosure to an appropriate authority) to other PAPPs.	The TF noted that the Board had given careful consideration to the matter of reproducing the guidance applicable to auditors to other PAPPs. Paragraph 76 of the EM had set out the Board's rationale on this matter, i.e., to avoid conveying the impression that the latter have the same level of responsibility to respond to NOCLAR or suspected NOCLAR as the former; these other PAs, however, would not be precluded from considering the guidance applicable to auditors. The TF therefore does not believe that a change to this balance in the guidance is warranted.

Matter for Consideration

6. IESBA members are asked whether they agree with the TF's responses above.

G. FACTORS TO CONSIDER REGARDING FURTHER ACTION

49. In relation to auditors and senior PAIBs, the EM asked respondents whether they agreed with the factors to consider in determining the need for, and the nature and extent of, further action, including the threshold of credible evidence of substantial harm. A substantial body of respondents⁶⁵ across all stakeholder categories who commented on this question agreed or largely agreed with the proposed factors.
50. A number of respondents nevertheless had reservations about aspects of the proposals, or disagreed, for various reasons, including the following:
- The factors (and in particular the terms “credible evidence,” “substantial harm” and “serious adverse consequences”) are subjective, too vague and will require complex determination; more guidance was needed, including on the interaction of the factors.⁶⁶
 - It would be better to retain “public interest” as a factor vs. “substantial harm,” as the latter is not as widely understood as the former. In addition, the former would encourage a more proactive consideration of the circumstances vs. a minimum level for action.⁶⁷
 - PAs are likely to take a narrow reading of these provisions and take further action only if *all* the factors are present.⁶⁸
 - The proposals do not adequately address instances where there may be a difference in professional judgement about whether the matter is in fact NOCLAR, such as in relation to the application of tax laws.⁶⁹
51. The TF noted that a delicate balance needs to be achieved in terms of providing sufficient guidance to PAs in the Code while at the same time allowing sufficient room for them to exercise appropriate professional judgment in applying the provisions. Professional judgment is in fact an essential part of everything the PA does. The TF believes there would be a significant risk of departing from principles and taking a prescriptive route if overly detailed guidance were to be provided. In the light of the substantial support for the proposals, the TF believes that this balance has broadly been struck. Accordingly, the TF does not propose that further guidance be included in the Code.
52. Nevertheless, the TF believes that there may be an opportunity for others to develop off-Code guidance with illustrative examples or case studies to assist implementation, as some respondents have suggested.

Matter for Consideration

7. IESBA members are asked whether they agree with the TF's responses.

H. THIRD PARTY TEST

53. The EM asked respondents whether they agreed with the third party test regarding the determination of the need for, and nature and extent of, further action for both auditors and senior PAIBs. A substantial body of respondents⁷⁰ across all stakeholder categories who commented on this question agreed or largely agreed with the proposal.
54. A number of respondents nevertheless had reservations about aspects of the proposal, or disagreed, for various reasons, including the following:

- The test creates a de facto requirement in certain severe cases. It also exposes the auditor to potential litigation from both sides, so the auditor is de facto not free to decide whether or not to disclose the matter to an appropriate authority.⁷¹
 - The test is too subjective and its application would vary depending on the facts, circumstances and cultural context, particularly given the link to the concept of “public interest.”⁷²
 - In practice, the test will be difficult to apply as it is likely that it can only be applied in hindsight, whereas PAs must make the judgment as events unfold. It would be better that PAs be required to simply use their professional judgment.⁷³
 - It is unlikely that a third party would have the experience necessary and the context to judge the actions of PAs; a better test could be another PA placed in the same situation.⁷⁴
55. The TF noted that all of these arguments had been considered at length by the Board in deliberating the appropriateness and placement of the test. In particular, as explained in paragraph 54 of the EM, the test is intended to ensure an objective and rigorous assessment of the need for, and the nature and extent of, further action. The intent is for the PA to apply the test impartially and in good faith, taking into account the specific facts and circumstances at the time. Accordingly, the TF did not agree with the concerns regarding hindsight judgment. The TF also did not agree with the concerns about the test imposing a de facto requirement because whether or not disclosure to an appropriate authority should be made will depend on the PA’s objective assessment of the specific facts and circumstances at the time.
56. The TF, however, accepted a comment from a respondent who noted that the test should also apply to the determination of the need for further action, and not only to the determination of the nature and extent of further action. Accordingly, the TF has made this clarification in paragraphs 225.24 and 360.21.

Matter for Consideration

8. IESBA members are asked whether they agree with the TF’s proposals or responses above.

I. POSSIBLE COURSES OF FURTHER ACTION

57. The EM asked respondents whether they agreed with the examples of possible courses of further action for auditors and senior PAIBs. A substantial body of respondents⁷⁵ across all stakeholder categories who commented on this question agreed or largely agreed with the proposal.
58. Some respondents nevertheless had reservations about aspects of the proposal, or disagreed, for a number of reasons, including the following:
- A Monitoring Group member felt that if management or TCWG have not taken appropriate action, there should be an obligation for the auditor to report the matter to an appropriate authority if the auditor has confirmed that it is in the public interest to do so; such reporting being subject to law or regulation not precluding it and there being legal protection for the auditor.⁷⁶ Another regulatory respondent also argued that mandating such reporting would be the only way to guarantee that full use is made of PAs’ vital role in detecting corruption.⁷⁷

- Addressing disclosure of NOCLAR to an appropriate authority should be a regulatory matter, not a standard-setting one.⁷⁸
59. The TF noted that the Board had discussed at length the issue of disclosure of NOCLAR or suspected NOCLAR to an appropriate authority. The TF also noted that while views on this issue continue to be divided, as evidenced by the contrasting viewpoints above, none of the respondents has come forward with new arguments. The TF therefore believes that the approach to disclosure to an appropriate authority set out in the ED continues to be robust and conceptually sound vis-à-vis the imperative for the Code to be capable of global application.
60. Given the substantial body of support across all stakeholder categories for the proposed approach regarding possible courses of further action, the TF does not believe that it is necessary to change this element of the response framework.

Matter for Consideration

9. IESBA members are asked whether they agree with the TF's views above.

J. FACTORS TO CONSIDER REGARDING DISCLOSURE TO AN APPROPRIATE AUTHORITY

61. The EM asked respondents whether, with respect to auditors and senior PAIBs, they supported the list of factors to consider in determining whether to disclose the matter to an appropriate authority. Again, a substantial body of respondents⁷⁹ across all stakeholder categories who commented on this question agreed or largely agreed with the proposal.
62. Some respondents nevertheless had reservations about aspects of the proposal, or disagreed, for a number of reasons, including the following:
- The consideration regarding whether there exists robust and credible protection from civil, criminal or professional liability may encourage a PA not to make the disclosure where it would be appropriate to do so. In particular, many jurisdictions may not have explicit “robust” legal or regulatory protection, but it may be generally established that a PA would not be held in breach of a duty of confidentiality if the PA could demonstrate that he or she acted reasonably and in good faith.⁸⁰
 - Considerations should include aspects such as legal risks associated with the auditor potentially making a false accusation, and breaking client confidentiality without the client's knowledge or consent.⁸¹
 - The factors are vague and subjective.⁸²
 - The list of factors is based on ideal-type contexts, which will not be found in reality; the most effective way to deal with NOCLAR would be for lawmakers to compel and enable PAs to disclose to a specific authority.⁸³
63. The TF was not persuaded that these arguments would help achieve a better or improved balance in the list of factors the PA should consider in determining whether to make the disclosure. Indeed, the TF believes that this balance is crucial to achieving a neutral stance, enabling the PA to exercise appropriate professional judgment in an objective manner, taking into account the specific facts and circumstances at the time.

64. Therefore, in view of the substantial body of support across all stakeholder categories for the proposed list of factors, the TF proposes that no substantive change be made.
65. Some respondents⁸⁴ felt that there was a need to give greater prominence to the statement in paragraph 225.27 of the ED that disclosure would be precluded if contrary to law or regulation. They were concerned that PAs could overlook it. The TF accepted this suggestion and proposes that the statement be relocated to the beginning of the provision (see paragraphs 225.30 and 360.27).

Matter for Consideration

10. Do IESBA members agree with the TF's responses and proposals?

K. DISCLOSING THE MATTER TO THE EXTERNAL AUDITOR

Guidance Regarding When Communication to a Network Firm Would be Appropriate

66. With respect to non-auditors in public practice, the EM asked respondents whether they agreed with the proposed level of obligation regarding communicating the matter to a network firm where the client is also an audit client of the network firm. A substantial body of respondents⁸⁵ across all stakeholder categories who commented on this question expressed support for the proposal.
67. Several of those respondents suggested that the Board explicitly recognize that such disclosure would be conditional on law or regulation not prohibiting it,⁸⁶ or be subject to the purpose of the engagement.⁸⁷ There was a concern in particular that the disclosure may be problematic where the Code is adopted into law and the disclosure would be prohibited under confidentiality laws. A few of the respondents⁸⁸ suggested that guidance (including off-Code guidance) be provided to help networks and their member firms apply the provision. Another respondent⁸⁹ observed that the generalization in the EM that there should not be impediments to reporting the matter within the firm may be too broad.
68. Some respondents⁹⁰ disagreed with the proposal, arguing that there was no justification for the differential treatment compared with circumstances where the client is an audit client of the firm. It was noted in particular that firms and network firms are treated in a similar manner in Section 290,⁹¹ and that the public would reasonably expect information to be shared within the network.
69. A few respondents⁹² were of the view that there should be a requirement to communicate the matter to the network firm unless prohibited by law. It was argued that if the matter is not communicated to the network firm, the auditor would be conducting the audit with incomplete information.
70. In the light of these comments, the TF has reconsidered the approach to disclosing the matter within the firm or to a network firm. The TF believes that disclosure within the firm should not be automatic but should take into account the same factors that would apply with respect to disclosure to a network firm, including whether or not the disclosure would be prohibited by law or regulation. Accordingly, the TF proposes that there be just one requirement for the PA to consider disclosing the matter within the firm or to a network firm. The TF believes that this would address concerns about whether there was sufficient justification for the differential treatment.
71. With respect to the factors to consider, the TF noted that paragraph 225.44 of the ED had already set out a number of them relative to considering whether to disclose the matter outside the client

(which would include circumstances where the client is an audit client of the firm or a network firm). One of these factors specifically addressed the concern about whether the disclosure would be contrary to law or regulation. The TF believes that some of the respondents may have overlooked this list of factors as it was located further down in the text, in the context of considering the nature and extent of further action. To give greater prominence to these factors, the TF proposes that they be reproduced next to the requirement to consider disclosure to the external auditor. The TF also proposes to add to the list of factors a consideration of the likely materiality of the matter to the audit of the client's financial statements, as was mentioned in paragraph 77 of the EM. (See paragraph 225.42.)

72. A respondent⁹³ argued that the communication within the firm required in paragraph 225.39 of the ED should not be necessary where management takes appropriate and timely actions and/or management communicates with the engagement partner for the audit.
73. The TF noted that precluding disclosure to the external auditor if management has taken appropriate and timely actions could leave out matters that may have relevance to the audit (for example, in terms of understanding the actual consequences on the financial statements or the financial effect of remediating the consequences, or considering whether the matter could cast doubt on the integrity of management). The TF, however, accepted that the communication should not be necessary (whether or not the firm or a network firm is the external auditor) if management or TCWG have already communicated the matter to the external auditor. Accordingly, the TF proposes to add this as a further factor to consider (see paragraph 225.42).
74. The TF believes that these changes respond to the calls for more guidance on applying this aspect of the proposals. The TF has taken the liberty to also clarify that in practice the communication may not be made directly to the audit engagement partner. This is because many firms and networks may already have internal protocols and procedures regarding how such matters should be communicated. (See paragraph 225.41.)

“Passing the Buck”⁹⁴

75. A few respondents⁹⁵ expressed concern about non-auditors in public practice and senior PAIBs disclosing actual or suspected NOCLAR to the firm that is the external auditor. They felt that this could in effect represent “passing the buck” to the auditor and that this would place undue responsibility on the auditor, who may not be able to take appropriate action within a reasonable timeframe. It was suggested that for non-auditors in public practice, communication to the firm that is the external auditor be a required additional consideration vs. a potential course of further action, consistent with the consideration of disclosure to a network firm.
76. The TF noted that even if non-auditors in public practice and senior PAIBs have disclosed the matter to the firm that is the external auditor, they would continue to have further responsibilities under the proposed framework (including considering or determining the need for further action). The TF, however, accepted on reflection that it would be appropriate to separate and distinguish disclosure by non-auditors in public practice to that audit firm from the more drastic further action of disclosure to an appropriate authority. The latter would be at the end stage of the process, at which point it would be only about matters in respect of which there is credible evidence of substantial harm. Accordingly, the TF proposes that for non-auditors in public practice, communication to the firm that is the external auditor, if any, be made a required consideration (subject to the same

factors as the consideration of disclosure within the firm or to a network firm), as opposed to a potential course of further action (see paragraphs 225.41 and 45).

77. This change would also respond to a comment from a few respondents⁹⁶ who questioned why the existence of a network should trigger a consideration for the PA to inform the auditor of matters below the “further action required threshold,” whereas when no such relationship exists (i.e., the client is not an audit client of the firm or a network firm), there should be no such consideration of informing the auditor.

Prescribing, Managing and Controlling Information Flow Within the Firm

78. A respondent⁹⁷ expressed the view that the requirement in paragraph 225.39 of the ED for the non-auditor PAPP to communicate the matter within the firm would not be workable in practice unless the firm has a system in place to appropriately manage, control and protect the information. The respondent also was of the view that it is unclear from the ED how the communication would occur.
79. The TF noted that prescribing, managing and controlling the flow of information within the firm are practice and risk management and quality control matters outside the scope of this project.

Group Audits

80. A Monitoring Group member⁹⁸ suggested that further consideration be given within the Code or the ISAs to the communication of NOCLAR in a group audit situation, especially between group and component auditors, whether or not all of the auditors involved belong to the same network. Another regulatory respondent⁹⁹ commented that it would be helpful to enhance the focus in the Code or in the appropriate auditing standards on the difficulties arising for auditors when faced with NOCLAR in a group audit situation, whether or not the auditors involved belong to the same network and/or the same jurisdiction. The respondent noted that such an increased focus may contribute to a consistent approach by component auditors and could facilitate the communication between them and the group auditor. Another respondent¹⁰⁰ suggested adding a requirement for the component auditor to consider informing the group auditor of the matter.
81. Currently, ISA 600 requires the group engagement team to request the component auditor to communicate information on instances of NOCLAR that could give rise to a material misstatement of the group financial statements.¹⁰¹ However, there is no requirement in the ISAs for the component auditor to communicate upstream to the group engagement team. The Task Force therefore proposes that in the case of a group audit, the component auditor be required to communicate the matter to the group engagement team unless prohibited by law or regulation (paragraph 225.20). Such a requirement would be responsive to the above regulatory concerns about facilitating communication between component and group auditors. This proposal would also ensure that the downstream communication requirement in ISA 600 is matched with a corresponding upstream communication requirement on the component auditor.
82. As a result of this change, the bullet point referring to communication with the group engagement team in a group audit in the context of complying with applicable requirements under professional standards has been deleted (see paragraph 225.19).

Matters for Consideration

11. IESBA members are asked whether they agree with the TF’s proposals and responses above.

L. DOCUMENTATION

83. The EM asked respondents whether they agreed with the approach to documentation with respect to the four categories of PAs.
84. A substantial body of respondents¹⁰² across all stakeholder categories who commented on this question expressed support for the proposed approach. Within this group, individual respondents had varying suggestions on aspects of the proposal, including: considering a higher expectation about documentation for senior PAIBs;¹⁰³ extending the documentation requirements to all PAPPs performing assurance engagements;¹⁰⁴ excluding non-auditors in public practice and PAIBs other than senior PAIBs from the documentation proposal;¹⁰⁵ and removing the limitation on significant matters.¹⁰⁶ None of these views, however, was shared to any significant extent by other respondents.
85. A number of respondents disagreed or only partially agreed with the proposed approach:
- A few¹⁰⁷ felt that there was no reason why the same approach to documentation should not be applied to all categories of PA. They felt that a more robust approach to documentation was needed across the board, arguing in particular that documentation could have a potential deterrent effect on management or TCWG were they inclined to breach laws and regulations.
 - Some respondents¹⁰⁸ were of the view that the documentation requirement for auditors should not exceed the requirements in ISAs. It was also suggested that it would be better to locate all documentation requirements in ISA 250.
 - A few were of the view that non-auditors in public practice¹⁰⁹ and senior PAIBs¹¹⁰ should also be subject to a documentation requirement.

The Task Force did not find these views or suggestions persuasive. Indeed, some of these suggestions would detract from the need for a proportionate approach to documentation, or fail to recognize that these other PAs are not subject to the same extent of regulatory oversight as auditors. The TF also did not accept the suggestions:

- That the documentation requirement for auditors should not go beyond what ISAs require. This is because Section 225 has different and wider objectives than the ISAs.
 - That it would be better to locate all the documentation requirements in ISA 250. This is because the documentation requirement for auditors in Section 225 is a key element that ensures a robust response framework. Further, not all jurisdictions that adopt the ISAs will adopt the Code, and vice versa.
86. Given the overall substantial support from respondents for the approach to documentation, the TF proposes no change to that approach. However, a respondent¹¹¹ commented that the scope of the documentation provision for PAIBs other than senior PAIBs may need to be narrower given that they may not have access to management and TCWG. The TF agreed and proposes amending this provision to encourage them to document how their superior (as opposed to management and, where applicable TCWG) has responded to the matter (see paragraph 360.36).
87. Further, in the light of the proposed change to the formulation of the requirement to determine if further action is needed (see Section D above and paragraphs 225.23, 225.43 and 360.20), the TF has made a conforming change to the last bullet of the relevant documentation provisions for PAPPs and senior PAIBs so that it addresses how they have fulfilled the respective

responsibilities³²³ set out in those paragraphs (as opposed to how the objectives have been met). In doing so, it became necessary to have separate documentation provisions for senior PAIBs and other PAIBs given that the framework does not impose a consideration of further action on the latter. The revised documentation provisions are in paragraphs 225.34 and 49, and 360.30 and 36.

Matters for Consideration

12. IESBA members are asked whether they agree with the TF’s views and proposals.

IV. Other Matters

M. INTERACTION WITH ISAS

88. Many respondents welcomed the Board’s efforts to align the proposals more closely with the ISAs, including ISA 250. There was encouragement from a regulatory respondent in particular for the IESBA and IAASB to continue to address the requirements for auditors in a coordinated manner.¹¹²

89. Specific comments and suggestions from respondents include the following:

#	Respondents’ Comments	TF Proposals/Responses
1.	Several respondents ¹¹³ were of the view that the Code should not extend auditors’ obligations beyond those set out in ISA 250. There was a concern in particular that the Code would unnecessarily extend the auditor’s work effort and documentation requirements, resulting in additional costs and delay to the audit. Some urged caution in not going too far beyond ISA 250.	The TF noted that the proposals are intended to address auditors’ ethical obligations with respect to NOCLAR. The objectives of the proposals are different from those of ISA 250. Accordingly, it is necessary to go beyond ISA 250 in certain respects to achieve the former, particularly in considering the wider public interest implications of NOCLAR. Nevertheless, as explained in paragraph 29 of the EM, the proposals are intended to complement the ISAs.
2.	Some respondents ¹¹⁴ commented that the risk-based approach in the ISAs was not sufficiently clear in the proposals. They were concerned in particular that the proposals did not focus on material matters in terms of work effort. Some respondents ¹¹⁵ also suggested that the Code should reflect the inherent limitations articulated in paragraph 5 of ISA 250 ¹¹⁶ to mitigate the potential for unrealistic expectations.	The TF noted that the proposals serve not only different but also wider objectives compared with the ISAs. Unlike the ISAs, the proposals (a) do not require auditors to perform procedures to identify instances of NOCLAR, and (b) are not focused solely on potential material misstatement of the financial statements. Rather, they require auditors to respond appropriately upon becoming aware of information concerning NOCLAR. Such response includes seeking to enable management and, where appropriate, TCWG to address the consequences of NOCLAR or deter the commission of NOCLAR (paragraph 225.3(b) of the objectives).

#	Respondents' Comments	TF Proposals/Responses
3.	A few respondents ¹¹⁷ suggested that the Board communicate with the IAASB that the PA's responsibility concerning NOCLAR be addressed in the PA's engagement letter with the client.	The TF will share this suggestion with the IAASB's NOCLAR TF but noted that ISA 210 already requires the terms of the audit engagement to include articulation of the auditor's responsibilities, including reference to ethical pronouncements to which the auditor must adhere. ¹¹⁸
4.	A respondent noted that ISA 240 is also relevant and any changes to the Code should also be reflected in ISA 240.	The TF will share this suggestion with the IAASB's NOCLAR TF. In response to the comment, however, the TF felt that it would be helpful to recognize specifically in the proposals that auditors should comply with professional standards relating to identifying and responding to NOCLAR, including fraud (see paragraph 225.19).
5.	A few respondents ¹¹⁹ expressed concern that the proposed requirement in paragraph 225.11 for the PA to obtain an understanding of the matter, <i>including the application of the relevant laws and regulations to the circumstances</i> , would lead auditors to obtain a more comprehensive understanding than required under ISA 250. The respondents noted that ISA 250 does not require such an understanding at this initial stage of the process. They felt that such a requirement would be inappropriate, in particular because it could compel auditors to have recourse to legal advice before even having had an initial discussion with management.	<p>The TF noted that the intent was for the understanding of the matter to be obtained under the proposals to be consistent with that under ISA 250. The TF acknowledged the risk that some could take the proposed requirement as far as establishing a legal position on the matter at such an early stage of the process. Accordingly, the TF proposes that the requirement to understand the application of the relevant laws and regulations to the circumstances be deleted (see paragraph 225.11).</p> <p>Corresponding changes have been made to paragraphs 225.36 (for other PAPPs) and 360.32 (for PAIBs other than senior PAIBs). The TF believes that it is within the roles and remits of senior PAIBs to obtain such an understanding.</p>
6.	A respondent ¹²⁰ expressed concern that the phrase "consideration of the implications of the matter for the auditor's report, <i>including disclosure in the report</i> " in paragraph 225.19 of the ED could have unintended consequences. The respondent felt that the phrase could suggest that an identified or suspected NOCLAR would ordinarily be considered	The TF accepted the respondent's concern and proposes that the phrase be deleted. This would still leave it to the auditor's judgment to determine whether a particular instance of NOCLAR or suspected NOCLAR should be disclosed in the auditor's report as a key audit matter, taking into account the guidance in

#	Respondents' Comments	TF Proposals/Responses
	a key audit matter under ISA 701. ¹²¹ The respondent noted that the proposals deal with the difficult judgments involved in determining whether to disclose the matter privately to an appropriate authority, and that it would be inconsistent to suggest that the matter might readily be included in the auditor's public report.	ISA 701.

Matter for Consideration

13. IESBA members are asked whether they agree with the TF's proposals or responses above.

N. CROSS-BORDER ENGAGEMENTS AND INTERACTION OF THE CODE WITH LAW

90. Several respondents¹²² were of the view that more guidance is needed on how to deal with cross-border engagements (including group audits and international non-audit engagements). They felt, for example, that potential difficulties could arise where there are strict confidentiality laws in a component's jurisdiction but no conflict with laws and regulations in overriding confidentiality in a parent entity's jurisdiction. Some were of the view that the situation could be more problematic where legislation in some jurisdictions (such as the U.S. Foreign Corrupt Practices Act and the UK Bribery Act) has extra-territorial reach.
91. A few respondents¹²³ also flagged the potential for conflicts between the Code and law where the Code is adopted directly into law. In this regard, it was suggested that the Board reach out to key jurisdictions to understand the implications of the statement in paragraph 225.29 of the ED to the effect that disclosure would not be considered a breach of the duty of confidentiality under Section 140.
92. The TF believes that it would not be practicable for the Code to attempt to deal with every possible set of circumstances that may arise in cross-border engagements in practice or where the Code is adopted into law. NSS and firms would have to exercise appropriate judgment in implementing or applying the general principles in proposed Section 225 and deal with potential conflicts on a case-by-case basis, recognizing the general principle that the Code is subordinate to laws and regulations.

Matter for Consideration

14. Does the IESBA agree with the TF's views?

O. COMMUNICATION BETWEEN EXISTING AND PROPOSED AUDITORS

93. Paragraph 210.13 in the ED proposed that where there is a change in auditors, the proposed auditor be required to request the existing accountant to provide known information regarding any facts or circumstances that, in the latter's opinion, the proposed auditor needs to be aware of before deciding whether to accept the audit engagement. The ED also proposed to require the existing auditor to provide the information honestly and unambiguously provided there is client consent.

94. A regulatory respondent¹²⁴ expressed the view that where the existing auditor has determined to withdraw from the client relationship as a result of a NOCLAR issue, the auditor should communicate any relevant information to the proposed auditor, unless prohibited by law. The respondent argued that client consent should not be a precondition to such communication. Another respondent¹²⁵ commented that even in jurisdictions where the requirement on the proposed auditor to reach out to the existing auditor already exists, there is a question as to whether the existing auditor will provide this information because of the potential for legal action by the client.
95. The TF acknowledged those concerns and agreed that there would be merit in strengthening the communication requirement. This is to avoid the situation where consent could present an insurmountable barrier to the existing auditor passing across to the proposed auditor relevant information about the withdrawal decision, even if such consent is not required by law or regulation. Accordingly, the TF proposes that paragraph 210.13 be amended to remove the precondition that there be client consent, with the only condition being that communication is permissible under law or regulation.
96. However, if law or regulation does require the existing auditor to obtain consent before sharing information, it would be necessary for the existing auditor to seek to obtain such consent (see paragraph 210.14).

Matter for Consideration

15. Do IESBA members agree with the TF's proposals?

P. SECTION 360 MATTERS

97. Changes the TF is proposing to Section 360 generally correspond to changes proposed to Section 225.
98. Specific comments and suggestions from respondents with respect to Section 360 include the following:

#	Respondents' Comments	TF Proposals/Responses
1.	Several respondents ¹²⁶ were of the view that the terms "senior PAIBs" and "other PAIBs" are not universally understood. There was a concern about potential difficulties in distinguishing between a senior PAIB and another PAIB, leading, for example, to a regulator taking a form over substance approach to enforcement with the benefit of hindsight. It was suggested that PAIBs' responses would be better linked to their operating contexts (i.e., their roles and activities vs. their level of seniority).	<p>The TF noted that the concept of a senior PAIB is principles-based. PAIBs will therefore need to exercise appropriate judgment in applying it. Further, as explained in paragraph 68 of the EM, the description of a senior PAIB is based on guidance on management responsibility that the Board has recently revised after full consultation with stakeholders and due process.</p> <p>Further, as discussed in Section F above, the TF does not believe that it would be practicable to link PAIBs' responses to their operating contexts.</p>

#	Respondents' Comments	TF Proposals/Responses
2.	A few respondents ¹²⁷ commented that PAIBs may have difficulties in deterring NOCLAR. They suggested that PAIBs' responsibility should be limited to explaining the NOCLAR and its consequences to management or TCWG.	The TF noted that paragraph 360.17(e) of the proposals only requires senior PAIBs to seek to deter the NOCLAR. There is therefore already an implicit acknowledgement in the proposals that these PAIBs may not always be able to deter a breach of laws and regulations. The proposals place an indirect responsibility on other PAIBs to seek such deterrence through raising the matter up the chain of command within the organization.
3.	Paragraph 360.18 requires the senior PAIB to disclose the matter to the external auditor. A respondent ¹²⁸ expressed the view that where the consequences of the matter have been rectified, remediated or mitigated, disclosure to the external auditor should not be necessary.	The TF accepted that disclosure to the external auditor should not be necessary in all circumstances, especially if the matter is not material to the financial statements and the consequences of the non-compliance have been appropriately addressed. Accordingly, the TF proposes that the senior PAIB only be required to consider whether disclosure to the external auditor is needed (see paragraph 360.17).
4.	A respondent ¹²⁹ noted that resigning from an employing organization is an option for other PAIBs just as much as for senior PAIBs, but this option is only presented for senior PAIBs. The respondent suggested adding this as a potential course of action for other PAIBs who no longer wish to be associated with the employing organization. The respondent noted that this would be consistent with paragraph 100.24, which requires disassociation in the case of ethical conflicts.	The TF noted that resignation from the employing organization is always an option – although extreme – available to PAIBs who are not senior PAIBs. However, to be able to appropriately exercise such an extreme option would presuppose that these other PAIBs would have been able to follow the same robust investigative and follow-up process as senior PAIBs. The TF believes that this would set an inappropriate expectation as to what these other PAIBs would be able to do in practice, given their more limited levels of authority and spheres of influence.
5.	A respondent ¹³⁰ commented that it was unclear how the requirement for senior PAIBs to disclose NOCLAR to the external auditor would interrelate with the need to take any further action. The respondent suggested that if senior PAIBs become aware of the responses of the external auditors, they should take those into account when	The TF noted that disclosure of the matter to the external auditor and the latter's response to it should not absolve the senior PAIB from his or her responsibility to determine the need for, and the nature and extent of, further action, given the responsibilities and expectations that attach to a senior PAIB role.

#	Respondents' Comments	TF Proposals/Responses
	determining the need for their further action.	
6.	A respondent ¹³¹ commented that senior PAIBs do not have the same professional public interest obligation as a practicing public accountant.	The TF noted that all PAs have a responsibility to act in the public interest under the Code even if they work in different roles and operate in different contexts. Also, as noted in paragraph 67 of the EM, the TF believes that senior PAIBs should have a greater responsibility to take action in response to identified or suspected NOCLAR than other PAIBs, given their decision-making ability and the expectations of them by virtue of their positions. This principle was widely supported during the NOCLAR roundtables.

Matter for Consideration

16. IESBA members are asked whether they agree with the TF's proposals or responses above.

Q. OTHER ISSUES

99. Other significant comments raised by respondents in relation to various matters, and the Task Force’s related proposals or responses are as follows:

#	Respondents’ Comments	TF Proposals/Responses
<i>Whether Sections 225 and 360 Should Contain Any Requirements</i>		
1.	Noting that paragraphs 225.1 and 360.1 had explicitly stated that the purpose of Sections 225 and 360 is to “guide” PAs in responding to NOCLAR, a respondent ¹³² suggested that the proposed sections should only provide principles-based guidance for PAs to follow in complying with the fundamental principles of integrity and professional behavior. The respondent was of the view that the two sections should contain no “shall” requirements.	The TF noted that the two sections set out broad objectives for all PAs to achieve in responding to NOCLAR. It is therefore necessary for those two sections to specify a number of responsibilities PAs should fulfill in achieving those objectives. Guidance alone will not be sufficient to ensure PAs meet those objectives. The TF therefore proposes that paragraphs 225.1 and 360.1 be amended to make clear that the two sections set out PAs’ responsibilities and guide them when responding to NOCLAR.
<i>Recognizing that Auditors May be Made Aware of a NOCLAR Matter Outside of Performing the Audit</i>		
2.	A few respondents ¹³³ suggested that the framework for auditors should specifically address the actions the auditor should take in those circumstances where another PAPP or a senior PAIB informs the auditor about a NOCLAR matter.	The TF accepted this suggestion as the PAPPs should respond to a NOCLAR matter regardless of whether they come across it in performing their engagements or are made aware of it by other parties. The TF therefore proposes that this be acknowledged (see amended paragraphs 225.1, with consequential amendments to paragraphs 225.11 and 225.36).
<i>Prompting Management and TCWG to Take Appropriate Action</i>		
3.	The ED proposed to require in paragraph 225.17 that the PA prompt management and, where appropriate, TCWG to take appropriate and	–

#	Respondents' Comments	TF Proposals/Responses
	<p>timely actions if they agree that non-compliance has occurred or may occur and they have not already taken such actions.</p> <p>A Monitoring Group member and another regulatory respondent¹³⁴ were of the view that in such circumstances, the auditor should invite management and TCWG to take action in all situations and not only when they agree on the facts. Another respondent¹³⁵ commented that this condition could lead to misunderstanding that further actions from the auditor would only be required if management or TCWG agree that non-compliance has taken or may take place.</p> <p>Additionally, a Monitoring Group member and some respondents¹³⁶ expressed concern about the use of the term “prompt,” noting the risk of such action leading the auditor to take on management responsibility and therefore jeopardizing the auditor’s independence. The respondents suggested various alternatives, including “invite,” “request” and “recommend.”</p>	<p>The TF accepted these comments as at this point in the process, the auditor will already have gathered an understanding of the matter, including through discussion with management and TCWG. Accordingly, the TF proposes that the condition be deleted (see paragraph 225.17).</p> <p>The TF accepted the comments. However, compared with the alternatives suggested, the TF felt that the term “advise” would better reflect the intent behind the requirement (see paragraph 225.17).</p>
<p><i>Monitoring and Assessing the Response of the Entity</i></p>		
<p>4.</p>	<p>A Monitoring Group member and another regulatory respondent¹³⁷ were of the view that the auditor should monitor and assess the response of the entity before determining whether further steps are necessary. They noted that this assessment is expressed in a manner that does not create a clear requirement for the auditor in this area.</p>	<p>The TF noted that imposing a requirement on the auditor to monitor the response of management or TCWG could lead the auditor to take on management responsibility. The TF, however, agreed that it would be appropriate to make the need to assess their response explicit, as whether to take further action will be conditional on that assessment. Accordingly, the TF proposes to (a) add a new requirement in paragraph 225.21 that the PA assess the appropriateness of the response of management/TCWG, and (b) make clear in the text that the determination of further action should be made in light of the response of management and, where applicable, TCWG (see</p>

#	Respondents' Comments	TF Proposals/Responses
		<p>paragraphs 225.23).</p> <p>As a result of this change, the consideration of the factor regarding the appropriateness and timeliness of the response of management and TCWG in paragraph 225.23 has been deleted.</p> <p>Corresponding changes have been made in Section 360 with respect to senior PAIBs (paragraphs 360.18, 20 and 22).</p>
Recognizing Constraints on Access to Information by PAPPs Other Than Auditors		
5.	<p>Paragraph 225.41 in the ED proposed that PAPPs other than auditors be required to consider whether further action is needed to achieve the objectives under the section. Some respondents¹³⁸ expressed concern regarding whether these PAs would be able to discharge such an obligation. They noted a number of constraints such PAs might face, including: not having the same leverage or opportunity as the auditor regarding access to management; no obligation for management to discuss its actions; and completion of the engagement before management is able to respond. To recognize these constraints, it was suggested that the following be added to the list of factors in paragraph 225.42:</p> <ul style="list-style-type: none"> • “Whether the PA has the information necessary to make the appropriate judgement.” 	<p>The TF noted that the suggested factor to consider would come too late at this stage of the process. The TF was also concerned about further weakening what is already not a very demanding set of requirements for PAPPs other than auditors (in particular, requirements to only <i>seek</i> to understand the matter, and to <i>consider</i> the need for further action).</p>
Consideration of Disassociation		
6.	<p>A few respondents¹³⁹ noted inconsistency in the placement of the consideration of whether to remain associated with the client for PAPPs other than auditors (paragraph 225.47 in the ED). It was noted that withdrawal from the engagement and the professional relationship is included in the list of possible courses of further action</p>	<p>The TF accepted the comments and proposes that the consideration of withdrawal from the engagement and the professional relationship for PAPPs other than auditors be made consistent with the approach taken for auditors (see paragraph 225.45).</p>

#	Respondents' Comments	TF Proposals/Responses
	for both auditors and senior PAIBs, but not for other PAPPs.	
<i>Communicating with the Intended Users of the Information and Other Parties</i>		
7.	A regulatory respondent ¹⁴⁰ suggested that in seeking to disassociate from the engagement and the professional relationship, a PAPP may consider communicating directly with the intended users of the information that was the subject of the engagement and other relevant parties.	The TF believes that consideration of such communication, and indeed of any other actions that may be appropriate, will apply to any withdrawal circumstance and not just in relation to NOCLAR. Further, law or regulation may prescribe the nature, form and timing of any external communication that may be required in withdrawal circumstances. Accordingly, the TF believes that it would not be appropriate for the Code to seek to specify or prescribe the communication or other courses of action that may be appropriate in those circumstances, and that this matter should be left to PAs' judgment.
<i>Bounty Payments</i>		
8.	A regulatory respondent ¹⁴¹ commented that the Board should address whether it is appropriate for a PA to accept a bounty as a result of reporting NOCLAR under the proposals. The respondent was of the view that accepting such a bounty should be unethical. Another respondent ¹⁴² suggested that the Code should describe the existence of bounty payments to whistle-blowers in some jurisdictions.	The TF noted that the ED (paragraphs 225.29 for auditors, 225.45 for other PAPPs, and 360.28 and 360.34 for PAIBs) already set out the overriding principle that when disclosing NOCLAR to an appropriate authority, PAs should act in good faith. The TF believes that it would be inappropriate to single out bounty payments as an application of this principle, as different jurisdictions may implement different incentives to encourage whistle-blowing.
<i>Acknowledgement that Confidentiality as a Principle is Also in the Public Interest</i>		
9.	A respondent ¹⁴³ noted that nowhere in the Code is there an acknowledgment that confidentiality, in and of itself, serves a public interest purpose in creating trust and facilitating open communication between PAs and their clients. The respondent suggested that the	The TF has accepted this suggestion and proposes that this acknowledgement be made in paragraph 140.7, but also to broaden the acknowledgement to include PAIBs and their

#	Respondents' Comments	TF Proposals/Responses
	Board consider including such an acknowledgment in Section 140.	employing organizations.
<i>Specific Responsibility for Disclosure to an Appropriate Authority Within a Firm</i>		
10.	A regulatory respondent ¹⁴⁴ suggested that the Code should recognize that the disclosure obligation rests with the engagement partner and the firm, and not the individual PA.	The TF believes that this is implicit as in practice, the matter of disclosure to an appropriate authority will necessitate the involvement of the engagement partner and firm leadership given the importance and significance of a disclosure action.
<i>Small- and Medium-Sized Entity (SME) Considerations</i>		
11.	Some respondents ¹⁴⁵ commented that PAs working in SMEs may find it challenging to apply some of the requirements and guidance given a lack of segregation of duties and the increased potential for management override of controls. It was suggested that professional judgment would need to be strongly emphasized to those PAs to ensure application of a proportionate approach.	The TF noted that the proposed framework is designed to enable application in a proportionate manner, having regard to PAs' varying duties and levels of responsibility and authority. Further, the exercise of professional judgment is integral to applying the Code, given its principles-based foundation.
<i>Addressing Accountability for Public Funds</i>		
12.	<p>A regulatory respondent¹⁴⁶ suggested that the code would benefit from a discussion of how the principle of accountability for public funds can be enhanced by the new NOCLAR section. The respondent offered a number of specific examples regarding how the Code could incorporate guidance to help auditors of government funds address the accountability concerns that accompany government-provided funding, including:</p> <ul style="list-style-type: none"> • Providing guidance indicating that where applicable, consideration of identified or suspected NOCLAR should be extended to include laws and regulations of other governments that may have an impact on the expenditure of donated funds. 	The TF notes that a holistic approach may be needed regarding the application of specific sections of the Code in the context of governmental audits. Addressing the special considerations applicable to such audits with respect to the topic of NOCLAR alone may leave the Code unbalanced. The TF believes that it may be more appropriate for the International Organization of Supreme Audit Institutions (INTOSAI) to consider developing such considerations and including them in the INTOSAI Code of Ethics for application to governmental audits globally. Accordingly, the TF encourages the Board to address this issue in its future interactions with INTOSAI.

NOCLAR – Summary of Significant ED Comments and Task Force Proposals
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#	Respondents' Comments	TF Proposals/Responses
	<ul style="list-style-type: none"> • Whether responsible government officials should be made aware of an instance of NOCLAR if the PA determines that the matter is significant enough to warrant discussion with TCWG. • Acknowledging that where the NOCLAR involves government funds, the threshold for disclosure to government authorities may be lowered significantly. • Providing guidance on appropriate steps to take after PAs become aware of suspected non-compliance with the terms of contracts or grant agreements. 	

Matter for Consideration

17. IESBA members are asked whether they agree with the TF's proposals or responses above.

R. TIMING OF ISSUANCE OF NOCLAR PROVISIONS

100. The TF acknowledges the previous discussions at the Board about the merits of grouping individual restructured sections (whether new or revised) of the Code together so that stakeholders do not receive them in a piecemeal fashion. Doing so would help address the significant concerns the Board has heard from stakeholders who have to deal with the burden of translating, adopting and implementing changes to the Code, and disseminating them.
101. Some on the TF, however, now believe that there may be a compelling case to issue Sections 225 and 360 and related changes to the Code as soon as the Board approves them, and subject to PIOB approval of due process, without waiting for the changes to be redrafted under the new structure and drafting conventions. A suitable lead time for translation and implementation would of course be provided before the changes become effective.
102. The TF notes that waiting for the restructuring exercise to be completed could add at least another 2.5 years to the 6.5 years this project would already have taken before the new provisions become finally effective. Some on the TF believe that this further delay would not be justifiable or credible in the public interest, especially given recent cases like Volkswagen and Toshiba in the headlines. Additionally, the TF notes that the new provisions could already start stimulating jurisdictions that currently do not regulate how PAs should address NOCLAR to think about what they can do in this regard.
103. Finally, as noted in the introduction, a Monitoring Group member has encouraged the Board to seek to finalize the project “in the near future, recognizing the potential benefit to the public interest that would be achieved by having requirements included in the Code with respect to NOCLAR.”

Matter for Consideration

18. The TF has not reach a conclusion on this matter but invites views from IESBA members on whether the provisions should be issued under the current structure and drafting conventions as soon as possible, subject to Board and PIOB approvals.

V. **Other Comments and Suggestions from Respondents**

104. Respondents also provided a number of other suggestions for the Board’s further or future consideration, including:
 - Adding the flowcharts and diagrams provided in the EM to illustrate the framework and its application to the final text or as supplementary guidance, as they are considered helpful; and creating flow charts also for PAs other than auditors.¹⁴⁷
 - Developing case studies or off-Code guidance to facilitate implementation and help narrow the expectations gap; and engaging with national professional bodies to raise awareness and support education and training efforts concerning the upcoming changes to the Code addressing NOCLAR.¹⁴⁸
 - Encouraging jurisdictions that do not currently have reporting requirements concerning NOCLAR (and associated whistle-blowing protections) to legislate such reporting, using the Code as a basis.¹⁴⁹

105. A few respondents also:

- Expressed support for recognizing the role and importance of the wider contextual framework, especially strong corporate governance.¹⁵⁰
- Called on the G20 and G8 to take the lead if governments are genuinely serious about tackling NOCLAR issues. In this regard, there was emphasis on the need for a level playing field between PAs and others providing services of the same nature.¹⁵¹

Matter for Consideration

19. IESBA members are asked for any reactions to the above comments and suggestions from respondents.

Appendix

List of Respondents to the ED

Respondents		Overall Support?		
Abbr.	Organization	Yes	Significant Reservations	No
IFAC MEMBER BODIES				
1. AAT	AAT (UK)	✓		
2. ACCA	Association of Chartered Certified Accountants (UK)	✓		
3. AICPA	American Institute of Certified Public Accountants	✓		
4. CAI	Chartered Accountants Ireland			✓
5. CIMA	Chartered Institute of Management Accountants (UK)			✓
6. CIPFA	Chartered Institute of Public Finance & Accountancy (UK)	✓		
7. CNDCEC	Consiglio Nazionale dei Dottori Commercialisti E Degli Esperti Contabili (Italy)		✓	
8. CPAA	CPA Australia		✓	
9. CPA Canada	Chartered Professional Accountants Canada	✓		
10. FAR	FAR (Sweden)		✓	
11. French Institutes	Compagnie Nationale des Commissaires aux Comptes and Conseil Superieur de l'Ordre des Experts-Comptables (France)	✓		
12. FSR	Foreningen af Statsautoriserede Revisorer (Denmark)		✓	
13. HKICPA	Hong Kong Institute of Certified Public Accountants	✓		
14. IBR-IRE	Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren (Belgium)		✓	
15. ICAEW	The Institute of Chartered Accountants in England and Wales	✓		
16. ICAG	The Institute of Chartered Accountants of Ghana	✓		
17. ICAP	The Institute of Chartered Accountants of	✓		

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Respondents		Overall Support?		
Abbr.	Organization	Yes	Significant Reservations	No
	Pakistan			
18. ICAS	The Institute of Chartered Accountants of Scotland	✓		
19. ICAZ	The Institute of Chartered Accountants of Zimbabwe	✓		
20. ICPAK	Institute of Certified Public Accountants of Kenya		✓	
21. IDW	Institut der Wirtschaftsprüfer (Germany)		✓	
22. IEC	Institut des Experts-comptables et des Conseils Fiscaux (Belgium)	✓		
23. IMA	Institute of Management Accountants (USA)		✓	
24. IPA	Institute of Public Accountants (Australia)	✓		
25. ISCA	Institute of Singapore Chartered Accountants	✓		
26. Ibracon	Instituto Dos Auditores Independentes Do Brasil	✓		
27. JICPA	Japanese Institute of Certified Public Accountants		✓	
28. KICPA	Korean Institute of Certified Public Accountants	✓		
29. MIA	Malaysian Institute of Accountants	✓		
30. MICPA	Malaysian Institute of Certified Public Accountants	✓		
31. NBA	Nederlandse Beroepsorganisatie van Accountants		✓	
32. SAICA	The South African Institute of Chartered Accountants	✓		
33. VRC	Vereniging Van Registercontrollers (Netherlands)	✓		
34. WPK	Wirtschaftsprüferkammer (Germany)		✓	
FIRMS				
35. BT	Baker Tilly (UK)		✓	
36. BDO	BDO International Ltd	✓		
37. Crowe	Crowe Horwath	✓		

Respondents		Overall Support?		
Abbr.	Organization	Yes	Significant Reservations	No
38. DTT	Deloitte Touche Tohmatsu	✓		
39. EY	Ernst & Young Global Ltd	✓		
40. FKA	Felikar & Associates (Kenya)	✓		
41. FT	Firme Turnier (Haiti)	✓		
42. GCC	GC Cloete Accounting and Tax Services Inc. (South Africa)	✓		
43. GT	Grant Thornton International Ltd	✓		
44. KPMG	KPMG IFRG Ltd	✓		
45. PwC	PricewaterhouseCoopers International Ltd	✓		
46. RSM	RSM International	✓		
REGULATORS & PUBLIC AUTHORITIES				
47. 20EUAR	Group of 20 European Audit Regulators		✓	
48. BCBS	Basel Committee on Banking Supervision	✓		
49. GAO	U.S. Government Accountability Office	✓		
50. IFIAR	International Forum of Independent Audit Regulators		✓	
51. IRBA	Independent Regulatory Board for Auditors (South Africa)	✓		
52. NASBA	National Association of State Boards of Accountancy (US)	✓		
53. OECD	Organization for Economic Cooperation and Development		✓	
54. SCM	Securities Commission Malaysia	✓		
55. UKFRC	Financial Reporting Council (UK)		✓	
NATIONAL STANDARD SETTERS				
56. APESB	Accounting Professional & Ethical Standards Board (Australia)	✓		
57. XRB	New Zealand Auditing and Assurance Standards Board, External Reporting Board	✓		
OTHER PROFESSIONAL ORGANIZATIONS				
58. AIC	Asociacion Interamericana de Contabilidad	✓		

Respondents		Overall Support?		
Abbr.	Organization	Yes	Significant Reservations	No
59. Assirevi	Associazione Italiana Revisori Contabili (Italy)		✓	
60. CalCPA	California Society of Certified Public Accountants	✓		
61. FEE	Fédération des Experts Comptables Européens		✓	
62. HKAB	Hong Kong Association of Banks		✓	
63. IIA	Institute of Internal Auditors	✓		
64. NYSSCPA	New York State Society of CPAs	✓		
65. PAIBC	IFAC Professional Accountants in Business Committee		✓	
66. PICPA	Pennsylvania Institute of Certified Public Accountants	✓		
67. SMPC	IFAC Small and Medium Practices Committee ¹⁵²		✓	
68. SRA	SRA (Netherlands)			✓
INDIVIDUALS & OTHERS				
69. DJ	Denise Juvenal	✓		
70. MCPA1	Member 1 of Escuela de Especialidades para Contadores Profesionales (Mexico)	✓		
71. MCPA2	Member 2 of Escuela de Especialidades para Contadores Profesionales (Mexico)	✓		
72. MCPA3	Member 3 of Escuela de Especialidades para Contadores Profesionales (Mexico)	✓		
73. MCPA4	Member 4 of Escuela de Especialidades para Contadores Profesionales (Mexico)	✓		
74. MCPA5	Member 5 of Escuela de Especialidades para Contadores Profesionales (Mexico)	✓		
75. MCPA6	Member 6 of Escuela de Especialidades para Contadores Profesionales (Mexico)	✓		
76. JTG	Jean Thomas Giraud (Haiti)	✓		

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- 1 Significant reservations on one or more key aspects of the proposals
- 2 Certain IFAC Member Bodies also hold the dual role of ethics standard setter in their jurisdictions.
- 3 **IFAC MB:** CIMA
- 4 **Other Prof Org:** SRA
- 5 **IFAC MB:** CAI
- 6 Through the BCBS' Accounting Experts Group
- 7 IFIAR's comment letter notes that the comments provided reflect the views expressed by many, but not necessarily all, of the IFIAR members.
- 8 **Regulator/Public Authority:** IRBA; **IFAC MBs:** AAT, ACCA, AICPA, CIMA, CPA Canada, DJ, HKICPA, ICAG, ICAP, ICAZ, IMA, ISCA, JICPA, MIA, MICPA, SAICA; **Firms:** BDO, Crowe, DTT, EY, FKA, FT, GT, KPMG, RSM; **NSS:** APESB, XRB; **Other Prof Orgs:** NYSSCPA, PICPA, SMPC; **Others:** DJ, JTG
- 9 **IFAC MBs:** CNDCEC, CPAA, French Institutes, ICAEW, ICPAK, IDW, IPA, WPK; **Other Prof Orgs:** Assirevi, HKAB, PAIBC
- 10 **Regulators/ Public Authorities:** GAO, IRBA, NASBA; **IFAC MBs:** AAT, ACCA, AICPA, CIMA, CPA Canada, DJ, HKICPA, ICAG, ICAP, ICAS, ICAZ, IPA, ISCA, JICPA, MIA, SAICA; **Firms:** BT, BDO, Crowe, DTT, EY, FKA, FT, GT, KPMG, RSM; **NSS:** APESB, XRB; **Other Prof Orgs:** AIC, Assirevi, NYSSCPA, PICPA; **Others:** DJ, JTG
- 11 **IFAC MBs:** CNDCEC, CPAA, FAR, FSR, ICPAK, IDW, KICPA, NBA, WPK; **Other Prof Orgs:** FEE, PAIBC, SMPC, SRA
- 12 **Regulator/Public Authority:** UKFRC
- 13 **Regulators/Public Authorities:** 20EUAR, IFIAR, OECD
- 14 **Other Prof Org:** HKAB
- 15 **IFAC MB:** IDW
- 16 **IFAC MB:** WPK
- 17 **IFAC MBs:** CPAA, CPA Canada, IBR-IRE, ICAP, ICPAK, IDW, IEC, KICPA, MICPA, WPK; **Other Prof Orgs:** Assirevi, SMPC
- 18 **IFAC MBs:** AICPA, CNDCEC, FAR, ICAG, IDW, KICPA, NBA, WPK; **Firm:** BDO; **Other Prof Orgs:** FEE, SMPC
- 19 **Regulator/Public Authority:** IRBA; **IFAC MBs:** CPA Canada, SAICA; **Firm:** FT
- 20 **Regulators/Public Authorities:** GAO, IRBA, UKFRC; **IFAC MBs:** ACCA, ICAG, ICAZ, IPA, SAICA; **Firms:** DTT, EY, GT, KPMG; **NSS:** XRB
- 21 **IFAC MBs:** CPA Canada, ICAEW, ICAP, IDW, JICPA, MICPA, WPK; **NSS:** APESB
- 22 **IFAC MBs:** CPA Canada, French Institutes, ICPAK, IDW, IPA, KICPA, WPK; **NSS:** APESB; **Other Prof Org:** SMPC
- 23 **Regulator/Public Authority:** UKFRC; **IFAC MBs:** ACCA, ICAZ; **Firm:** GT
- 24 **IFAC MBs:** CPA Canada, MICPA, SAICA
- 25 **Regulator/Public Authority:** UKFRC; **IFAC MBs:** ACCA, ICAZ; **Firms:** EY, GT, KPMG
- 26 **IFAC MBs:** ICAEW, ICPAK, IDW, MIA; **Other Prof Org:** SMPC
- 27 **IFAC MB:** IMA
- 28 ISA 210, *Agreeing the Terms of Audit Engagements*, paragraph A1
- 29 **Regulators/ Public Authorities:** GAO, IRBA, NASBA; **IFAC MBs:** AAT, ACCA, AICPA, CPA Canada, DJ, FAR, French Institutes, FSR, HKICPA, ICAEW, ICAG, ICAP, ICAS, ICAZ, ICPAK, IDW, IPA, ISCA, JICPA, KICPA, MIA, MICPA, NBA, SAICA, WPK; **Firms:** BDO, BT, Crowe, DTT, EY, FKA, FT, GT, KPMG, RSM; **NSS:** APESB, XRB; **Other Prof Orgs:** AIC, FEE, NYSSCPA, PICPA, SMPC; **Others:** DJ, JTG
- 30 **Firm:** PwC
- 31 **Regulator/Public Authority:** IFIAR
- 32 Paragraph numbers refer to the revised text unless otherwise noted.
- 33 **Firm:** DTT
- 34 **IFAC MBs:** FSR, ICPAK, IDW, WPK; **Other Prof Org:** SMPC
- 35 **IFAC MBs:** ACCA, FAR, ICAS; **Firms:** BT, DTT; **Other Prof Org:** FEE

- 36 **Regulator/Public Authority:** 20EUAR
- 37 **IFAC MBs:** IMA, CIMA
- 38 **Other Prof Org:** HKAB
- 39 **IFAC MB:** IMA
- 40 **IFAC MB:** CPAA
- 41 **Regulator/Public Authority:** UKFRC
- 42 **IFAC Member Bodies:** CAI, CNDCEC, FAR, French Institutes, FSR, Ibracon, ICAEW, ICAZ, IDW, MICPA, WPK; **Firms:** BDO, BT; **Other Prof Orgs:** FEE, NYSSCPA, SMPC
- 43 **IFAC MB:** NBA
- 44 **IFAC MBs:** ACCA, French Institutes
- 45 **Regulators:** IRBA, NASBA; **IFAC MBs:** AAT, ACCA, AICPA, CIMA, CPAA, CPA Canada, DJ, FAR, French Institutes, FSR, HKICPA, ICAEW, ICAG, ICAP, ICAS, ICAZ, ICPAK, IDW, IMA, IPA, ISCA, KICPA, MIA, MICPA, NBA, SAICA, WPK; **Firms:** BDO, BT, Crowe, DTT, EY, FKA, FT, GT, KPMG, RSM; **NSS:** APESB, XRB; **Other Prof Orgs:** AIC, FEE, HKAB, NYSSCPA, PAIBC, PICPA, SMPC; **Others:** DJ, JTG
- 46 **IFAC MBs:** ICPAK, IDW, WPK; **Other Prof Org:** SMPC
- 47 *ISA 250, Consideration of Laws and Regulations in an Audit of Financial Statements*
- 48 **NSS:** XRB
- 49 **Regulator/Public Authority:** UKFRC
- 50 **Regulator/Public Authority:** 20EUAR
- 51 **IFAC MBs:** ICAG, ICAS, IMA
- 52 **IFAC MBs:** AICPA, Ibracon, IDW; **Firms:** Assirevi, BDO, EY, PwC, RSM; **Other Prof Org:** SMPC
- 53 **Other Prof Org:** HKAB
- 54 **Regulator/Public Authority:** IRBA; **IFAC MBs:** CPAA, SAICA; **Firm:** GT; **NSS:** APESB
- 55 **Regulators/Public Authorities:** IRBA, NASBA, SCM; **IFAC MBs:** ACCA, AICPA, CPAA, CPA Canada, DJ, French Institutes, FAR, FSR, HKICPA, ICAEW, ICAG, ICAP, ICAS, ICAZ, ICPAK, IDW, IPA, ISCA, JICPA, KICPA, MIA, MICPA, NBA, SAICA, WPK; **Firms:** BDO, Crowe, DTT, EY, FKA, FT, GT, KPMG, RSM; **NSS:** APESB; **Other Prof Orgs:** AIC, FEE, HKAB, NYSSCPA, PICPA, SMPC; **Others:** DJ, JTG
- 56 **Regulator/Public Authority:** UKFRC
- 57 **IFAC MB:** JICPA
- 58 **IFAC MBs:** CIMA, IMA
- 59 **IFAC MB:** AAT
- 60 **Other Prof Org:** PAIBC
- 61 **Regulator/Public Authority:** 20EUAR
- 62 **IFAC MB:** IPA; **NSS:** APESB, XRB
- 63 **Regulator/Public Authority:** UKFRC
- 64 **IFAC MBs:** IPA, JICPA, SAICA; **NSS:** XRB
- 65 **Regulators/ Public Authorities:** GAO, IRBA, NASBA; **IFAC MBs:** AAT, ACCA, AICPA, CPAA, CPA Canada, DJ, French Institutes, FSR, HKICPA, ICAEW, ICAG, ICAP, ICAS, ICAZ, IPA, ISCA, JICPA, MIA, MICPA, SAICA; **Firms:** Crowe, DTT, EY, FKA, FT, GT, KPMG, RSM; **NSS:** APESB, XRB; **Other Prof Orgs:** AIC, HKAB, PICPA; **Others:** DJ, JTG
- 66 **Regulators/Public Authorities:** IRBA, UKFRC; **IFAC MBs:** CNDCEC, CPAA, French Institutes, FAR, FSR, HKICPA, Ibracon, ICPAK, IDW, IEC, SAICA, WPK; **Firm:** BDO, BT, DTT, KPMG; **Other Prof Orgs:** Assirevi, FEE, NYSSCPA, SMPC
- 67 **IFAC MBs:** CIMA, ICAS; **Other Prof Org:** PAIBC
- 68 **Regulators/Public Authorities:** OECD
- 69 **Firm:** DTT

- 70 **Regulators/ Public Authorities:** GAO, IRBA, NASBA, UKFRC; **IFAC MBs:** AAT, ACCA, AICPA, CIMA, CPAA, CPA Canada, DJ, French Institutes, HKICPA, ICAG, ICAP, ICAS, ICAZ, IPA, ISCA, JICPA, MIA, NBA, MICPA, SAICA; **Firms:** BDO, BT, Crowe, DTT, FKA, FT, GT, KPMG, RSM; **NSS:** APESB, XRB; **Other Prof Orgs:** AIC, HKAB, PAIBC; **Others:** DJ, JTG
- 71 **IFAC MBs:** FAR, FSR, ICPAK, IDW, KICPA, WPK; **Other Prof Orgs:** FEE, SMPC
- 72 **IFAC MBs:** CNDCEC, FAR, FSR, ICPAK, IDW, WPK; **Firm:** BT; **Other Prof Org:** FEE
- 73 **Firm:** EY
- 74 **IFAC MBs:** CPA Canada, HKICPA, IMA; **Other Prof Org:** PICPA
- 75 **Public Authorities:** GAO, IRBA, NASBA, UKFRC; **IFAC MBs:** AAT, AICPA, CIMA, CPAA, CPA Canada, DJ, FSR, HKICPA, ICAEW, ICAG, ICAP, ICAS, ICAZ, IPA, ISCA, JICPA, MIA, MICPA, NBA, SAICA; **Firms:** BT, Crowe, DTT, EY, FKA, FT, GT, KPMG, RSM; **NSS:** APESB, XRB; **Other Prof Orgs:** NYSSCPA, PAIBC, PICPA; **Others:** DJ, JTG
- 76 **Regulators/Public Authorities:** 20EUAR, IFIAR, OECD; **IFAC MB:** CIPFA
- 77 **Regulator/Public Authority:** OECD
- 78 **IFAC MBs:** CNDCEC, CPAA, FAR, FSR, ICPAK, IDW, KICPA, NBA, WPK; **Other Prof Orgs:** FEE, PAIBC, SMPC, SRA
- 79 **Regulators/ Public Authorities:** GAO, IRBA, NASBA; **IFAC MBs:** AAT, ACCA, AICPA, CIMA, CPA Canada, DJ, FAR, French Institutes, FSR, HKICPA, ICAEW, ICAG, ICAP, ICAS, ICAZ, IPA, ISCA, JICPA, MIA, NBA, MICPA, SAICA; **Firms:** BDO, BT, Crowe, DTT, EY, FKA, FT, GT, KPMG, RSM; **NSS:** APESB, XRB; **Other Prof Orgs:** AIC, FEE, HKAB, NYSSCPA; PAIBC, PICPA; **Others:** DJ, JTG
- 80 **Regulator/Public Authority:** UKFRC
- 81 **IFAC MBs:** ICPAK, IDW, WPK
- 82 **IFAC MBs:** ICPAK, IDW, WPK; **Other Prof Orgs:** Assirevi, SMPC
- 83 **IFAC MB:** CPAA
- 84 **IFAC MBs:** AICPA, FAR, IDW, WPK; **Firm:** EY; **Other Prof Orgs:** FEE, SMPC
- 85 **Regulators/Public Authorities:** IRBA, NASBA; **IFAC MBs:** ACCA, AICPA, CPAA, CPA Canada, DJ, FAR, French Institutes, FSR, HKICPA, ICAEW, ICAG, ICAP, ICAS, ICAZ, IPA, ISCA, KICPA, NBA, SAICA; **Firms:** BDO, Crowe, DTT, FKA, FT, KPMG, PwC, RSM; **NSS:** XRB; **Other Prof Orgs:** AIC, FEE, NYSSCPA, PICPA, SMPC; **Others:** DJ, JTG
- 86 **IFAC MBs:** CPAA, ICAEW, ICAG, IDW, SAICA; **Firm:** BDO, DTT; **Other Prof Org:** SMPC
- 87 **Regulator/Public Authority:** IRBA
- 88 **IFAC MB:** ACCA; **Firm:** Crowe
- 89 **IFAC MB:** CPA Canada
- 90 **IFAC MBs:** AAT, CNDCEC, MIA, MICPA; **NSS:** APESB; **Others:** JTG
- 91 Section 290, *Independence – Audit and Review Engagements*
- 92 **Regulator/Public Authority:** UKFRC; **Firms:** EY, GT
- 93 **IFAC MB:** JICPA
- 94 Or shifting or attributing one's own responsibility to another person or group
- 95 **IFAC MB:** ICAS; **Firm:** KPMG
- 96 **IFAC MBs:** ICPAK, IDW
- 97 **IFAC MB:** JICPA
- 98 **Regulator/Public Authority:** IFIAR
- 99 **Regulator/Public Authority:** 20EUAR
- 100 **Firm:** KPMG
- 101 ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*, paragraph 41(d)
- 102 **Regulators/Public Authorities:** GAO, IRBA, NASBA; **IFAC MBs:** ACCA, AICPA, CPAA, CPA Canada, CNDCEC, DJ, FAR, French Institutes, FSR, HKICPA, ICAEW, ICAG, ICAP, ICAS, ICAZ, IPA, ISCA, JICPA, KICPA, MIA, MICPA, NBA, SAICA;

Firms: BDO, BT, Crowe, DTT, EY, FKA, FT, GT, KPMG, RSM; **NSS:** XRB; **Other Prof Orgs:** AIC, FEE, PICPA, SMPC; **Others:** DJ

103 **IFAC MB:** ICAP; **Firm:** Crowe

104 **NSS:** XRB

105 **IFAC MB:** JICPA

106 **IFAC MB:** SAICA

107 **IFAC MBs:** AAT, CIMA

108 **IFAC MBs:** ICPAK, IDW; WPK; **Other Prof Org:** SMPC

109 **Regulator/Public Authority:** UKFRC; **NSS:** APESB; **Other Prof Org:** NYSSCPA

110 **NSS:** APESB

111 **Firm:** KPMG

112 **Regulator/Public Authority:** 20EUAR

113 **IFAC MBs:** ACCA, FAR, ICPAK, IDW, IBR-IRE, NBA; **Firms:** BDO, BT; **Other Prof Orgs:** Assirevi, FEE, SMPC

114 **IFAC MBs:** FAR, IDW, NBA; **Other Prof Orgs:** FEE, SMPC

115 **IFAC MBs:** FAR, FSR, IDW, NBA; **Other Prof Orgs:** Assirevi, FEE

116 Paragraph 5 of ISA 250 states the following in particular: “Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs. In the context of laws and regulations, the potential effects of inherent limitations on the auditor’s ability to detect material misstatements are greater for such reasons as the following:

- There are many laws and regulations, relating principally to the operating aspects of an entity, that typically do not affect the financial statements and are not captured by the entity’s information systems relevant to financial reporting.
- Non-compliance may involve conduct designed to conceal it, such as collusion, forgery, deliberate failure to record transactions, management override of controls or intentional misrepresentations being made to the auditor.
- Whether an act constitutes non-compliance is ultimately a matter for legal determination by a court of law.”

117 **Regulator:** IRBA; **IFAC MBs:** IPA, SAICA

118 ISA 210, paragraphs 10 and A23

119 **IFAC MBs:** ACCA, ICPAK, IDW; **Other Prof Org:** SMPC

120 **Firm:** PwC

121 ISA 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*

122 **Regulator:** IRBA; **IFAC MBs:** ACCA, CPAA, FAR, FSR, IBR-IRE, IEC, ICAEW, NBA, WPK; **Other Prof Org:** FEE

123 **IFAC MB:** Ibracon; **Firm:** KPMG; **Other Prof Org:** Assirevi

124 **Regulator/Public Authority:** 20EUAR

125 **IFAC MB:** CPA Canada

126 **IFAC MBs:** FAR, CIMA, ICAEW, ICAS, NBA, SAICA; **Other Prof Orgs:** FEE, PAIBC

127 **IFAC MBs:** FAR, NBA; **Other Prof Org:** FEE

128 **IFAC MB:** AICPA

129 **Firm:** DTT

130 **Other Prof Org:** PAIBC

131 **Other Prof Org:** IIA

132 **IFAC MB:** JICPA

133 **NSS:** APESB, XRB

134 **Regulators/Public Authorities:** IFIAR, 20EUAR

135 **IFAC MB:** WPK

- 136 **Regulator/Public Authority:** IFIAR; **IFAC MBs:** ICAEW, MIA; **Other Prof Org:** PICPA
- 137 **Regulators/Public Authorities:** IFIAR, 20EUAR
- 138 **IFAC MB:** AICPA; **Firms:** BDO, DTT, EY; **Other Prof Org:** Assirevi
- 139 **IFAC MB:** ACCA; **Firm:** KPMG; **Other Prof Org:** SMPC
- 140 **Regulator/Public Authority:** UKFRC
- 141 **Regulator/Public Authority:** NASBA
- 142 **IFAC MB:** IMA
- 143 **Firm:** EY
- 144 **Regulator/Public Authority:** NASBA
- 145 **IFAC MBs:** FAR, IEC, NBA; **Other Prof Org:** FEE
- 146 **Regulator/Public Authority:** GAO
- 147 **Regulator:** IRBA; **IFAC MBs:** ICAS, ISCA; **Firm:** Crowe; **Other Prof Orgs:** NYSSCPA, PAIBC
- 148 **IFAC MBs:** ACCA, CPA Canada, ICAG; **Firm:** Crowe; **NSS:** APESB; **Other Prof Org:** VRC
- 149 **Firm:** EY
- 150 **Firm:** KPMG
- 151 **IFAC MB:** ICAS
- 152 Members and Technical Advisers serving the SMPC are drawn from IFAC member bodies representing 22 countries: Australia, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Kenya, Malawi, Malta, Nigeria, South Africa, Spain, Sweden, Turkey, Tunisia, Uganda, United Kingdom and United States.