

Supplement F to Agenda Item 7

Note: This supplement has been prepared for information only. A comprehensive summary of the significant comments received on the July 2015 Exposure Draft (ED), *Responding to Non-Compliance with Laws and Regulations*, and the Task Force’s related analysis of significant issues are presented at the [March 2016 IAASB meeting](#). All comment letters on the ED can be accessed [here](#).

Please consider the environment before printing this supplement.

COMMENTS RECEIVED ON IAASB NOCLAR EXPOSURE DRAFT

General Questions (a)(b)(c)(d)

In addition to the requests for specific comments above, the IAASB is also seeking comments on the general matters set out below:

- (a) Preparers (including Small- and Medium-Sized Entities (SMEs)), and Users (including Regulators)—The IAASB invites comments on the proposed amendments to its International Standards from preparers and users.
- (b) Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting its International Standards, the IAASB invites respondents from these nations to comment on the proposed amendments to its International Standards, in particular, on any foreseeable difficulties in applying it in a developing nation environment.
- (c) Translations—Recognizing that many respondents may intend to translate the final amendments to its International Standards for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed amendments to its International Standards.
- (d) Effective Date—it is anticipated that the effective date of the amendments to the IAASB’s International Standards would be aligned with the effective date of the NOCLAR standards, which the IESBA will determine in due course.

#	Source	Comment
1.	AGC	We have no specific comments with respect to the above.
2.	ASB	None
3.	ANAN	<ol style="list-style-type: none">a. Nigeria has fully adopted the International Financial Reporting Standards (IFRS) (including IFRS for SMEs).The Association does not therefore envisage any difficulty, especially on the part of preparers on compliance with the proposed amendment to the relevant ISAs.b. The Nigerian Government, in 2011,passed the Anti Money laundering Bill into law. The Government also passed into law the Bill that established the Financial Reporting Council (FRC) of Nigeria. The Council is expected to enforce all international standards of reporting such as IFRSs, ISAs, IPSASs and IESs. With this development, the Association does not envisage any foreseeable difficulty in applying this proposed amendment in Nigeria.

#	Source	Comment
		<p>c. Nigeria use English as its official language and therefore does not require any translation of the final amendment to its adopted international standards.</p> <p>d. The Association agrees with the IESB's position that the effective date should be determined in due course by IAASB in collaboration with IESB</p>
4.	ASSIREVI	None
5.	AUASB	None
6.	BDO	<p>a) We have no comments on this particular question.</p> <p>b) Within our international network, we have a number of member firms operating in developing nations. We recognize that in many of their national frameworks adoption of ISAs is still in its infancy and, as a consequence, the importance of clarity and useful Application Guidance is essential. Subject to our comments about the proposed changes within this particular ED, we do not believe that the proposed conforming amendments will give rise to foreseeable difficulties in developing nation environments.</p> <p>c) We have long supported IFAC efforts to make ISAs and other IFAC pronouncements accessible to users through effective and timely translation. Many of the amendments contained in this ED are relatively straight-forward so at this stage we do not foresee any difficulties in respect of translation. However, given the importance being attached both in this ED and the IESBA NOCLAR ED to the phrase '<i>legal, or ethical duty or right</i>' we would ask that IFAC ensure that this phrase does not give rise to alternative meanings when presented in different languages.</p> <p>d) Subject to our concern about ensuring that conforming amendments are aligned with the Re-Exposure Draft from IESBA, we agree with the proposal to align the effective dates of the amendments to the IAASB's International Standards and the IESBA NOCLAR Standards.</p>
7.	CAANZ	None
8.	CAASB	<p><u>Preparers (including Small and Medium –Sized Entities (SMEs)), and Users (including Regulators)</u> We have no comments regarding the proposed changes to the International Standards that are specific to preparers and users of financial statements.</p> <p><u>Developing Nations</u> We have no comments on the difficulties in applying the proposed changes to the International Standards in a developing nation environment</p> <p><u>Translations</u> We have not identified any potential translation issues.</p> <p><u>Effective Date</u> We agree with the IAASB's proposal to align the effective date of the proposed changes with the effective date of the IESBA's NOCLAR standards.</p>

#	Source	Comment
9.	CAI	None
10.	CBarnard	None
11.	CIPFA	None
12.	CNCC	<p>(a) As a professional institute, our members are issuers of the auditor’s report and not preparers or users of the financial statements.</p> <p>(b) N/A</p> <p>(c) We are increasingly concerned with the frequency of revisions to the ISAs. The resulting work in terms of translation and application can be significant. We urge the IAASB to carefully consider whether such limited changes merit such an investment.</p> <p>(d) We note that there is still scope for further alignment of the ED with the IESBA ED on NOCLAR. We would like to emphasize the importance of a due process in ensuring alignment in substance and effective dates. We strongly support cooperation between the two projects.</p>
(b)	CPAA	<p>3.1. Preparers and users: CPA Australia represents members working as preparers and as auditors or assurance practitioners.</p> <p>3.2. Developing Nations: Not applicable</p> <p>3.3. Translations: Not applicable</p> <p>3.4. Effective Date: CPA Australia supports the effective date being aligned with the effective date for the NOCLAR amendments to the IESBA Code as and when those are issued by the IESBA.</p>
(c)	DTT	None
(d)	EYG	We are supportive of the alignment of the effective date of the proposed revisions in the ED with the effective date of the NOCLAR standards, as determined by IESBA.
(e)	FACPCE	None
(f)	FEE	<p>(a) FEE members are increasingly concerned with the frequency of revisions to IAASB’s literature. The resulting retranslation and application, including the effect on any additional local guidance, can be significant. We request that the IAASB consider whether limited changes merit such an investment.</p> <p>(b) FEE notes that there is still scope for further alignment of the ED with the IESBA ED on NOCLAR, both in terms of the requirements set out but also in terms of wording and semantics. FEE would like to emphasise the importance of due process in ensuring alignment in substance, as well as of effective dates. FEE strongly urges cooperation between the two Boards on these two projects.</p>
(g)	FSR	None
(h)	GAO	None

#	Source	Comment
(i)	HC	<p>(b) We agree with the IAASB’s request for comments from developing nations. We believe that the proposed amendments to the IAASB’s International Standards can be reasonably implemented in developing countries. Most developing countries currently adhere to IAASB standards; therefore, the proposed amendments can be applied in a timely fashion.</p> <p>(d) We agree that the effective date of the proposed IAASB amendments should be aligned with the Non-compliance with Laws and Regulations (NOCLAR) standards. We believe that this will promote uniformity and efficient convergence between the two bodies.</p>
(j)	HKICPA	None
(k)	IBR-IRE	None
(l)	ICAG	<p>(a) Preparers: - Improve upon reporting leading to a true reflection of compliance to laws and regulation. Users: – We believe that users will be more acceptable to this amendment given that it protects their interest. This also enhances effective communication to users of how compliant their entity is. SMEs: – There will be cost implication for SME’s in the process of implementing these amendments</p> <p>(b) For developing nations, the difficulty in applying the changes will arise where there are no relevant regulatory bodies to whom NOCLAR is reported. Thus the changes should not leave the auditors options open ended but should conclude on the final action to be taken where there are no regulatory bodies. See paragraph A15 page 21 Also for jurisdictions where there are no regulatory authority, the auditors may struggle between acting out of duty of confidentiality as against acting in public interest.</p> <p>(c) Translation issues will arise where terms such as personal conduct and business related activities are not defined clearly or given a scope, as what constitutes personal misconduct and business related activities may be subjective. However translators may translate this to suit their respective jurisdiction.</p> <p>(d) Sufficient time should be allowed for translation and implementation. Given that comments are requested by 21/10/2015, effective date January 2016.</p>
(m)	ICAP	<p><i>Preparers (including Small-and Medium-Sized Entities (SMEs), and Users (including Regulators)</i> We don’t find any anomaly for preparers and users. <i>Developing Nations</i> No comment.</p>
(n)	ICAS	<p>(c) As stated in the introductory paragraphs to our response, we are concerned that frequent incremental changes to the ISAs, which require retranslation in some jurisdictions, create a time-consuming and costly administrative burden therefore we would request that a cost benefit approach is adopted to any future limited changes to ISAs.</p>

#	Source	Comment
		(d) We believe that it is important that the effective date of the amendments to the IAASB's International Standards is aligned with the effective date of the NOCLAR standards but would reiterate our comments, in the introductory paragraphs, regarding the due process that has been followed and the timing implications of both projects.
(o)	ICAZ	Effective Date— <i>We agree with the proposed effective date as the changes to the IAASB's International Standards are mainly hinged to the changes made to the IESBA code.</i>
(p)	ICPAK	<p>a) The proposed amendments should assist in avoiding potential inconsistency in the responsibility of the auditor between the various standards/codes issued by the IAASB.</p> <p>b) As a developing nation, we reiterate and refer to our earlier comment letter on the IESBA ED issued in May 2015 – the proposed changes and in particular extension of requirement for reporting actual or suspected NOCLAR where there is no legal or regulatory requirement to do so will pose a significant challenge, not just for auditors but also other PAs. This is mainly as a result of the legal frameworks of most developing countries such as Kenya being under review and modernisation having the result that there is, under law, only limited areas where such requirement exists. Most, if not all, of the examples of laws or regulations as included in paragraph A5a of the Application and Other Explanatory Material section of ISA 250 at present do not include any specific reporting requirements for PAs. The extension of application of the proposed ethical changes to such laws is likely to pose significant challenge to PAs in making judgements as to whether matters are reportable and the forum to which they need to be reported.</p> <p>c) N/A</p> <p>d) We agree with alignment of the effective dates with that of the NOCLAR standards.</p>
(q)	IDW	None
(r)	IFIAR	None
(s)	IRBA	<p>(a) These comments do not include comments from preparers or users.</p> <p>(b) No comment.</p> <p>(c) No comment.</p> <p>(d) We agree with the effective date as suggested. However, we propose that the IAASB rather wait for the IESBA project to be finalised and then continue working on amending the ISAs.</p>
(t)	ISCA	None
(u)	JICPA	None
(v)	KICPA	None

#	Source	Comment
(w)	MAZARS	<p>(a) The more there are revisions, the more the transposition, the translation, the training and update of auditors may represent a significant investment for the different countries and jurisdictions.</p> <p>(b) As noted above, we consider that the changes to the standards in respect of auditor's reporting should be given priority and hence these additional changes should be at least after 2016.</p>
(x)	MAASB	We do not have specific comments on preparers, translation and effective date. In relation to b) above, we do not foresee any difficulties in applying it in our jurisdiction.
(y)	MICPA	None
(z)	NBA	<p><i>Translations</i></p> <p>We have a problem with the translation of the term 'unusual transactions' which is already used in paragraph A13 in extant ISA 250. In the Netherlands the term 'unusual transactions' is used for suspicious transactions related to anti-money laundering and combatting the financing of terrorism. Although this may be considered as a problem relating to the translation of European and local law, we would like to mention this issue. We suggest to use the term 'unconventional transactions' in the ISAs to avoid misunderstanding.</p> <p><i>Effective date</i></p> <p>We understand that the effective date will be aligned with the effective date of IESBA's NOCLAR standards. We support close cooperation and reconciliation of both projects.</p>
(aa)	NZAUASB	The NZAuASB supports the proposed effective date.
(bb)	PWC	None
(cc)	SAICA	Refer IRBA response
(dd)	SMPC	None
(ee)	UKFRC	None
(ff)	WPK	Regarding the effective date we agree that the amendments to the IAASB's International Standards would be aligned with the effective date of the NOCLAR standards, which the IESBA will determine in due course.