

Meeting: IESBA
Meeting Location: New York
Meeting Date: September 26-30, 2016

Agenda Item

6

NOCLAR

Objectives of Agenda Item

1. To consider:
 - (a) A draft of the restructured text of the recently issued Sections 225 and 360 addressing responding to non-compliance with laws and regulations (NOCLAR); and
 - (b) Draft IESBA Staff Questions & Answers (Q&A) publications intended to form part of the tools and resources the Board has agreed to commission to facilitate implementation of the NOCLAR provisions.

Task Force for Restructuring Work Stream

2. Members:
 - Richard Fleck, Chair, IESBA Deputy Chair
 - Helene Agélii, IESBA Member
 - Atsushi Kato, IESBA Member

Implementation Working Group (IWG)

3. Members:
 - Richard Fleck, Chair, IESBA Deputy Chair
 - Atsushi Kato, IESBA Member
 - Denise Canavan, IESBA Technical Advisor
 - Dr. Eva Tsahuridu, IESBA Technical Advisor

Activities since Last Board Discussion

Restructuring Work Stream

4. The Task Force liaised via email to develop the draft restructured texts for this Board meeting. In developing these draft texts, the Task Force received input from the Structure Task Force.

IESBA Staff Q&A Publications

5. The IWG met via teleconference earlier in September to provide input to staff on a set of draft Q&As for professional accountants in public practice (PAPPs) and professional accountants in business

(PAIBs). The IWG subsequently liaised via email to assist staff in finalizing the draft Q&As for presentation at this Board meeting.

Matters for Board Noting

Conforming Amendments with Respect to Safeguards

6. The Safeguards Task Force has reviewed the draft restructured texts and indicated that no conforming amendments are needed to align the NOCLAR provisions with the proposed changes to the Code arising from the Safeguards project.

IESBA Staff Q&A Publications

7. Given timing constraints, staff has not had the opportunity to obtain feedback from the International Auditing and Assurance Standards Board's (IAASB's) NOCLAR Task Force on the draft Q&As presented at this meeting. Feedback from the IAASB Task Force will be sought on the next iteration of the Q&As incorporating any refinements arising from this Board meeting, and a report-back will be provided at the December 2016 IESBA meeting.
8. In relation to timing of issuance of the Q&As, staff anticipates they could be published in early January 2016, subject to any further input from the Board on revised drafts to be presented at the December 2016 IESBA meeting. Staff does not recommend that issuance of the Q&As be withheld pending completion of the restructuring of the NOCLAR provisions, given that the extant NOCLAR provisions have already been published and will become effective July 15, 2017. However, once the restructuring of the NOCLAR provisions is completed, the Q&As will be updated to ensure that all cross references to the NOCLAR provisions are appropriately aligned with the restructured Code.

Material Presented

Agenda Item 6-A	Proposed Section 315 (Mark-up)
Agenda Item 6-B	Proposed Section 315 (Clean)
Agenda Item 6-C	Proposed Section 260 (Mark-up)
Agenda Item 6-D	Proposed Section 260 (Clean)
Agenda Item 6-E	Draft Staff Q&As – PAPPs
Agenda Item 6-F	Draft Staff Q&As – PAIBs

Restructured NOCLAR Texts to be Discussed at the Meeting

9. The Task Force proposes that the mark-up versions of the restructured texts be discussed at the meeting (**Agenda Items 6-A and 6-C**).

Action Requested

10. The IESBA is asked to provide feedback on:
 - (a) The draft restructured NOCLAR provisions presented in **Agenda Items 6-A and 6-C**; and
 - (b) The draft Q&As presented in **Agenda Items 6-E and 6-F**.