



**IESBA Responding to Non-Compliance with Laws and Regulations
Comments on Exposure Draft
September 2015**

Reference	Issue	Comments
	<p>1. Where law or regulation requires the reporting of identified or suspected NOCLAR to an appropriate authority, do respondents believe the guidance in the proposals would support the implementation and application of the legal or regulatory requirement?</p>	<p>Yes</p>
	<p>2. Where there is no legal or regulatory requirement to report identified or suspected NOCLAR to an appropriate authority, do respondents believe the proposals would be helpful in guiding PAs in fulfilling their responsibility to act in the public interest in the circumstances?</p>	<p>Yes. However, in Jurisdictions where there is no whistle blowing legislation PA may find it difficult to report, unless there is some form of protection</p>
	<p>3. The Board invites comments from preparers (including TCWG), users of financial statements (including regulators and investors) and other respondents on the practical aspects of the proposals, particularly their impact on the relationships between:</p> <p>(a) Auditors and audited entities;</p> <p>(b) Other PAs in public practice and their clients; and</p>	<p>Consider as a safeguard changing the audit team as the PA engages TCWG and possibly consult an oversight authority or professional body confidentially. This way the client will be saved from incurring fines and penalties and safeguard the professional relationship with the client without damaging the reputation of either party. This decision would be guided by the gravity of the matter.</p> <p>For other PAs where use of another team may not be feasible involvement of an oversight authority or professional body would provide guidance where resignation</p>



	(c) PAIBs and their employing organizations.	<p>and involvement of another practitioner may be considered as an option. This decision would be guided by the gravity of the matter.</p> <p>Consider disclosure to an oversight authority or professional body confidentially in addition to the safeguards internally especially where the matter could lead to resignation, as issues could still arise even after disengaging with the organization.</p>
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	<p><i>Specific Matters</i></p> <p>4. Do respondents agree with the proposed objectives for all categories of PAs?</p>	Yes
	5. Do respondents agree with the scope of laws and regulations covered by the proposed Sections 225 and 360?	Consider inclusion of violation of intellectual property rights as this is a big risk today for PAs, clients and all organizations including government in this era of cyber crimes.
	6. Do respondents agree with the differential approach among the four categories of PAs regarding responding to identified or suspected NOCLAR?	Yes
	7. With respect to auditors and senior PAIBs:	
	(a) Do respondents agree 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 as one of those factors?	Yes
	(b) Do respondents agree with the imposition of the third party test relative to the determination of the need for, and nature and extent of, further action?	Yes
	(c) Do respondents agree with the examples of possible courses of further action?	Yes



	<p>Are there other possible courses of further action respondents believe should be specified?</p> <p>(d) Do respondents support the list of factors to consider in determining whether to disclose the matter to an appropriate authority?</p>	<p>None</p> <p>Yes</p>
	<p>8. For PAs in public practice providing services other than audits, do respondents agree with the proposed level of obligation with respect to communicating the matter to a network firm where the client is also an audit client of the network firm?</p>	<p>Yes</p>
<p>Para 225.48</p> <p>Para 360.35</p>	<p>9. Do respondents agree with the approach to documentation with respect to the four categories of PAs?</p>	<p>Yes but consider the following:</p> <p>Consider documentation where consultation is made with an oversight authority or professional body, indicating who was consulted, information given and decision made/feedback.</p> <p>Where consultation is done outside the employing organization documentation of the parties consulted, information given and decision made/feedback.</p>
	<p>Request for General Comments</p> <p>144. In addition to the request for specific comments above, the Board is also seeking comments on the matters set out below:</p> <p>(a) <i>PAIBs working in the public sector</i>— Recognizing that many PAIBs work in the public sector, the Board invites respondents from this constituency to comment on the revised proposals and, in particular, on their applicability in a public sector environment.</p>	<p>Enforcement of the code in public sector necessary, consultation with oversight authority or professional body should be considered as a safeguard, whistle blowing legislation in jurisdictions where it does not exist may enhance compliance with the code</p>



	<p>(b) <i>Developing Nations</i>—Recognizing that many developing nations have adopted or are in the process of adopting the Code, the Board invites respondents from these nations to comment on the proposals, and in particular, on any foreseeable difficulties in applying them in their environment.</p> <p>(c) <i>Translations</i>—Recognizing that many respondents may intend to translate the final pronouncement for adoption in their environments, the Board welcomes comment on potential translation issues respondents may note in reviewing the revised proposals.</p>	<p>Alignment of organization’s code with that of IESBA including public sector would enhance the compliance culture. Where law enforcement is enhanced compliance with the code is made easier.</p> <p>Comparison of IESBA code with other codes for other professions in various jurisdictions may also enhance the compliance environment in those jurisdictions.</p>
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