

Meeting: IESBA
Meeting Location: New York
Meeting Date: April 13-15, 2015

Agenda Item

2

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

Objectives of Agenda Item

1. To:
 - (a) Consider a report-back on the March 2015 IESBA Consultative Advisory Group (CAG) discussion of the project and comments received from the IFAC Small and Medium Practices (SMP) Committee;
 - (b) Consider with a view to approval for re-exposure a revised draft of the proposed Sections 225¹ and 360,² and related consequential and conforming changes to other sections of the Code; and
 - (c) Provide input on a draft explanatory memorandum to accompany the re-exposure draft (re-ED).

Task Force

2. Members:
 - Caroline Gardner, Chair, IESBA Member
 - Helene Agélii, IESBA Member
 - Richard Fleck, IESBA Member
 - Peter Hughes, IESBA Member
 - Atsushi Kato, IESBA Member
 - Isabelle Sapet, former IESBA Deputy Chair

Activities Since Last IESBA Discussion

3. The Task Force met in person at the end of January 2015 to consider the comments received at the Board meeting earlier in January and to develop a revised draft of the re-ED for the Board's consideration at this meeting. At its meeting in January, the Task Force also considered comments received from the IFAC Small and Medium Practices (SMP) Committee on the draft re-ED

¹ Proposed Section 225, *Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations*

² Proposed Section 360, *Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations*

presented to the Board in January, and editorial suggestions received offline from some Board members and Technical Advisors.

4. The Task Force subsequently convened twice via teleconference in February and March 2015 to consider the input received from the discussion of the draft re-ED with Committee 1 of the International Organization of Securities Commissions (IOSCO) in early February and the IESBA CAG in March. The Task Force made some refinements to the text of the draft re-ED in response to this input. The outcome of these discussions is summarized in Agenda Item 2-A.
5. Since the January 2015 Board meeting, Board leadership and Task Force representatives also undertook the following outreach activities related to the project:
 - Meeting with European Commission representatives on February 26th.
 - Meeting with the Monitoring Group on March 5th.
 - Meeting with the International Auditing and Assurance Standards Board (IAASB) on March 19th.
 - Meeting with the IFAC Professional Accountants in Business (PAIB) Committee on March 23rd.

An oral update on these activities will be provided at the meeting.

Material Presented

Agenda Item 2-A	Issues and Task Force Proposals
Agenda Item 2-B	Draft Sections 225 and 360 (Mark-Up of Changes Other Than Editorial Changes from January 2015 Draft)
Agenda Item 2-C	Draft Sections 225 and 360 (Complete Mark-Up from January 2015 Draft)
Agenda Item 2-D	Draft Sections 225 and 360 (Clean)
Agenda Item 2-E	Consequential and Conforming Changes to Other Sections
Agenda Item 2-F	Report-Back on March 2015 CAG Discussion
Agenda Item 2-G	Comments from IFAC SMP Committee and Task Force Responses
Agenda Item 2-H	Comparison of Key Elements of August 2012 Exposure Draft and Proposed Framework
Agenda Item 2-I	Comparative Analysis with ISA 250
Agenda Item 2-J	Draft Explanatory Memorandum
Supplements A-C	Compilation of Comments on August 2012 Exposure Draft (for info only)

Drafts to be Discussed at the Meeting

6. The Task Force proposes that the mark-up version of the draft Sections 225 and 360 **presenting changes other than editorial changes (Agenda Item 2-B)**, together with the consequential and conforming changes to other sections (**Agenda Item 2-E**), be discussed at the meeting.

Action Requested

7. The IESBA is asked to:
 - (a) Consider the CAG report-back presented in Agenda Item 2-F and the comments from the IFAC SMP Committee in Agenda Item 2-G;
 - (b) Consider the draft re-ED as presented in Agenda Items 2-B and 2-E and approve it for issuance; and
 - (c) Provide input on the draft Explanatory Memorandum to enable the Task Force to finalize it for incorporation in the re-ED package.

Forward Timeline

8. Subject to approval of the re-ED, the anticipated timeline for the project is as follows:
 - Discussion with national standards setters May 2015
 - Update/discussion of select issues arising on re-ED with CAG (?) Q4 2015
 - Full review of responses to re-ED December 2015
 - Discussion with IAASB (?) December 2015
 - Discussion with CAG March 2016
 - Approval of final standard March 2016