

Meeting: IAASB
Meeting Location: Brussels, Belgium
Meeting Dates: March 16–20, 2015

Agenda Item 9

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

Objectives of Agenda Item

1. To:
 - (a) Receive a presentation on the current direction of the International Ethics Standards Board for Accountants' (IESBA) NOCLAR project;
 - (b) Consider the nature and extent of conforming changes that may be needed to IAASB standards to address actual or perceived inconsistencies with the proposed NOCLAR standard; and
 - (c) Agree the process for developing those potential conforming changes for exposure and the timeframe for doing so.

Coordination between IAASB and IESBA on the NOCLAR Project

2. At the December 2014 IAASB meeting, the Interim IESBA Chair, Wui San Kwok, briefed the IAASB on the status of NOCLAR project. At the meeting, it was suggested that the NOCLAR project be discussed at the March 2015 IAASB meeting, given the clear linkages between the proposed NOCLAR standard and IAASB standards, particularly ISA 250,¹ and the IESBA's aim to consider a revised draft of the proposed standard for re-exposure at its April 2015 meeting. Accordingly, staff of both Boards were asked to explore and coordinate the arrangements as appropriate.
3. Pursuant to this discussion, IAASB member Brendan Murtagh has been invited, and has accepted, to participate on the NOCLAR Task Force as a correspondent member. Mr. Murtagh participated in his first NOCLAR Task Force meeting in mid-February 2015 via teleconference.
4. Messrs. Murtagh and Siong, IESBA Technical Director, gave a status update on the project to the Steering Committee later in February in the context of the Steering Committee's consideration of potential IAASB action needed, and options for the process and timeframes for such action. An outline of the Steering Committee's considerations in this regard is set out in **Agenda Item 9-A**.
5. For information, the IESBA's anticipated timeline for its NOCLAR project is as follows:

Steps	Timing
Discussion with IAASB	March 2015
Approval of re-exposure draft	April 2015

¹ ISA 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*

Steps	Timing
Full review of comments on re-exposure draft	December 2015
Approval of final standard	March 2016

Action Requested

6. The IAASB is asked to consider the matters presented in **Agenda Item 9-A**.

Material Presented

Agenda Item 9-A	NOCLAR—Issues and IAASB Staff Recommendations
Agenda Item 9-B	Proposed Sections 225 and 360 of the IESBA <i>Code of Ethics for Professional Accountants</i> : Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations
Agenda Item 9-C	IESBA Staff Analysis of Differences Between the NOCLAR Proposals and the IAASB's International Standards