

Meeting: IAASB Teleconference

Meeting Location: Teleconference

Meeting Date: April 26, 2016

Agenda Item

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Responding to Non-Compliance with Laws and Regulations (NOCLAR) – Issues and IAASB Task Force Recommendations

Objectives of Agenda Item

1. The objectives of this agenda item are to:
 - (a) Further consider two specific matters relating to the IAASB's project on NOCLAR, including proposed changes to ISA 250,¹ in light of feedback to the IAASB's Exposure Draft (ED), [*Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations*](#), and the March 2016 IAASB and CAG discussions on the Task Force's previous recommendations.
 - (b) Obtain the Board's views on the Task Force's recommendation regarding the effective date for the proposed revisions to the IAASB's International Standards.

Task Force

2. The NOCLAR Task Force comprises:
 - Brendan Murtagh, Chair, IAASB Member
 - Chuck Landes, IAASB Deputy Chair
 - Richard Fleck, IESBA Deputy Chair
 - Marek Grabowski, IAASB Member
 - Inge Vanbeveren, IAASB Technical Advisor
 - Denise Weber, IAASB Technical Advisor

Activities since Last IAASB Discussion

3. The Task Force held two teleconference calls to discuss the comments received from the IAASB at the March 2016 meeting and to consider the comments from two respondents that had not been previously considered by the Task Force (the International Organization of Securities Commissions (IOSCO) and KPMG).
4. The Task Force had a teleconference, in conjunction with the Group Audits Working Group (GAWG), to discuss the proposed changes to the IESBA NOCLAR proposals addressing the communication of NOCLAR in group audits and the communication of NOCLAR to a proposed successor auditor.

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

Feedback was submitted to the IESBA NOCLAR Task Force, setting the views of the IAASB's NOCLAR Task Force and GAWG that was considered by the IESBA NOCLAR Task Force.

IESBA Update

5. At their March 2016 meeting, the IESBA agreed in principle to its pronouncement addressing the responsibilities of professional accountants with respect to responding to NOCLAR (which will be included the IESBA *Code of Ethics for Professional Accountants* (the IESBA Code), subject to the IAASB's March 2016 discussion on related consequential and conforming amendments to the IAASB's International Standards. At its April 25, 2016 teleconference, the IESBA will consider the outcome of the IAASB's March 2016 deliberations and any necessary changes to the IESBA Code, and will be asked to approve the final pronouncement. The materials will be made available at the following link: <http://www.ethicsboard.org/meetings/iesba-board-conference-call-april-25-2016-900-am-eastern-standard-time>. A status update will be provided to the IAASB during its April 26, 2016 teleconference; however, no further discussion on the IESBA pronouncement by the IAASB is planned.

Material Presented

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| Agenda Item 7-A | NOCLAR — Issues and IAASB Task Force Recommendations |
| Agenda Item 7-B | NOCLAR — Proposed changes to certain paragraphs of ISA 250 (Mark-up) |
| Agenda Item 7-C | NOCLAR — Proposed changes to certain paragraphs of ISA 250 (Clean) |

Action Requested

6. The IAASB is asked to consider the agenda materials, including the matters for IAASB consideration in **Agenda Item 1-A**. The marked version of the proposed amendments to paragraphs 11, 28 and A19-A19d of ISA 250 as shown in **Agenda Item 1-B** will be used as the basis for the discussion.