



New PRACTITIONERS INDUCTION TRAINING

By,

By

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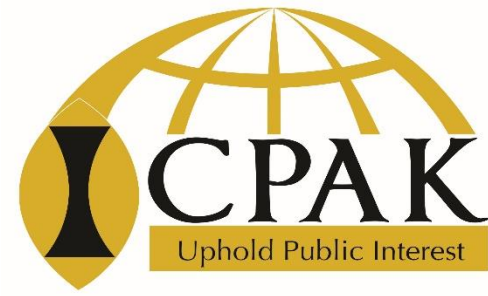
**HILTON HOTEL, NAIROBI
30TH November 2018**

NOCLAR

Non-compliance with Laws and Regulations (NOCLAR)

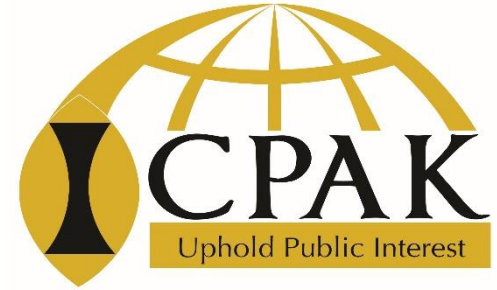
NOCLAR refers to “any act of omission or commission, intentional or unintentional, committed by a client or employer, including by management or by others working for or under the direction of the client or employer, which is contrary to prevailing laws or regulations”.

BACKGROUND



- The International Ethics Standards Board (IESBA) issued their final pronouncement on Responding to Non-Compliance with Laws and Regulations (NOCLAR) In July 2016.
- The pronouncement became effective from July 2017
- The new standard adds sections 225 and 360 to the IESBA's Code of Ethics for Professional Accountants (the Code).

MAIN OBJECTIVE

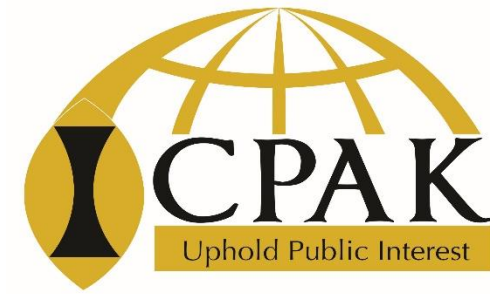


- To create framework to guide professional accountants (PAs) in deciding how best to act in the public interest when they become aware of NOCLAR or suspected NOCLAR

Why was NOCLAR developed?

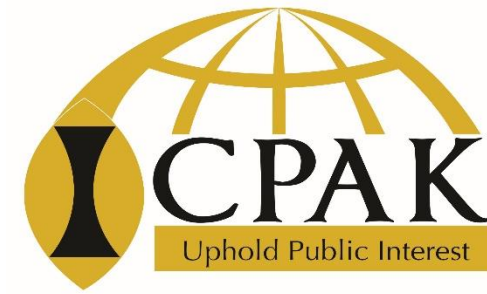
- NOCLAR responds to the following key public interest concerns:-
 - i. that professional accountants have “used” duty of **confidentiality** in the Code as a barrier to the disclosure of potential NOCLAR to public authorities in the appropriate circumstances;
 - ii. that auditors simply resigning from client relationships without NOCLAR issues being appropriately addressed; and
 - iii. there is a lack of guidance to help PAs in working out how best to respond to potential NOCLAR, a situation that may often be difficult and stressful

Intended Outcomes



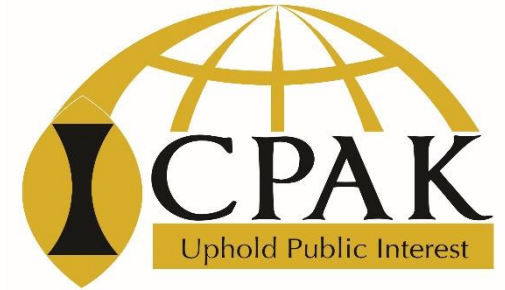
- i. Ensuring that PAs respond in a timely way to identified or suspected NOCLAR
- ii. Rectifying, remediating, or mitigating the adverse consequences of identified or suspected NOCLAR to stakeholders and the general public
- iii. Deterring the commission of NOCLAR
- iv. Stimulating increased reporting of identified or suspected NOCLAR where required by law or regulation, or where determined appropriate under the Code in the public interest

Who will is affected?



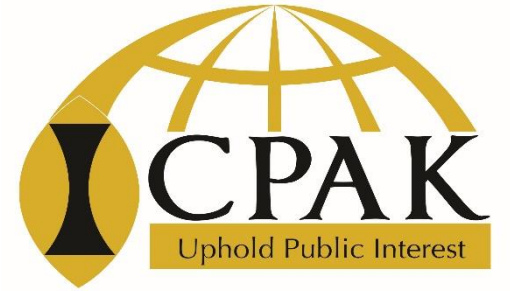
- The standard applies to all PAs.
- However, it stipulates a different but proportionate approach for the following four categories of PAs:-
 - i. Auditors
 - ii. Other PAs in public practice
 - iii. PAs in business who are in senior-level *roles—directors, officers, or senior employees in their employing organizations*
 - iv. Other PAs in business
- Those with whom PAs may raise NOCLAR matters are also directly affected—including those in management positions or on boards of directors, and regulators or other public authorities.

Differential Approach



- The NOCLAR guidance prescribes a differentiated approach for auditors, other PA's in public practice as well as for senior level and other PA's in business.
- While the basic ethical principles are the same for all PA's, the implementation of these principles differs according to their roles, levels of seniority, spheres of influence and the different levels of public expectations.
- However, we will concentrate on the prescribed approach to NOCLAR for the auditing profession.

Responsibilities for Practicing Auditor



The PA's have the following responsibilities:

1. Understanding the matter
2. Addressing the matter
3. Communicating with the respective groups
4. Determining whether further action is needed
5. Determining whether to disclose the matter to the appropriate authority

QUESTIONS

End