



September 15, 2015

Mr. Ken Siong
Technical Director
The International Ethics Standards Board of Ethics
545 5th Avenue, 14th Floor
New York, N.Y. 100147

Dear Sir,

“Late comments on the Exposure Draft “Reporting to Non-Compliance with Laws and Regulations”

Our firm welcomes the opportunity to provide our late comments on the Exposure Draft “Reporting to Non-Compliance with Laws and Regulations”. This draft demonstrates that the IESBA has taken the steps necessary to address professional accountants’ (PAs) response to non-compliance or suspected non-compliance with laws and regulations (NOCLAR).

General Matters

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?

We agree that guidance in the proposals would support the implementation and application of the legal or regulatory requirement.

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?

We believe where there is no guidance, the proposals could support the implementation and application of the legal or regulatory requirement, but this proposal alone is not an assurance that PAs will fulfill their responsibility to act in the public interest in the circumstances.



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:
- (a) Auditors and audited entities;
 - (b) Other PAs in public practice and their clients; and
 - (c) PAIBs and their employing organizations.

The practical aspects of the proposals will definitely raise issues between Auditors and audited entities principally when the auditors had not a good understanding of the clients before accepting the engagement... However, Family and small businesses may not want to cooperate and pay the additional costs to investigate NOLAR or suspected NOLAR.

Specific Matters

4. Do respondents agree with the proposed objectives for all categories of PAs?
We agree with the proposed objectives
5. Do respondents agree with the scope of laws and regulations covered by the proposed Sections 225 and 360?

We agree with the above scope of laws and regulations covered by the proposed Sections 225 and 360.

6. Do respondents agree with the differential approach among the four categories of PAs regarding responding to identified or suspected NOCLAR?

We agree with the differential approach and also believe that all auditors should be held more accountable for their work to the highest degree than the non-auditors.

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?

We believe that management in charge of governance and control is the one that should first be concerned of NOLAR. Auditors are also responsible to inform management of suspected occurrence of noncompliance for the appropriate action to be taken when discovered in the course of their work.



- (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?

We agree with the imposition of the third party test.

- (c) Do respondents agree with the examples of possible courses of further action? Are there other possible courses of further action respondents believe should be specified?

We agree since these possible courses of further action. Other possible courses of further action depend on many other factors to make them enforceable in countries where law and regulation are not appropriate.

- (d) Do respondents support the list of factors to consider in determining whether to disclose the matter to an appropriate authority?

We support the list of factors to disclose the matter to an appropriate authority however, the list is limited.

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?

We agree that the PAs should communicate the matter to a network firm where the client is also an audit client in case of rising matters like NOLAR that could have an impact on the audit

9. Do respondents agree with the approach to documentation with respect to the four Categories of PAs?

We agree with the approach to documentation to the four Categories of Pa.

(For) Firme Turnier