

Technical Director
IFAC
529, Fifth Avenue, 6th Floor,
New York, USA

October 23, 2015

ICAP Comments on Exposure Draft – Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations

Dear Sir,

The Institute of Chartered Accountants of Pakistan welcomes the opportunity to offer comments on the above Exposure Draft.

Please find enclosed the comments of the relevant Committee of the Institute for your perusal.

If you require any further clarification, please do not hesitate to contact us.

Yours faithfully,

Farheen Mirza
Senior Manager Technical Services
The Institute of Chartered Accountants of Pakistan

ICAP Comments on Exposure Draft – Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations

Specific Matters

Question 1

Whether respondents believe the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies of approach or to clarify and emphasize key aspects of the NOCLAR proposals in the IAASB's International Standards.

The impact, if any, of the proposed limited amendments in jurisdictions that have not adopted, or do not plan to adopt, the IESBA Code. For example, would any of the changes to the IAASB's International Standards be deemed incompatible with the relevant ethical requirements that would apply in those jurisdictions?

Answer 1

The proposed limited amendments are sufficient to address key aspects of the NOCLAR proposals in the IAASB's International Standards.

The guidance in the IESBA's NOCLAR proposal supported the implementation and application of the legal or regulatory requirements. Guidance on understanding the matter, addressing it to those charged with governance (TCWG), determining the further action and the concept of substantial harm for defining the threshold for further action were of significance in devising appropriate response to the NOCLAR.

The overriding principle of the NOCLAR proposal was that Professional Accountant (PA) have the responsibility to act in public interest. Three broad proposed objectives were,

- to ensure PAs do not close their eyes to identified or suspected NOCLAR and that they do not bring profession into disrepute,
- to alert management and TCWG to seek remedial actions to mitigate the consequences of the NOCLAR
- to deter the commission of the NOCLAR where it has not yet occurred and finally to take further action in public interest.

All these proposed objectives required PAs to act in accordance with fundamental principles of integrity and professional behavior and thus the proposed limited amendments to IAASB's International Standards are sufficient to resolve actual or perceived inconsistencies of approach or to clarify and emphasize key aspects of the NOCLAR proposals.

In Pakistan, the code of Institute of Chartered Accountant of Pakistan "Code of Ethics for Chartered Accountants" is based on "Code of Ethics for Professional Accountants" of the IESBA with few amendments; therefore, we don't think that there would be any incompatibility.

However, we tend to believe that this is a very sensitive subject that may be theoretically correct but difficult in practice in Pakistan. Considering this, if this E.D is finalized as it is, ICAP needs to deliberate again before implementing in Pakistan.

General Matters

Preparers (including Small-and Medium-Sized Entities (SMEs), and Users (including Regulators)

We don't find any anomaly for preparers and users.

Developing Nations

No comment.