



Experience Ingenuity.

Non-compliance with laws and regulations (NOCLAR)

By Sharon Tala

Your responsibility as a member of SAICA

Background

NOCLAR is aimed at guiding professional accountants ("PAs") to act in the best interest of the public when assessing the implications and the possible courses of action when becoming aware of and responding to a NOCLAR event.

In terms of the Code (SAICA, IRBA and the IESBA Code), the definition of a NOCLAR event is any act or omission, intentional or unintentional committed by a client or employing organisation or those charged with governance ("TCWG"), 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.



Senior professional accountant in business (PAIB)

"Senior professional accountant in business" refers to directors, officers or senior employees able to exert significant influence over, and make decisions regarding, the acquisition, deployment and control of the employing organisation's human, financial, technological, physical and intangible resources."

If in the course of carrying out professional activities, a senior PAIB becomes aware of an act or suspected act of NOCLAR, he/she would need to respond to this instance in terms of section 360 of the IRBA Code of Professional Conduct making reference to the basic NOCLAR response framework, which includes:

- 5 Documentation
- 4 Determining whether to disclose to an appropriate authority
- 3 Determining whether further action is needed
- 2 Addressing the matter
- 1 Obtain and understanding of the matter





Contact us

For more information on Non-compliance with laws and regulations (NOCLAR) contact

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Our responsibility as your auditor

External auditor

If in the course of carrying out the audit the external auditor becomes aware of a NOCLAR event or suspected act of NOCLAR, the auditor should in his/her capacity as external auditor respond to this instance in terms of in terms of section 225 of the IRBA Code of Professional Conduct making reference to the basic NOCLAR response framework, which includes steps 1 to 5 as set on the previous page.

Key point to remember:

If the Registered Auditor has determined that a matter is a Reportable Irregularity and has complied with the responsibilities in terms of the Auditing Professions Act, Section 225 of the IRBA Code of Professional Conduct still applies.

Group audits, where applicable:

In addition to responding a NOCLAR event or suspected act of NOCLAR in accordance with Section 225, the group auditor must determine whether the NOCLAR may be relevant to one or more components of the group and disclosure is required to the group auditor.

If so, the group auditor shall communicate the NOCLAR to those performing work at components (unless prohibited by law or regulation). This includes steps to determine whether a component is audited and to identify the auditor.

Requirements for PAs at component level: In addition to responding in accordance with Section 225, PAs shall communicate NOCLAR to the group engagement partner (unless prohibited by law or regulation). This includes steps to determine the identity of the group engagement partner.

NOCLAR (sections 225 and 360) are effective from 15 July 2017 in South Africa.

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