

September 4, 2015

Mr. Ken Siong
Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017

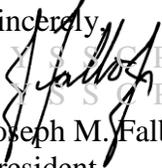
Submitted via: [Submit a Comment](#) link of IESBA website

Re: Exposure Draft, Responding to Non-Compliance with Laws and Regulations

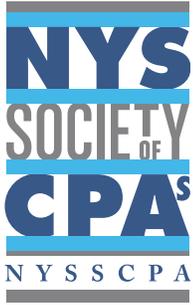
Dear Mr. Siong:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Professional Ethics Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Renee Rampulla, Chair of the Professional Ethics Committee at (212) 719-8361, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Joseph M. Falbo, Jr.
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON
EXPOSURE DRAFT, RESPONDING TO NON-COMPLIANCE WITH LAWS AND
REGULATIONS**

September 4, 2015

Principal Drafters

**Elliot L. Hendler
Steven J. Leifer
Renee Rampulla
Paul M. Ribaud**

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NYSSCPA Staff

Ernest J. Markezin

New York State Society of Certified Public Accountants
Comments on
Exposure Draft, Responding to Non-Compliance with Laws and Regulations

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide comments on the International Ethics Standards Board for Accountants (IESBA) exposure draft on Responding to Non-Compliance with Laws and Regulations (Proposal).

General Comments

The NYSSCPA generally concurs with the IESBA's Proposal. We suggest that the IESBA consider including the helpful charts appearing in appendices 1 and 2 of the Proposal as part of proposed sections 225 and 360.

Specific Comments

Below please find our responses to the specific respondent questions. We have not responded to question 3.

Question 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 the guidance in the Proposal supports the implementation and application of legal or regulatory requirements when the reporting of identified or suspected non-compliance with laws and regulations (NOCLAR) is required.

Question 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 agree that the Proposal would be helpful in guiding professional accountants (PAs) in fulfilling their responsibility to act in the public interest when there is no legal or regulatory requirement to report identified or suspected NOCLAR. Paragraph 225.4 of the proposal describes how the public interest is dependent upon facts and circumstances, and the nature and extent of the immediate or ongoing consequences to the client, investor, creditors, employees or the wider public interest. We suggest providing additional clarity by defining the term *public interest* in the IESBA Code.

Question 4. Do respondents agree with the proposed objectives for all categories of PAs?

We agree with the proposed objectives for all categories of PAs.

Question 5. Do respondents agree with the scope of laws and regulations covered by the proposed Sections 225 and 360?

We agree with the scope of laws and regulations covered by the proposed Sections 225 and 360. Paragraph 225.8(b) excludes from coverage personal misconduct unrelated to the client's business, however we suggest for future consideration by the IESBA the impact the personal misconduct of key executives and the significant negative attention, such as reputation risk, their misconduct may bring to a client's business.

Question 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 among the four categories of PAs regarding the response to identified or suspected NOCLAR

Question 7. With respect to auditors and senior PAIBs:

7(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 the factors are subjective and complicated. The identification and weight of "credible evidence" and the impact of actual or potential harm of the NOCLAR may be difficult if not impossible to assess, and therefore we suggest the simplification of the factors and guidance.

7(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 believe that a PA's use of professional judgment should be sufficient and that the performance of a third party test need not be required.

7(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 with the examples of possible courses of future action.

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

The list of factors to consider in determining whether to disclose the matter to an appropriate authority focuses on the effects of the matter to the wider public. We suggest providing additional clarity as to the types of other matters that should be disclosed to authorities.

Question 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 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.

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

We believe that a PA in public practice providing professional services other than audits should document the matters listed.