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## **SAICA COMMUNICATION**

### **NOCLAR affects all SAICA members and associates in public practice and in business, and is effective as of 15 July 2017**

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In line with the changes to the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (IESBA Code), the SAICA Code of Professional Conduct (SAICA Code) was updated in December 2016 to include new, first of its kind, ethics requirements and guidance to assist members and associates in dealing with non-compliance with laws and regulations; referred to as the 'NOCLAR provisions'.

The new NOCLAR provisions affect ALL SAICA members and associates (generically referred to as professional accountants), whether you are in public practice providing (any) professional services to clients, or whether you are in business carrying out professional activities for an employing organisation.

Section 225 and section 360 of the SAICA Code set out the professional accountant's responsibilities (in public practice or in business, respectively) in responding to NOCLAR or suspected NOCLAR. **These sections are effective as of 15 July 2017.**

The NOCLAR provisions establish a comprehensive response framework that guides the professional accountant in terms of the factors to consider and the steps to be taken when he/she becomes aware of NOCLAR or suspected NOCLAR. The professional accountant's objective in the first instance is to alert management and, where applicable, those charged with governance (TCWG) about the matter to seek to enable them to take appropriate action to rectify, remediate or mitigate the consequences of the identified or suspected non-compliance, or deter the commission of the non-compliance where it has not yet occurred. It is important to note that it is, and remains, the responsibility of the client's or the employing organisation's management, with the oversight of TCWG, to ensure compliance with relevant laws and regulations.

The professional accountant is also required to determine, in the circumstances, whether further action is needed in the public interest. The SAICA Code is very clear that a professional accountant has to comply with the law and should not take any action that is contrary to the law. This would include considering whether specific legislation in the circumstances already impose a reporting obligation, whether there are any laws or regulations that may preclude the reporting of a matter and whether there will be protection for the professional accountant from criminal, civil or professional liability.

Further action could include the reporting of a matter to an appropriate authority under the appropriate circumstances, despite the absence of a legal obligation to do so, and without being limited by the ethical duty of confidentiality. Disclosing a matter to an appropriate authority would be the last and ultimate step in the process relating to serious identified or suspected NOCLAR, after consideration of a range of factors, including the appropriateness of the response of management and TCWG.

SAICA believes that the NOCLAR provisions is a significant development in positioning the chartered accountancy profession to play a positive role in the fight against non-compliance and the adverse activities that often stem from it, such as financial fraud, corruption, money laundering, etc. The accountancy profession globally prides itself on its commitment to strong ethics requirements and ethical behavior. The services provided by the profession engender trust and continues to be relevant and of value owing in a significant part to this commitment to ethical conduct. Sections 225 and 360 of the SAICA Code are expected to drive positive behaviour by SAICA members and associates, which in turn will impact on the behaviour of their clients and employing organisations, as applicable.

The proactive role of professional accountants in relation to NOCLAR can lead to an earlier response by management or TCWG, thereby mitigating any adverse consequences for stakeholders, or deterring potential NOCLAR for the greater benefit of business (and society). Furthermore, there could be timelier intervention from public authorities on reports of potential NOCLAR from professional accountants in appropriate circumstances, which is in the interest of affected stakeholders, as well as the general public.

SAICA has been informing members and associates of the amendments to the SAICA Code via its newsletters and social media, and the developments were also included in certain information sessions and seminars in 2015 and 2016. Most recently SAICA has hosted a series of NOCLAR seminars across the country.

SAICA wishes to ensure that all of its members and associates are familiar with and understand their responsibilities with respect to the NOCLAR provisions as contained in sections 225 and 360 of the SAICA Code. **All members and associates will be required to make a declaration to this effect as part of their annual CPD declaration.**

Information with respect to NOCLAR is available on the [SAICA website](#)

- If you missed the SAICA NOCLAR seminars which were presented in June 2017, you are still able to purchase the full webcast recording of the session that was presented in Johannesburg on 13 June 2017 (refer to the [NOCLAR webpage](#)).
- The NOCLAR seminar will also be repeated in September / October 2017; we plan to visit 10 venues across the country and will again host a live webcast session. Members and associates should look out for communications in this regard, in order to secure their bookings.
- SAICA will also provide some additional guidelines in the form of FAQs to clarify issues being highlighted by members and associates, which will be communicated in due course.

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