

GS 010
(March 2016)

Guidance Statement GS 010

Responding to Questions at an Annual General Meeting

Issued by the **Auditing and Assurance Standards Board**

Draft

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Guidance Statements are developed and issued by the AUASB to provide guidance to auditors and assurance practitioners on certain procedural, entity or industry specific matters related to the application of an AUASB Standard(s).

Guidance Statements are designed to provide assistance to auditors and assurance practitioners to assist them in fulfilling the objective(s) of the audit or other assurance engagement. Accordingly, Guidance Statements refer to, and are written in the context of specific AUASB Standard(s); and where relevant, legislation, regulation or other authoritative publication. Guidance Statements are not aimed at providing guidance covering all aspects of the audit or other assurance engagement. Further, Guidance Statements do not establish or extend the requirements under an existing AUASB Standard(s).

Guidance Statement *Responding to Questions at an Annual General Meeting* is not, and is not intended to be, a substitute for compliance with the relevant AUASB Standard(s) and auditors and assurance practitioners are required to comply with the relevant AUASB Standard(s) when conducting an audit or other assurance engagement.

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates Guidance Statement GS 010 *Responding to Questions at an Annual General Meeting* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*, for the purposes of providing guidance on auditing and assurance matters.

This Guidance Statement provides guidance to assist the auditor to fulfil the objectives of the audit or assurance engagement. It includes explanatory material on specific matters for the purposes of understanding and complying with AUASB Standards. The auditor exercises professional judgement when using this Guidance Statement.

This Guidance Statement does not prescribe or create new requirements.

Dated: <TypeHere>

M H Kelsall
Chairman - AUASB

Draft

GUIDANCE STATEMENT GS 010

Responding to Questions at an Annual General Meeting

Application

1. This Guidance Statement ([GS](#)) has been formulated by the Auditing and Assurance Standards Board (AUASB) to provide guidance to auditors on responding to questions at an Annual General Meeting (AGM) of a listed ~~public~~ company.
- ~~2.~~ [This GS may be helpful to auditors attending the AGM of other entities.](#)

Issuance Date

- ~~2-3.~~ This Guidance Statement is issued on 1 March 2016 by the AUASB and replaces GS 010 *Responding to Questions at an Annual General Meeting*, issued in March 2009. ~~It is operative for 1 March 2016.~~

Introduction

- ~~3-4.~~ The *Corporations Act 2001* (the Act) includes provisions ([section 250PA](#)) for members [of a listed company](#) to obtain information from the auditor relevant to their investment by submitting written questions before the AGM or by raising questions at the AGM ([section 250T](#)).
- ~~5.~~ [New Auditing Standard, ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report* was issued by the AUASB in December 2015 as part of wider enhancements to auditor reporting. The standard is operative for audits of financial reports for periods ending on or after 15 December 2016. Communicating key audit matters \(KAM\) under this standard applies to the audits of general purpose financial reports of listed entities; and circumstances when the auditor otherwise decides to communicate KAM in the auditor's report.](#)
- ~~6.~~ [KAM provide information to users of the financial report about the audit that was performed. Specifically, the auditor communicates *why* each matter was considered to be a KAM and *how* the auditor addressed each matter.](#)
- ~~7.~~ [As the auditor's report has been enhanced with additional information about the audit of listed companies is most likely to include KAM, it is reasonable to expect an increase in the volume of questions from company members, to be directed to the auditor under the provisions of the Act.](#)
- ~~4-8.~~ [The scope of This GS aims to assist auditors in responding to questions from dealing with the inevitable changes in communicating with members of a listed company at an annual general meeting, including in respect of the changes in auditor reporting referred to paragraphs 4 to 6.](#)

Scope of this Guidance Statement

~~5.~~ _____

Definition

- ~~6.~~ _____ For the purposes of this Guidance Statement the following item has the meaning attributed below:

~~“Those charged with governance” include those persons accountable for ensuring that the entity achieves its objectives with regard to reliability of~~

~~financial reporting, effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties. Those charged with governance include management only when it performs such functions. In the context of this Guidance Statement, those charged with governance include those persons accountable for the preparation for, and conduct of, an AGM. For some entities, in addition to the directors~~

Written Questions to the Auditor before the AGM

Selection of Key Legislative Requirements

~~7.9.~~ Section 250PA (1) of the Act states:

~~8.~~ -“(1) A member of a listed company who is entitled to cast a vote at the AGM may submit a written question to the auditor under this section if the question is relevant to:

- (a) the content of the auditor’s report to be considered at the AGM; or
- (b) the conduct of the audit of the annual financial report to be considered at the AGM.

~~9.~~ The member submits the question to the auditor under this subsection by giving the question to the listed company no later than the fifth business day before the day on which the AGM is held.”

- 10. In accordance with section 250PA(3) of the Act, the listed company must pass the question on to the auditor as soon as practicable after the question is received by the company, even if the company believes the question is not relevant to the matters specified in section 250PA(1)(a) and (b) of the Act.
- 11. In accordance with sections 250PA(4) and (5) of the Act, the auditor must prepare, and give to the listed company, a list of the questions that the listed company has passed on to the auditor which the auditor considers to be relevant to the matters specified in section 250PA(1)(a) and (b) of the Act. This must be done as soon as practicable after the end of the time for submitting questions under section 250PA(1) of the Act and a reasonable time before the AGM.
- 12. The listed company must, at or before the start of the AGM, make copies of the question list reasonably available to the members attending the AGM [section 250PA(9) of the Act].
- 13. In accordance with section 250T(1)(b) of the Act, ~~if the auditor or their representative is at the AGM,~~ the chair must allow a reasonable opportunity for the auditor or their representative¹ to answer written questions submitted to the auditor under section 250PA of the Act.
- 14. In accordance with sections 250T(3) and (4) of the Act, the auditor may be permitted to table a written answer to a written question submitted to the auditor under section 250PA and the listed company must make that written answer reasonably available to members as soon as practicable after the AGM.

Questions to the Auditor at the AGM

The Chair’s Responsibilities

- 15. In addition to submitting written questions to the auditor prior to the AGM², members are able to direct questions to the auditor at the AGM. Section 250T(1)(a) of the Act states:

¹ See section 250RA of the Act relating to the requirement for a listed company’s auditor , or their representative, to attend the company’s AGM at which the auditor’s report is considered.

~~(a)~~ ~~“(1)~~ If the company’s auditor or their representative is at the meeting³, the chair of an AGM must allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor or the auditor’s representative questions relevant to:

- (i) the conduct of the audit; and
- (ii) the preparation and content of the auditor’s report; and
- (iii) the accounting policies adopted by the company in relation to the preparation of the financial statements; and
- (iv) the independence of the auditor in relation to the conduct of the audit ~~;- and”~~

Answering Written Questions

Under section 250T(1)(b), the chair of an AGM must allow a reasonable opportunity for the auditor, or their representative, to answer written questions submitted to the auditor under section 250PA.”

Auditor’s Responsibilities in Responding to Questions

16. In contrast to the responsibilities of those charged with governance for all aspects of the business, the auditor has specific responsibilities which are established by the Act⁴, ~~but which may be extended when agreed with the entity as part of the terms of the engagement.~~ Members may not be generally familiar with the scope of an audit. Therefore, without due consideration of the role of the auditor, there is the risk that questions from members may be directed to the auditor on matters that should be addressed by those charged with governance.
17. The auditor does not respond to questions dealing with issues beyond the scope of the audit mandate and/or questions relating to matters that are the responsibility of those charged with governance or management. Therefore it is important that the auditor, together with the chair of the AGM and others charged with governance, adequately prepare for participation at an AGM. If auditors are asked to respond to inappropriate questions or if responses are not understood in an appropriate context, there is the risk that any information provided could be misleading.

AGM Planning

18. Adequate planning and preparation for the AGM enable authoritative responses to be provided to questions raised. The auditor prepares for questions that may be received whether in writing before the AGM or verbally at the AGM. ~~The auditor’s planning would pay particular attention~~In planning for the AGM, the auditor may pay particular attention to matters that have been communicated as KAM in the auditor’s report.
- ~~18-19.~~ Appendix 1 provides examples of the types of general questions that may be asked by members at an AGM.
20. The Chair should be familiar with the responsibility and authority of both those charged with governance and the auditor, and with matters arising from the financial report and the auditor’s report, ~~to ensure such~~ that inappropriate questions do not delay proceedings. A question is inappropriate if the person to whom it has been directed is not able to respond with an appropriate level of authority or knowledge.

² See paragraphs 85-130 of this guidance statement.

³ See section 250RA of the Act relating to the requirement for a listed company’s auditor or their representative, to attend the company’s AGM at which the audit report is considered.

⁴ See Part 2M.3 Division 3 of the Act.

- ~~19-21.~~ The Chair should be prepared for questions relating to the expanded description in the auditor's report of the responsibilities of those charged with governance (TCWG). The expanded description of responsibilities is intended to be informative but does not signify any change in the responsibilities of TCWG.
- ~~20-22.~~ Auditors assist the AGM planning process by meeting with the chair, company secretary and directors in an AGM planning meeting, and/or by having discussions with directors, management, and/or audit committee members, to ascertain whether there are particular issues, ~~in addition to those communicated by the auditor as KAM,~~ which are likely to be of interest.
- ~~21-23.~~ The auditor ascertains/agrees the protocol for questions at the AGM from the chair of the AGM prior to the meeting. Usually, the chair will communicate to the meeting the protocol for presenting questions and, as a rule, questions are to be addressed to the chair who can direct them to the appropriate respondent.
- ~~22-24.~~ Questions directed to the auditor may not be within the scope of the audit or the auditor's responsibilities as set out in the Corporations Act 2001 and the Australian Auditing Standards. The auditor refers such questions to the chair of the AGM. If the question is about an area where the responsibility is divided between the auditor and those charged with governance, the auditor endeavours to respond and invites the chair to consider the question as well. For example, a question on accounting policies might be put to the auditor. The auditor can state that the policy complies with Australian Accounting Standards. The chair and/or others charged with governance may explain the choice of that policy within the allowable choices available under Australian Accounting Standards. Where the auditor plans to ask those charged with governance to respond to a written question directed to the auditor, the auditor informs the chair of the intention. This enables those charged with governance to provide an appropriate response at the AGM.
- ~~23-25.~~ Written questions are to be encouraged to ensure that an informed, authoritative response can be provided by the relevant party. If written questions are received before the AGM, the company will pass these questions to the auditor. Prior to the meeting, the auditor ensures considers written questions and prepares to that responds at the AGM to such questions are prepared prior to the meeting. Where written questions have been received, the auditor considers whether a written response to the meeting is appropriate. Written responses may be appropriate when, for example, the auditor wishes to clarify circumstances or technical interpretations, which are considered necessary in the context of the auditor's answer.
26. Prior notification of issues enables the auditor to seek professional consultation and/or legal advice if appropriate. However, some members may prefer to reserve questions for the meeting. Adequate planning is imperative to identify areas of potential interest ~~to ensure so~~ that questions directed to the auditor at the AGM can be properly addressed.
27. In preparation for the AGM, the auditor adheres to principles founded on:
- Requirements under relevant legislation, technical standards and professional and ethical standards.
 - The exercise of professional judgement.
 - A thorough understanding of the responsibilities of TCWG versus those of the auditor.
 - Detailed knowledge of the audit that was conducted and appropriate knowledge of prior audits.
 - Not providing conclusions or separate opinions.
 - Clear and precise communications.

- Appropriate liaison with the Chair of the AGM.

28. In preparation for the AGM, The auditor pays particular attention to matters communicated as KAM and the questions members are likely to raise.

For example, when referring to a specific KAM, a member may ask⁵ the auditor:

- (a) what other audit procedures were undertaken; and/or
- (b) what conclusion did the auditor reach?

In answering these questions, the auditor exercises professional judgement and, in the case of prior written notification, considers consultation within the firm or externally (such as legal advice) if necessary, in considering the extent of detail about other procedures that is appropriate to disclose in the circumstances.

On the other hand, The auditor declines to provide specific conclusions on individual matters but prepares to inform members about the auditor's responsibility to opine on the financial report *as a whole*. The auditor may choose to explain the restrictions under ASA 701 (A47) whereby KAM "does not contain or imply discrete opinions on separate elements of the financial report".

The auditor may also consider providing information, related to the member's question, such as: errors were detected but were not material; or that the company's accounting was in accordance with Accounting Standards; or that the matter(s) was accounted for in consistency with industry norms.

29. Such Preparation by the auditor may include informing the chair of the AGM about the auditor's intended approach, including:

- (a) Emphasising to members that communicated KAM are:
 - (i) Those matters that , in the auditors professional judgement, were of most significance in the audit;
 - (ii) Not the only matters communicated to those charged with governance;
 - (iii) Comprised of selected information and do not represent the only considerations and work performed by the auditor;
 - (iv) Intended, due to the nature and extent of information provided by the auditor, intended to be balanced in the context of the responsibilities of the respective parties. (i.e., for The auditor to provides useful information in a concise and understandable form, while not inappropriately being the provider of original information about the entity); and
 - (v) Where appropriate, consistent with relevant "continuous disclosures" made by the company, and provide specific reference to such disclosure if considered to be appropriate by the auditor.

24.(b) Clarifying that the matters addressed were in the context of the auditor's responsibilities to form an opinion on the financial report "as a whole". This is especially important as members are likely to may seek information on "piecemeal" relating to conclusions on separate elements of the financial report or on KAM.

⁵ See Appendix 1 for other example questions that members may ask.

Context

~~25-30.~~ In response to any question at the AGM, the auditor first conveys to the meeting the context within which the auditor's response is provided by explaining key aspects of an audit which include:

- (a) The auditor conducts an audit in accordance with Australian Auditing Standards, as required by the Act.
- (b) The auditor is not responsible for the preparation and fair presentation of the financial report. This is the responsibility of those charged with governance. If the auditor has chosen to reference the "auditor's responsibilities" section in the auditor's report to the AUASB website, the auditor explains this to the meeting and emphasises the importance of reading the auditor's report in the context of the auditor's responsibilities as described on the AUASB website. The auditor may point out the link included in the auditor's report.
Similarly, the auditor may point out that the auditor's responsibilities are set out in an appendix to the auditor's report, if this is the case.
- ~~(b)(c)~~ The auditor provides reasonable, not absolute, assurance that the financial report taken as a whole is free from material misstatement.
- ~~(e)(d)~~ The objective of an audit of a financial report is to enable the auditor to express an opinion as to whether the financial report is prepared, in all material respects, in accordance with the applicable financial reporting framework, ~~such as~~ the Act and Australian Accounting Standards.
- ~~(d)(e)~~ The audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial report.
- ~~(e)(f)~~ The auditor determines the procedures required to conduct an audit in accordance with Australian Auditing Standards, having regard to the requirements of these Standards, as well as the Act, other legislation and, when appropriate, the terms of the audit engagement.
- ~~(f)(g)~~ The auditor exercises professional judgement in selecting audit procedures to be performed. Audit procedures include the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making such risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- ~~(g)(h)~~ The audit involves a systematic examination for which audit-based skills, which include skills such as analysis of financial information, knowledge of internal control structures, risk assessment, sample selection, knowledge of accounting standards and other aspects of reporting, are required.
- (i) The format of the auditor's report has changed in line with the IAASB and AUASB enhancements to improve the communicative value of the auditor's report. The auditor determines the extent of information about the new format of the auditor's report that is appropriate in the circumstances.
- (j) The auditor's report does not provide assurance in relation to individual elements of the financial report, or other aspects of operations such as the adequacy of the entity's systems of internal control or the selection of accounting policies. This point is particularly important in respect of KAM.

(h)(k) The purpose of communicating KAM in the auditor's report is to enhance the communicative value of the auditor's report by providing greater transparency about the audit that was performed. Communicating this information to intended users is to assist them in understanding those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial report of the current period. Communicating key audit matters may also assist intended users in understanding the entity and areas of significant management judgement in the audited financial report.

Responses to Questions

26-31. The auditor responds to questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the company in relation to the preparation of the financial report and the independence of the auditor. The auditor is not able to provide an authoritative response to questions dealing with issues that go beyond the scope of the audit mandate and/or questions which should have been addressed to those charged with governance, and therefore such questions are declined by the auditor. Paragraphs [2331–3848](#) below discuss a number of factors which the auditor takes into account when considering questions.

Auditor Independence

27-32. The auditor responds to questions about auditor independence with reference to the Act⁶, Australian Auditing Standards and relevant ethical requirements⁷. Where an individual auditor or an audit firm or an audit company has prepared a written auditor independence declaration in accordance with section 307C of the Act, the auditor may choose to refer to the declaration in responding to questions at the AGM.

Audit Approach and Audit Plan

28-33. Auditing Standard ASA 200 *Objective and General Principles Governing an Audit of a Financial Report* requires the auditor to plan and perform an audit by exercising professional judgement and with an attitude of professional scepticism recognising that circumstances may exist that cause the financial report to be materially misstated.

29-34. In accordance with ASA 300 *Planning an Audit of a Financial Report*, the auditor exercises professional judgement to assess audit risk and to design audit procedures to ~~ensure~~ ~~reduce~~ audit risk ~~is reduced~~ to an acceptable level. The auditor's assessment of risk requires as prerequisites both a "knowledge of the business" (economy, industry, entity operations, management, legislation and regulation) and an assessment of materiality. When members raise questions relating to the audit approach or audit plan it is possible that they will not have an understanding of these prerequisites, nor of their significance to the audit process. Similarly members' perceptions of risk may vary considerably. Therefore the auditor informs the meeting about the auditor's approach to risk with reference to ASA 315 *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* and ASA 330 *The Auditor's Procedures in Response to Assessed Risks*.

30-35. It is possible that members may not be familiar with the relevant statutory requirements governing an audit of a financial report. Responses to questions at an AGM provide an opportunity to inform members of the requirements mandated by Australian Auditing Standards, relevant requirements of the Act and the professional and ethical standards⁸⁶ governing auditors. It provides further opportunity to explain that adherence to Australian Auditing Standards and professional ethics promote quality in the audit process and commitment to due care.

⁶ See Part 2M.4 Division 3 of the Act relating to the requirements for auditor independence.

⁷ See APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board.

⁸ See [APES 110](#).

Audit Procedures

- ~~31-36.~~ Questions which relate to specific audit procedures ~~and/or in relation to specific parts of the financial report~~ are addressed by reference to the fact that the auditor's report relates to the financial report taken as a whole. ~~In this context, it is not appropriate for the auditor to address individual audit procedures or financial report components.~~ The auditor indicates that the nature of audit procedures result in many types of audit evidence being obtained and drawn upon to provide sufficient appropriate audit evidence with which to form an opinion on a financial report. ~~Further, discussion of particular procedures in isolation could be misleading when discussing KAM.~~
- ~~32-37.~~ Auditors may find it useful to refer also to *ASA 100 Preamble to AUASB Standards* and *ASA 101 Preamble to Australian Auditing Standards*, which sets out how the AUASB Standards are to be understood, interpreted and applied, to explain ~~to members~~ that Australian Auditing Standards contain mandatory requirements relating to the planning, conduct and reporting of an audit. Each Auditing Standard describes the procedures to be performed for various aspects of the audit, and is relevant only as an integral component of the whole audit process.

Accounting Policies

- ~~38.~~ Members may request the auditor to comment on accounting policies adopted by the entity. Selection of accounting policies is the responsibility of those charged with governance, therefore the auditor responds to the question by stating that the policies comply, or do not comply, with Australian Accounting Standards ~~and that alternative accounting policies were considered~~. Those charged with governance may wish to comment on the appropriateness of the choice of accounting policies within those choices permitted by Australian Accounting Standards.
- ~~33-39.~~ ~~Where reference to accounting policies is included in a KAM, the auditor, exercising professional judgement, limits responses to member questions, to the audit procedures performed. It is unlikely that the company's choice of accounting policies is the sole reason for significant auditor attention resulting in~~

Internal Control

- ~~34-40.~~ The auditor's ~~ensures that~~ responses ~~given~~ in respect of questions on internal control are provided within the context of the financial report audit. An audit of a financial report conducted in accordance with Australian Auditing Standards is not designed to, and therefore does not, provide sufficient appropriate evidence on which to base an opinion on the adequacy of the internal control structure. Evidence on which to base an opinion on internal control would require the application of audit procedures beyond the scope of an audit of a financial report.
- ~~41.~~ In particular, the auditor communicates clearly that assurance is not provided on internal control, but rather that control procedures are examined only to the extent that reliance thereon might ~~enable modification to the nature, timing or extent of~~ ~~reduction in~~ other audit work. An auditor engaged to report on the financial report has no responsibility under Australian Auditing Standards to understand and evaluate the internal control structure beyond that level sufficient to plan and develop an effective audit approach unless there is a specific statutory, regulatory or additional contractual requirement to the contrary. Questions regarding internal control should be addressed to those charged with governance who are responsible for ensuring that an adequate internal control structure exists. (See also paragraph ~~29~~(g) above.)
- ~~35-42.~~ ~~Where reference to internal control is included in a KAM, the auditor, exercising professional judgement, limits responses to members' questions, to the reason why internal control was considered to be a higher level of risk most significant in the audit and the audit procedures performed or that internal control procedures were performed as part of the response in addressing a KAM.~~

The Auditor's Report

Report on the Financial Report

36-43. The auditor responds to questions about the auditor's report by referring to the auditor's report included with the financial report. Where necessary, the auditor explains the meaning of the terms used in the auditor's report.

37-44. The auditor provides assurance on the financial report taken as a whole. Hence individual ~~financial statement~~ items in the financial report are audited within the framework of materiality appropriate to the financial report as a whole, ~~rather as opposed to~~ than a collection of materiality levels ~~appropriate established by reference to a specific individual financial statement items in the financial report~~. Since audit procedures are not directed towards providing assurance on specific items, the auditor explains why providing such information might be misleading, and ordinarily explains, in general terms, the requirements of Australian Auditing Standards, including the requirement to consider both qualitative and quantitative factors when establishing materiality levels. ~~The auditor may conclude by referring the question to the chair. The auditor exercises professional judgement in deciding whether or not to disclose the level of materiality adopted in the audit.~~

38-45. Members may be interested in errors detected by the auditor and/or disagreements with management. The auditor explains the significance of an unmodified report to indicate that any uncorrected errors are immaterial or any disagreements have been resolved satisfactorily and that such items are considered in the context of materiality appropriate to the financial report as a whole. Ordinarily, the auditor refers questions about "uncorrected errors" to the Chair of the meeting.

Report on Other Legal and Regulatory Requirements

39-46. In some cases, the auditor may have additional responsibilities to report on other matters that are supplementary to the auditor's responsibility to express an opinion on the financial report.

40-47. For example, the auditor may be asked to report certain matters if they come to the auditor's attention during the course of the audit of the financial report. Alternatively, the auditor may be asked to perform and report on additional specified procedures, or to express an opinion on specific matters. When the audit is conducted pursuant to the Act, section 308(3)(b) also requires the auditor to report on any deficiency, failure or shortcoming in respect of certain matters relating to the completeness of information, explanation and assistance given to the auditor and the maintenance of financial and other records by the entity⁹. These items are referred to in the auditor's report if there is cause for concern; alternatively, silence in the auditor's report indicates satisfaction.

41-48. When the auditor addresses other reporting responsibilities within the auditor's report ~~on the financial report~~, these other reporting responsibilities are included in a separate section of the auditor's report that clearly indicates the reporting does not relate to ~~follows~~ the opinion on the financial report.

42-49. The auditor exercises professional judgement in responding ings to questions relating to these other matters by reference to the auditor's report.

Modification to the ~~Independent~~ Auditor's Opinion Report

43-50. If the auditor has issued an ~~an modified~~ auditor's report with a modified opinion, the auditor may expect to be asked questions about issues leading to that modification. The auditor addresses any such questions by reference to the auditor's report, particularly the "Basis for ... Opinion" section. Auditors are reminded that ASA 705+ *Modifications to the Opinion in the*

⁹ See sections 307(b), (c) and (d) of the Act.

[Independent Auditor's Report](#) requires that the auditor's report includes all relevant information to explain matters that result in a modified auditor's ~~report~~ [opinion](#).

44.51. In certain circumstances the auditor may seek legal advice or professional consultation in preparing responses to issues raised in respect of a modified auditor's ~~report~~ [opinion](#). If further information regarding such issues is required, it may be more appropriate for the auditor to request that those charged with governance provide the response.

Audit Files

45.52. While responses given by the auditor will be supported by sufficient appropriate audit evidence, audit files are not taken into the AGM. The level of detail relating to specific issues, as contained in audit files, is not appropriate in responses to questions at AGMs.

Auditor's Representative at the AGM

46.53. On those occasions when the auditor is not able to attend an AGM and questions for the auditor have been notified, the auditor arranges for a representative to attend the meeting on the auditor's behalf. In this situation, the auditor ensures that the representative has sufficient knowledge of the engagement and is provided with sufficient information to provide an adequate response to the matters raised.

Inability to Provide a Response to a Question

47.54. A question may arise at the AGM in relation to the audit to which the auditor is not able to provide an immediate response. For example, the auditor may wish to seek legal advice prior to providing the response. In these circumstances, the auditor, in conjunction with the entity's management, makes alternative arrangements, as appropriate, to communicate the information to the members. This may include posting the response on the entity's website.

Conformity with International Pronouncements

~~There is no equivalent International Standard on Auditing or International Auditing Practice Statement to this Guidance Statement.~~

HP

Appendix 1

(Ref: Para. 189)

EXAMPLES OF THE TYPES OF GENERAL QUESTIONS THAT MAY BE ASKED BY MEMBERS AT AN AGM

The following questions are listed as illustrations of the type of general questions members may ask auditors who attend the entity's annual general meeting (AGM). The list does not represent questions that members will necessarily ask, nor is the list exhaustive. The questions below are provided as a guide only to assist auditors in their considerations and planning for the AGM.

The questions listed below are of a general nature only and auditors will need to consider the likelihood of questions that relate specifically to the entity.

In answering questions at an AGM, the auditor declines to provide an answer on specific conclusions the auditor may have reached but prepares to inform members about the auditor's responsibility to opine on the financial report *as a whole*. The auditor may choose to explain the restrictions under ASA 701 (A47) whereby KAM "does not contain or imply discrete opinions on separate elements of the financial report". [Ref: Para. 27]

NOTE: As discussed in paragraph 23, the auditor does not respond to questions dealing with issues beyond the scope of the audit mandate and/or questions relating to matters that are the responsibility of those charged with governance.

General

- Why does the report look different/longer from last year?
- Why does the report from your firm look different to the report from XX firm?
- Why don't all reports from your firm look the same?

Identification

- Why isn't X a KAM?
- Why isn't X (business risk) a KAM?
- What other matters were communicated with TCWG but were not reported as KAM?
- Why is an EOM on Going concern not also a KAM (or vice versa)?

Audit work

- Is this all you did?
- Sounds like crystal ball gazing, how can you be sure it's right?

Results/implications

- What did you find? Were they prudent/aggressive?
- Should we be worried?
- Why don't you include results?
- Why do some reports/firms include findings and you don't?

- [It sounds like you don't trust the directors is this the case?](#)
- [What do you think of their controls?](#)

Other

- [Why aren't you reporting on materiality?](#)
- [What work did you do on internal controls?](#)
- [What is your conclusion on internal controls?](#)

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