

8. Responding to Non-compliance with Laws and Regulations

We will continue with the sub-topic: **b) Audit of Financial Statements**

In this KLiP, we will cover:

vi. Documentation:

In relation to non-compliance or suspected non-compliance, the professional accountant shall document:

- a. How management and/or TCWG have responded to the matter.
- b. The course of action the accountant considered, the judgements made and the decisions that were taken, having regard to the reasonable and informed third party test.
- c. How the accountant is satisfied that they have fulfilled the responsibility.

In addition to the above documentation, the professional accountant shall comply with the following **documentation requirements under applicable auditing standards**, which requires the professional accountant performing an audit of financial statements to:

- Prepare documentation that is sufficient to enable an understanding of significant matters arising during the audit, the conclusions reached, and significant professional judgments made in reaching those conclusions;
- Document the discussions of significant matters with management, those charged with governance, and others, including the nature of the significant matters discussed, and when and with whom the discussions took place; and
- Document identified or suspected non-compliance, and the results of the discussion with management and/or those charged with governance and other parties outside the entity.

With this, we come to the end of the sub-topic relating to audit of financial statements.

-END-