

Applicable to financial reporting periods commencing on or after 1 January 2010

GS 006
(March 2010)

Guidance Statement GS 006 *Electronic Publication of the Auditor's Report*

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



Australian Government

Auditing and Assurance Standards Board

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This Guidance Statement is available on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates Guidance Statement GS 006 *Electronic Publication of the Auditor's Report* 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 details on specific matters for the purposes of understanding and complying with AUASB Standards. The auditor exercises professional judgement when using this Guidance Statement.

The Guidance Statement does not prescribe or create new Requirements.

Dated: 12 March 2010

M H Kelsall
Chairman - AUASB

GUIDANCE STATEMENT GS 006

Electronic Publication of the Auditor's Report

Application

- 1 This Guidance Statement has been formulated by the Auditing and Assurance Standards Board (AUASB) to provide guidance to auditors on matters relating to the electronic publication of the auditor's report.
- 2 This Guidance Statement should be used when an auditor conducts an audit under the Australian Auditing Standards applicable to financial reporting periods commencing on or after 1 January 2010.

Issuance Date

- 3 This Guidance Statement is issued on 1 March 2010.

Introduction

- 4 Various types of financial and non-financial information can be distributed electronically or published on websites, including:
 - (a) information that has been audited (for example the annual financial report);
 - (b) information which the auditor has reviewed (for example an interim financial report);
 - (c) the auditor's report(s);
 - (d) information with which the auditor has had no direct involvement, such as financial highlights in an entity's annual report or other information the auditor may never have seen, such as presentations for analysts; and
 - (e) a considerable amount of non-financial information.
- 5 Under the *Corporations Act 2001* (the Act) companies, registered schemes and disclosing entities may choose to meet their statutory reporting obligations to members by distributing annual financial reports, including the concise report, electronically. Alternatively,

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the Act provides for entities wishing to publish their financial reports, including the concise report, on their website. See section 314 (1AA) of the Act for details and requirements.

Definitions

- 6 For the purposes of this Guidance Statement, the term electronic publication includes the electronic distribution of documents.¹
- 7 For purposes of this Guidance Statement, the term management should be read hereafter as management, or where appropriate, those charged with governance.

The Auditor's Considerations when the Auditor's Report is Electronically Published

- 8 The requirements of the Australian Auditing Standards do not differ according to whether the audited financial report and the auditor's report are distributed to members in hard copy format or electronic copy format. However, in the latter case, the auditor considers performing additional procedures in response to the nature of electronic publication. For example:
- where applicable, determining that the requirements of the Act have been adhered to when the financial report is distributed electronically; and
 - evaluating whether unaudited supplementary information is clearly differentiated from the audited financial report when such documentation is presented on a web site.

The following paragraphs provide application guidance on relevant requirements of the Auditing Standards.

Terms of Engagement

- 9 Under ASA 210 *Agreeing the Terms of Audit Engagements*, the auditor is required to obtain the agreement of management, and where appropriate, those charged with governance, that it acknowledges and understands its responsibility for the preparation of the financial report. This responsibility includes the distribution

¹ The term electronic publication includes all formats of electronic publication, for example 'pdf' documents or documents published in the format used under Australia's Standard Business Reporting regime (refer www.sbr.gov.au).

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and publication, regardless of method, of the audited financial report and the auditor's report,.

- 10 In order to clarify responsibilities, the auditor may include in the engagement letter details regarding responsibilities and internal control in relation to the electronic distribution and publication of the audited financial reports and the auditor's report. The engagement letter may include, for example, acknowledgements that:
- (a) the electronic presentation of the audited financial report and auditor's report is the responsibility of those charged with governance;
 - (b) security and controls over information on the entity's website are the responsibility of the entity; and
 - (c) the examination of controls over the electronic presentation of audited financial information on the entity's website is beyond the scope of the audit of the financial report.

Appendix 1 contains an example of an additional paragraph that may be included in an engagement letter.

Communications

- 11 *ASA 260 Communications with Those Charged with Governance*, provides an overarching framework for the auditor's effective two-way communication with those charged with governance; and identifies some specific matters to be communicated with them.
- 12 The auditor discusses with those charged with governance how the audited financial report and the auditor's report will be published or distributed in electronic form. Particular attention must be paid to compliance with the Act (where applicable) and minimising the risk that the auditor's report is inappropriately associated with other information.

Representations

- 13 Under *ASA 580 Written Representations*, the auditor is required to obtain written representations from management that it has fulfilled its responsibility for the preparation of the financial report. This responsibility covers distribution and publication of the audited

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financial report and the auditor's report regardless of whether it is in hard copy or electronic copy form.

- 14 When financial reporting is under the Act, management is required to comply with the reporting requirements of the Act. See, for example, section 314 (1AA) which relates to the electronic distribution and publication of financial reports.
- 15 Accordingly and in the case of electronic publication of the audited financial report and the auditor's report, the auditor obtains written representations that management acknowledges its responsibility for the electronic presentation of the audited financial report and the auditor's report.
- 16 Under ASA 580, paragraph 13, the auditor may determine that written representations are necessary to support other audit evidence relevant to the financial report. Accordingly, the auditor may request written representations that:
- (a) the electronic version of the audited financial report and auditor's report published on the website are identical to the final signed version of the audited financial report and auditor's report;
 - (b) management has in place a process to clearly differentiate between audited and unaudited information on the entity's website and understands the risk of potential misrepresentation;
 - (c) management has assessed the controls over audited financial information and the auditor's report and is satisfied that procedures in place are adequate to ensure the integrity of the information provided;
 - (d) where the auditor's report on the full financial report is provided on the website, the financial report is also provided in full; and
 - (e) where applicable, management has complied with the requirements of the Act with respect to the electronic presentation of the audited financial reports.

Appendix 2 contains an example of an additional paragraph that may be included in a written representation letter.

Auditor's Report

- 17 The auditor is not required to provide a separate auditor's report for the electronic presentation of an audited financial report on an entity's website.
- 18 The auditor may consider including an "Other Matter Paragraph" in the auditor's report which advises readers that the report refers only to the statements named in the auditor's report and does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial report. See ASA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*.
- Appendix 3 contains an example of an "Other Matter Paragraph" that may be included in an auditor's report.
- 19 If the auditor's report is used without the auditor's consent, and the auditor has concerns about the electronic presentation of the audited financial report or the auditor's report and appropriate action is not taken by management, the auditor seeks legal advice as necessary. The auditor also considers whether it would be appropriate to resign, where possible under applicable law or regulation.

Other Information

- 20 The Auditing Standards require particular attention when the audited financial report and auditor's report are published with other information - which is common practice on internet websites.
- 21 Under ASA 700 *Forming an Opinion and Reporting on a Financial Report*, when unaudited supplementary information that is not required by the applicable financial reporting framework is presented with the audited financial report, the auditor is required to evaluate whether such supplementary information is clearly differentiated from the audited financial report
- (a) If such supplementary information is not clearly differentiated from the audited financial report, the auditor asks management to change how the unaudited supplementary information is presented.
 - (b) If management refuses to do so, the auditor explains in the auditor's report that such supplementary information has

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not been audited. Such explanation is contained in an “Other Matter Paragraph” under ASA 706.

- (c) Techniques that may be used to differentiate material within a website include:
- Icons or watermarks.
 - Colour borders.
 - Labels/banners such as “annual report” or “audited financial statements”.
- 22 The appropriate mode of differentiation between audited and unaudited information will be dependent on the electronic format selected, and the nature of other information published on the website.
- 23 The auditor remains alert to unaudited supplementary information that is not required by the applicable financial reporting framework, but is nevertheless an integral part of the financial report because it cannot be clearly differentiated from the audited financial report due to its nature and how it is presented. Such information is covered by the auditor’s opinion. See ASA 700, paragraph 47.
- 24 Under ASA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing an Audited Financial Report*, the auditor establishes that the auditor’s report is not inappropriately associated with other information. The auditor’s objective is to respond appropriately when documents containing an audited financial report and the auditor’s report thereon include other information that could undermine the credibility of that financial report and the auditor’s report.
- 25 An important requirement of ASA 720 is for the auditor to make arrangements with management to obtain the other information prior to the date of the auditor’s report.
- 26 Where a material inconsistency is identified in the other information and management refuse to revise that information, the auditor is required to include in the auditor’s report an “Other Matter Paragraph” describing the material inconsistency in accordance with ASA 706. See ASA 720, paragraph 10(a).

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Conformity with International Pronouncements

- 27 There is no equivalent International Auditing Practice Statement (IAPS) to this Guidance Statement.

Appendix 1

(Ref: Para. 10)

EXAMPLE OF AN ADDITIONAL PARAGRAPH THAT MAY BE INCLUDED IN AN ENGAGEMENT LETTER WHEN THE AUDITED FINANCIAL REPORT IS ELECTRONICALLY PUBLISHED ON AN ENTITY'S WEBSITE

Electronic Publication of Audited Financial Report

It is our understanding that the [type of entity] intends to electronically present the audited financial report and auditor's report on its internet website. Responsibility for the electronic presentation of the financial report on the [type of entity's] website is that of management [or appropriate term] of the [type of entity]. The security and controls over information on the website should be addressed by the [type of entity] to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial report(s) on the [type of entity's] website is beyond the scope of the audit of the financial report. .

Appendix 2

(Ref: Para. 16)

EXAMPLE OF AN ADDITIONAL PARAGRAPH THAT MAY BE INCLUDED IN A MANAGEMENT REPRESENTATION LETTER WHEN THE AUDITED FINANCIAL REPORT IS ELECTRONICALLY PUBLISHED ON AN ENTITY'S WEBSITE

Publication on a Website

With respect to publication of the audited financial report on our website, we acknowledge that:

- (a) we are responsible for the electronic presentation of the audited financial report;
- (b) we will ensure that the electronic version of the audited financial report and the auditor's report on the website will be identical to the final signed hard copy version;
- (c) we will clearly differentiate between audited and unaudited information in the construction of the entity's website as we understand the risk of potential misrepresentation;
- (d) we have assessed the controls over the security and integrity of the data on the website and that adequate procedures are in place to ensure the integrity of the information published;
- (e) we will not present the auditor's report on the full financial report with extracts only of the full financial report; and
- (f) where applicable, we have complied with the requirements of the *Corporations Act 2001* with respect to the electronic presentation of the audited financial reports.

Appendix 3

(Ref: Para. 18)

EXAMPLE OF AN OTHER MATTER PARAGRAPH THAT MAY BE INCLUDED IN AN AUDITOR'S REPORT WHEN THE AUDITED FINANCIAL REPORT IS ELECTRONICALLY PUBLISHED ON AN ENTITY'S WEBSITE

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of [name of entity] for the year ended 30 June 20X1 included on [name of entity's] website. The [type of entity's] directors [or appropriate term] are responsible for the integrity of [name of entity's] website. We have not been engaged to report on the integrity of the [name of entity's] website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.