

GS 006
(December 2007)

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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ISSN 1833-7600

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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*, as set out in paragraphs 1 to 15 and Appendices 1 to 3, pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*, for the purposes of providing guidance on procedural 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 and suggested procedures 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 mandatory requirements.

Dated 19 December 2007

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.

Issuance Date

- 2 This Guidance Statement is issued on 17 December 2007 by the AUASB and replaces AGS 1050 *Audit Issues Relating to the Electronic Presentation of Financial Reports* issued in July 2002.

Introduction

- 3 Various types of financial information can be found on web sites including information that has been audited (for example the annual financial report), information which the auditor may have reviewed (for example interim financial report) and information with which the auditor has had no direct involvement, such as financial highlights from an entity's annual report or other information the auditor may never have seen, such as presentations for analysts. In addition, web sites typically contain a considerable amount of non-financial information.
- 4 The *Corporations Act 2001* as amended by the *Corporations Legislation Amendment (Simpler Regulatory System) Act 2007*¹ enables companies, registered schemes and disclosing entities to meet, subject to certain conditions, their statutory reporting obligations to shareholders by distributing annual financial

¹ Section 314 (1) (1AB) states:

"For the purposes of paragraph (1AA)(a), a company, registered scheme or disclosing entity must, on at least one occasion, directly notify in writing each member that:

- (a) the member may elect to receive, free of charge, a copy of the reports for each financial year, or a copy of the concise report for each financial year; and
- (b) if the member does not so elect—the member may access the reports, or the concise report, on a specified web site; and
- (c) if the member does so elect and the company, scheme or entity offers to send the report either as a hard copy or an electronic copy—the member may elect to receive the copy as either a hard copy or an electronic copy."

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statements and certain other reports² electronically. Alternatively, disclosing entities may post their financial report on their web site and accordingly advise shareholders of the electronic availability of the financial report.

The Auditor's Consideration of Electronic Publication of the Auditor's Report

- 5 The electronic publication of the audited financial report and the auditor's report on a website raise issues that affect the auditor's professional responsibilities under Australian Auditing Standards. The following paragraphs include guidance on how the auditor addresses these issues.
- 6 Auditing Standard ASA 700 *The Auditor's Report on General Purpose Financial Report*, requires the auditor to:
- issue a report containing an expression of an auditor's opinion on the financial report; and
 - be satisfied that any supplementary information presented together with the financial report that is not covered by the auditor's opinion is clearly differentiated from the audited financial report.

Thereafter, management and those charged with governance are responsible to ensure that the portable document format (PDF) version of audited financial report is duly posted on the entity's website.

- 7 The auditor establishes that the auditor's report on the financial report is not inappropriately associated with other information. Under Auditing Standard ASA 720 *Other Information in Documents Containing Audited Financial Reports*³, the auditor is required to be satisfied that audited information is distinguished from other information in a manner appropriate to the electronic format used by the entity. Techniques that may be used to differentiate material within a web site include:
- Icons or watermarks.
 - Colour borders.

² Other reports include Concise Financial Reports.

³ ASA 720 establishes mandatory requirements and provides explanatory guidance on the auditor's consideration of other information, on which the auditor has no obligation to report, in documents containing audited financial reports.

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- Labels/banners such as 'annual report' or 'audited financial statements'

The appropriate mode of differentiation between audited and unaudited information will be dependent on the electronic format selected, and the nature and extent of other information presented on the web site.

Engagement Letter

- 8 At the time of engagement and during the course of the audit, the auditor discusses with management or, where appropriate, the audit committee⁴ how the financial report and auditor's report will be presented on the entity's web site with a view to minimising the possibility that the auditor's report is inappropriately associated with other information.
- 9 In an engagement letter⁵, issued in accordance with Auditing Standard ASA 210 *Terms of Audit Engagements*, the auditor may clarify the entity's responsibilities for control issues relevant to electronic information by including clear statements that:
- (a) the electronic presentation of the audited financial report and auditor's report is the responsibility of those charged with governance and management; and
 - (b) the examination of the controls over the electronic presentation of audited financial information on the entity's web site is beyond the scope of the audit of the financial report.

Management Representation

- 10 In accordance with Auditing Standard ASA 580 *Management Representations*, the auditor considers the need to obtain specific representations from management⁶ that:
- (a) the electronic presentation of the financial report is management's responsibility;

⁴ Refer to Auditing Standard ASA 260 *Communication of Audit Matters with those Charged With Governance* for mandatory requirements and explanatory guidance on communication of audit matters arising from an audit engagement.

⁵ Refer to Auditing Standard ASA 210 and Appendix 1 of this Guidance Statement for an example of a paragraph that may be included in an engagement letter or other suitable form of engagement contract, regarding the electronic presentation of an audited financial report.

⁶ Refer to Appendix 2 of this Guidance Statement for an example of a paragraph that may be included in a management representation letter regarding the electronic presentation of an audited financial report.

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- (b) the electronic version of the audited financial report and auditor's report presented on the web site are identical to the final signed version of the audited financial report and auditor's report;
- (c) management has clearly differentiated between audited and unaudited information in the construction of the entity's web site and understands the risk of potential misrepresentation;
- (d) management has assessed the security 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; and
- (e) where the auditor's report on the full financial report is provided on the web site, the financial report is also provided in full.

Auditor's Report

- 11 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 web site.
- 12 The auditor may consider including an additional paragraph⁷ 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.
- 13 If the auditor is not satisfied with the proposed electronic presentation of the audited financial report and auditor's report, the auditor requests that the presentation be amended. If the presentation is not amended the auditor will, in accordance with the terms of the engagement, not give consent for the electronic release of the auditor's report.
- 14 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 those charged with governance, the auditor seeks legal

⁷ Refer to Appendix 3 of this Guidance Statement for an example of an additional paragraph that may be included in an auditor's report regarding the electronic presentation of the audited financial report.

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advice as necessary. The auditor also considers whether it would be appropriate to resign.

Conformity with International Pronouncements

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

APPENDIX 1

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

An example of an additional paragraph that may be included in an engagement letter when the audited financial report is electronically presented on a corporate entity's web site is set out below. Also refer to Auditing Standard ASA 210 *Terms of Audit Engagement*.

Electronic Presentation of Audited Financial Report

It is our understanding that the entity intends to electronically present the audited financial report and auditor's report on its internet web site. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial report on the entity's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the entity's web site is that of the governing body of the entity.

APPENDIX 2

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

An example of an additional paragraph that may be included in a management representation letter when the audited financial report is electronically presented on a corporate entity's web site is set out below.

Publication on web site

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

- (a) we are responsible for the electronic presentation of the financial report;
- (b) we still ensure that the electronic version of the audited financial report and the auditor's report on the web site 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 web site as we understand the risk of potential misrepresentation;
- (d) we have assessed the controls over the security and integrity of the data on the web site and that adequate procedures are in place to ensure the integrity of the information published; and
- (e) we will not present the auditor's report on the full financial report with extracts only of the full financial report.

APPENDIX 3

EXAMPLE OF AN ADDITIONAL PARAGRAPH THAT MAY BE INCLUDED IN AN AUDITOR'S REPORT WHEN THE AUDITED FINANCIAL REPORT IS ELECTRONICALLY PRESENTED ON AN ENTITY'S WEB SITE

An example of an additional paragraph that may be included in an auditor's report when the audited financial report is electronically presented on a corporate entity's web site is set out below.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of [name of entity] for the year ended 30 June 20XX included on [name of entity's] web site. The [company/registered scheme/disclosing entity]'s directors are responsible for the integrity of the [name of entity's] web site. We have not been engaged to report on the integrity of the [name of entity's] web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.