

## **Scope of Financial Projection to be Reviewed in the Compliance Assessment of a Certification Authority**

### **Introduction**

This paper briefs Members on the proposed scope of financial projection that should be reviewed as part of a compliance assessment of a certification authority (CA). The proposal is based on the outcome of a special meeting amongst interested Members of the Advisory Committee on Code of Practice for Recognized Certification Authorities (ACCOP) held on 9 June 2000.

### **Background**

2. At the last meeting of the ACCOP held on 16 May 2000, we presented ACCOP Paper No. 4/2000 proposing that the financial projection of a CA should cover the entire business of the CA. Members agreed that review of the financial status of a CA could be based on:

- a) audited financial statements of the CA in respect of its entire business including its CA service and non-CA businesses; and
- b) financial projection of the CA prepared by the CA for the next 12 months in respect of its CA service.

3. It was also agreed that interested Members should meet separately to discuss whether an assessor, in conducting an assessment of a CA, should take into consideration the audited financial statements of the CA.

### **Outcome of the discussion at the special meeting**

4. A special meeting amongst interested Members was held on 9 June 2000. The meeting agreed that an assessor, in reviewing the financial projection of a CA, should make reference to information disclosed in the audited financial statements of a CA under assessment. The meeting also agreed that the 3<sup>rd</sup> bullet point of paragraph 21 of the Guidance Note on

Compliance Assessment of Certification Authorities (the Guidance Note) should be amended as follows :

"...whether the financial projection has been properly compiled in all material respects in accordance with the assumptions made by the CA. If any of the assumptions made, or omitted to be made, by the CA appears to the assessor to be unrealistic or inappropriate based on the assessor's experience and professional judgement and, where applicable, having regard to the information as disclosed in the latest audited financial statements of the CA company, the assessor should include an appropriate comment in the assessment report."

*(Newly added text in the above bullet point are underlined.)*

#### **Publication of the amendment to the Guidance Note**

5. We shall publish a supplementary note to the Guidance Note in respect of the amendment set out in paragraph 4. We shall also publish this information on the Information Technology Services Department's website for the Certification Authority Recognition Office (CARO) for the information of the public.

**Information Technology Services Department  
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