

1 June 2010

By email: scc@ato.gov.au

ASFA Submission – Australian Taxation Office (ATO) – Law Administration Practice Statement PS LA 2977: Self-managed superannuation funds (SMSFs) approved auditors – disqualification and/or referral to a professional association.

The Association of Superannuation Funds of Australia is pleased to provide this submission in response to the practice statement listed above.

On 11th May 2010, the Australian Taxation Office (ATO) through its Superannuation Consultative Committee (SCC) distributed Law Administration Practice Statement PS LA 2977: Self-managed superannuation funds (SMSFs) approved auditors – disqualification and/or referral to a professional association.

The practice statement outlines matters for the Commissioner of Taxation, as Regulator of SMSFs, to consider when deciding whether to disqualify a person from being an approved auditor for the purposes of the *Superannuation Industry (Supervision) Act 1993* (SISA) and/or refer the auditor to their professional association.

General Comments

ASFA members by and large support the practice law statement as presented. However there was one recurring comment made in regards to the following:

1. The scenarios presented at paragraph 20 as to when an auditor might fail to carry out their duties and functions adequately and properly are both precise and detailed. However, the scenario in paragraph 21 where the auditor is considered to not have failed these requirements lacks the precision and content of the opposite scenario. In paragraph 21 the practice statement refers to a “satisfactory audit sampling methodology”, but does not expand on what that might be in the context of this example. ASFA believes that ATO staff faced with these decisions would benefit from a fuller example similar to that provided at paragraph 20.

ASFA acknowledges the importance of the independent auditor in securing the integrity of the SMSF system. The ability for the ATO to take decisive action, where necessary, against unsatisfactory auditors is equally as important. Going forward, ASFA would like to see greater exposure of the ATO’s decisions and the reasons for those decisions, to either disqualify or refer an auditor to their professional associations.

ASFA also acknowledges the work of the ATO in continuing to provide useful and effective guidance and tools for SMSF auditors. The Electronic Superannuation Audit Tool (eSAT) is a good case in point.

ASFA stands ready to partake in any further industry discussion and consultation on any SMSF issue. I trust that the information contained in this submission is of value.

Should you have any questions please contact Tony Keir Senior Policy Adviser on 02 8079 0815.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Graus', written in a cursive style.

David Graus
General Manager, Policy & Industry Practice