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Manager
Benefits and Regulation Unit
Personal and Retirement Income Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: strongersuper@treasury.gov.au

RE: Regulations Relating to Audits of Self-Managed Superannuation Funds (SMSFs)

Dear Manager,

The Association of Superannuation Funds of Australia (ASFA) would like to lodge this submission in response to the draft regulations *Superannuation Industry (Supervision) Amendment Regulation 2102 (No.)* and *Superannuation Auditor Registration Imposition Regulation 2012* relating to audits of SMSFs.

About ASFA

ASFA is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. We focus on the issues that affect the entire superannuation industry. Our membership, which includes corporate, public sector, industry and retail superannuation funds, plus self-managed superannuation funds and small APRA funds through its service provider membership, represent over 90% of the 12 million Australians with superannuation.

General Comments

ASFA supports the introduction of a registration process for SMSF auditors. In doing so ASFA recognises the key role that SMSF auditors play in ensuring compliance with the law. The annual audit of SMSFs provides assurance to the Government and the community that the taxation and superannuation laws governing the Australian superannuation system are being complied with.

ASFA believes that this crucial role SMSF auditors play in the regulation of SMSFs makes it necessary that they have a high standard of training, experience and competency.

Specific Comments

Proposed new Regulation 8.03 – Period within which audit report must be given

Getting the papers from the trustees and getting related papers from financial institutions are two different things.

Under the proposed Regulation 8.03 the auditor has 28 days after the trustee of the fund has provided all documents relevant to the preparation of the audit report to provide the report.

The 28 days may still be an insufficient time period, particularly if the auditor has determined that external confirmations are appropriate in relation to the audit. While the auditor will not be waiting on the trustees they may be waiting on say a bank or other investment institute to confirm assets held by a fund. The response time of these institutions is clearly outside of the auditor's control.

Under these circumstances the trustee may have provided all documents relevant to the preparation of the audit report but other institutions may not have.

Added to this is the impact of section 35C (7) of the *Superannuation Industry (Supervision) Act 1993* where in theory an auditor could still be prosecuted (and go to jail) for failing to meet this time frame because they are waiting on say a bank or financial investment confirmations, or their difficulty has been caused by a disorganised administrator.

Even though the 28 day period is likely to work in most instances, there needs to be a mechanism to 'stop the clock' when the auditor is waiting on advice or information within that period. The change to Reg 8.03 could, for example, read

'... 28 days after the trustee of the fund, and any other person or entity as requested by the auditor, has provided all documents and other information or advice relevant to

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We thank you for providing us with the opportunity to make this submission and to participate in the consultation process.

If you have any queries or comments regarding the contents of our submission, please contact our Policy Communications and Reporting Manager, Tony Keir on (02) 8079 - 0815 or via e-mail to tkeir@superannuation.asn.au

Yours sincerely



Margaret Stewart
General Manager, Policy and Industry Practice