

Prof. Roger Simnett
Chair
Auditing and Assurance Standards Board
Podium Level 14, 530 Collins Street Melbourne VIC 3000

By email: rsimnett@auasb.gov.au

13 February 2019

Dear Roger

Revision of Guidance Statement GS 009 Auditing Self-Managed Superannuation Funds

We are writing to recommend the revision of Guidance Statement GS 009 and request that the AUASB include that revision on its work plan for 2019. We understand that GS 009 has been widely used since it was first issued by the AUASB in 2011 and Self-Managed Superannuation Funds (SMSF) auditors would benefit from it remaining up-to-date.

The Guidance Statement was last updated in September 2015, and a number of matters have changed in the intervening time, including amendments to the AUASB's Standards, the Superannuation legislation, the Australian Taxation Office (ATO)'s interpretation of the auditor's obligations and the SMSF's compliance requirements and relevant case law with respect to the auditor's obligations. In addition, challenges experienced by SMSF auditors could be addressed through enhanced guidance. Whilst much of the material in GS 009 will still be relevant and applicable, amendments need to be made to address these matters.

The matters which we consider need to be addressed in revisions to GS 009 include:

1. Revisions to AUASB Standards

Many of the AUASB Standards have been revised since GS 009 was last amended in 2015, so references, approach and terminology need reviewing against the current suite of standards.

2. Independence

Some of the independence examples included in Appendix 5 do not reflect the intent of the Code of Ethics for Professional Accountants and ATO's regulatory approach to independence, including their expectations regarding "reciprocal arrangements" between auditors.

3. Changes to the superannuation legislation

Legislative changes, particularly the changes effective from 1 July 2017, need to be reflected in GS 009 and the audit implications considered.

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4. New and amended ATO views and interpretations

From time to time the ATO communicates its interpretation of how the SMSF and their auditor should meet their obligations. The guidance statement needs to be consistent with the ATO's expressed views.

5. Reports on Controls at Service Organisations

Clarification is needed on the difference and appropriate use of ASAE 3402 Type 1 and 2 reports on Controls at Service Organisations and when those reports can enable reliance on material data feeds could assist auditors.

6. Investment strategy and valuations

Clarification is needed of the nature and extent of work necessary with respect to the SMSF's investment strategy and asset values, particularly in light of the recent court decisions in *Cam & Bear Pty Ltd v. McGoldrick* [2018] NSWCA 110 and *Ryan Wealth Holdings Pty Ltd v. Baumgartner* [2018] NSWSC 1502.

7. Documentation

Highlight the documentation requirements to support the work done in the audit.

We note that the ATO led *SMSF Auditor Professional Association Stakeholder Group*, with whom AUASB technical staff have already met, would be an invaluable source of expertise to advise on any update of GS 009.

We would be happy to discuss the need for revisions to GS 009 as well as provide greater detail regarding the specific amendments we are recommending. Should you wish to discuss further please contact Claire Grayston, Policy Adviser – Audit & Assurance at CPA Australia on claire.grayston@cpaaustralia.com.au or Tony Negline, Superannuation Leader on tony.negline@charteredaccountantsanz.com.

Yours sincerely



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