



TriSuper Auditors

Unpacking Apes 110, ATO rulings and how to profit from new order

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Fun Facts

Latest ATO SMSF Statistics - June 2020

- 593K SMSFS (533K 2015)
- \$733B total SMSF Assets (\$568B 2015)
- Average SMSF Assets per member \$701K (\$568K 2015)
- 86% of members > 45 years of age

Growing sector resulting in increased government scrutiny.

Why are we here?

- APES 110 – Updated Independence Guidelines
 - Now in force for all professional body members
 - What is “routine or mechanical service”?
- ATO – New compliance guide to in-house SMSF Audits
 - All SMSF auditors
 - Education approach till July 2021





Where have we been?

- SMSF's regulated by the ATO for 20 years
- Uncertain notions of independence
- Chinese Walls – in-house audits
- Reciprocal Firm Arrangements
- You audit mine and I'll audit yours
- Friends and family...



What was the problem?

- Breaches not being reported or addressed
- Collusion / Schemes
- Pressure on in-house auditors
- Negligence / PI
- Resulting in uncertainty of sector integrity

Where are we now?

- Updated APES 110 Guidelines now apply. They outline various scenarios.
- What is specifically not allowed
 - Cannot audit a SMSF where the auditor, their staff or their firm (or network firm) has prepared the financial statements for the SMSF unless it is a “routine or mechanical service”.
 - Cannot audit the SMSF where a partner within their own firm is a member/trustee of that SMSF.
 - An auditor cannot audit their own or an immediate family member’s SMSF or where they have a business relationship with a member/trustee of the SMSF.
- Routine and Mechanical?
 - Services that require little or no professional judgement and not assuming a management responsibility, i.e. preparing financial statements by coding in client prepared trial balance, client preparing tax calculations.
 - ATO view is most firms will find it difficult to pass this hurdle.
- Other audit situations
 - Other family, friends, staff, family of staff etc..
 - Fee concentration.



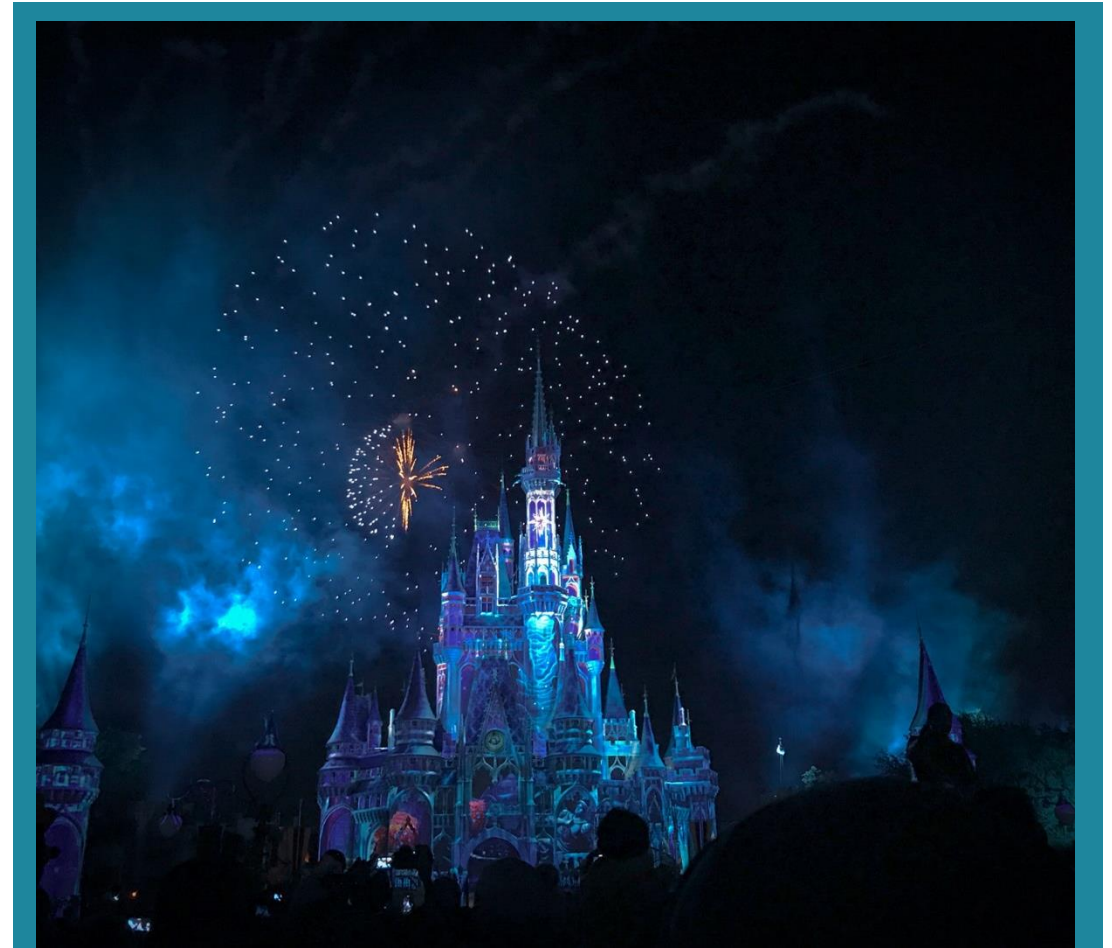
Where are we going?

- Auditors need to review arrangements
 - Reciprocal
 - Family, friends and associates
 - Fee concentration

- Firms will most likely need to outsource to independent auditors
 - July 2021
 - ATO taking an education approach till June 2021

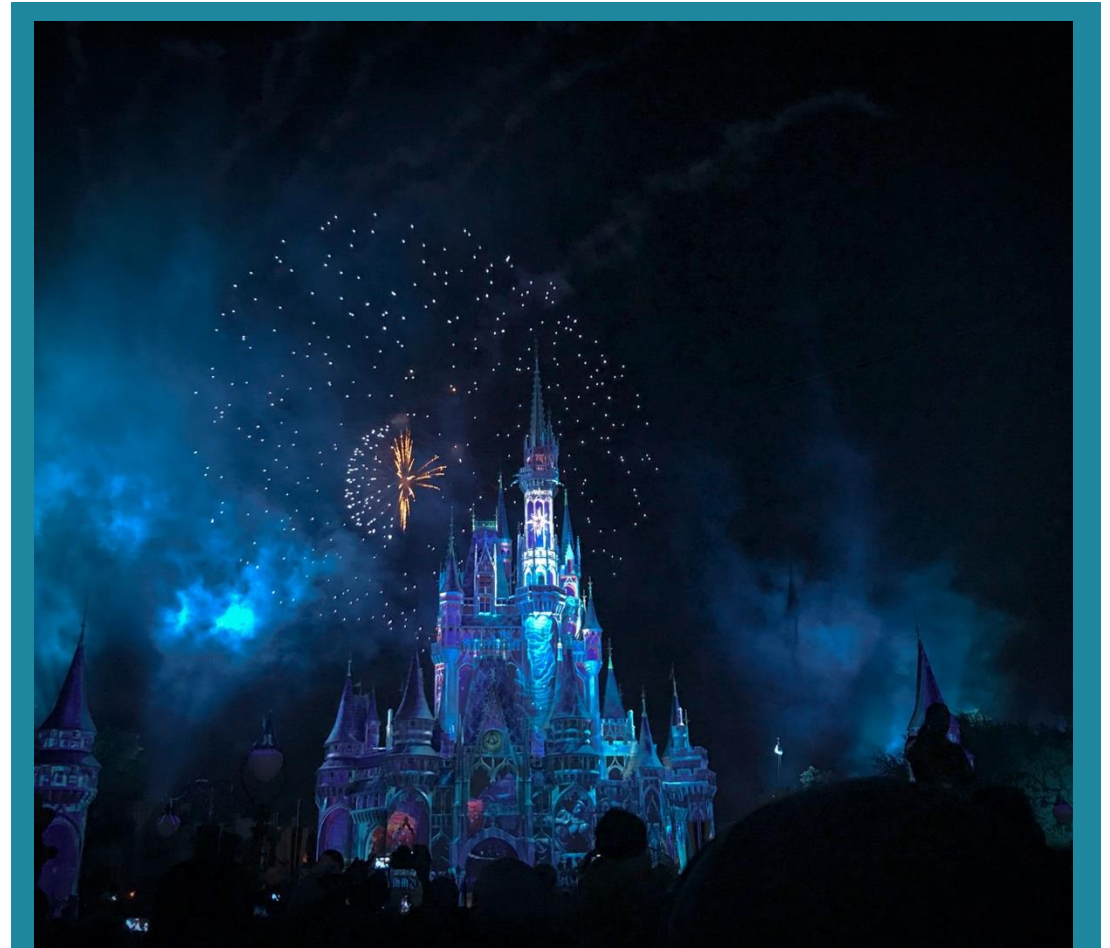
Does it all matter (let it go, let it go....)

- Opportunities – we can all benefit ...
 - Don't get in trouble... ATO, ASIC, Bodies
 - Free up precious resources
 - “do more fun stuff” (profitable)
 - Reduced Risk Exposure
 - Cam & Bear Pty Ltd
 - Ryan Wealth Holdings Pty Ltd
 - Lower PI premium



Does it all matter (let it go, let it go....)

- Opportunities – we can all benefit...
 - ✓ Let the Auditor be the bad guy
 - ✓ Educate Clients
 - ✓ Improve SIS compliance
 - ✓ Be on the front foot
 - ✓ Your clients will thank you....



Anything else?

- PS LA 2020/3 – Administrative Penalties
 - Consider corporate trustee ?

- Six member SMSF
 - Committee report due 4/11/20
 - Good ? Bad?

- Covid Rent Relief (related tenants)
 - Documents please...

- Covid Asset Valuations

Q&A

“I’ll take that as a comment...”



References

<https://apesb.org.au/standards-guidance/apes-110-code-of-ethics/>

<https://www.ato.gov.au/Super/Sup/Our-compliance-approach-to-the-new-Independence-Guide-and-in-house-SMSF-audits/>



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