

I have been auditing SMSF's for many years and would like to offer a few suggestions

1. Where is the tax leakage on SMSF's? - get the auditor to check this, currently we are not required to do this. ECPI calc's in particular
2. Tighten LRBA rules so that SMSF's cannot be "negatively geared"- relying on contributions each year to fund interest payments. Very dangerous - I have seen many funds with one property asset like this, some adviser's business rely on this formulae.
3. The 3 year proposal is good in theory, but horrible in practise, as per the CA ANZ and CPA discussion paper. With so many problems in the sector why slacken off in this area? Accountants will charge more and auditors will die out - then you will have no one to check what is happening.
4. More audit is required on Unit trust assets and valuations, after the recent court case many auditors will disclaim these and breach - this is difficult as some funds will require expensive valuations for business's in those unit trusts. I suggest a formal business valuation is done before a pension can be paid.
5. Investments strategies are a joke as many funds are unbalanced - make it a reporting requirement to show % actually invested by asset class, many funds have few assets, with a warning about the members whole portfolio - i.e. balance outside the fund.

Happy to discuss

Regards,

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