

29 August 2018

The Secretary
Australian Treasury Office
Division Head
Retirement Income Policy Division
Langton crescent
Parkes ACT 2600

superannuation@treasury.gov.au

The Three Year Audit Cycle

Dear Sir or Madam,

I am writing to you in my Capacity as a Chartered Accountant who is an SMSF auditor.

I am perplexed as to how Treasury and the ATO perceive that undertaking a three year audit cycle would protect both members of an SMSF or the revenue?

The Risk of an error or fraud being committed by some individuals will be greater than that relating to annual audits where breaches can be reported to the ATO if they are material.

For smaller audit firms doing SMSF audits, there is also a risk that their audit divisions may need to be closed down if they can only work or bill their clients on a three year cycle.

It is difficult to perceive that there will be a cost saving to any of the SMSF's and in fact there may be a cost increase if each year has to be done on a three year cycle.

Mr David Saul has represented those of us who are members of the SMSF Association, and has presented a survey indicating that the bulk of persons doing the survey do not see any great benefit to our clients.

In fact, we do see that the some individuals may take advantage of this change at the expense of the revenue.

We ask that you reconsider this proposal as we do not believe this is beneficial to Government or to all of the members of Self-Managed Superannuation Funds in Australia.

Reviews such as the Jeremy Cooper Review have all shown that most members are protective of their Superannuation savings, such that most will never have to rely on a Government Pension in their retirement.

The Royal Commission has shown that certain Industry Funds, and certain Retail Funds have far greater risk than any SMSF run in Australia.

We ask you all to reflect on David Saul's statistics and comments from fellow auditors, and re-think the steps that you are contemplating.

Yours Sincerely,

Watson Corporate Services Pty Limited



JOHN S. WATSON – FCA
john@watsoncorporate.com.au
Document Ref:- 194608_1