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PARKES ACT 2600

1. **How are audit costs and fees expected to change for SMSFs that move to three-yearly audit cycles?**

I cant see that they will change. It will just affect the cashflow. Rather than paying one year at a time they'll have to pay for three years at once. Funds that have prepared multiple years at once due to being late previously have not received discounts on their audits. The auditor says the time taken is the same whether they do the years separately or all together.

2. **Do you consider an alternative definition of 'clear audit reports' should be adopted? Why?**

No. Just change the term. Instead of 'clear audit reports' actually say ' no financials or compliance contraventions issued.

3. **What is the most appropriate definition of timely submission of a SAR? Why?**

Good question. It's actually ridiculous. The audits should be scrapped and instead the tax agent advises if there's been any contraventions on lodgement of the tax return.
It's going to be difficult to track back when they are lodged, it just adds extra time for the accountant preparing the tax return to track back through the history on the portal.

4. **What should be considered a key event for a SMSF that would trigger the need for an audit report in that year? Which events present the most significant compliance risks?**

Any reportable contravantion

5. **Should arrangements be put in place to manage transition to three-yearly audits for some SMSFs? If so, what metric should be used to stagger the introduction of the measure?**

No. They should remain annual, or removed entirely, with the tax agent lodging the return lodging details of any reportable contraventions. Generally it's the tax agent alerting the auditor to these anyway, and collecting all of the required information for audit.

6. **Are there any other issues that should be considered in policy development?**

Audits should remain annual. Or be scrapped altogether with the tax agent lodging the SAR reporting any contraventions at that point.
I cannot see any benefit in going to a three year audit cycle. It's not going to ease the burden on compliant funds. If anything it's going to make it more difficult. It's hard enough for trustees to remember what they did a year ago, let alone three years ago when a question comes up about a transaction in the fund.

Clients struggle with the record keeping requirements as it is, let alone having to pull out documents from 3-4 years ago when it's time for them to be audited.

This effectively means us, the tax agent/accountant would have to keep three years of data together to send for audit at once, rather than archiving after each year is lodged.

There’s also an increase in time spent when the fund transfer from another agent, being able to figure out when it is required to be audited, if they have a clean history etc. It’s much simpler knowing they are just required annually.