

OFFSHORING SMSF AUDITS - WHY WE DON'T

An increasing number of accounting practices are choosing to offshore their accounting work, and many practices are also doing the same with their Self-Managed Superannuation audits. Apart from our pride in having all our audits conducted in Australia, we believe that “offshoring” any part of the SMSF audit process creates a risk to the vital role that an SMSF auditor provides.

We've been in the SMSF audit space since 1996, and during that time, we've seen a dramatic increase in the number of organisations providing SMSF audit services. This increase has been fuelled by the rising popularity of Australians deciding to take control of investment strategies in their superannuation funds.

With more SMSF auditors operating in this space, it has become a competitive area. To gain a price advantage, a number of the larger audit practices have moved the processing function of their audits offshore. Although there are potential cost savings due to lower rates for labour, offshoring presents three key challenges that we see as problematic.

1. LOSS OF CONTROL

It is a legal requirement for an auditor to be registered with ASIC and be a resident of Australia. However, it is possible to get some of the work done overseas and then have the final audit signed off by an Australian-based registered auditor. We believe that an SMSF auditor has a professional obligation to oversee the entire audit process of the superannuation fund.

We use machine technology aided by artificial intelligence to automate the data matching aspect of the audit process. This eliminates the need for offshore labour to address this cumbersome component of the audit program and enables us to keep the audit workflow in-house and onshore.

The ROSATI WANG Super audit dashboard provides a clear insight into the funds' progress through our audit program. It allows both the referring SMSF Accountant and the audit team to have direct access to each other to address any concerns or clarify areas that may need attention. We are on hand when we are required.

2. POTENTIAL IMPACT ON QUALITY

The use of offshore service providers conducting SMSF Audits can pose a risk to the quality of the audit program without significant resource investment in the remote management of foreign domiciled staff. This can directly and indirectly impact clients. The ATO assesses the quality of an audit based on whether the auditor: picks up problems and flags them for the attention of the ATO, addresses the issues with the trustees, and, in most cases, resolves and corrects the issue immediately. Not detecting issues raises concern about audit quality and is likely to result in a closer inspection by the ATO.

ROSATI WANG Super as a CPA Practice is subject to the CPA Best Practice Program. Efficiency improvement is built into our daily tasks, and regularly reviewing and implementing new best practices to reduce audit risk is constant in our commitment to provide an ever-evolving, efficient and cost-effective audit service to our referrer accountants.

3. SECURITY

Given the confidential nature of the documents involved in an SMSF Audit, copying audit evidence offshore and into a different privacy jurisdiction is a risk we are not prepared to take. Even if the audit evidence remains on Australian shores in secure Microsoft Azure servers, providing a channel for foreign residents to access the information still poses an inherent risk. Some of this material is only dealt with once a year, so criminal activity could occur and not be picked up until a year later when the fund is audited again.

Because of the above issues, offshoring any aspect of an SMSF audit is not a risk that we are prepared to entertain. The risks to our client's funds, the confidential nature of the data being handled and our reputation with the ATO are too compelling to ignore.

ROSATI WANG Super COMPETITIVE ADVANTAGE

The ROSATI WANG Super audit team comprises experienced auditors who utilise technology to minimise the time it takes to complete the audit workflow. Because of their experience, they rarely encounter scenarios that one of the team has not dealt with on a previous occasion. This means the audit workflow is rarely interrupted for research into unknown matters to determine what action needs to be taken.

Thanks to our experienced team and the use of technology and machine artificial intelligence, ROSATI WANG Super offers competitive pricing without the need to offshore any service that may expose referring Accountants and their SMSF trustees to unnecessary risk.

HOW ELSE CAN ROSATI WANG Super TEAM HELP?

We provide free technical SIS compliance and financial reporting advice to our referring accountants, to ensure that all identified breaches are recognised as early as possible. Offering a course of action minimises any potential penalties to SMSF trustees. If written advice is required, we can source this from one of our professional network of experts, depending on the type of query.

ROSATI WANG Super is about more than just cost-effective audits. We provide complying, timely audits and offer support to solve potential problems. Let us be your competitive advantage.

Want to find out more? Call Titian Rosati on 0416 123 446 or email him at trosati@rosatiwang.com

