

Project comments (submitted via website)

ED 03/21 Proposed Amendments to Fee-related provisions of APES 110 Code of Ethics for Professional Accountants (including Independence Standards).

Dear APESB.

I think rather than write a lengthy submission, i would rather write some points.

SMSF audit independence fees benchmark is too harsh, for example, other factors should be in the measurement whether or not an SMSF auditor is in breach of independence standards, or may be in at risk of same.

such additional measurements could be included in the overall measurement when determining if an SMSF auditor has not been independent:-

1. how many ACR's the SMSF auditor has lodged over time
2. how many management letters the SMSF auditor has written
3. how many accountants have been reported to the TPB, professional bodies or / and the ATO
4. how many SMSF trustees have been reported to the ATO
5. how many SMSF's the auditor has done in their SMSF auditor lifetime
6. look at smsf auditor rotation by large accounting firms.

While some SMSF auditors may have some problems meeting the proposed 20% benchmark, other factors should and could be considered.

I think 20% is unfair to smaller based SMSF auditors, the larger audit firms have more market power, and can have several registered SMSF auditors working for them, where a sole trader smsf auditor may struggle with this new proposed rule.

Hence, I believe and feel that you could leave the proposed 20% or 30% internal standard benchmark, but introduced other additional means or measuring the independence standard and "test".

If you had an smsf auditor that did the same audits for the same firm for 20 years, that needs to be questioned i would think. (and assuming very little ACR's lodged) The APESB need to be careful that they don't have any unintended consequences in the SMSF audit profession to avoid a similar scenario where a lot of financial planners/ advisers have left that profession because of the compliance obligations under the corporations law.

So, I believe a list or measures would be better than having a 20% benchmark.

Regards.

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