

SMSF auditor due diligence checklist



Not all SMSF auditors are the same. Knowing what to look for in an SMSF audit firm – and ensuring your auditor ticks all the boxes, is a key starting point to benefitting from a timely, cost-effective and streamlined audit process that benefit your practice – and your SMSF clients.

Our SMSF auditor due diligence checklist is designed to help you narrow down the choice, and find the SMSF audit firm with the skills, capacity, experience and resources that your practice needs.

Trust

There are some signs to look for in an auditor you can trust. Here are some questions to ask:

- Is the audit firm Australian-owned?
- Are they SMSF audit specialists?
- How long has the firm been providing SMSF audit services?
- Has the firm passed the ATO's 'audit the auditor' program?
- Who will be signing your SMSF audit reports?
 - Have you reference checked the auditors to be confident about their integrity and credibility?
 - What are the partners' qualifications and which membership body do they belong to?
- Where is the audit work performed?
- If some audit work is performed offshore, is that business owned and controlled by the Australian audit firm?

Communication

Communication is critical to a successful relationship. Here are some questions to ask:

- Is the auditor available to discuss technical issues?
- Will you be able to speak with the auditor to resolve audit issues prior to lodging a contravention report?
- Is the workflow division contactable separate to the auditor?

- Is there a dedicated onboarding process provided to your practice during transition?
- Does the auditor commit to only communicating with you – and not your SMSF clients?

Relationship building

Is the auditor invested in a long-term relationship? Here are some questions to ask:

- Does the audit firm place a high value on building a sustainable long-term relationship?
- Is there a cultural fit between your practice and the audit firm?

Efficiency and quality

It's essential to find an auditor who can deliver quality efficiently. Here are some questions to ask:

- Is the turnaround time for audit completion less than 10 working days?
- Will queries be resolved in under five working days?
- Are the auditor's queries grounded in common sense and commercial acumen?
- What processes does the auditor have in place to ensure a consistent approach – including if queries arise, across every SMSF?
- What documents are required to verify data fed transactions?
- Does the auditor use an exceptions based audit approach?

□ Capacity

Does your auditor have the ability to handle all your SMSF audit needs? Here are some questions to ask:

- Does the audit firm have proven capacity to handle your entire volume of SMSF audits?
- What is the audit firm's capacity plan?

□ Risk

Is the audit firm's risk suitably managed? Here are some questions to ask:

- What is the audit firm's business continuity plan?
- Is there a key person risk within the audit firm?

□ What audit technology platform does the firm use?

The technology used by the audit firm is critical for data security. Here are some questions to ask:

- What audit software platform do they use?
- Is my clients' data stored in Australia or offshore?
- Is the audit firm technology savvy, not just SIS technical?
- Is the auditor's software cloud-based, letting you access their audit services from anywhere in Australia?
- Is the auditor's software able to be rapidly updated in response to auditor requests/changes in legislation?
- Does the auditor have a clear policy on information security management?
- Does the auditor have proper password protocols and multi-factor authentication log in?
- Does the audit firm have a secure https protocol in a portal dedicated to data storage and transmission?

□ Financial issues

Is your auditor providing quality and value for money? Here are some questions to ask:

- Pricing – is a low-price audit worth the possible disruption to the business if the audit team is not suitably competent or experienced?
- Are the audit fees fixed?

□ Review prior to appointing an auditor

You'll need to conduct your own internal process review prior to appointing an auditor. Here are some questions to ask within your firm:

- Does your firm have all permanent file documents?
- Are there any particular funds that could be or are problematic, calling for additional auditor expertise?

Finally, ask your SMSF auditor if it is possible to trial a select number of funds for audit before committing all of your SMSFs.

To discover why Evolv ticks all the boxes for your SMSF audits, contact Evolv by email sales@evolvsuper.com.au, call **1300 886 536** or visit www.evolvsuper.com.au