



# **Senate Select Committee on Superannuation and Financial Services**

## **Main Inquiry Reference (a)**

**Submission No. 222**

**Submittor:** Arthur Andersen  
GPO Box 4329  
SYDNEY NSW 2001  
Contact: Mr Alan Davies  
 - (02) 9993 6004  
 - (02) 9993 3300



**ANDERSEN**

Ms Sue Morton  
Committee Secretary  
Select Committee on Superannuation and Financial Services  
Parliament House  
CANBERRA ACT 2600

**Arthur Andersen**  
A Member Firm of Andersen Worldwide SC  
363 George Street Sydney NSW 2000  
GPO Box 4329 Sydney NSW 2001  
Australia  
Tel 61 2 9993 6000  
Fax 61 2 9993 3300  
DX 1340 Sydney  
www.andersen.com

3 July 2001

Dear Ms Morton

**Senate Inquiry into Commercial Nominees Australia Limited (“CNAL”)**

We refer to your letter of 8 June 2001, and in particular your request that we respond to comments made by Saxby Bridge Financial Planning Pty Ltd in their Submission to you “Submission No. 107”.

There appear to be 3 comments in the submission that relate to Andersen. We deal with each of the comments in order of their appearance in the Submission.

**1. Submission**

**Page 2** *“Auditors were Arthur Andersons (sic)”*

**Response**

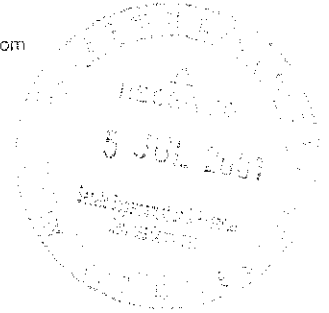
At no time have we acted as auditors of CNAL, nor have we consented to our name being used to purport that we are or have been auditors of CNAL.

**2. Submission**

**Page 6** *“We are still surprised that the audit of the ECMT done by the accounting firm Arthur Andersons (sic) did [not?] detect the nature of the loans and the non-arms length loans particularly those to Directors of the CNAL. We understand that all loans were substantially in place prior to the Arthur Anderson’s (sic) Audit of June 1999 ...”*

**Response**

As auditors of Enhanced Cash Management Trust we confirm that we did detect the nature of the loans. We satisfied ourselves that the loans had been made in accordance with the ECMT trust deed.



### 3. Submission

**Page 6** “... yet in June 2000 they could not form a view as to the value of the fund.”

Response:

Our responsibility as auditors is to report whether the financial statements of the ECMT present fairly the financial position and performance as at 30 June 2000 and for the year then ended. To date we have not been provided with financial statements as at 30 June 2000, and accordingly have not been able to issue our report. It is erroneous to say that we could not form a view as to the value of the Fund as we have not yet been in a position where we can report on the financial statements.

### 4. Submission

**Page 6** “Further it would appear that the Trust was not run as a trust, rather a “pooled bank account” (sic) and that the records kept were less than satisfactory. Surely that is something that an Auditor charged with the responsibility to audit what is other people’s money would need to consider.”

Response

#### 4.1 Trust or pooled bank account

We do not understand what is meant in Submission 107 by “... the Trust was not run as a trust, rather a “pooled bank account”.

#### 4.2 Books and records

As part of our responsibility to report on the financial statements, we are required to determine whether or not proper books and records have been kept. Our last audit report was in respect of the financial statements of ECMT as at June 1999. We were satisfied that, as at that time, the records kept were satisfactory to enable financial statements to be prepared.

In attempting to complete our audit as at 30 June 2000, it became evident to us that we required further information before we would be able to complete our audit and sign our report. As we indicated earlier, we have not received financial statements for the year ended 30 June 2000 and, consequently, have not been able to report as required by the Corporations Law.

Ms Sue Morton  
3 July 2001  
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If you require any further information please do not hesitate to contact Alan Davies on  
(02) 9993 6004.

Yours sincerely

  
**Arthur Andersen**