

RECOMMENDATIONS

- 1. The Committee recommends that Part 16 of the *Superannuation Industry (Supervision) Act 1993* (the SIS Act) be amended to require auditors to report to the regulator any breach of compliance with the Act or suspicion of a fund's unsatisfactory financial position, at the same time as they report such issues to the trustee. (paragraph 3.45)**
- 2. The Committee recommends that the SIS Act be amended to require that auditors of superannuation funds be independent and that the auditor of a company is not also the auditor of its superannuation fund. (paragraph 3.46)**
- 3. The Committee recommends that APRA prepare a set of guidelines outlining the specific areas which should be addressed in the audit report on assessments of risk management systems and investment strategies for superannuation funds. (paragraph 4.25)**
- 4. The Committee recommends that where a qualified audit report has been issued (other than merely on a technical ground such as a late return), there should be a formal requirement for a follow-up audit to be conducted within a specified time. (paragraph 4.26)**
- 5. The Committee recommends that the auditor's report on a superannuation fund be sent, as a matter of routine, to all fund members, in order to improve accountability and ensure transparency of the trustee's actions and communication about the fund's financial state. (paragraph 4.27)**
- 6. The Committee recommends that the larger superannuation funds regulated by APRA be required to carry out a prudential review, at a minimum of once every five years. (paragraph 4.28)**
- 7. The Committee recommends that APRA consult with the relevant professional and regulatory bodies with a view to developing a requirement for trustees to provide a statement to the auditor prior to the audit of a superannuation entity. The statement would certify that the accounts were believed to be in good order and to comply with the SIS Act, and would note any areas of weakness or concern in the fund's financial and management strategies. (paragraph 4.32)**
- 8. The Committee recommends that the current move within the accounting and auditing profession to require the formal assessment of competency in auditing superannuation funds proceed as a matter of some urgency. (paragraph 5.42)**

