

*APRA approved
form of audit
report -
Overview of key
changes
(periods
commencing
1 July 2012)*

March 2013

APRA approved form of audit report

This publication summarises the regulatory audit requirements for audit periods commencing on or after 1 July 2012.

Changes to audit requirements - 2013

There are some changes contained in this year's APRA approved form of audit report for superannuation entities. These changes and their impact (for both trustees and auditors) are outlined in the table below:

Change	Impact on trustees	Impact to audit
Removal of Part 3 of the Form (Independent Auditor's Review report on future compliance with Risk Management Strategy and Risk Management Plan).	No significant impact – recognises that many RSE licensees will be in the early stages of transitioning to updated risk management frameworks as required under SPS 220 Risk Management.	Recognises the practical difficulty for auditors in reviewing future compliance at a time when significant new requirements take effect. Reduction of number of audit reports to be provided.
Short Form Product Disclosure Statement (PDS) - Incorporation of new provisions under the Corporations Regulations 2001 for the shorter PDS regime for superannuation products, which came into effect on 22 June 2012.	Short Form PDS's should already be complying with the provisions under the Corporations Regulations 2001.	No significant changes.

Other audit requirements - 2013

Area	Trustee responsibility	Audit requirement	Other considerations
Financial Statements	Preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the SIS Act and the Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.	Express an opinion on the financial statements to the trustee and members of Registrable Superannuation Entity.	The trustee may consider including disclosures in the Annual Report that should be consistent with the audited financial statements (e.g. Directors remuneration) and a review of these disclosures may be appropriate. The basis of the financial statements may change in 2014 pending the finalisation of Exposure Draft (ED) 223. Please refer to the 2014 watch list on the following page.
Compliance with SIS and Corporations Act 2001 (including RSE licence)	Compliance with the requirements of the SIS Act, SIS Regulations, the Reporting Standards made under s. 13 of the Financial Sector (Collection of Data) Act 2001 (FSCODA Reporting Standards), the Corporations Act 2001 (Corporations Act) and Corporations Regulations 2001 (Corporations Regulations).	Obtain reasonable assurance whether the trustee has, in all material respects complied with the specific relevant requirements of the SIS Act and Regulations, Corporations Act and Regulations. This includes compliance with each measure and procedure within the Risk Management Strategy and Risk Management Plan and any additional licencing conditions (e.g. Net Tangible Assets/capital requirements).	As noted above: <ul style="list-style-type: none"> Reasonable assurance over the short form product disclosure statement is now required; Review over the future compliance with the Risk Management Strategy and Risk Management Plan is no longer required.
APRA Annual Return Forms	Preparation and lodgement of the APRA Annual Return forms and for such internal controls as the trustee determines to be necessary to enable the preparation of these forms free from material misstatement, whether due to fraud or error.	Audit of the following APRA Annual Return Forms: <ul style="list-style-type: none"> SRF 200.0 Statement of Financial Performance SRF 210.0 Statement of Financial Position SRF 220.0 Exposure Concentrations SRF 230.0 Transactions with Associated Parties 	No change in 2013 audit requirements. However the APRA Return Forms will change significantly in 2014. Please refer to the 2014 watch list on the following page.

2014 watch list

Area	Proposed change	Impact to audit
Financial reporting requirements - Exposure Draft ED 223	<p>The key changes include:</p> <ul style="list-style-type: none"> • Measuring most assets and liabilities at fair value (i.e. without transaction costs) • Requires five types of financial statements to be prepared instead of three • Consolidation of controlled entities • Annual valuation of defined benefit liabilities • Significantly more disclosures <p>The new standard will be available for early adoption and is expected to have a significant impact in the year it is adopted to ensure all new requirements have been adhered to.</p>	The requirement to express an opinion on the financial statements to the trustee and members of Registrable Superannuation Entity will remain, however the audit scope will change in line with the additional financial reporting requirements.
APRA Reporting Requirements – applicable for quarterly and annual reporting from 1 July 2013	<p>APRA released a discussion paper in September 2012 that describes its proposed revised Reporting Requirements for APRA regulated superannuation funds. The proposed changes result in a significant increase in data required from 700 to more than 4,000 data items.</p> <p>The final superannuation reporting standards are expected to be finalised and released in the first half of 2013. The requirements in the final reporting standards are expected to take effect from 1 July 2013. Data collected by APRA will be publically reported in late 2013.</p> <p>The main proposed changes to reporting requirements include the need to report disaggregated investment information and data to APRA including:</p> <ul style="list-style-type: none"> • information about each trustee, fund, sub-fund, MySuper product and select choice investment option. This replaces the focus at fund level in the current data collection and responds to previous industry commentary on the limitations of APRA's fund-level superannuation reporting; • information about investment returns for each MySuper product and select choice investment option. This will allow greater comparability across the industry, particularly between MySuper products; and • expanded information about investments, including looking through investment structures to identify and understand ultimate investment asset allocation and costs. <p>Another key change is the proposed reporting timeframe for lodgement of annual audited returns has been reduced from four to three months per the Draft APRA Reporting Requirements.</p>	The final APRA Reporting Requirements are expected to be issued by the end of March 2013, however the draft APRA Reporting Requirements propose the audit of all 31 annual reporting forms.
APRA Prudential Standards audit requirements	<p>SPS 310 'Audit and related matters', requires an RSE licensee to make arrangements to enable its approved auditor to</p> <ul style="list-style-type: none"> • undertake his or her role and responsibilities; • audit the financial statements and certain APRA annual return forms in relation to each RSE, and review other aspects of that RSE, and provide a report to the licensee of that RSE. The audit and review must cover the RSE licensee's business operations in respect of the RSE; • undertake special purpose engagements; and • submit to APRA all reports required to be prepared by an auditor under the Prudential Standard. 	<p>Guidance on audit requirements is expected to be issued by APRA in October 2013.</p> <p>At a minimum, the auditor's report must provide statements regarding the auditor's opinion on the operations of each RSE and its RSE licensee, addressing:</p> <ul style="list-style-type: none"> (a) annual financial statements of each RSE prepared in accordance with relevant Australian Accounting Standards issued by the Australian Accounting Standards Board; (b) the APRA Annual Return forms relating to each RSE; (c) the RSE licensee's compliance with certain prudential requirements; (d) the RSE licensee's compliance with its risk management framework; and (e) the RSE licensee's systems, procedures and internal controls that are designed to ensure that the RSE licensee has complied with all applicable prudential requirements, has provided reliable data to APRA in the reporting forms prepared under the FSCOD Act, and has operated effectively throughout the year of income.

List of PwC contacts

For assistance in managing these changes please contact your PwC team or the contacts listed below

PwC contacts

Melbourne



David Coogan
National Superannuation Leader
Partner – Assurance
Tel: 03 8603 3841
Email: david.coogan@au.pwc.com



Claire Keating
Partner – Assurance
Tel: 03 8603 3402
Email: claire.keating@au.pwc.com



George Sagonas
Partner – Assurance
Tel: 03 8603 2160
Email: george.sagonas@au.pwc.com



Britt Hawkins
Partner – Assurance
Tel: 03 8603 2785
Email: britt.hawkins@au.pwc.com



Catherine Nance
Partner – Actuarial
Tel: 03 8603 3919
Email: catherine.a.nance@au.pwc.com



Marco Feltrin
Partner – Tax
Tel: 03 8603 6796
Email: marco.feltrin@au.pwc.com

Sydney



Craig Cummins
Partner – Assurance
Tel: 02 8266 7937
Email: craig.cummins@au.pwc.com



Gennese Rock
Principal – Assurance
Tel: 02 8266 8102
Email: gennese.rock@au.pwc.com



Stephanie Smith
Partner – Assurance
Tel: 02 8266 3680
Email: stephanie.smith@au.pwc.com



Ken Woo
Partner – Tax
Tel: 02 8266 2948
Email: ken.woo@au.pwc.com



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