

OUTSOURCING YOUR SMSF AUDITS – WHAT WILL IT COST?

With the recent release of the final Cooper review recommendation, there has been an increased awareness of impending auditor independence and auditor competency changes.

This has led to a number of queries for SMSF practitioners who are keen to understand the logistics of working with an outsource audit specialist such as Heffron and how they can potentially offset some of the forgone revenue they previously earned via their SMSF audits.

On average an SMSF audit should take between 3 to 5 hours. The average fee charged by a CBD firm where “other services” are provided is \$954¹. In the suburbs and regional areas, the average fee is approximately \$600. We have noted below in the table some key data in respect of audit costs.

| Audits Performed Internally | Average Hours | Hourly Rate | Cost |
|--|----------------------|--------------------|-----------------------|
| Partner | 1.00 | \$400 | \$400 |
| Staff | 3.00 | \$150 | \$450 |
| TOTAL | | | \$850 |
| | | | |
| Audits Outsourced to Heffron (average price) | | | \$550 |
| Benefit / Margin to Practitioner | | Approx | \$300 per fund |

As you will note the amount of hours and rates charged will vary from firm to firm but what this table seeks to highlight are the real costs of what an audit should cost a SMSF trustee. In a lot of cases practitioners are currently struggling to pass on the true costs to SMSF trustees and these internal costs will no doubt continue to increase as further scrutiny is placed on the SMSF audit process.

As such rather than continuing to absorb these pricing pressures, the option of outsourcing to a specialist and locking a fixed audit fee for all of your funds and adding the potential margin you can earn from outsourcing (which is easily achieved with Heffron invoicing your firm for the audit work) is very appealing.

There are also other potential cost savings for you to consider as follows:

- Reduce risk of an ATO audit by eliminating any independence concerns and ensuring a robust and comprehensive audit is performed;
- Reduced training and insurance costs associated with SMSF audit; and
- Reduce compliance costs by redirecting staff to work on higher value areas of your core business or alternatively reducing your headcount.

To find out more about Heffron’s SMSF audit service and to potentially test some audits please call 1300 172 247 or go to www.heffron.com.au

¹ A statistical summary of self managed superannuation funds – Cooper Review