



9 June 2022

## **TO: ALL RSE LICENSEES AND RSE AUDITORS**

### **RESPONSE TO SUBMISSIONS - MINOR AMENDMENTS TO *PRUDENTIAL STANDARD SPS 310 AUDIT AND RELATED MATTERS***

On 10 December 2021, APRA released for consultation its proposed amendments to *Prudential Standard SPS 310 Audit and Related Matters* (SPS 310) to reflect changes to the superannuation reporting framework and set out the matters that would be subject to external audit.<sup>1</sup>

APRA has considered the feedback regarding timing and will delay the commencement of the proposed amendments. There will be no change to audit requirements for the 2022 financial year. APRA will finalise SPS 310 later in 2022, and the new requirements will apply to audits from the financial year ending 30 June 2023. APRA is considering all the other feedback received and will provide a further update on any refinements to the proposed requirements when finalising the amendments.

RSE licensees should not view this deferral as suggesting a tolerance for the submission of inaccurate data before the amended audit requirements apply. APRA expects RSE licensees to take reasonable steps to ensure that they have robust processes and systems, supported by appropriate governance and oversight, to report accurate data under the new reporting standards.

#### **Submissions received**

Through the consultation process APRA received five submissions and engaged with the audit profession through the Superannuation National Audit Consultative Committee. Respondents were broadly supportive of the proposed changes to SPS 310, but raised material concerns with implementation timing due to both the widening of the audit scope and industry readiness. Submissions also sought clarification on several aspects of the proposed changes.

This response letter outlines the substantive matters raised in submissions, together with APRA's response.

#### ***Proposed commencement of the expanded audit scope***

Almost all submissions raised concerns with the commencement date. The audit profession and industry highlighted that the changes would necessitate a significant increase in audit scope, given the new reporting standards capture more granular data and data on a much wider range of products.

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<sup>1</sup> [APRA's consultation letter](#) explained that the proposed amendments to audit scope were driven by recent changes to the reporting framework for superannuation entities from APRA's Superannuation Data Transformation. In particular, the introduction of new reporting standards under Phase 1, 'Breadth'. The new reporting standards include data contributing to the Your Future, Your Super performance test and APRA's heatmaps, including the expansion of scope to data relating to choice products. The amendments seek to deliver additional certainty on the quality of data informing these tests.

Submissions noted that many RSE licensees are using interim approaches to submit data to APRA, while they transition to new reporting systems and processes. Given the prevalence of interim processes, submissions expressed the view that the additional cost of auditing the new data would not be beneficial to members in the 2022 financial year end.

The commencement of the changes to the audit scope to a financial year ending on or after 30 June 2023 will allow:

- RSE licensees additional time to implement sound and effective control processes for APRA's new data collection requirements; and
- RSE auditors time to plan and formulate strategies to perform the required audits in the amended SPS 310.

APRA expects that RSE licensees using interim approaches will take reasonable steps to ensure the processes and systems are robust, and supported by appropriate governance and oversight, to report accurate data under the new reporting standards.

### ***Requests for further guidance***

Submissions also sought guidance and clarification on several matters.

#### *1. Transitional arrangements for the new data forms*

APRA continues to require dual reporting of old and new forms as part of the transition to new reporting standards. Submissions asked when dual reporting will end.

APRA will no longer require the old forms to be returned once it is satisfied with the quality of the data provided in the new forms, which will likely be on a staged basis, where some of the old forms will be retired earlier than others. APRA will confirm end dates on a form-by-form basis once the data on the equivalent new form reaches the necessary quality.

#### *2. Approach to sampling*

Submissions requested further guidance on sampling approaches for the new auditing requirements.

APRA expects RSE auditors to use their professional judgement to select an appropriate sample and approach to provide the required level of assurance. In determining their approach, APRA expects RSE auditors to consider factors such as the prevalence of data errors, diversity and complexity factors in the products to be audited.

#### *3. Auditing forms completed on a 'best endeavours' basis*

Submissions sought guidance on how to approach the audit of *Reporting Standard SRS 332.0 Expenses* (SRS 332.0), noting that this new form continues to be reported on a 'best endeavours' basis. APRA can confirm that its tolerance for 'best endeavours' reporting will not be in place for SRS 332.0 for a financial year ending on or after 30 June 2023, which is when the amended SPS 310 will now commence.

#### *4. RSE licensee attestation requirements*

APRA will, in response to a recommendation from the audit profession, consider ways in which RSE licensees can be held more accountable for the processes and controls relating to data. APRA will consider a strengthening of the Risk Management Declaration requirements and/or

guidance regarding the identification and attestation of the controls supporting the preparation of the APRA reporting forms.

### **Next steps**

APRA would like to thank everyone that provided submissions and/or participated in the consultation process. APRA will finalise the revised SPS 310 by the end of 2022, which will apply to audits from the financial year ending 30 June 2023.

Yours sincerely,

Renée Roberts  
Executive Director, Policy and Advice