



## Prudential Standard SPS 310

### Audit and Related Matters

#### **Objectives and key requirements of About this Prudential Standard**

~~This Prudential Standard *SPS 310 Audit and Related Matters* (SPS 310) is a prudential standard in the governance pillar of APRA's superannuation prudential framework. It establishes requirements for the provision, ~~to the Board and senior management of an RSE licensee,~~ of independent advice in relation to the operations, financial position and risk controls of the business operations of ~~thean~~ RSE licensee. This independent advice is designed to assist the Board and senior management of an RSE licensee in carrying out their responsibilities for the sound and prudent management of the business operations of the RSE licensee.~~

This Prudential Standard also outlines the roles and responsibilities of ~~thean~~ RSE auditor ~~of an RSE licensee. It also outlines the~~ and the obligations of an RSE licensee to make arrangements to enable ~~anthe~~ RSE auditor to fulfil ~~his or her~~ their responsibilities.

~~The key requirements of this Prudential Standard are that:~~

- ~~• an RSE licensee must make arrangements to enable an RSE auditor to undertake his or her role and responsibilities;~~
- ~~• the RSE auditor must audit the financial statements and annual information required under reporting standards made by APRA in relation to each RSE, and review other aspects of that RSE, and provide a report to the RSE licensee of that RSE. The audit and review must cover the RSE licensee's business operations in respect of the RSE;~~
- ~~• an RSE auditor may also be required to undertake special purpose engagements; and~~

~~an RSE licensee must submit to APRA all reports required to be prepared by an RSE auditor under this Prudential Standard.~~

## Authority

1. This Prudential Standard is made under section 34C of the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

## Application and commencement

2. This Prudential Standard applies to all registrable superannuation entity (RSE) licensees (RSE licensees) ~~and RSE auditors.~~<sup>1</sup>

~~3. This Prudential Standard includes requirements that apply to the functions and duties of an RSE auditor for the purposes of section 35AC(3) of the SIS Act.~~<sup>2</sup>

~~3.4.~~ This Prudential Standard commences on 30 June ~~2023~~2024.

## Interpretation

~~4.5.~~ Where this Prudential Standard provides for APRA to exercise a power or discretion, the power or discretion is to be exercised in writing.

## Adjustments and exclusions

~~5.6.~~ APRA may adjust or exclude a specific requirement in this Prudential Standard in relation to:

(a) a particular RSE licensee of an RSE; or

~~(b) a particular connected entity of an RSE licensee of an RSE;~~

~~(c)~~(b) specified RSE licensees of RSEs.

~~(d) specified connected entities of RSE licensees of RSEs.~~

## Previous exercise of discretion

~~6.7.~~ An RSE licensee must contact APRA if it seeks to place reliance, for the purposes of complying with this Prudential Standard, on an exercise of discretion by APRA made under a previous version of this Prudential Standard.

## Obligations of RSE licensees – RSE auditor appointment

~~7.8.~~ An RSE licensee must ~~annually~~ appoint an RSE auditor for each RSE within the RSE licensee's business operations ~~as soon as practicable but, in any event, no later than the last day of each year of income to which the appointment relates.~~<sup>3</sup>

<sup>1</sup> For the purposes of this Prudential Standard, 'RSE licensee' ~~and 'RSE auditor'~~ have the meaning given in section 10(1) of the SIS Act.

<sup>2</sup> ~~For the purposes of this Prudential Standard, 'RSE auditor' has the meaning given in section 10(1) of the SIS Act.~~

<sup>3</sup> ~~In accordance with section 35AC(8) of the SIS Act, the RSE auditor appointed under RSE licensee law must be the same auditor appointed under Chapter 2M of the *Corporations Act 2001*~~

~~8.9.~~ Where an RSE licensee is a member of a group<sup>4</sup>, the auditor engaged by that group may also be ~~engaged~~appointed as the RSE auditor ~~for an RSE within the RSE licensee's business operations under this Prudential Standard~~, provided that auditor meets all relevant requirements of this Prudential Standard, ~~Prudential Standard SPS 510 Governance (SPS 510) and, if applicable, Part 2M.4 of the Corporations Act 2001 (Corporations Act).~~<sup>5</sup>

~~9.10.~~ An RSE licensee must ~~set out~~ensure that the terms of engagement of the RSE auditor ~~are set out~~ in a legally binding contract between the RSE licensee and the RSE auditor. The RSE auditor must comply with ~~the~~ terms of engagement. ~~The terms of engagement must that:~~

- (a) require the RSE auditor to fulfil the roles and responsibilities of the RSE auditor ~~as specified in this Prudential Standard and~~ in the manner specified in this Prudential Standard;
- (b) require the RSE auditor, in meeting ~~his or her~~their role and responsibilities, to comply with relevant standards and guidance statements issued by the Auditing and Assurance Standards Board (AUASB) (relevant AUASB standards and guidance) ~~to the extent that they are not inconsistent with the requirements of this Prudential Standard and other prudential requirements.<sup>6</sup> If they are inconsistent:); and~~
  - ~~(i) this Prudential Standard prevails; or~~
  - ~~(ii) APRA may notify the RSE licensee in writing that alternative standards and guidance must be used by the RSE auditor; and~~
- (c) refer the RSE auditor to the relevant provisions in the SIS Act and the Corporations Act.<sup>7</sup>

11. An RSE licensee must use all reasonable endeavours to:

~~(Corporations Act).~~ For the purposes of this Prudential Standard, an 'RSE licensee's business operations' includes all activities as an RSE licensee (including the activities of each RSE of which it is the licensee), and all other activities of the RSE licensee to the extent that they are relevant to, or may impact on, its activities as an RSE licensee.

<sup>4</sup> For the purposes of this Prudential Standard, a reference to 'a group' is a reference to a group comprising the RSE licensee and all connected entities ~~and all related bodies corporate~~ of the RSE licensee, ~~connected.~~ 'Connected entity' has the meaning given in section 10(1) of the SIS Act and ~~related body corporate' has the meaning given in section 50 of the Corporations Act 2001 (Corporations Act).~~

<sup>5</sup> ~~Small APRA funds are excluded from the definition of an RSE for the purposes of Chapter 2M of the Corporations Act.~~

<sup>6</sup> ~~'Prudential requirements' include requirements under the SIS Act, the Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations), prudential standards, reporting standards, the Financial Sector (Collection of Data) Act 2001 (FSCOD Act), licence conditions, authorisations, superannuation data and payment standards, directions and any other requirements imposed by APRA under legislation.~~

<sup>7</sup> Refer to Part 4, Part 16 and Part 25 of the SIS Act, and Chapter 2M of the Corporations Act, for requirements relating to RSE auditors.

~~(d)(a)~~ ensure that the RSE auditor complies with the terms of engagement ~~contained~~referred to in paragraph 7.10; and

~~(e)(b)~~ ~~An RSE licensee must use all reasonable endeavours to~~ assist the RSE auditor in being fully informed of all prudential requirements applicable to the RSE licensee.<sup>8</sup>

~~10.12.~~ An RSE licensee must ensure that the RSE auditor has access to all data, information, reports and staff in respect of the RSE licensee’s business operations that the RSE auditor reasonably believes necessary to fulfil ~~his or her~~their role and responsibilities under the SIS Act, the Corporations Act (if applicable) and this Prudential Standard. This must include access to the Board of the RSE licensee (the Board)<sup>9</sup>, Board Audit Committee, internal auditor(s) and any information APRA has provided to the RSE licensee, as required by the RSE auditor.

### Obligations of RSE licensees – fitness and propriety of RSE auditors

~~11.13.~~ ~~As applicable, an~~ RSE licensee must ensure that ~~its~~an individual RSE auditor or a lead auditor<sup>10</sup>:

- (a) is not disqualified under section 130D of the SIS Act;
- (b) satisfies the eligibility criteria in *Prudential Standard SPS 520 Fit and Proper* (SPS 520) ~~as applicable to an RSE auditor;~~;
- (c) is a fit and proper person in accordance with the RSE licensee’s Fit and Proper Policy as required by SPS 520, ~~including those requirements that apply specifically to the RSE auditor;~~ and
- (d) satisfies the auditor independence requirements in ~~Prudential Standard~~ SPS 510 ~~Governance.~~

14. As applicable, an RSE licensee must ensure that an RSE audit firm or an RSE audit company<sup>11</sup>:

- (a) is not disqualified under section 130EA of the SIS Act; and
- (b) satisfies the independence requirements in SPS 510.

<sup>8</sup> ‘Prudential requirements’ include requirements imposed by the SIS Act, the *Superannuation Industry (Supervision) Regulations 1994*, prudential standards made under the SIS Act, reporting standards made under the *Financial Sector (Collection of Data) Act 2001*, conditions on the RSE licensee’s licence and any other requirements imposed by APRA in writing.

<sup>9</sup> ~~For the purposes of this Prudential Standard, a~~ A reference to ‘the Board’ is to be read as a reference to the Board of directors or group of individual trustees of an RSE licensee ~~and ‘group.’~~ ‘Group of individual trustees’ has the meaning given in section 10(1) of the SIS Act.

<sup>10</sup> ‘Individual RSE auditor’ has the meaning given by section 10(1) of the SIS Act. ‘Lead auditor’ has the meaning given by section 11F of the SIS Act.

<sup>11</sup> ‘RSE audit firm’ and ‘RSE audit company’ have the meaning given by section 10(1) of the SIS Act.

## Obligations of RSE licensees – RSE auditor’s report

~~12.15.~~ An RSE licensee must ensure that the RSE auditor provides a report to the Board on ~~each~~the audit of the operations of each RSE within the RSE licensee’s business operations, for each year of income ~~(the auditor’s report)~~, that complies with this Prudential Standard.<sup>12</sup> ~~The RSE auditor must provide the report required under this (refer to paragraph to the RSE licensee.22).~~ The ~~audit required under this paragraph~~auditor’s report must ~~also~~ cover the operations of the RSE licensee in respect of that RSE to the extent required to provide the assurances specified in paragraph 22.

~~13.16.~~ An RSE licensee ~~must ensure that the RSE auditor provides, other than an RSE licensee of a small APRA fund (SAF), may lodge~~ the auditor’s report ~~to the Board within sufficient time to enable the RSE licensee to required under paragraph 22 with ASIC, together with the report lodged with ASIC in accordance with section 319 of the Corporations Act.~~<sup>13</sup> The APRA and ASIC components of the auditor’s report may be contained in a single document. Alternatively, the RSE licensee must lodge the report required under paragraph 22 with APRA within three months after the end of the year of income to which the report relates. An RSE licensee of a SAF must submit the auditor’s report required under paragraph 22 to APRA within three months after the end of the year of income to which the report relates. The RSE auditor must provide the report to the RSE licensee within that time. The report submitted to APRA by the RSE licensee must either be the original or a true copy. If the report is a true copy it must be verified by:

- ~~(a) if the RSE licensee is a body corporate at least two directors of the body corporate; or~~
- ~~(b) if the RSE licensee is a group of individual trustees at least two of those trustees.~~

~~14.17.~~ An RSE licensee must ensure that the auditor’s report is completed in respect of the RSE’s whole year of income, even if the RSE was transferred, in whole or in part, to the RSE licensee from another RSE licensee during that year of income.

~~15.18.~~ If an RSE was wound up during the year of income to which the report relates, an RSE licensee must ensure that the auditor’s report covers the period from the start of the RSE’s year of income to the date the RSE was wound up and is completed no later than within three months after the end of the year of income to which the report relates.

~~16.19.~~ Where~~Subject to paragraph 20, where~~ an RSE licensee has more than one RSE within its business operations, the RSE licensee must ensure that ~~an~~the RSE auditor(s) completes a separate auditor’s report in respect of each RSE.

<sup>12</sup> ~~Refer to paragraph 20 for APRA’s power to determine the approved form.~~

<sup>13</sup> A SAF is an RSE that has no more than six members.

~~17.20.~~ ~~Notwithstanding the requirement for a separate report for each RSE set out in paragraph 16, an~~ An RSE licensee may engage an RSE auditor to prepare a single auditor's report covering some or all of any ~~small APRA funds (SAFs)~~ within its business operations<sup>14</sup>, provided that:

- (a) the RSE licensee, consistent with its obligations under the SIS Act, the governing rules and *Prudential Standard SPS 220 Risk Management* (SPS 220), is satisfied that its risk management strategy adequately covers each of the SAFs covered by the single auditor's report;
- (b) the auditor's report is unmodified;
- (c) each SAF has been individually audited in accordance with relevant AUASB standards and guidance; and
- (d) the RSE licensee provides APRA with a listing of the SAFs covered by the single auditor's report.

~~18.21.~~ Where an RSE licensee is part of a group ~~and the RSE auditor audits other entities in the group~~, to the extent that the auditor's report ~~only~~ relates to the RSE licensee itself, an RSE auditor may prepare that part of the auditor's report (and any other documents required to be provided or maintained under this Prudential Standard) on whichever of the following bases the RSE auditor considers appropriate:

- (a) both the RSE licensee and the group, provided it is clear where the RSE auditor is referring to matters relating to the RSE licensee or the group; or
- (b) the RSE licensee on a standalone basis, separate to the group.

### Responsibilities of the RSE auditor - reporting

~~19.22.~~ ~~At a minimum, the~~The auditor's report, which must be prepared by the RSE auditor, must ~~, at a minimum,~~ provide:

- (a) reasonable assurance addressing:
  - (i) the information, relating to each RSE, required under the reporting standards made by APRA under the *Financial Sector (Collection of Data) Act 2001* (FSCOD Act) that are identified in Attachment A as requiring reasonable assurance;
  - (ii) compliance with the legislative provisions that are identified in Attachment B and any additional conditions APRA has imposed on the RSE licensee's RSE licence under section 29EA of the SIS Act; and

<sup>14</sup> ~~A SAF is an RSE that has fewer than five members.~~

- ~~(i)(iii)~~ the annual financial statements ~~offor~~ each RSE that is a SAF, prepared in accordance with relevant Australian Accounting Standards issued by the Australian Accounting Standards Board; and
- ~~(ii)~~ the annual information, relating to each RSE, required under the reporting standards made by APRA under the FSCOD Act that are identified in Attachment A as requiring reasonable assurance; and
- ~~(iii)~~ compliance with provisions of the SIS Act, SIS Regulations, Corporations Act, Corporations Regulations 2001, FSCOD Act, and additional conditions imposed under s. 29EA of the SIS Act, that are specified in a form approved under paragraph 20; and
- (b) limited assurance addressing:
- (i) ~~the annual~~ information, relating to each RSE, required under the reporting standards made by APRA under the FSCOD Act that are identified in Attachment A as requiring limited assurance;
- (ii) 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 as required under the reporting standards ~~prepared~~made under the FSCOD Act, and has operated effectively throughout the year of income; and
- (iii) the RSE licensee’s compliance with its risk management framework<sup>+5</sup> required under SPS 220.

For the purposes of this Prudential Standard, ‘reasonable assurance’ and ‘limited assurance’ are defined in accordance with relevant AUASB standards and guidance.

~~20. If APRA has approved a form (the approved form) under this paragraph for the auditor’s report, the auditor’s report must be in the approved form. APRA may approve a form that provides for, among other requirements, the requirements outlined in paragraphs 19 and 21 to 23 inclusive.<sup>+6</sup>~~

~~21.23.~~ An RSE auditor must modify the opinion contained in the auditor’s report for breaches of any ~~provisions~~laws specified in paragraph 22 which, in the RSE auditor’s professional opinion, are material. In forming an opinion as to whether a breach is material, the RSE auditor must refer to relevant AUASB standards and guidance.

~~22.24.~~ When preparing a report ~~or assessment~~ required under the SIS Act or this Prudential Standard (whether as part of a routine or special purpose engagement), an RSE auditor must:

<sup>+5</sup> ~~Refer to SPS 220 for the requirement for an RSE licensee to have a risk management framework.~~

<sup>+6</sup> ~~The approved form will be made available on APRA’s website.~~

- (a) do so on the basis that APRA may rely upon the report in the performance of its functions under the SIS Act; and
- (b) exercise independent judgement and not place sole reliance on work performed by APRA.

~~23.25.~~ An RSE auditor must retain all working papers and other documentation in relation to ~~the prudential requirements of the RSE~~ an engagement under this Prudential Standard for a period of at least ~~five~~ seven years after the end of year of income.<sup>17</sup> ~~Where requested to do so in writing by APRA, may require~~ the RSE auditor ~~must~~ to provide the working papers and other documentation to APRA.

### Other responsibilities of the RSE licensee

~~24.26.~~ An RSE licensee must bear the costs of preparing and submitting reports, documents and other material required by this Prudential Standard.

~~25.27.~~ An RSE licensee must facilitate meeting arrangements requested by APRA, including ensuring attendance by the individual RSE auditor. ~~APRA liaison on audit related matters will normally be conducted under tripartite arrangements involving APRA, the RSE licensee and the RSE or lead auditor. APRA may also meet, at any time,~~ the internal auditor (where applicable) and, where an RSE licensee is part of a group, responsible persons from the head entity of the group.

### Special purpose engagements

~~26.28.~~ APRA may require an RSE licensee, by notice in writing, to appoint ~~engage~~ an auditor, who may be the existing RSE auditor or another auditor, ~~as specified in APRA's notice by APRA,~~ to provide a report on a particular aspect of the RSE licensee's business operations, compliance with prudential requirements or the RSE licensee's risk management framework.

~~27.29.~~ An auditor appointed ~~engaged~~ for a special purpose engagement must provide limited assurance on the matters upon which the auditor is required to report unless otherwise determined by APRA and advised to the RSE licensee in writing.

~~28.30.~~ ~~An~~ Unless otherwise determined by APRA, an auditor appointed ~~engaged~~ for a special purpose engagement must submit, within three months of the date of the notice commissioning the report, ~~an~~ the auditor's report simultaneously to APRA and to the Board, ~~unless otherwise determined by APRA.~~

~~29.31.~~ An auditor must modify the report referred to in paragraph ~~26~~ 28 for breaches of laws relating to the matters upon which the auditor is required to report which, in the auditor's professional opinion, are material. In forming an opinion as to whether a breach is material, the auditor must refer to relevant AUASB standards and guidance.

<sup>17</sup> Refer to 'Working papers' has the meaning given in section 35A.307B(8) of the SIS Corporations Act.



## Attachment A - Content of auditor's report: **annual** information required under reporting standards made by APRA

1. ~~For the purposes of~~ Subject to paragraph ~~192~~ of this Attachment, for the purposes of paragraph 22(a)(iii) and ~~1922~~(b)(i) of this Prudential Standard, the auditor's report must address the ~~annual~~ information in the following reporting standards on the basis specified below in relation to each listed reporting standard<sup>18</sup>:

Reporting standard	Level of assurance
(a) <i>Reporting Standard SRS 114.1 Operational Risk Financial Requirement</i>	Reasonable
(b) <i>Reporting Standard SRS 320.0 Statement of Financial Position</i>	Reasonable
(c) <i>Reporting Standard SRS 330.0 Statement of Financial Performance</i>	Reasonable
(d) <i>Reporting Standard SRS 533.0 Asset Allocation (in respect of MySuper <u>lifecycle</u> investment options only)</i>	Limited
(e) <i>Reporting Standard SRS 550.0 Asset Allocation (Table 1, columns 1-5 and 9-12 of Reporting Form SRF 550.1 Investments and Currency Exposure only)</i>	Reasonable
(f) <i>Reporting Standard SRS 602.0 Wind-up<sup>19</sup></i>	Reasonable
<del>(g) <i>Reporting Standard SRS 702.0 Investment Performance (in respect of MySuper investment options only)</i></del>	<del>Limited</del>
<del>(h)</del> (g) <i>Reporting Standard SRS 706.0 Fees and Costs Disclosed (in respect of MySuper investment options only)</i>	Limited
<del>(i)</del> (h) <i>Reporting Standard SRS 800.0 Financial Statements<sup>20</sup></i>	Reasonable
<del>(j)</del> (i) <i>Reporting Standard SRS 801.0 Investments and Investment Flows<sup>21</sup></i>	Reasonable

<sup>18</sup> If a reporting standard has been revoked prior to or during a year of income, the RSE auditor's report for that year of income does not need to address the annual information required by that reporting standard.

<sup>19</sup> Applies only to RSEs that have wound up.

<sup>20</sup> Applies only to small APRA funds and single member approved deposit funds.

<sup>21</sup> Applies only to small APRA funds and single member approved deposit funds.

2. In place of the reporting standards listed in this attachment, the auditor's report for an RSE that has wound up must address the information in *Reporting Standard SRS 602.0 Wind-up* (SRS 602.0), plus the information in the additional reporting standards identified in SRS 602.0, on a reasonable assurance basis.

## Attachment B - Content of auditor's report: compliance with legislative provisions

1. For the purposes of paragraph 22(a)(ii) of this Prudential Standard, the auditor's report must address compliance, at a reasonable assurance level, with the following legislative provisions, to the extent that the provisions are applicable to the RSE licensee's business operations:
  - (a) sections 29VA, 35A, 65, 66, 67, 95, 97, 98, 99F, 101, 105, 106, 109, 117, 154 and 155(2) of the SIS Act;
  - (b) regulations 3.10, 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 13.14, 13.17 and 13.17A of the *Superannuation Industry (Supervision) Regulations 1994*;
  - (c) sections 1012B, 1012F, 1012H(2), 1017B(1), 1017B(5), 1017D(1), 1017D(3A), 1017E(2), 1017E(3) and 1017E(4) of the Corporations Act; and
  - (d) regulations 7.9.07R, 7.9.07S, 7.9.07T, 7.9.07V and 7.9.07W of the *Corporations Regulations 2001*.