

THINKING ABOUT...

---

# Outsourcing SMSF administration & compliance

13

QUESTIONS  
to ask your  
prospective

**SMSF  
Service  
Provider**

# OUTSOURCING SMSF ADMINISTRATION & COMPLIANCE

## INTRODUCTION

Are you a Sole Practitioner or Partner of a small Accounting Firm looking to outsource your SMSF compliance work? What problems are you facing in your business and is outsourcing the solution?

## WHY OUTSOURCE?

In our experience, we find that Accounting Firms looking to outsource are usually facing any of the following 3 problems.



### PROBLEM 1 – LACK OF CAPACITY

The lack of people in your business to perform the work or the lack of time to get the work done.

### PROBLEM 2 – LACK OF RESOURCES

The lack of skills within the business. The lack of skills of the Accountants or supporting team that are unable to deal with the type of work allocated to them. The business does not have the appropriate or up to date infrastructure to operate efficiently i.e. the applicable software

and/or documented systems. Loss of expert SMSF knowledge can also be caused by staff turnover and may be difficult to replace quickly.

### **PROBLEM 3 - UNEXPECTED GROWTH**

The introduction of new services or an influx of new clients can cause an unexpected growth in the business. However, the owners and staff may not be prepared for the growth impact on the business.

If your business is facing any of these 3 problems, outsourcing your SMSFs may be a solution. It is worthwhile being prepared when searching for the well-suited SMSF service provider to support you and your team.

## **13 QUESTIONS TO ASK AN SMSF SERVICE PROVIDER**

### **1. WHAT IS THE ONBOARDING PROCESS?**

The last thing you want is a stressful onboarding process where you feel you are doing all the work to get started. Get clear, on how long the process will take. Read the terms and conditions of the agreement before you sign it. Understand each parties' responsibilities and be mindful of the termination and dispute resolution process.

### **2. IS THERE A MINIMUM NUMBER OF FUNDS TO GET STARTED?**

Does the minimum quota fit the number of funds you have in your business? Do they support Sole Practitioners trying to grow their business, wanting to move into the SMSF space?

### **3. DO YOU HAVE AN ALLOCATED AND DEDICATED ACCOUNTANT?**

Are the Accountants qualified by the accounting bodies? How long have they been in the accounting industry? Do they have specialised knowledge and accreditations in SMSFs?

Are the Accountants "number cruncher" or a great resource of knowledge? Can they provide active support for "what if" questions or scenarios?

Is the work delivered consistently and packaged for your simple review and delivery to clients?

#### **4. ARE THE AUDITORS CURRENTLY REGISTERED WITH ASIC?**

Before using a new Auditor, refer to the Australian Securities & Investments Commission website, [www.asic.gov.au](http://www.asic.gov.au) to check for current registered Auditors or banned and disqualified Auditors.

How long has the provider been using their current Auditor? If you have a preferred Auditor, will the provider liaise with that Auditor?

#### **5. WHAT IS THE TURNAROUND TIME OF A JOB?**

Do you have an internal expectation in your business for turnaround time and can the provider fit within your expectations?

If you have an urgent completion due date, how accommodating is the service provider to prioritise the job for you?

#### **6. HOW IS THE PROGRESS OF THE JOB COMMUNICATED?**

How often will you be updated on the progress of each fund from start to finish?

What systems and processes are in place for you to receive regular workflow updates?

#### **7. HOW IS CLIENT PERSONAL INFORMATION DEALT WITH?**

Check your accounting body guidelines, regarding what specifically you are obligated to disclose in your engagement letter when outsourcing client work to a third party. Also, access the outsourcing guidelines for Tax Agents provided by the Tax Practitioners Board via [www.tpb.gov.au](http://www.tpb.gov.au).

Confirm with the service provider how client information is transferred between your Firm and the provider. What cyber security protection, secure back up and storage systems do they have in place?

## **8. WHAT IS THE FEE STRUCTURE?**

Keeping internal costs low would be at the forefront of a business owners mind when looking for an SMSF service provider. However, as no two Accounting Firms are alike, neither are SMSF service providers.

Confirm what the service package offer includes so you understand what you are paying for. To avoid any surprises, ask if there are any potential “additions or extras” to the service package you need to be aware of.

When comparing their fees, compare apples with apples not apples with oranges.

SMSF service providers fees differ and charge in a range of ways. They can charge based on; number of transactions, percentage of assets, number of investments, an hourly rate or a set fee.

Verify when the job is invoiced and what are the payment terms?

## **9. WHO OWNS THE SOFTWARE LICENCE?**

Generally, the SMSF service provider owns the licence. However, where Accounting Firms have already invested in an SMSF software licence or subscription, is there an option available to maintain it?

## **10. DO THEY HAVE PROFESSIONAL INDEMNITY INSURANCE COVER?**

Confirm that the SMSF service provider has professional indemnity insurance cover.

Check your professional indemnity insurance covers you for engaging outsourcing services. Some insurance companies may ask you to provide a copy of the SMSF service providers certificate of currency.

### **11. CAN YOU INTERVIEW THEIR CLIENTS (ACCOUNTING FIRM)?**

Check out the website of the SMSF service provider for testimonials and reviews. Also request if the provider can make available a client's contact details to ask some questions. Ask the client, how long they have been a client of the SMSF service provider, how many funds they have, if they have any frustrations and what they are most happy about?

### **12. CAN YOU TRIAL A COUPLE OF FUNDS?**

If the terms of the agreement allow it, test the waters with providing a few funds to the service provider. Monitor the process, communication and delivery of the service.

This will give you an opportunity to assess that, what was promised is delivered. Also, it allows you time to resolve any concerns you may have before providing more work to the SMSF service provider.

### **13. WHAT IS THE BUSINESS CULTURE LIKE?**

You may not want to ask this question directly, but it is an important one to answer.

If you are planning on having a long-term relationship with the SMSF service provider, you want to ensure that the relationship is a good fit and in line with your business culture.

Clarify, that the business and the team you are dealing with, have the same values and morals as you. Start the relationship where all parties are on the same page, progressing into a long-term and trusting relationship.

**HAVE ALL YOUR QUESTIONS BEEN ANSWERED**

Once all your questions have been answered, evaluate whether the problems you are facing in your business can be solved. Be mindful of the type of relationship you would like with your SMSF service provider, that is; a number cruncher vs an SMSF Specialist. Besides delivering the SMSF compliance service, what other services and support do they have available to help grow your business?

## ACHIEVE THE BENEFITS OF OUTSOURCING



Create  
Capacity



Resourceful



Proactive

### **BENEFIT – CREATE CAPACITY**

Focus on what you and your team are good at in your business. Focus on family and other interests.

### **BENEFIT – RESOURCEFUL**

Utilise SMSF expert knowledge and support as an add on to your business.

### **BENEFIT – PROACTIVE**

Deliver a full SMSF service to clients. Offer other services to clients and grow your relationships with your clients.

## EXPLORE FURTHER

To find out more about Concise Super, SMSF Specialists visit [www.concisesuper.com.au](http://www.concisesuper.com.au).

If you would like to explore further how outsourcing to a specialist SMSF service provider can help you, contact the team at Concise Super on 03 9838 3055.