



SMSF AUDIT SERVICES
Independent Auditors

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date

The Trustees
Name of Superannuation Fund
c/- accountant
address

Dear Sir/Madam

The purpose of this audit engagement letter for the above named Fund is to set out clearly the various aspects of the audit engagement.

The Objective and Scope of the Audit

You have requested that we audit the above named Superannuation Fund ("The Fund") the scope of which is:

1. The financial report, which comprises the statement of financial position as at 30 June 2020 and the operating statement for the period then ended and the notes to the financial statements; and
2. The compliance during the same period with the requirements of the Superannuation Industry (Supervision) Act 1993 (SISA) and SIS Regulations (SISR) specified in the approved form auditor's report as issued by the Australian Taxation Office, which are sections 17A, 35AE, 35B, 35C(2), 52B(2)(d)-52B(2)(e), 62, 65, 66, 67, 67A, 67B, 69-71E, 73-75, 80-85, 103, 104A, 109 and 126K of the SISA and regulations 1.06(9A), 4.09, 4.09A, 5.03, 5.08, 6.17, 7.04, 8.02B, 13.12, 13.13, 13.14 and 13.18AA of the SISR.

We are pleased to confirm our acceptance and our understanding of the engagement by means of this letter. Our audit will be conducted pursuant to the SISA with the objective of our expressing an opinion on the financial report and the Fund's compliance with the specified requirements of the SISA and SISR.

The Responsibilities of the Auditor

We will conduct our financial audit in accordance with Australian Auditing Standards and our compliance audit in accordance with applicable Standards on Assurance Engagements, issued by the Auditing and Assurance Standards Board (AUASB). These standards require that we comply with relevant ethical requirements relating to audit and assurance engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that you have complied, in all material respects, with the specified requirements of the SISA and SISR.

The annual audit of the financial reports and records of the Fund must be carried out during and after the end of each income year. In accordance with section 35C of the SISA, we are required to provide to the trustees of the Fund an auditor's report in the approved form within the prescribed time as set out in the SISR, 28 days after the trustees have provided all documents relevant to the preparation of the auditor's report.

Financial Audit

A financial audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. A financial audit also includes evaluating the appropriateness of the financial reporting framework, accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report. Due to the test nature and other inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.

In making our risk assessments, we consider controls relevant to the Fund's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's controls. We expect to highlight to you any areas of material weakness in the Fund's systems of accounting and internal controls that come to our attention during the audit.

Compliance Audit

A compliance audit involves performing audit procedures to obtain audit evidence about the Fund's compliance with the provisions of the SISA and SISR specified in the Australian Taxation Office's approved form auditor's report.

Our compliance report with respect to investments includes determining whether the investments are made for the sole purpose of funding members' retirement, death or disability benefits and whether you have an investment strategy for the Fund, which has been regularly reviewed and gives due consideration to risk, return, liquidity, insurance and diversification. Our procedures will include testing whether the investments are made for the allowable purposes in accordance with the investment strategy, but not for the purpose of assessing the appropriateness of those investments to members.

The Responsibilities of the Trustees

We take this opportunity to remind you that it is the responsibility of the trustees to ensure that the Fund, at all times, complies with the SISA and SISR as well as any other legislation relevant to the Fund. The trustees are also responsible for the preparation and fair presentation of the financial report.

Our auditor's report will explain that the trustees are responsible for the preparation and the fair presentation of the financial report and for determining that the accounting policies used are consistent with the financial reporting requirements of the SMSF's governing rules, comply with the requirements of the SISA and SISR and are appropriate to meet the needs of the members. This responsibility includes:

- Establishing and maintaining controls relevant to the preparation of a financial report that is free from misstatement, whether due to fraud or error.
- Selecting and applying appropriate accounting policies.
- Making accounting estimates that are reasonable in the circumstances.
- Making available to us all the books of the Fund, including any registers and general documents, minutes and other relevant papers of all Trustee meetings and giving us any information, explanations and assistance we require for the purposes of our audit.

Section 35C(2) of the SIS Act requires that Trustees **must** give to the auditor any document that the auditor requests in writing within 14 days of the request.

As part of our audit process, we will request from the trustees written confirmation concerning representations made to us in connection with the audit.

Our audit report is prepared for the members of the Fund and we disclaim any assumption of responsibility for any reliance on our report, or on the financial report to which it relates, to any person other than the members of the Fund, or for any purpose other than that for which it was prepared.

The trustee shall be responsible for both the completeness and accuracy of the financial report and any information supplied to us.

Independence

We confirm that, to the best of our knowledge and belief, the engagement team meets the current independence requirements of the Accounting & Professional Ethical Standards Board Ltd set out in APES 110 in relation to the audit of the Fund. In conducting our financial and compliance audit, should we become aware that we have contravened the independence requirements, we shall notify you on a timely basis.

Report on Matters Identified

Under section 129 of the SISA, we are required to report to you (often via your advisor) in writing, if during the course of, or in connection with, our audit, we become aware of any contravention of the SISA or SISR which we believe has occurred, is occurring or may occur. Furthermore, you should be aware that we are also required to notify the Australian Taxation Office of certain contraventions of the SISA or SISR that we become aware of during the audit, which meets the tests stipulated by the Australian Taxation Office, irrespective of the materiality of the contravention or action taken by the trustees to rectify the matter. Finally, under section 130 we are required to report to you and the Australian Taxation Office if we believe the financial position of the Fund may be, or may be about to become unsatisfactory.

You should not assume that any matters reported to you, or that a report that there are no matters to be communicated, indicates that there are no additional matters, or matters that you should be aware of in meeting your responsibilities. The completed audit report may be provided to you as a signed hard copy or a signed electronic version.

Compliance Program

The conduct of our audit in accordance with Australian Auditing Standards and applicable Standards on Assurance Engagements means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our audit files may, however, be subject to review as part of the compliance program of a professional accounting body or the Australian Taxation Office. We advise you that by signing this letter you acknowledge that, if requested, our audit files relating to this audit will be made available under these programs. Should this occur, we will advise you. The same strict confidentiality requirements apply under these programs as apply to us as your auditor.

Quality Control

I have complied with the independence requirements in accordance with the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) as required by the SISR.

My firm applies Australian Standard on Quality Control 1 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

I have complied with the competency standards set by ASIC.

Inherent limitations

Due to the inherent limitations of an assurance engagement, together with the internal control structure it is possible that fraud, error, or non-compliance with the listed provisions may occur and not be detected. A reasonable assurance engagement does not provide assurance on whether compliance with the listed provisions will continue in the future.

Auditor's Liability

Details of our liability is covered by a scheme approved under Professional Standards Legislation. Further information on the scheme is available from the Professional Standards Councils' website: <http://www.psc.gov.au>.

Fees

In respect to our fees for our work, we confirm that the audit fee will not exceed the amount negotiated with your SMSF administrator and includes GST and all outlays in respect of the audit. This amount will be payable within 14 days on completion of the audit reviews, and is conditional on payment within these terms. We do not charge for minor telephone calls and discussions or travel time. Costs of property searches and private company searches (as relevant for your fund) required to complete our audit work, will be at your cost.

To enable us to fulfil our responsibilities in a timely and cost effective basis, we would expect your full co-operation with the following:

- Providing us with the necessary information and audit evidence (preferably electronic) on a timely basis, so that we may efficiently complete the required task. A checklist of the required information can be found on our website: www.smsfaudits.net
- Allowing us sufficient time to complete our work prior to an imminent deadline.
- Advise in respect to any breaches of the SIS Act or SIS Regulations in prior years or Australian Taxation Office action in prior years.

Other

This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated.

Please sign and return this letter to indicate that it is in accordance with your understanding of the arrangements for our financial and compliance audit of the Fund.

All original documents obtained from you arising from the engagement shall remain your property. However, we reserve the right to make a reasonable number of copies of the original documents for our records.

Our engagement will result in the production of an audit report. Ownership of this document will vest in you. All other documents produced by us in respect to this engagement will remain the property of the firm.

The firm has a policy of exploring a legal right of lien over any client documents in our possession in the event of a dispute. The firm also has an established dispute resolution processes.

We believe that our clients receive the greatest benefit of our knowledge and experience from an on-going and open relationship. Therefore we are always available to discuss any audit or accounting issue. We do not charge for telephone discussions.

If you have any queries or wish to discuss this matter further, please do not hesitate to give us a call.

Yours faithfully,
SMSF AUDITS
Chartered Accountants & Advisors



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Auditor

.....
Trustees