

## How do you know your audit is being done properly?

Not all audits are created equal. While you may not notice any difference in the short term, if your audits are not compliant, you and the Trustee of the SMSF Fund will soon know about it when the Fund is reviewed by the ATO. The ATO is auditing an increasing number of funds each year.

Rather than waiting for a crisis situation, if you know what to look for you can judge for yourself whether your audit is being done properly. Contrary to what you may think, a high price is not necessarily your best indicator of whether an audit is being done the right way.

The following are some key questions to ask:

### 1. Is the audit being completed by a registered SMSF auditor?

All Self-managed Superannuation Funds are required to be audited by an independent auditor prior to lodgement of the income tax return. It is not acceptable to have a related auditor or partner sign off on the audit. We have a team of registered independent auditors able to quickly turnover audits.

### 2. Does the SMSF Fund auditor have the right information to review?

There are a number of documents that your auditor requires to conduct a complete audit of a SMSF Fund. Some of the key documents are:

- Signed financial statements
- All bank statements for period
- Documents to support existence and value of assets at end of period as well as any asset purchases and sales
- Documents to support income and expenditure for period
- Documents to support rollovers for transfers in for period
- Documents to support benefit payments or exit statements for period
- Documents to support pension payments for period
- Copy of member statements and taxation returns for period
- Copy of accounting work papers and transaction reports for period
- Copy of trust deed or trust deed amendment documents for period
- Copy of fund's current investment strategy and minutes of fund trustee meetings held during the period
- Copy of communications with regulators in relation to fund

For a more comprehensive list, see the worksheet on the SMSF Audits website.

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### 3. Is the SMSF Fund being run in accordance with SIS Act?

An auditor's role is to make sure a Fund is being run in accordance with SIS Act. A quality auditor will run through the following compliance checklist to ensure that the Fund meets those regulations:

- Is there a permanent file for the Fund?
- Are the Trust Deeds signed and dated?
- Is the Trust Deed date current?
- Are the activities of the Fund in line with the Fund's governing rules?
- Are all pensions documented and signed?
- Is a separate bank account maintained and are there funds in the account?
- Has the fund obtained finance in accordance with the Act?
- Has the fund lent any money to related parties or entities?
- Are personal assets like paintings, carpets, coins etc properly secured, insured and not used for private purposes?
- Is insurance for any fund assets or members current and up-to-date? From 1 July 2012, the trustee must consider what insurance is appropriate for each member.
- Do the financial statements agree with the trial balance?
- Does the Fund have a written Investment Strategy?
- Does the trustee receive any direct or indirect benefit from the SMSF investment before retirement?

If there is an issue with any of the above compliance issues then an auditor is professionally obligated to complete a Contravention report and submit it to the ATO.

### 4. Has the audit been completed by a registered SMSF auditor?

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### 5. What assets are in the SMSF Fund?

If an SMSF Fund only has assets like cash, shares, term deposits and managed funds then they are likely straight-forward when it comes to both accounting and auditing purposes. However, accounting, valuation and tax positions for property, warrants, options, revaluations, private unit trusts are more difficult and require an experienced auditor to properly evaluate their legitimacy. We are one of the most experienced firms of SMSF audits.



**SMSF Audits**

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### **How do you know your audit is being done properly?**

#### **6. Can you get free advice from your auditor?**

Your Superfund auditor is an expert when it comes to SMSF and should be a valuable resource for you in terms of advice and support in respect to accounts and compliance issues.

Some auditors charge extra for this but we believe in sharing our knowledge. We support accountants with free advice and ongoing support and we've also developed a range of templates and documents that can assist in navigating through a variety of situations and complex issues.

#### **HOW CAN OUR TEAM AT SMSF AUDITS HELP YOU?**

The SMSF Audits team's extensive experience means we can assist with advice regarding all SMSF issues. We have assisted a large number of SMSF Trustees deal with compliance issues and still retain their complying status.

We can provide technical information and articles for any of your technical events and seminars and newsletters or email alerts.

We have also assisted numerous Trustees in negotiating a compliance plan with the ATO and have successfully had penalties reduced and remitted.

Our website has a lot of useful information [www.smsfaudits.net](http://www.smsfaudits.net)

We have a tax specialist on our staff who can prepare and lodge private ruling requests for you or your clients and who can assist with any ATO tax review or audit.

SMSF Audits is about more than just cost effective audits. We provide complying, timely audits and offer support to solve potential problems. Let us be your competitive advantage.

Want to find out more? Call us on (07) 3368 2794 or email [craig.morrissey@smsfaudits.net](mailto:craig.morrissey@smsfaudits.net)

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