



SMSF AUDIT SERVICES

## Engagement Letter for the audit of the .....

To the Trustees of the .....

### The objective and scope of the audit

You have requested that we audit the ..... (the fund):

1. Financial report, which comprises the Balance Sheet, Income Statement and the notes to the accounts and
2. Compliance during the same period with the requirements of the Superannuation Industry (Supervision) Act 1993 (SISA) and SIS Regulations 1994 (SISR) specified in the approved form auditor's report as issued by the ATO 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 this 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 (ASAs) 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 year of income. In accordance with section 35C of the SISA we are required to provide the trustees of the Fund an audit report in the approved form within the prescribed time as set out in the SISR, being a day before the latest date stipulated by the Australian Tax Office (ATO) for the lodgement of the fund's Annual Return.

### 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 management as well as evaluating the overall presentation of the financial report. Due to the test nature and other inherent limitations of an audit, together with the 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. However, we expect to provide you with a separate letter concerning any material weaknesses in the fund's system of accounting and internal controls that come to our attention during the audit of the financial report. This will be in the form of a trustee letter.

### **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 ATO's approved form auditor's report.

Our compliance audit with respect to investments is limited to 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 gives due consideration to risk, return, liquidity and diversification. Our procedures will include testing whether the investments are made for allowable purposes in accordance with the investment strategy, but not for the purpose of assessing the appropriateness those investments to the members.

### **The responsibilities of the trustees**

We take the opportunity to remind you that it is the responsibility of the trustees to ensure that the fund, at all times, complies with 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 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 the 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.

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 the 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 other purpose other than that for which it was prepared.

### **Independence**

We confirm that, to the best of our knowledge and belief, the engagement team meets the current independence requirements of the Code of Ethics for Professional Accountants as issued by the Accounting Professional and Ethical Standards Board 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.

## **Reports on matters identified**

Under section 129 of the SISA we are required to report to you 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 Tax Office (ATO) of certain contraventions of the SISA and SISR that we become aware of during the audit, which meet tests stipulated by the ATO irrespective of the materiality of the breach or action taken by the trustees to rectify the matter.

Finally, under section 130 we are required to report to you and the ATO if we believe that 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.

## **Compliance program**

The conduct of our audit in accordance with ASAs and applicable Standard 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 by the 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 ATO. The ATO monitors compliance with ASAs and applicable Standards on Assurance Engagements by auditors of SMSFs. We advise you that by signing this letter you acknowledge that, if required, 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 this program as apply to us as your auditor.

## **Limitation of liability**

As a practitioner participating in a scheme approved under Professional Services Legislation our liability may be limited under the scheme.

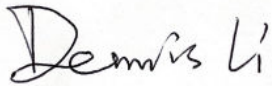
## **Fees**

The annual fee will be billed as work progresses and will be based on the time required to complete the engagement (GST Inclusive) plus disbursements for title searches, ASIC searches or Auditor Contravention Report if applicable. We look forward to full cooperation with you and we trust that you will make available to us whatever records, documentation and other information are requested in connection with our audit.

**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 the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our financial and compliance audit of the .....

Yours faithfully,  
**SMSF Audit Services**



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**Dennis Li - SMSF Auditor 09/12/2024**

We, the trustees of the ..... have reviewed this letter and confirm our acceptance of the terms of the engagement as set out above.

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