10TH
HOUSE

Playbook | The 10th House SMSF

Engineering Scalable, Audit-Ready SMSF Operations for Australian CPA Firms

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Why SMSFs Have Become a Practice-Level Stress Test

SMSFs remain one of the most demanded services in Australian accounting firms. They are also one of the most operationally fragile.

The challenge is not technical knowledge.

The challenge is repeatability under regulation.

Most firms experience:

- Deadline congestion near lodgement
- Heavy partner review dependency
- Repeated audit queries
- Inconsistent workpapers across staff
- Difficulty scaling SMSF volumes safely

SMSFs expose weaknesses in process, governance, and capacity faster than any other service line.

This playbook exists to address that reality.

The Compliance Reality SMSF Practices Must Accept

Every SMSF engagement operates under overlapping scrutiny from:

- *Australian Taxation Office – SMSF regulator and reviewer*
- *Superannuation Industry (Supervision) Act 1993 – Legislative foundation*
- *Australian Securities and Investments Commission – Advice and conduct overlap*

Practical truth:

SMSFs are not "tax jobs." They are regulated financial structures with tax outcomes.

Any SMSF system that is not explicitly designed around this reality will eventually fail under review.

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The 10th House SMSF Philosophy

At 10th House Pty Ltd, we treat SMSFs as:

An operational system governed by law, not a collection of accounting tasks.

Our approach is built on three principles:

- Compliance must be embedded, not inspected later
- Execution should be scalable without increasing risk
- Professional judgement must remain with the CPA firm

This playbook reflects how we help firms stabilise, systemise, and scale their SMSF practices.

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The SMSF Annual Operating Cycle (End-to-End)

Phase 1: Fund Setup & Structural Integrity

Permitted Activities

- *Trust deed validation*
- *Trustee eligibility and structure checks*
- *Bank account and rollover verification*
- *Investment strategy review (signed and dated)*

Key control:

No processing without a compliant investment strategy.

Phase 2: Transaction Processing & Classification

- *Bank feed reconciliation*
- *Investment transactions capture*
- *Contribution classification (CC / NCC / rollovers)*
- *Expense classification and deductibility review*

Risk area:

Contribution caps and timing mismatches.

Phase 3: Investment & SIS Compliance Checks

- *Sole Purpose Test assessment*
- *Related-party transaction identification*
- *In-house asset threshold testing*
- *LRBA structure and repayment validation (if applicable)*

Phase 4: Year-End Finalisation

- *Market valuation evidence collection*
- *Corporate actions accounting*
- *ECPI and pension calculations (if applicable)*
- *Tax adjustments and journals*
- *Member balance reconciliation*

Phase 5: Audit & Review Readiness

- *Audit pack preparation*
- *Workpaper indexing*
- *Query tracking and response support*
- *Management representation preparation*

Phase 6: Lodgement & Trustee Closure

- *Trustee declarations*
- *SMSF Annual Return lodgement*
- *Post-lodgement recommendations (where required)*

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The 10th House SMSF-X Operating SOP™

This SOP is the backbone of how we support CPA firms.

SOP Layer 1: Intake & Risk Classification

Each SMSF is categorised at intake based on:

- *Accumulation vs pension*
- *LRBA presence*
- *Related-party exposure*
- *Asset complexity*
- *Prior audit issues*

Outcome:

High-risk funds receive higher review intensity automatically.

SOP Layer 2: Structured Processing Blocks

Work is divided into fixed blocks:

- *Cash & bank*
- *Contributions*
- *Investments*
- *Expenses & tax*
- *Year-end adjustments*

Blocks cannot overlap or skip steps.

SOP Layer 3: Embedded Compliance Gates

Work is divided into fixed blocks:

- *Cash & bank*
- *Contributions*
- *Investments*
- *Expenses & tax*
- *Year-end adjustments*

Blocks cannot overlap or skip steps.

SOP Layer 4: Maker–Checker–Approver Governance

Role	Responsibility
Maker	Accurate execution
Checker	Compliance validation
Approver	CPA firm judgement

No dual roles. No informal sign-offs.

SOP Layer 5: Audit-Ready Packaging

Each SMSF file includes:

Indexed audit pack

Valuation evidence

Exception summary

Clean, traceable workpapers

Result: *Fewer audit queries, faster audits, stronger confidence.*

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How 10th House Supports CPA Firms (In Practice)

Accounting software (Xero, MYOB, QBO, BGL, Class, HandiSoft) forms part of the firm's official compliance record.

What We Handle (Back Office)

- *SMSF transaction processing*
- *Reconciliations and coding*
- *Workpaper preparation*
- *Audit pack assembly*
- *Draft audit responses (non-judgemental)*

What Remains with the CPA Firm

- *SIS Act interpretation*
- *Strategic advice*
- *Client communication*
- *Final review and lodgement*

This separation protects compliance and professional accountability.

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Practice-Level Impact

Firms working with structured SMSF delivery experience:

- *Reduced partner review fatigue*
- *Improved audit outcomes*
- *Faster turnaround times*
- *Easier staff onboarding*
- *Stable SMSF margins*

SMSFs move from stressful obligations to controlled service lines.

Common Failure Points This Playbook Eliminates

TPB and professional bodies expect:

- *Knowledge locked with one senior staff member*
- *Inconsistent documentation year-to-year*
- *Reactive audit responses*
- *End-of-year workload spikes*
- *Compliance checks done "in the head"*

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Why *This Matters Now*

Regulatory scrutiny is increasing.
Client sophistication is increasing.
Audit tolerance for poor documentation is decreasing.

SMSF practices that are not systemised will:

- *Shrink*
- *Become risk-averse*
- *Or exit SMSFs entirely*

This playbook exists to help firms do the opposite.

- *Communicate clearly and in writing*
- *Respect partner instructions*
- *Avoid assumptions*
- *Document clarifications*

Final Thought

Strong SMSF practices are not built on effort. They are built on systems.

10th House exists to help CPA firms build those systems quietly, rigorously, and sustainably.

Lets Build a **Business**
That Performs **Everyday**

Your success is just a call away
Get in touch with Our Experts...

10TH HOUSE

We're here to listen, guide, and create solutions that matter.
Let's explore the possibilities together.

Let's talk.

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