



## Audit Your SMSF

Trading name of TGC Auditing Pty Ltd ATF TGC Auditing Trust

ABN: 94 163 414 377

### Self Managed Super Fund Specialist Auditors

36 Southport Avenue, Tamborine Mountain, QLD 4272

audits@aysmsf.com.au

0427 222 269

## Letter of Engagement

**Date:**

**Trustees:**

**SMSF name:**

**Period under audit:**

**Address:**

Dear Trustees/Directors,

### 1. Purpose

These Terms of Engagement for Audit Engagement Services (**TE**) confirm our understanding of the engagement and the nature and limitations of services provided.

### 2. The objective and scope of the audit

2.1 You have requested that we audit the above mentioned Super Fund

- a. financial report, which comprises the financial statements as at 30 June for the Audit Period then ended and the notes to the financial statements; and
- b. 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 (ATO), which are sections 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67, 67A, 67B, 82-85, 103, 104, 104A, 105, 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.

2.2 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.

### 3. The responsibilities of the auditor

3.1 We will conduct our financial audit in accordance with Australian Auditing Standards and our compliance engagement in accordance with applicable Standards on

Assurance Engagements, issued by the Auditing and Assurance Standards Board (AUASB) and with the Accounting Professionals and Ethical Standards APES 210 *Conformity with Auditing and Assurance Standards*. 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.

3.2 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 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.

### 3.3 **Financial audit**

A financial audit is an independent examination of the fund's financial report, based on audit procedures that we select using our professional judgement, including assessing the risk that the report may be materially misstated due to fraud or error. We consider internal controls relevant to the preparation of the financial report to design appropriate audit procedures (but not to express an opinion on the effectiveness of those controls), and we evaluate the accounting policies, key estimates and overall presentation. Because an audit is conducted on a test basis and all systems have inherent limitations, there remains an unavoidable risk that some material misstatements may not be detected. We may, at our discretion, communicate to you in a separate letter any significant deficiencies in the fund's accounting and internal control systems that come to our attention during the audit.

### 3.4 **Compliance engagement**

A compliance engagement 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 engagement 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 reviewed regularly and gives due consideration to risk, return, liquidity, diversification and the insurance needs of members. 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 the members.

3.5 During the course of our engagement, if we identify or suspect that Non-Compliance with Laws or Regulations (NOCLAR) has occurred or may occur, which may have a direct effect on material amounts or disclosures in the financial statements or compliance and may be fundamental to Trustee's ability to continue its business or to avoid material penalty, we may:

- 3.5.1 discuss the matter with the appropriate level of management, those charged with governance or the internal auditor, as appropriate
- 3.5.2 disclose the matter to an appropriate authority even when there is no legal or regulatory requirement to do so; and/or
- 3.5.3 withdraw from the engagement and the professional relationship where permitted by law or regulation

- 3.6 Where appropriate we will inform you of our intention to disclose the matter to an appropriate authority before disclosing the matter. However, if we have reason to believe that the actual or intended conduct would constitute an imminent breach of a law or regulation that would cause substantial harm to the general public, we may immediately disclose the matter to an appropriate authority in order to prevent or mitigate the consequences of such imminent breach of law or regulation.

#### **4. The responsibilities of the trustees**

- 4.1 The trustees must 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.
- 4.2 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 a financial report that is free from material misstatement, whether due to fraud or error. The system of accounting and internal control should ensure that transactions are valid, accurate, authorised, properly classified and promptly recorded, and should be sufficient to prevent and/or detect material non-compliance with SISA, SISR and any applicable regulatory guidance.
  - Selecting and applying appropriate accounting policies;
  - Making accounting estimates that are reasonable in the circumstances; and
- 4.3 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 SISA requires that Trustees must give to the auditor any document, relevant to the conduct of the audit, that the auditor requests in writing within 14 days of the request.<sup>1</sup>
- 4.4 As part of our audit process, we will request from the trustees written confirmation concerning representations made to us in connection with the audit.

#### **5. Reporting**

- 5.1 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.

##### **5.2 Report 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 ATO of certain contraventions of the SISA and SISR that we become aware of during the audit, which meet the tests stipulated by the ATO, 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 ATO if we believe the financial position of the Fund may be or may be about to become unsatisfactory.

- 5.3 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

## **6. Independence**

- 6.1 We confirm that, to the best of our knowledge and belief, the engagement team meets the current independence requirements of the SISA and SISR including APES 110 *Code of Ethics for Professional Accountants* (the Code) in relation to the audit of the Fund. In conducting our financial audit and compliance engagement, should we become aware that we have contravened the independence requirements, we shall notify you on a timely basis.

## **7. Third Party Involvement**

- 7.1 We may, from time to time, engage third-party specialist professionals or other public practitioners where warranted to obtain specific advice or assistance in providing our services to you. These services may include the use of cloud-based software and other technology providers.providers.
- 7.2 We will not outsource the core audit opinion or key professional judgements relating to your engagement. Any third-party involvement will be limited to support, specialist input or technology services.
- 7.3 We will seek your consent if third party involvement is required to complete the audit
- 7.4 Acceptance of our services in conjunction with this engagement document indicates your acceptance of the use of outsourced services as described above.

## **8. Administration, Fees and Billings**

- 8.1 Our professional fees will be determined by us, having regard to the nature and complexity of the work, the level of skill and responsibility involved and the urgency of the services required and will be specified in invoice or otherwise notified to you. Any fee indication or estimate we provide is based on the information currently available and the agreed scope of work and may be varied if the scope changes, additional work is required or information is not provided as expected. If our fees are likely to differ materially from any fee indication or estimate previously provided, we will notify you as soon as practicable.
- 8.2 Our invoices may also include disbursements paid by us. These may include photocopying charges, telephone and facsimile transmission charges, travel fares and expenses, stamp duty and fees paid to third parties such as couriers, registration fees or fees for other professionals. These may be in addition to any fee indication or estimate.
- 8.3 Unless other payment terms are agreed, each invoice is payable within 30 days of receipt.

## **9. Ownership of materials**

- 9.1 You own all original materials given to us.
- 9.2 We own all materials produced by us that resulted from our skill and attention to the

extent that the materials produced by us incorporate any original materials you give to us.

- 9.3 We may exercise a lien of your documents in our possession in the event of a dispute, which will be handled in accordance with our firm's dispute resolution process.
- 9.4 Subject to the payment of all outstanding professional fees and disbursements owing to us, we will provide you with materials produced by us for you in the event you engage the services of another practitioner and the materials are required by your new practitioner.

## **10. Privacy**

- 10.1 Our collection use and disclosure of your personal information (PI) may be subject to the Privacy Act 1988 (Cth) and accordingly we will only collect PI about you that relates to the TE. We may use and disclose PI about you for the primary purpose of providing services to you, as well as for other purposes required or authorised by or under law (including purposes for which you have provided your consent). This PI may be stored using third-party cloud service providers, which may involve storage on servers located outside Australia. If you would like to access or correct any PI we hold about you, or make a privacy complaint, contact us.
- 10.2 We may collect PI about you, your representatives, your clients and others when we provide services to you. If we do, you agree to work with us to ensure that we both meet our respective obligations under the Privacy Act 1988 (Cth). Your obligations may include ensuring your privacy policy and contracts include a reference to your collection practices, how you will use the PI and that you may disclose the PI to an agent for public accounting services.
- 10.3 In providing our services to you, we utilise practice and document management systems that use cloud computing, including Dropbox and secure AI tools provided by third-party vendors. These services may host data on servers located in Australia and overseas, and we rely on their security measures to protect your information. We also store client information on our own systems located in Australia, which are subject to Australian privacy law.

## **11. Confidentiality**

- 11.1 Under the Code, we have an ethical duty of confidentiality, meaning we must not share or disclose your details of this TE to anyone, except as otherwise specified in this clause, without your consent unless required to by law. Specifically, and as required by subsection 114 of the Code, we will:
  - 11.1.1 be alert to the possibility of inadvertent disclosure, including in a social environment, and particularly to a close business associate or an immediate or a close family member;
  - 11.1.2 maintain confidentiality of information within our firm;
  - 11.1.3 not disclose confidential information acquired as a result of our professional and business relationship outside the firm without proper and specific authority, unless there is a legal or professional duty or right to disclose;
  - 11.1.4 not use confidential information acquired as a result of our professional and business relationship for our personal advantage or for the advantage of a third party;
  - 11.1.5 not use or disclose any confidential information, either acquired or received as a result of our professional or business relationship, after our relationship has ended; and

11.1.6 take reasonable steps to ensure that personnel under our control, and individuals from whom advice and assistance are obtained, respect our duty of confidentiality.

11.2 We may disclose your personal and confidential information, and details of the services we provide to you, to the Institute of Public Accountants (IPA), if requested, as part of our working papers for the purposes of an IPA quality or practice review. Any such disclosure does not change our commitments to safeguard your information, and the information remains subject to existing confidentiality obligations. By signing this letter, you acknowledge that our engagement files for this engagement may be made available to the IPA (and its reviewers).

**12. Professional Indemnity Insurance (PII)**

12.1 We hold professional indemnity insurance of at least the minimum amount prescribed in the By-Laws or as required by law. Our professional indemnity insurance cover at the date of this terms of engagement is AUD 2,000,000 any one claim.

**13. Professional Standards Scheme & Limitation of Liability**

13.1 Pursuant to s33 of the *Professional Standards Act 1994*, our liability is limited by a scheme approved under professional standards legislation.

**14. Other**

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

Yours faithfully,



**Thomas Guerin**

SMSF Auditor

Acknowledged on behalf of the Trustee/directors

Signature: \_\_\_\_\_

Trustee name:

Date:

Signature: \_\_\_\_\_

Trustee name:

Date:

Signature: \_\_\_\_\_

Trustee name:

Date:

Signature: \_\_\_\_\_

Trustee name:

Date: