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*Liability limited by a scheme approved under Professional Standards Legislation*

**Audit Engagement Letter**

<<Date>>

<<Name>> Superannuation Fund

<<Address>>

<<Address>>

Dear Trustees,

You have requested that we audit the special purpose financial report of <<name>> Superannuation Fund for the year ending 30th June <<year>>. We are pleased to confirm our acceptance and understanding of this engagement by means of this letter. Our audit will be conducted pursuant to the *Superannuation Industry (Supervision) Act 1993* (SIS Act), *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations) and the Australian auditing standards with the objective of expressing an opinion on the financial report.

There must be a clear understanding in writing between the auditor and the client as to the extent of audit duties; accordingly, we set out below details of our understanding of this engagement and details of our respective responsibilities.

Audit of Accounts and Statements

In accordance with section 35C of the SIS Act, the accounts and statements of a regulated superannuation fund must be audited by an approved auditor. The auditor must give the trustees a report on the accounts and financial reports in the approved form within the prescribed time after the year of income to which the accounts and statements relate.

We will conduct our audit in accordance with the Australian Auditing Standards and with the relevant professional and ethical standards issued by the Accounting Professional & Ethical Standards Board Limited (APESB).

Our procedures will include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures will be undertaken to form an opinion whether, in all material respects, financial report is presented fairly in accordance with Australian accounting standards and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the fund's financial position, the results of its operations and its cash flows.

The work undertaken by us to form an opinion is permeated by judgement, in particular regarding the nature, timing and extent of the audit procedures for gathering of audit evidence and the drawing of conclusions based on the audit evidence gathered. In addition, there are inherent limitations in any audit, and these include the use of testing, the internal control structure, the possibility of collusion to commit fraud, and the fact that most audit evidence is persuasive rather than conclusive. As a result, our audit can only provide reasonable not absolute assurance that the financial report is free of material misstatement.

Each trustee is responsible for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error. Unless otherwise agreed with you, we assume no responsibility to design audit procedures to identify matters that may be appropriate to report to you. However, if we encounter matters during the course of our audit that we believe should be brought to your attention for consideration or further action, we will communicate these matters to you. If no such matters come to our attention, we will report accordingly.

We remind you that it is the trustees' responsibility for the maintenance of adequate accounting records and internal controls, the safeguarding of superannuation fund assets, the selection of accounting policies and the preparation of financial report and returns. The trustees are required to keep minutes of meetings, reports and records of changes of trustees for a period of at least ten years.

As part of our audit process, we will request from the trustees written confirmation concerning representations made to us in connection with the audit. Please note, section 35C(2) of SISA requires a trustee to give an auditor a document within 14 days if requested in writing by the auditor. For the purposes of this section, a request in writing to the trustee(s) will include an email sent by us to your accountant or financial advisor.

We note that we are required by the Australian Auditing Standards to include an Emphasis of Matter paragraph in our audit report. The anticipated wording will be; “The financial report is prepared in accordance with a special purpose framework and accordingly may not be suitable for other purposes. The opinion is not modified in respect of this matter.”

Audit of Compliance

We are required to form an opinion in respect of compliance with certain aspects of the SIS Act and SIS Regulations. Our report must refer to the following sections and regulations:

Sections: 17A, 35A, 35B, 35C(2),52(2)(d), 52(2)(e), 62, 65, 66, 67, 67A, 67B, 69-71E, 73-75, 80-85, 103, 104A, 109, 126K.

Regulations: 1.06(9A), 4.09, 4.09A, 5.03, 5.08, 6.17, 7.04, 8.02B, 13.12, 13.13, 13.14, 13.18AA

Any additions or amendments to the above sections and regulations will be communicated to you via the annual Representation letter that all trustees are required to read and sign.

Our procedures with respect to regulation 4.09 will include testing that you have an investment strategy and that you have given consideration to risk, return, liquidity , diversification and insurance, and that the fund’s investments are made in line with that investment strategy. No opinion will be made on the investment strategy or its appropriateness to the fund members.

Our procedures do not include a review of the fund’s self-managed superannuation fund annual return, although we may peruse it to identify areas that require close attention. Accordingly, no opinion will be given and no responsibility taken for any issues arising from inaccuracies in the return lodged.

Report on Significant Matters

Under section 129 of the SIS Act 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 SIS Act or SIS Regulations which we believe has occurred, is occurring or may occur. We are also required under section 130 to report to you if we believe the fund may be, or may be about to become, in an unsatisfactory financial position. If we are not satisfied with your response as trustees as to the action taken to rectify the situation or we receive no such response, we are obliged to report the matter to the ATO.

We are also required to report to the ATO if we form the opinion that, in the course of our audit, a contravention of the SIS Act or SIS Regulations that could affect the interests of the members or beneficiaries may have occurred, may be occurring or may occur.

**Report on Other Matters**

As well as reporting to you any compliance matters that may have arisen during the audit, we may also report to you any matters arising from the financial audit and any other issues we believe should be brought to your attention, including uncorrected misstatements whereby you are required to consider the effect of these misstatements on the financial reports (both individually and in aggregate). You should not assume that any matters reported to you, or conversely 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.

**Information Provided by you to us**

When information is presented electronically the security and controls over information should be addressed by the Superannuation Fund to maintain the integrity of the data presented. The examination of the controls over the electronic information is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of any financial information, and accuracy of this information, lies with the trustees of the superannuation fund. Furthermore, where portfolio / management reports or custodian reports are provided instead of source documentation, these reports are assumed to be correct, accurate and reliable audit evidence, and therefore we are indemnified against any loss or liability arising due to the inaccuracy of this information you provided to us. Similarly, where you provide us with signed declarations you have made, we assume no responsibility for any loss or liability due to the inaccuracy of the signed declarations you provide us.

Privacy and Quality Control

The conduct of our audit in accordance with Australian auditing standards 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 Quality Control Review Program of CPA Australia which monitors compliance with professional standards by its members. 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 this program. Should this occur, we will advise you. The same strict confidentiality requirements apply under this program as apply to us as your auditor. Our files may also be reviewed by the Australian Taxation Office (ATO) or Australia Securities and Investment Commission (ASIC) in its capacity as Regulator of self-managed superannuation funds. Should this occur we will advise you. After completing the audit, we will return to you any original documents, however documents forwarded to us electronically, or that is not an original, will not be returned to you unless specifically requested.

Fees

Our fees, which are a fixed amount rather than an hourly charge, are based on the estimated time required by us based on the complexity of the fund. We work closely with your accountant to ensure the audit is done as efficiently as possible in order to keep our fees as low as possible. Your audit fee will be reviewed annually to allow for CPI and any changes in the complexity of the fund (only where applicable). The terms of payment for your audit fee will be outlined on your invoice.

**Fees – Compliance Breaches**

In situations where the fund has contravened a section(s) of the Act or Regulations further work will be required. Where the contravention is of such a nature that an Auditor contravention report is required to be lodged, an additional fee will be charged.

Confirmation of Terms and Conditions

This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated. Any amendments to these terms of engagement will be communicated to you.

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 audit of the financial report.

Yours faithfully,

Cherie Archibald

**Principal**

**InFocus Audits**

Acknowledged on behalf of <<Name>> Superannuation Fund by:

<<Trustee Name>> Date

<<Trustee Name>> Date

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<<Trustee Name>> Date

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<<Trustee Name>> Date