

5 August 2022

Tracy Hocutt  
**Tracy Hocutt Super Fund**

Dear Tracy

**RE: Appointment as Auditor**

You have requested I act as auditor of the **Tracy Hocutt Super Fund** as of, and for the year ended 30 June 2022. I am pleased to confirm my acceptance of the appointment and would now like to set out my understanding of the terms of this engagement.

**Audit of the Financial Report**

In accordance with Section 35C of the Superannuation Industry (Supervision) Act 1993 ("**SIS**"), the financial report of a regulated superannuation fund must be audited by an approved auditor. The auditor must give the trustee a report on the special purpose financial report in the approved form within the prescribed time after the year of income to which the financial report relates.

My responsibilities include obtaining reasonable assurance that the financial report, taken as a whole, is free from material misstatement, whether caused by fraud or error. Notwithstanding this responsibility, due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Australian Auditing Standards.

The work undertaken by me 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 inherent limitations of any 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, my audit can only provide reasonable – not absolute – assurance that the financial report is free from material misstatement.

I am required to establish whether various pre-conditions for the financial report aspect of my audit are present.

I direct your attention to the fact that each trustee is responsible 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 the special purpose financial reports. The financial report must be prepared using an acceptable financial reporting framework. I note each trustee is responsible for providing access to all information that is relevant to the preparation of the financial report, and any additional information that may be required as part of the financial audit. In particular, I note 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. Your signature below evidences your understanding and acknowledgement of these responsibilities, and confirms these pre-conditions have been met by each fund trustee.

The audit of the financial report does not relieve the trustee of their individual responsibilities.

My audit will be conducted in accordance with Australian Auditing Standards. The objective of the

audit is to obtain reasonable assurance about whether the special purpose financial report, as a whole is, free from material misstatement, whether due to fraud or error and to issue an audit report on the financial report.

My responsibilities include ensuring I comply with all relevant ethical requirements. I must ensure I plan and perform my audit with professional scepticism, whilst recognising that circumstances may exist that can cause the financial report to be materially misstated. Whilst undertaking the audit, I am also required to exercise professional judgment in planning and performing my work.

My audit will be planned and conducted primarily to enable me to express my professional opinion as to whether the financial report complies with Australian Accounting Standards and other reporting requirements as adopted by the trustee, but also, so as to have reasonable expectation of detecting material misstatements arising as a result of irregularities which would have a material effect on the financial report. Unless otherwise agreed to, I assume no responsibility to design audit procedures to identify matters that may be appropriate to report to you.

I am required to communicate the planned scope and timing of my audit, and I note the scope of my audit will be sufficient to perform my duties as the auditor of the fund. The timing of the audit will be dictated by the provision of relevant documentation to commence the audit. I am also required to communicate the significant risks identified. Generally speaking, the auditing standards require a presumption that revenue recognition, and the possibility of the trustee overriding internal controls as significant risks. Another example of a significant risk is where the fund enters into a limited recourse borrowing arrangement, where the financier is a related party of the fund. Should other significant risks be identified as part of my audit, I will communicate these to you.

My audit work involves examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report in order to form an opinion as to whether, in all material respects, the financial report is fairly stated in accordance with the accounting policies described in the notes thereto.

As the auditor of your fund I note I am not responsible for investment decisions. You should not consider the receipt of an unmodified audit report a validation of investment choices made as the trustee of the fund. Even though I may be required to bring to your attention investment decisions I consider to be unusual, of high risk, or to be out of the ordinary for a self-managed superannuation fund, investment decisions, and the resultant outcomes, are the responsibility of the trustee. Your signature below acknowledges each trustee is responsible for investment decisions and outcomes.

You should be aware that each investment has multiple risks, including loss of capital and income. In conducting the audit, I will not check the liquidity, risk, return, and nature of the investments or their suitability to your investment strategy. If any assets fail and capital/income is lost, due to any reason, I will not be responsible for any damages under section 12GF of the Australian Securities and Investments Commission Act 2001. You are responsible for investing the fund's assets and you should take full care of those investments. Please note many investments are complex in nature and I have no expertise as an SMSF auditor to analyse each investment, hence you should not entirely rely on my opinion.

In conducting the audit, I am not required to form an opinion or report to you if the fund is making or likely to make an economic loss or the fund's assets are getting impaired or likely to get impaired due to the conduct of any other person whom you rely on for investment decisions or appoint as custodian or investment manager. I'm appointed to audit the fund's financial report and not to audit entities where the fund invests, for example custodian services, related/unrelated trusts, related/unrelated companies or other entities.

As part of my audit, I will request from the trustees written confirmation regarding representations made to me in connection with the audit.

I am required by the Australian Auditing Standards to include an Emphasis of Matter paragraph in my audit report, and I note the anticipated wording will be:

I draw attention to note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist the fund meet the requirements of the SMSF's governing rules, the Superannuation Industry (Supervision) Act 1993 (SISA) and the SISR. As a result, the financial report may not be suitable for other purposes, and should not be distributed to parties other than the trustee. My opinion is not modified in respect of this matter.

#### **Audit Communications**

If my audit report requires an additional Emphasis of Matter paragraph, or an Other Matter paragraph, I am obligated to communicate with you regarding the inclusion of such an additional paragraph, along with the anticipated wording.

Notwithstanding the ATO publish the required wording of the audit report that I am required to use, there may be circumstances in which my report may differ from its expected form and content. An audit opinion may be modified, typically as a qualified opinion, or an adverse opinion may be issued. In extreme cases a disclaimer of opinion may be appropriate. Again, I am obligated to communicate with you regarding any modification to my opinion, along with the anticipated wording.

Please note you should not assume that matters reported to you, or that a report that there are no matters to be communicated, indicates that there are no additional matters that you should be aware of in meeting your responsibilities.

#### **Audit of SIS Compliance**

I am required to form an opinion in respect of compliance with certain aspects of the SISA and the Regulations thereto - being the Superannuation Industry (Supervision) Regulations 1994 ("SISR"), referred to as the Listed Provisions below. I direct your attention to the fact that each trustee is responsible for ensuring compliance with SISA and SISR. I note each trustee is responsible for providing access to all information that is relevant to the compliance engagement, and any additional information that may be required as part of the compliance engagement.

I note this is a direct engagement, and the compliance aspect of my audit is considered to be a reasonable assurance engagement, that is, I am required to plan the compliance engagement to reduce the engagement risk to an acceptably low level. The compliance aspect of the assurance report is intended to be used by the trustee of the fund, and the legislative provisions requiring audit are determined by the Australian Taxation Office ("ATO") (the "Listed Provisions"). The assurance report, applicable to the year ended 30 June, 2022 must refer to the following SISA sections and SISR regulations:

Sections: 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67, 67A, 67B, 82-85, 103, 104, 104A, 105, 109, 126K;  
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, 13.18AA.

The above Listed Provisions (also known as the applicable criteria) define the scope of the compliance engagement, and are the only compliance requirements being covered by this compliance engagement.

I am also required to establish whether various pre-conditions for the compliance aspect of my audit are present.

The trustee is responsible for complying with the Listed Provisions, including the identification of risks that might threaten fund compliance. The trustee is responsible for designing and maintaining internal controls to mitigate these risks, including the risk of fraud in the hope that these risks do not prevent the fund's ability to comply with the Listed Provisions.

Your signature below evidences your understanding and acknowledgement of these responsibilities, and confirms the pre-conditions have been met by each trustee.

#### **Audit Communication - Significant Matters**

Under Section 129 of the SISA I am required to report to you in writing, if during the course of, or in connection with my audit, I become aware of certain contraventions of the SISA or SISR which I believe has occurred, are occurring or may occur. There are instances where I will be obligated to report the contravention(s) to the ATO. I am also required under section 130 of the SISA to report to you and the ATO if I believe the fund may be about to become, or may be in an unsatisfactory financial position.

There may also be instances where I am obligated to report to the ATO under section 130BA of the SISA.

#### **Audit Communication - Other Matters**

At the completion of the compliance audit I will incorporate into my audit management letter details of any non-compliance (unless considered clearly trivial) with laws and regulations not already communicated above under significant matters.

#### **Outsourcing and Cloud Computing**

My audit services are not outsourced to any other firms or organisations. All audit services, including administrative functions around audits, are performed in Australia within the firm. I use a web-based program to receive and arrange documents received. The program is fully owned by the firm. I also use cloud servers with bank grade encryption to share files internally within the firm.

#### **Privacy and Quality Control**

The conduct of my audit in accordance with Australian Auditing Standards means that information acquired by me in the course of my audit is subject to strict confidentiality requirements. I am also subject to the Privacy Act 1988 in the handling of personal information. I will not use any personal information obtained during the audit for any purposes other than for the purpose of conducting the audit.

I will keep secure personal information obtained during the audit to ensure it is not misused, lost, or improperly accessed, modified or disclosed. After completing the audit, I will return to you any documents containing personal information that I obtain from you during the course of the audit, except for copies or extracts as required to be retained by auditing standards.

Information will not be disclosed by me to other parties except as required or allowed for by law or professional standards, or with your authority. My audit files may be subject to review as part of the quality control review program of The Chartered Accountants Australia and New Zealand ("CAANZ") which monitors compliance with professional standards by its members. My audit files may also be subject to review by the ATO or the Australian Securities and Investments Commission ("ASIC"). I advise you that by signing this letter you acknowledge that, if requested, my audit files relating to this audit will be made available under either of these review programs. The same strict confidentiality requirements apply under the CAANZ, ATO and ASIC reviews that apply to myself as your auditor.

#### **Fees**

My fees are based on a standard schedule of fees as agreed with **Green Frog Super**, plus direct out-of-pocket expenses (e.g. title search fee). Funds with contravention will be billed as work progresses based on the time required to complete the engagement. It is policy that my fees be collected within 7 days from the date the invoice was issued, and I trust that this arrangement is acceptable to you.

This letter will be effective for future years unless I advise you of its amendment or replacement, or if the engagement is terminated. Notwithstanding your (or my) right to terminate this engagement,

there may be instances where I am still required to report on significant matters, as noted above, after the date of termination. You acknowledge that any time spent undertaking such obligations are to be paid for by the fund, along with any direct or incidental costs in connection with these obligations, including but not limited to specific legal advice, the cost of any consultations with other professionals, and any other associated costs.

Please also note that this engagement is limited liability engagement. Liability is limited by a scheme approved under Professional Standards Legislation.

Please sign and return this letter to indicate that it is in accordance with your understanding of the arrangements for my audit.

Yours faithfully,  
Access Super Audit Pty Ltd

Principal  
Vivian Bai

I understand and agree with the terms of this engagement:

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**Tracy Hocutt**  
**Director**

Date:

## Trustee Representation Letter

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5 August 2022  
Private and Confidential

Access Super Audit Pty Ltd  
GPO BOX 2467  
Sydney NSW 2001

Dear Vivian,

In connection with your examination of the special purpose financial report of the **Tracy Hocutt Super Fund** as at 30 June, 2022, we acknowledge our responsibility for ensuring the financial report is in accordance with the accounting standards detailed in Note 1 to the financial statements. We confirm we have fulfilled our responsibility for the preparation of the financial report in accordance with the relevant financial reporting framework, the statutory reporting requirements applicable to the fund, and confirm that the financial report is free of material misstatement, including omissions, and that we have approved the financial report, as evidenced by our signature on the trustee declaration attached to the financial report.

We confirm we are knowledgeable on the matters contained in this representation letter.

The following representations are made which are true to the best of our knowledge and belief:

### 1. Accounting Policies

All the significant accounting policies of the fund are adequately described in Note 1 to the financial statements and are consistent with the policies adopted last year, unless otherwise detailed in the notes to the financial statements.

### 2. Fund Books / Records / Minutes

As agreed in the terms of the audit engagement, all financial books, records and related data have been made available to you, including relevant minutes of the trustee meetings and this information has been retained in the appropriate format for the required period of time.

We confirm all transactions have been recorded and are reflected in the financial report.

With the exception of any data collated with regard to accounting estimates, no experts have been engaged in the preparation of documentation for your audit.

### 3. Asset Form

The assets of the fund are being held in a form suitable for the benefit of the member(s) of the fund.

### 4. Ownership and Pledging of Assets

- a) The fund has satisfactory title to all assets disclosed in the statement of financial position; and
- b) No assets of the fund have been pledged to secure liabilities of the fund (unless the charge is permitted by the legislation) or of others.

### 5. Custodian Services

Where the fund engages the services of a custodian, we note:

- a) Notwithstanding the custodian is engaged to assist with the holding, safeguarding and administration of certain fund assets, we are responsible for investment decisions and to ensure the fund's investment strategy is complied with;
- b) We are responsible for establishing the terms under which the custodian is engaged;
- c) Investments and other reports are received at least quarterly, or more often as required;
- d) The nature of the relationship between the fund and the custodian engaged is consistent with the general terms of contracts of this nature.

It is noted that it is our responsibility to establish the terms under which the custodian is engaged and to ensure the investments held by the custodian are in accordance with the fund's investment strategy.

In instances where the fund uses a custodian, we confirm we have not been advised of any fraud, non-compliance with laws and regulations or uncorrected misstatements that would affect the financial report of the fund.

## **6. Investments**

- a) Investments as at year end are carried in the books at market value. If an accounting estimate is used to determine the value to be reported, the trustee confirms a value was selected (based on the evidence collated) that most accurately reflects the market value of the asset. Same for the impact of events subsequent to year end, such amounts are considered reasonable in the light of present circumstances.
- b) There are no commitments, fixed or contingent, for the purchase or sale of long-term investments, that have not otherwise been disclosed in the financial report;
- c) The investment strategy, after taking into account the whole of the circumstances of the fund, has been determined with due regard to risk, return, liquidity and diversification. This is so even where investments chosen may be considered risky, may have negative or limited returns, may be illiquid and may not equate to a diversified portfolio;
- d) In the event the fund does not have a diversified portfolio, the trustee confirms the risks associated with a lack of diversification were considered prior to making and maintaining investments;
- e) The investments held by the trustee are considered appropriate to meet the needs of the fund member(s); and
- f) Every effort has been made to ensure investments are acquired, maintained and disposed of on an arm's length basis.

## **7. Accounting Estimates**

We note accounting estimates may be needed where the fund invests in properties, unlisted investments, collectables or other tangible assets, or where the fund transacts with related parties.

With regard to the use of any accounting estimates, we confirm we oversee the collation of information needed to evidence the estimate(s) set. We acknowledge that any specialised skill needed with regards to accounting estimates is determined in conjunction with any requests by you as the auditor of the fund. This process assists in the selection of assumptions to be made, methods to be applied and sources of data to be used to determine the accounting estimate.

We do not have a formal process to identify or address the risks relating to accounting estimates. Estimates undertaken for the purpose of compliance with SISA section 109 or SISR regulation 8.02B are supported by appropriate documentation, copies of which have been supplied for audit review.

We acknowledge and understand there is a degree of estimation uncertainty. We do not believe the level of estimation uncertainty needs separate disclosure in the financial report. We confirm the methods, assumptions and data used in the making of any accounting estimates are appropriate for the preparation and presentation of the special purpose financial report.

## **8. Trust Deed**

The fund is being conducted in accordance with its governing rules, and you have been provided with copies of any updates to the governing rules made during the financial year.

## **9. Legal and Regulatory Framework**

Unless otherwise identified during your audit, the fund is in compliance with the requirements of the relevant Income Tax Assessment Act. The fund is being conducted in accordance with the Superannuation Industry (Supervision) Act 1993, and Superannuation Industry (Supervision) Regulations 1994 ("SIS") (with the exception of any contraventions as identified by you as the auditor) and we specifically confirm:

- a) We have provided you with all information relevant to the compliance engagement;
- b) The trustees/directors have been nominated, have consented to act and may only be removed in such manner and circumstances as are allowed in the governing rules;
- c) The trustee has complied with all the trustee standards set out in the regulations and the covenants prescribed by SIS Section 52B;
- d) No individual trustee or director of the corporate trustee is a disqualified person;

- e) The trustee has complied with the investment standards set out in SIS; and
- f) Information retention obligations have been complied with.

We acknowledge we are responsible for complying with the Listed Provisions (per the audit engagement letter), including the identification of risks that might threaten fund compliance. We are responsible for designing and maintaining internal controls to mitigate these risks, including the risk of fraud in the hope that these risks do not hamper the fund's ability to comply with the Listed Provisions.

All known instances of non-compliance or suspected non-compliance with applicable laws and regulations, whose effects should be considered when preparing the financial report, or that impact your obligation to report certain matters to the Australian Taxation Office have been disclosed to you.

We confirm the fund has complied with the provisions of any laws and regulations that may have a direct effect on the determination of material amounts and disclosures in the financial report, other than those you have advised.

#### **10. Internal Controls**

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud. We do not have an internal audit function, however, we have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report and to ensure that the assets of the fund are safeguarded from fraud or error. We have assessed the risk that the financial report may be materially mis-stated as a result of fraud and advise we have no knowledge of any actual, suspected or alleged fraud affecting the fund. There have been no irregularities that could allude to a fraud affecting the fund.

We confirm we have not received any communication from any parties connected to the fund relating to any allegations of, or suspected cases of, fraud, that might affect the financial report of the fund.

There are no specific risks arising from the information technology utilised by the fund that require attention by the trustee.

To monitor internal controls over financial reporting, we review all reports provided by the information technology systems utilised by the fund for accuracy. This assists in determining if the information is sufficiently reliable for financial reporting purposes.

#### **11. Contributions**

Concessional and non-concessional contributions, if any, received by the fund have been reviewed in line with the limits imposed by the legislation, taking into account contributions paid to other superannuation funds.

To the best of our knowledge, non-concessional contributions received are in line with member specific contribution caps. Any excessive contributions will be dealt with as required by either the legislation or as advised by the ATO.

#### **12. Legal Matters**

We confirm you have been advised of all significant legal matters, and that all known actual or possible litigation and claims have been adequately accounted for, and been appropriately disclosed in the financial report.

Any minutes of meetings with the fund's legal counsel have been provided for audit review.

#### **13. Related Parties**

All related parties and related party transactions (if any) have been brought to your attention, and have been appropriately accounted for. We confirm the effect of any related party relationships or transactions does not cause the financial report to be misleading. All related party transactions are conducted on an arm's length basis. No asset has been acquired from a member or a related party other than permitted under the SIS legislation. The fund has not made any loans or provided financial assistance to members of the fund or their relatives.

Related party transactions and related amounts receivable have been properly recorded or disclosed in the financial report. Acquisitions from, loans to, leasing of assets to, and investments in related parties have not exceeded the in-house asset restrictions in the SISA at the time of the investment, acquisition, or at year end.



**14. Subsequent Events**

The trustee has no formal procedures for the identification of subsequent events, however, we monitor investments and markets information relevant to the fund on an ongoing basis.

Other than those reported, there are no events subsequent to year end, nor any new litigation or claims referred to the fund's legal counsel, that would require adjustment to, or disclosure in, the financial report.

We further note there are no subsequent events that could have significant effect on the fund's compliance and therefore on your opinion for the compliance engagement.

**15. Going Concern Assumption**

We confirm we have no knowledge of any events or conditions that would cast significant doubt on the fund's ability to continue as a going concern.

**16. Timing of Representations**

It is taken that the above representations are applicable to the 2022 audit of the fund. Should this representation letter be signed on a date other than when the audit report is signed, we note that the above representations are still appropriate, relevant and accurate to the date on which your audit report is signed. Should this not be the case, we shall inform you prior to the finalisation of your audit, and the signing of your audit report.

**17. Fund Residency**

The trustees/directors confirm that the fund meets the definition of an Australian Superannuation Fund in accordance with subsection 295-95(2) of the ITAA 1997.

**18. Investment Risks**

We have made investments for the members of the fund and fully understand all the investment risks for each investment, including loss of capital and income. We acknowledge that you will not check the liquidity, risk, return, and nature of the investments or their suitability to our investment strategy. If any assets of the fund fail and capital/income is lost, we will not be taking any action for damages against you under section 12GF of the Australian Securities and Investments Commission Act 2001.

We acknowledge that you will not form an opinion or report to us if the fund is making or likely to make an economic loss or the fund's assets are getting impaired or likely to get impaired due to the conduct of any other person whom we rely on for investment decisions or appoint as custodian or investment manager. We understand your appointment is to audit the fund's financial report and not to audit entities where the fund invests, for example custodian services, related/unrelated trusts, related/unrelated companies, or other entities.

Yours faithfully,

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**Tracy Hocutt**  
**Director**