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6 August 2020

The Trustees
Infensus Superannuation Fund
C/- Best Tax Strategies
PO Box 7287
Lismore Heights, NSW 2480

Via email

AUDIT MANAGEMENT LETTER - Infensus Superannuation Fund

Dear Trustee,

I have conducted an independent audit of the financial reports for Infensus Superannuation Fund ("The Fund") for the year ended 30 June 2020 and advise that the Trustees of the Fund have complied, in all material aspects with the SIS Act and SIS Regulations.

Accordingly, I enclose the signed unqualified audit report.

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. Further, my audit work involves examination, again on a test basis, of evidence supporting compliance with certain requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations 1994 ("SIS").

There are inherent limitations in any audit due to 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 statement is free from material misstatement. There is an unavoidable risk that even some material misstatement, fraud or irregularity may remain undiscovered.

Member Account Statements

Please note I have not audited the member account statements attached to the financial report as this is outside the scope of my audit engagement. While I do complete an audit of the movements in the member account during the financial year being audited, I am unable to provide an opinion as to the accuracy of historical member components and eligible service date information that relates to transactions that have occurred in prior years.

Auditors are encouraged by the Australian Taxation Office to issue management letters at the completion of each audit as a means of advising the trustees of any matters noted during the course of the audit.

Matters for attention

There are no material matters I wish to bring to your attention this year. However, I recommend you consult with your adviser before making any decisions about your fund due to the complex rules that are now in place.

I am pleased to provide this advice in regard to your superannuation fund auditing requirements. I look forward to assisting with any queries you may have.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'P Cooney', is placed over a light blue rectangular background.

Paul Cooney MIPA
Director
Assured Audits Pty Ltd

Tips on keeping your fund compliant

I recommend you seek professional advice in managing your fund and educating yourself as a trustee.

The most common breaches can be avoided by simply following some basic rules:

- All investments must be in the name of the trustees as trustee for the SMSF eg. Tom and Sarah Clarke as trustees for the Clarke Family Superannuation Fund. Reg 4.09A.
- Insurance policies (a fund asset) must be in the name of the Superannuation Fund to claim a premium as a tax deduction.
- All assets must be stated at market value each year. All asset values must be supported by valuations or appraisals or having recent market evidence. Reg 8.02B
- SMSF's cannot loan money to members (or relatives); prima facie it is a breach S65.
- Artwork, coins and antiques have specific rules with respect to SMSF's - read more at www.ato.gov.au and search "collectibles within a SMSF". These rules changed from 1 July 2016.
- Make sure you have correct pension documentation to ensure the tax-free income of your fund, if you are deriving pension income.
- Check your investment strategy to ensure it complies with the ATO guidelines and specifically considers insurance for all members, as required by the SIS Act.
- Your Trust Deed must keep up with changes in legislation, I recommend any Trust Deed older than 2015 be reviewed or replaced as soon as possible.

The ATO Penalty Regime

Prior to 1 July 2014 the ATO did not have the power to apply a range of penalties for SMSF's. It was all or nothing legislation – you were a complying SMSF, or not. The punishment couldn't match the crime as it was too harsh to effectively wind up a fund for what may have been a simple administrative breach. Consequently, the ATO now has the power to issue the following types of notices:

- A Rectification Notice – This requires a specific action within a specific time frame to fix a contravention.
- An Education Notice – A trustee may have to undertake a (free) training course, and provide evidence to the ATO.
- An Administrative Penalty Notice – Trustees have to pay a cash fine from their own pocket after an ATO review. A review may be over the phone or a full desk audit.

Basic SMSF Audit Facts

1. The audit of a SMSF is a statutory responsibility of the trustee required under the Superannuation Industry (Supervision) Act 1993 (SIS Act).
2. You cannot lodge the annual tax return of your SMSF without having it audited first, and answering the questions about the audit on your tax return, including date and auditor's details.
3. Auditors check for compliance with accounting standards and also compliance with the Superannuation rules, as required by the ATO.
4. Due to the complexity of superannuation laws ASIC now requires registration of all auditors and you can search the register of auditors at www.connectonline.asic.gov.au.
5. The SMSF auditor must be independent of the accounting and administration function.
6. The ATO have guidelines for all reportable breaches and auditors are obliged to report breaches in many circumstances.

This information is provided in a general context only and should not be considered as advice – please seek professional advice when managing your SMSF.