

# LEE · GREEN

STRATEGIC ACCOUNTANTS

12 June 2020

The Trustee  
Umbrella Superannuation Fund  
48 Bakewell Road  
EVANDALE SA 5069

Dear Trustee

## Audit Management Letter – Umbrella Superannuation Fund

Postal Address:  
PO Box 218  
Kent Town SA 5071

Adelaide Office:  
190 Fullarton Rd  
Dulwich SA 5065

Darwin Office:  
Level 1, 66 Smith St  
Darwin NT 0800

T: (08) 8333 3666  
F: (08) 8333 0666

[reception@leegreen.com.au](mailto:reception@leegreen.com.au)  
[www.leegreen.com.au](http://www.leegreen.com.au)

Lee Green & Co Pty Ltd  
ACN: 008 215 094  
ABN: 76 008 215 094



Member of Russell Bedford  
International - a global  
network of independent  
professional services firms

I wish to advise that the audit of the above-mentioned fund for the year ended 30 June 2019 has recently been completed.

Auditors are encouraged by the Australian Taxation Office to issue a management letter at the completion of each superannuation fund audit, as a means to advise the Trustees of any matters noted during the course of the audit.

My audit work involves the review of only those systems and controls adopted by the Trustees, upon which I wish to rely for the purposes of determining my audit procedures. Accordingly, my examination might not have identified all the control weaknesses that may exist. Furthermore, my audit should not be relied on to disclose defalcations or other similar irregularities, although their disclosure, if they exist, may result from the audit tests I undertake.

### Significant movement in investment value

Due to recent events affecting the global economy, trustees are reminded to regularly review their investment strategy to ensure that the funds objectives are still being achieved and that the value of the investments are consistent with the targets set.

### Items to Note

The trustee is reminded that GST is not able to be claimed on all expenses, in particular accounting and audit fees. This amount is not material but should be noted for further years. With regard to the market value of investments, it would be prudent to have the properties appraised to ensure that the values reflect the market changes due to recent events. In the event that you are providing rent reductions or payment arrangements, please ensure that all decisions are documented appropriately to ensure these arrangements are at arm's length.

### Corrected Misstatements

I am required to advise you of any significant misstatements identified during the audit, which were corrected prior to the financial report being finalised. I wish to advise that there were no such misstatements identified.

Should you wish to discuss the above, please do not hesitate to contact me.

Yours faithfully  
LEE · GREEN

*Benjamin Spiers*

**BENJAMIN SPIERS**

## Self-managed Superannuation Fund Independent Auditor's Report

Postal Address:  
PO Box 218  
Kent Town SA 5071

Adelaide Office:  
190 Fullarton Rd  
Dulwich SA 5065

Darwin Office:  
Level 1, 66 Smith St  
Darwin NT 0800

T: (08) 8333 3666  
F: (08) 8333 0666

[reception@leegreen.com.au](mailto:reception@leegreen.com.au)  
[www.leegreen.com.au](http://www.leegreen.com.au)

Lee Green & Co Pty Ltd  
ACN: 008 215 094  
ABN: 76 008 215 094



Member of Russell Bedford  
International - a global  
network of independent  
professional services firms

---

### Auditor details:

Name	Benjamin Ian Spiers
Business Name	Lee Green & Co Pty Ltd
Business Postal Address	190 Fullarton Road Dulwich SA 5065
SMSF Auditor Number (SAN)	100 267 810

---

### Self-managed Superannuation Fund details:

Name	Umbrella Superannuation Fund
Australian Business Number	25 712 152 661
Tax File Number	PROVIDED
Address	48 Bakewell Road EVANDALE SA 5069
Year of Income Being Audited	2019

---

### To the SMSF trustee

To the SMSF trustee of Umbrella Superannuation Fund

## Part A: Financial report

### Approved SMSF Auditor's Opinion

I have audited the special purpose financial report of Umbrella Superannuation Fund comprising Operating Statement for the year ended 30<sup>th</sup> June 2019, Statement of Financial Position as at 30<sup>th</sup> June 2019 and notes to the accounts of Umbrella Superannuation Fund for the year ended 30<sup>th</sup> June 2019.

In my opinion, the financial report presents fairly, in all material respects, in accordance with the accounting policies described in the notes to the financial statements, the financial position of the fund at 30<sup>th</sup> June 2019 and the results of its operations for the year then ended.

### Basis for Opinion

My audit has been conducted in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Approved SMSF Auditor's Responsibilities for the Audit of the Financial Report* section of this report. I am independent of the self-managed superannuation fund in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) as required by the Superannuation Industry (Supervision) Regulations 1994 (SISR). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist Umbrella Superannuation 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.

### Emphasis of Matter – Significant movement in investment value

Subsequent to year end and prior to signing, the global economy experienced some significant movements in value. As a result of this, the current value of your investments may now be significantly different to the values reported at year end.

### Responsibilities of SMSF Trustees for the Financial Report

Each SMSF trustee (individual trustee or director of corporate trustee) is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the SMSF's governing rules, the SISA and the SISR. Each trustee is also responsible for such internal controls as they determine are necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustees are responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees intend to wind-up the fund. The going concern basis of accounting is appropriate when it is reasonably foreseeable that the fund will be able to meet its liabilities as they fall due.

The trustees are responsible for overseeing the fund's financial reporting process.

### **Approved SMSF Auditor's Responsibilities for the Audit of the Financial Report**

My responsibility is to express an opinion on the financial report based on my audit. I have conducted an independent audit of the financial report in order to express an opinion on it to the trustees.

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of trustees taken on the basis of this financial report.

I have complied with the competency standards set by the Australian Securities & Investments Commission (ASIC). My audit has been conducted in accordance with Australian Auditing Standards. These standards require that I comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free from material misstatement.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

## **Part B: Compliance report**

### **Approved SMSF Auditor's Opinion**

I have performed a reasonable assurance engagement on Umbrella Superannuation Fund to provide an opinion in relation to its compliance, in all material respects, with the applicable provisions of the SISA and the SISR as listed below in the *Approved SMSF auditor's Responsibility* section of this report.

In my opinion, each trustee of Umbrella Superannuation Fund has complied, in all material respects, with the applicable provisions of the SISA and the SISR specified below, for the year ended 30<sup>th</sup> June 2019.

### **Basis for Opinion**

I have conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* issued by the Auditing and Assurance Standards Board.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Independence and Quality Control**

I have complied with the independence requirements in accordance with the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) as required by the SISR.

I apply Australian Standard on Quality Control 1 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

I have complied with the competency standards set by ASIC.

### **SMSF Trustees' Responsibility for Compliance**

Each SMSF trustee is responsible for complying with the requirements of the SISA and the SISR and for identifying, designing and implementing internal controls as they determine necessary to meet compliance requirements and monitor ongoing compliance.

### **Approved SMSF Auditor's Responsibility for the Compliance Report**

My responsibility is to express an opinion on the trustees' compliance with the applicable requirements of the SISA and the SISR, based on the compliance engagement. My procedures included testing that the fund has an investment strategy that complies with the SISA and that the trustees make investments in line with that strategy, however, no opinion is made on its appropriateness to the fund members.

My reasonable assurance engagement has been conducted in accordance with applicable Standards on Assurance Engagements issued by the Auditing and Assurance Standards Board, to provide reasonable assurance that the trustees of the fund have complied, in all material respects, with the relevant requirements of the following provisions (to the extent applicable) of the SISA and the SISR.

Sections: 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67,67A, 67B, 82-85, 103, 104, 104A, 105, 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

An assurance engagement to report on the fund's compliance with the applicable requirements of the SISA and the SISR involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the compliance requirements. The procedures selected depend on my judgement, including the identification and assessment of risks of material non-compliance.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SISA and the SISR for the year ended 30<sup>th</sup> June 2019.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the SISA and the SISR apart from those specified.

**Inherent Limitations**

Due to the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error, or non-compliance with the listed provisions may occur and not be detected. A reasonable assurance engagement does not provide assurance on whether compliance with the listed provisions will continue in the future.

*Benjamin Spiers*

**BENJAMIN SPIERS**

Dated: 12<sup>th</sup> June 2020

## Self-Managed Superannuation Fund

# Independent Auditor's Report

---

### Appendix 1 – Explanation of listed sections and regulations in compliance report

This appendix is included to assist with the meaning of the legislation and regulations listed above.

Section or Regulation	Explanation
S17A	The fund must meet the definition of an SMSF
S35AE	The trustees must keep and maintain accounting records for a minimum of five years
S35B	The trustees must prepare, sign and retain accounts and statements
S35C(2)	The trustees must provide the auditor with the necessary documents to complete the audit in a timely and professional manner; and within 14 days of a written request from the auditor
S62	The fund must be maintained for the sole purpose of providing benefits to any or all of the following: <ul style="list-style-type: none"><li>• fund members upon their retirement</li><li>• fund members upon reaching a prescribed age</li><li>• the dependants of a fund member in the case of the member's death before retirement</li></ul>
S65	The trustees must not loan monies or provide financial assistance to any member or relative at any time during the financial year
S66	The trustees must not acquire any assets (not listed as an exception) from any member or related party of the fund
S67	The trustees of the fund must not borrow any money or maintain an existing borrowing (not listed as an exception)
S67A & 67B	The fund must comply with the limited recourse borrowing arrangement rules when borrowing to purchase single acquirable asset or replacement assets (not listed as an exception to the borrowing rules)
S82-85	The trustees must comply with the in-house asset rules
S103	The trustees must keep minutes of all meetings and retain the minutes for a minimum of 10 years
S104	The trustees must keep up to date records of all trustee or director of corporate trustee changes and trustee consents for a minimum of 10 years
S104A	Trustees who became a trustee on or after 1 July 2007 must sign and retain a trustee declaration

## Self-Managed Superannuation Fund

# Independent Auditor's Report

---

S105	The trustees must ensure that copies of all member or beneficiary reports are kept for a minimum of 10 years
S109	All investment transactions must be made and maintained at arms-length – that is, purchase, sale price and income from an asset reflects a true market value/rate of return
S126K	A disqualified person cannot be a trustee, investment manager or custodian of a superannuation fund
Sub Reg 1.06 (9A)	Pension payments must be made at least annually, and must be at least the amount calculated under Schedule 7
Reg 4.09	Trustees must formulate, regularly review and give effect to an investment strategy for the fund
Reg 4.09A	The assets of the SMSF must be held separately from any assets held by the trustee personally or by a standard employer sponsor or an associate of the standard employer sponsor
Reg 5.03	Investment returns must be allocated to members in a manner that is fair and reasonable
Reg 5.08	Member minimum benefits must be maintained in the fund until transferred, rolled over, allotted (to the member's spouse) or cashed out in a permitted fashion
Reg 6.17	Payments of member benefits must be made in accordance with Part 6 or Part 7A of the regulations and be permitted by the trust deed
Reg 7.04	Contributions can only be accepted in accordance with the applicable rules for the year being audited
Reg 8.02B	When preparing accounts and statements required by subsection 35B(1) of SISA, an asset must be valued at its market value
Reg 13.12	Trustees must not recognise an assignment of a super interest of a member or beneficiary
Reg 13.13	Trustees must not recognise a charge over or in relation to a member's benefits
Reg 13.14	Trustees must not give a charge over, or in relation to, an asset of the fund
Reg 13.18AA	Investments in collectables and personal use assets must be maintained in accordance with prescribed rules