

# KINGSTON & KNIGHT AUDIT



18 June 2021

The Trustee,  
R & T Di Lizio Superannuation Fund  
17 Melcombe Road  
Ivanhoe VIC 3079

Dear Sir / Madam,

## **RE: AUDIT ENGAGEMENT LETTER R & T Di Lizio Superannuation Fund**

### ***The objective and scope of the audit***

You have requested that we audit the R & T Di Lizio Superannuation Fund:

1. Financial report, which comprises the statement of financial position as at 30 June 2020 and the operating statement for the year then ended and the notes to the financial statements; and
2. 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 ATO, which are sections 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67, 67A, 67B, 82-85, 103, 104, 104A, 105, 109, 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.

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.

### ***The responsibilities of the auditor***

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). 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.

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 35 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, being a day before the latest date stipulated by the ATO for lodgement of the fund's Annual Return.

We apply Australian Standard on Quality Control 1 and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal & regulatory requirements.

We comply with the competency standards set by ASIC, the auditor independence requirements prescribed by the SISR and the ethical requirements relating to assurance engagements which are founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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### ***Financial audit***

A financial audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. A financial audit also includes evaluating the appropriateness of the financial reporting framework, accounting policies used, and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report. Due to the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.

In making our risk assessments, we consider internal controls relevant to the fund's preparation of the financial report 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 controls.

However, we expect to provide you with a separate letter concerning any significant deficiencies in the fund's system of accounting and internal controls that come to our attention during the audit of the financial report. This will be in the form of a trustee letter.

### ***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 gives due consideration to risk, return, liquidity, diversification, insurance policies for members and review regularity of the investment strategy. 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.

### ***The responsibilities of the trustees***

We take this opportunity to remind you that it is the responsibility of the trustees to 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.

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 misstatement, whether due to fraud or error. The system of accounting and internal control should be adequate in ensuring that all transactions are recorded and that the recorded transactions are valid, accurate, authorized, properly classified and promptly recorded, so as to facilitate the preparation of reliable financial information. This responsibility to maintain adequate internal controls also extends to the Fund's compliance with SIS including any Circulars and Guidelines issued by a relevant regulator to the extent applicable.

The internal controls should be sufficient to prevent and/or detect material non-compliance with such legislative requirements.

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- Selecting and applying appropriate accounting policies.
- Making accounting estimates that are reasonable in the circumstances.
- Making available to us all the books of the Funds, 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 SIS requires that Trustees must give to the auditor any document that the auditor requests in writing within 14 days of the request.

As part of our audit process, we will request from the trustees written confirmation concerning representations made to us in connection with the audit. 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.

### ***Independence***

We confirm that, to the best of our knowledge and belief, the engagement team meets the current independence requirements of the Code of Ethics for Professional Accountants, as issued by the Accounting Professional & Ethical Standards Board 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.

### ***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 Australian Taxation Office (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 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.

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.

### ***Compliance program***

The conduct of our engagement in accordance with Australian Auditing Standards and applicable Standards on Assurance Engagements means that information acquired by us in the course of our engagement 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 compliance program of a professional accounting body or the ATO. 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 these programs. Should this occur, we will advise you. The same strict confidentiality requirements apply under these programs as apply to us as your auditor.

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## **Limitation of liability**

As a practitioner/firm participating in a scheme approved under Professional Services Legislation, our liability may be limited under the scheme.

## **Fees**

We look forward to full co-operation with you / your administration and we trust that you will make available to us whatever records, documentation and other information are requested in connection with our audit. Our fee will be billed as work progresses and will be based on the time required to complete the engagement. Any out-of-pocket expenses will be billed separately. Further, where a contravention report needs to be lodged with the ATO, an additional fee will be charged for the preparation and lodgement of the contravention report.

## **Other**

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 financial audit and compliance engagement of the R & T Di Lizio Superannuation Fund.

Yours faithfully,

Mr. Michael Raffoul  
SMSF Auditor Registration No: 100265183

Acknowledged on behalf of the trustee of the  
R & T Di Lizio Superannuation Fund

  
Director- Renalto Di Lizio  
R & T Di Lizio SMSF Pty Ltd  
Director- Tania Di Lizio  
R & T Di Lizio SMSF Pty Ltd