

CARTER WOODGATE AUDIT PROCEDURE

dl \* CONTACT CLIENT ADVISING THAT THEIR SMSF AUDIT IS REQUIRED & REQUEST MANAGEMENT REPRESENTATION LETTER WHEREBY CLIENT ACKNOWLEDGES THAT THEY ARE RESPONSIBLE FOR THE COMPLETENESS & ACCURACY OF THE PARTICULARS & INFORMATION PROVIDED TO THIS AUDIT FIRM

dl \* OBTAIN CLIENTS SMSF AUDIT FILE & ENSURE IT CONTAINS THE CARRY FORWARD AUDIT INFORMATION FILE

dl \* OBTAIN SMSF AUDIT PLAN & STRATEGY REPORT

dl \* OBTAIN SMSF SUGGESTED AUDIT PROCEDURES

dl \* OBTAIN SMSF CHECKLIST TO FINANCIAL AUDIT

dl \* OBTAIN SMSF COMPLIANCE CHECKLIST

dl \* OBTAIN SMSF CHECKLIST TO SIS AUDIT

dl \* ENSURE AUDIT FILE CONTAINS LATEST TAX RETURN & A COPY OF THE RELEVANT FINANCIAL STATEMENTS

dl \* COMPLETE AUDIT CHECKLIST TO ENSURE OTHER RELEVANT DOCUMENTS ARE SIGNED & INCLUDED IN AUDIT FILE.

dl \* COMPLETE AUDIT PLANS & STRATEGY, SIS AUDIT, FINANCIAL AUDIT & OTHER COMPLIANCE CHECKLISTS

dl \* REVIEW AUDIT TO ENSURE RISK ASSESSMENT ADOPTED WAS ACCURATE & ADJUST RISK ASSESSMENT IF REQUIRED.

dl \* COMPLETE & SIGN AUDIT REPORT & REPORT CONTRAVENTIONS TO ATO & CLIENT WHERE APPLICABLE. COMPLETE RELEVANT AREAS OF CHECKLIST APPLICABLE TO AUDIT REPORT

dl \* COMPLETE & SIGN NO MATTERS LETTER & HAVE THE CLIENT READ, SIGN & RETURN IT TO OUR OFFICE TO BE HELD IN THE AUDIT FILE.

dl \* PLACE AUDIT FILE BACK IN THE CABINET



## SMSF Audit - Document Checklist

	Yes	No	N/A
Copy of signed Audit Engagement Letter by the Trustees	✓		
Copy of signed Trustee Representation Letter	✓		
Copy of signed Financial Statements		/	
Supporting documents for all items in the Financial Statements	/		
Tax Return completed	✓		
Proof of Trustees (individual – document signed by Trustees accepting to act as Trustees or Company Trustee confirmation of Directors)	✓		
Copy of all signed permanent files	✓		
Copy of signed Pension Documentations	/		
Copy of signed Bare Trust if there is a LRBA in the Fund			✓
Actuarial Certificate (if Fund is partially in Accumulation and Pension phase)	/		
Life Insurance Statements			✓
Corporate Trustee Annual Statement - ASIC	/		
Proof of payment made for ASIC annual fee	✓		
Copy of signed Prior year Management Letter	/		
Copy of signed Prior year Financial Statements		/	
Copy of signed Prior year Tax Return	/		
Copy of signed Prior year Audit Report	/		



	Yes	No	N/A
Financial Statement	✓		
Income Tax Return	✓		
ATO Portal Reports	✓		
Investment Summary Report	✓		
Members Statements	✓		
Notes to Financial Statements	✓		
Statement of Taxable Income / Income Tax Provision	✓		

Change of Trustee (signed)			✓
Members added / resigned (signed)			✓
Latest version of Trust Deed (signed)	✓		
Amended Investment Strategy (signed)			✓
Change in tax status i.e.: Member moved from accumulation to pension phase			✓
ATO correspondence received relating to any significant events			✓
Latest Binding Death Benefit Nominations on file	✓		
Prior year Audit Management Letter points addressed			✓
Is the Corporate Trustee a sole purpose SMSF Trustee	✓		
Minutes in place or drafted for actions taken during income year .			✓
Copy of signed Fund Trust Deed	✓		
Copy of signed Member applications and Trustee consents	✓		
Copy of signed ATO Trustee Declarations (appointments after 1 July 2007)	✓		
Copy of signed latest Investment Strategy	✓		
Copy of signed Prior year's Financial Statements including notes to the Financials		✓	
Any ATO correspondence received relating to any significant events			✓
Copy of signed Latest Binding Death Benefit Nominations on files	✓		



General authority (should external verifications required for bank, employer or insurance company)			✓
Prior period Audit Management Letter points addressed (if applicable)			✓
Copy of signed Prior year Audit Report	✓		
Copy of signed Engagement Letter and Audit Representation Letter	✓		
Copy of signed Financial Statements (including notes), Member Statements, Trial Balance, General Ledger for current year		✓	
Latest ASIC Annual Return attached (Corporate entities only)	✓		
Proof of payment made for ASIC annual fee	✓		
Is Corporate Trustee a sole purpose SMSF Trustee	✓		
Minutes in place or drafted for actions taken during income year			✓
Copy of signed Bare Trust if there is a LRBA in the Fund			✓
Bank statements for full year	✓		
Bank statements which show full details such as account name, closing balances as at 30 June	✓		
Bank confirmation recommended for balances > 10% of asset value and/or where originals not received			✓

#### Share in Listed and Unlisted Companies / Trusts

Dividend notices and trust distributions/annual tax statements	✓		
SRN/HIN details (including holding name and postcode)	✓		
Acquisition and disposal documentation	✓		
Financials and Tax Return for Unlisted Unit Trust	✓		
Share holding statement / Portfolio statement	✓		

#### WRAP Investments

Annual Tax Statements and transaction reports			✓
Annual portfolio / holding statement			





**Related Party Investments**

	Yes	No	N/A
Financial statements (property in related entities—also complete the Property section)			/
Evidence of ownership			/
Market value calculations / Trustee valuation calculations			/

**Investment Property**

			✓
Copy of property Title Deeds documents e.g. title search			
Documentation to support value of the property			
Copy of most recent lease agreements, including details on lessee			
Evidence of rental being at market rates			
Insurance policy			
Acquisition and disposal documentation			
Bare Trust Documentations (if SMSF has borrowings)			

**Other Assets (e.g.: artwork, jewellery, wine, sundry debtors, loans)**

			/
Acquisition documentation to support ownership, and disposal documentation			
Documentation to support value			
Lease / loan agreements, including details on lessee / recipient			
Evidence of rental / interest being at market rates			
Details of asset location and insurance policy			
Confirmation asset not for private use and/or enjoyment by Members or related parties			



## Other Liabilities

	Yes	No	N/A
Supporting documentation			✓
Member benefit calculate			✓

## Income & Expenditure

	Yes	No	N/A
Contributions - confirmation from employer for concessional contributions, work test confirmation for Member who is over 65 and wants to make contributions.			✓
Insurance – copy of policy confirming ownership, life insured, cover type and premiums			✓
Pension / benefit payments – condition of release (under 65), PAYG summary (under 60)	✓		
Other income and expenses documentation	✓		
Pension Minute for Fund with balance over \$1.6m			✓
CGT relief calculation			✓

## Tax

	Yes	No	N/A
Annual return completed for the current year	✓		
Tax losses, both Revenue and Capital, carried over from previous year tax return to the current year correctly	✓		
Income tax calculation / work papers	✓		
Payment documentation - including PAYG and Supervisory Levy	✓		
Actuarial certificate, if applicable	✓		



## Workpaper SMSF Audit Plan & Strategy 2020

SMSF Audit plan & strategy 2019			
Client details			
Fund name	THE HICKSON SUPER FUND		Client code
Period start	1/7/2019	Period end	30/06/2020
A. Audit team			
1.1.	Director	LINDSAY CURTIS	Audit staff
1.2.	Manager		Audit staff
B. Fund information			
1.1.	ABN/TFN if corporate trustee	20 996 610 702	
1.2.	Trustee/s	HICKSON HOLDINGS (WA) PTY LTD	
1.3.	Primary Contact	PETER HICKSON	
1.4.	Address	101 CONNELL AVE MARTIN WA 6110	
1.5.	Fund member 1	PETER AH HICKSON	Fund member 2 KATHLEEN A HICKSON
1.6.	Fund member 3	MEUNA J BROWNE	Fund member 4
1.7.	Audit completion date	8-6-2021	
1.8.	Fund lodgement due date	8-6-2021	
C. Fund details			
1.1.	Fund status	Accumulation / Pension	
1.2.	Deed commencement date	20-6-2009	
1.3.	Amendment date if applicable	18-6-2014	
1.4.	Details of changes	Detail changes and audit implications and confirm original deed allowed amendment <i>du</i>	
1.5.	Reporting/ non-reporting status	<p>There are very limited users of the report. These are the trustees/members of the fund, the fund's bank, and the ATO.</p> <p><i>du</i> Each of these users is in a position to demand specific information for their needs. As special purpose accounts will be prepared, the fund is not required to apply all accounting standards. SMSFs are required to value all fund assets at market value for reporting purposes (r8.02B SISR 1994).</p>	
1.6.	Related parties	<p>The known related parties are the trustees, members, and beneficiaries.</p> <p><i>du</i> The transactions allowed are those allowed under the trust deed, SIS Act and SISR. We will form an understanding of the fund's related party relationships and transactions sufficient to be able to conclude whether the financial report is affected.</p>	
D. Prior period issues or changes			
1.1.	Prior period issues or changes	Detail any prior period issues or changes that affect the fund i.e. previous year end contraventions, or management recommendations and how they have been dealt with in the current year. <i>du</i>	
E. Pre commencement			
1.1.	Engagement letter	We have agreed the terms of the SMSF audit engagement and have forwarded these to the trustees in writing; or	



		<p>There have been no significant changes to the engagement arrangement from prior year. Refer to the signed <i>Letter Engagement SMSF Audit 2020</i>.</p>
1.2.	Client relationship	<p>We have been the auditors for the fund for the past <del>XXX</del> <sup>12</sup> years. We have assessed our relationship and have concluded that the relationship should continue; or</p> <p>The fund was established on XXX and this is the first year of the audit; or</p> <p>Another firm has previously audited the fund. We have sought professional clearance from the prior year auditor who has confirmed that there are no professional reasons why we should not accept the audit engagement. We have completed our review and have concluded that we should accept the appointment.</p>
<b>F.</b>	<b>Audit scope</b>	
1.	Services to be provided	<ul style="list-style-type: none"> <li>◦ SIS Audit</li> <li>◦ Financial Audit</li> <li>◦ Audit finalisation letter</li> <li>◦ Audit report</li> <li>◦ Contravention report if required</li> </ul>
<b>G.</b>	<b>Responsibilities</b>	
1.	<p>The financial statement audit is in accordance with Australian Auditing Standards.</p> <p>The compliance audit is based on and in accordance with the applicable Assurance Engagement standards and compliance with the following sections of the SIS Act and SISR:</p> <p>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, 13.19AA</p>	
<b>H.</b>	<b>Reporting requirements</b>	
1.	<p>Report to the trustee in writing if we have formed the opinion, that:</p> <ul style="list-style-type: none"> <li>◦ Any contraventions of the SIS Act or SISR may have occurred, may be occurring or may occur in relation to SMSF (s129)</li> <li>◦ The financial position of the SMSF may be, or may be about to become, unsatisfactory (s130).</li> </ul> <p>Report to ATO in writing using the approved form <i>Auditor-Actuary Contravention report</i> (ACR), if we have formed the opinion that:</p> <ul style="list-style-type: none"> <li>◦ It is likely that a contravention, may have occurred, may be occurring or may occur, of the requirements of the SIS Act or SISR, specified by the ATO in the ACR, which meet the tests specified in the ACR instructions (s129); or</li> <li>◦ The financial position of the SMSF may be, or may be about to become, unsatisfactory (s130).</li> </ul>	

		Yes	No	N/A
<b>I.</b>	<b>Independence and competency requirements</b>			
<b>1.</b>	<b>Independence</b>			
1.1.	The auditor needs to ensure that they are independent, see: <ul style="list-style-type: none"> <li>◦ <u>GS 009</u></li> <li>◦ <u>Auditing Standard ASA 200</u></li> <li>◦ <u>APES 110</u></li> </ul> <p>The auditor must ensure they are actually independent as well as seen to be independent (perceived independence). A 'yes' answer below will require consideration prior to accepting the audit. Consider and identify any independence or ethical issues in accepting this appointment</p>	✓		
1.2.	Does the firm prepare the financial statements of the fund?	✓		
1.2.1.	If yes, identify who: <u>Debra Carter</u>			
1.3.	Confirm that the auditor and audit team do not prepare the financial statements of the fund.	✓		
1.4.	Are the trustees related to the fund auditor or audit team?		✓	
1.5.	Is the trustee a significant client of the firm? If yes, provide evidence of independence.		✓	
1.6.	Does the firm provide investment advice to the trustee?		✓	
1.7.	Is there any evidence that the trustee has significant influence on the auditor or audit team?		✓	
1.8.	Self-threat review. We confirm that: <ul style="list-style-type: none"> <li>◦ The accounting services are not performed by a member of the audit team.</li> <li>◦ Neither the accounting nor audit personnel are involved in making managerial decisions on behalf of the fund.</li> <li>◦ The source data for accounting entries are originated by the fund.</li> <li>◦ That we obtain the fund's approval for any proposed journal entries or other changes affecting the financial report.</li> <li>◦ That we obtain the fund's acknowledgement of their responsibility for the accounting work performed by the team.</li> <li>◦ We disclose to the trustees the firm's involvement in both engagements.</li> </ul>		✓	<u>du</u>
1.9.	Self-interest, advocacy, familiarity or intimidation threats. We confirm that: <ul style="list-style-type: none"> <li>◦ The firm's quality control procedures require all staff and directors to disclose the holding of direct, or material indirect, financial interests by the staff in closely held investments of the fund.</li> <li>◦ The audit fees on the SMSF are insignificant and we are not unduly reliant on such fees.</li> <li>◦ There is no disagreement with the trustees about the application of an accounting principle. The trustees seek our advice in such matters.</li> </ul>		✓	<u>du</u>
1.10.	We have considered the following threats to our independence and where required have put in place safeguards to reduce the threat to an acceptably low level.	✓		<u>du</u>
1.11.				
<b>2.</b>	<b>Competency</b>			
2.1.	The auditor needs to ensure that they satisfy the competency standards set out by ASIC in <u>CO 12/1687</u>	✓		<u>du</u>
2.2.	Confirm the engagement is managed by a registered SMSF Auditor. The auditor has confirmed that the engagement team assigned to the audit have the appropriate knowledge and experience required and are properly supervised.	✓		<u>du</u>
<b>3.</b>	<b>Ethical requirements</b>			



		Yes	No	N/A
3.1.	<p>Confirm that the members of the engagement team are fully aware and comply with the following based on the firm's policy on staff training:</p> <ul style="list-style-type: none"> <li>◦ <u>APES 205</u> – Conformity with accounting standards</li> <li>◦ <u>APES 220</u> – Taxation services</li> <li>◦ <u>APES 305</u> – Terms of Engagement</li> <li>◦ <u>APES 320</u> – Quality control for firms</li> <li>◦ <u>APES 210</u> – Conformity with auditing and assurance standards</li> </ul>	✓	del	
J.	Risk assessment			
1.	<p>Overall risk assessment</p> <p>Overall risk for this audit is assessed as: <u>Medium</u></p>	✓	del	
1.1.	<p>Inherent risk</p> <p>Inherent risk for this audit is assessed as: <u>Medium</u></p> <p>On the basis that:</p> <ul style="list-style-type: none"> <li>◦ <i>Trustees are well known to us and are of high integrity and experience</i></li> <li>◦ <i>There are no complex transactions</i></li> <li>◦ <i>The fund needs to comply with SIS.</i></li> <li>◦ <i>Prior audits have not identified any significant audit issues</i></li> </ul>	✓	del	
1.2.	<p>Control risk</p> <p>Control risk for this audit is assessed as: <u>High</u></p> <p>On the basis that:</p> <ul style="list-style-type: none"> <li>◦ <i>There is minimal or no segregation of duties</i></li> <li>◦ <i>The trustees are actively involved in the approval and authorisation of transactions.</i></li> </ul>	✓	del	
1.3.	<p>Detection risk</p> <p>Detection risk for this audit is assessed as: <del>Low</del> <u>Medium</u></p> <p>On the basis that:</p> <ul style="list-style-type: none"> <li>◦ <i>Account balances and disclosures can be verified by traditional audit procedures.</i></li> </ul>	✓	del	
1.4.	<p>Fraud risk</p> <p>In accord with <u>ASA 240</u>, we are required to consider the risk that fraud may result in material misstatement of the financial report and to discuss identified fraud risk with the trustee.</p> <p>The primary responsibility for the prevention and detection of fraud rests with the trustees. Our discussions with them on the risk of fraud will focus on:</p> <ul style="list-style-type: none"> <li>◦ Balances and transactions subject to management judgement and estimation</li> <li>◦ Appropriateness of accounting policies selected</li> <li>◦ The business rationale of transactions</li> <li>◦ The risk of management override of control in the processing of non-standard journal entries.</li> <li>◦ Their knowledge of material one-off, complex or unusual transactions. We will need to obtain an understanding of how they exercise oversight over managements' processes for identifying and responding to the risks of fraud, and the internal control that management has established to mitigate these risks.</li> </ul> <p>Historically, we have not detected or been made aware of any fraud.</p>	✓	del	
K.	Materiality	5%		

		Yes	No	N/A												
1.	<p>The auditor needs to establish materiality levels in the audit plan. <u>ASA 320</u> provides that this may include both qualitative and quantitative assessments. Whilst materiality needs to be considered on an audit by audit basis, quantitative thresholds could be: 1% - 2% of net assets, 5% - 10% change in net assets before tax.</p> <p>In accord with <u>ASAE 3100</u>, we need to consider both the materiality and compliance engagement risk. We have considered the following factors:</p> <ul style="list-style-type: none"> <li>• Potential damage to members of a breach of the SIS Act or SISR occurring.</li> <li>• Whether disclosure of a breach would influence members, trustees, or the ATO's perceptions or decisions.</li> <li>• Potential monetary value of increased tax resulting from a breach.</li> <li>• Potential monetary value or severity of any penalties.</li> <li>• Whether there are any arm's length members, such as members who are subject to a legal disability.</li> </ul> <p>Under <u>s129</u> of SIS Act, the auditor is required to report to the trustees (in writing) any contraventions of the SIS Act or SISR, which may have occurred, regardless of the materiality of those contraventions. Under <u>s130</u> the auditor needs to report to the trustee where the financial position of the fund is, or may be about to become, unsatisfactory.</p>															
L.	<b>Audit sampling</b>															
1.	<p>High Risk (In-house assets, pre 99 Trusts, related party transactions, SIS breaches - 100%)            Medium Risk (Benefit payment, pensions, collectibles) - Selected population - 50%            Low Risk (Listed shares, audit fees) - Selected population - 30%</p>															
M.	<b>Audit approach</b>															
1.	<p><b>Internal control</b></p> <p>This SMSF has a close and related membership where control is vested in a few individuals. There is little or no opportunity for implementing proper segregation of duties. Consequently, we have assessed the fund's control environment and compliance framework as ineffective and are unable to rely on the effectiveness of the internal controls to reduce substantive testing. Accordingly, our audit procedures will be primarily or entirely substantive procedures.</p>															
2.	<p><b>Response to key risk accounts</b></p> <p>The overall audit strategy adopted will be substantive. Tailored audit programmes covering substantive audit procedures will be used. The key areas are:</p> <table border="1"> <tbody> <tr> <td>Assets</td> <td>Cash, investments, receivables, prepayments</td> </tr> <tr> <td>Liabilities</td> <td>Tax, accounts payable, borrowings, vested &amp; accrued benefits for disclosure</td> </tr> <tr> <td>Revenue</td> <td>Investment revenue, proceeds from term policy, contributions/transfers in</td> </tr> <tr> <td>Expenses</td> <td>General administration, tax expenses, benefits paid</td> </tr> <tr> <td>Related Parties</td> <td>Disclosures are covered in <i>Letter Trustee representation SMSF audit 2019</i></td> </tr> <tr> <td>Matters that cannot be audited</td> <td>These include: i.e., certain areas of compliance with the SIS Act and SISR such as records kept for 7 years, reporting of fraud to auditor. These are included in <i>Letter Trustee representation SMSF audit 2019</i></td> </tr> </tbody> </table>	Assets	Cash, investments, receivables, prepayments	Liabilities	Tax, accounts payable, borrowings, vested & accrued benefits for disclosure	Revenue	Investment revenue, proceeds from term policy, contributions/transfers in	Expenses	General administration, tax expenses, benefits paid	Related Parties	Disclosures are covered in <i>Letter Trustee representation SMSF audit 2019</i>	Matters that cannot be audited	These include: i.e., certain areas of compliance with the SIS Act and SISR such as records kept for 7 years, reporting of fraud to auditor. These are included in <i>Letter Trustee representation SMSF audit 2019</i>			
Assets	Cash, investments, receivables, prepayments															
Liabilities	Tax, accounts payable, borrowings, vested & accrued benefits for disclosure															
Revenue	Investment revenue, proceeds from term policy, contributions/transfers in															
Expenses	General administration, tax expenses, benefits paid															
Related Parties	Disclosures are covered in <i>Letter Trustee representation SMSF audit 2019</i>															
Matters that cannot be audited	These include: i.e., certain areas of compliance with the SIS Act and SISR such as records kept for 7 years, reporting of fraud to auditor. These are included in <i>Letter Trustee representation SMSF audit 2019</i>															

		Yes	No	N/A
3.	<b>Response to compliance of SIS</b> We will use the <i>Checklist SMSF SIS Audit 2019</i> as a means of determining any non-compliance	✓	du	
4.	All audit team members have been briefed on the audit and are aware of the risks and responsibilities with this engagement.	✓	du	

Current as at 23 August 2019.

## Checklist SMSF SIS Audit 2020

### Checklist SMSF SIS Audit 2019

#### Client details

Fund name The Jackson Superannuation Funds Client code \_\_\_\_\_  
 Period start 1/7/2019 Period end 30/06/2020

		Yes	No	N/a	Ref	WP Ref
<b>A.</b>	<b>Meeting the definition of a SMSF answer the applicable section</b>					
1.	Confirm the fund is:					
1.1.	A fund other than a single member fund if 'yes', complete section A2					
1.2.	A fund with a corporate trustee if 'yes', complete section A3	/				Deed
1.3.	A single member fund if 'yes', complete section A4					
1.4.	A single member fund with a corporate trustee if 'yes', complete section A5					
2.	<b>Funds other than single member funds</b>				s17A	
2.1.	Confirm the fund has 4 members or less.					
2.2.	Confirm each member of the fund is a trustee and each trustee is a member of the fund.					
2.2.1.	If 'no', confirm the trustee is acting under an arrangement that satisfies the principles set out in <u>SMSFR 2010/2</u> : As the member's legal personal representative; or Under an enduring Power of Attorney.					
2.3.	Confirm that none of the fund members is an employee of another fund member.					
2.3.1.	If 'no', confirm that the member of the fund employed by another member is related to the other fund member.					
2.4.	Confirm that none of the trustees received any remuneration for their services as a trustee.					
3.	<b>Fund has a corporate trustee</b>				s17A	
3.1.	Confirm the fund has 4 members or less.	/				4/5
3.2.	Confirm each member of the fund is a director of the body corporate and each director of the body corporate a member of the fund.	/				(4) (5)
3.2.1.	If 'no', confirm the trustee is acting under an arrangement that satisfies the principles set out in <u>SMSFR 2010/2</u> : As the member's legal personal representative; or Under an enduring Power of Attorney.					
3.3.	Confirm that none of the fund members is an employee of another fund member.	/				(4) (5)
3.3.1.	If 'no', confirm that the member of the fund employed by another member is related to the other fund member.					

		Yes	No	N/a	Ref	WP Ref
3.4.	Confirm that none of the directors of the body corporate received any remuneration from the fund or any person (including the body corporate) for their duties as a director.	✓				(4) (5) (1) (3)
4.	Fund is a single member fund				s17A	
4.1.	Confirm the fund has two individuals as trustees; one of which is the member and the other trustee is:		✓			
4.1.1.	related to the member; or					
4.1.2.	any other person that is not the employer of the member					
4.2.	If 'no', confirm the trustee is acting under an arrangement that satisfies the principles set out in <u>SMSFR 2010/2</u> : As the member's legal personal representative; or Under an enduring Power of Attorney.					
4.3.	Confirm that none of the trustees received any remuneration for their services as a trustee.					
5.	Fund is a single member fund with a corporate trustee				s17A	
5.1.	Is the member:					
5.1.1.	The sole director of the body corporate; or					
5.1.2.	One of only 2 directors of the body corporate where the member and the other director are related or where the member is not an employee of the other director					
5.2.	If 'no', confirm the trustee is acting under an arrangement that satisfies the principles set out in <u>SMSFR 2010/2</u> : As the member's legal personal representative; or Under an enduring Power of Attorney.					
5.3.	Confirm that none of the directors of the body corporate received any remuneration from the fund or any person (including the body corporate) for their duties as a director.					
6.	Member is an employee of another member (extended definition)			✓	s17A(6)	
6.1.	Confirm the member is not in a fund with people who are either their employer or a director of their employer or an associated entity. <i>If 'yes', ignore 6.1.1 and go to section B</i>					
6.1.1.	If 'no', confirm the member is a relative of that member or a director of the same employer-sponsor company. <i>If 'no' to 6.1.1, the member does not meet the criteria. To meet the definition of a SMSF the member must be a relative of the employer sponsor or a director of the same employer-sponsor company</i>					
7.	For any new trustees or new directors of the trustee entity, confirm that an ATO trustee declaration has been received by the fund.			✓	s104A NAT 71089	
7.1.	Confirm the declaration was signed no later than 21 days after becoming a trustee or director of the trustee.				s104A(2) (a) & (b)	

		Yes	No	N/a	Ref	WP Ref
8.	Confirm the fund satisfies s17A.			✓		
8.1.	If no, does the six month grace period apply as per (s17A(4)? If no, s17A has been breached				s17A(4)	
9.	Section notes and contraventions identified					
9.1.						
B.	Governing rules/ Trust Deed compliance/sole purpose test					
1.	Confirm the fund was established solely for the purpose of providing benefits to fund members:				s62(1)	
1.1.	On their retirement from gainful employment; or	✓				Deed
1.2.	On the member attaining a prescribed age (see SMSFR 2008/2); or	✓				✓
1.3.	To their dependants in the event of a member's death before retirement or reaching the prescribed age	✓				✓
2.	Confirm that the trustee keeps the money or other assets of the fund separate from any other money or assets of the trustee.	✓			s52B(2)(d) & r4.09A	② ③
3.	Confirm that trustee has not entered into any contract or done anything else that would prevent (or hinder) the trustee from properly performing or exercising the trustee's functions and powers.	✓			s52B(2)(e)	✓
4.	Confirm that the trustees did not make any of the assets of the fund available for their own private use or that of their relatives. <i>If 'no', the fund may have breached the sole purpose test and the assets in question may become 'in-house' assets</i>	✓				✓
5.	Confirm that the fund did not use the assets of the fund to lend any money or give any financial assistance in any form to members or relatives of members regardless of whether this assistance was requested. <i>If 'no', the fund may have breached s65 of SIS (providing assistance to members or member's associates) See SMSFR 2008/1 – Giving financial assistance using the resources of a fund to a member or relative of a member that is prohibited for the purposes of paragraph 65(1)(b) of the SISA</i>	✓			s65 SMSF 2008/1	✓
6.	Section notes and contraventions identified					
6.1.						
C.	Related party acquisitions					
1.	Did the fund acquire assets from a related party or Part 8 associate of the fund: A member of the fund or of a director of the corporate trustee • A relative of the fund or of a director of the corporate trustee • A partner or partnership of the fund (or a spouse or child of that partner or partnership)			✓	s70B s70C s70D	

		Yes	No	N/a	Ref	WP Ref
	<ul style="list-style-type: none"> <li>• A trustee of a trust where the fund controls the trust</li> <li>• A company influenced by the members of the fund</li> </ul> <p><i>Review any title deeds, purchase contracts and transfer papers (for the name of the transferor). Where uncertain, obtain a written confirmation from the Trustees that the acquisition was not from a related party.</i></p>					
1.1.	If yes, confirm the fund only acquired assets from a related party of the fund where the asset was one of the following: <i>If 'no' to the questions below, the fund may have breached the related party acquisition rules.</i>				s66(2)	
1.1.1.	• A <u>listed security</u> acquired at market value;					
1.1.2.	• <u>Business real property</u> acquired at market value; (see SMSFR 2009/1 – business real property for the purposes of the SIS Act)				SMSF 2009/1	
1.1.3.	• An asset acquired under a merger between regulated superannuation funds;					
1.1.4.	• An asset acquired because of the breakdown of a relationship				s66 (2B)	
1.1.5.	• An asset that the regulator determines may be acquired by any fund or any class of fund of which this fund is included;					
1.1.6.	• An asset that is an in-house asset acquired at market value and within the 5% in-house asset limits. <i>See section E (s71(1)) for a definition.</i>				s66(2A)	
2.	Confirm that the fund did not acquire any asset through a scheme where:			✓	s66(3)	
2.1.	• The asset was acquired from a person who has a connection (either direct or indirect through one or more interposed companies, partnerships, or trusts) with a related party of the fund; and					
2.2.	• The general prohibition on acquiring an asset from a related party would have applied had it not been for the scheme					
3.	<b>Section notes and contraventions identified</b>					
3.1.						
D.	<b>Borrowing</b>					
1.	Confirm that the trustee did not borrow money or maintain a borrowing other than to:			✓		
1.1.	• Make a required payment to a beneficiary which the trustee would not be able to make without the borrowing; or				s67(2)	
1.2.	• Make a payment of surcharge under the Superannuation Contributions Tax Act, which the trustee would not be able to make without borrowing; or				s67(2)a	
1.3.	• Cover the settlement of a transaction for the acquisition of a security (shares and other derivatives); or <i>If 'no', see 2 below</i>				s67(3)	
1.4.	• Affect a limited recourse borrowing arrangement				s67A	

		Yes	No	N/a	Ref	WP Ref
	<i>If 'no', see 3 below</i>					
1.5.	If 'no' to 1.1 or 1.2, confirm that:					
1.5.1.	The borrowing period did not exceed 90 days; and					
1.5.2.	The amount borrowed did not exceed 10% of the value of the assets of the fund. <i>If 'no' to 1.5.1 or 1.5.2, the fund has breached <u>s67</u> borrowing prohibition</i>					
2.	Where the trustee borrowed money to cover the settlement of a transaction for the acquisition of a security (i.e., shares, bonds, debentures, and other derivatives), confirm that: <i>If 'no', the fund has breached <u>s67</u> borrowing prohibition</i>			✓	<u>s67(3)</u>	
2.1.	The borrowing period did not exceed 7 days; and					
2.2.	The total amount borrowed did not exceed 10% of the value of the assets of the fund; and					
2.3.	The borrowing was not foreseeably required at the time of entering into the transaction.					
3.	Where the SMSF trustee borrowed or maintained a borrowing arrangement (Limited Recourse Borrowing), were all of the following conditions satisfied: <i>If 'no', the fund has breached <u>s67</u> borrowing prohibition. See <u>SMSFR 2009/2</u> for further guidance on borrowing under section <u>67A</u> &amp; <u>67B</u> of SIS. And, <u>SMSFR 2012/1</u> for application of key concepts for LRBA's.</i>			✓	<u>s67A</u> <u>s67B</u>	
3.1.	The money was borrowed for the acquisition of a single asset (other than an asset the SMSF trustee is prohibited from acquiring under other SIS provisions); and					
3.2.	The asset acquired is held in trust for the fund (i.e. a separate trust has been set up to hold the legal ownership of the asset - the SMSF trustee holds the beneficial interest in the asset); and					
3.3.	The SMSF trustee has the right to acquire the legal ownership of the asset as a result of making one or more payments after acquiring the beneficial interest; and					
3.4.	The loan is a limited recourse loan where in the case of default, the lender or any other person is limited in recourse to the asset (not any other fund assets)					
3.5.	The money has been used for expenses in connection with the borrowing, maintaining or repairing the asset but not for improving the asset.					
3.6.	If the loan is a non-bank LRBA, confirm the terms are consistent with the safe harbour provisions in <u>PCG 2016/5</u> .				<u>PCG</u> <u>2016/5</u> <u>s295-550</u> <u>ITAA 97</u>	
3.6.1.	If no to D 3.6, is the arrangement consistent with <u>TD 2016/16</u> - an arrangement that would be offered and accepted by an arms length provider? <i>If no, then non-arms length income will apply.</i>				<u>TD</u> <u>2016/16</u>	



		Yes	No	N/a	Ref	WP Ref
4.	If the borrowing was entered into prior to 7 July 2010, confirm that you have tested against the provisions of the former section 67(4A). <i>Open history note to see the former section.</i>			✓	former <u>67(4A)</u>	
5.	Section notes and contraventions identified					
5.1.						
E.	In-house assets				<u>s71(1)</u>	
1.	Review all assets and confirm the total <u>in-house assets</u> of the fund did not exceed the maximum of 5% of the market value of the fund's total assets as at the fund's balance date. Where there are unpaid entitlements from related trusts, confirm if these may be treated as in-house assets (either a loan or investment). See <u>SMSFR 2009/3</u> . <i>The market value ratio = the number of whole dollars in value of in-house assets of the fund/ number in whole dollars in value of all assets of the fund x 100.</i>	✓			<u>s82(2)</u> SMSFR 2009/3	23
1.1.	If no, confirm the trustees have been advised to put in place a written plan to remedy the breach by disposing of one or more in-house assets by 30 June 2020 ( <u>Section 82</u> ). <i>SIS section 82 sets out the requirements for the written plan to be produced and steps that need to be taken within that plan. SIS section 83 will test the application of the in-house assets test at the time the transaction is entered into.</i>				<u>s82(4)</u> <u>s83</u>	
2.	Confirm that no assets were purchased as part of a scheme to artificially reduce the value ratio of in-house assets to total assets (where for the absence of the scheme the asset would be considered an in-house asset).			✓	<u>s85</u>	
3.	Confirm no new in-house assets were acquired where: <i>Note: See <u>SMSFR 2009/4</u> for the meaning of "asset", "loan", "investment in", "lease" and "lease arrangement" in the definition of an "in-house asset" in SISA. 'Acquiring' an in-house asset includes entering into a loan agreement with a related party.</i>			✓	<u>s83</u>	
3.1.	The market value ratio of the fund's in-house assets already exceed 5%; or					
3.2.	After acquisition, the market value ratio would result in the fund's in-house assets exceeding 5%.					
4.	If the in-house assets exceeded 5% as at 30 June 2018, confirm that a written plan was in place by 30 June 2019 and one or more in-house assets has been disposed of.			✓		
5.	Section notes and contraventions identified					
5.1.						
F.	Duties of the trustees					

		Yes	No	N/a	Ref	WP Ref
1.	Confirm the trustee maintained proper accounting records, accounts, and statements, for at least 5 years. <i>If no, qualify the audit report.</i>	✓			s35A	(2) (3)
2.	Confirm the trustee prepared a statement of financial position and operating statement signed by at least two trustees/directors.	✓			s35B	(7)
3.	Confirm the trustee appointed an approved auditor to prepare a report on the operations of the fund and where the auditor has requested information, that information was provided within 14 days.	✓			s35C	(9)
4.	Confirm the trustee kept and retained for at least 10 years:				s103	
4.1.	For funds with more than one individual trustee or more than one Director of a corporate trustee - the minutes of all meetings of the trustees at which matters affecting the entity were considered; or	✓			s103(1)	(2) (3)
4.2.	For sole trustees - a record of all decisions made, or minutes of all meetings if a corporate trustee, by the trustee in respect of matters affecting the entity.				s103(2)	
5.	Confirm the trustee maintained accurate records and kept those records for at least 10 years for:				s104	
5.1.	all changes of trustees of the entity; and	✓				At file
5.2.	all changes of directors of any corporate trustee of the entity; and	✓				✓
5.3.	all consents given under s118 and:	✓			s118	✓
5.4.	all declarations for the appointment of a trustee, or director of a corporate trustee.	✓			s104A(2)(c)	✓
6.	Confirm the trustee retained copies of all member or beneficiary reports for at least 10 years.	✓			s105	(2) (3)
7.	Confirm that a material adverse event has not occurred which would require the trustee to report that event to the ATO.			✓	s106	
8.	Confirm that all appointments as a trustee, or as a director of the corporate trustee, were made in writing following the consent of the trustee.	✓			s118 s104A(2)	At file
9.	Confirm that none of the trustees of the fund are 'disqualified persons'.	✓			s126K	(4) (5)
10.	Where the investment manager has appointed a custodian of the entity, confirm that the trustees provided written consent for this appointment.			✓	s122	
11.	If an investment manager was appointed, confirm the appointment was made in writing.			✓	s124	
12.	If reserves were kept, confirm that:			✓	s115 s52(2)(i)	
12.1.	A separate investment strategy for those reserves was in place, and					
12.2.	The trustee only kept reserves in accordance with the trust deed.					

		Yes	No	N/a	Ref	WP Ref
	<i>SIS allows the use of reserves however the trustees will also be bound by the Deed in the use of reserves.</i>					
13.	Confirm that the trustee has formulated an investment strategy that considers all of the circumstances of the entity including risk, diversification, liquidity the need for insurance for members and the ability of the fund to discharge its liabilities.	✓			r4.09	(8)
14.	Confirm that the trustee has regularly reviewed the fund's investment strategy.	✓			r4.09	(10)
15.	Section notes and contraventions identified					
15.1.						
G.	Duties of the trustee/s – asset management					
1.	Confirm the assets of the fund were held in line with the investment strategy.	✓				(5/7)
2.	Confirm that the assets of the fund are valued at market value at year-end.	✓			r8.02B	(7)
2.1	Does the fund hold assets in unlisted assets?					
2.2	If so, consider whether the underlying assets of the entity are valued accurately					
3.	Where the fund purchased or sold assets, confirm the purchase or sale was:				s109	
3.1.	At arm's length	✓				(11) (13)
3.2.	At a fair market value	✓				(7)
3.3.	Supported by documentation that shows that the money was physically paid/ received	✓				(11) (13)
4.	Where the fund entered into a lease arrangement, confirm that the arrangement had the following attributes:			✓	s109	
4.1.	The contract confirms that the investment entered into was on commercial terms					
4.2.	Industry standards show that the lease and residual payments are at fair market value					
4.3.	The documentation supports that the lease payments have actually been made					
5.	Where the fund entered into a loan or has a loan in place, confirm that the loan had the following attributes:			✓	s109	
5.1.	There is a written contract and payments schedule in place.					
5.2.	The loan is on commercial terms. <i>i.e., rates, period of loan, repayments, security provided and interest</i>					
5.3.	The documentation supports that repayments are being made.					
6.	Where the fund invested in an entity, confirm that the investment has the following attributes: <i>Where a transaction is not at fair market value and the fund is disadvantaged, there will be a breach of section 109.</i>			✓	s109	
6.1.	The realisation of investments, shares issued, and units allocated, are at fair market value.					

		Yes	No	N/a	Ref	WP Ref
6.2.	The return on the investment is at commercial rates.					
6.3.	The documentation supports that the return on the investment has been paid.					
7.	Confirm that the trustee did not give a charge over, or in relation to, an asset of the fund. <i>Under certain conditions a charge can be given for a derivatives contract</i>			✓	<u>r13.14</u>	
8.	If the fund holds listed derivatives (e.g. options, warrants) that give rise to a charge over the assets of the fund, confirm that a Derivatives Risk Statement (DRS) has been sighted.			✓	<u>r13.15A</u>	
9.	Where the fund holds collectables and/or personal use assets, confirm:			✓	<u>r13.18AA</u>	
9.1.	The asset has not been leased to a related party.					
9.2.	The asset has not been stored in the private residence of a related party.					
9.3.	The decision on storage of the asset is documented in written form and kept for at least 10 years.					
9.4.	The asset was insured in the name of the fund trustee within 7 days of acquisition					
9.5.	The asset has not been used by a related party					
9.6.	If the asset is transferred to a related party, the transfer was at market value as determined by an independent and qualified valuer					
10.	Where the fund acquired a new insurance policy (post 1 July 2014) ensure the policy definition aligns with the SIS <u>conditions of release</u> .			✓	<u>r4.07D</u>	
11.	Section notes and contraventions identified					
11.1.						
H.	Duties of the trustee/s – member benefits					
1.	Confirm that the trustees ensured that a member's minimum benefits (as defined) in the fund were maintained in the fund until the benefits were cashed, rolled over, or transferred, as benefits to the member. <i>A minimum benefit is defined by r5.04.</i>	✓			<u>r5.08</u>	(b) (7)
2.	Where any payments have been made, confirm that the trust deed allows for the payment in the manner in which it was paid. <i>Ensure that the deed does not prohibit the payment. For example, allows for the payment of a transition to retirement pension or lump sum payment before the age of 60.</i>	✓				Deed
3.	Where member benefits have been paid, confirm the trustee has complied with the <u>preservation rules</u> .	✓			<u>r6.17</u>	✓
4.	Where preserved benefits have been paid, confirm that the <u>condition of release</u> was met.	✓				✓

		Yes	No	N/a	Ref	WP Ref
5.	Where a pension payment has been paid, reconcile the benefits paid between the general ledger and bank statement, and confirm:					
5.1.	If required, the trustee registered for PAYG withholding and operates under the PAYG system.			✓		
5.2.	If required, the trustee withheld correct amounts of tax from pension payments and remitted these to the ATO.			✓		
5.3.	If required, the trustee issued an end of year payment summary to the payee.	✓				(13)
5.4.	Where the pension is commuted and taken in cash, the trustee issued a <u>PAYG payment summary – superannuation lump sum</u> form (if required).			✓	NAT 70947	
5.5.	The total payments for the year are equal to or exceed the <u>minimum payment requirement</u> . –	✓			r1.06(9A)	(14)
5.6.	If there is a transition to retirement pension (TRIS), confirm the total payments for the year are equal to or exceed the minimum payment requirement and less than the maximum payment requirement			✓		
5.6.1.	Did any member with a TRIS met a permanent condition of release during the year? Such as: <ul style="list-style-type: none"> <li>o A member had a TRIS and turned 65</li> <li>o A member had a TRIS and ceased gainful employment after the age of 60 and notified the fund</li> </ul> <i>If yes, the TRIS will become a retirement phase interest (TRIS in retirement phase), will count towards the transfer balance cap, and the fund can claim exempt pension income.</i>					
5.6.1.1	Confirm the TRIS in retirement phase does not exceed the transfer balance cap? If no and the TRIS in retirement phase exceeds the transfer balance cap then there may be an excess claim on ECPI and this needs to be raised in the management letter					
5.6.2.	For all retirement phase interests, confirm the total payments for the year are equal to or exceed the minimum payment requirement for each retirement phase interest					
5.6.2.1	Confirm the retirement phase interest does not exceed the transfer balance cap? If no and the retirement phase interest exceeds the transfer balance cap then there may be an excess claim on ECPI and this needs to be raised in the management letter					
5.7.	If an allocated pension, the total payments for the year fall between the minimum and maximum levels based on pension valuation factors (pvfs).					
6.	Where necessary, confirm an actuarial certificate has been obtained in order to claim the exemption on the Income earned on the assets used to provide for current pension liabilities	✓				(15)
7.	If 'yes' to 6, document:					
7.1.	Name of actuary				CAMPBELL SHERIDAN	
7.2.	% of exempt income				46.73%	

		Yes	No	N/a	Ref	WP Ref
	For the period					
	From XX to XX					
	From XX to XX					
	From XX to XX					
8.	Where in-specie benefit payments have been made, confirm the trustee can substantiate the market value of the asset transferred against a reduction of the member account. Note that this type of payment will not count towards the minimum pension.			✓		
9.	Confirm that the trustee has not recognised, encouraged, or sanctioned an assignment of a superannuation interest of a member or beneficiary. <i>If 'no', the trustee may have breached the trustee covenants in s52 of SIS i.e., accounts must be held for benefit of each member</i>			✓	<u>r13.12</u> <u>r13.14</u>	
10.	Confirm that the trustee has not recognised, encouraged, or sanctioned an assignment of a charge over, or in relation to, a member's benefits. <i>If 'no', the trustee may have breached the covenants in s52 of SIS. i.e., accounts must be held for benefit of each member</i> <i>See also ATO ID 2011/81: meaning of 'give a charge' under regulation 13.14 of the SISR</i>			✓	<u>r13.13</u>	
11.	Confirm the trustee has determined the investment return to be allocated to members' benefits in a way that is fair and reasonable.	✓			<u>r5.03</u>	② ③
12.	Section notes and contraventions identified					
12.1.						
I.	Duties of the trustee/s – contributions			✓		
1.	Where the trustee <u>accepted contributions</u> into the fund, confirm the contributions comply with the following conditions:				<u>r7.04</u>	
1.1.	Members under 65: contributed on their own behalf (or received contributions on their behalf)					
1.2.	Members aged 65 – 74:					
1.2.1.	Contributions were downsizer contributions, mandated employer contributions, super guarantee contributions, or contributions where the member was gainfully employed for at least 40 hours in any continuous 30 day period.					
1.2.2.	Any contributions were received by the fund on or before 28 days after the month in which the member turned 75.					
1.3.	For members aged 75 and over, only downsizer or employer contributions payable under an industrial award or the super guarantee were contributed.					
J.	<b>Non-Concessional Contributions</b> <i>There is no restriction on the amount of non-concessional contributions that a fund can accept for members under 65, but the ATO will issue an excess determination for non-concessional</i>			✓	<u>r7.04</u>	

		Yes	No	N/a	Ref	WP Ref
	<p><i>contributions that did not adhere to the contribution caps based on the TSB.</i></p> <p><i>Any excess amounts can be raised in the management letter and should not be withdrawn from the fund before the relevant excess notifications are received from the ATO.</i></p>					
1.1.	If any members have made non-concessional contributions, confirm their <u>eligibility</u> based on their total super balance as at 30 June 2020 (including any super interests outside of this SMSF).					
1.2.	If the bring-forward amount was triggered prior to the 2020 financial year, the total non-concessional cap will be a combination of the annual non-concessional cap amounts for each year.					
1.3.	If an unallocated contribution strategy has been used, confirm that the necessary documents (minutes/resolutions) as well as the request to adjust concessional contribution form have been prepared					
2.	Where the fund accepted in-specie contributions from a related party, confirm the in-specie contributions were allowed by <u>section 66</u> of SIS. <i>If 'no', the trustee may have contravened subsections <u>66(2)</u> and <u>66(2A)</u> of the SIS Act</i>			✓	r7.04	
3.	Section notes and contraventions identified					
3.1.						
	Where any question has been answered 'no', this may constitute an administrative issue within the fund or a contravention of SIS and should be investigated further. Document all contraventions in section K.					
K.	Duties of the auditor/ actuary (see the <u>7 reporting criteria</u> )					
1.	Summarise all contraventions and administrative issues identified during the SIS and financial audit (see <i>Checklist SMSF Financial Audit 2020</i> ) Are the contraventions reportable contraventions? Indicate 'yes' for reportable contraventions. Where issues exist, these should be reported to the trustees in <i>Letter Audit finalisation (reportable issues) 2020</i> regardless of whether they are reportable contraventions.			✓		
1.1.						
1.2.						
1.3.						
1.4.						
1.5.						
1.6.						

		Yes	No	N/a	Ref	WP Ref
1.7.						
1.8.						
1.9.						
1.10.						
1.11.						
1.12.						
1.13.						
1.14.						
1.15.						
1.16.						
1.17.						
1.18.						
2.	Confirm the fund is in a satisfactory (solvent) financial position. See Checklist SMSF financial audit 2020. If no, and the fund's financial position is unsatisfactory or is about to become unsatisfactory, report under section F of the Auditor/actuary contravention report	/			s130	(2) (3) (10)
3.	Where there has been a contravention, confirm:			/	s129	
3.1.	The trustee has been notified in writing (see Letter Audit finalisation (reportable issues) 2020); and					
3.2.	The Auditor/actuary contravention report has been prepared and lodged with the ATO where required Where the fund is less than 15 months, contraventions exceeding \$2,000 must be notified to the ATO (Test 2)				Test 2	
3.3.	The contraventions have been reported in a qualified audit report that has been issued to the trustees.					
4.	Document any carried forward issues below that should be considered or reviewed as part of next year's audit.			/		
4.1.						
L.	<b>Audit completion</b>					
1.	The trustee representation letter has been completed and received.	/				(10) (11)
2.	Confirm the signed audit engagement letter, Letter Engagement SMSF audit 2020 is on file.	/				(1)
3.	Confirm the trustees have signed the trustee declaration in the accounts.	/				(5) (3)
4.	Confirm that all outstanding information has been received.			/		
4.1.	If no, document outstanding information below:					
4.2.						
5.	Confirm audit report signed off and issued to trustees. Note the date of sign off below:	/				(9)
5.1.						

Current at 21 August 2019



## Notes

### Non-concessional contribution eligibility

Total superannuation balance (TSB) on 30 June 2018	Non-concessional contributions cap for the first year	Bring-forward period
Less than \$1.4 million	\$300,000	3 years
\$1.4 million to less than \$1.5 million	\$200,000	2 years
\$1.5 million to less than \$1.6 million	\$100,000	No bring forward period, general non-concessional contributions cap applies
\$1.6 million or more	Nil	N/A

Listed security (section 66(5) Superannuation Industry (Supervision) Act 1993)

Means a security listed for quotation in the official list of any of the following:

- (a) a licensed market within the meaning of section 761A of the *Corporations Act 2001*; or
- (b) an approved stock exchange within the meaning of the *Income Tax Assessment Act 1997*; or
- (c) a market exempted under section 791C of the *Corporations Act 2001*.

Business Real Property (section 66(5) Superannuation Industry (Supervision) Act 1993)

*business real property*, in relation to an entity, means:

- (a) any freehold or leasehold interest of the entity in real property; or
- (b) any interest of the entity in Crown land, other than a leasehold interest, being an interest that is capable of assignment or transfer; or
- (c) if another class of interest in relation to real property is prescribed by the regulations for the purposes of this paragraph—any interest belonging to that class that is held by the entity;

where the real property is used wholly and exclusively in one or more businesses (whether carried on by the entity or not), but does not include any interest held in the capacity of beneficiary of a trust estate.

*Real property used in primary production business* (section 66(6) Superannuation Industry (Supervision) Act 1993)

For the purposes of the definition of *business real property* in subsection (5), real property used in one or more primary production businesses does not cease to be used wholly and exclusively in that business or those businesses only because:

- (a) an area of the real property, not exceeding 2 hectares, contains a dwelling used primarily for domestic or private purposes; and
  - (b) the area is also used primarily for domestic or private purposes;
- provided that the use for domestic or private purposes referred to in paragraphs (a) and (b) is not the predominant use of the real property.

(see SMSFR 2009/1)

In-house assets (section 71(1) Superannuation Industry (Supervision) Act 1993)

An in-house asset is:

- ▷ a loan to, or an investment in, a related party of the fund;
- ▷ an investment in a related trust of the fund; or
- ▷ an asset of the fund subject to a lease or lease arrangement between a trustee of the fund and a related party of the fund other than the asset which is excepted under subsection 71(1) of SIS.

Business real property is excluded from the in-house asset provisions.

The amount of in-house assets that a fund may have is generally limited to 5% of the market value of a fund's assets.

Investments in place prior to 11 August 1999 that were not previously considered to be in-house assets are exempt from the calculation of in-house assets. Please note that the concessions for re-investments and further investments up to 11 August 1999 debt levels in relation to pre-11 August 1999 Unit Trust investments ceased from 1 July 2009.

See also the [exceptions](#).

Where a SMSF has an unpaid entitlement from a related trust, this unpaid entitlement may (depending on the circumstances) be treated as an in-house asset i.e. as either related party loan or investment. Please see [SMSFR 2009/3](#) for further information.

Exceptions to the general rules for an in-house asset

Include:

- A life policy by a life insurance company
- A deposit with an authorised deposit taking institution
- An investment in a pooled superannuation trust made on an arm's length basis
- An asset of a public sector fund
- An asset which the regulator determines (by written notice or determination) is not an in-house asset
- Business real property that is subject to a lease or lease arrangement between the trustee of a superannuation fund with no more than 4 members and a related party of that fund
- Investment in a superannuation fund in a widely held unit trust (a unit trust in which entities have fixed entitlements to all of the income and capital of the trust; and is not a trust in which fewer than 20 entities between them have: fixed entitlements to 75% or more of the income of the trust; or fixed entitlements to 75% or more of the capital of the trust. For this purpose, an entity and the Part 8 associates of the entity are taken to be a single entity)
- Property owned by a superannuation fund and a related party as tenants in common that is not property subject to lease or lease arrangement between the trustee and a related party of the fund
- An asset included in a class of assets specified in the regulations. Disqualified persons ([section 120, Superannuation Industry \(Supervision\) Act 1993](#))

A disqualified person is a person who has been convicted of an offence involving dishonesty e.g. fraud or larceny, has been subject to penalty under the SIS Act, is an un-discharged bankrupt, or has been disqualified by the regulator (ATO, ASIC, APRA).

A company cannot act as corporate trustee if: a responsible officer of that company is a disqualified person; or, a receiver, official manager, or provisional liquidator has been appointed to the company; or, action commenced to wind up the company.

#### Accessing Preserved Benefits

Preserved benefits can only be accessed when a condition of release is met. Conditions of release for regulated superannuation funds are contained in SIS Regulations [Schedule 1](#).

Below is a summary of the main conditions of release for preserved benefits:

- retirement ([regulation 6.01\(7\), schedule 1](#), item 101)
- attaining age 65 or more ([regulation 6.18, schedule 1](#), item 106)
- severe financial hardship ([regulation 6.01\(5\), schedule 1](#), item 105)
- compassionate grounds ([regulation 6.19A, schedule 1](#), item 107)
- permanent incapacity ([regulation 1.03C, schedule 1](#), item 103)
- temporary incapacity (must be paid as a non-commutable income stream) ([regulation 6.01\(2\), schedule 1](#), item 109)
- death ([regulation 6.21, schedule 1](#), item 102)
- terminal medical condition ([regulation 6.01A, schedule 1](#), item 102A)
- termination of employment with a standard employer sponsor and member's preserved benefits are less than \$200 ([schedule 1](#), item 104)
- termination of gainful employment with an employer who had contributed to the fund in relation to the member (must be paid as a non-commutable income stream unless the benefit is classed as restricted non-preserved ([schedule 1](#), item 108)).

Retirement for SIS purposes means either:

- ceasing a current employment arrangement on or after age 60; or
- ceasing a current employment arrangement after reaching preservation age (see below) and satisfying the trustee that the person never again intends to be gainfully employed for more than 10 hours per week.

The preservation age depends on when the person was born. The preservation ages are as follows:

For a person born	Preservation age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 30 June 1964	60

Fund members between preservation age and 65 are able to access their benefits by taking a non-commutable income stream. This allows the member to access their benefits without retiring.

#### Accessing Unrestricted Non-Preserved Benefits

Unrestricted non-preserved benefits can be accessed at any time. However, care should be taken and trust deeds checked to review any limitations that may apply. These limitations generally only occur with employer-sponsored funds.

Once a benefit becomes unrestricted non-preserved it will normally remain unrestricted non-preserved irrespective of whether it is subsequently transferred to another fund.

#### Accessing Restricted Non-Preserved Benefits

A restricted non-preserved benefit can be accessed upon the:

- satisfaction of a condition of release which permits preserved benefits to be accessed; and
- termination of gainful employment with an employer who had, or any of whose associates had, contributed to the fund in relation to the member.

#### Minimum pension payments

Age	2018-19
Under 65	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95 and above	14%

#### Accepting contributions – regulated superannuation funds

Any member under the age of 65 can contribute on their own behalf.

(1B) Subject to subregulation 7.04(2), a regulated superannuation fund may accept contributions that are made in respect of a member who has reached age 65 but not age 70 only if:

- the contributions are mandated employer contributions; or
- the member is gainfully employed on a part-time (40 hours in any continuous 30 day period) or full-time basis.

(1C) Subject to subregulation 7.04(2), a regulated superannuation fund may accept contributions that are made in respect of a member who has reached age 70 but only if the contributions are mandated employer contributions (generally under an Industrial Award or un-deducted personal contributions.) SGC does not apply after 70 (note: this restriction has been removed from the 2013-14 year). Contributions are not allowed after age 75 unless they are contributions payable under an award or a downsizer contribution.

As per SISR 7.046, a regulated superannuation fund may accept contributions in respect of a member if the trustee is reasonably satisfied that the contribution is in respect of a period during which the fund may accept the contribution in respect of that member, even though the contribution is actually made after that period.

#### The seven criteria to determine whether a contravention is reportable

The ATO have seven reporting criteria to determine whether a contravention is reportable (see table 1 below from *Completing the auditor-actuary contravention report*):

Test 1: Fund definition - If the fund fails to meet the definition of a SMSF (see section A)

Test 2: New fund - If the fund is less than 15 months old, all contraventions of \$2,000 or more are reportable. Funds 15 months or younger should answer 'yes' to all questions below

Test 3: Trustee behaviour - If the trustee/s has previously received advice of a contravention and after receiving this advice breached the same section or regulation

Test 4: Trustee behaviour – a previous year contravention has not been rectified at the time of audit

Test 5: Trustee behaviour – The trustee failed to meet the statutory time period by more than 14 days. Refer to table 1 below for statutory time periods.

Test 6: Financial threshold - The total value of all contraventions was greater than 5% of the total value of the fund's assets. If section 83 in-house assets – prohibition on further acquisition is contravened, the contravention value is the amount over the statutory 5% limit. See instructions for completing an [Auditor-actuary contravention report](#).

Test 7: Financial threshold – the total value of all contraventions was greater than \$30,000.

Professional judgement – where you believe the trustee has contravened.

Table 1: List of reportable sections and regulations

Section or regulation	Section or regulation title	Does a statutory time period apply?
S17A	SMSF definition	No
S35C(2)	Trustee to provide documents to the auditor	Yes. Trustees must ensure that requested relevant documents are given to the auditor within 14 days of the request being made.
S52(2)(d) or R4.09A (commenced 07/08/2012)	Separation of assets	No
S62	Sole purpose test	No
S65	Lending or providing financial assistance to members or their relatives	No
S66	Acquisition of assets from related parties	No
S67	Borrowing by the fund	Yes. For borrowing exceptions only. A temporary borrowing to pay beneficiaries or to make a super surcharge payment must not exceed 90 days. A temporary borrowing to cover settlement of securities transactions must not exceed seven days.
S82	In-house assets – exceeding in-house assets ratio	Yes. Market value ratio for the 2000–01 year of income and later years of income. If it exceeds 5%, the trustee must prepare and carry out a written plan to reduce the market value ratio to 5% or less before the end of the following year of income.
S83	In-house assets – prohibition on further acquisition	No
S84	In-house asset rules must be complied with	No
S85	In-house assets – prohibition of avoidance schemes	No
S103	Minutes and records	Yes. Trustees must retain minutes of all meetings and records of all decisions made for at least 10 years.
S104A	Trustee declaration	Yes. A trustee declaration in the approved form must be signed within 21 days of becoming a trustee (or a director of a corporate trustee) of an SMSF.
S109	Investments to be maintained on an arm's length basis	No
S126K	Disqualified persons not to be trustees	Yes. Trustees must immediately tell us in writing if a trustee is or becomes a disqualified person.
R4.09	Investment strategy	No
R5.08	Minimum benefits	No
R6.17	Restriction on payment of benefits	No

Table 1: List of reportable sections and regulations		
R7.04	Acceptance of contributions	Yes. Returning contributions to members within 30 days – for example, where no TFN is quoted.
R8.02B (Assets to be valued at market value for the 2012–13 and later income years)	Valuation of assets	No
R13.14	Charges over assets of the fund	No
R13.18AA (From 1 July 2016, all investments in collectables and personal use assets must comply with these rules, regardless of when they were acquired.)	Investment in collectables and personal use assets	Yes. Collectables and personal-use assets need to be insured within seven days of the date of acquisition by the SMSF.

## Checklist SMSF Financial Audit 2020

### Checklist SMSF Financial Audit 2019

#### Client details

Client name	Hicks Superannuation Fund	Client code	
Period start	1/7/2019	Period end	30/06/2020
Prepared by		Preparation date	
Review by		Review date	

		Yes	No	N/A	Initial	WP Ref
<b>A.</b>	<b>Financial statements</b>					
<b>1.</b>	<b>Comparatives</b>					
1.1.	Confirm financial statements agree to previous year's audited accounts.	✓			du	(7)
1.2.	If prior year balances were not audited or audited by another firm, confirm the balances have been verified by applying alternative audit procedures or qualify Part A of the audit report.			✓		
<b>2.</b>	<b>Current period accounts</b>					
2.1.	Confirm that the current period accounts agree to reconciliation and/or trial balance.	✓			du	(6)(7)
2.2.	Check account additions.	✓			du	✓
2.3.	Confirm that the relevant accounting policies have been applied consistently.	✓			du	✓
2.4.	Reference notes and disclosures reviewed for compliance and to obtain an understanding of the relevant accounting policies the trustee has used to prepare the financial report.	✓			du	✓
2.5.	General ledger reviewed and any material transactions and adjustments identified.	✓			du	(12)
2.5.1.	Where material transactions or adjustments exist, confirm these are reasonable and consistent with the financial reports.			✓		
<b>B.</b>	<b>Assets</b>					
<b>1.</b>	<b>Cash at bank</b>					
1.1.	A reconciliation of the bank accounts (names, balances and comparative figures) has been prepared.	✓			du	(17)
1.2.	Confirm each account has been reviewed and is held in the name of the trustee of the fund.	✓			du	(17)
1.3.	Any large or unusual withdrawals and/or deposits have been tested to confirm legitimacy.			✓		
1.4.	Using the reconciliation, confirm:					
1.4.1.	◦ The bank balances agree to the bank audit certificate (BAC)			✓		
1.4.1.1.	◦ If a BAC has not been obtained, document the reason below:					
1.4.1.2.	2. 10% of assets					
1.4.2.	◦ The sum of the outstanding cheques and deposits agrees to the reconciliation.			✓		

		Yes	No	N/A	Initial	WP Ref
1.4.3.	◦ The date of presentation of outstanding cheques and deposits has been noted. Any outstanding deposit not cleared in the bank statements should be queried.				✓	
1.4.4.	◦ Using the bank statements after year end:				✓	
1.4.4.1	◦ Confirm pre 30 June series cheques have been included in the sum of outstanding cheques at 1.4.3.					
1.4.4.2	◦ Confirm that these cheques relate to pre 30 June transactions.					
1.5.	Confirm the BAC has been reviewed for items such as bank balances offered as security for third party borrowing (including trustees/ members).				✓	
1.6.	Confirm that the bank accounts do not have overdrafts.		✓			du (13)(16)(17)
1.6.1.	If no, report to the trustees with debit balances, date created and details:					
1.6.2.	<i>Debit balance</i>	<i>Date created</i>	<i>Note</i>			
1.6.3.						
1.6.4.						
1.6.5.						
1.6.6.						
2.	<b>Section notes and conclusion</b>					
2.1.						
C.	<b>Investments</b>					
1.	<b>Term deposits</b>					
1.1.	A reconciliation of the term deposits by institution has been prepared.					
1.2.	Using the reconciliation, confirm balances at year end have been agreed against a third-party confirmation.					
1.2.1.	If no third-party confirmations obtained, document reason below:					
1.2.2.						
1.3.	Confirm any accrued interest from BAC is recognised in the accounts.					
1.4.	Confirm that interest accumulated for the period on the principal, accumulated, and/or credited to the bank account, has been recognised.					
1.5.	<b>Section notes and conclusion</b>					

		Yes	No	N/A	Initial	WP Ref
1.5.1.						
2.	WRAP accounts (investor directed portfolio services)					
2.1.	Where applicable, obtain:					
2.1.1.	◦ The Portfolio valuation and transactions report for the year					
2.1.2.	◦ The relevant auditor's report issued under ASIC Class Orders CO 13/763 or CO 13/762					
2.2.	Confirm the investments are held by the custodian (IDPS)					
2.3.	Confirm the method to value the assets held is consistent with the relevant accounting policy and ATO guidelines (SIS Reg 8.02B0)					
2.4.	Section notes and conclusion					
2.4.1.						
3.	Listed securities					
3.1.	A reconciliation of the investments by entity has been prepared.	✓			du	(15) (67)
3.2.	Using the reconciliation, confirm the number of shares /units on the entity's share register has been confirmed.	✓			du	✓
3.2.1.	If confirmation has not been obtained, document reasons below:					
3.2.1.1						
3.3.	Using a schedule showing the investee company, number of shares / units, and market value, confirm:					
3.3.1.	◦ The costs to broker statements/payment support against the schedule	✓			du	(6) (67)
3.3.2.	◦ The market value to ASX data (accessible on ASX website)	✓			du	(7) (15)
3.3.3.	◦ The unrealised gains/loss have been recalculated and agree to the income statement	✓			du	✓
3.4.	Using the company announcements on dividends / distributions declared/paid (available on ASX website), confirm the dividend / distribution income recognised by the fund is reasonable.	✓			du	✓
3.5.	Section notes and conclusion					
3.5.1.						
4.	Unlisted shares and unit trusts					
	<i>Note: Additional audit procedures are required where the trust is a related or closely held trust to confirm ownership, value and compliance with SIS Act and SIS Regulations.</i>					
4.1.	Confirm, a reconciliation of investments by entity has been prepared.					
4.2.	The number of shares/units from the entity's company secretary/trust manager has been obtained and confirmed. <i>The confirmation should include the number of shares/units and the dividends/distributions declared/paid. Confirm a company search has been conducted to ensure that the parties are not related.</i>					
4.3.	If no, and a confirmation has not been obtained, document the reason below:					



		Yes	No	N/A	Initial	WP Ref
4.3.1.						
4.4.	When assessing the market value of the investment, confirm that you have taken into account the value of the assets in the entity and the amount paid on acquisition.					
4.5.	Confirm all tax treatments are correct i.e., imputation credits, non-taxable and tax deferred distributions. <i>Different distributions (especially from trusts and managed funds) may have different components within the distribution e.g. part of the payment may need to be grossed-up if a CGT concession has been applied in the trust/managed fund. You will need to check the distribution statement to obtain these details.</i>					
4.6.	Review the unit trust accounts for:					
4.6.1.	◦ Assets being at market value					
4.6.2.	◦ Distribution of income to the fund					
4.6.3.	◦ Taxation treatments addressed i.e. non-taxable/tax deferred distributions					
4.7.	Confirm that the fund does not have an unpaid entitlement from a related trust.					
4.8.	Review whether investments result in special income.					
4.9.	Section notes and conclusion					
4.9.1.						
D.	Property					
1.	For a property acquired during the period, confirm:					
1.1.	◦ The purchase cost agrees to the sale and purchase agreement.					
1.2.	◦ Confirm the costs capitalised relate directly to the purchase price, e.g., stamp duty etc.					
1.3.	◦ Where there is an impediment to the fund owning the asset, confirm an acknowledgement/declaration of Trust has been sighted.					
2.	Confirm a title search has been carried out for all properties and either:					
2.1.1.	◦ Ownership is held by the trustee of the fund and there are no charges against the property unless the property is held under a compliant LRBA.					
2.1.2.	◦ Ownership is held by the trustee of the custodian trust under a valid borrowing arrangement (if applicable).					
2.2.	◦ The trustees have confirmed that where required, the insurance held on each property is adequate ( <u>section 52(2)(a)(b)</u> )					
3.	Confirm the property is carried at market value. <i>Confirm the basis of the valuation below:</i>					
3.1.						
3.2.	◦ If the valuation was completed in a prior period, confirm that the valuation remains relevant for the conditions of the current period.					
4.	Confirm that the property received market rent.					

		Yes	No	N/A	Initial	WP Ref
5.	Confirm that the property was not acquired from a member (except for <u>business real property</u> ).					
6.	Section notes and conclusion					
6.1.						
E.	Loans					
1.	Confirm the loan balances and interest due.	✓			MR	(42) (51)
2.	Obtain a loan balance confirmation from the borrower and confirm the loan balance at period end.	✓			MR	✓
3.	Confirm that loan agreements exist and are held in the name of the trustee as trustee for the fund. <i>File a copy in the audit workpapers</i>	✓			MR	MR
4.	Confirm that the interest received on the loan is at market value.	✓			MR	(42) (51)
5.	Confirm the loan amount recorded in the accounts agrees with the loan agreement amount.	✓			MR	✓
6.	Confirm that amounts are recoverable (request mortgage documentation or details of other security given by the borrower). <i>If the loan is unsecured, consider qualifying the audit report in relation to the recoverability of the loan.</i>	✓			MR	✓
7.	Section notes and conclusion					
7.1.						
F.	Collectables					
1.	Confirm the ownership of any collectables are in the name of the trustee as trustee of the fund. <i>This is covered in Letter Trustee representation SMSF audit 2020</i>					
2.	Confirm the existence of the collectable/s by:					
2.1.	◦ Sighting the collectable/s					
2.2.	◦ Expert confirmation					
2.3.	◦ Confirmation of holding entity					
3.	Confirm the collectables are carried at market value. <i>Confirm the basis of the valuation below:</i>					
3.1.						
3.2.	◦ If the valuation was completed in a prior period, confirm that the valuation remains relevant for the conditions of the current period.					
4.	For all collectables, confirm that:					
4.1.	◦ The collectables are not leased to a related party.					
4.2.	◦ The collectables are not used by a related party of the fund.					
4.3.	◦ The collectables are not stored or displayed in the private residence of a related party.					
4.4.	◦ There is written evidence on any decisions made of where to store the collectables.					
4.5.	◦ Insurance was in place within 7 days of purchase, the insurance is in the name of the trustee of the fund (as the primary holder), and the cover is adequate.					

		Yes	No	N/A	Initial	WP Ref
5.	Was the collectable sold to a related party during the year?					
5.1.	◦ If yes, confirm that the transfer was at a market price determined by a qualified independent valuer. <i>File a copy of the valuation.</i>					
6.	Section notes and conclusion					
6.1.						
G.	Other assets					
1.	Detail other assets below:					
1.1.	Asset	\$ This year	\$ Last year			
1.2.						
1.3.						
2.	Confirm that the ownership of the other assets is in the name of the trustee as trustee of the fund.					
3.	Confirm the existence of the assets and note the basis of the confirmation below:					
3.1.						
4.	Confirm the asset is carried at market value. <i>Confirm the basis of the valuation below:</i>					
4.1.						
5.	Section notes and conclusion					
5.1.						
H.	Income tax and other liabilities					
1.	Obtain the tax reconciliation and confirm:					
1.1.	◦ All credits have been taken up	✓			lll	(23) (23)
1.2.	◦ All non-assessable income and non-deductible expenses have been treated correctly	✓			lll	(6) (7)
1.3.	◦ The tax instalments and tax credits have been paid.	✓			lll	(25)
2.	If the SMSF applies AASB 112 (tax effect accounting), confirm the deferred tax assets and deferred tax liabilities are calculated correctly, including:			✓		
2.1.	◦ Deferred tax assets arising from unrealised losses applied after discounting					
2.2.	◦ Deferred tax assets arising for tax losses are only brought to account when the trustee is confident the losses will be recovered in the future					
2.3.	◦ The deferred tax assets and liabilities apply the tax effect of timing differences (i.e., capital losses, tax losses brought forward).					
3.	Obtain movements in provision for tax, agree opening balance to last year, agree current year tax provision and payments to ATO.			✓		
4.	If there is a borrowing arrangement in place under s67A of the SIS Act, ensure the asset and the corresponding loan is recorded correctly.			✓		
5.	If the borrowing is from a non-bank lender, confirm that non-arms length income does not apply. <i>See the safe-harbour provisions outlined in PCG 2016/5.</i>			✓		

		Yes	No	N/A	Initial	WP Ref
5.1.	If no, and non-arms length income does apply, confirm that this is correctly reflected in the tax return and financial statements.					
6.	Review payments made after the balance date and where the payment relates to a pre 30 June expense, confirm these have been accrued.			✓		
7.	For member contributions, confirm the member has lodged a notice with the trustee regarding the deductibility of personal contributions (Section 290-170 ITAA 1997).			✓		
8.	If there is exempt pension income, confirm:			✓		
8.1.	An actuarial certificate has been applied for and received					
8.1.1.	If yes, confirm the actuarial percentage agrees with the exempt current pension income					
8.2.	If no to 7.1, confirm:					
8.2.1.	◦ The fund maintains segregated pension assets for the entire financial year AND					
8.2.2.	◦ Each member's total super balance as at 30 June 2018 is less than \$1.6m AND					
8.2.3.	◦ ECPI attributable to the pension assets has been reviewed and is apportioned correctly.					
8.3.	Where a fund has moved between segregated pension assets and pooled assets, confirm that an actuarial certificate is only applied for the periods where the fund is not a segregated fund. <i>For example, if an SMSF was in 100% pension phase on 1 July 2018 up until 1 January 2019, and then had both accumulation and pension benefits from 2 January 2019 to 30 June 2019, an actuarial certificate will only be required for the period from 2 January 2019 to 30 June 2019. (assuming all members had a TSB &lt; \$1.6million)</i>					
9.	Where the fund makes taxable and input taxed supplies, have you ensured that the input tax credits are apportioned correctly? See <u>GSTR 2006/3</u> and <u>GSTR 2006/4</u>			✓		
10.	<b>Section notes and conclusion</b>					
10.1.						
I.	<b>Income</b>					
1.	<b>Interest</b>					
1.1.	Using the general ledger, confirm interest income agrees to the bank statements/ term deposits rollover.	✓			du (13) (17) (6) (7)	
1.2.	Confirm all TFN credits have been taken up.	✓			du ✓	
1.3.	Confirm all taxable/non-taxable income has been recognised.	✓			du ✓	
1.4.	<b>Section notes and conclusion</b>					
1.4.1.						
2.	<b>Dividends</b>					
2.1.	Using the general ledger, confirm the dividend income agrees to the dividend statements.	✓			du (30) (4) (7)	
2.2.	Confirm all imputation credits/TFN credits have been accounted for.	✓			du ✓	

		Yes	No	N/A	Initial	WP Ref
2.3.	Confirm dividends agree to unlisted and listed investments.	✓			du	(6) (6) (7)
2.4.	Section notes and conclusion					
2.4.1.						
3.	Trust distributions					
3.1.	Using the general ledger, confirm the trust distribution income agrees to the trust distribution statements.	✓			du	(15) (24) (6) (7)
3.2.	Confirm all tax free/tax deferred income / imputation credits / TFN credits have been accounted for.	✓			du	✓
3.3.	Confirm the trust distributions agree to unit trust investment.	✓			du	✓
3.4.	Where the trust distributions are reinvested in a related trust confirm the trust continues to meet SIS regulation <u>13.22</u> . If no, the additional units become in-house assets and need to be assessed (see section H).			✓		
4.	Rent					
4.1.	Confirm rental income against rental statements or other records (i.e., ledger for Airbnb) and cash receipts.					
4.2.	Confirm compliance with lease agreement including rental adjustments, and period of tenancy					
4.3.	Section notes and conclusion					
4.4.						
5.	Changes in market value					
5.1.	Test changes in market value including realised gains in market value to ensure the balances are correct					
5.2.	Review additions and disposals of investments and perform analytical review of movement in market value					
5.3.	Section notes and conclusion					
5.3.1.						
6.	Other income					
6.1.	Detail any other income that has been received in the relevant period.					
6.1.1.	Description					Source
6.1.2.						
6.1.3.						
6.1.4.						
6.1.5.						
6.1.6.						
6.2.	Section notes and conclusion					
6.2.1.						
6.2.2.						
J.	Expenses					
1.	General administration expenses					
2.	Perform an analytical review of expenses, compare to prior year expenses and confirm the expenses of the fund are reasonable.			✓		

		Yes	No	N/A	Initial	WP Ref
2.1.	Select a sample of expenses and confirm the expenses agree to the invoices and the invoice is in the name of the fund.	✓			all (25) (26)	
3.	<b>Insurance</b>					
3.1.	Confirm the fund Trustee is the policy owner and the fund member is the life insured. <i>File a copy of the policy in the audit work papers</i> <i>If the policy is owned by the member and not the fund while the fund pays the premiums, this will give rise to a breach of SIS section 65</i>			✓		
3.2.	Where the fund has TPD insurance, confirm the deductibility of the insurance policy is in line with <u>r295-465.01</u> or an actuary certificate supplied.			✓		
4.	<b>Section notes and conclusion</b>					
4.1.1.						
K.	<b>Going concern</b>					
1.1.	Review the net asset position and confirm the fund's ability to discharge its liabilities if and when they fall due (i.e., loans exceed asset values). <i>If there is a deficiency, consider a Part A qualification to the audit report and/or a contravention. See section 130.</i>	✓				(2) (3) (10)
1.1.1.	Where a deficit exists, review the actuarial valuation for any defined benefit pensions and assess the adequacy of any remedial action to cover any deficiency.			✓		
1.2.	<b>Section notes and conclusion</b>					
1.2.1.						

		Yes	No	N/a	Initial	WP Ref
L.	Member accounts					
1.	Member 1					
Name	PETER ADAM H HICKSON					
Date of birth	10-12-1950	Age at balance date	70			
Eligible service period	26-6-2009					
1.1.	Confirm the member's TFN has been recorded by the fund.	✓			AK	(6)
1.1.1.	Confirm application for fund membership has been sighted.	✓			AK	AK file
1.2.	Confirm the trustee is eligible to accept contributions for the member: <ul style="list-style-type: none"> <li>◦ Trustees can accept contributions for members under 65.</li> <li>◦ For members aged 65 – 74, downsizer, super guarantee, mandated employer contributions or contributions where the member is gainfully employed for at least 40 hours in any continuous 30 day consecutive period or full time. The contribution has to have been received by the fund on or before 28 days after the month in which the member turns 75</li> <li>◦ For members aged 75 and over, only downsizer, super guarantee and employer contributions payable under an industrial award</li> <li>◦ Note: There is no restriction on the amount of non-concessional contributions that a fund can accept for members under 65, but the ATO will issue an excess determination for non-concessional contributions that did not adhere to the contribution caps based on the TSB. Any excess amounts can be raised in the management letter and should not be withdrawn from the fund before the relevant excess notifications are received from the ATO.</li> </ul>	✓			AK	Deed
1.3.	Confirm all other contributions received have been allocated and correctly treated, i.e., spouse contributions, contribution split, government co-contribution.			✓		
1.4.	Have the trustees refunded excess contributions to the member?			✓		
1.4.1.	If yes, confirm the refund is in line with the <u>Compulsory release authority and statement</u> .					
1.5.	Confirm contributions have the correct cut-off by tracing contributions to bank statements with additional testing at year end.			✓		
1.6.	Review any expenses and other items that may give rise to a contribution.			✓		
1.7.	If applicable, confirm that the prior use of the \$1,480,000 (2018-19) lifetime CGT contribution cap has been detailed.			✓		
1.7.1.	CGT 15 year concession previously used					

1.7.2.	CGT retirement concessions previously used							
1.8.	Confirm that the tax treatment of the contributions is correct.							/
1.9.	Confirm the accounts have been prepared using software that automatically calculates allocation of earnings. <i>File a copy of the member's report in the audit workpapers</i>	/					du	(6)
1.9.1.	If 'no', confirm the allocation of earnings is calculated correctly and on a fair and reasonable basis (r5.03). <i>File a copy of the calculation statement in the audit workpapers</i>							
1.10.	Confirm the preservation of account balances has been recorded correctly.	/					du	(6/7) (5)
1.11.	If required, confirm the tax-free and taxable components of the super interest have been recorded correctly.	/					du	/
1.12.	If benefits have been paid during the period confirm:							
1.12.1.	◦ The Trust Deed permitted the benefit payment.	/					du	Deed
1.12.2.	◦ The member qualifies for a payment of a benefit under r6.17	/					du	/
1.12.3.	◦ The correct forms for benefit payment have been completed. For lump sums there needs to be a minute from the member confirming the intention to withdraw a lump sum, and the subsequent acceptance of this request by the trustee/s. <i>File a copy in the audit workpapers</i>	/					du	(13)
1.12.4.	◦ The tax-free and taxable components of the payment and remaining fund balance have been calculated and recorded	/					du	(6/7) (5)
1.12.5.	◦ The correct cashing order of the preservation components has been followed as per r6.22A	/					du	/
1.13.	If benefits have been paid during the period to a member under 60 years of age, confirm:							/
1.13.1.	◦ The payment of a benefit and type of benefit paid was permitted by the trust deed							
1.13.2.	◦ Where a benefit has been paid, the PAYG Payment Summary and end of year reporting obligations have been completed. <i>File a copy in the Audit workpapers</i>							
1.13.3.	◦ Where the benefit is a pension, was the payment within the minimum/maximum pension limits for the member. <i>Note the 10% limit for transition to retirement pensions. (A TRIS in retirement phase does not have a 10% limit)</i>							
1.14.	If benefits have been paid during the period to a member 60 years of age or over, and where a pension and/or lump sum has been paid from an untaxed fund/source and a withholding obligation arises, confirm a PAYG Payment Summary has been issued. <i>File a copy in the audit work papers</i>							/
1.15.	Transfers in							
1.15.1.	If applicable, confirm the relevant rollover information has been received. <i>File a copy in the audit work papers</i>							
1.15.2.	If transferred from an untaxed fund, confirm the transfer has been treated correctly for tax purposes.							



1.15.3.	If a life benefit termination payment was rolled into the fund, confirm the rollover is allowed <i>i.e., a clause was included in the employment contract or other legal agreement as at 9 May 2006</i>					
1.16.	<b>Transfers out</b>					
1.16.1.	Confirm the balance has been calculated correctly. <i>File a copy in the audit work papers</i>					
1.16.2.	Confirm a rollover has been completed and a rollover benefit statement has been issued (or a death benefit rollover statement where required)					
1.16.3.	If the rollover was made to another complying superannuation fund, confirm the rollover was received by the fund by obtain a member statement from the recipient fund to confirm receipt of the rollover					
1.16.4.	Confirm the trust deed allows payment to the nominated beneficiaries.					
1.16.5.	Confirm the nomination of the member's beneficiaries is current.					
1.17.	<b>Transition-to-Retirement Phase income streams (TRIS)</b>					
1.17.1.	Did any member with a TRIS meet a permanent condition of release during the year? Such as: <ul style="list-style-type: none"> <li>◦ A member had a TRIS and turned 65?</li> <li>◦ A member had a TRIS and ceased gainful employment after the age of 60 and notified the fund?</li> </ul> <i>If yes, the TRIS will become a retirement phase interest (TRIS in retirement phase), this will count towards the transfer balance cap, and the fund can claim exempt pension income. Reconcile benefits paid between the general ledger and bank statement</i>					
1.17.2.	Confirm the TRIS in retirement phase does not exceed the transfer balance cap <i>If no (the TBC is exceeded), there may be an excess claim on ECPI and this needs to be raised in the management letter</i>					
1.18.	<b>Death benefits</b>					
1.19.	Where the member passed away during the year:					
1.19.1.	◦ Sight a copy of the death certificate					
1.19.2.	◦ Confirm a copy of the binding death nomination was completed and payment is in accord with the nomination.					
1.19.3.	◦ If the rollover was made to another complying superannuation fund, confirm the rollover was received by the fund by obtaining a member statement from the recipient fund.					
1.20.	<b>Retirement phase income streams</b>					
1.20.1.	Confirm the retirement phase interest does not exceed the transfer balance cap <i>If yes, there may be an excess claim on ECPI and this needs to be raised in the management letter</i>					



		Yes	No	N/a	Initial	WP Ref
L.	Member accounts					
1.	Member 2					
Name	KATHLEEN ANNE HICKSON					
Date of birth	13-9-1953	Age at balance date	67.			
Eligible service period	21-6-2009					
1.1.	Confirm the member's TFN has been recorded by the fund.	✓			du	Ⓟ
1.1.1.	Confirm application for fund membership has been sighted.	✓			du	above
1.2.	Confirm the trustee is eligible to accept contributions for the member: <ul style="list-style-type: none"> <li>◦ Trustees can accept contributions for members under 65.</li> <li>◦ For members aged 65 – 74, downsizer, super guarantee, mandated employer contributions or contributions where the member is gainfully employed for at least 40 hours in any continuous 30 day consecutive period or full time. The contribution has to have been received by the fund on or before 28 days after the month in which the member turns 75</li> <li>◦ For members aged 75 and over, only downsizer, super guarantee and employer contributions payable under an industrial award</li> <li>◦ Note: There is no restriction on the amount of non-concessional contributions that a fund can accept for members under 65, but the ATO will issue an excess determination for non-concessional contributions that did not adhere to the contribution caps based on the TSB. Any excess amounts can be raised in the management letter and should not be withdrawn from the fund before the relevant excess notifications are received from the ATO.</li> </ul>	✓			du	Deed
1.3.	Confirm all other contributions received have been allocated and correctly treated, i.e., spouse contributions, contribution split, government co-contribution.			✓		
1.4.	Have the trustees refunded excess contributions to the member?			✓		
1.4.1.	If yes, confirm the refund is in line with the <u>Compulsory release authority and statement</u> .					
1.5.	Confirm contributions have the correct cut-off by tracing contributions to bank statements with additional testing at year end.			✓		
1.6.	Review any expenses and other items that may give rise to a contribution.			✓		
1.7.	If applicable, confirm that the prior use of the \$1,480,000 (2018-19) lifetime CGT contribution cap has been detailed.			✓		
1.7.1.	CGT 15 year concession previously used					

1.7.2.	CGT retirement concessions previously used					
1.8.	Confirm that the tax treatment of the contributions is correct.			✓		
1.9.	Confirm the accounts have been prepared using software that automatically calculates allocation of earnings. <i>File a copy of the member's report in the audit workpapers</i>	✓			du	(6)
1.9.1.	If 'no', confirm the allocation of earnings is calculated correctly and on a fair and reasonable basis (r5.03). <i>File a copy of the calculation statement in the audit workpapers</i>					
1.10.	Confirm the preservation of account balances has been recorded correctly.	✓			du	(6) (7) (23)
1.11.	If required, confirm the tax-free and taxable components of the super interest have been recorded correctly.	✓			du	✓
1.12.	If benefits have been paid during the period confirm:					
1.12.1.	◦ The Trust Deed permitted the benefit payment.	✓			du	Deed
1.12.2.	◦ The member qualifies for a payment of a benefit under r6.17	✓			du	✓
1.12.3.	◦ The correct forms for benefit payment have been completed. For lump sums there needs to be a minute from the member confirming the intention to withdraw a lump sum, and the subsequent acceptance of this request by the trustee/s. <i>File a copy in the audit workpapers</i>	✓			du	(13)
1.12.4.	◦ The tax-free and taxable components of the payment and remaining fund balance have been calculated and recorded	✓			du	(6) (7) (23)
1.12.5.	◦ The correct cashing order of the preservation components has been followed as per r6.22A	✓			du	✓
1.13.	If benefits have been paid during the period to a member under 60 years of age, confirm:			✓		
1.13.1.	◦ The payment of a benefit and type of benefit paid was permitted by the trust deed					
1.13.2.	◦ Where a benefit has been paid, the PAYG Payment Summary and end of year reporting obligations have been completed. <i>File a copy in the Audit workpapers</i>					
1.13.3.	◦ Where the benefit is a pension, was the payment within the minimum/maximum pension limits for the member. <i>Note the 10% limit for transition to retirement pensions. (A TRIS in retirement phase does not have a 10% limit)</i>					
1.14.	If benefits have been paid during the period to a member 60 years of age or over, and where a pension and/or lump sum has been paid from an untaxed fund/source and a withholding obligation arises, confirm a PAYG Payment Summary has been issued. <i>File a copy in the audit work papers</i>			✓		
1.15.	Transfers in					
1.15.1.	If applicable, confirm the relevant rollover information has been received. <i>File a copy in the audit work papers</i>					
1.15.2.	If transferred from an untaxed fund, confirm the transfer has been treated correctly for tax purposes.					

1.15.3.	If a life benefit termination payment was rolled into the fund, confirm the rollover is allowed <i>i.e., a clause was included in the employment contract or other legal agreement as at 9 May 2006</i>					
1.16.	<b>Transfers out</b>					
1.16.1.	Confirm the balance has been calculated correctly. <i>File a copy in the audit work papers</i>					
1.16.2.	Confirm a rollover has been completed and a rollover benefit statement has been issued (or a death benefit rollover statement where required)					
1.16.3.	If the rollover was made to another complying superannuation fund, confirm the rollover was received by the fund by obtain a member statement from the recipient fund to confirm receipt of the rollover					
1.16.4.	Confirm the trust deed allows payment to the nominated beneficiaries.					
1.16.5.	Confirm the nomination of the member's beneficiaries is current.					
1.17.	<b>Transition-to-Retirement Phase income streams (TRIS)</b>					
1.17.1.	Did any member with a TRIS meet a permanent condition of release during the year? Such as: <ul style="list-style-type: none"> <li>◦ A member had a TRIS and turned 65?</li> <li>◦ A member had a TRIS and ceased gainful employment after the age of 60 and notified the fund?</li> </ul> <i>If yes, the TRIS will become a retirement phase interest (TRIS in retirement phase), this will count towards the transfer balance cap, and the fund can claim exempt pension income. Reconcile benefits paid between the general ledger and bank statement</i>					
1.17.2.	Confirm the TRIS in retirement phase does not exceed the transfer balance cap <i>If no (the TBC is exceeded), there may be an excess claim on ECPI and this needs to be raised in the management letter</i>					
1.18.	<b>Death benefits</b>					
1.19.	Where the member passed away during the year:					
1.19.1.	◦ Sight a copy of the death certificate					
1.19.2.	◦ Confirm a copy of the binding death nomination was completed and payment is in accord with the nomination.					
1.19.3.	◦ If the rollover was made to another complying superannuation fund, confirm the rollover was received by the fund by obtaining a member statement from the recipient fund.					
1.20.	<b>Retirement phase income streams</b>					
1.20.1.	Confirm the retirement phase interest does not exceed the transfer balance cap <i>If yes, there may be an excess claim on ECPI and this needs to be raised in the management letter</i>					

		Yes	No	N/a	Initial	WP Ref
<b>M.</b>	<b>Trustee meeting minutes</b>					
1.	Confirm that a review of the minutes of the meetings of the trustees has been completed and any matters that require audit attention are documented below:	✓			del	(13) (10)
1.1.	Matter					
1.2.						
1.3.						
1.4.						
1.5.						
<b>N.</b>	<b>Subsequent events</b>					
1.	Enquiries have been made with the trustees about any known events that have occurred after the balance date.	✓			del	(13) (10)
2.	Confirm the trustee minutes after year-end have been reviewed.	✓			del	/
3.	Confirm that the market value of listed investments at the date of signing has been determined and the need for disclosure has been considered.	✓			del	(15)
4.	Confirm that the bank statements after year-end have been reviewed and any unusual deposits or payments have been considered.	✓			del	(17)
5.	<b>Section notes and conclusion</b>					
5.1.						
Where any question has been answered 'no', this may constitute an administrative issue within the fund or a qualification of the financial statements and should be investigated further. Note at 'K Duties of the Auditor/ actuary' in Checklist SMSE SIS audit 2019						

Current at 23 August 2019

		Yes	No	N/a	Initial	WP Ref	
Member accounts							
1.	Member 3						
Name		MELINA JANE BLOMSTHURST					
Date of birth		25-5-1979	Age at balance date		41		
Eligible service period		26-6-2009					
1.1.	Confirm the member's TFN has been recorded by the fund.					✓	
1.1.1.	Confirm application for fund membership has been sighted.					✓	du (6)
1.2.	Confirm the trustee is eligible to accept contributions for the member:					✓	du at File Deed
	<ul style="list-style-type: none"> <li>◦ Trustees can accept contributions for members under 65</li> <li>◦ For members aged 65 – 74, super guarantee, mandated employer contributions or contributions where the member is gainfully employed for at least 40 hours in any continuous 30 day consecutive period or full time. The contribution has to have been received by the fund on or before 28 days after the month in which the member turns 75</li> <li>◦ For members aged 75 and over, only super guarantee and employer contributions payable under an industrial award</li> </ul> <p><b>Note: There is no restriction on the amount of non-concessional contributions that a fund can accept for members under 65, but the ATO will issue an excess determination for non-concessional contributions that did not adhere to the contribution caps based on the TSB. Any excess amounts can be raised in the management letter and should not be withdrawn from the fund before the relevant excess notifications are received from the ATO.</b></p>						
1.3.	Confirm all other contributions received have been allocated and correctly treated, i.e. spouse contributions, contribution split, government co-contribution.						✓
1.4.	Have the trustees refunded excess contributions to the member?						✓
1.4.1.	If yes, confirm the refund is in line with the <u>Compulsory release authority and statement</u> .						
1.5.	If applicable, confirm that the prior use of the \$1,445,000 (2017-18) lifetime CGT contribution cap has been detailed.						✓
1.5.1.	CGT 15 year concession previously used						
1.5.2.	CGT retirement concessions previously used						
1.6.	Confirm that the tax treatment of the contributions is correct.						✓
1.7.	Confirm the accounts have been prepared using software that automatically calculates allocation of earnings. <i>File a copy of the member's report in the audit workpapers</i>					✓	du (6)
1.7.1.	If 'no', confirm the allocation of earnings is calculated correctly and on a fair and reasonable basis (r5.03). <i>File a copy of the calculation statement in the audit workpapers</i>						
1.8.	Confirm the preservation of account balances has been recorded correctly.					✓	du (6) (7) (3)
1.9.	If required, confirm the tax-free and taxable components of the super interest have been recorded correctly.					✓	du 1.
1.10.	If benefits have been paid during the period confirm:						✓
1.10.1.	◦ The Trust Deed permitted the benefit payment.						
1.10.2.	◦ The member qualifies for a payment of a benefit under r6.17						





1.10.3.	<ul style="list-style-type: none"> <li>◦ The correct forms for benefit payment have been completed. For lump sums there needs to be a minute from the member confirming the intention to withdraw a lump sum, and the subsequent acceptance of this request by the trustee/s. <i>File a copy in the audit workpapers</i></li> </ul>				
1.10.4.	<ul style="list-style-type: none"> <li>◦ The tax-free and taxable components of the payment and remaining fund balance have been calculated and recorded</li> </ul>				
1.10.5.	<ul style="list-style-type: none"> <li>◦ The correct cashing order of the preservation components has been followed as per <u>r6.22A</u></li> </ul>				
1.11.	If benefits have been paid during the period to a member under 60 years of age, confirm:			✓	
1.11.1.	<ul style="list-style-type: none"> <li>◦ The payment of a benefit and type of benefit paid was permitted by the trust deed</li> </ul>				
1.11.2.	<ul style="list-style-type: none"> <li>◦ Where a benefit has been paid, the PAYG Payment Summary and end of year reporting obligations have been completed.</li> <li>◦ <i>File a copy in the Audit workpapers</i></li> </ul>				
1.11.3.	<ul style="list-style-type: none"> <li>◦ Where the benefit is a pension, was the payment within the minimum/maximum pension limits for the member. <i>Note the 10% limit for transition to retirement pensions. (A TRIS in retirement phase does not have a 10% limit)</i></li> </ul>				
1.12.	If benefits have been paid during the period to a member 60 years of age or over, and where a pension and/or lump sum has been paid from an untaxed fund/source and a withholding obligation arises, confirm a PAYG Payment Summary has been issued. <i>File a copy in the audit work papers</i>			✓	
1.13.	<b>Transfers in</b>				
1.13.1.	If applicable, confirm the relevant rollover information has been received. <i>File a copy in the audit work papers</i>				
1.13.2.	If transferred from an untaxed fund, confirm the transfer has been treated correctly for tax purposes.				
1.13.3.	If a life benefit termination payment was rolled into the fund, confirm the rollover is allowed <i>i.e., a clause was included in the employment contract or other legal agreement as at 9 May 2006</i>				
1.14.	<b>Transfers out</b>				
1.14.1.	Confirm the balance has been calculated correctly. <i>File a copy in the audit work papers</i>				
1.14.2.	Confirm a rollover has been completed and a rollover benefit statement has been issued (or a death benefit rollover statement where required)				
1.14.3.	Confirm the trust deed allows payment to the nominated beneficiaries.				
1.14.4.	Confirm the nomination of the member's beneficiaries is current.				
1.15.	<b>Transition-to-Retirement Phase income streams (TRIS)</b>				
1.15.1.	<p>Did any member with a TRIS meet a permanent condition of release during the year? Such as:</p> <ul style="list-style-type: none"> <li>◦ A member had a TRIS and turned 65?</li> <li>◦ A member had a TRIS and ceased gainful employment after the age of 60 and notified the fund?</li> </ul> <p><i>If yes, the TRIS will become a retirement phase interest (TRIS in retirement phase), this will count towards the transfer balance cap, and the fund can claim exempt pension income.</i></p>				
1.15.2.	Confirm the TRIS in retirement phase does not exceed the transfer balance cap				



	<i>If no (the TBC is exceeded), there may be an excess claim on ECPI and this needs to be raised in the management letter</i>					
1.16.	<b>Retirement phase income streams</b>					
1.16.1.	Confirm the retirement phase interest does <b>not</b> exceed the transfer balance cap <i>If yes, there may be an excess claim on ECPI and this needs to be raised in the management letter</i>					

