



Australian Super Auditors Pty Ltd  
Is a CPA Practice

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08 April 2021

The Trustees  
Haydhanley Superannuation Fund  
3 Breimba St  
GRAFTON, NSW 2460

Dear Trustees

**RE: AUDIT MANAGEMENT LETTER**

I wish to advise that the audit of Haydhanley Superannuation Fund for the year ended 30 June 2019 has recently been completed.

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

My audit work involves an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report to form an opinion as to whether, in all material respects, the financial report is fairly stated in accordance with the accounting policies described in the notes thereto. Further, my audit work involves an examination, again on a test basis, of evidence supporting compliance with certain requirements of the Superannuation Industry (Supervision) Act 1993 and the Superannuation Industry (Supervision) Regulations 1994 ("SIS").

***I would like to bring the following to your attention***

**Diversification Risk**

*Observation*

I would like to draw your attention to the well publicised recent activity by the Australian Taxation Office whereby ATO has written to a large number of SMSF Trustees asking them to provide evidence, ideally by way of a written investment strategy, as to how they have considered a range of matters relating to the diversification of their SMSF's investments (such consideration being a requirement under Regulation 4.09 of the Superannuation Industry (Supervision) Regulations.

*Recommendation*

Given the concentration of your SMSF's assets in a single asset class or Direct Property, please do ensure particular attention is being paid to your Regulation 4.09 obligations and the effective documentation of your related considerations in the SMSF's investment strategy.

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## Late Lodgement

### *Observation*

The fund has failed to complete the 30 June 2019 year audit within the timeframe specified under Superannuation Industry (Supervision) Regulations 1994 Reg. 8.03, and this is not in compliance with the regulation noted.

### *Recommendation*

We suggest that the trustees ensure the fund is audited within the required timeframe as set by the SIS Regulations.

## Generic Investment Strategy

Section 52 and Regulation 4.09 of SIS require that the trustee formulate an investment strategy that has regard to the whole circumstances of the fund, giving a number of items that must be considered such as risks, returns, liquidity, diversification, the availability of valuation information and insurance for members. While the fund's investment strategy notes that these items have been considered it provides no detail as to how these considerations have been addressed. I suggest that the trustees consider developing a more detailed investment strategy.

## Loan to Member

### Observation

During the year I notice that a member has withdrawn \$3,276.00 from the super fund Bank and repaid the same during the year. This is a breach of section 65 which prohibits superannuation funds from providing assistance to members or their relatives. As the amount is below the in-house asset threshold, being 5% of the fund's total assets, the breach is not considered to be a reportable breach.

### *Recommendation*

Trustees should ensure that care is taken when withdrawing from the super fund's bank accounts to avoid this type of transaction in the future. It would also be advisable that interest is paid to the fund for the period of time that the amount was owing.

Except above, I advise that I have not encountered any matters during my audit that I believe should be brought to your attention.



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If you would like to discuss any matters, please do not hesitate to contact me.

Regards,

A handwritten signature in red ink, appearing to read 'Umesh Manek', is written over a light blue circular background.

**Umesh Manek**

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