

30 June 2019

Mr Stephen Mcleod  
The Mcleod Fund  
33 Sunrise Avenue  
Budgewoi, NSW 2262

**Audit Engagement of  
The Mcleod Fund  
Year / period ended 30 June 2019 and future years**

You have requested that we audit the above named superannuation fund, and we are pleased to confirm our acceptance and understanding of this engagement by means of this letter.

**Objective and scope of the audit**

Our audit will be conducted pursuant to the *Superannuation Industry (Supervision) Act 1993* (SISA) with the objective of expressing an opinion on the financial report and the funds compliance with the specified requirements of the *SIS and SIS Industry (Supervision) Regulations 1994* (SISR).

**Financial report**

**Approved SMSF auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on the audit. We will conduct an independent audit of the financial report in order to express an opinion on it to the trustee. We have complied with the auditor independence requirements prescribed by the SISR and the competency standards set by ASIC. No opinion will be expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the trustee's financial reporting requirements under the superannuation fund's governing rules and regulatory requirements.

We disclaim any assumption of responsibility for any reliance on this report, or on the financial statements to which it relates, to any person other than the members, or for any purpose other than that for which it was prepared.

The Auditing Standards now require that, when reporting on special purpose financial reports with a reporting period commencing from 1 January 2010, an Emphasis of Matter (Basis of Accounting) paragraph is included in the audit report. It must alert users of the auditors report, that the report is prepared in accordance with the special purpose framework and as a result, may not be suitable for another purpose. The inclusion of the required Emphasis of Matter (Basis of Accounting) will not modify our audit opinion.

Our audit will be conducted in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the trustee's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the trustee's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report.

## **Trustee's responsibility**

The trustee is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies used are consistent with the financial reporting requirements of the SMSF's governing rules, comply with the requirements of the (SISA) and the (SISR) and are appropriate to meet the needs of the members. The trustee's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Compliance Report**

### **Approved SMSF auditor's responsibility**

Our responsibility is to express an opinion on the trustee's compliance, based on the compliance engagement. We have complied with the auditor independence requirements prescribed by the SISR and the competency standards set by ASIC. Our audit will be conducted in accordance with applicable Standards on Assurance Engagements to provide reasonable assurance that the trustee of the fund has complied, in all material respects, with the relevant requirements of the following provisions (to the extent applicable) of the SISA and the SISR.

Sections: 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67, 67A, 67B, 82-85, 103, 104, 104A, 105, 109, 126K

Regulations: 1.06(9A), 4.09, 4.09A, 5.03, 5.08, 6.17, 7.04, 8.02B, 13.12, 13.13, 13.14, 13.18AA

Our procedures include examination, on a test basis, of evidence supporting compliance with those requirements of the SISA and the SISR.

These tests will not be performed continuously throughout the period, are not designed to detect all instances of non-compliance, and have not covered any other provisions of the SISA and the SISR apart from those specified. Our procedures with respect to section 62 will include testing that the fund trust deed establishes the fund solely for the provision of retirement benefits for fund members or their dependants in the case of the member's death before retirement; a review of investments to ensure the fund is not providing financial assistance to members, unless allowed under the legislation; and that no preserved benefits have been paid before a condition of release has been met.

Our procedures with respect to regulation 4.09 will include testing that the fund trustee has an investment strategy, that the trustee has given consideration to risk, return, liquidity, diversification, the insurance needs of fund members, and that the fund's investments are made in line with that investment strategy. No opinion will be made on the investment strategy or its appropriateness to the fund members.

## **Trustee's responsibility**

The trustee is responsible for complying with the requirements of the SISA and the SISR.

As part of our audit process, we will request from the trustees written confirmation concerning representations made to us in connection with the audit. This representation letter must be signed and returned to us prior to signing the audit report.

### **Report on significant matters**

Under Section 129 and 130 of the SIS Act if during the course of, or in connection with, our audit, we become aware of any contravention of the Act or Regulations which we believe has occurred, is occurring or may occur or if we believe the fund may be, or may be about to become in an unsatisfactory financial position we are required under Section 130 to report to you in writing. If the contravention affects the interest of the members or beneficiaries of the fund, we are also required to notify the Australian Taxation Office using the prescribed contraventions notice.

Our audit procedures are designed to gather sufficient appropriate audit evidence to form an opinion on the financial report. Unless otherwise agreed with you, we assume no responsibility to design audit procedures to identify matters that may be appropriate to report to you. However, if we encounter matters during the course of our audit, which we believe should be brought to your attention for your consideration or further action; we will communicate these matters to you. If no such matters come to our attention, we will report accordingly.

You cannot assume that any matters reported to you, or that a report indicating that there are no matters to be communicated, indicates that there are no additional matters, or matters that you should be aware of in meeting your responsibilities.

## **Independence**

We confirm that, to the best of our knowledge and belief, the engagement team meets the current independence requirements of APES 110, Code of Ethics for Professional Accountants, in relation to the audit of the fund. In conducting our financial and compliance audit, should we become aware that we have contravened the independence requirements, we shall notify you on a timely basis.

## **Fees**

Our standard fee for providing this service to your superannuation fund in respect of the year ended 30 June 2019 is \$550.00

## **Responsibility for loss**

We must take reasonable care in performing services for you under this agreement. If you suffer loss or damage partly as a result of our fault in providing the services, and partly as a result of your own fault, your claim for damages against us for breach of contract will be reduced, as in a negligence claim made by you or the superannuation fund that you are engaging our services on behalf of, to the extent that is just and equitable having regard to your share in the responsibility for that loss or damage.

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

In the event that we do not receive sufficient information more than 4 weeks prior to the due lodgement date to complete our audit and in the event that our outstanding queries resulting from our audit are not resolved within 2 weeks of us issuing our outstanding matters letter, we accept no responsibility for any interest, penalties or losses incurred.

Further the responsibility to lodge the Self-managed superannuation fund annual return, other forms and statements statutorily required by the Australian Taxation Office is that of the trustees of the fund or its accountants / fund administrators. We accept no responsibility for late lodgement or failure of these lodgements.

## **Other**

### *Engagement of Sub-contractors*

We may engage sub-contractors to provide some of the services offered in connection with this agreement.

### *Professional Standards and Confidentiality*

The conduct of our audit in accordance with Australian Auditing Standards means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent. Our audit files may, however, be subject to review as part of the quality control review program of the Company Auditor, or the Australian Taxation Office. We advise that by signing this letter you acknowledge that, if requested, our audit file relating to this audit will be made available under this program. The same strict confidentiality requirements apply under this program as apply to us as your auditor.

During the course of our audit, it is sometimes necessary for us to request information from third parties including share registries, managed fund and wrap account providers, financial institutions etc to verify information required solely to satisfy our audit function. This information will not be disclosed to any other parties. We advise that by signing this letter you consent to our authority to request and directly receive such information which shall remain confidential.

This letter will be effective for future years unless we advise you of its amendment or replacement, or the engagement is terminated.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for our audit of the financial statements and SIS compliance.

Yours faithfully

Tony Boys

The above terms of your engagement are confirmed and accepted on behalf of the The Mcleod Fund by:

.....  
Stephen Mcleod  
Director