

Independent External SMSF audits

Our guide to what we do.

Your clients can be rest assured that our external independent audit services are of the highest caliber in the SMSF audit arena. Our staff are SPAA qualified and have many years in the audit and admin area working along side SMSF trustees, accountants and financial planners. Because SMSFs are our life and our passion, you can be assured that we are true experts in our field.

SMSF audit documents ... what does your client get from Elite Super ?

1. At the preliminary stage of the audit, we like to provide a fixed fee quote on each fund and we do this by obtaining the draft financial statements from the accountants usually via email or fax. We have found this provides certainty to the accountants and trustees.
2. Once we have sighted the financial statements, we provide the following via mail or email to you to send out with the signed accounts and tax return and minutes
 - a. engagement letter containing fixed fee quote – to be signed and returned (we attach a direct debit authority for this fee quote), and
 - b. trustee audit representation letter (depending in whether the trustee is a corporate or individual, the wording will vary slightly).
3. once the audit is completed the following documents are returned to you to send back to the client/trustees
 - a. Completed audit management letter stating that the audit was “clear” in terms of compliance with the listed SIS Act and Regulations we are required to audit, and / or (if the SMSF had material breaches of SIS provisions)
 - b. Completed audit management letter detailing any material findings/breaches of SIS that if required needed to be reported to the ATO via an Auditor Contravention Report, (ACR), and
 - c. Copy of ACR not Lodged (we give the trustees 14 days to look at it before lodging it and always discuss with the accountants the issues before hand), and
 - d. Independent Auditors Report in the approved form as required by the ATO, and
 - e. Tax Invoice and copy of payment receipt of Direct Debit Authority. The receipt will be posted / emailed to the accountants to either retain or send to the trustees later.
 - f.

Sometimes we need the trustees to put in place more records to ensure that the fund complies and “gets over the line” rather than preparing an ACR. This can be things such as

- extra minutes / consents / declarations

- template investment strategies with compliant ranges
- letters requesting pension commutations etc etc

So we sometimes need to send your clients (via your firm) extra documents to sign to make sure the fund is in “ship shape”.

SMSF audit procedures ... what do we do in the course of an audit?.

Before the audit starts...

1. As stated above, we obtain the following via fax or email or portal upload -
 - a. draft or final financial statements, and
 - b. any details of significant asset movements / pension changes etc which might affect the quoted fee.
2. We then put together a fixed fee quote based on the above and produce an engagement letter with your clients, direct debit request, trustee audit representation letter to sent via mail to your office to send out with the year end financials etc to be signed. Note that some of our accountants don't send the initial audit documents out at this time, but prefer to send us signed financial records first, however it all depends on the system most comfortable for your firm as we are flexible to many different types of accountants systems.

Commencement of the audit ...

We then obtain the audit evidence to commence the audit from the accountants. See our pre-audit checklist of what documents we require. We have accountants that range from

- a. 100% paper based files with electronic financials and ITRs, and
- b. a combination of electronic and paper documents, to
- c. 100% electronic documents sent to us via email / USB memory sticks / portal log in to their server to extract files we need.

So we have many different types of accounting “styles” with our diverse accountants. We can accommodate all different styles as follows

- a. 100% paper based – some clients send work-paper's via registered mail / courier to be audited – we then scan all records and send the file back at the end of the audit. We prefer no original trust deeds as mail can get lost.

- b. A combination of paper files and electronic – we scan the paper records in and send back at the end of the audit. We sometimes obtain financial statements, trial balance, general ledger, and ITR via email and we prefer this broken into small files to make sure they are not blocked. USB files are usually sent via registered mail for security. We return these once data is extracted to the accountants, and
- c. 100% electronic files – we prefer this method, however we understand that many firms are still in the transition phase with this and so may not have all files scanned in. This form of audit evidence enables us to provide the lowest audit fee possible because my staff are not physically scanning documents into our system.

Once the audit evidence is obtained we usually have queries regarding missing information etc. We usually place a “query email” to the accountant concerned, to look for or obtain from the trustees.

If on the very rare occasion we find that the financial report is materially misstated (it’s usually a mistake such as a revaluation gone wrong and is more than 10% of the value of the fund) we need the accounts to be re-done and the financials/ITR/trial balance and GL to be sent to us again for audit. This is very rare however.

Finalising the Audit Process ...

Once the missing information is obtained, if any, we are then in a position to **sign off** the audit. The audit is completed and the following is given via mail or email to the accounting firm (along with any manual records held by us)

- completed management letter stating that the audit was “clear” in terms of compliance with the listed SIS Act and Regulations we are required to audit, and / or (if the SMSF had material breaches of SIS provisions)
- completed management letter detailing any material findings/breaches of SIS that if required needed to be reported to the ATO via an Auditor Contravention Report, (ACR), and
- Copy of ACR not Lodged (we give the trustees 14 days to look at it before lodging it and always discuss with the accountants the issues before hand), and
- Independent Auditors Report in the approved form as required by the ATO, and
- Tax Invoice and copy of payment receipt of Direct Debit Authority..

The above are emailed first to the accountants so they have an electronic copy that can be saved on file. The originals are sent shortly after to the accountants to be sent out to the trustees. We usually remind the accountants that they can now

date and lodge the ITR for the fund. The audit report date needs to match so this is important. Any changes to questions in the ITR are also emailed to the accountants.

After the audit ... what happens if there is compliance issues??

If we find a compliance issue with the fund, which may or may not be reportable, we usually like to assist our accountants to have the trustees fix the issue. Eg title searches could reveal a mortgage on the title and this (if not an instalment warrant arrangement) needs to be removed. We usually ask the accountants to meet with the trustees and ensure this is fixed shortly after the audit. Follow up audit evidence is preferred to be sent to us to show compliance has been re-gained because the ATO sometimes call us to check the trustees have fixed their mistakes. We usually outline in the management letter a suggested “fix” for any issues if they are small and easy to fix, however this is not the auditors job and some accountants prefer to rectify breaches with the client which we prefer. We do assist in advice to fix any issues free to our accountants if requested, as we prefer to have a “clean” fund the following year to audit.

Contact us for further questions...

If the above has not answered your particular question in relation to our audit services, please contact us by email or telephone.

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