**<Your name or your firm’s name/logo>**

**SMSF Audit Engagement Letter**

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**<Address and contact details>**

<date>

<The Trustees/Directors> of the Corporate Trustee

<SMSF name>  
<client address>  
<client email>

To the <Trustees/Directors> of the Corporate Trustee of <SMSF name>

**Re: Engagement of <firm name/your name> as Auditor of <SMSF name>**

Further to our discussions of <date> <we are/I am> pleased to accept your appointment as auditor of <SMSF name> (the Fund). This document sets out our terms of engagement. Any changes must be mutually agreed and confirmed in writing.

*[This following wording is adopted from Appendix 1 of AUASB Guidance Statement GS 009* Auditing Self-Managed Superannuation Funds*, and may need to be modified according to the individual requirements and circumstances of each engagement]*

**Objective and Scope of Audit Engagement**

You have requested that <we/I> audit the Fund’s:

1. financial report, which comprises the <statement of financial position/statement of net assets> as at <date> and the <operating statement/statement of changes in net assets> for the <period> then ended and the notes to the financial statements; and
2. compliance during the same period with the requirements of the *Superannuation Industry (Supervision) Act 1993* (SISA) and *Supervision Industry (Supervision) Regulations 1994* (SISR) specified in the approved form auditor’s report as issued by the Australian Taxation Office (ATO), which are sections 17A, 35AE, 35B, 35C(2), 62, 65, 66, 67, 67A, 67B, 82-85, 103, 104, 104A, 105, 109 and 126K of the SISA and regulations 1.06(9A), 4.09, 4.09A, 5.03, 5.08, 6.17, 7.04, 8.02B, 13.12, 13.13, 13.14 and 13.18AA of the SISR.

<We are/I am> pleased to confirm our acceptance and our understanding of this engagement by means of this letter. Our engagement will be conducted pursuant to the SISA with the objective of expressing an opinion on the financial report and the Fund’s compliance with the specified requirements of the SISA and SISR.

<**Our/My> Responsibilities**

<Our/my> financial audit and compliance engagement will be in accordance with APES 210 *Conformity with Australian Auditing and Assurance Standards*. These standards require that <we/I> comply with ethical requirements under APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Pursuant to the Responding to Non-Compliance with Laws and Regulations (NOCLAR) requirements of APES 110, <we are/I am> required to report any non-compliance with laws and regulations or acts of omission or commission, intentional or unintentional by a client or by those charged with governance, by management or by other individuals working for or under the direction of a client which are contrary to the prevailing laws or regulations.

<We/I> will conduct <our/my>:

* financial audit in accordance with Australian Auditing Standards.
* compliance engagement in accordance with applicable Standards on Assurance Engagements issued by the Australian Auditing and Assurance Standards Board (AUASB).

<We/I> will plan and perform the audit in order to obtain reasonable assurance as to whether the financial report is free from material misstatement and that you have complied, in all material respects, with the specified requirements of the SISA and SISR.

The annual audit of the financial reports and records of the Fund must be carried out during and after the end of each year of income. In accordance with section 35C of the SISA, <we are/I am> required to provide to the trustees of the Fund an auditor’s report in the approved form within the prescribed time as set out in the SISR, 28 days after the trustees have provided all documents relevant to the preparation of the auditor’s report.

**Financial Audit**

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

In making <our/my> risk assessments, <we/I> consider internal controls relevant to the Fund’s preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal controls. However, <we/I> expect to provide you with a separate letter concerning any significant deficiencies in the Fund’s system of accounting and internal controls that come to <our/my> attention during the audit of the financial report. This will be in the form of a letter to the trustees.

**Compliance Engagement**

A compliance engagement involves performing assurance procedures to obtain evidence about the Fund’s compliance with the provisions of the SISA and SISR specified in the ATO’s approved form auditor’s report.

<Our/my> compliance engagement with respect to investments includes determining whether the investments are made for the sole purpose of funding members’ retirement, death or disability benefits and whether you have an investment strategy for the Fund, which has been reviewed regularly and gives due consideration to risk, return, liquidity, diversification and the insurance needs of members. <Our/my> procedures will include testing whether the investments are made for the allowable purposes and in accordance with the investment strategy and legislative requirements. <Our/My> engagement does not include providing an opinion on the appropriateness of investments for fund members.

**Use of Consumer Data Right Data** (optional)

<We/I> acknowledge that you may consent for an Accredited Data Recipient under the Consumer Data Right (CDR) to disclose your CDR data to <us/me>. <We/I> confirm that for this purpose you may nominate <Firm’s name/me> as your Trusted Adviser and that as your trusted adviser, <we/I> will only access the data necessary to provide the services in this engagement letter.

**Your Responsibilities**

<We/I> take this opportunity to remind you that it is the responsibility of the trustees to ensure that the Fund, at all times, complies with the SISA and SISR as well as any other legislation relevant to the Fund. The trustees are also responsible for the preparation and fair presentation of the financial report.

<Our/My> auditor’s report will explain that the trustees are responsible for the preparation and the fair presentation of the financial report and for determining that the accounting policies used are consistent with the financial reporting requirements of the SMSF’s governing rules, comply with the requirements of SISA and SISR and are appropriate to meet the needs of the members.

The trustees’ responsibilities include:

* establishing and maintaining controls relevant to the preparation of a financial report that is free from misstatement, whether due to fraud or error. The system of accounting and internal control should be adequate in ensuring that all transactions are recorded and that the recorded transactions are valid, accurate, authorised, properly classified and promptly recorded, so as to facilitate the preparation of reliable financial information. This responsibility to maintain adequate internal controls also extends to the Fund’s compliance with SISA including any Circulars and Guidelines issued by a relevant regulator to the extent applicable. The internal controls should be sufficient to prevent and/or detect material non-compliance with such legislative requirements;
* selecting and applying appropriate accounting policies;
* making accounting estimates that are reasonable in the circumstances; and
* making available to <us/me> all the books of the Fund, including any registers and general documents, minutes and other relevant papers of all trustee meetings and giving <us/me> any information, explanations and assistance <we/I> require for the purposes of our audit. Section 35C(2) of SISA requires that trustees must give to the auditor any document, relevant to the conduct of the audit, that the auditor requests in writing within 14 days of the request.

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

<Our/my> auditor’s report is prepared for the members of the Fund and <we/I> disclaim any assumption of responsibility for any reliance on <our/my> report, or on the financial report to which it relates, to any person other than the members of the Fund, or for any purpose other than that for which it was prepared.

**Independence**

<We/I> confirm that, to the best of our knowledge and belief, the <engagement team meets/I meet> the independence requirements of the SISA and SISR, including APES 110, in relation to the audit of the Fund. In conducting <our/my> financial audit and compliance engagement, should <we/I> become aware that we have contravened the independence requirements, <we/I> shall notify you on a timely basis.

**Report on Matters Identified**

Under section 129 of the SISA, <we are/I am> required to report to you in writing, if during the course of, or in connection with, <our/my> audit, <we/I> become aware of any contravention of the SISA or SISR which <we/I> believe has occurred, is occurring or may occur. Furthermore, you should be aware that <we are/I am> also required to notify the ATO of certain contraventions of the SISA and SISR that <we/I> become aware of during the audit, which meets the tests stipulated by the ATO, irrespective of the materiality of the contravention or action taken by the trustees to rectify the matter. Finally, under section 130, <we are/I am> required to report to you and the ATO if <we/I> believe the financial position of the Fund may be, or may be about to become unsatisfactory.

You should not assume that any matters reported to you, or that a report that there are no matters to be communicated, indicates that there are no additional matters, or matters that you should be aware of in meeting your responsibilities. The completed auditor’s report may be provided to you as a signed hard copy or a signed electronic version.

**Compliance Program**

The conduct of <our/my> engagement in accordance with Australian Auditing Standards and applicable Standards on Assurance Engagements means that information acquired by <us/me> in the course of <our/my> engagement is subject to strict confidentiality requirements. Information will not be disclosed by <us/me> to other parties except as required or allowed for by law or professional standards, or with your express consent. However, <our/my> audit files may be the subject of review as part of a compliance program of a professional accounting body or the ATO. <We/I> advise you that by signing this letter you acknowledge that, if requested, <our/my> audit files relating to this compliance engagement will be made available to the accounting body or the ATO. Should this occur, <we/I> shall advise you. The same strict confidential requirements apply under these programs as apply to us as your auditor.

**Professional Fees and Payments**

All professional fees for the services provided will be based on the time and skill required to complete the nominated tasks, including out-of-pocket expenses and statutory charges, unless otherwise agreed.

<Our/my> professional fees are (subject to written notification of changes):

Principal $ <amount> per hour

Accountant $ <amount> per hour

Secretarial $ <amount> per hour

For work undertaken for periods of less than an hour, the rate shall be charged in 6-minute blocks or part thereof. All professional fees are GST inclusive.

**Estimated Fee**

Fees are based on reasonable estimates and the actual cost may vary. It is not always possible to provide an accurate estimate of total cost which may change due to unforeseen problems and delays, the cooperation of third parties and deficiencies in documentation. If costs are likely to be significantly higher than originally estimated, <we/I> will provide an additional letter of engagement setting out the reasons for any likely increase.

The estimated fee for the services agreed is <$XXX>, GST inclusive.

**Terms of Payment**

Unless other terms have been agreed to, <our/my> terms are strictly 14 days from the date of invoice. <We/I> will provide an itemised account of professional fees, costs and disbursements upon request. If you do not pay your account by that date, <we/I> reserve the right to use a debt collection agency or any other legal means to recover outstanding fees.

**Quality Review**

As a member of the Institute of Public Accountants (IPA), <we are/I am> subject to the IPA’s Quality Review Program (QRP) mandated by the International Federation of Accountants (IFAC). QRP reviews assess member compliance with professional and ethical standards and by accepting our engagement you acknowledge that, if requested by the IPA, our files relating to this engagement may be made available for QRP review. Unless otherwise advised, you are consenting to your files being part of a QRP review.

**Professional Standards Scheme**

As a member of the IPA, <we are/I am> part of the IPA Professional Standards Scheme and <our/my> liability is limited by a Scheme approved under Professional Standards Legislation. For more information on the IPA Professional Standards Scheme or Professional Standards Schemes generally, please refer to: [www.psc.gov.au](http://www.psc.gov.au).

**Privacy**

<We/I> understand the importance of protecting the privacy of your personal information. In handling personal information, <we/I*>* comply with the *Privacy Act 1988* (Cth) (Privacy Act), as amended from time to time, and with the 13 Australian Privacy Principles in the Privacy Act and other applicable privacy-related legislation.

<We/I> collect, use, disclose and store your personal information in accordance with <our/my> privacy policy, a copy of which can be found on <our/my> website or otherwise made available to you upon request.

<We/I> may collect your personal information directly from you or your authorised representatives, from third parties where you have provided your consent, or where the collection of your personal information is permitted by law.

The types of personal information <we/I> collect includes <amend list to accurately reflect the personal information that is collected> general identification information such as names, occupation, and date of birth, contact details such as address, email address, and mobile phone number, government-issued identification numbers such as tax file numbers, financial information, and information regarding your superannuation and/or insurance arrangements.

Generally, <we/I> collect, use and disclose your personal information for the purposes of providing you with <description of services> services.

If you do not provide your personal information to <us/me>, this may affect <our/my> ability to assist you.

<We/I> may also use your personal information for the purpose of providing marketing information to you. Please let <us/me>know if you do not want this information to be sent to you.

To provide <our/my> <description of services> services, <we/I> may disclose your information to third parties engaged to perform administrative or other business management services. <insert if the optional Third Party Involvement clause below is being used, otherwise delete:> We may also disclose your personal information to third parties engaged to undertake specific processes, functions or activities and/or provide services for <us/me>.

Any disclosure is always on a confidential basis. <We/I> may also disclose your personal information if required or authorised by law.

<insert if personal information may be disclosed overseas, otherwise delete:> <We/I> may disclose personal information to overseas recipients in order to provide necessary <description of services> and for administrative or other business management purposes. Before disclosing any personal information to an overseas recipient, <we/I> take steps reasonable in the circumstances to ensure the overseas recipient complies with the Australian Privacy Principles or is bound by a substantially similar privacy scheme unless you consent to the overseas disclosure or it is otherwise required or permitted by law.

If you would like to access, or seek correction of, the personal information <we/I> collect and hold about you, or otherwise enquire or complain about our approach to privacy, please contact <our/my> privacy compliance officer on <telephone number> or at <email address>. <Our/my> privacy policy contains further information about these processes.

**Third Party Involvement (optional)**

[Include the following paragraph only if you use cloud computing services relevant to the client]

In providing our services to you, <we/I> utilise cloud computing systems provided by <insert name of provider> which is based in <insert location of provider>. <Insert details of how confidential information of clients is stored – this could be by way of reference to a separate document or information on your website.>

This terms of engagement is a contract between you and <name of firm/me>, and you agree that none of the third parties <we/I> use will have any liability to you and you will not bring any claim or proceedings of any nature in connection with this engagement against any third party that <we/I> may use to provide the services. This exclusion will not apply to any liability, claim or proceeding founded on an allegation of fraud or other liability that cannot be excluded under law.

**Client Acknowledgement and Confirmation**

Please contact <us/me> if you have any queries about this engagement. Please sign and return the confirmation of acceptance of this engagement.

<We/I> thank you for the opportunity to provide audit services in relation to <SMSF name>.

Yours faithfully

<Signature and detail panel with name and address of auditor>

**Acknowledgement and Confirmation**

<We/I> <Mr/Ms> <name> as <Trustees/Directors> of the <SMSF name> of <postal address>, hereby acknowledge and accept the terms of engagement. *<*We/I*>* also undertake that we have the capacity to make this engagement (if on behalf of an entity).

<We/I> also agree and <we/I> shall be personally liable for all fees for services performed in accordance with these terms of engagement.

Signed

Name Trustee <SMSF name>

Date

Signed

Name Trustee <SMSF name>

Date