The SMSF audit engagement letter

Australia edition

[Firm letterhead]

[Date]

The Trustees, [Fund name]
[Address]

Dear Trustees,

THE ENGAGEMENT

You have appointed us as the approved SMSF auditor of [Fund name] for the year ending 30 June [year]. This letter sets out the terms of that engagement, which has two parts: an audit of the fund's financial report, and an engagement to report on the trustees' compliance with the provisions of the Superannuation Industry (Supervision) Act 1993 and Regulations specified in the ATO's approved form of auditor's report.

PART A — THE FINANCIAL AUDIT

We will conduct the audit in accordance with Australian Auditing Standards, with the objective of expressing an opinion on whether the financial report is presented fairly, in all material respects, in accordance with [the basis of accounting described in the notes]. Because of the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected.

PART B — THE COMPLIANCE ENGAGEMENT

We will conduct the compliance engagement in accordance with ASAE 3100 Compliance Engagements, with the objective of expressing an opinion on whether the trustees have complied, in all material respects, with the specified provisions for the year. Our procedures are designed to give reasonable assurance and will not necessarily detect every instance of non-compliance.

YOUR RESPONSIBILITIES AS TRUSTEES

You are responsible for keeping the fund's accounting records and preparing its financial statements; for such internal control as you determine is necessary; for complying with the SIS Act and Regulations, including valuing the fund's assets at market value and allocating investment returns to members on a fair and reasonable basis; and for giving us access to all information relevant to the audit.

Under section 35C(2) of the SIS Act, you must give us any document relevant to our report within 14 days of our written request. Before the audit begins you will give us the fund's operating statement and statement of financial position. At the end of the audit we will ask you to confirm certain matters in a written representation letter.

OUR REPORTING OBLIGATIONS

If we form the opinion that a contravention of the SIS Act or Regulations may have occurred, may be occurring or may occur, we are required to tell you in writing, and to report it to the ATO in an auditor contravention report where it meets the ATO's reporting criteria. If we form the opinion that the fund's financial position may be, or may be about to become, unsatisfactory, we must tell you and the ATO. These obligations continue even if this engagement ends before the audit is complete.

INDEPENDENCE

We are required to be independent of the fund under APES 110 Code of Ethics for Professional Accountants (including Independence Standards). [Our firm provides no other services to the fund. / Our firm also provides [describe services] to the fund. You confirm that you make all decisions about the fund, and that you approve the coding of transactions and the trial balance from which the financial statements are prepared.] If our independence cannot be maintained, we will decline or end this engagement.

WHAT IS NOT INCLUDED

This engagement does not include preparing the fund's financial statements or annual return, calculating tax or members' balances, the Division 296 calculations, or advice on the fund's investments or strategy.

OUR REPORT

We will issue an independent auditor's report in the ATO's approved form, with Part A and Part B, for each year audited, and a management letter setting out any matters we believe you should know about. The form and content of our report may need to differ from this if our findings require it.

ACCESS TO OUR WORKING PAPERS

Our audit working papers may be reviewed by the ATO, ASIC or our professional body as part of their oversight of SMSF auditors.

FEES

Our fee is [amount] plus GST, invoiced [when], payable within [number] days. Additional work caused by incomplete records or late responses is charged at [rate] per hour, and we will tell you before we incur it.

AGREEMENT

This letter remains effective for future years unless it is terminated, amended or replaced. Please have each trustee, or each director of the corporate trustee, sign and return a copy.

Yours faithfully,
[Name], Approved SMSF auditor, SAN [number]

Agreed by the trustees of [Fund name]:

Signature _____ Date _____

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