22 October 2019

The Trustee(s)

<NAME OF SUPERANNUATION FUND>

«Address1»

«Address2»

«Address3»

«Town» «Country» «PostCode»

Dear Trustee(s),

# LETTER OF ENGAGEMENT

Further to your request for me to act as Auditor of <NAME OF SUPERANNUATION FUND> for the year ended 30 June 2019, I hereby consent to the appointment and would like now to set out my understanding of the terms of this engagement.

**Scope of Engagement**

In accordance with Section 35C of the *Superannuation Industry (Supervision) Act 1993* (SISA), I am required to give you a report, in the approved form, known as an Independent Auditor’s Report, on the operations of the Fund for each financial year for which I am appointed. More specifically, my report must include an opinion on the special purpose financial report of the Fund, as well as your compliance with specific sections of SISA and the *Superannuation Industry (Supervision) Regulations 1994* (SISR).

**Audit Approach**

My audit will be conducted in accordance with the Australian Auditing Standards, the applicable standards on Assurance Engagements and with the relevant professional and ethical standards issued by the Accounting Professional and Ethical Standards Board Limited (APESB), with the objective of providing an opinion on the items contained within, and confined to, the scope of engagement. I confirm that, to the best of my knowledge, my staff and I (“we”) currently meet the independence requirements of APES 110 and have complied with the competency standards set by ASIC.

I am required to communicate the planned scope and timing of my audit, and I note the scope of my audit will be sufficient to perform my duties as the auditor of the fund.  The timing of the audit will be dictated by the provision of relevant documentation to commence the audit.  I am also required to communicate the significant risks identified. Generally speaking, the auditing standards require a presumption that revenue recognition is a significant risk.  Should other significant risks be identified as part of my audit, I will communicate these to you.

**Financial Audit Engagement**

My audit of the Fund’s Financial Report (which is reported under Part A of my Independent Auditor’s Report) will be planned and conducted primarily to enable me to express my professional opinion as to whether the financial statements comply with Australian Accounting Standards and your reporting requirements under a special purpose reporting framework, so as to have reasonable expectations of detecting those material misstatements arising as a result of irregularities which would have a material effect on the financial report. Unless otherwise agreed with you, I assume no responsibility to design audit procedures to identify matters that may be appropriate to report to you. However, if I encounter matters during the course of my audit that I believe should be brought to your attention, I will communicate these matters to you. I note that my communication to you may be directed to you through the accountant, administrator or financial advisor you may have engaged to complete the Fund’s financial statements and maintain its member records. The work undertaken by my staff and I (“us”) to form an opinion is determined by judgement, in particular regarding the nature, timing and extent of the audit procedures for the gathering of audit evidence, and the drawing of conclusions based on the audit evidence gathered. In addition, there are inherent limitations in any audit, and these include the use of testing, the internal control structure, the possibility of collusion to commit fraud, and the fact that most audit evidence is persuasive rather than conclusive. As a result, my audit can only provide reasonable – not absolute – assurance that the financial statements are free from material misstatement.

My procedures do not include a review of each member’s Total Superannuation Balance (TSB), Transfer Balance Account Report (TBAR) and the Fund’s self-managed superannuation fund annual return, although I may peruse the latter two documents to identify areas that require my close attention. Accordingly, no opinion will be given and no responsibility taken for any issues arising from any inaccuracies regarding each member’s TSB, the TBARs and annual return lodged with the ATO.

**Reasonable Assurance Engagement**

I will conduct my reasonable assurance engagement (which is reported under Part B of my Independent Auditor’s Report) in accordance with Standard on Assurance Engagements ASAE 3100 Compliance Engagements. That standard requires that we comply with ethical requirements applicable to assurance engagements and plan and perform procedures to obtain reasonable assurance about whether the Fund has complied with the applicable provisions of the SISA and SISR, in all material respects, as evaluated against the reporting criteria established by the Australian Taxation Office (ATO).

An assurance engagement on compliance involves performing procedures to obtain evidence about Fund’s compliance with the SISA and SISR as evaluated against the reporting criteria established by the ATO. We will perform procedures to obtain evidence about compliance activities and controls implemented to meet the SISA and SISR. The procedures selected depend on my professional judgement, including the identification and assessment of risks of material deficiencies in the compliance framework or material non-compliance with the SISA and SISR as evaluated against the reporting criteria established by the ATO.

My report must include an opinion on your compliance with the following specific sections of SISA andSISR.

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

My procedures with respect to Regulation 4.09 will include testing that you have an Investment Strategy for the Fund and that you have given consideration to risk, return, liquidity, diversification, the insurance needs of the Fund’s members and that the Fund’s investments are made in line with that Investment Strategy. If an investment strategy is provided to me for review, I will assume it has been formulated with regard to the whole of the circumstances of the Fund, unless you tell me to the contrary. No opinion will be given on the Investment Strategy or its appropriateness to the Fund’s members.

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal control there is an unavoidable risk that some deficiencies in the compliance framework or non-compliance by the Fund with the SISA and SISR may not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements.

My Independent Auditor Report and any reports on compliance or other matters may be sent to you via your accountant, administrator, or financial advisor and by signing this letter you acknowledge this point. The report provided at the completion of the audit shall not be inferred or used for any purpose other than for which it was specifically prepared.

**Report on Compliance Matters**

Under Section 129 of SISA, I am required to report to you in writing if during the course or in connection with my engagement, I become aware of any contravention of SISA or SISR which I believe has occurred, is occurring or may occur. Where the contravention meets the reporting criteria established by the ATO, then I am also obliged to report the matter to the ATO by way of an Auditor Contravention Report, even if you terminate the engagement. I am also required under Section 130 of SISA to report to you and the ATO if I believe the Fund may be, or be about to become, in an unsatisfactory financial position.

**Report on Other Matters**

As well as reporting to you, either directly or through your accountant, administrator or financial advisor, any compliance matters that may have arisen during the audit, I may also report to you any matters arising from the financial audit and any other issues I believe should be brought to your attention. You should not however assume that any management letter issued will indicate all matters that you should be aware of in meeting your responsibilities.

If there are no matters for me to report to you, I will not provide a management letter.

**Trustee Responsibilities**

I direct your attention to the fact that you are responsible for the maintenance of adequate accounting records and internal controls, the safeguarding of superannuation fund assets, the selection of accounting policies, the preparation and fair presentation of financial statements in accordance with a special purpose financial reporting framework and compliance with SISA and SISR. In particular, I remind you that you are responsible for the implementation and operation of accounting and internal control systems necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error. Please note that you are responsible for the identification of risks that threaten the SISA and SISR identified above being met and controls which will mitigate those risks and monitor ongoing compliance.

As part of the engagement, we may request from you, your accountant, administrator or financial advisor, written confirmation concerning representations made to us in connection with the audit. Please note, Section 35C(2) of SISA requires a trustee to give an auditor a document within 14 days if requested in writing by the auditor. For the purposes of this section, a request in writing to the trustee(s) will include an email sent by us to your accountant, administrator or financial advisor.

**Privacy and Quality Control**

The conduct of my audit shall be in accordance with Australian Auditing Standards, which means that information acquired by us in the course of my audit is subject to strict confidentiality requirements. Baumgartner Super is also subject to the Privacy Act 1988 in its handling of personal information. We will not use any personal information obtained during the audit for any purpose other than for the purpose of conducting the audit.

We will keep secure personal information obtained during the audit to ensure it is not misused, lost, or improperly accessed, modified, or disclosed. After completing the audit, we will return to you any original documents we have obtained from you or your accountant, administrator or financial advisor during the course of the audit. Documentation forwarded to us electronically, or that is not an original, will not be returned to you unless specifically requested.

Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your authority, unless we determine that disclosure of any non-compliance or suspected non-compliance to an appropriate authority is an appropriate course of action in the circumstances.

I wish to draw your attention to our firm’s system of quality control which has been established and maintained in accordance with the relevant APESB standard and Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information*, *and Other Assurance Engagements* in undertaking this assurance engagement. As a result, my audit files may be subject to review as part of the quality control review program of the Chartered Accountants Australia and New Zealand, which monitors compliance with professional standards by its members. My files may also be reviewed by the ATO and ASIC in their capacity as Regulator of SMSFs and approved SMSF auditors respectively. I advise you that by signing this letter you acknowledge that, if requested, my audit files relating to this engagement will be made available under these programs. Should this occur, I will advise you.

**Fees**

The audit fee will be billed to you by your SMSF Service Provider in accordance with their fee arrangement with you.

**Fees – Compliance Breaches**

In situations where I have identified contraventions of the SISA and SISR, including prior to termination of my engagement, further work will be required. Where the contravention is of such a nature that an Auditor Contravention Report is required to be lodged, an additional fee of $330.00 (GST inclusive) will be charged.

**Confirmation of Terms and Conditions**

This letter will be effective for future years unless I advise you of its amendment or replacement, or if the engagement is terminated. Please sign and return this letter to indicate that it is in accordance with your understanding of the arrangements of the audit of the financial statements and SIS compliance. By signing and returning this letter you are also taken to have acknowledged and agreed to your responsibilities outlined above and acknowledged that my liability is limited by a scheme approved under Professional Standards Legislation.

Yours faithfully,

Baumgartner Super



David Burrows

Trustee/Director

<NAME OF SUPERANNUATION FUND>

Trustee/Director

<NAME OF SUPERANNUATION FUND>

Trustee/Director

Trustee/Director

<NAME OF SUPERANNUATION FUND>

<NAME OF SUPERANNUATION FUND>