

<<Date>>

The Trustees  
<<Name>> Superannuation Fund  
C/- <<Accountant / Administrator>>  
<<Address>>

Dear Sir/Madam

**Audit Engagement of  
<<Name>> Superannuation Fund  
Year ended 30 June 2009 and future years**



Chartered accountants since 1989

T 612 9248 2500

F 612 9248 2555

Level 2 / 123 Clarence Street

Sydney NSW 2000 Australia

GPO Box 3789 Sydney NSW 2001

[www.bcsdirection.com](http://www.bcsdirection.com)

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Australian Auditing Standards require that there must be a clear understanding in writing between the auditor and the client as to the extent of audit duties. Accordingly, we set out below details of our responsibilities as auditors of the <<Name>> Superannuation Fund.

### AUDIT OF ACCOUNTS & STATEMENTS

In accordance with Section 113 of the Superannuation Industry (Supervision) Act 1993 (SIS), the accounts and statements of a regulated superannuation fund must be audited by an approved auditor. The auditor must give the trustees a certificate on the accounts and statements in the approved form within the prescribed time after the year of income to which the accounts and statements relate.

We direct your attention to the fact that it is the trustees' responsibility for the maintenance of adequate accounting records and internal controls, the safeguarding of superannuation fund assets, the selection of accounting policies and the preparation of financial statements and returns. The trustees are required to keep minutes of meetings, reports and records of changes of trustees for a period of at least ten years.

In forming our opinion on the financial statements, we will perform sufficient tests to obtain reasonable assurance as to whether:

- (i) the underlying accounting records are reliable and adequate as a basis for the preparation of the financial statements; and
- (ii) the financial position/net assets of the fund at balance date and the results/movements in net assets for the year then ended are properly disclosed in the financial statements.

Our audit will be planned and conducted in accordance with Australian Auditing Standards primarily to enable us to express our professional opinion as to whether the financial statements comply with Australian Accounting Standards and other mandatory professional reporting requirements but, also, so as to have reasonable expectation of detecting those material misstatements arising as a result of irregularities which would have a material effect on the financial statements.

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.

Because of the test nature and other inherent limitations of an audit together with the inherent limitations of any system of internal control, there is an unavoidable risk that even some material misstatement, fraud or irregularity may remain undiscovered.

## **AUDIT OF SIS COMPLIANCE**

For the year ended 30 June 2009 we are required to form an opinion in respect of compliance with certain aspects of SIS and the Guidelines issued by APRA/ATO on Risk Management Statements for Superannuation Entities Investing in Derivatives (to the extent applicable). Accordingly, as part of our audit procedures we will be undertaking sufficient work in respect of compliance matters to enable us to provide an opinion in the approved format.

The approved form of the audit report, as per Section 113, combines both a financial statement opinion and a compliance opinion.

In particular I am required to report whether the Trustees have complied, in all material respects, with the relevant requirements of the following provisions (to the extent applicable) of the *SISA* and the SISR for the year ended 30 June 2009:

Sections: 17A, 35A, 35B, 35C(2), 52(2)e, 52(2)d, 62, 65, 66, 67, 69-71E, 73-75, 80-85, 103, 109, 126K

Regulations: 4.09, 5.08, 6.17, 7.04, 13.12, 13.13, 13.14

Furthermore, I am also required to report under section 62 whether 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 included testing that the fund trustees has an investment strategy, that the trustee has given consideration to risk, return, liquidity and diversification and that the fund's investments are made in line with that strategy.

## **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.

## **FEES**

Our standard fee for providing this service to your superannuation fund in respect of the year ended 30 June 2009 are as follows:

FUND VALUE / INVESTMENTS	UP TO \$1 MILLION	UP TO \$2 MILLION	\$2 - 3 MILLION	MORE THAN \$3 MILLION
	FEE			
UP TO 12 INVESTMENTS	\$600	\$660	\$770	\$880+
UP TO 24 INVESTMENTS	\$660	\$770	\$880	\$990+
UP TO 40 INVESTMENTS	\$700	\$770	\$990	P.O.A
MORE THAN 40 INVESTMENTS	\$770	\$880	P.O.A	P.O.A

NB: For the purpose of the above, investments are included if they are held by the superannuation fund and / or other entities of the fund.

The following variations may apply:

#### Fee Decreases

- Substantial investment in cash From \$440 (total fee)
- Prior year audits performed concurrently From \$440 (total fee)
- Fund establishment part way through financial year From \$440 (total fee)

#### Additional Fees

- Property title deed search \$22
- Contravention Report \$165
- Revision of financial statements \$55
- Investment in related unit trust / companies \$165
- Segregated Assets P.O.A
- Instalment warrant loans P.O.A

In all the above instances we will first discuss with you or your administrator the likelihood of additional audit fees being charged prior to commencing the audit.

Our fee will be billed on completion of work. For ease of administration, an invoice for audit fees is addressed to your accountant / administrator. However, ultimate responsibility for ensuring that the audit fee is received by BCS Assurance Pty Ltd rests with the trustees.

We reserve the right to withhold the audit report until all outstanding invoices have been paid in full.

The audit fees are reviewed annually by us. We reserve the right to alter the above fee structure in the future. We will endeavour to advise you of any such alterations to the fee structure well in advance. However, a new engagement letter may not be issued if the fee structure is the only change required to this engagement letter.

#### 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.

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 Income Tax Return, Member's Contribution Statements (MCS), 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**

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 Institute of Chartered Accountants in Australia, which monitors compliance with professional standards by its members. 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.

I/We, the trustees of <<Name>> Superannuation Fund authorise BCS Assurance Pty Ltd to use relevant financial information collected during the course of our audit to obtain information from third parties including share registries, managed fund and wrap account providers etc necessary to verify information required solely to satisfy our audit function. This information will not be disclosed to any other parties.

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 sincerely,  
**BCS Direction Pty Ltd**

**Ron Phipps-Ellis**

**BCOM, CA, JP**  
**Director**

**ACKNOWLEDGEMENT**

The above terms of your engagement are confirmed and accepted on behalf of the <<Name>> Superannuation Fund by:

.....  
**TRUSTEE/DIRECTOR**

.....  
**TRUSTEE/DIRECTOR**