

Approved SMSF auditor checklist

What we look for when auditing the auditor

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This checklist references the *Superannuation Industry (Supervision) Act 1993* (SISA) and *Superannuation Industry (Supervision) Regulations 1994* (SISR) obligations and auditing standards and audit documentation requirements that auditors need to comply with.

See also:

- Accounting Professional & Ethical Standards Board (APESB)
 - [APES 110 – Code of Ethics for Professional Accountants \(including Independence standards\) \(2018\) – effective 1 January 2020](#) (PDF 2.7MB) (APES 110)
 - [APESB Independence Guide – Fifth edition, May 2020](#) (PDF 1.56MB) – download from the [APESB website \(The Guide\)](#)
- Auditing and Assurance Standards Board (AUASB)
 - [Guidance Statement GS 009 Auditing Self-Managed Superannuation Funds](#) (PDF 1.38MB) (GS 009)
 - [Australian Auditing Standards](#) (ASAs)
 - [AUASB Standards on assurance engagements](#) (ASAEs)

Table 1: SMSF auditor – SISA and SISR obligations

Auditor Obligations	Details	Response	Guidance and References
APES 110	Did they audit their own or an immediate family member's fund? Immediate family member means a spouse (or equivalent) or dependant	Yes or no	Not permitted – see paragraphs R510.4, R521.5 and R523.3 of APES 110. Complying with the independence standards is a requirement under paragraph 128F(d) of the SISA and regulation 9A.06 of the SISR. See also: GS 009 para 46, The Guide section 8.4.
APES 110	Where the auditor is a sole practitioner: Did the auditor prepare the fund's accounts? or Did their employee prepare the accounts?	Yes or no	Not permitted – even if preparation of the accounts is a routine or mechanical service, the circumstances creating the threat cannot be eliminated and no safeguards can be applied to reduce the independence threats to an acceptable level. See paragraphs R600.7, 600.7 A1, 600.7 A3, R600.8, 601.4 A1, R601.5 and 601.5 A1 and section 120 of APES 110. See also: sections 4.4, 8.4 and 8.5 of The Guide.

Auditor Obligations	Details	Response	Guidance and References
APES 110	Where the auditor is a member of a firm: Did the auditor, their staff, or the firm prepare the fund's accounts?	Yes or no	Not permitted unless both: <ul style="list-style-type: none"> ■ preparation of the accounts is a routine or mechanical service, and ■ the firm addresses any threats to independence created by providing such services that are not at an acceptable level (by eliminating the circumstances creating the threats or applying safeguards). <p>See paragraphs R600.7, 600.7 A1, 600.7 A3, R600.8, 601.4 A1, R601.5 and 601.5 A1 of APES 110.</p> <p>See also: GS 009 paragraphs 46 to 51 and The Guide section 8.5.</p>
APES 110	Were they involved in a reciprocal auditing arrangement? For example, two auditors audit each other's SMSF, or two auditors audit each other's SMSF clients.	Yes or no	Not permitted as these arrangements give rise to independence threats, for example, because of a close personal or professional relationship between the auditors. See Part 4A; paragraphs 521.3 A1 to 521.3 A2 and R521.7 to 521.7 A3 of APES 110. See also: GS 009 paragraph 54 and The Guide section 8.5.
APES 110	Were there any other independence issues?	Yes or no	For example: <ul style="list-style-type: none"> ■ An auditor audits the SMSF of a business partner or an individual they have a business relationship with. <p>See sections 520 and 523 of APES 110, GS 009 para 46 and The Guide sections 8.4 and 8.5.</p> <ul style="list-style-type: none"> ■ The auditor relies on one referral source for all or most of their SMSF audits and fees. <p>See Part 4A; section 410 of APES 110, GS 009 para 53 and The Guide section 8.5.</p> <ul style="list-style-type: none"> ■ The auditor also provides financial advice to the SMSF trustees. <p>See section 600 of APES 110 GS 009 para 53 and the Guide section 8.5.</p>
Professional indemnity (PI) insurance	Evidence of current compliant PI insurance policy?	Yes or no	This is a requirement under paragraph 128F(b) of the SISA and regulation 9A.05 of the SISR.
Continuing professional development (CPD)	Evidence of CPD undertaken in a written log?	Yes or no	This is a requirement under paragraph 128F(a) of the SISA and regulation 9A.04 of the SISR.
Fit and proper	Is the auditor considered fit and proper to be an SMSF auditor?	Yes or no	If not, record the behaviours or actions that led to your assessment. For example, the auditor is bankrupt, a disqualified trustee, did not communicate in a timely manner with the regulator, or has a criminal conviction. If the auditor is not fit and proper to be an SMSF auditor, the ATO can refer their details to the Australian Securities and Investment Commission (ASIC). Refer to Practice Statement Law Administration PSLA 2018/1 <i>SMSFs – referral of approved SMSF auditors to ASIC</i> .

Table 2: SMSF auditor – Australian auditing standards (ASA)

Auditing standards	Auditor requirements	Response	Guidance and references
Audit Strategy and Audit Plan (ASA 300)	Evidence of an audit strategy and audit plan on file (as separate documents or combined)? Audit strategy and plan were adequate? Comprehensive audit checklist?	Yes or no	An audit strategy should be on file which sets the scope, timing and direction of the audit. The audit plan should also be on file describing the nature, timing and extent of planned risk assessment. Audit procedures should be prepared and included in the audit file to comply with the auditing standards. While checklists are not compulsory under the auditing standards they are often used by auditors.
Engagement letter (ASA 210)	Evidence of a signed engagement letter covering the year of audit on file? (ASA 210)	Yes or no	Check if included in the audit file, complies with the auditing standards and is signed by both parties.
Representation letter (ASA 580)	Evidence of a representation letter signed by the trustees that covers all provisions of the SISA and SISR relevant to the year under audit (for example sections 103, 104 and 105 of the SISA and regulations 13.12 and 13.13 of the SISR).	Yes or no	Check if included in the audit file and signed by the trustees.
SMSF IAR (section 35C of the SISA)	Evidence of the signed SMSF IAR in the approved form? Part A or B qualified?	Yes or no	Check that the IAR contains all of the SISA and SISR provisions relevant to the year under audit.
Management letter (ASA 260) Section 129 of the SISA	Evidence that a management letter was issued to the trustees where appropriate?	Yes or no	If any issues and or contraventions have been identified, check if they have been included in a management letter to the trustees.
Audit evidence (ASA 500)	Sufficient/appropriate evidence obtained to support the auditor's opinion, including opening balances? Adequately evaluated the audit evidence, including testing where data feeds/automation has been used (per ASAE 3402).	Yes or no	Detail any deficiencies in evidence obtained or instances where the auditor had the evidence but did not evaluate it adequately.
Documenting the audit (ASA 230)	Adequately documented the audit to demonstrate relevant audit checks were undertaken and conclusions reached?	Yes or no	Audit notations, calculations, conclusions, and judgements made need to be documented in the audit file.
Auditor knowledge and understanding of risks (ASA 315)	Has the auditor demonstrated an appropriate level of knowledge and understanding to enable them to identify and assess risks during the audit of an SMSF?	Yes or no	Were any deficiencies identified in relation to the auditor's skills or knowledge relevant to the SMSF audit?

Table 3: The SMSF audit

SMSF audits	Documentation and evidence that the SMSF auditor has carried out the required audit verification checks to demonstrate that.	Response	Guidance and references
Assets exist	Evidence that the assets reported in the financial statements exist.	Yes or no	Look for supporting documents including purchase contracts or invoices, physical verification when possible.
Ownership	Evidence that the fund trustees own the assets reported in the financial statements and any income/expenses relate to the fund.	Yes or no	Look for title deeds, purchase contracts, invoices, trustee declarations, rental statements, insurance contracts.
Completeness	Evidence that fund transactions are complete and recorded in the correct period.	Yes or no	Cross-check bank statement transactions, invoices and receipts to the trial balance, ledger accounts and financial statements.
Classification	Evidence that transactions and events have been recorded in the correct accounts.	Yes or no	Cross-check asset documents (invoices, purchase documents, share and unit certificates, bank statements) with accounts in the financial statements.
Valuation	Assets, liabilities and member entitlements are reported at the correct valuation.	Yes or no	Check for independent market value documentation. For trustee valuations, evidence that the auditor obtained information from trustees supporting the valuation. This includes the method used and supporting documentation to show it was based on objective and supportable data.
Definition (s17A of the SISA)	The fund meets the definition of an SMSF.	Yes or no	Check the SMSF trust deed, trustee consent forms, trustee declarations, member accounts, directors of the corporate trustee (Mascot checks).
Fund accounts and statements (section 35B of the SISA)	Trustees have signed the fund's accounts and financial statements.	Yes or no	Check that audit has been carried out on signed financials.
Sole purpose (section 62 of the SISA)	The fund meets the sole purpose test – no arrangements or investments have been entered into with the intent of providing a present-day benefit to members.	Yes or no	Checks include contracts, minutes, bank transactions, ledger accounts, rental statements, financial statements and the fund's trust deed and investment strategy.
Loans or financial assistance to members or relatives (section 65 of the SISA)	No loans or financial assistance have been provided to members or relatives of fund members.	Yes or no	Checks include any relationship between the fund and the borrower or receiver of financial assistance or loans as well as whether loan is genuine – check rental statements, bank statements of fund and borrower, accounts and financial statements and ledgers, investment strategy, minutes.
Acquisitions (section 66 of the SISA)	Assets acquired were allowed to be acquired by an SMSF.	Yes or no	Check for type of asset, relationship between the fund and seller, purchase contract, title deeds, acquired at market value.

SMSF audits	Documentation and evidence that the SMSF auditor has carried out the required audit verification checks to demonstrate that.	Response	Guidance and references
Borrowings (sections 67, 67A & 67B of the SISA)	<p>No borrowings have been made by the fund unless they meet the borrowing exceptions. The borrowing exceptions include:</p> <ul style="list-style-type: none"> ■ certain short-term borrowings less than 10% of value of fund assets to pay beneficiaries (≤90 days) ■ cover settlement of securities transactions (≤7 days) ■ pay super surcharge (≤90 days) ■ limited recourse borrowing arrangements that meet the requirements in section 67A, and section 67B (for replacement assets). 	Yes or no	<p>Checks include bank statement transactions, financial accounts and statements, ledgers, investment strategy, minutes.</p> <p>For limited recourse borrowing arrangements (LRBAs), check that the asset was a single acquirable asset, purchase documents, holding trust deed, loan (limited in recourse) contracts, repayments. Check that related party LRBA's meet the safe harbour provisions and check for non-arm's length income (NALI).</p>
In-house assets (sections 82 to 85 of the SISA)	<p>The fund has no in-house assets (loans to, leases with or investments in related parties) or it has in-house assets that represent less than 5% of total fund assets.</p>	Yes or no	<p>Checks include relationships between the fund and other parties to the arrangements. Look for contracts, minutes, investment strategy, related entity's financials, unit or share register and certificates.</p> <p>Calculate in-house asset percentage based on market values reported in the financial statements. Check trustees used a reliable method to value assets at market value.</p>
Trustee records (sections 103 to 105 of the SISA)	<p>Trustees have kept and retained minutes of meetings, records of changes of trustees, signed trustee declaration, and member and or beneficiary reports (for new trustees and or directors after 30 June 2007).</p>	Yes or no	<p>Look for documentation confirming that the auditor checked this including representations by the trustees in the trustee representation letter.</p>
Arm's length (section 109 of the SISA)	<p>SMSF investments made and maintained on an arm's length basis.</p>	Yes or no	<p>Examine contracts, lease, loan agreements, financial accounts and statements, ledger entries, bank statements for transactions.</p>
Unlisted investments (potential in-house asset, sole purpose and arm's length issues)	<p>Unlisted trust and unlisted company.</p>	Yes or no	<p>Check relationship between:</p> <ul style="list-style-type: none"> ■ fund trustees ■ trustees of the unit trust ■ directors of the unlisted company. <p>Check documentation such as:</p> <ul style="list-style-type: none"> ■ financial statements (borrowings) ■ trust deed (type of trust – discretionary, fixed) ■ unit register (percentage of units held by the SMSF) ■ distribution statements ■ the SMSF's unit certificates ■ bank statements – distributions paid or owed.

SMSF audits	Documentation and evidence that the SMSF auditor has carried out the required audit verification checks to demonstrate that.	Response	Guidance and references
Other assets	Confirmation of assets held by the fund including purchase and sale documents, evidence of market value, investment returns and ownership.	Yes or no	Look at the following: <ul style="list-style-type: none"> ■ Listed shares – share certificates, a break-up of listed shares, dividend statements. ■ Real property – residential or business real property? ■ Ownership and valuation – title deeds, declaration of trust and insurance documents and market value determination supporting evidence. ■ Arm's length – rental and or lease documents for relationships between parties involved, evidence of rent received and whether it is at market rate. ■ Use of assets – who is using and any current day benefit.
Investment strategy (regulation 4.09 of the SISR)	The fund has a regularly reviewed investment strategy that considers the whole of the circumstances of the fund including risk, return, liquidity, diversity of investments and any insurance needs for the members.	Yes or no	Does the fund have a compliant investment strategy and has the fund adhered to that strategy? Check the financial statements, minutes and investment returns.
Separation of assets (regulation 4.09A of the SISR)	Fund money and assets are kept separate from those held personally by trustees.	Yes or no	The fund trustee is recorded as the owner of the fund's investments and all transactions in the fund's bank statements relate to the fund itself, including insurance policies.
Market value (regulation 8.02B of the SISR)	Trustees have valued assets at market value in the financial statements.	Yes or no	Supporting evidence showing when and how the trustees valued assets at market value based on data that is supportable and objective. Any conclusions, judgements made have been documented in the audit file.
Collectable and personal use assets (regulation 13.18AA of the SISR)	Collectable and personal use assets owned by the fund comply with the SISR. (Insured within seven days of acquisition in the fund's name, not used by, leased to, or stored in the premises of a related party, and only sold to a related party at market price as determined by a qualified independent valuer).	Yes or no	Storage decisions documented, insurance documents, lease agreements, purchase, sales and evidence of market valuation reported in financials.
Contributions	Contributions met contribution acceptance standards (member's age/employment status, trust deed, TFN quoted).	Yes or no	Check for trustee minutes, bank statements, other documents evidencing contributions.
Benefit payments	Payments met the payment standards (eligibility of member, minimum benefit payments made).	Yes or no	Look for bank statements, ledger entries, financial statements, documents evidencing condition of release.

SMSF audits	Documentation and evidence that the SMSF auditor has carried out the required audit verification checks to demonstrate that.	Response	Guidance and references
Exempt Current Pension Income (ECPI)	Any ECPI amount claimed is appropriate in the circumstances. (The members and the benefit payments they received met eligibility requirements, minimum annual pension payments requirements were met, actuarial certificates were provided if required, and ECPI calculations are correct).	Yes or no	Check calculations and note any discrepancies. Check for actuarial certificate if one was required to be obtained.
Tax calculation	Review the tax calculation to ensure the correct amount of exempt income has been identified and that the income has been correctly treated for tax purposes.	Yes or no	Consider if non-arm's length income has been included or should be included.
Deductions claimed	Evidence of expenses incurred by the fund and payment has been provided.	Yes or no	Check expense summaries, copies of invoices, bank statements and ledger transactions.
Income	All income has been recorded appropriately and non-arm's length income identified.	Yes or no	Check for sourcing documents such as lease agreements, loan agreements, bank confirmations, bank statements, income statements (trust distributions, dividends, rental statements), ledger transactions.

Table 4: SMSF auditor's opinion and reporting to the ATO and the trustees

Auditor reporting	Conclusions	Response	Guidance and references
Financial position and fund compliance reporting in SMSF IAR (section 35C of the SISA, ASA 700 and Compliance Engagements (ASAE 3100 and ASAE 3000))	Based on the auditing and assurance standards and the requirements under the SISA and the SISR, is the auditor's opinion expressed in Part A and Part B of the IAR appropriate in the circumstances?	Yes or no	Check for any: <ul style="list-style-type: none"> ■ material incorrect statements in the financial reports, and ■ unidentified or misidentified contraventions.
Contravention reporting (section 129 of the SISA)	Auditor/actuary contravention report lodged? Trustees notified in writing (for example, via management letter)?	Yes or no	The ATO and the trustee must be informed of any reportable contraventions that meet the ACR reporting criteria via the ACR. The trustee must also be informed of all other contraventions.