

# THE SECOND ANNUAL MELBOURNE SMSF AUDIT CONFERENCE

A two-day conference organised by Television Education Network Pty Ltd

Langham Hotel Melbourne, Thursday 14 & Friday 15 November 2019

A new era in auditor liability and the duty of care  
Asset valuations post Baumgartner  
Shouldering the weight of the investment strategy  
The sole purpose test and the fund auditor  
Auditing SMSFs with pensions post super reforms  
Auditing SMSFs following member death or incapacity  
Investing tricky transactions – red flags the auditor must heed  
What to do when the regulator comes knocking  
Insights from the ATO: What's in store for 2019/20?  
SMSF Audit question and answer session  
Auditor scepticism – sharpening the auditor's skill set  
SMSF audit documentation as a risk management tool

**FEEDBACK FROM LAST YEAR'S CONFERENCE:**  
"Informative, relevant topics with good presenters."  
"Excellent topics, great speakers, very practical."  
"The presenters were excellent. They covered current issues."



**Television  
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The professional development specialists

# DAY 1 – THURS 14 NOVEMBER 2019

## MORNING THEME: LEGAL LIABILITY OF SMSF AUDITORS: MINIMISING YOUR RISK

### 9.00- 9.10 am

Introduction and welcome

### 9.10 – 9.55 am

#### Session 1: Raising the Bar: A New Era in Auditor Liability and the Duty of Care?

Recent case law developments have impacted the duty of care an auditor has when conducting an audit. Understanding the extent of this duty and the practical implications of these significant cases is the focus of this session, including:

- Overview of recent case law developments:
  - Ryan Wealth Holdings Pty Ltd v Baumgartner [2018] NSWSC 1502
  - Cam & Bear Pty Ltd v McGoldrick [2018] NSWCA 110
- Have these cases redefined the auditor's duty of care?
- Auditor and trustee communications - dealing directly with the trustee
- Auditors and the unsophisticated investors - should the auditor educate the trustee?

*Speaker: Jeremy Peck, Partner, Moray & Agnew, Melbourne*

### 9.55 – 10.05 am Panel Comments and Questions

### 10.05 – 10.50 am

#### Session 2: Asset Valuations Post Baumgartner

A key outcome of the recent decision in Ryan Wealth Holdings v Baumgartner was the importance of accurate recording and valuation of assets. This session looks at the practical implications for auditors, including:

- Making proper enquiries on the recoverability of investments
- What is sufficient and appropriate evidence on valuations?
- Obtaining objective and supportable data in valuations
- Timing and currency of SMSF property valuations
- Auditor determination that market value has been applied and values supported
- Getting updated valuations on the happening of certain events
- Sources of valuation information – care in source data
- When issues on value evidence become a reportable contravention

*Speaker: Sharlene Anderson, Veritas Audit, Gold Coast*

### 10.50 – 11.00 am Panel Comments and Questions

### 11.00 – 11.25 am Networking Break and Morning Tea

### 11.25 am – 12.10 pm

#### Session 3: Shouldering the Weight of the Investment Strategy: A Heavy Burden for SMSF Auditors

Recent case law has provided a stark warning to SMSF auditors: ignore the investment strategy at your peril. It seems an auditor will now have to shoulder the responsibility where an investment strategy is inadequate or hasn't been given effect by the trustee. How the auditor reviews the investment strategy in this shifting landscape is the subject of this session, including:

- Ensuring the investment is in accordance with the investment strategy
- Should the auditor advise on the investment strategy?
- Auditor's role in ensuring trustee is aware of the type of investment
- Qualifying audit reports – is this the solution?
- Does the auditor have a role in protecting the fund and trustee from financial risk?
- Should the auditor obtain acknowledgement from the trustee on risky asset base?
- Construction of investment strategy when using risky or speculative investments
- Case study – examples of correct construction of investment strategy

*Speaker: Belinda Aisbett, Director, Super Sphere, Melbourne*

### 12.10 – 12.20 pm Panel Comments and Questions

# DAY 1 – THURS 14 NOVEMBER 2019

12.20 – 1.05 pm

## Session 4: The Sole Purpose Test and the Fund Auditor

Difficulties can arise at the margin in application of the sole purpose test. This session looks at the position post Aussiegolfa with a practical focus on the auditor's role in considering whether the fund complies with the sole purpose test. It covers:

- Understanding the construction of the sole purpose test
- Role of auditor in identifying anomalies that may infringe sole purpose test
- Examining investment or management decisions that provides a financial benefit
- Assessing the character and purpose of the fund's investment
- Determining if the fund is 'running a business' as part of the investment strategy
- The sole purpose test and operation of in house asset rules
- ATO position on the sole purpose test – exclusivity of purpose

*Speaker: Shelley Banton, Executive General Manager, ASF Audits, Newcastle*

1.05 – 1.15 pm Panel Comments and Questions

1.20 – 2.15 pm Luncheon

## AFTERNOON THEME: CHALLENGES IN CONDUCTING THE AUDIT

2.15 – 3.00 p.m.

## Session 5: Auditing SMSFs with Pensions Post Super Reforms

In a post super reform landscape, the role of the auditor in monitoring funds with pensions has become more complex. This session examines the key reforms with a focus on how the role of the auditor has changed. It covers:

- Monitoring \$1.6 million pension cap for pension phase accounts
- Understanding what happens on death – can the reversionary pension be paid and what is the receiver's pension cap?
- Review of assets used to support TRIS pension
- Commutation of pensions and whether properly accounted for?
- Early release of pension entitlements – what documentation do you need?
- The new events-based reporting framework – what it means for the auditor
- Pension structuring in the new super landscape - trips and traps for the auditor

*Speaker: Daniel Prunty, Director, Veritas Audit, Gold Coast*

3.00 – 3.10 p.m. Panel Comments and Questions

# DAY 1 – THURS 14 NOVEMBER 2019

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**3.10 – 3.55 pm**

## **Session 6: Steering a Rudderless Ship: Auditing SMSFs Following Member Death or Incapacity**

What happens when a member dies or loses capacity? A number of complex and technical issues can arise and SMSF auditors must have an understanding of these rules. This session covers:

- Management and control – what does the trust deed say?
  - Appointment of new directors on death
  - Loss of capacity by directors
  - Replacement of trustee
- Evidence of death and incapacity
- The BDBN in SMSFs – rules governing validity
- Reversionary pensions:
  - Confirming validity
  - Do you have the appropriate powers and paperwork?
  - Conforming with the relevant timeframes
  - When does the pension cease?
- Treatment of life insurance proceeds

*Speakers: Sharlene Anderson, Veritas Audit, Gold Coast and Allan Swan, Director, Estate Planning Equation, Melbourne*

**3.55 – 4.05 pm** Panel Comments and Questions

**4.05 – 4.25 pm** Networking Break and Afternoon Tea

**4.25 – 5.15 pm**

## **Session 7: Investigating Tricky Transactions – Red Flags the Auditor Must Heed**

The ATO has increased scrutiny on non-arm's length income and related party transactions. If the ATO is prowling the trustee needs to know how to respond. This session examines the key issues from an audit perspective, including:

### Related party transactions

- Acquisition from related parties – ensuring arm's-length transactions
- Defining related parties and where it is easy to trip up
- Restrictions on lending money to related parties
- The in house asset rules and related party loans
- When can an SMSF invest in a member's private company?
- Borrowing from a related party – limited exceptions
- Buying and selling assets to a related party

### Non-arm's length income

- Legislative update - casting a wider net on non-arm's length income
- Non-arm's-length income rules and their application to:
  - Private company dividends
  - Investments
  - Transactions
  - Other arrangements
- Non-arm's-length income from trusts
- SMSFs and non-arm's length expenses
- Determining what is an arm's length commercial rate
- Checking expenses to ensure they are at normal commercial rates
- Case study – ATO ruling LCR 2018/D10

*Speaker: Belinda Aisbett, Director, Super Sphere, Melbourne*

**5.15 – 5.25 pm** Panel Comments and Questions

# DAY 2 – FRIDAY 15 NOVEMBER 2019

## MORNING THEME: SMSF AUDITORS AND THE REGULATORS

9.00 – 9.45 am

### Session 8: Auditing the Auditors: What to do when the Regulator Comes Knocking

The regulator has ramped up investigations on SMSFs auditors, with the ATO now only providing one day's notice that they will be reviewing an audit file. This practical session, jointly presented by the ATO and an SMSF auditor, looks at how to best manage and respond to an ATO review, including:

- What you can expect in an audit or review
- When can you refuse to comply with a request for information?
- Likely outcomes following a review
- Risk management checklist when the ATO comes knocking:
  - Professional obligations checks (ie independence, PII, CPD)
  - Auditing Standards checks (ie audit documentation in place)

*Speakers: Belinda Aisbett, Director, Super Sphere, Melbourne and Kellie Grant, Director of SMSF Auditors Portfolio, Australian Taxation Office, Melbourne*

9.45 – 9.55 am Panel Comments and Questions

9.55am – 10:25am

### Session 9: Insights from the ATO: What's in Store for 2019/20?

In this session, hear directly from the ATO on the regulator's plans for the oversight of SMSFs in the ensuing income year and what this will mean for auditors. This session will cover:

- Focus areas in 2019-20 · Results from the SMSF compliance program for 2018-2019
- ATO's current practice on administrative penalties for SMSFs
- SMSF compliance program for 2019-2020

*Speaker: Kellie Grant, Director of SMSF Auditors Portfolio, Australian Taxation Office, Melbourne*

10.25am – 10.35am Panel Comments and Questions

10.35 – 11.00am Networking Break and Morning Tea

11.00am – 12.00pm

### Session 10: SMSF Audit Question and Answer Session

Ask a question on the main problems and issues affecting auditors. Submit them early in the question box provided and our panel of experts will deal with them in an open session:

- 2 to 3 panel members
- Questions to be presented in question box
- All audit issues are 'on the table'
- Interactive discussion between panel and delegates

*Panellists: Belinda Aisbett, Sharlene Anderson and Kellie Grant*

12.00 – 1.00 pm Lunch

## AFTERNOON THEME: THE SMSF AUDITOR SKILL SET

1.00 – 1.45 pm

### Session 11: Auditor Scepticism – Sharpening the Auditor's Core Skill Set

A healthy dose of scepticism is a crucial part of an auditor's skill set. Understanding how far professional scepticism must be taken in practice is examined in this session, including:

- Professional standards relating to auditor scepticism - professional scepticism mindset
- Control systems in the audit to enhance exercise of scepticism
- Guarding against the auditors own personal bias
- Managing scepticism within the auditor client relationship
- Risk scenarios requiring scepticism – independence and undue influence
- Case study – applying scepticism in relation to different SMSF audit scenarios

*Speaker: Sharlene Anderson, Veritas Audit, Gold Coast*

1.45 – 1.55 pm Panel Comments and Questions

1.55 – 2.50 pm

### Session 12: SMSF Audit Documentation as a Risk Management Tool

With SMSF auditors increasingly finding themselves in the litigation hot seat, a key way in which they can limit risk is through the proper use of documentation. This practical session examines the role qualified audit reports, engagement letters and other documentation can play in addressing audit risk. It covers:

- Qualified audit reports – are they the answer to managing litigation risks?
- Getting the letter of engagement right:
  - Ensuring the trustees understand the role of the auditor
  - Defining the audit scope
  - Other key inclusions to consider
- Role of trustee representation letters
- Management letters – advice and protection all in one
- The role of disclaimers – when are they appropriate?
- The audit plan – what does this contain?

*Speaker: Shelley Banton, Executive General Manager, ASF Audits, Newcastle*

2.50 – 3.00 pm Panel Comments and Questions

3.00 pm Conference Close

# GENERAL INFORMATION

## Conference Registration Fee

The registration fee includes attendance at the conference, online access to the conference papers and refreshment breaks and lunch.

The registration fee does not include any travel or accommodation. Delegates are advised to make their own travel arrangements.

## Conference Papers

TEN no longer provides printed copies of conference papers at its events. Access to the papers will be available online to all delegates in the lead-up to the conference (as the papers become available), during the conference and for 30 days after the conference. The papers will be available in .pdf format for easy download to your local computer or portable device.

At the conference TEN will supply printed copies of the PowerPoint presentations.

## CPD Units/Points

Accountants can claim **11 CPD/training hours** for attendance at this conference.

## The Conference Venue

### The Langham Melbourne

1 Southgate Avenue, Southbank

Website: [www.melbourne.langhamhotels.com.au](http://www.melbourne.langhamhotels.com.au)

*The Langham Melbourne is situated on the South bank of the Yarra – within easy walking distance of the Melbourne CBD, Southbank restaurants, the Arts Centre and Crown Entertainment Complex.*

## Conference Delegate Rate at The Langham Melbourne

Television Education Network has negotiated a special conference delegate rate with The Langham Melbourne:

<b>Grand Classic Room *</b>	<b>\$300 (GSTinc)</b>
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\* This rate is strictly subject to availability. Delegates are advised to make their own accommodation arrangements directly with The Langham Melbourne.

### Hotel Reservations: (03) 8696 8888

*(when booking please advise that you are attending this conference and want to use the **Television Education Network corporate rate** [as specified above]).*

If you encounter any problems booking your accommodation please do not hesitate to contact our Conference Executive, Jenna Pickrell, on (03) 8601-7729 or email: [jenna@tved.net.au](mailto:jenna@tved.net.au)

## Travelling to the Conference Venue

Delegates are advised to make their own travel arrangements.

## Conference Dress

Smart casual attire is suitable. *(note: the temperature in the conference room varies depending on where you are sitting. Light dress is generally OK, but it is advisable that you bring a jacket/long sleeved top in case you need it.)*

## Cancellation Policy

Cancellations must be received in writing at least 10 days prior to the Conference for a 85% refund. Substitute delegates accepted at any time.

## Conference Terms

Program subject to change without notice. The information and views presented in the conference are not necessarily those of TEN, and participants rely on these at their own risk. TEN is not responsible for any financial or other losses incurred by delegates or for injury or damage to persons or property. TEN's maximum liability for conference cancellation or any other loss or liability is the refund of the registration fee paid.

TEN is not responsible for financial loss incurred by you as a result of the cancellation or postponement of the conference as a result of strikes, natural disasters, and other Acts of God such as volcanic ash clouds in Australian airspace. We therefore strongly advise you to take out travel insurance if your attendance plans involve air travel or other significant travel to the conference venue.

# REGISTRATION FORM – TAX INVOICE\*

Registration is simple; complete the form below and fax or post your registration to us or register online.

Television Education Network Pty Ltd, (ABN 19 052 319 365)

GPO Box 61, Melbourne, Victoria 3001

Fax (03) 9670 0588 Phone (03) 9670 2055 Enquiries Jenna Pickrell

Register online: <http://www.tved.net.au> – go to CONFERENCES

Please register me for the **Second Annual Melbourne SMSF Audit Conference** – a 2-day conference to be held in Melbourne on Thursday 14 & Friday 15 November 2019 [conf code: MSANOV19]

**Early Bird Registration** – for registrations made on or before **4 October 2019** – **\$1870** (\$1700 + \$170 GST)

**Full Price Registration** – **\$2145** (\$1950 + \$195 GST)

**Subscriber First Discount Registration** – I am a Subscriber First member and entitled to a **10% discount** off the full registration fee – **\$1930.50** (\$1755 + \$175.50 GST)

**Multiple registration discount?** If you would like to send more than one person from your company to this conference, please ask Jenna about the discounts available for multiple registrations: The more you send, the greater the discount. [jenna@tved.net.au](mailto:jenna@tved.net.au) or phone (03) 8601 7729.

**One-day only?** We do accept bookings for attending one day only (either day 1 or day 2). To organise a one-day booking, please contact Jenna Pickrell (details above).

The papers from this conference will be available in electronic form only approximately 2 weeks after the conference has been held. You can pre-order the papers now online via our website at [www.tved.net.au](http://www.tved.net.au). The papers are **\$198** (\$180 + \$18 GST) [Code: PMSANOV19].

## Personal Details

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## Payment

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