



# THE 11<sup>TH</sup> ANNUAL SMSF AUDIT CONFERENCE



THIS CONFERENCE HAS  
BEEN ACCREDITED BY THE  
SMSF ASSOCIATION FOR CPD

Auditing SMSF Involvement with Trusts

How Long is a Piece of String? Auditing NALE

SMSF Asset Valuations: Documentation Essentials

Related Investments, In-House Assets and Acquisitions from Related Parties

SuperStream: Don't Get Caught Upstream Without a Paddle

Crypto and NFTs: Compliance Risks for the Unwary

The Role of the LPR or Enduring Power of Attorney in SMSFs

Auditing an SMSF Subject to a Dispute

We're Not Trying to be Difficult, We're Just Trying Not to be Sued

The Proof is in the Pudding: SMSF Audit Evidence

ATO: Auditing the Auditor

Q&A Panel Session

A Two-day Conference  
**Thursday 20 & Friday 21 July 2023**

Sofitel Gold Coast

## Feedback from last year's conference:

- “Very current topics discussed. The presenters knew and understood what they were presenting and could readily answer any questions.”
- “The content was well presented and examples provided real life situations that helped explain the content presented.”
- “Having practical examples is such a plus from Belinda and others...really really good.”
- “100% SMSF audit focus conference is fantastic. Great it is also SMSF association CPD recognised.”
- “Great content, pitched at the right level with good practical examples.”



Leaders in online CPD for Lawyers & Accountants

# DAY 1 - THURSDAY 20 JULY 2023

## MORNING THEME: CHALLENGES IN CONDUCTING THE AUDIT

9.00 - 9.10am

### Introduction and welcome

9.10 - 9.55am

#### Session 1: Auditing SMSF Involvement with Trusts

SMSFs may have investments in or have entered into transactions involving a trust. As trusts can take on various forms of structure (i.e. listed, unlisted, related, etc.), the audit requirements will vary, depending on the facts of each situation. This session explores the audit issues that can arise, including:

- Is the trust a related party and why it matters
- Auditing an SMSF's involvement with a trust:
  - how far do you go?
  - what do you need to get?
  - when do you stop?
- Obtaining sufficient audit evidence when unlisted trust investments are involved
- Practical tips for dealing with valuation issues with non listed trusts
- Unlisted trust audit issues and risk management (Cam & Bear Pty Ltd v McGoldrick [2018] NSWCA 110 & Ryan Wealth Holdings Pty Ltd v Baumgartner [2018] NSWCA 1502)
- Audit issues to consider when borrowings in trusts
- Checklist for auditing investments in trusts and the different audit evidence required for:
  - listed and unlisted trusts
  - related and unrelated trusts

*Speaker: Shirley Schaefer, Partner - Superannuation, BDO, Adelaide*

9.55 - 10.05am Panel Comments and Questions

10.05 - 10.50am

#### Session 2: How Long is a Piece of String? Auditing NALE

When some or all of a fund's income has the potential to be taxed at the highest marginal tax rate if the fund falls foul of the non arm's length expenditure (NALE) provisions, this presents a material risk that SMSF auditors will need to be across. This session provides guidance on the NALE provisions, including:

- Review of LCR 2021/2 (Non arm's length income – expenditure incurred under a non arm's length arrangement)
- How and what is the auditor required to audit?
- What audit evidence is required to confirm the capacity trustee activities were performed and why it matters?
- Accountants preparing financial statements for their own SMSF – what are the audit issues?
- What is the ATO's compliance approach to NALE? (PCG 2020/5)
- Update on progress of government's proposal to amend non arm's length provisions
- Practical examples on auditing NALE

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

10.50 - 11.00am Panel Comments and Questions

11.00 - 11.25am Networking Break and Morning Tea

# DAY 1 - THURSDAY 20 JULY 2023

11.25am - 12.10pm

## Session 3: SMSF Asset Valuations: Documentation Essentials

Whilst the ATO may have modified their approach on the extent of audit evidence considered sufficient to support the market value of certain fund assets, inadequate and missing market value documentation remains one of the main reasons SMSF auditors are being referred to ASIC. This session provides guidance on documenting market value audit evidence, including:

- Fund events that require valuations
- What information should be included in a real estate agent's kerbside valuation?
- When should an independent valuer's opinion be obtained?
- How often and from whom, should valuations be obtained for various asset classes?
- Use of website comparable sales provided by trustee – what further documentation should be obtained?
- Do valuation requirements differ if a fund is in accumulation or pension mode?
- Are trustees, accountants, auditors and ATO expectations aligning?
- Practical examples of audit file evidence for:
  - residential property
  - commercial property

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

12.10 - 12.20pm Panel Comments and Questions

12.20 - 1.05pm

## Session 4: The Pointy Issues with Related Investments, In-House Assets and Acquisitions from Related Parties

With an SMSF needing to be administered with the sole purpose of providing retirement benefits to its members or their dependents in the event of death, any transactions that involve related parties can risk that purpose being breached. This session delves deeper into the various restrictions that apply to SMSFs and related party transactions and provides guidance to assist in ensuring any breaches are avoided, including:

- How to determine if the fund is dealing with a related party entity
- Review of sec. 66 SIS Act as it applies to:
  - in-house assets
  - breakdown of relationships
  - a contributory mortgage acquired from a member
  - the audit evidence required in each case
- Practical tips for auditing a fund's investment in a unit trust if:
  - 100% owned by the fund
  - 50% owned by the fund
  - 30% owned by the fund and 70% by a non related entity
- The written plan requirements for in-house assets (sec. 82 SIS Act)
- Audit issues with trustees attempting to unwind in-house asset situations
- Auditing the lingering effect of Covid affected transactions, including:
- commercial property rental below market value
- Practical examples of the trickier audit issues that can arise with related party transactions

*Speaker: Shirley Schaefer, Partner - Superannuation, BDO, Adelaide*

1.05 - 1.15pm Panel Comments and Questions

1.15 - 2.15pm Luncheon

# DAY 1 - THURSDAY 20 JULY 2023

## CHAIR DAY 1 - PM: TO BE ADVISED

### AFTERNOON THEME: THE AUDITOR TOOLKIT

#### 2.15 - 3.00pm

##### Session 5: Crypto and NFTs: Compliance Risks for the Unwary

Whilst the bulk of SMSF investments consist of the traditional variety, it is not uncommon to conduct a fund audit which includes digital assets, including cryptocurrencies and NFTs. This session is designed to provide guidance on auditing these out of the ordinary type of investments, including:

- Digital assets - what should you look for in the trust deed and investment strategy?
- How to evidence existence of the asset
- What if there is insufficient ownership evidence?
- Managing losses in a downturned market and valuation issues
- Volatility and movement following balance date
- The auditor's risk management strategy when auditing digital assets – a practical checklist
- When to qualify the audit report
- Practical case studies

*Speaker: Shelley Banton, Head of Education, ASF Audits, Newcastle, NSW*

#### 3.00 - 3.10pm Panel Comments and Questions

#### 3.10 - 3.55pm

##### Session 6: SuperStream: Don't Get Caught Upstream Without a Paddle

Trustees of SMSFs must now comply with the SuperStream rules for rollovers. So, what does this mean for the SMSF auditor's scope of work? This session provides guidance on how the audit program may need to be modified to incorporate this new requirement, including:

- What rollovers are included and excluded in the SuperStream rules?
- What are the trustee requirements when:
  - transferring funds
  - receiving funds
- What action does the auditor need to take if a contravention is discovered?
- What audit evidence should be obtained?
- Issues in practice with rollover time limit breaches
- Can trustees still use the paper process for rollovers?
- Checklist for auditing fund rollovers
- Practical examples

*Speaker: Rohan Mansfield, Principal, LDB Group, Melbourne*

#### 3.55 - 4.05pm Panel Comments and Questions

#### 4.05 - 4.25pm Networking Break and Afternoon Tea

#### 4.25 - 5.10pm

##### Session 7: The Role of the Legal Personal Representative or Enduring Power of Attorney in SMSFs

Auditing requirements for trustee representation of an SMSF will come to the forefront when life events occur that may lead to determining whether a legal personal representative (LPR) or enduring power of attorney (EPOA) can take the place of the member's trustee role. This session delves into the effect these events can have on the SMSF audit, including:

- Which representatives of a member can take on the member's trustee role?
- What are the requirements for the transition of trustee from member to LPR or EPOA? (SMSFR 2010/2)
- Do the rules for LPRs and EPOAs acting as trustees for SMSFs vary between the states and territories?
- Why the fund's deed is vitally important for a change of trustee
- What audit documentation should be obtained for a change of trustee?
- What are the audit risks when a member's representative takes on their trustee role?
- Practical examples from SMSFR 2010/2

*Speaker: Shelley Banton, Head of Education, ASF Audits, Newcastle, NSW*

#### 5.10 - 5.20pm Panel Comments and Questions

# DAY 2 - FRIDAY 21 JULY 2023

## MORNING THEME: MANAGING RISKS IN AUDITS

9.00 – 9.05am

Introduction and welcome

9.05 - 9.50am

### Session 8: Auditing an SMSF Subject to a Dispute

It's not always plain sailing in the life of an SMSF. Life events can happen that may result in disgruntled beneficiaries or a breakdown of relationships between members. The last thing an SMSF auditor wants is to be dragged into any resulting disagreement between warring parties. This session explores ways that may assist in avoiding being a party implicated in a dispute, including:

- The types of disputes that can have implications for the SMSF auditor
- How can an auditor be found liable when an SMSF dispute occurs
- Are there any modifications required to the audit program when a dispute arises
- Managing issues with collecting information and who to send information to
- How to tackle signing of document issues (who is to sign and when one party wont sign)
- How a dispute can affect the audit report
- Practical examples of managing audit risk relating to:
  - relationship breakdowns
  - business partner disputes involving business property in an SMSF
  - death benefit disputes
  - change of trustee

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

9.50 - 10.00am Panel Comments and Questions

10.00 - 10.45am

### Session 9: We're Not Trying to be Difficult, We're Just Trying Not to be Sued

It's no secret that SMSF auditors are exposed to significant amounts of legislative requirements, government regulators keeping an ever increasing watchful eye in a high volume and competitive cost environment, with the potential for disgruntled beneficiaries to surface if anything goes amiss. Some may use the term "sitting duck". This session is being presented by a PI lawyer to provide their valuable insights into the issues they come across relating to SMSF auditors, including:

- Common claims that insurers receive against SMSF auditors
- When the claims are successful and when they fail
- Hot spots for SMSF auditor risk areas
- Review of cases involving SMSF auditors
- Practical tips to stay on the right side of a claim or dispute
- Horror stories

Speaker: *Callun Blurton, Partner, Holman Webb, Brisbane*

10.45 - 10.55am Panel Comments and Questions

10.55 - 11.15am Networking Break and Morning Tea

11.15 - 12.00pm

### Session 10: The Proof is in the Pudding: SMSF Audit Evidence

One of the requirements SMSF auditors have is to ensure sufficient audit evidence is obtained to support the conclusions arrived at. This session looks at the type of audit evidence that may be obtained to satisfy those requirements, including:

- The level of documentation required to be held on file under:
  - Australian Auditing Standards
  - SISA and SISR
- Dealing with practical issues that arise in an audit i.e.:
  - accountant hasn't prepared unit trust financial statements by SMSF audit due date
  - unsigned SMSF financial statements and minutes
- Asset ownership in wrong names:
  - are declarations or acknowledgements of trust effective?
  - when may double stamp duty implications be an issue?
  - can in-house asset issues inadvertently arise?
- ATO's approach to lack of audit evidence and referrals to ASIC
- Practical examples of obtaining audit evidence in various scenarios

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

12.00pm - 12.10pm Panel Comments and Questions

12.10 - 1.10pm Lunch

# DAY 2 - FRIDAY 21 JULY 2023

## AFTERNOON THEME: CONTEMPORARY CHALLENGES

### 1.10 - 1.55pm

#### Session 11: ATO: Auditing the Auditor

As a regulator of the SMSF sector, part of the ATO's role is to ensure SMSF auditors are performing their role to an acceptable standard. As a result, reviews and audits can be initiated where concerns arise. This session looks into what attracts the ATO's attention and the follow up action that can occur, including:

- What are the ATO's issues of concern and trigger points where reviews and audits are being initiated?
- What the ATO are looking for when auditing the auditor (QC 60044)
- Information the ATO requests if selected for a review or audit
- Where some SMSF auditors that consider they are compliant, are falling short
- The types of issues are resulting in ATO referring audits to ASIC
- Practical tips on how to avoid being the subject of an ATO review or audit, including:
  - how to strengthen audit processes
  - use of ATO's SMSFs Auditors Professional to Professional service
  - whether a self review may be prudent

*Speaker: Shirley Schaefer, Partner - Superannuation, BDO, Adelaide*

### 1.55 - 2.05pm Panel Comments and Questions

### 2.05 - 2.50pm

#### Session 12: Q & A: A Panel Session

A panel of our speakers will discuss the prickly issues being experienced in practice. Delegates can submit questions prior to the conference for discussion by the panel. Possible panel topics include:

- Is auditor independence still an issue and what has been the impact on the industry?
- Challenges in practice when auditing business real property
- The SMSF audit industry going forward, including:
  - discounting in the profession
  - trend in auditor numbers
  - staffing difficulties
  - managing time, fees, profitability, quality and the expansion of audit tasks
- Early release issues
- Downsizer contributions – are auditing standards and ATO's expectations aligned?
- New Auditing Standard ASQM 1:
  - how will ASQM 1 improve the quality of audits?
  - if not already compliant with ASQM 1, what needs to be done?

### 2.50 - 3.00pm Panel Comments and Questions

### 3.00pm Conference Close

# GENERAL INFORMATION

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## Conference Registration Fee

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The registration fee includes attendance at the conference and conference papers. Refreshment breaks and lunch on both conference days are included for those attending the conference in person.

TEN will be live streaming the conference. Delegates have the option of attending the conference in person or attending it online.

All delegates will receive recordings of all sessions regardless of registration type.

## Conference Papers

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TEN will not provide printed copies of the conference papers or Powerpoints. Access to the papers & Powerpoints will be available online to all delegates as they come available in the lead-up to the conference.

## CPD

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**Accountants:** 11 CPD/Training hours

## SMSF Association Accreditation

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This conference is to be accredited by the SMSF Association for CPD.

Accreditation activity code: to be advised

**SMSF Association:** hours to be confirmed – SMSF Audit

**Legislated CPD:** hours to be confirmed

## CPD Certificate

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All delegates attending the conference will receive a CPD Certificate confirming attendance.

## The Conference Venue

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### Sofitel Gold Coast

81 Surf Parade, Broadbeach, Qld

## Sofitel Gold Coast Accommodation Offer to Conference Delegates

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Sofitel are offering a **15% discount** on the unrestricted rate of the day to any guests attending this conference.

To take advantage of this discount, simply call the in-house Reservation Team on

(07) 5592 2250 or via email at H0454@sofitel.com

and **quote the code: SMD190723.**

## Travelling to the Conference Venue

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Delegates are advised to make their own travel arrangements.

## Conference Dress

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Smart casual attire is suitable [note: the temperature in the conference rooms can vary depending on where you are sitting. Short sleeves/summer tops are generally OK, but it is advisable that you bring a jacket/long sleeved top just in case you need it].

# TERMS AND CONDITIONS

1. In these terms,
  - a. "TEN" means Television Education Network Pty Ltd
  - b. "you" means the person who has registered to attend or the person or persons who attend[s] the conference (if different from the person registered)
  - c. "conference" means the live face to face or live or recorded online educational event or which you have registered (by whatever name called and includes conferences, masterclasses, webinars and webinar series).
  - d. "live conference" means a conference other than a recorded conference.
  - e. "recorded conference" means a recording of a presentation or a series of presentations which you can view at a time of your choosing
  - f. "online" in relation to a conference means a conference you attend by viewing the conference over the Internet
  - g. "face to face" in relation to a conference means a conference held in an external venue where you view the conference in the conference room

## General – all conferences

2. TEN may change the program for a live conference as described in the brochure you have downloaded or in the TEN website without notice to you in any manner and at any time.
3. The information and opinions of presenters at the conference are not necessarily those of TEN and are in the nature of general information and not professional advice and you rely on these at their own risk. TEN is not responsible for the accuracy of the information or the correctness of the opinions offered by presenters at the conference.
4. TEN is not responsible for any financial or other losses incurred by you or for injury or damage to persons or property which occur at or in connection with the conference.

## Conversion of face to face conferences to live online conferences

5. If the conference is being held face to face or face to face AND online, TEN reserves the right to convert the conference on no less than 24 hours' notice to a solely online conference or to cancel the conference or to postpone the conference to a later date if TEN determines that it is unable to hold the conference face to face on the date/s advertised for any one or more of the following reasons:
  - a. State or national border closures
  - b. Restrictions on movement of persons imposed on persons by any responsible authority in Australia
  - c. The inability or refusal of one or more presenters or TEN team members to attend the conference to present
  - d. In its opinion, it is unsafe to hold the conference face to face for any reason.
6. If TEN converts the conference from face to face only or to face to face and online to online only or postpones the conference or cancels the conference, TEN will not be responsible for any loss or damage you suffer as a result including any travel costs relating to the conference.
7. If TEN converts the conference from face to face to online or postpones the conference and as a result you are not able to attend you will be entitled to a full refund of registration fee paid or a credit equal to that fee to use for a future purchase of a TEN product.

## Copyright

8. The copyright in materials prepared by presenters at a conference and made available to you by TEN is and remains the property of each presenter.
9. You are entitled to use those materials for private study and research only.
10. The copyright in the live stream and in any recording of a conference offered online is the property of TEN.
11. You are entitled to watch a conference for private study and research only.

## Conference cancellation by TEN – all conferences

12. TEN reserves the right to cancel a conference for any reason.
13. If TEN cancels the conference, you will be entitled either to a refund of the registration fee you have paid or to a credit equal to that fee which you can use to purchase another TEN product within 12 months of the first day of the cancelled conference.

## Cancellation by You – all conferences

14. Refunds for registration cancellation by you other than under Clause 6(b):
  - a. If notice of cancellation is actually received by TEN more than 10 days before the first day on which the conference is to be held, 85% of the registration fee you have paid
  - b. Otherwise, no refund.

## Governing Law – all conferences

15. The agreement between TEN and you is governed by the laws in force in the State of Victoria and the courts and tribunals of that State have sole jurisdiction to determine disputes arising in relation to it.



# 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) trading as TEN The Education Network.  
 GPO Box 61, Melbourne, Victoria 3001  
 Phone (03) 8601 7700 Enquiries Jenna Pickrell (03) 8601 7729  
 Register online: <http://www.tved.net.au> – go to CONFERENCES

Please register me for the **11th Annual SMSF Audit Conference** – a 2-day conference to be held at the Gold Coast on Thursday 20 & Friday 21 July 2023.

Delegates have 2 options for attending the 2023 conference – both cost the same.

- Registration type 1:** Attend in person [code: GSAJUL23]
- Registration type 2:** Attend online [code: GSAJUL23LO]
- Discount Registration** – for registrations made on or before 7 July 2023 **\$2013** (\$1830 + \$183 GST)
- Full Price Registration** – **\$2178** (\$1980 + \$198 GST)

**Multiple registration discount?** Discounts are available for multiple registrations: The more you send, the greater the discount. You can access the discount by registering using the “multiple registrations” option online, or contact our Conference Manager, Jenna Pickrell, to organise your registrations. [jenna@tved.net.au](mailto:jenna@tved.net.au) or phone (03) 8601 7729.

- 3 registrations – **5% discount** for each delegate
- If you register 4 people at the same time you are entitled to a **10% discount** for each delegate
- If you register 5 people or more people at the same time you are entitled to a **15% discount** for each delegate.

**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 (details above).

## Conference Papers

The papers from this conference will be available in electronic format approximately 1 week 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: PGSAJUL23].

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