

# SMSF Audit Checklist - EOFY 2023



*The regulatory authorities are, as you well know, becoming increasingly vigilant.*

*The following is a comprehensive checklist of the most common pitfalls and omissions.*

*It will help streamline your SMSF tax return preparations for EOFY 2023, and avoid breaches and fines for your clients.*

## ✓ **SMSF Investment Strategies**

These are still poorly considered – the majority that I see look like simple pro-forma exercises. Six member funds will cause greater headaches.

Confirm the SMSF investment strategy. And if not diversified, confirm that this has been considered and rejected.

Has life insurance been considered or just a box ticked?

Should a financial planner be consulted?

The ATO is monitoring this more closely now. All it will take is an aggrieved third party to be disappointed, and they will lawyer up. Time consuming and potentially very expensive. It is already happening in other areas of the SMSF world.

## ✓ **Asset & Property Valuations**

Address and comment on asset valuations. Provide a verifiable process as to how they were established.

Given the dramatic increase in property prices this will have a material impact on asset valuations within the fund. Be prepared and get a property re-valuation.

## ✓ **Lease Arrangements**

If the SMSF has a rental property, provide copies of lease arrangements. This is particularly important where the parties are related.

Please make sure the rent is at market valuations and verified.

## ✓ **Non-Arm's Length Transactions**

A perennial issue. The key one: rental agreements between related third parties. The rents charged lack market valuations.

In addition, many lease agreements lack provision for annual rent increases.

### ✓ **New Pensions**

Provide signed copies of the pension minutes for new pensions.

### ✓ **SAN misuse**

Sadly, this does occur; hopefully an accidental oversight. The ATO is tracking and verifying these.

### ✓ **Bank Statements**

Provide bank statements, at least for year-end. You'd be surprised how often bank feeds can be wrong. Print outs from online bank accounts are fine.

### ✓ **Access to benefits prior to condition of release**

Last year people were allowed to draw down money from their super account under strict conditions.

Many people assumed that that applied to them; without getting ATO authority.

Please check that if your clients did so, they were eligible. Otherwise we will need to remedy this ASAP to avoid any penalties.

### ✓ **Multiple Year Audits**

Given the disruption caused by Covid, it is not surprising that many SMSFs are late. We are still seeing many multiple years audits come through.

Just be mindful that although the ATO has been lenient, they have also given fair warning that it is now back to business as usual. Start lodging. Because they will start cracking down.

### ✓ **Administrative issues to rectify:**

- Bank accounts not unique to the SMSF.
- Providing an incorrect electronic service address (ESA).
- Trying to lodge with zero assets.
- Lodging a SAR without auditors' details.

## **Auditor Independence Matters**

ASIC is enforcing this with zeal. To date they have deregistered 21 SMSF auditors, and imposed additional, onerous conditions on 16 more. Including a requirement to notify their professional association. No one wants that.

**TriSuper Auditors** takes our auditing role seriously. It matters to your clients.

We are an Australian-based SMSF auditor focused on serving small accounting firms. Trained accountants ourselves, we understand your world and fit in with your business practices. To create a simple, easy process.

That is all we do. Audit self-managed super funds, well.



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