

**Superannuation Industry (Supervision) Act 1993 (SIS Act)
Section 35C – Approved form**



This approved form is effective for reporting periods commencing on or after 1 July 2009. Please ensure that all parts of the approved form are submitted to APRA by the required dates.

Part 1 – Independent Auditor’s report on financial statements for a reporting entity

This form must be used to report on ONE superannuation entity¹ only.

Auditor’s report approved form for a superannuation entity which is a reporting entity (as defined in Australian Accounting Standard AAS 25²)

.....
[insert name and ABN of the registrable superannuation entity].

Independent report by the Approved Auditor to the [trustee(s)/members [OR] trustee(s) and members](*)

Financial statements

I have audited the financial statements of
[insert name of the superannuation entity] for the [year ended/...../..... [OR] period/...../..... to/...../.....]. (*)

(a) comprising the..... [insert title of statements audited] [OR]

(b) as set out on pages to attached.

[Delete (a) or (b) above, whichever is not applicable]

[Trustee’s/trustees’] Responsibility for the financial statements

The superannuation entity’s [trustee is/trustees are] responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards³ (including the Australian Accounting Interpretations) and the requirements of the SIS Act and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The [trustee’s/trustees’] responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the [trustee(s)/members [OR] trustee(s) and members](*) of [insert name of the superannuation entity].

My audit has been conducted in accordance with Australian Auditing Standards⁴. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

¹ Superannuation entity as defined in s.10 of the SIS Act.

² Australian Accounting Standard AAS 25 Financial Reporting by Superannuation Plans.

³ The Australian Accounting Standards issued by the Australian Accounting Standards Board.

⁴ The Australian Auditing Standards issued by the Auditing and Assurance Standards Board.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the [trustee's/trustees'] preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [trustee's/trustees'] internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee(s), as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

[Basis for Qualified/Disclaimer of/Adverse Auditor's Opinion]

Modification (*)

[Provide details where a modification is included]

[Qualified/Disclaimer of/Adverse(*)] Auditor's Opinion

In my opinion, [except for the effects on the financial statements of the matter(s) referred to in the preceding paragraph](*) the financial statements:

- (a) present fairly, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the financial position of
[insert name of the superannuation entity] as at/...../..... and the results of its operations and its cash flows for the [year ended/...../..... [OR] period/...../..... to/...../.....]. (*) [OR]
- (b) present fairly, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the net assets of
[insert name of the superannuation entity] as at/...../..... and the changes in net assets for the [year ended/...../..... [OR] period/...../..... to/...../.....]. (*) [OR]
- (c) present fairly, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the operations of
[insert name of the superannuation entity] for the [year ended/...../..... [OR] period/...../..... to/...../.....](*)

[Delete whichever of (a), (b) and (c) that are not applicable.]

[Additional material may be inserted at the discretion of the Approved Auditor e.g. in relation to compliance with provisions of the trust's governing rules – so long as this in no way limits or detracts from the opinions expressed above.]

Signature of Approved Auditor Date/...../.....

Name of Approved Auditor

Firm

Address

.....

In this form the following terms and symbols have the following meanings:
(*) Delete as appropriate

Part 1 – Auditor’s report on financial statements for a non-reporting entity

This form must be used to report on ONE superannuation entity⁵ only.

Auditor’s report approved form for a superannuation entity which is not a reporting entity (as defined by Accounting Standard AAS 25⁶)

..... [insert name and ABN of the registrable superannuation entity]

Independent Report by Approved Auditor to the [trustee(s)/members/[OR] trustee(s) and members](*)

Financial statements

I have audited the special purpose financial statements comprising.....
[insert title of statements audited] [OR] of
[insert name of the superannuation entity] for the [year ended/...../..... [OR] period/...../..... to
...../...../.....]. (*)

[Trustee’s/trustees’] Responsibility for the financial statements

The superannuation entity’s [trustee is/trustees are] responsible for the preparation and presentation of the financial statements and [has/have] determined that the accounting policies used are consistent with the financial reporting requirements of the superannuation entity’s constitution, comply with the requirements of the SIS Act and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations) and are appropriate to meet the needs of the members. The [trustee’s/trustees’] responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the [trustee(s)/members [OR] trustee(s) and members](*) of
[Insert name of the superannuation entity]. No opinion is expressed as to whether the accounting policies used are appropriate to meet the needs of the members.

The financial statements have been prepared for distribution to the members for the purpose of fulfilling the [trustee’s/trustees’] financial reporting requirements under the superannuation entity’s constitution. I disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

My audit has been conducted in accordance with Australian Auditing Standards⁷. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

5 Superannuation entity as defined in s10 of the SIS Act.

6 Australian Accounting Standard AAS 25 Financial Reporting by Superannuation Plans.

7 The Australian Auditing Standards issued by the Auditing and Assurance Standards Board.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the [trustee’s/trustees’] preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [trustee’s/trustees’] internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee(s), as well as evaluating the overall presentation of the financial statements.

[Additional material may be inserted here at the discretion of the Approved Auditor e.g. in relation to compliance with provisions of the trust’s governing rules – so long as this in no way limits or detracts from the scope expressed above.]

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

[Basis for Qualified/Disclaimer of/Adverse Auditor’s Opinion]

Modification (*)

[Provide details where modification/s included]

[Qualified/Disclaimer of/Adverse (*)] Auditor’s Opinion

In my opinion [except for the effects on the financial statements of the matter(s) referred to in the preceding paragraph] (*) the financial statements

- (a) presents fairly, in all material respects, in accordance with the accounting policies described in the financial statements the financial position of
[insert name of the superannuation entity] as at/...../..... and the results of its operations and its cash flows for the [year ended/...../..... [OR] period/...../..... to/...../.....]. (*) [OR]
- (b) presents fairly, in all material respects, in accordance with the accounting policies described in the financial statements, the financial position of
[insert name of superannuation entity] as at/...../..... and the results of its operations for the [year ended/...../..... [OR] period/...../..... to/...../.....]. (*) [OR]
- (c) presents fairly, in all material respects in accordance with the accounting policies described in the notes to the financial statements (and the Trust Deed) the operations of
[insert name of superannuation entity] for the [year ended/...../....., [OR] period/...../..... to/...../.....]. (*)

[Delete whichever of (a), (b) and (c) that are not applicable]

[Additional material may be inserted at the discretion of the Approved Auditor e.g. in relation to compliance with provisions of the trust’s governing rules – so long as this in no way limits or detracts from the opinions expressed above.]

Signature of Approved Auditor Date/...../.....

Name of Approved Auditor

Firm

Address

.....

In this form the following terms and symbols have the following meanings:
(*) Delete as appropriate

Part 2 – Independent Auditor’s report on APRA Annual Return and Compliance

(A) APRA Annual Return

Auditor’s report approved form for registrable superannuation entity

Independent auditor’s report to the trustee(s) of
[insert name and ABN of the registrable superannuation entity] on APRA Annual Return forms:

- SRF 200.0 Statement of Financial Performance;
- SRF 210.0 Statement of Financial Position;
- SRF 220.0 Exposure Concentration; and
- SRF 230.0 Transactions with Associated Parties; [OR]
- SRF 300.0 Statement of Financial Performance;
- SRF 310.0 Statement of Financial Position;
- SRF 320.0 Exposure Concentrations; and
- SRF 330.0 Transactions with Associated Parties

[Delete 200 or 300 series references depending on which series is not applicable]

[Trustee’s/trustees’] Responsibility for the APRA Annual Return Forms

The superannuation entity’s [trustee is/trustees are] responsible for the preparation and lodgement of the APRA Annual Return forms. The APRA Annual Return forms have been prepared for the purposes of fulfilling the [trustee’s/trustees’] reporting requirements pursuant to the FSCODA Reporting Standards.

Auditor’s responsibility

My responsibility is to express an opinion on the APRA Annual Return Forms based on my audit. I have audited, pursuant to the FSCODA Reporting Standards, APRA Annual Return forms:

- SRF 200.0 Statement of Financial Performance; and
- SRF 210.0 Statement of Financial Position;

and other information in APRA Annual Return forms:

- SRF 220.0 Exposure Concentration; and
- SRF 230.0 Transactions with Associated Parties; [OR]
- SRF 300.0 Statement of Financial Performance;
- SRF 310.0 Statement of Financial Position;
- SRF 320.0 Exposure Concentrations; and
- SRF 330.0 Transactions with Associated Parties

[Delete 200 or 300 series references depending on which series is not applicable]

(collectively known as the 'relevant forms') of
[insert name of the superannuation entity], which comprise part of the APRA Annual Return, for the year ended
...../...../.....

I have conducted an independent audit of the relevant forms in order to express an opinion on them to the trustee(s) of [insert name of the superannuation entity]. I disclaim any assumption of responsibility for any reliance on this auditor's report to any person other than the trustee and APRA, or for any purpose other than for which it was prepared.

I have also performed an independent audit of the financial statements of [name of superannuation entity] for [year ended/...../..... [OR] period/...../..... to/...../.....] (*) (only to the extent that they reflect the information required by paragraph 66 of Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans*) [delete as necessary]. My auditor's report on the financial statements was signed on/...../..... [insert date], and was not (or was) [delete as necessary] subject to modification.

My audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the relevant forms are free of material misstatement. My procedures included testing that the information in the relevant forms is consistent with the financial statements for [year ended/...../..... [OR] period/...../..... to/...../.....]. In addition, in regard to other information reported in the relevant forms, I examined on a test basis, evidence supporting the amounts and other disclosures in these APRA Annual Return forms that were not directly derived from the financial statements for the purposes of ensuring that these audited forms are complete and accurate, in all material respects, and are in accordance with the relevant prudential reporting standards.

These procedures have been undertaken to form an opinion whether, in all material respects:

- (a) the relevant APRA Annual Return forms are presented fairly in accordance with the requirements pursuant to the FSCODA Reporting Standards, so as to present a view which is consistent with my understanding of the superannuation entity's financial position as at/...../....., its performance, related party dealings and exposure concentrations for the year then ended, as reflected in the superannuation entity's financial statements signed on [insert date] or the accounting records of [insert name of the superannuation entity] in regards to other information that was not directly derived from the financial statements; and
- (b) the [trustee has/trustees have] complied with the reporting requirements pursuant to the FSCODA Reporting Standards pertaining to the preparation of the relevant forms specified above. My procedures did not include an audit of the amounts and other disclosures in those APRA Annual Return forms other than the relevant forms specified above.

While I considered the effectiveness of management's systems, processes and internal controls over financial and other information reported in the relevant APRA Annual Return forms, when determining the nature and extent of my procedures, my audit was not designed to provide assurance on those systems, processes or internal controls.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

[Basis for Qualified/Disclaimer of/Adverse Auditor’s Opinion]

Modification (*)

[Provide details where modification/s included]

[Qualified/Disclaimer of/Adverse (*) Auditor’s Opinion]

In my opinion, [except for the matter(s) referred to in the preceding paragraph](*):

- (a) the relevant APRA Annual Return forms (only to the extent that they reflect the information required by paragraph 66 of Australian Accounting Standard *AAS 25 Financial Reporting by Superannuation Plans*) [delete as necessary] present fairly in accordance with the requirements pursuant to the FSCODA Reporting Standards made, the financial position of [insert name of the superannuation entity] as at...../...../....., its performance, related party dealings, and exposure concentrations for the year then ended, as reflected in the superannuation entity’s financial statements signed on/...../..... [insert date] or accounting records with regard to other information that was not directly derived from the financial statements; and
- (b) the trustee(s) of [insert name of the superannuation entity] [has/have] complied in all material respects with the reporting requirements pursuant to the FSCODA Reporting Standards pertaining to the preparation of the relevant forms.

Signature of Approved Auditor Date/...../.....

Name of Approved Auditor

Firm

Address

.....

In this form the following terms and symbols have the following meanings:
(*) Delete as appropriate

(B) Compliance

[Trustee's/trustees'] responsibility for compliance

- (a) The superannuation entity's [trustee is/trustees are] responsible for complying with the requirements of the SIS Act, SIS Regulations, the Reporting Standards made under s. 13 of the *Financial Sector (Collection of Data) Act 2001* (FSCODA Reporting Standards), the *Corporations Act 2001* (Corporations Act) and *Corporation Regulations 2001* (Corporation Regulations).
- (b) The [trustee is/trustees are] also responsible, under Condition C1* of the '*Schedule – additional conditions imposed under section 29EA of the Act*' of the RSE Licence issued by APRA for:
- (i) maintaining an identifiable amount of minimum liquid assets of at least \$..... [insert amount] at all times in the form specified in Condition C.1 on the RSE Licence; and
 - (ii) ensuring that, at all times, the fund held an identifiable amount of minimum liquid assets of at least an amount, specified in (a) above, in the form specified in Condition C.1 of the RSE Licence.

The [trustee is/trustees are] is responsible for maintaining the required level of minimum liquid assets in the form specified in Condition C.1 of the RSE Licence and for determining that this has occurred during the [year ended...../...../..... [OR] period/...../..... to/...../.....]*. The responsibility of the [trustee/trustees] also includes establishing and maintaining internal controls relevant to the maintenance of the form in which the minimum liquid assets is held.

[Delete (b) above if not applicable]

Auditor's Responsibility

My responsibility is to express an opinion on the [trustee's/trustees'] compliance with the requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporation Regulations based on the audit. My audit has been conducted in accordance with applicable Standards on Assurance Engagements. These Standards require that I comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the [trustee/trustees] of [insert name of the superannuation entity] [has/have], in all material respects:

- (a) complied with the relevant requirements of the following provisions (to the extent applicable) of the SIS Act and SIS Regulations:
- sections 19(2), 19(3), 35A, 35C, 36, 65, 66, 67, 69-85, 86-93A, 95, 97, 98, 101, 103, 104, 105, 106, 107, 109, 117, 118, 122, 124, 125, 126K, 152, 154 and 155(2);
- regulations 2.33(2), 3.10, 4.08(3), 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 9.29, 9.30, 13.14, 13.17, 13.17A; and
- (b) complied with the FSCODA Reporting Standards that are subject to audit (to the extent applicable); and
- (c) complied with the relevant requirements of the following provisions of the Corporations Act and Corporation Regulations (to the extent applicable):
- sections 1012B, 1012F, 1012H(2), 1012I, 1013B, 1013D, 1013K(1), 1013K(2), 1016A(2), 1016A(3), 1017B(1), 1017B(5), 1017C(2), 1017C(3), 1017C(5), 1017C(8), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3), 1017E(4), 1020E(8) and 1020E(9); and
- regulation 7.9.32(3); and

[Additional sections and regulations may be inserted here at the discretion of the Approved Auditor.]

(d) complied with the requirement to prepare the respective forms comprising the APRA Annual Return⁸; for the [year ended/...../..... [OR] period/...../..... to/...../.....]*.

[Additional material may be inserted here at the discretion of the Approved Auditor- so long as this in no way limits or detracts from the scope expressed above. The Approved Auditor may also include the following or a similar statement in relation to the scope of the audit of the SIS preservation requirements:

“My procedures with respect to SIS Regulation 6.17 included testing whether amounts identified by the trustee(s) as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the SIS Regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts beyond a broad assessment of the apparent reasonableness of the calculations.”]

My responsibility is also to express an opinion on the [trustee’s/trustees’] maintenance of an identifiable amount of minimum liquid assets of at least \$.....[insert amount] in the form specified in Condition C.1 of the RSE Licence in the [insert name of the superannuation entity] for the [year ended...../...../..... [OR] period/...../..... to/...../.....]*.

[Delete paragraph above if not applicable]

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations apart from those specified. The superannuation entity’s [trustee is/trustees are] responsible for complying with the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

[Basis for Qualified/Disclaimer of/Adverse Auditor’s Opinion]

Modification (*)

[Provide details where modification/s included]

8 The set of reporting forms made under section 13 of the *Financial Sector (Collection of Data) Act 2001* described in the reporting requirements table to the Annual Reporting Requirements and General Instructions Guides made by APRA in July 2005.

[Qualified/Disclaimer of/Adverse (*)] Auditor’s Opinion]

In my opinion [except for the matter(s) referred to in the preceding paragraph](*) the trustee(s) of
..... [insert name of the superannuation entity]
[has/have] complied, in all material respects with:

- (a) The requirements of the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations specified above for the [year ended/...../..... [OR] period/...../..... to/...../.....].(*) and
- (b) The condition contained in Condition C1* of the ‘Schedule – additional conditions imposed under section 29EA of the Act’ of the RSE Licence issued by APRA, which requires that, at all times during this [year/period], the [insert name of the superannuation entity] held an identifiable amount of minimum liquid assets of at least \$..... [insert amount] in the form specified in Condition C.1 of the RSE Licence.

[Delete (b) above if not applicable]

Signature of Approved Auditor Date/...../.....

Name of Approved Auditor

Firm

Address

.....

In this form the following terms and symbols have the following meanings:
(*) Delete as appropriate

Part 3– Independent Auditor’s report on compliance with Risk Management Strategy and Risk Management Plan

Auditor’s report approved form for registrable superannuation entity

Independent report by the Approved Auditor to the [trustee(s)/members [OR] trustee(s) and members](*)

(a) Risk Management Plan

(i) Audit of compliance with Risk Management Plan

To the trustee/s of
[insert name of registrable superannuation entity] (the RSE licensee)

RSE licensee’s responsibility for compliance with Risk Management Plan

The RSE licensee is responsible for the design, documentation, operation and monitoring of the Risk Management Plan and the adequacy of risk assessments contained in that plan, including the relevant internal control systems, policies and procedures, and compliance therewith.

Auditor’s responsibility

My responsibility is to express an opinion on
[insert name of RSE licensee]’s compliance with the Risk Management Plan(s)⁹ of
..... [insert name of registrable superannuation entity] dated/...../..... [insert date(s)] based on my audit. The contents of Risk Management Plans are prescribed in s. 29P of the SIS Act.

My audit has been conducted in accordance with applicable Standards on Assurance Engagements. These Standards require that I comply with fundamental ethical requirements and plan and perform the audit to obtain reasonable assurance whether the RSE licensee has complied, in all material respects, with the Risk Management Plan. Accordingly, I have performed such tests and procedures as I considered necessary in the circumstances. My procedures included obtaining an understanding of the risk management measures it contains and examining, on a test basis, evidence supporting compliance with the risk management measures and procedures contained in the Risk Management Plan. These procedures have been undertaken to form an opinion whether the RSE licensee has complied, in all material respects, with the Risk Management Plan(s) from/...../..... [insert date] to/...../..... [insert year end date].

This auditor’s report was prepared for the RSE licensee in accordance with s. 35C(5)(d)(i) of the SIS Act. I disclaim any assumption of responsibility for any reliance on this report to any person other than the RSE licensee, or for any purpose other than that for which it was prepared.

Because of the inherent limitations of any Risk Management Plan, it is possible that risks may arise which are not included in, or appropriately managed by, the Risk Management Plan or that fraud, errors, or non-compliance with laws and regulations may occur and not be detected. An audit is not designed to detect all instances of non-compliance, or weaknesses in the risk management measures in the Risk Management Plan, as an audit is not performed continuously throughout the/...../..... [period/financial year] and the audit procedures performed in respect of compliance with the Risk Management Plan are undertaken on a test basis.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

⁹ Where more than one Risk Management Plan was in force during the course of the year, compliance with each version should be certified. The effective dates should be set out above.

[Basis for Qualified/Disclaimer of/Adverse Auditor’s Opinion]

Modification (*)

[Provide details where modification/s included]

[Qualified/Disclaimer of/Adverse (*)] Auditor’s Opinion]

In my opinion, [except for the matter(s) referred to in the preceding paragraph,](*)
..... [insert name of RSE licensee] [has/have] complied, in all material respects, with
the Risk Management Plan(s) that applied to [insert name of registrable superannuation entity] for [year ended
...../...../..... [OR] period(s)/...../..... to/...../.....].(*)

Signature of Approved Auditor Date/...../.....

Name of Approved Auditor

Firm

Address

(ii) Review of systems to manage and monitor future compliance with Risk Management Plan¹⁰

To the trustee/s of[insert name of registrable superannuation entity] (the RSE licensee)

RSE Licensee’s Responsibility for systems to manage and monitor future compliance with Risk Management Plan

The RSE licensee is responsible for the design, documentation, operation and monitoring of the Risk Management Plan and the adequacy of risk assessments contained in the plan, including the relevant internal control systems, policies and procedures, and compliance, including future compliance therewith.

Auditor’s Responsibility

My responsibility is to express a conclusion, based on my review, on the systems, being the relevant processes and procedures, used by [insert name of RSE licensee] to manage and monitor future (the twelve month period following the date of this review report) compliance with the Risk Management Plan. The contents of Risk Management Plans are prescribed in s. 29P of the SIS Act.

10 A conclusion on the future compliance with the Risk Management Plan is not relevant where a fund has wound up.

This review report was prepared for the RSE licensee in accordance with s. 35C(5)(d)(ii) of the SIS Act. I disclaim any assumption of responsibility for any reliance on this review report to any person other than the RSE licensee, or for any purpose other than that for which it was prepared.

I have conducted my review in accordance with applicable Standards on Assurance Engagements in order to state whether, on the basis of my review as described, whether anything has come to my attention that causes me to believe that for the/...../..... [period/year] the...../...../..... [insert name of RSE licensee] does not have adequate systems to identify future risks arising from proposed future activities and to manage and monitor future compliance with the Risk Management Plan of/...../..... [insert name of registrable superannuation entity].

A review of systems consists of making enquiries of the RSE licensee and other procedures as are considered necessary in the circumstances. I have performed the review procedures having regard to relevant standards and guidance issued by the Auditing and Assurance Standards Board.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I am aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Because of the inherent limitations of any systems to ensure compliance, including future compliance, with any Risk Management Plan, it is possible that risks may arise which are not included in, or appropriately managed by, the Risk Management Plan or that fraud, errors, or non-compliance with laws and regulations may occur and not be detected. A review is not designed to detect all instances of non-compliance, or weaknesses in the risk management measures in the Risk Management Plan, as a review is not performed continuously throughout the/...../..... [period/year] and the review procedures performed in respect of compliance, including future compliance with the Risk Management Plan, are undertaken on a test basis.

Any projection of the systems to ensure compliance with the Risk Management Plan to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

[Basis for Qualified/Disclaimer of/Adverse Conclusion]

Modification (*)

[Provide details where modification/s included]

[Qualified/Disclaimer of/Adverse (*)] Conclusion

Based on my review, which is not an audit: [except for the matter(s) referred to in the preceding paragraph,] (*) nothing has come to my attention that causes me to believe that, in all material respects, [insert name of RSE licensee] does not have adequate systems, being the relevant processes and procedures, to manage and monitor future (the twelve month period following the date of this review report) compliance with the Risk Management Plan for [insert name of registrable superannuation entity].

Signature of Approved Auditor Date/...../.....

Name of Approved Auditor

Firm

Address

(b) Risk Management Strategy

(i) Audit of compliance with Risk Management Strategy

To the trustee/s of
[insert name(s) and ABN(s) of registrable superannuation entity/ies] (the RSE licensee)

RSE Licensee's Responsibility for Compliance with Risk Management Strategy

The RSE licensee is responsible for the design, documentation, operation and monitoring of the Risk Management Strategy and the adequacy of risk assessments contained in that strategy, including the relevant internal control systems, policies and procedures, and compliance therewith.

Auditor's Responsibility

My responsibility is to express an opinion on
[insert name of RSE licensee]'s compliance with the Risk Management Strategy(ies)¹¹ dated [insert date(s)] based on my audit. The contents of Risk Management Strategies are prescribed in s. 29H of the SIS Act.

My audit has been conducted in accordance with applicable Standards on Assurance Engagements. These Standards require that I comply with fundamental ethical requirements and plan and perform the audit to obtain reasonable assurance whether the RSE licensee has complied, in all material respects, with the Risk Management Strategy. Accordingly, I have performed such tests and procedures as I considered necessary in the circumstances. My procedures included obtaining an understanding of the risk management measures it contains and examining, on a test basis, evidence supporting compliance with the risk management measures and procedures contained in the Risk Management Strategy. These procedures have been undertaken to form an opinion whether the RSE licensee has complied, in all material respects, with the Risk Management Strategy/ies from/...../..... [insert date] to/...../..... [insert year end date].

This auditor's report was prepared for the RSE licensee in accordance with s. 35C(5)(d)(iii) of the SIS Act. I disclaim any assumption of responsibility for any reliance on this report to any person other than the RSE licensee, or for any purpose other than that for which it was prepared.

11 Where more than one Risk Management Strategy was in force during the course of the year, compliance with each version should be certified. The effective dates should be set out above.

Because of the inherent limitations of any Risk Management Strategy, it is possible that risks may arise which are not included in, or appropriately managed by, the Risk Management Strategy or that fraud, errors, or non-compliance with laws and regulations may occur and not be detected. An audit is not designed to detect all instances of non-compliance, or weaknesses in the risk management measures in the Risk Management Strategy, as an audit is not performed continuously throughout the/...../..... [period/year] and the audit procedures performed in respect of compliance with the Risk Management Strategy are undertaken on a test basis.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

[Basis for Qualified/Disclaimer of/Adverse Auditor’s Opinion]

Modification (*)

[Provide details where modification/s included]

[Qualified/Disclaimer of/Adverse (*)] Auditor’s Opinion

In my opinion, [except for the matter(s) referred to in the preceding paragraph,](*)
..... [insert name of RSE licensee] has complied, in all material respects, with the Risk Management Strategy/ies for [year ended/...../..... [OR] period(s)/...../..... to/...../.....]. (*)

Signature of Approved Auditor Date/...../.....

Name of Approved Auditor

Firm

Address

.....

(ii) Review of systems to manage and monitor future compliance with Risk Management Strategy

To the trustee/s of
[insert name of registrable superannuation entity] (the RSE licensee)

Trustee's Responsibility for systems to manage and monitor future compliance with Risk Management Strategy

The trustee is responsible for the design, documentation, operation and monitoring of the Risk Management Strategy and the adequacy of risk assessments contained in the strategy, including the relevant internal control systems, policies and procedures, and compliance, including future compliance therewith.

Auditor's Responsibility

My responsibility is to express a conclusion, based on my review, on the systems, being the relevant processes and procedures, used by [insert name of RSE licensee] to identify future risks arising from proposed future activities and to manage and monitor future (the twelve month period following the date of this review report) compliance with the Risk Management Strategy. The contents of Risk Management Strategies are prescribed in s. 29H of the SIS Act.

This review report was prepared for the RSE licensee in accordance with s. 35C(5)(d)(iv) of the SIS Act. I disclaim any assumption of responsibility for any reliance on this review report to any person other than the trustee, or for any purpose other than that for which it was prepared.

I have conducted my review in accordance with applicable Standards on Assurance Engagements in order to state whether, on the basis of my review as described, whether anything has come to my attention that causes me to believe that for the/...../..... [period/year] the [insert name of RSE licensee] does not have adequate systems to identify future risks arising from proposed future activities and to manage and monitor future compliance with the Risk Management Strategy of [insert name of RSE Licensee].

A review of systems consists of making enquiries of the RSE licensee and other procedures as are considered necessary in the circumstances. I have performed the review procedures having regard to relevant standards and guidance issued by the Auditing and Assurance Standards Board.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I am aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Because of the inherent limitations of any systems to ensure compliance, including future compliance, with any Risk Management Strategy, it is possible that risks may arise which are not included in, or appropriately managed by, the Risk Management Strategy or that fraud, errors, or non-compliance with laws and regulations may occur and not be detected. A review is not designed to detect all instances of non-compliance, weaknesses in the risk management measures in the Risk Management Strategy, as a review is not performed continuously throughout the/...../..... [period/year] and the review procedures performed in respect of compliance, including future compliance, with the Risk Management Strategy are undertaken on a test basis.

Any projection of the systems to ensure compliance with the Risk Management Strategy to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

[Basis for Qualified/Disclaimer of/Adverse Conclusion]

Modification (*)

[Provide details where modification/s included]

[Qualified/Disclaimer of/Adverse (*)] Conclusion

Based on my review, which is not an audit, [except for the matter(s) referred to in the preceding paragraph,](*) nothing has come to my attention that causes me to believe that, in all material respects,
..... [insert name of RSE licensee] does not have adequate systems, being the relevant processes and procedures, to identify future risks arising from proposed future activities and to manage and monitor future (the twelve month period following the date of this review report) compliance with the Risk Management Strategy.

Signature of Approved Auditor Date/...../.....

Name of Approved Auditor

Firm

Address

.....

In this form the following terms and symbols have the following meanings:
(*) Delete as appropriate

Notes – Audit report under the SIS Act

These instructions relate to use of the approved form of auditor's report applicable for reporting periods beginning on or after 1 July 2009, for the audit of APRA-regulated superannuation entities.

In these notes the approved form of auditor's report is referred to as "the auditor's report".

Who completes the auditor's report and other relevant guidance

An Approved Auditor (as defined in r. 1.04(2)(b) of the SIS Regulations) must be appointed as soon as practicable but no later than the last day of the entity's year of income (s. 35C(1) of the SIS Act and r. 8.02A of the SIS Regulations). The Approved Auditor must give the auditor's report to the trustee within four months after the year of income of the entity (s.35C(6) and r. 8.03). The trustee must ensure that APRA is given an original or certified copy of the auditor's report as soon as practicable but no later than four months after the year of income of the entity (s.36(1) and r. 8.04).

Notwithstanding that the trustee may have only been trustee for part of the year of income, the auditor's report will still need be in respect of the entity's whole year of income. The assurance given in Part 1(B) and Part 3 of the auditor's report (compliance and risk management) relate to the entity's current trustee and not to a previous trustee.

The auditor's report comprises Parts 1, 2 and 3¹² and **all parts** should be forwarded at the same time, **within four months after the year of income of the entity**, to:

**Superannuation Statistics
APRA
GPO Box 9836
Sydney 2001.**

AUASB Standards

The auditor's report requires that engagements undertaken for the purposes of the SIS legislation be conducted in accordance with *AUASB Standards* (which include Auditing Standards (ASAs), Standards on Assurance Engagements (SAEs) and Standards on Review Engagements (SREs)) issued by the Auditing and Assurance Standards Board (AUASB) that may be applicable.

Use of the form

Note: Section 35C of the SIS Act requires the report to be given 'in the approved form'. Approved Auditors must not vary the wording of the report, except where the report makes explicit provision for this to occur.

Where a trustee is responsible for more than one superannuation entity, the Approved Auditor is required to provide a separate auditor's report in respect of each entity.¹³ It is not acceptable to provide one auditor's report relating to multiple entities. However, an exception may be made in respect of Small APRA Funds (SAFs) provided that:

- the trustee has, consistent with its obligations under the SIS Act and the governing rules, determined that the same Risk Management Plan (RMP) should apply to each of the SAFs covered by a single auditor's report; and
- the auditor's reports are unqualified; and
- the Approved Auditor has certified that, notwithstanding the administrative reasons for issuing a single auditor's report, each SAF has been individually audited in accordance with AUASB Standards and not merely as a sample of a group of SAFs.

Where a single auditor's report has been provided in respect of SAFs, the trustee must provide APRA with a listing of the entities covered by the auditor's report.

¹² Note that all 3 parts must be submitted.

¹³ Refer to guidance on Part 3.

Content

The auditor's report has three parts:

Part 1 – Audit of financial statements

Part 1 of the auditor's report covers audit of financial statements.

There are two versions of Part 1 – one for use for an audit of reporting entities and the other for use for the audit of non-reporting entities.

The Approved Auditor is responsible for determining the appropriate form of auditor's report having regard to whether or not the entity is a reporting entity. However, in APRA's view it is appropriate for all APRA regulated superannuation funds which are not Small APRA Funds to be treated as reporting entities. APRA also considers that a Small APRA Fund would be a non-reporting entity only where all members are involved in management of the fund and have access to financial information that is at least equivalent standard to the type of information provided to members of reporting entities.

Parts 1 & 2 of the auditor's report provides scope for additional material to be inserted where the Approved Auditor has been engaged by the trustee to express an opinion on additional aspects. Such insertions must not limit or detract from the scope/opinion prescribed in the approved form. Any other variations to the content of the auditor's report would not be 'in the approved form'.

Part 2 – Audit of APRA Annual Return and Compliance

Certain APRA returns are required to be audited under FSCODA Reporting Standards. For efficiency reasons, the audit of the financial statements and the audit of the Annual Return data may be performed at the same time but this is not mandatory. Part 2 need not be prepared at the same time as Parts 1 or 3, however all three parts should be submitted together to APRA within four months after the year of income of the entity.

The Approved Auditor's procedures include testing that the information in the relevant APRA Annual Return forms is consistent with the financial statements of the superannuation entity. In addition, in regard to other information reported in the relevant forms, the Approved Auditor must have examined on a test basis evidence supporting the amounts and other disclosures in these APRA Annual Return forms that were not directly derived from the financial statements. This is to provide reasonable assurance that the audited APRA Annual Return forms are **complete and accurate**, in all material respects, and are in accordance with the relevant prudential reporting standards.

The requirement for the auditor to check compliance with r. 13.15A of the SIS Regulations and the guidelines for preparing Derivative Risk Statements (DRS) issued by APRA in *Superannuation Circular II.D.7 Derivatives* has been removed. As with other types of investment risks, managing risks associated with a licensee's investment in derivatives should be integrated into the licensee's risk management framework and more specifically addressed in the RMP.

Paragraph 66 of Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans* (AAS25) provides for limited general purpose financial statements where the assets of a superannuation fund comprise only endowment, whole of life or other long-term insurance policies which match and fully guarantee the benefits to be paid to individual members. The audit of the APRA Annual Return requires the audit of more extensive financial information than the audit of financial statements prepared in accordance with paragraph 66 of AAS 25. As a short term transitional measure, a reduced scope may be applied to the audit of the APRA Annual Return where the trustee has prepared the financial statements of the fund in accordance with paragraph 66 of AAS 25.

The reduction in the scope of the audit is at the discretion of the Approved Auditor and trustee but does not relieve the trustee of the obligation to complete the APRA Annual Return in full. The option for a reduced audit scope is a transitional measure only. Where a reduced scope has been used, the Approved Auditor and the trustee should agree the nature of the work to be undertaken by both the Approved Auditor and the trustee in order for the APRA Annual Return to be fully auditable.

The Compliance section of Part 2 of the auditor's report provides scope for additional material to be inserted where the Approved Auditor has been engaged by the trustee to express an opinion on additional aspects. Such insertions must not limit or detract from the scope/opinion prescribed in the approved form. Any other variations to the content of the auditor's report would not be 'in the approved form'.

Subsection 155(2) of the SIS Act – Expectations re Scope of Work

Part 2 of the Approved Form of Auditor's Report for Superannuation requires the auditor to opine on compliance with s. 155(2) of the SIS. This requires the auditor to plan and perform procedures to cover the following risks:

- (1) In cases where the trustee has used s.155 to suspend the issue and redemption of interests whether such decisions are based on reasonable grounds.

In forming a view on what constitutes reasonable grounds the auditor would:

- assess the adequacy of the trustees' processes and controls in monitoring compliance with s. 155 and whether they have operated effectively;

- assess the trustees' processes on arriving at the decision, including internal review and sign off mechanisms;
- consider whether the trustees decisions are supported by sufficient evidence of illiquidity in investments, unavailability of current fair values for assets or other relevant factors; and
- consider the nature and content of any relevant external advice.

- (2) In cases where the trustee has not used s. 155, whether evidence exists to suggest the trustee should have suspended the issue and redemption of interests.

In addressing this risk the auditor would:

- use his/her knowledge of the Superannuation fund, its assets and the environment in which it operates to identify relevant factors and circumstances where s. 155 should have been invoked;
- assess the adequacy of the trustees' processes and controls in monitoring compliance with s. 155 and whether they have operated effectively;
- consider evidence of illiquidity and/or lack of availability of current fair values and assess whether the trustee should have invoked s. 155; and
- consider the nature and content of any relevant external advice.

Materiality will be an important consideration for the auditor, in particular, in assessing the financial impact of any liquidity or investment valuation issues/errors on the pricing of superannuation interests.

14 Refer APRA website – FAQ 9.1 at www.apra.gov.au/Superannuation/Super-Licensing-FAQ-Adequacy-financial-resources.cfm

Minimum liquid assets

Where a Trustee is subject to Condition C.1. of the *'Schedule – additional licence conditions imposed under s. 29EA of the Act'*, the dollar amount referred to in that condition is defined as 'minimum liquid assets'. Condition C.1. on the RSE licence will articulate which form¹⁴ the amount of 'minimum liquid assets' is to be held – for example:

- cash or cash equivalents;
- an administration reserve account in the fund;
- a line of credit from an Approved Deposit Taking Institution (ADI), including where a third party provides the ADI with security for the line-of credit; or
- the minimum amount being made available by an external service provider.

See the APRA web site at www.apra.gov.au/Statistics/Lodging>Returns-Superannuation.cfm for further information on these returns.

Part 3 – Audit of compliance with RMS and RMP

Part 3 need not be prepared at the same time as Parts 1 or 2. The auditor's report at Part 3 may be provided in the form of one document or as two or more separate documents at the request of the trustee (this is a matter for the trustee and the Approved Auditor and does not require APRA approval), however all three parts should be submitted together to APRA within four months after the year of income of the entity.

Where different Approved Auditors are engaged to audit the RMS and RMP, APRA would expect that the trustee would need to make the RMS available to the Approved Auditor of the RMP so that the audit of the RMP is not carried out in isolation from the trustee's RMS.

Some trustees may have an RMS and RMP that contain identical information. The Approved Auditor may decide to combine the audit of the RMS and RMP under this scenario. However the auditor must still prepare separate auditor's reports on the RMS and RMP using the approved form at Part 3.

Section 35C of the SIS Act requires the auditor's report to address compliance with the trustee's RMS and the RMP in relation to the entity and whether there are adequate systems in place to ensure future compliance. Where a trustee has multiple registrable superannuation entities under trusteeship, one audit opinion on the trustee's compliance with the RMS may be appropriate where that RMS clearly applies across all registrable superannuation entities under trusteeship.

The AUASB issues guidance statements for Superannuation engagements. These include guidance to Approved Auditors on matters relating to the audit of the RMS and RMP for a trustee and the review of the risk management systems (being the relevant processes and procedures) to maintain future compliance with the RMS and RMP.

Where the first audit of compliance with an RMP is being conducted, the period to be audited commences from the date the trustee approved the RMP (this date cannot be earlier than the date the RSE licence came into force or later than the date the trustee submitted an application to APRA under s. 29L of the SIS Act for the fund to be registered).

As the RMP is available on request to the members of the fund (and to employer sponsors where the fund is a defined benefit fund), Approved Auditors should assume that the auditor's report related to the RMP may also be provided to members.

The trustee is required to keep the RMS and RMP up-to-date and to review them at least annually to ensure that they continue to comply with the legislation. Where positive assurance is being provided on a trustee's compliance during a year of income, the audit should address all RMSs and RMPs in operation during that year of income.

Guidance

Materiality

The wording of the auditor's report incorporates the concept of *materiality* in the opinion paragraphs.

An Approved Auditor will be required to modify the auditor's report for breaches of the specified provisions which, in the Approved Auditor's professional opinion, are material. In forming an opinion as to whether a breach is material, the Approved Auditor should refer to relevant AUASB Standards and Guidance Statements. The guidance on the meaning and application of the concept of materiality contained in those pronouncements should be adapted as appropriate to the task of judging compliance with the relevant legislative provisions.

Reporting non-compliance to trustee and regulator

All instances of non-compliance with the SIS legislation, the FSCODA or relevant provisions of the Corporations Act, whether material or otherwise, must be reported to the trustee under s. 129 of the SIS Act. The Approved Auditor must also report non-compliance to APRA at the same time as reporting to the trustee where the contravention is of such a nature that it may affect the interests of members or beneficiaries of the entity (if the Approved Auditor is satisfied the contravention has already been reported to APRA the Approved Auditor is not required to lodge a further report – see s. 129(3A) of the SIS Act). The Approved Auditor must also consider the reporting of non-compliance with the relevant provisions of the *Corporations Act 2001* and *Regulations* to the Australian Securities & Investments Commission (ASIC).

It is possible that some instances of non-compliance which have since been rectified by the trustee will nevertheless be material and accordingly will require modification of the auditor's report. APRA would also consider it unlikely that a contravention would be deemed immaterial, if the trustee failed to respond or provided an inadequate response, to concerns raised by the Approved Auditor under s. 129 of the SIS Act.

Audit of APRA annual return when a fund winds up

A trustee of an entity that winds up during the year must submit an audited APRA Annual Return. The audit of the wound-up entity must refer to the period from the start of the entity's year of income to the date the entity wound up. All three parts of the audit report should be completed and submitted by the Trustee to APRA as soon as practicable after the entity has wound-up but no later than four months after the end of the year of income to which the return relates.

APRA expects the Approved Auditor to give an opinion on the trustee's compliance with the RMS and RMP. A statement from the Approved Auditor on the adequacy of the trustee's systems to ensure future compliance is not relevant where an RSE has wound-up. The audit of historical compliance would give APRA some comfort about the how well the wind-up was carried out.

Penalty provisions

It is an offence for an Approved Auditor to fail to provide an auditor's report to the trustee within the prescribed time.

Where the trustee fails to give the Approved Auditor documents requested in writing within 14 days of the request, the trustee may be subject to the penalty provisions of s. 35C(3) or s. 35C(4) of the SIS Act.

In addition, ss. 129 and 130 of the SIS Act provide that, should the Approved Auditor, in carrying out the audit under the SIS Act, become aware of likely past, present or future contraventions of the SIS legislation, the FSCODA or relevant provisions of the Corporations Act, or form the opinion that a fund's financial position may be, or is about to become, unsatisfactory, the Approved Auditor is required to ensure that the matter is brought to the notice of the trustee. Failure to do so is an offence.

Under the SIS Act, a person may be disqualified from being an Approved Auditor if they fail to carry out or perform adequately and properly their duties as an Approved Auditor.

Enquiries

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