**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 2011. 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 entity only.

Auditor’s report approved form for a superannuation entity which is a reporting entity (as defined in Australian Accounting Standard AAS 25)

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

Report by the independent Approved Auditor to the [trustee/trustees/members [OR] trustee/trustees 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 Standards and the requirements of the SIS Act and the Superannuation Industry (Supervision) Regulations 1994 (SIS Regulations). The [trustee is/trustees are] also responsible for such internal control as the [trustee determines/trustees determine] is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**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/trustees/members [OR] trustee/trustees and members] (‘) of ............................................... [insert name of the superannuation entity].

My audit has been conducted in accordance with Australian Auditing Standards. These 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.

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1 Superannuation entity as defined in Section 10 of the SIS Act.
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 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 internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, 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 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 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 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 – Independent Auditor’s report on financial statements

For a Non-Reporting Entity

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

Independent Auditor’s report approved form for a superannuation entity which is not a reporting entity (as defined by Accounting Standard AAS 25⁵)

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

Report by the independent Approved Auditor to the [trustee/trustees/members [OR] trustee/trustees 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 Governing Rules, 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 is/trustees are] also responsible for such internal control as the trustee/trustees determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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] [OR] (*) of ......................... [Insert name of the superannuation entity].

My audit has been conducted in accordance with Australian Auditing Standards⁶. These 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.

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/trustees], 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.

5  Superannuation entity as defined in Section 10 of the SIS Act.
7  The Australian Auditing Standards issued by the Auditing and Assurance Standards Board.
[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 net assets of [Insert name of superannuation entity] as at .../.../... and the changes in net assets 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.]

Basis of accounting and restriction on use

Without modifying my opinion, I draw attention to Note [...] to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the [trustee’s/trustees’] financial reporting responsibilities under the superannuation entity’s Governing Rules. As a result, the financial statements may not be suitable for another purpose.

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

Independent Auditor’s report approved form for registrable superannuation entity

Independent auditor’s report to the [trustee/trustees] 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 and for such internal controls as the [trustee determines/trustees determine] to be necessary to enable the preparation of these forms free from material misstatement, whether due to fraud or error. The APRA Annual Return forms have been prepared for the purposes of fulfilling the [trustee’s/trustees’] reporting requirements pursuant to the Financial Sector (Collection of Data) Act 2001 (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;
and other information in APRA Annual Return forms:

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]
Audit Report under the SIS Act (cont.)

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

I have conducted an independent audit of the relevant forms in order to express an opinion on them to the [trustee/trustees] of ……………………….. [insert name of the superannuation entity].

I have also performed an independent audit of the financial statements of ……………….[name of superannuation entity] for the [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] modified.

My audit has been conducted in accordance with Australian Auditing Standards8. These 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the relevant forms. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the amounts and disclosures in the relevant forms, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the [trustee’s/trustees’] preparation and presentation of the amounts and disclosures in the relevant forms 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/trustees], as well as evaluating the overall presentation of the amounts and disclosures in the relevant forms.

For the purpose of ensuring that the relevant forms are materially complete and accurate and are in accordance with the relevant prudential reporting standards, 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, and for the same purpose, in regard to other information reported in the relevant forms, I examined on a test basis, evidence supporting the amounts and other disclosures in the relevant forms that were not directly derived from the financial statements.

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

(a) the relevant forms are prepared in accordance with the requirements of 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 of 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.

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

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8 The Australian Auditing Standards as issued by the Auditing and Assurance Standards Board.
[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 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] are prepared in all material respects in accordance with the requirements of the FSCODA Reporting Standards, the financial position of .................[insert name of the superannuation entity] as at .../.../..., its performance, related party dealings, and exposure concentrations for the [year/period] 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/trustees] of [insert name of the superannuation entity] [has/have] complied in all material respects with the reporting requirements of the FSCODA Reporting Standards pertaining to the preparation of the relevant forms.

Basis of preparation of APRA Annual Return forms and restriction on use

Without modifying my opinion, I draw to readers’ attention that the APRA Annual Return forms have been prepared for the purpose of fulfilling the [trustee’s/trustees’] reporting responsibilities of the FSCODA Reporting Standards. As a result, they may not be suitable for another purpose.
(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 Corporations Regulations 2001 (Corporations Regulations).

(b) The [trustee is/trustees are] also responsible, under the following Conditions of the ‘Schedule – additional conditions imposed under Section 29EA of the Act’ of the RSE Licence issued by APRA for:

(i) Condition C1* –
   - Maintaining an identifiable amount of minimum liquid assets of at least $...........[insert amount] at all times in the form specified; and
   - Ensuring that, at all times, the fund held an identifiable amount of minimum liquid assets of at least an amount, as specified above, in the form specified.
   - Maintaining the required level of minimum liquid assets in the form specified and for determining that this has occurred during the [year ended .../.../... [OR] period .../.../... to .../.../...]*.
   - Internal control relevant to the maintenance of the form in which the minimum liquid assets is held.(*)

(ii) Condition C5* – ensuring that all assets of the RSE, including all bank accounts are ‘custodially held’, as defined in the trustee’s RSE licence, by the custodian.

(iii) Condition E1* – maintaining an identifiable amount of net tangible assets of at least $...........[insert amount] at all times during the reporting period.

(iv) Condition F1* – ensuring that the RSE licensee was entitled to the benefit, in respect of the due performance of its duties as RSE licensee, of an approved guarantee of at least $...........[insert amount] at all times during the reporting period.

(v) Condition G1* – maintaining a combination of net tangible assets and an approved guarantee (in respect of the due performance of its duties as trustee of an entity) of at least $...........[insert amount] at all times during the reporting period.

[Delete (b) above if not applicable]
Audit Report under the SIS Act (cont.)

Auditor’s responsibility

I have audited the compliance of [insert name of the superannuation entity] with the requirements set out above for the [year/period] ended .../.../....

My responsibility is to express a conclusion 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 (ASAE 3100 Compliance 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:


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

regulations 7.9.11O and 7.9.32(3); and

(d) complied with the requirement to prepare the respective forms comprising the APRA Annual Return11; for the [year ended .../.../... [OR] period .../.../... to .../.../...] *.

My responsibility is also to express a conclusion on the [trustee’s/trustees’] compliance with the respective Conditions of the ‘Schedule – additional conditions imposed under Section 29EA of the Act’ of the RSE Licence issued by APRA referred to under the heading [Trustee’s/Trustees’] Responsibility for Compliance, above of [insert name of the superannuation entity] for the [year ended .../.../... [OR] period .../.../... to .../.../...] *.

Where the RMS is audited by a different auditor to the RMP, delete as appropriate. Refer to Notes at the end of the form for additional information.

Where the RMP is audited by a different auditor to the RMS, delete as appropriate. Refer to Notes at the end of the form for additional information.

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.

9 Where the RMS is audited by a different auditor to the RMP, delete as appropriate. Refer to Notes at the end of the form for additional information.

10 Where the RMP is audited by a different auditor to the RMS, delete as appropriate. Refer to Notes at the end of the form for additional information.

11 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.
[Delete paragraph above if not applicable]

My procedures in relation to SIS Section 155(2) included assessing the [trustee’s/trustees’] controls in place to monitor compliance with Section 155(2). These procedures did not include testing the [trustee’s/trustees’] methodology used to calculate the issue or redemption price.

[Delete paragraph above if the entity is not a public-offer superannuation fund. This statement is mandatory for all public-offer compliance audits].

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 conclusion.

[Delete above if not applicable]

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

Modification (*)

[Provide details where modification/s included]

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

In my opinion [except for the matter(s) referred to in the preceding paragraph][(*) the [trustee/trustees] 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 conditions contained in Conditions C1*, C5*, E1*, F1*, G1*, (or a specific additional condition that substitutes for any of these conditions)* of the ‘Schedule – additional conditions imposed under Section 29EA of the Act’ of the RSE Licence issued by APRA, specified above.

[Delete (b) above if not applicable]

Signature of Approved Auditor ...........................................................................................................................................................................

Name of Approved Auditor ................................................................................................................................................................................

Firm ..................................................................................................................................................................................................................

Address ……………………………………………...............................................................

In this form the following terms and symbols have the following meanings:

(*) Delete as appropriate

Review of systems to manage and monitor future compliance with Risk Management Strategy and Risk Management Plan

To the [trustee/trustees] 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 and Risk Management Plan

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

Responsibility of Assurance Practitioner

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 and the Risk Management Plan. The contents of Risk Management Strategies and Risk Management Plans are prescribed in Sections 29H and 29P respectively of the SIS Act.

This review report was prepared for the RSE licensee in accordance with Sections 35C(5)(d)(ii) and 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 (ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information) 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], and the Risk Management Plan of ……………….. [insert name of RSE].

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.

12 Where the RMS and RMP are audited by separate auditors, each auditor should clarify the scope of his/her audit opinion and review conclusions by deleting, as necessary, references to the RMS or the RMP on the Form.

13 A conclusion on future compliance with the Risk Management Plan is not relevant where a fund has wound up.
Because of the inherent limitations of any systems to ensure compliance, including future compliance, with any Risk Management Strategy or Risk Management Plan, it is possible that risks may arise which are not included in, or appropriately managed by, the Risk Management Strategy or 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, weaknesses in the risk management measures in the Risk Management Strategy and 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 Strategy, and the Risk Management Plan are undertaken on a test basis.

Any projection of the systems to ensure compliance with the Risk Management Strategy and 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 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, and the Risk Management Plan of [insert name of RSE].

Signature of Assurance Practitioner .......................................................... Date ....../......../……...

Name of Assurance Practitioner..........................................................................................................................................................................

Firm ..........................................................................................................................................................................................................................

Address ……………………………………………..............................................................................................................................................................
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 2011, 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 Regulation 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 (Section 35C(1) of the SIS Act and Regulation 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 (Section 35C(6) and Regulation 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 (Section 36(1) and Regulation 8.04).

Notwithstanding that the trustee may have only been trustee for part of the year of income; the auditor’s report will need to be in respect of the entity’s whole year of income. The assurance given in Part 2(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 3 and all parts must be forwarded to APRA at the same time. Trustees must send or email the original copy or a certified copy (hardcopy or PDF version) of the auditor’s report to their APRA Supervisor within four months after the year of income of the entity.

Mail
GPO Box 9836
In all capital cities (except Hobart and Darwin)

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 (ASAEs) and Standards on Review Engagements (ASREs)) 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. 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.

14 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 and 2 of the auditor’s report provide 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.

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’.

**Regulation 7.9.11O of the Corporations Regulations**

The short-form product disclosure statement (‘PDS’) regime for superannuation products (excluding defined benefit and pension products) is effective from 22 June 2011. There is a one year transition period where any change to a PDS that would require a supplementary PDS or new PDS will trigger the requirement to move into the short-form PDS regime. The short-form PDS regime under regulation 7.9.11O replaced the Section 1013D Corporations Act requirements. However, Section 1013D remains applicable for defined benefit and pension products. The nature and extent of the work expected of the auditor in relation to regulation 7.9.11O is similar to that in relation to Section 1013D.

**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 Section 155(2) of the SIS Act. This requires the auditor to plan and perform procedures to cover the following risks:

1. In cases where the trustee has used Section 155 of the SIS Act 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 trustee’s processes and controls in monitoring compliance with Section 155 of the SIS Act and whether they have operated effectively;
   - assess the trustee’s processes on arriving at the decision, including internal review and sign off mechanisms;

2. In cases where the trustee has not used Section 155 of the SIS, 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 Section 155 of the SIS Act should have been invoked;
   - assess the adequacy of the trustee’s processes and controls in monitoring compliance with Section 155 of the SIS Act 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 Section 155 of the SIS Act; 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.
Capital Requirements

Where a trustee is subject to Condition C.1, C.5, E.1, F.1 or G.1 of the ‘Schedule – additional licence conditions imposed under Section 29EA of the Act’, there are sections included in the RSE license conditions that under the RSE licence were not previously required to be audited. The specific Condition on the RSE licence will articulate the particular nature of the Public Offer (or Extended Public Offer) trustee’s capital requirement. Further guidance is also available from APRA’s Superannuation Prudential Guide for Capital (SPG 110). Part 2 of the approved form of auditor’s report applicable for reporting periods beginning on or after 1 July 2010 requires these Conditions, where applicable, to now be audited whether or not there is a specific audit requirement in the RSE licence condition applicable to that RSE Licencee.

This audit form has been developed with a view to streamlining and standardising the audit requirements applicable to APRA regulated trustees by using the balance date of the fund for all audit requirements. Where a trustee is of the view that compliance with standardised requirements will be excessively costly or otherwise impracticable due to the particular circumstances of the trustee, the trustee may wish to consider putting forward to APRA alternative ways of satisfying the requirement/s contained in the audit form. In assessing any requests for special consideration, APRA will have regard to the specific circumstances of the trustee. A minor increase in audit costs is unlikely to be sufficient reason for a trustee not to use the standard form of the audit report.

RMS and RMP historical compliance

The historical audit requirements for the RMS and RMP are contained in Part 2B of the form. The scope of this part of the audit is limited to compliance with the trustee’s RMS and the fund’s RMP for the applicable period and does not include an assessment of whether the trustee’s RMS complies with Division 8 of the SIS Act. 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. In this case, the Approved Auditor will be expected to clearly outline the scope of their audit in Parts 2 and 3 of the form.

Provision has been made to amend the form to accommodate separate audits for the audit of the RMS and the RMP. The auditor’s report at Parts 2 and 3 may be provided in the form of two documents or as two sets of two 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 fully completed parts should be submitted together to APRA within four months after the year of income of the entity. These arrangements are also suitable for public offer trustees with particular licence specific capital requirements.

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 Parts 2 and 3. There is a practical difficulty in signing the compliance section of the approved form where there are different auditors for the financial and compliance components of the audit to the Risk Management Strategy (RMS) and/or Risk Management Plan (RMP) section. Therefore, where more than one auditor is engaged, each auditor must ensure that the scope of their work is accurately reflected by use of a separate signed approved form. For example, where an auditor is only responsible for the audit of the RMS, he/she will only be required to make reference to 29E(1)(c) of the SIS Act in Part 2 (B) Compliance of the form. It is the trustee’s responsibility to ensure that all sections of the approved audit form are submitted to APRA, particularly when the scope is completed by more than one auditor.

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15 In cases where the RMS/P are separately audited, all three Parts will comprise 5 signed documents.
Part 3 – Assurance regarding future compliance with RMS and RMP

As noted above, Parts 2 and 3 need not be prepared at the same time as Part 1. The auditor’s report at Parts 2 and 3 may be provided in the form of one document or as two sets of two 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 fully completed parts should be submitted together to APRA within four months after the year of income of the entity.

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 Section 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. APRA’s expectation is that the materiality of each compliance requirement in the Approved Audit Form should be considered in its own right.

Superannuation trustee obligations when using derivatives

Prior to the introduction of the Superannuation Safety Amendment Act 2004 (SSFA), Superannuation Circular II.D.7 Derivatives set out the requirements for APRA-regulated trustees (including Pooled Superannuation Trusts (PSTs)) to have a Derivative Risk Statement (DRS) in place which detailed the use of derivatives in the fund(s) and the manner in which the risk of such use was managed.

16 Superannuation Circular II.D.7 Derivatives was replaced by Superannuation Prudential Practice Guide (SPG) 200 Risk Management in August 2010. Refer to paragraph 16 and 17 of SPG 200 for guidance on derivatives.
Subsequently, specific requirements were set out in the SSFA detailing how a trustee should manage risk, and in particular, the risks to the investment strategy relevant to the fund and the risks to the fund’s financial position. Section 29P of the Superannuation Industry (Supervision) Act 1993 requires a trustee to manage its risks through the mechanism of a Risk Management Plan (RMP). An RMP should set out the matters that a DRS would previously have addressed.

While a DRS under the former Superannuation Circular II.D.7 Derivatives may be relevant, trustees have the alternative option of obtaining an annual written notice from their investment manager(s) which confirms that they have risk management processes in place in relation to the use of derivatives and the purposes for which they are used. The information to be included in such a notice is probably already available to the investment manager (although it may not be in a standardised format).

**Capital requirements for public offer and extended public offer licensees**

This relates to a trustee’s obligation under its RSE licence to obtain an audit certification in relation to capital within 4 months of its financial year end. Where a trustee and fund/s have different financial years or where there is a separate trustee and fund auditor/s a separate trustee audit certificate for licence purposes is not necessary; the applicable trustee licence condition is deemed satisfied as long as each fund under trusteeship (no matter what year-end) has the relevant auditor sign-off (either fund or trustee auditor) in its submitted Form. Where two auditors are engaged, trustees should submit separate Forms to accommodate the specific scope of each auditor.

Furthermore, APRA will accept one audit report for the relevant capital RSE licence condition which covers a trustee with multiple funds under trusteeship (as named via an Appendix), subject to that group of funds having a common year end date. However, a separate audit report for each group of funds that have a different year end date is required. Where applicable, each lodging fund should include a copy of the original audit report and Appendix that includes the fund name.

Where an RSE licensee has a Specific Additional Licence Condition that replaces one of the listed capital conditions on the Form, the audit obligation will apply to that replacement condition. In these cases ‘(i) to (v)’ should be deleted and the replacement condition clearly named on the Form (e.g. ‘Specific Additional Condition 4’).

**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 Section 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 – see Section 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 Section 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 Section 35C(3) or Section 35C(4) of the SIS Act.

In addition, Sections 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.

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