

THE SUPER PLAYBOOK 2025

**WHAT GOES WRONG BEFORE THE AUDIT:
SMSF Accountants' Top Compliance Challenges**

MAILENE WHEELER

Session Overview



Understanding common
issues accountants
encounter before audit



Key compliance
breaches impacting
audit workflows

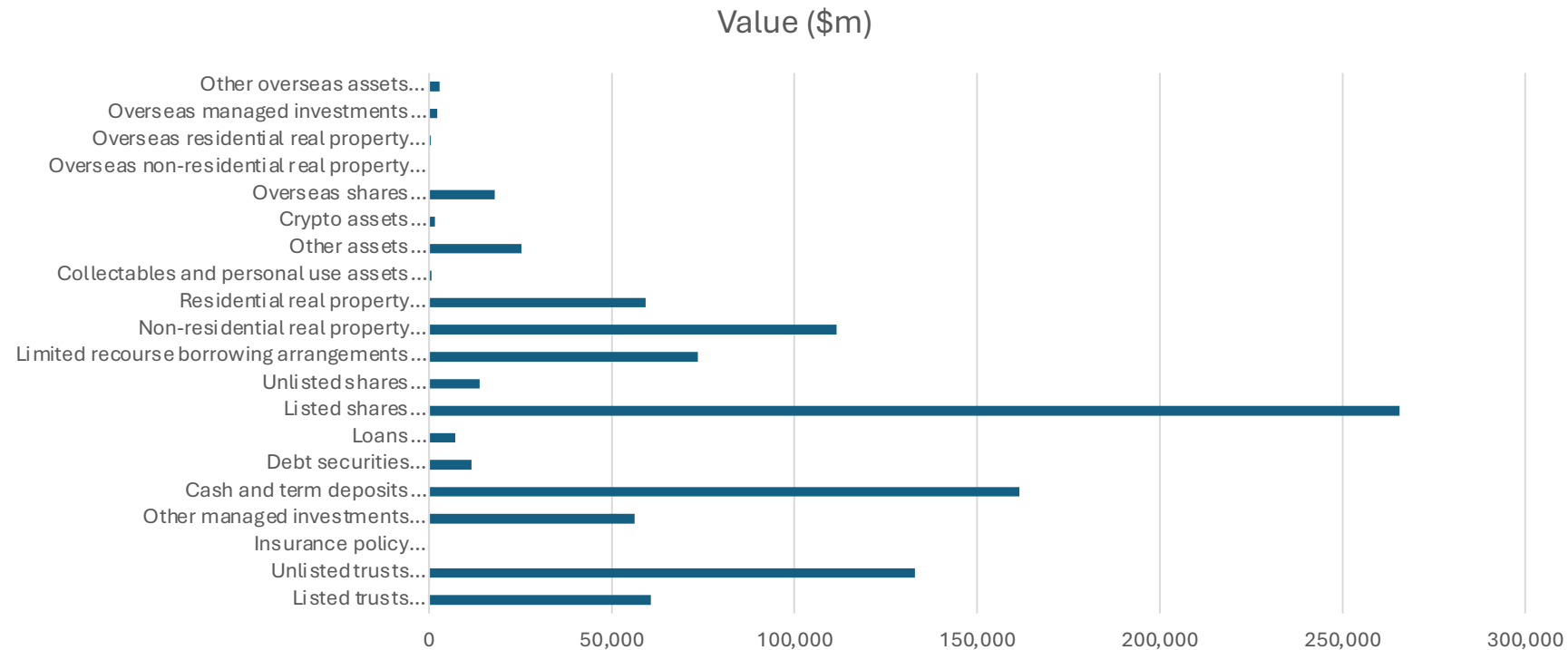


Insights from the
accountant's side to
assist auditors



Tools to support better
collaboration and
efficiency

ATO SMSF Quarterly Statistics – March 2025



Common Issue #1

Separation of Assets – Reg 4.09A

- Bank transfers between non fund and member related bank accounts
- Assets, such as term deposits and shares not in the Fund's name



Common Issue #1

SUPERANNUATION INDUSTRY (SUPERVISION) REGULATIONS 1994 - REG 4.09A

Operating standard--money and other assets to be kept separate (self managed superannuation funds)

- (1) For [subsection](#) 31(1) of the Act, the standard stated in subregulation (2) applies to the operation of regulated superannuation funds.
- (2) A [trustee](#) of a regulated superannuation fund that is a self managed superannuation fund must keep the money and other assets of the fund separate from any money and assets, respectively:
 - (a) that are held by the [trustee](#) personally; or
 - (b) that are money or assets, as the case may be, of a standard employer - sponsor, or an associate of a standard employer - sponsor, of the fund.

Common Issue #2

Valuation Evidence Gaps – Reg 8.02B

Insufficient audit evidence to support market value of:

- unlisted investments with no ready market
- commercial and rural property
- unique property



Common Issue #2

SUPERANNUATION INDUSTRY (SUPERVISION) REGULATIONS 1994 - REG 8.02B

Operating standard--money and other assets to be kept separate (self managed superannuation funds)

Asset must be valued at market value

For subsection 35B(2) of the Act, for the year of income 2012-13 and any later year of income, when preparing accounts and statements required by subsection 35B(1) of the Act, an asset must be valued at its market value.

Note: Market value is defined in subsection 10(1) of the Act.

SMSF Requirement to value assets at market value

‘Market value’ is defined by SIS Act section 10(1).

It is the amount a willing buyer of the asset could reasonably be expected to pay to acquire the asset from a willing seller, if the following assumptions were made:

- a) The parties dealt at arm’s length;
- b) The asset was properly marketed prior to sale;
- c) Buyer and seller acted knowledgably and prudently in relation to the sale.

Auditor's obligations around SMSF valuations

SIS Legislation & Regulations

- SISR Reg 8.02B
- SISA section 10(1)
- SISA section 35B(1)

Auditing Standards

- ASA 500: Audit Evidence
- ASA 540: Auditing Accounting Estimates
- ASAE 3100: Compliance Engagements

Regulator's Guidance - ATO

- ATO Valuation Guidelines for self-managed super fund (QC 26343)
- Market valuation for tax purposes (QC 66067)
- TR 2010/1

Asset valuation and the annual SMSF audit per QC26343

Approved SMSF auditors are responsible for checking the valuation of fund assets as part of the annual SMSF audit. This includes making sure that:

- you have valued all fund assets at 'market value' when preparing the fund's accounts and statements
- **the valuation is based on objective and supportable data.**

The role of your auditor is not to value fund assets, or to determine their market value. Their role is to apply their professional judgment in:

- checking that assets have been valued correctly
- **assessing and documenting whether the basis for the valuation is appropriate given the nature of the asset.**

It's your responsibility to provide objective and supportable evidence to your auditor to support the valuation of a fund asset. This includes providing all relevant documents specifically requested by your auditor.

Common Issue #3

Arm's Length Transaction, Documentation Gaps & Related Party Dealings – Section 109

Insufficient audit evidence to confirm transactions/investment entered and held on an arm's length basis:

- No signed loan agreements
- No signed lease agreements



Common Issue #3

SUPERANNUATION INDUSTRY (SUPERVISION) ACT 1993 - SECT 109

Investments of superannuation entity to be made and maintained on arm's length basis

(1) The trustee or investment manager of a superannuation entity must not invest money of the entity unless the trustee or investment manager, as the case may be, and the other party to the relevant transaction are dealing with each other at arm's length in respect of the transaction.

(2) Subsection (1) is a civil penalty provision as defined by section 193, and Part 21 therefore provides for civil and criminal consequences of contravening, or of being involved in a contravention of, that subsection.

(3) A contravention of subsection (1) does not affect the validity of a transaction.

Common Issue #4



Member Loans – Section 65 (Regs 5.08 and 6.17)

Often seen in newly established and low balance funds

Common Issue #4

SUPERANNUATION INDUSTRY (SUPERVISION) ACT 1993 - SECT 65 **Lending to members of regulated superannuation fund prohibited**

- (1) The trustee or an investment manager of a regulated superannuation fund must not:
- (a) lend money of the fund to:
 - (i) a member of the fund; or
 - (ii) a relative of a member of the fund; or
 - (b) give any other financial assistance using the resources of the fund to:
 - (i) a member of the fund; or
 - (ii) a relative of a member of the fund. Exception-private sector funds

Proactive Practice

How can accountants and SMSF auditors work together to reduce compliance breaches and reduce the workload?



Mailene Wheeler

Director at Vincents

mwheeler@vincents.com.au

<https://vincents.com.au/>





THANK YOU