

Heffron's SMSF Administration Service

Our self managed superannuation fund ("SMSF") Administration service incorporates three key distinct service components:

- administration;
- compliance; and
- year end accounting.

Our Administration service is not simply a year end accounting service but rather an ongoing service which provides the SMSF trustees with protection and peace of mind that their fund is being professionally managed at all times during the course of the year.

This is a critical part of our "value add" proposition and clearly differentiates us from non-specialist administration service providers.

Scope of our Service

The **administration** component can be broadly divided into two elements:

- Establishment (services involved in taking on the administration of a new or existing fund); and
- Ongoing (services involved in maintaining the fund during the course of the year).

The specific tasks covered by each element are as follows:

Establishment

- Establish manual and computer files to store the fund's master records and ongoing information;
- Establish fund and member records in Australian Taxation Office ("ATO") superannuation reporting software;
- Establish fund and member records in specialist superannuation accounting software designed to properly record the fund's financial transactions, contributions, benefit payments and membership (note that the use of specialised superannuation software is considered by the ATO to represent best business practice in the SMSF industry);
- Attend to the appointment of Heffron Taxation Pty Limited as tax agent to deal with the fund's tax and regulatory matters; and
- Establish an auditor relationship on behalf of the fund (with one of our preferred independent suppliers). The ATO recommends the use of an independent auditor and these guidelines require the auditor to be independent of the administrator and/or the person responsible for preparing the accounts.

Ongoing

- Maintain manual and computer files storing the fund's master records (including, as required by law, the retention for at least 10 years of the minutes of all trustee meetings, records of trustee changes including changes to the directors of the corporate trustee, consent to act notices and any ATO trustee declarations) and ongoing information;
- Maintain fund and member records in ATO superannuation reporting software;
- Maintain fund and member records in specialist superannuation accounting software;
- Maintain the auditor relationship on behalf of the fund;
- Provide fund members with access to a range of specialised professional staff who have a high level of superannuation knowledge and experience;
- Provide access to additional fund services at reduced fees, including the establishment of new pensions or restructuring existing pensions, advising the ATO of any changes to the trustee (including changes to the directors of the corporate trustee), members of the fund or fund name upon receipt of instructions;
- Ensure that the fund's financial transactions, contributions, benefit payments and membership are all recorded in accordance with superannuation law;
- Arrange for the completion of the fund's instalment activity statements and other ancillary taxation matters;
- Promptly respond to routine enquiries from fund members, investment advisers, regulators, etc arising out of the day to day workings of the fund; and
- Attend to correspondence received on the fund's behalf, in particular where acting as the mailing address for the fund.

Another key component of our ongoing Administration service is **compliance**. We ensure the ongoing compliance requirements for the SMSF trustees and their fund are met and where a compliance issue is identified we bring it to the attention of the relevant person for rectification.

As part of this compliance function, we conduct a review of the fund in order to identify any potential compliance issues. This review is extremely comprehensive and is carried out in order to provide the SMSF trustees with additional comfort and peace of mind as to the complying status of their fund.

The review includes:

- Ensuring trustee ownership is recorded correctly on all the fund's investments.
- Ensuring the trustee or trustees have signed valid consents to act documents.
- Ensuring each member has signed a valid nomination of beneficiary.

- Ensuring the fund has a valid investment objective and strategy.
- Checking that the fund has the correct number of trustees.
- Ensuring the fund is compliant with the “sole purpose test”.
- Ensuring the fund has not lent money to a member or provided financial assistance to a related party.
- Ensuring the fund has not purchased a prohibited asset from a related party.
- Ensuring that the value of any in-house assets has not exceeded the legal maximum value.

We are also pro-actively involved with the necessary compliance aspects of every SMSF we administer where they are in *pension* phase, such as monitoring minimum pension payments, calculating prospective minimum and maximum pension payments, preparation of relevant trustee minutes and pension component letters, etc.

Importantly we monitor these key issues during the course of the year so if any changes need to be made in respect of a pension they can be done before the end of the year and not after year end when it is too late. In respect of pension funds we also arrange for any actuarial calculations and certifications to be completed. This is arranged in-house through our Actuary and the cost of this service is included in our annual fee.

The above is just a summary of our comprehensive compliance review process. A complete list of the steps we take in order to ensure the ongoing complying status of our funds can be obtained by request.

Finally in respect of the **year end accounting** component we include the following:

- Prepare annual financial statements including a statement of financial position, an operating statement and member benefit statements and retain a scanned copy of them on behalf of the trustees for at least 5 years;
- Prepare an annual minute in relation to the fund’s activities for the financial year;
- Arrange for the fund’s tax and regulatory return to be prepared and lodged;
- Provide the fund’s auditors with the information necessary for them to complete their audit consisting of a copy of the fully referenced file including detailed checklists, reconciliations and schedules;
- Arrange for the fund’s auditor to provide the fund with an annual audit engagement letter and ensure timely completion of the statutory audit;
- Review the fund’s master records to determine if any of the documents such as the trust deed, death benefit nominations and investment strategy require updating; and

- Provide the fund with a formal review letter detailing master file updates we believe are necessary, pro forma documents which need to be completed where appropriate and additional information regarding general fund compliance issues.

Importantly we use a panel of independent SMSF specialist auditors to undertake the audit function. This not only satisfies ATO independent audit requirements but also more importantly provides the SMSF trustee with a high level of comfort that our work is being reviewed and monitored by an external expert and is always of the highest quality.

Breadth of Expertise

The other side to Heffron's "value add" proposition is the level of expertise within the firm.

Heffron has been providing specialist SMSF Administration services to SMSF trustees for over 10 years and in that time has developed a national reputation for technical excellence. Heffron's key people all have specialist professional backgrounds including accounting, tax, financial planning and consulting actuarial. We believe that this combination of skills, qualifications and experience makes us unique in the SMSF industry.

The technical backbone of the organisation flows through to our administration offering. The administration team are SMSF experts in their own right. This integration provides SMSF trustees with confidence that not only will their fund be administered correctly and effectively but also their administration queries will always be handled by a senior and experienced SMSF professional.

To further emphasise our national reputation for technical excellence, members of our team currently sit on the national SMSF/superannuation technical committees of the following organisations:

- Institute of Chartered Accountants of Australia;
- Institute of Actuaries of Australia;
- Taxation Institute of Australia; and
- Financial Planning Association of Australia.

We also have senior staff who sit on the ATO's key national superannuation forums and this provides us with a close and professional working relationship with the SMSF Regulator in respect of the funds that we administer.

In conclusion we believe that SMSF administration is a service and not a commodity. It is not simply a year end accounting function. In order to provide a quality SMSF administration service you need a comprehensive service that is supported by quality staff with SMSF experience and expertise.

Our Administration service not only provides SMSF trustees with a quality administration solution but also ensures protection and peace of mind that their trustee obligations will be professionally managed at all times during the course of the year.