
Audit Fee Tier application

For clients that have a tiered audit fee structure, this fee structure is as follows:

- ▶ Tier 1 - cash, term deposits, listed direct equities, managed fund investments and/or wrap platform asset
- ▶ Tier 2 - property including LRBA, collectables and cryptocurrency (on the following exchanges: CoinSpot, Caleb & Brown, Independent Reserve and BTC), widely held unlisted entity where a holding statement is available to support market price and existence
- ▶ Tier 3 - unlisted investments and cryptocurrency (not on the exchanges listed above).

The application of the tiered audit fee matrix is automated where possible. Investments are sorted by tier based on the descriptor in the financial statements. Cryptocurrency automated fee default is Tier 2, and unlisted investments automated fee default is Tier 3.

Manual intervention is required to adjust the pricing for:

- ▶ Unlisted investments where the investment is widely held and a holding statement is available to support market price and existence and therefore a Tier 2 fee is applicable;
- ▶ Cryptocurrency where these are not held via the exchanges in Tier 2 and therefore a Tier 3 fee is applicable;
- ▶ Where investments from a Tier 2 or 3 are held by the fund and no assets from these tiers are selected for audit testing for the year, and a Tier 1 fee is therefore applicable.

An error can occur in respect of this manual adjustment. The most common issue is where a fund has an unlisted investment class that is selected for testing on a cyclical basis i.e. not annually and therefore Tier 3 is not applicable in the year of audit.

Should the tiered audit fee structure apply to your fee arrangements, and you wish to discuss this further, please liaise with your client relationship manager.