

SAMPLE INCOME & EXPENDITURE STATEMENT AND TERMS OF REFERENCE

[Reference No]

[Date]

[Name of Programme Manager/Partner]

[Address]

Dear Sirs

Report on the <Name of Programme Manager/Partner>'s company information and factual findings of the Income and Expenditure Statement of the <Programme name> in connection with the funding package by e2i for the period <Day/Month/Year> to <Day/Month/Year>

We have performed the procedures agreed with you in our Letter of Engagement dated <Day/Month/Year> on the company information and Income and Expenditure Statement of the <Programme name> (the "Programme Financial Information") for the qualifying period from <Day/Month/Year> to <Day/Month/Year> (refer to Appendix 2). Our engagement was undertaken in accordance with the Singapore Standard on Related Services SSRS 4400 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information.

2. The findings are summarized in Appendix 3.
3. Because the above procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, we do not express any assurance on the information in the Income & Expenditure Statement.
4. Had we performed additional procedures or had we performed an audit or review of the Programme Financial Information in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.
5. The procedures were performed solely to assist you in your submission of the Programme Financial Information to meet the requirements of e2i. Our report is solely for this purpose and for your information and is not to be used for any other purpose or to be distributed to any other party.
6. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Company, taken as a whole.

[Name of External Auditor]
Certified Public Accountants
Singapore

Enclosures:

Appendix 1 – Letter of Offer and addenda

Appendix 2 – Agreed-upon procedures

Appendix 3 – Audit findings and recommendations

TERMS OF REFERENCE FOR INCOME & EXPENDITURE STATEMENT

(Referenced to as Appendix 2)

Objective

The objective of an Income & Expenditure Statement is to provide information on Company's background, operational performance, financial performance or any other focus areas pertaining to the appropriate use of e2i funding on the programme, as identified by e2i.

Scope

The auditor shall conduct its verification to determine and report on:

1. The information shows fairly the operational and financial transactions of the Company and pertaining to the Programme.
2. Proper accounting and other records have been kept, including allocation of expenses and records of all assets of the Programme.
3. The receipts, expenditure, investment, the acquisition and disposal of assets by the Programme during the financial year have been in accordance with the provisions of the Letter of Offer and its addenda.
4. Going concern issues.
5. Any sale/lease/disposal of equipment, if applicable, that is funded by e2i during the execution of the project;
6. Errors and deviations found, and provide details.
7. Other matters arising from the audit.

Procedures and Professional Standards

The auditors shall conduct the procedures on the basis of an inquiry and analysis, (re)computation, comparison, other accuracy checks, observation, inspection of records and documents, and obtaining confirmation by interview.

The auditor must be carried out the audit in compliance with the Singapore Standard on Related Services SSRS 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" and Singapore Standards on Auditing.

The auditor shall design a set of agreed upon procedures covering the following:

1. *General background of the Company*

Inquire management and obtain understanding on

- 1.1 the form and place of incorporation of the Company.
- 1.2 the principal activities of the Company.
- 1.3 the registration and Memorandum and Articles of Association of the Company.
- 1.4 the shareholders/members of the Company.
- 1.5 the external auditors of the Company.
- 1.6 the latest set of audited financial statements of the Company.

2. Board of directors and management

- 2.1 Obtain the list of board of directors. Analyse the changes of the board of directors since incorporation until now by sighting to the register of directors for director's particulars, date of appointment and date of resigned.
- 2.2 Discuss with management on the functional roles of core members. Discuss with management on the changes in the core management position, if any.

3. Operations of the Company

Inquire management and obtain understanding on:

- 3.1 the list of courses offered by the Company.
- 3.2 the list of courses offered by the Company in affiliation with e2i.
- 3.3 the conduct of the courses.

4. Financial information variance and analysis

- 4.1 Discuss with management on the overall financial information and its implication to the financial statements of the Company (*if any*).
- 4.2 Obtain the income and expenditure statements of the [*Programme*] for the qualifying periods. Discuss with management the financial information of the income and expenditure statements of the [*Programme*].
- 4.3 Perform variance analysis on the financial information and obtain rationales from the management on significant variances, including the top five [*Programme*] costs other than staff remuneration.
- 4.4 Obtain a reconciliation of the total grant received/receivable under the [*Programme*], and the accumulated revenue recognised since the inception of the [*Programme*].
- 4.5 Obtain listing for key [*Programme*] management remuneration, staff salaries (breakdown in key categories) and number of staff for the qualifying periods. Perform variance analysis on the information obtained. Discuss with management on the outcome of the variance analysis.

5. Basis of preparation of the financial information

Inquire management on the basis of preparation of the Statements and obtain understanding on:

- 5.1 the overall preparation of the Financial Statements of the Company.
- 5.2 Discuss with management pertaining to the accounting treatment of grants from e2i in their financial statements.
- 5.3 Understand the basis of revenue recognition in the Statements
- 5.4 Understand the basis of allocation of staff salaries and director's remuneration, depreciation, office rental and other administrative and operating expenses being recognised in the Statements. Examine relevant supporting documents for revenue, staff salaries and director's remuneration, depreciation, office rental and other administrative and operating expenses.

6. *Related party transactions*

- 6.1 Obtain a list of related party transactions for the qualifying periods of the Statements.
- 6.2 Inquire management the related party transactions in respect of the nature of the transactions and balances.
- 6.3 Discuss with management on the Company's procedure to identify conflict of interest.

Reporting

The following document should be attached and form part of the Income & Expenditure Statement :

1. Letter of Offer and its addenda
2. Agreed-upon procedures
3. Audit findings and management's response

The final report submitted by the auditor may not be restricted only to those parties that have agreed to the procedures to be performed, but made available also to a wider range of entities or people (for example, an investigation by Commercial Affairs Department).