

INSTRUCTIONS TO INSTITUTION'S APPOINTED AUDITOR ON FINANCIAL AUDIT (AI SINGAPORE GOVERNANCE RESEARCH)

TERMS OF REFERENCE FOR AUDITORS

In line with the need to check that the National Research Fund is utilized appropriately, the accounts of projects must be audited by an external auditor appointed by the **Qualified Agency**¹. The audit must be performed in accordance with the Singapore Standard on Related Services SSRS 4400 Engagements to Perform Agreed-upon Procedures Regarding Financial Information. The audit report should include the certified fund request forms and the consolidated statement of expenditure, certified true and correct at the end of the Audit Review Period. The audit coverage shall cover at least 85% (or 70% coverage if the audit opinion of the Entity Audit is an unmodified opinion) of the value claimed.

Common Audit Procedures

The following audit procedures **must** be incorporated in the audit TOR issued to the auditors

1. The auditor shall check that:
 - a. Items claimed are used for the project as stated in the letter of award and approved grant variation, supplemental offer/termination letters, unless otherwise stated by checking to the appropriate source documents (e.g. invoices, delivery order) and records certified by relevant authorities (e.g. payroll records and purchase records), where applicable.
 - b. Description and authenticity of items claimed and expenditure incurred are valid by agreeing to appropriate source documents and other records (e.g. invoices, delivery order, personnel and payroll records etc.).
 - c. Claims and expenditures agree to the appropriate supporting documents (e.g. invoices, delivery order) and the general ledger.
 - d. Corresponding payment vouchers/payment posting documents as evidence of payment processed.
 - e. Payment by the Host Institution are made only after the conditions for payments have been satisfied such as services have been satisfactorily rendered and goods are received in good condition by sighting to the relevant supporting documents, unless it is an industry practice to make payments in advance for specific goods and services.
 - f. The approving authority in the payment vouchers against the Delegation of Authority of the Host Institution is correct. Check that claims are authorized by the relevant authorities.
 - g. Expenses, information and items claimed by the Host Institution are accurately recorded in all the Fund Request Forms, schedules of expenditure and manpower listing, and in accordance with the books and records maintained by the Host Institution.
 - h. All funds received from the National Research Foundation are properly accounted for and recorded by the Host Institution and updated for the project.
 - i. All items claimed are incurred within the qualifying period ('Project Start Date' to 'Project End Date') as per the Guidelines for the Management of Research Grants, the Terms and Conditions and the Letter of Award (including subsequent approved grant extension,

¹ Defined as Ministries, Statutory Boards and Autonomous Universities of Singapore

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supplemental offer/ termination letters, if any). Review the details in the supporting invoices and other records to check that all expenses (including commitments) had been incurred in respect of the qualifying period. For Final Claims, items claimed may be paid after the qualifying period, and submitted for reimbursement within 6 months from the 'Project End Date'. The claim must be based on paid expenditure incurred and no projections should be included.

- j. Claims are submitted by the timeline stipulated in the Letter of Award or stated otherwise.
- k. All claims and funds are properly utilized and complied with the Guidelines for the Management of Research Grants and the Terms and Conditions. It must exclude non-fundable items as listed in the Annex of the above Guidelines.
- l. There is no duplication of claims submitted i.e. claims made are not disbursed in previous claims periods.
- m. The Fund Request Forms are endorsed by an authorised nominee of the Host Institution.
- n. Virement of funds performed within and across votes (EOM, Equipment, OOE, Overseas travel related expenses and Research Scholarship) and cost categories are in accordance with the Guidelines for the Management of Research Grants on Virement between Votes and the Terms and Conditions as set out in the Letter of Award (inclusive of its annexes, supporting documents, and supplemental offer/termination letters, if any). Check that corresponding documentations and records are kept for the virements performed.
- o. The indirect costs claimed by the Host Institution (if any) are correctly computed based on the qualifying direct costs claimed by the Host Institution.
- p. **For Reimbursement Claims Only:** Claims are made only after the Host Institution has been invoiced, and do not include those that are purely accounting entries without cash outlays (e.g. accruals, depreciation expense), except for inter-department charges.

Or

For Advance Disbursement Only²:

- Interest earned on advances are accounted for separately in an interest-bearing bank account or apportioned and accounted for accordingly if an existing account is used and funds from NR Fund is mixed with other funds.
 - Interest amount being disclosed in the drawdown form is derived accurately.
2. The auditor shall check that equipment funded by the NR Fund are capitalized in accordance with the Host Institution's policy on capitalization limit. The auditor shall also:
- a. Carry out a physical verification of any significant assets³ purchased based on the asset listing provided and confirm their existence and are installed/operating for the project as stipulated in the Letter of Award, approved grant variation, supplemental offer/termination letters. In the event that a physical verification of the assets cannot be

² Based on requirements as stipulated in NR Fund Guide

³ Asset amount of \$250,000 and above

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performed, the auditor shall request the Host Institution to furnish with relevant supporting documents (e.g. photos of the assets) as the proof of purchase.

- b. Perform checks (e.g. check against the fixed assets register) and report on any sale/lease/disposal of the equipment, if applicable, that is funded by National Research Foundation during the execution of the project.
3. For each project claim, the cumulative claim amount and expenditures must not exceed the various levels (not applicable if project claims are managed through IGMS):
- a. Overall Total Project Cost;
 - b. Individual Cost Categories (EOM, Equipment, OOE, Overseas travel related expenses and Research Scholarship); and
 - c. Indirect costs/Overheads (if any).
4. In the event that there are errors and deviations found, the auditors shall report these on the statement to the National Research Foundation accordingly and provide details.