

Opinion on Receipts, Expenditure, Investment of Moneys and the Acquisition and Disposal of Assets by Statutory Boards

AGS 9 was approved by the Council of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) in January 2012.

The new and revised auditor reporting standards gave rise to conforming amendments in this AGS in March 2016.

AGS 9 was amended in April 2019. These amendments are effective for audits of financial statements for periods beginning on or after 1 April 2018. Illustration 2 is updated in November 2019.

The references to the Singapore Acts of Parliament have been updated to their revised short titles in July 2022 to be aligned to the 2020 Revised Edition of Acts. The revised short titles should be reflected in reports dated on or after 4 August 2022.

Updates to SFRS(I) 1-1 and FRS 1 gave rise to conforming amendments in AGS 9 in July 2023. These amendments are effective for audits of financial statements for periods beginning on or after 1 January 2023.

SSA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)* gave rise to conforming amendments in AGS 9 in December 2023. These amendments are effective for audits of financial statements for periods beginning on or after 15 December 2023.

The introduction of Section 59A to the Accountants Act gave rise to conforming amendments to this AGS in May 2026. These amendments are effective for auditor's reports dated on or after 6 May 2026.

SSA 570 (Revised 2024), *Going Concern*, SSA 240 (Revised), *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* and the revised definition of listed entity in the ACRA and ISCA Code give rise to conforming amendments in this AGS in July 2026. These amendments are effective for audits of financial statements for periods beginning on or after 15 December 2026.

The principles and guidance contained in this Statement are consistent with Singapore Standards on Auditing (SSAs) and should be read in conjunction with the SSAs.

The principles in this Statement may be applied by analogy to the compliance audit of entities other than statutory boards, with similar reporting requirements as those specified in the acts of statutory boards. Members are encouraged to refer to this Statement when performing such

work for these entities. Where the reporting requirements are not statutory requirements or the format of the report is not specified, the final report format will depend on the contractual arrangement between the parties involved and will be subject to the requirements of the SSAs.

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AUDIT GUIDANCE STATEMENT 9

OPINION ON RECEIPTS, EXPENDITURE, INVESTMENT OF MONEYS AND THE ACQUISITION AND DISPOSAL OF ASSETS BY STATUTORY BOARDS

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AUDIT GUIDANCE STATEMENT

AGS 9

Introduction

1. Statutory boards are constituted under Acts of Parliament and are therefore statutorily accountable to Parliament. Auditors of most statutory boards are required, by the Public Sector (Governance) Act 2018¹, to state in their report, the following²:
 - (a) Whether the financial statements show fairly the financial transactions and the state of affairs of the statutory board;
 - (b) Whether proper accounting and other records have been kept, including records of all assets of the statutory board whether purchased, donated or otherwise;
 - (c) Whether the receipts, expenditure, investment of moneys, and the acquisition and disposal of assets, by the statutory board during the financial year have been in accordance with the Public Sector (Governance) Act 2018, the constitutional Act of the statutory board³ and the requirements of any other written law applicable to moneys of or managed by the statutory board⁴; and
 - (d) Such other matters arising from the audit as the auditor considers should be reported.

Scope

2. This AGS provides guidance for work performed by the auditors of financial statements of statutory boards relating to paragraph 1(c) above. The audit of whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the statutory board have been in accordance with other relevant legal and regulatory requirements should be integrated with the audit of the financial statements.
3. Amongst others, this AGS does not apply to engagements relating to Performance Audit (Value-for-Money Audit). In a Performance Audit, the auditor looks for instances of inefficiency, wastage and extravagance from an independent perspective. For example, when examining the purchase of equipment, the auditor inquires whether the equipment is needed, whether other options have been considered in order to obtain the best value for money and whether the objectives of the purchase are eventually achieved.
4. The work of the auditor is not directed towards the discovery of all instances of non-compliance. The auditor is required to obtain reasonable assurance about whether the statutory board has complied, in all material respects, with paragraph 1(c). Reasonable assurance is a high level of assurance. It is obtained when the auditor has obtained sufficient appropriate audit evidence to reduce audit risk (that is, the risk that the auditor expresses an inappropriate opinion) to an acceptably low level. However, reasonable assurance is not an absolute level of assurance, because there are inherent limitations of an audit which result in most of the audit evidence on which the auditor draws conclusions and bases the auditor's opinion being persuasive rather than conclusive.

¹ Section 39 of the Public Sector (Governance) Act 2018.

² The Public Sector (Governance) Act 2018 does not apply to all statutory boards in Singapore. The auditor should check the applicability of the Public Sector (Governance) Act 2018 to the statutory board. If not applicable, the auditor should refer to the constitutional Act of the statutory board for the audit requirements.

³ The Act by or under which the statutory board is established.

⁴ The other written laws include but are not limited to the following:

- (a) Part XI of the Constitution of the Republic of Singapore;
- (b) The Development Fund Act 1959;
- (c) The Financial Procedure Act 1966, and the Financial Regulations; and
- (d) The Government Securities Act 1992.

These laws apply to all statutory boards where relevant.

Responsibility of Management

5. It is the responsibility of management, with the oversight of those charged with governance, to ensure that the receipts, expenditure, investment of moneys, and the acquisition and disposal of assets by the statutory board have been in accordance with the Public Sector (Governance) Act 2018, the constitutional Act of the statutory board and the requirements of any other written law applicable to moneys of or managed by the statutory board. This includes a responsibility for the statutory board's framework of risk management, the monitoring of compliance requirements relevant to the statutory board, the design and effective operation of controls and incorporating compliance requirements into procedures and to monitoring adherence to those procedures.

Objective

6. The objective of the auditor is to obtain sufficient appropriate audit evidence to form an opinion and report on whether the statutory board has complied, in all material respects, with paragraph 1(c). The auditor adopts an integrated audit approach covering the financial statements audit and the compliance audit. In an integrated audit, the auditor designs the testing to accomplish the objectives of both audits simultaneously.

Definitions

7. For purposes of this Statement, the following terms have the meanings attributed below:
 - (a) Acquisition and disposal of assets – To come into possession, ownership or control of and the selling, transferring or removal of assets as defined in the statutory board financial reporting standards.
 - (b) Compliance audit – The audit of the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the statutory board performed in accordance with this AGS to ascertain compliance with the compliance requirements.
 - (c) Compliance requirements – Public Sector (Governance) Act 2018, the constitutional Act of the statutory board and the requirements of any other written law applicable to moneys of or managed by the statutory board, including any regulations and directions⁵ with which the statutory board is required to comply.
 - (d) Expenditure – Moneys of the statutory board applied in defraying the working and establishment expenses, provision for maintenance of any property of the statutory board, expenses incurred or incidental to the investment or management of the moneys or properties of the statutory board, interest on any loan raised and any other amounts paid by the statutory board.
 - (e) Investment of moneys – Placement of the statutory board's funds in such manner for the accretion of wealth through distribution (such as interest, royalties, dividends and rentals), for capital appreciation or for other benefits to the statutory board such as those obtained through trading relationships.

⁵ This includes relevant sections of the instruction manual and finance circular minutes which are applicable to statutory boards.

- (f) Non-compliance – Acts of omission or commission by the statutory board, either intentional or unintentional, which are contrary to the compliance requirements. Such acts include transactions entered into by, or in the name of, the statutory board, or on its behalf, by those charged with governance, management or employees. Non-compliance does not include personal misconduct (unrelated to the business activities of the statutory board) by those charged with governance, management or employees of the statutory board.
- (g) Receipts – All sums received including any amounts recovered or collected by way of levying fees and charges for the services concerned or from discharging of other functions and duties of the statutory board under the constitutional Act of the statutory board and any amounts received from investments, donations and grants.
- (h) Transactions – The receipts, expenditure, investment of moneys and the acquisition and disposal of assets.

Audit Approach

Planning and Design

- 8. The auditor plans and performs procedures to determine whether, in all material respects, the statutory board's Transactions comply with the compliance requirements. The principles and procedures applied to obtain sufficient appropriate evidence to support an opinion on the compliance of Transactions of a statutory board are the same as those applied to the audit of any other financial statement assertion. Thus, in forming an opinion on compliance audit, the auditor seeks to provide reasonable assurance that the Transactions are, in all material respects, in accordance with the compliance requirements.
- 9. There may, however, be particular considerations in respect of the auditor's assessment of risk, materiality and the design of audit procedures in relation to the compliance requirements.

Obtaining a Sufficient Understanding of the Compliance Requirements

- 10. An auditor of a statutory board has, or obtains, an understanding of the compliance requirements governing the statutory board and its activities, which is sufficient to enable identification of events and practices which may have a material effect on the compliance of Transactions applicable to the statutory board. In obtaining a sufficient understanding of the compliance requirements, the auditor may seek an understanding of the statutory board's controls for incorporating the compliance requirements into its standard operating procedures. The auditor may also seek representations from the statutory board about the compliance requirements that govern its operations, but any representations received are reviewed critically in accordance with SSA 580⁶.
- 11. In all regards, the statutory board retains the responsibility for ensuring the compliance of its Transactions with the compliance requirements. The auditor has a responsibility for understanding the compliance requirements and cannot rely wholly on management representations, as the auditor's opinion on compliance audit must be based on evidence of compliance with the requirements, rather than on evidence of compliance with the statutory board's understanding of the requirements.
- 12. Understanding the compliance requirements and using this information appropriately will assist the auditor in identifying potential material non-compliance, for example, from new and complex compliance requirements or from a misinterpretation of the compliance requirements, and in developing the audit plan and its scope. Where the auditor is uncertain whether the compliance requirements have been properly interpreted and the effect could be material, it may be necessary to seek legal opinion (see paragraphs 31 to 32).

⁶ SSA 580, "Written Representations."

13. For some statutory boards, the compliance requirements governing their nature and activities may not change from year to year. In these circumstances, the auditor may already have sufficient knowledge of those compliance requirements from previous audits and may use such information, updated in the current period based on enquiries with management and those charged with governance, for the current period audit. Where the compliance requirements have changed, the auditor obtains sufficient knowledge of these requirements.
14. Where appropriate, depending on the circumstances and the auditor's professional judgement, the following are procedures the auditor may consider performing to identify and obtain an understanding of the applicable compliance requirements:
 - Understand from management the other written laws applicable to moneys of or managed by the statutory board, besides the Public Sector (Governance) Act 2018 and the constitutional Act of the statutory board, and request management to consult their legal department or legal advisor on the completeness of the applicable written laws;
 - Read the Public Sector (Governance) Act 2018, the constitutional Act of the statutory board and the requirements of any other written law applicable to moneys of or managed by the statutory board, including any regulations and directions with which the statutory board is required to comply;
 - Discuss with management and those charged with governance and staff employed by the statutory board (for example, finance officers, internal auditors, policy and legal officers). This may include discussions to identify the specific provisions in the respective laws which are relevant to the compliance audit;
 - Read documents produced by the statutory board (for example, minutes of board and other principal committee meetings, internal management reports, management policy manuals, manuals of accounting and internal control); and
 - Consider previous experiences with the statutory board.
15. The auditor's work on laws and regulations only focuses on those compliance requirements that are relevant to the statutory board's Transactions.

Identifying and Assessing the Risks of Material Non-compliance through Understanding the Statutory Board and its Environment

16. The auditor identifies and assesses the risks of material non-compliance, whether due to fraud or error, for each applicable compliance requirement, through understanding the statutory board and its environment, including the statutory board's internal control over the compliance requirements, thereby providing a basis for designing and responding to the assessed risks of non-compliance.
17. In performing risk assessment procedures, the auditor inquires of management about whether there are findings and recommendations in reports or other written communications resulting from previous audits, assurance engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit. The auditor gains an understanding of management's response to findings and recommendations that could have a material effect on the statutory board's compliance with the compliance requirements (for example, taking corrective action).
18. The auditor considers the controls over compliance requirements which mitigate the risk that a non-compliance could occur in a class of Transactions and risk which could be material would not be prevented, or detected and corrected on a timely basis, by the accounting and control systems. Where the auditor expects to be able to rely on the operation of internal controls over the compliance requirements to reduce the extent of audit procedures relating to compliance, the auditor assesses the design and implementation of those controls and plans and performs tests of their effectiveness. Internal control consists of the following components: the control environment, the statutory board's risk assessment, information and communication systems,

control activities and monitoring. SSA 315 (Revised)⁷ contains a detailed discussion of these components.

19. Some of the risk factors and the possible mitigating controls the auditor may consider in relation to compliance are summarised in Appendix II.
20. The auditor considers the significance of the identified risks of material non-compliance in determining the nature, timing and extent of audit procedures required to reduce audit risk to an acceptable level, including determining the extent of testing the implementation of any corrective actions. As part of the risk assessment, the auditor determines which of the risks identified are significant and which require special audit consideration.

Materiality in Planning and Performing a Compliance Audit

21. The concept of materiality applies to the compliance audit as to the other assertions in relation to the financial statements. In conducting a compliance audit, the overall objectives of the auditor are to obtain reasonable assurance about whether the Transactions are, in all material respects, in compliance with the compliance requirements. The auditor obtains reasonable assurance by obtaining sufficient appropriate audit evidence to reduce audit risk to an acceptable low level.
22. The same materiality can be used in a financial statements audit and in a compliance audit. Determining materiality involves the exercise of professional judgement and includes both quantitative (value) and qualitative (nature) considerations. In planning the compliance audit, the auditor uses the same materiality considerations that the auditor uses in planning the financial statements audit.

Testing for Compliance

Auditor's Responses to Assessed Risks

23. The auditor designs and performs further audit procedures whose nature, timing and extent are based on and are responsive to the assessed risks of material non-compliance. SSA 330⁸ provides guidance that may be adapted when developing an overall response to the risks of material non-compliance. The auditor also considers any exceptions from the financial statements audit and designs and performs additional audit procedures accordingly.
24. The auditor plans and performs the audit of the internal controls designed to ensure compliance as the auditor would for the audit of any other aspect of the financial statements.
25. The auditor may identify specific risks to compliance that leads to an assessment that the risk of material non-compliance is high when performing risk assessment procedures. In these circumstances, it is likely that the same risks will have been recognised by management and controls put in place to mitigate the risk. The table in Appendix II sets out some of the controls that management may put in place over the risks identified. The auditor tests the controls on which the auditor intends to rely.
26. For the purpose of compliance audit, the auditor may design a test of controls to be performed concurrently with a test of details on the same Transaction in the financial statements audit. Although the purpose of a test of controls is different from the purpose of a test of details, both may be accomplished concurrently by performing a test of controls and a test of details on the same Transaction, also known as a dual-purpose test. For example, the auditor may design and evaluate the results of, a test to examine an invoice to determine whether it has been approved and to provide substantive audit evidence of a Transaction. A dual-purpose test is designed and evaluated by considering the purpose of each test separately.

⁷ SSA 315 (Revised), "Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment."

⁸ SSA 330, "The Auditor's Responses to Assessed Risks."

27. When the auditor identifies instances of non-compliance from the test of controls, the auditor determines the impact on the control risk assessment for purpose of the financial statements audit.

Written Representations

28. The auditor obtains written representations from management and, where appropriate, those charged with governance that:
- (a) Management has disclosed to the auditor all the compliance requirements, including the written laws applicable to moneys of or managed by the statutory board.

Where deemed necessary, depending on the circumstances and the auditor's professional judgement, the auditor may request management to state the specific provisions in the respective laws which are relevant to the compliance audit.
 - (b) Management believes that it has fulfilled its responsibilities for the compliance of the Transactions with the compliance requirements.

This is particularly important in areas where direct evidence is not available to the auditor.

The length and formality of management written representations on compliance do not influence the scope of the auditor's procedures in obtaining evidence to support the compliance audit. The general principles in SSA 580 may be adapted when obtaining management representations.

Using the Work of Others

29. The auditor of a statutory board may wish to make use of the work of the internal auditor to obtain sufficient appropriate evidence in support of the compliance audit. Where the auditor considers internal audit work, the auditor applies SSA 610 (Revised 2013)⁹.
30. Where the statutory board has contracted out services to a service organisation, whether the auditor needs access to the service organisation and/or the service organisation's auditor to perform the compliance audit depends on the nature of the services provided, the information available at the statutory board, and the terms of engagement of the other auditor.

Obtaining Legal Advice

31. It is reasonable for the auditor to rely on legal opinions obtained by the statutory board concerning the compliance of Transactions with the compliance requirements where such opinions are provided by an appropriate independent expert and where there are no factors, other than those on which legal opinions have been obtained, which may lead the auditor to question the compliance of Transactions. In such circumstances, the auditor applies SSA 620¹⁰.
32. Where the auditor is uncertain about the compliance requirements, the auditor may seek legal advice. Where the auditor is considering the need to obtain legal opinions concerning the interpretation of statutes or regulations, the auditor follows the standards and guidance in SSA 620.

Reporting on Compliance

Responses to Instances of Non-compliance

33. In determining whether a statutory board has materially complied with the applicable compliance requirements, the auditor may consider the following factors:

⁹ SSA 610 (Revised 2013), "Using the Work of Internal Auditors."

¹⁰ SSA 620, "Using the Work of an Auditor's Expert."

- The quantitative impact on the financial statements; whether the aggregate value of non-compliance accumulated during the audit approaches materiality determined in accordance with paragraphs 21 to 22;
 - The frequency of non-compliance with the applicable compliance requirements identified during the audit; and
 - The nature of identified non-compliance and the circumstances of its occurrence indicate that other non-compliance may exist.
34. The auditor considers the nature and extent of any non-compliance or suspected non-compliance and, in particular, whether it arises from a fundamental misinterpretation of compliance requirements or a misapplication of rules and procedures. The most likely course is that the auditor obtains further evidence, for example, by carrying out additional testing of a particular category of Transactions.
35. Cases of non-compliance are usually reported to management and those charged with governance of the statutory board. The auditor evaluates the implications for the audit opinion, in accordance with the guidance described in SSA 705 (Revised)¹¹.
36. Where a non-compliance is discovered, the auditor considers the wider implications on the financial statements. This includes consideration of the implications for the auditor's assessment of risks and controls in relation to material non-compliance and the reliance the auditor can place on the overall control environment and representations from management.
37. In most cases of suspected non-compliance which are material, the auditor is able to reach agreement with management on whether the Transactions were in compliance with the compliance requirements. However, if the statutory board's management does not accept the auditor's opinion that the Transactions are not in compliance with the compliance requirements, then the auditor communicates in a report to the appropriate level of management, the board of directors or the audit committee the findings from the auditor's investigations into the circumstances surrounding the suspected non-compliance and the conclusions drawn therefrom.

Fraud and Non-compliance

38. The auditor may encounter situations where there is suspicion of fraud, identified by management, internal audit, third parties or the auditor. Although the auditor does not have the authority to determine whether or not a fraud has actually occurred, the auditor has a responsibility to determine whether, in the auditor's opinion, the Transactions concerned are in compliance with the compliance requirements. SSA 240¹² sets forth the requirements and the auditor's responsibilities relating to fraud and the guidance in Appendix 1 of SSA 240 provides examples of fraud risk factors.
39. Since auditors of most statutory boards are required to express an opinion on compliance, the impact of any fraud which is material always results in modification of the opinion on compliance audit. Fraud in the context of the auditor's opinion on the compliance of Transactions may embrace suspected as well as proven fraud.

Opinion on Compliance Audit

40. The opinion on the compliance audit conducted under this AGS, is in addition to the auditor's responsibility under the SSAs to report on the financial statements. This opinion is addressed in a separate section in the auditor's report that is sub-titled "Report on Other Legal and Regulatory Requirements" as described in SSA 700 (Revised)¹³. The content relevant to this compliance audit is included in paragraphs 41 to 49 of this AGS.

¹¹ SSA 705 (Revised), "Modifications to the Opinion in the Independent Auditor's Report."

¹² SSA 240, "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements."

¹³ SSA 700 (Revised), "Forming an Opinion and Reporting on Financial Statements", paragraphs 43 – 45.

Auditor's Opinion and Basis for Opinion

41. When expressing an unmodified opinion on the compliance audit, the auditor's opinion states that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the statutory board during the year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act 2018, the constitutional Act of the statutory board and the requirements of any other written law applicable to moneys of or managed by the statutory board. Examples for unmodified opinions can be found in Illustrations 1 and 2 in Appendix I.
42. The auditor's report includes a section, directly following the Opinion section, with the heading "Basis for Opinion", that:
- (a) States that the audit was conducted in accordance with SSAs;
 - (b) Refers to the section of the auditor's report that describes the auditors' responsibilities under the SSAs;
 - (c) Includes a statement that the auditor is independent of the statutory board in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements. The statement refers to the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) and the ethical requirements that are relevant to the audit of the financial statements in Singapore.
 - (d) States whether the auditor believes that the audit evidence the auditor has obtained is sufficient and appropriate to provide a basis for the opinion on the compliance audit.
43. There may be situations where an auditor is unable to express an unmodified opinion on the compliance audit. In view that this compliance audit is integrated with the audit of the financial statements of the statutory board, it may be only acceptable to have a qualified opinion on the compliance audit. A qualified opinion on the compliance audit may be required in the following instances:
- (a) The auditor, having obtained sufficient appropriate audit evidence, concludes that the instances of non-compliance, individually or in the aggregate, are material, but not pervasive, to the compliance audit;
 - (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on non-compliance, if any, could be material but not pervasive.
- In addition, the auditor considers the impact of the qualification above in auditing the financial statements of the statutory board.
44. When expressing a qualified opinion on the compliance audit, the auditor uses the heading "Qualified Opinion" and states that "Except for the effects of the matter(s) described in the Basis for Qualified Opinion section of our report, the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the statutory board during the year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act 2018, the constitutional Act of the statutory board and the requirements of any other written law applicable to moneys of or managed by the statutory board."
45. When the auditor expresses a qualified opinion on the compliance audit, the auditor, in addition to the specific elements described in paragraph 42, amends the heading "Basis for Opinion" to "Basis for Qualified Opinion" and includes a description of the matter giving rise to the modification in accordance with SSA 705 (Revised)¹⁴. An example of a qualified opinion can be found in Illustration 3 in Appendix I.

¹⁴ SSA 705 (Revised), "Modifications to the Opinion in the Independent Auditor's Report", paragraph 25.

Management's Responsibilities

46. The auditor's report includes a section with the heading "Responsibilities of Management for Compliance with Legal and Regulatory Requirements".
47. This section of the auditor's report describes the responsibilities of those in the statutory board that are responsible for ensuring that the Transactions are in compliance with the compliance requirements. The description includes an explanation that management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act 2018, the constitutional Act of the statutory board and the requirements of any other written law applicable to moneys of or managed by the statutory board, and that this responsibility includes monitoring related compliance requirements relevant to the statutory board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities

48. The auditor's report includes a section with the heading "Auditor's Responsibilities for the Compliance Audit".
49. This section of the auditor's report states the following:
 - (a) The responsibility of the auditor is to express an opinion on the compliance audit based on the audit of the financial statements;
 - (b) The auditor plans and performs the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act 2018, the constitutional Act of the statutory board and the requirements of any other written law applicable to moneys of or managed by the statutory board;
 - (c) The compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from any non-compliance arising thereof;
 - (d) Because of the inherent limitations in any internal control system, errors and irregularities may nevertheless occur and not be detected.

APPENDIX I

Illustrations of Independent Auditor's Reports

- Illustration 1: An auditor's report containing an unqualified opinion on the compliance of Transactions and an unqualified opinion on the fair presentation of the financial statements.
- Illustration 2: An auditor's report containing an unqualified opinion on the compliance of Transactions of the statutory board and an unqualified opinion on the fair presentation of the financial statements of the group.
- Illustration 3: An auditor's report containing a qualified opinion on the compliance of Transactions due to the auditor's inability to obtain sufficient appropriate audit evidence on a class of Transaction and a qualified opinion on the fair presentation of the financial statements.

Illustration 1 - An Auditor's Report Containing an Unqualified Opinion on the Compliance of Transactions and an Unqualified Opinion on the Fair Presentation of the Financial Statements.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- Audit of a complete set of financial statements of a statutory board (Board) using a fair presentation framework. The audit is not a group audit (i.e., SSA 600 (Revised)¹ does not apply).
- The financial statements are prepared by management of the Board in accordance with Statutory Board Financial Reporting Standards (a general purpose framework).
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in SSA 210².
- The auditor has concluded an unmodified (i.e., "clean") opinion is appropriate based on the audit evidence obtained.
- The relevant ethical requirements that apply to the audit comprise the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist in accordance with SSA 570 (Revised 2024)³.
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701⁴.
- The auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement of the other information.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law, including the responsibility to report on the compliance of Transactions of the Board.

INDEPENDENT AUDITOR'S REPORT

To the Members of _____ (Board)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of _____ (the Board), which comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

¹ SSA 600 (Revised), "Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)."

² SSA 210, "Agreeing the Terms of Audit Engagements."

³ SSA 570 (Revised 2024), "Going Concern."

⁴ SSA 701, "Communicating Key Audit Matters in the Independent Auditor's Report."

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the Public Sector (Governance) Act), the [name of the constitutional Act] (the Act)⁵ and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Board as at 31 December 20X1 and the results, changes in equity and cash flows of the Board for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Going Concern

No Material Uncertainty Related to Going Concern⁶

In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Board's ability to continue as a going concern.

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

Management is responsible for the other information. The other information comprises the [information included in the X report,⁷ but does not include the financial statements and our auditor's report thereon.]

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management's and Those Charged with Governance for the Financial Statements⁸

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Public Sector (Governance) Act, the Act⁵ and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary

⁵ This refers to the constitutional Act of the statutory board. The auditor should check if there are financial provisions in the constitutional Act that are relevant to the preparation of financial statements. If there are no such provisions, the auditor would not need to opine on whether the financial statements are properly drawn up in accordance with the provisions of the constitutional Act of the statutory board. Accordingly, the reference to the constitutional Act here should be removed.

⁶ This additional sub-title may be useful to enhance intended users' understanding about the nature of the matters addressed in the Going Concern section of the auditor's report.

⁷ A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

⁸ Or other term that is appropriate in the context of the legal framework.

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Board or for the Board to cease operations⁹.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.¹⁰
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

⁹ In rare circumstances where amendments to the description of management's responsibilities over going concern are warranted to cater to the specific circumstances of the statutory board, the auditor should exercise professional judgement as to the appropriate wordings to be used.

¹⁰ This sentence would be modified, as appropriate, in circumstances when the auditor also has a responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit, including any:

- Significant deficiencies in internal control;
- Identified fraud or suspected fraud; and
- Other matters related to fraud that are, in our judgment, relevant to the responsibilities of those charged with governance.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence.

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act, the Act¹¹ and the requirements of any other written law applicable to moneys of or managed by the Board; and
- (b) proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Board in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements¹²

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board. This responsibility includes monitoring related compliance requirements relevant to the Board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose

¹¹ If the reference to the constitutional Act of the statutory board is removed from the "Opinion" section under the "Report on the Audit of the Financial Statements" section (see footnote 5), the constitutional Act of the statutory board, when first described here, should be stated in full. Accordingly, "the Act" will be replaced by "the [name of the constitutional Act] (the Act)".

¹² Or other term that is appropriate in the context of the legal framework.

of expressing an opinion on the effectiveness of the Board's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

[The form and content of this section of the auditor's report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law or regulation. The matters addressed by other law or regulation (referred to as "other reporting responsibilities") shall be addressed within this section unless the other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the SSAs as part of the Report on the Audit of the Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those required by the SSAs may be combined (i.e., included in the Report on the Audit of the Financial Statements section under the appropriate subheadings) provided that the wording in the auditor's report clearly differentiates the other reporting responsibilities from the reporting that is required by the SSAs where such a difference exists.]

The engagement partner on the audit resulting in this independent auditor's report is [name].

Public Accountants and
Chartered Accountants
Singapore

(Firm)
(Date)

Note:

The opinion paragraph may have to be amended to report on matters specifically required under the relevant Act.

Illustration 2 - An Auditor's Report Containing an Unqualified Opinion on the Compliance of Transactions of the Statutory Board and an Unqualified Opinion on the Fair Presentation of the Financial Statements of the Group.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- Audit of a complete set of consolidated financial statements, the statement of financial position, statement of comprehensive income and statement of changes in equity of a statutory board (Board) using a fair presentation framework. The audit is a group audit of a Board with subsidiaries (i.e., SSA 600 (Revised) applies).
- The financial statements are prepared by management of the Board in accordance with Statutory Board Financial Reporting Standards (a general purpose framework).
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in SSA 210.
- The auditor has concluded an unmodified (i.e., "clean") opinion is appropriate based on the audit evidence obtained.
- The relevant ethical requirements that apply to the audit comprise the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist in accordance with SSA 570 (Revised 2024).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701.
- The auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement of the other information.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law, including the responsibility to report on the compliance of Transactions of the Board.

INDEPENDENT AUDITOR'S REPORT

To the members of _____ (Board)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of _____ (the Board) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Board as at 31 December 20X1, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of the Board for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Board are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the Public Sector (Governance) Act), the [name of the constitutional Act] (the Act)¹³ and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and the Board as at 31 December 20X1 and the results and changes in equity of the Group and the Board and cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

*No Material Uncertainty Related to Going Concern*¹⁴

In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Board's ability to continue as a going concern.

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

Management is responsible for the other information. The other information comprises the [information included in the X report,¹⁵ but does not include the financial statements and our auditor's report thereon.]

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements¹⁶

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Public Sector (Governance) Act, the Act¹² and Statutory Board

¹³ This refers to the constitutional Act of the statutory board. The auditor should check if there are financial provisions in the constitutional Act that are relevant to the preparation of financial statements. If there are no such provisions, the auditor would not need to opine on whether the financial statements are properly drawn up in accordance with the provisions of the constitutional Act of the statutory board. Accordingly, the reference to the constitutional Act here should be removed.

¹⁴ This additional sub-title may be useful to enhance intended users' understanding about the nature of the matters addressed in the Going Concern section of the auditor's report.

¹⁵ A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

¹⁶ Or other term that is appropriate in the context of the legal framework.

Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Group or for the Group to cease operations¹⁷.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.¹⁸
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion

¹⁷ In rare circumstances where amendments to the description of management's responsibilities over going concern are warranted to cater to the specific circumstances of the statutory board, the auditor should exercise professional judgement as to the appropriate wordings to be used.

¹⁸ This sentence would be modified, as appropriate, in circumstances when the auditor also has a responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit, including any:

- Significant deficiencies in internal control;
- Identified fraud or suspected fraud; and
- Other matters related to fraud that are, in our judgment, relevant to the responsibilities of those charged with governance.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence.

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act, the Act¹⁹ and the requirements of any other written law applicable to moneys of or managed by the Board.
- (b) proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Group in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements²⁰

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board. This responsibility includes monitoring related compliance requirements relevant to the Board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose

¹⁹ If the reference to the constitutional Act of the statutory board is removed from the "Opinion" section under the "Report on the Audit of the Financial Statements" section (see footnote 12), the constitutional Act of the statutory board, when first described here, should be stated in full. Accordingly, "the Act" will be replaced by "[name of the constitutional Act] (the Act)".

²⁰ Or other term that is appropriate in the context of the legal framework.

of expressing an opinion on the effectiveness of the Board's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

[The form and content of this section of the auditor's report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law or regulation. The matters addressed by other law or regulation (referred to as "other reporting responsibilities") shall be addressed within this section unless the other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the SSAs as part of the Report on the Audit of the Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those required by the SSAs may be combined (i.e., included in the Report on the Audit of the Financial Statements section under the appropriate subheadings) provided that the wording in the auditor's report clearly differentiates the other reporting responsibilities from the reporting that is required by the SSAs where such a difference exists.]

The engagement partner on the audit resulting in this independent auditor's report is [name].

Public Accountants and
Chartered Accountants
Singapore

(Firm)
(Date)

Note:

The opinion paragraph may have to be amended to report on matters specifically required under the relevant Act.

Illustration 3 - An Auditor's Report Containing a Qualified Opinion on the Compliance of Transactions Due to the Auditor's Inability to Obtain Sufficient Appropriate Audit Evidence on a Class of Transaction and a Qualified Opinion on the Fair Presentation of the Financial Statements.

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- Audit of a complete set of financial statements of a statutory board (Board) using a fair presentation framework. The audit is not a group audit (i.e., SSA 600 (Revised) does not apply).
- The financial statements are prepared by management of the Board in accordance with Statutory Board Financial Reporting Standards (a general purpose framework).
- The terms of the audit engagement reflect the description of management's responsibility for the financial statements in SSA 210.
- The auditor was unable to obtain sufficient appropriate audit evidence on whether all related parties (non-government related entities) have been identified; completeness of disclosure for such related party balances and transactions in the financial statements; and whether such related party transactions were made after necessary approvals were obtained. The possible effects of this inability to obtain sufficient appropriate audit evidence are deemed to be material but not pervasive to the financial statements (i.e., a qualified opinion is appropriate).
- The relevant ethical requirements that apply to the audit comprise the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements relating to the audit in Singapore, and the auditor refers to both.
- Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist in accordance with SSA 570 (Revised 2024).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with SSA 701.
- The auditor has obtained all of the other information prior to the date of the auditor's report and the matter giving rise to the qualified opinion on the financial statements also affects the other information.
- Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
- In addition to the audit of the financial statements, the auditor has other reporting responsibilities required under local law, including the responsibility to report on the compliance of Transactions of the Board.

INDEPENDENT AUDITOR'S REPORT

To the Members of _____ (Board)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of _____ (the Board), which comprise the statement of financial position as at 31 December 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the impact of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the Public Sector (Governance) Act), the [name of the constitutional Act]²¹ and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Board as at 31 December 20X1 and the results, changes in equity and cash flows of the Board for the year ended on that date.

Basis for Qualified Opinion

Management was unable to provide a complete list of related party (non-government related entities) transactions as defined by Statutory Board Financial Reporting Standard 24, *Related Party Disclosures*. Due to certain lapses in internal controls during the year, transactions with related parties (non-government related entities) were not identified or subject to appropriate levels of approval. Consequently, we were not able to obtain sufficient appropriate evidence on the following:

- a) whether all related parties (non-government related entities) have been identified;
- b) completeness of disclosure for such related party balances and transactions in the financial statements; and
- c) whether such related party transactions were made after necessary approvals were obtained.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Going Concern

*No Material Uncertainty Related to Going Concern*²²

In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Board's ability to continue as a going concern.

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

Management is responsible for the other information. The other information comprises the [information included in the X report,²³ but does not include the financial statements and our auditor's report thereon.]

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

²¹ This refers to the constitutional Act of the statutory board. The auditor should check if there are financial provisions in the constitutional Act that are relevant to the preparation of financial statements. If there are no such provisions, the auditor would not need to opine on whether the financial statements are properly drawn up in accordance with the provisions of the constitutional Act of the statutory board. Accordingly, the reference to the constitutional Act here should be removed.

²² This additional sub-title may be useful to enhance intended users' understanding about the nature of the matters addressed in the Going Concern section of the auditor's report.

²³ A more specific description of the other information, such as "the management report and chairman's statement," may be used to identify the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about the related party disclosures and transactions. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements²⁴

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Public Sector (Governance) Act, the Act¹⁹ and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Board or for the Board to cease operations²⁵.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.²⁶
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

²⁴ Or other term that is appropriate in the context of the legal framework.

²⁵ In rare circumstances where amendments to the description of management's responsibilities over going concern are warranted to cater to the specific circumstances of the statutory board, the auditor should exercise professional judgement as to the appropriate wordings to be used.

²⁶ This sentence would be modified, as appropriate, in circumstances when the auditor also has a responsibility to issue an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements.

or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit, including any:

- Significant deficiencies in internal control;
- Identified fraud or suspected fraud; and
- Other matters related to fraud that are, in our judgment, relevant to the responsibilities of those charged with governance.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence.

Report on Other Legal and Regulatory Requirements

Qualified Opinion

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report:

- (a) the receipts, expenditure, investment of moneys and acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act, the Act²⁷ and the requirements of any other written law applicable to moneys of or managed by the Board.
- (b) proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise.

Basis for Qualified Opinion

Due to certain lapses in internal controls during the year as highlighted in the *Basis for Qualified Opinion* section under the *Report on the Audit of the Financial Statements* section above, we were not able to obtain sufficient appropriate evidence on whether transactions with all related parties (non-government related) transactions were in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Board in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on management's compliance.

²⁷ If the reference to the constitutional Act of the statutory board is removed from the "Qualified Opinion" section under the "Report on the Audit of the Financial Statements" section (see footnote 19), the constitutional Act of the statutory board, when first described here, should be stated in full. Accordingly, "the Act" will be replaced by "the [name of the constitutional Act] (the Act)".

Responsibilities of Management for Compliance with Legal and Regulatory Requirements²⁸

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board. This responsibility includes monitoring related compliance requirements relevant to the Board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

[The form and content of this section of the auditor's report would vary depending on the nature of the auditor's other reporting responsibilities prescribed by local law or regulation. The matters addressed by other law or regulation (referred to as "other reporting responsibilities") shall be addressed within this section unless the other reporting responsibilities address the same topics as those presented under the reporting responsibilities required by the SSAs as part of the Report on the Audit of the Financial Statements section. The reporting of other reporting responsibilities that address the same topics as those required by the SSAs may be combined (i.e., included in the Report on the Audit of the Financial Statements section under the appropriate subheadings) provided that the wording in the auditor's report clearly differentiates the other reporting responsibilities from the reporting that is required by the SSAs where such a difference exists.]

The engagement partner on the audit resulting in this independent auditor's report is [name].

Public Accountants and
Chartered Accountants
Singapore

_____ (Date)

Note:

The opinion paragraph may have to be amended to report on matters specifically required under the relevant Act.

²⁸ Or other term that is appropriate in the context of the legal framework.

APPENDIX II

Risks to Compliance and Possible Control Procedures

Risk	Description	Mitigating Controls
Complexity of regulations	The more complex the regulations, the greater the risk of error. This may occur either through a misunderstanding or misinterpretation of the regulation or through an error in application.	• Formal procedures for the incorporation of statutory requirements into operating instructions. • Formal control plans prepared and monitored by appropriate personnel. • Review of control plans and operating manuals by internal audit or some other independent audit.
New compliance requirements	New compliance requirements may require the introduction of new administrative and control procedures. This may result in errors in either the design or operation of controls required to ensure compliance.	The controls identified above involving formal procedures for the incorporation of statutory requirements into operating instructions. Formal control plans and the independent review of operating instructions and control plans will also apply.
Services and programmes delivered through third parties	Where programmes are administered by agents, statutory boards lose a degree of direct control and may have to rely on agents to ensure compliance with the compliance requirements.	• Formal agreements between the statutory board and the agent defining control procedures to be applied in the administration of services. • Management control and monitoring of third party activities. • Inspection visits by internal audit to third parties to review systems and procedures, including those relevant to compliance. • Independent certification of the transactions by the third parties' auditor.
Payments and receipts made on the basis of claims or declarations	A statutory board's ability to confirm compliance with the compliance requirements may be restricted where, for example, criteria specified are not subject to direct verification.	• Established criteria for making claims, clearly set out in departmental instructions and guidance to claimants. • Standard requirements for documentation evidencing entitlement to be submitted in support of claims. • Physical inspection of claimants' records etc., to confirm eligibility.

APPENDIX III

Audit Approach Flowchart

The diagram below reflects the typical flow of the execution of a compliance audit of a statutory board.

