

**Budget template- Audit**

Tasks	SG team only Hours	Offshoring to the Philippines			Offshoring to Vietnam			Offshoring to Malaysia		
		SG	Philippines	Total	SG	Vietnam	Total	SG	Malaysia	Total
		% of tasks performed by each team			% of tasks performed by each team			% of tasks performed by each team		
<b>Planning</b>										
- Planning matters	3.0	100%	0%	100%	100%	0%	100%	100%	0%	100%
<b>Audit working file preparation</b>										
<b>Procedures to be offshored:</b>										
- List of customised schedules to be prepared by client										
- Casting and checking of schedules prepared by client										
- Prepare leadsheets for all sections and agree subledgers with general ledger for all sections	9.0	22%	78%	100%	28%	72%	100%	24%	76%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Final audit</b>										
<b>General procedures</b>										
<b>Procedures to be offshored:</b>										
- Perform overall analytical review										
- Exchange rate reasonableness test										
- Monitoring and updating of outstanding matters list	10.5	48%	52%	100%	50%	50%	100%	52%	48%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Cash and bank balances</b>										
<b>Procedures to be offshored:</b>										
- Agree bank confirmations to GL										
- Review bank reconciliations and agree bank and cash book balances										
- Recomputation of foreign denominated balances to functional currency	5.0	33%	67%	100%	40%	60%	100%	40%	60%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Trade and other receivables, including related parties</b>										
<b>Procedures to be offshored:</b>										
- Circularisation:										
- Select samples for circularisation based on criteria set by SG team										
- Review of confirmation reply and in the event of reconciliation, to review the reconciliation										
- Recomputation of foreign denominated balances to functional currency										
- Identify potential doubtful debts based on criteria set by SG team										
- Review of credit balances and unusual items	7.5	38%	62%	100%	44%	56%	100%	44%	56%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Inventories</b>										
<b>Procedure to be offshored:</b>										
- Select samples for costing and net realisable value testings based on criteria set by SG team	15.5	88%	12%	100%	90%	10%	100%	90%	10%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Property, plant and equipment and related income statement accounts</b>										
<b>Procedures to be offshored:</b>										
- Select samples for additions/disposals testings based on criteria set by SG team										
- Depreciation reasonableness test	4.0	33%	67%	100%	38%	63%	100%	38%	63%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Trade and other account payables, including related parties</b>										
<b>Procedures to be offshored:</b>										
- Circularisation:										
- Select samples for circularisation based on criteria set by SG team										
- Review of confirmation reply and in the event of reconciliation, to review the reconciliation										
- Recomputation of foreign denominated balances to functional currency										
- Review debit balances	7.5	41%	59%	100%	44%	56%	100%	44%	56%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Income taxes and deferred taxes</b>										
<b>Procedure to be offshored:</b>										
- Review of tax computation for current year	4.0	70%	30%	100%	75%	25%	100%	75%	25%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Hire purchase</b>										
<b>Procedures to be offshored:</b>										
- Check interest expenses and check for compliance with agreements										
- Ascertain HP balances are correctly stated at reporting date	2.0	0%	100%	100%	0%	100%	100%	0%	100%	100%
<b>Commitments and Contingencies</b>										
- Review of commitments and contingencies schedule	1.0	100%	0%	100%	100%	0%	100%	100%	0%	100%
<b>Share capital (including statutory review)</b>										
<b>Procedures to be offshored:</b>										
- Document summary of minutes review	3.0	60%	40%	100%	62%	38%	100%	57%	43%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Profit and loss (P/L)</b>										
<b>Procedures to be offshored:</b>										
- Select samples for audit procedures for P/L based on criteria set by SG team										
- Payroll reasonableness test										
- CPF reasonableness test										
- Identify large and/or unusual expenses for review by SG team										
- Rental reasonableness test										
- Other procedures (To be performed locally)	16.5	59%	41%	100%	42%	58%	100%	39%	61%	100%
<b>Reporting and its deliverables</b>										
<b>Procedures to be offshored:</b>										
- Review of financial statements including checking casting and cross-referencing to respective audit schedules	9.0	64%	36%	100%	63%	37%	100%	63%	37%	100%
<b>Other procedures (To be performed locally)</b>										
<b>Total staff's hours</b>	<b>97.5</b>	<b>61.2</b>	<b>52.0</b>	<b>113.2</b>	<b>56.2</b>	<b>48.0</b>	<b>104.2</b>	<b>54.7</b>	<b>46.5</b>	<b>101.2</b>
<b>Cost per hour</b>	<b>\$28</b>	<b>\$28</b>	<b>\$5</b>		<b>\$28</b>	<b>\$4</b>		<b>\$28</b>	<b>\$11</b>	
<b>Total cost</b>	<b>\$2,708</b>	<b>\$1,700</b>	<b>\$258</b>		<b>\$1,561</b>	<b>\$190</b>		<b>\$1,506</b>	<b>\$532</b>	
<b>Reduction in SG staff's time</b>				<b>-37%</b>			<b>-42%</b>			<b>-44%</b>
<b>Overall cost savings</b>				<b>(\$750)</b>			<b>(\$957)</b>			<b>(\$670)</b>

**Assumptions:**

- The SG team comprises a partner, a manager and a staff.
- Under offshoring arrangement, the engagement team comprises a partner, a manager and a staff (one in SG and its offshore location respectively).
- Staff in the SG office and offshore office are trained on the same platform and with at least 3 years of relevant work experience.
- Manager is a professional with at least 9 years of relevant work experience.
- Staff cost includes overheads and other costs such as office rental, administrative expenses, depreciation of equipment, utilities and transportation.
- Staff cost for SG office is taken from the case study for Sustainable Audit Practice published in the July 2014 ISCA journal. Please refer to <http://isca.org.sg/tkc/aa/qa/projects/>.
- Staff costs for the respective offshore offices were concurred by practitioners with experience in those countries.
- Estimated hours stated above are based on efficient hours.
- The audit procedures in italic do not represent the complete set of procedures that can be offshored. The type of audit procedures that can be offshored depends on the industry the audit client is in and the complexity of the engagement.
- The number of hours indicated above are the estimated hours required to complete a section.

## Budget template- Tax

Tasks	SG team only Hours	Offshoring to the Philippines			Offshoring to Vietnam			Offshoring to Malaysia		
		SG	Philippines	Total	SG	Vietnam	Total	SG	Malaysia	Total
		% of tasks performed by each team			% of tasks performed by each team			% of tasks performed by each team		
<b>Planning</b>										
- Verify client's profiles and delegate tasks	2.0	100%	0%	100%	100%	0%	100%	100%	0%	100%
<b>Notional tax computation</b>										
<b>Procedures to be offshored:</b>										
- Identify deductibles and non-deductibles expenses; taxable & non-taxable income	15.0	17%	83%	100%	17%	83%	100%	19%	81%	100%
- Prepare tax notes										
- Liaise with clients for additional information & documents										
- Drafting of notional tax computation										
Review of back office tax work (To be performed locally)										
<b>Final tax computation</b>										
<b>Procedures to be offshored:</b>										
- Review of audit adjustments and schedules	6.0	18%	82%	100%	18%	82%	100%	13%	87%	100%
- Revise and finalise tax computation, schedules and tax notes										
Review of back office tax work (To be performed locally)										
<b>Reporting and its deliverables</b>										
<b>Procedure to be offshored:</b>										
- Prepare Form C/C-S including renovation itemised list and PIC schedule	4.0	56%	44%	100%	56%	44%	100%	56%	44%	100%
Review of final required documents for IRAS submission (To be performed locally)										
Total staff's hours	27.0	10.5	30.0	40.5	10.5	30.0	40.5	8.5	22.0	30.5
Cost per hour	\$28	\$28	\$5		\$28	\$4		\$28	\$11	
Total cost (excluding partner and manager)	\$750	\$292	\$149		\$292	\$119		\$236	\$252	
Reduction in SG staff's time										
Overall cost savings				-61%						69%
				(\$310)						(\$262)

### Assumptions:

- The SG team comprises a partner and a staff.
- Under offshoring arrangement, the engagement team comprises a partner, a staff (one in SG and its offshore location respectively).
- Staff in the SG office and offshore office are trained on the same platform and with at least 3 years of relevant work experience.
- Manager is a professional with at least 9 years of relevant work experience.
- Staff cost includes overheads and other costs such as office rental, administrative expenses, depreciation of equipment, utilities and transportation.
- Staff cost for SG office is taken from the case study for Sustainable Audit Practice published in the July 2014 ISCA journal. Please refer to <http://isca.org.sg/tkc/aa/qa/projects/>.
- Staff costs for the respective offshore offices were concurred by practitioners with experience in those countries.
- Estimated hours stated above are based on efficient hours.
- The procedures in italic do not represent the complete set of procedures that can be offshored. The type of procedures that can be offshored depends on the industry the audit client is in and the complexity of the engagement.
- The number of hours indicated above are the estimated hours used to complete a section.

## Budget template- Accounting

Tasks	SG team only	Offshore to the Philippines	Offshore to Vietnam	Offshore to Malaysia
Total hours for staff	100	118	118	100
SG staff's review hours		15	15	10
Total engagement hours	100	133	133	110
Cost per hour- for staff (local)	\$28	\$28	\$28	\$28
Cost per hour - staff (offshore office)		\$5	\$4	\$11
Total staff cost (excluding partner)	\$2,778	\$1,002	\$885	\$1,422
Reduction in SG staff's time		-85%	-85%	-90%
Overall cost savings		(\$1,776)	(\$1,893)	(\$1,355)

### Assumptions:

- 1 The SG team comprises a partner and a staff.
- 2 Under offshoring arrangement, the team comprises a partner in the SG office and a staff in the Philippines.
- 3 Staff in the SG office and offshore office are trained on the same platform and with at least 3 years of relevant work experience.
- 4 Staff cost includes overheads and other costs such as office rental, administrative expenses, depreciation of equipment, utilities and transportation.
- 5 Staff cost for SG office is taken from the case study for Sustainable Audit Practice published in the July 2014 ISCA journal. Please refer to <http://isca.org.sg/tkc/aa/qa/projects/>.
- 6 Staff costs for the respective offshore offices were concurred by practitioners with experience in those countries.
- 7 Estimated hours stated above are based on efficient hours.
- 8 Generally, the staff in the offshore offices can handle all accounting work (e.g. double entries) and areas which require professional judgement (e.g. provision, doubtful debts) are taken care by the partner.