



REGISTRY OF MUTUAL BENEFIT ORGANISATIONS

Ministry of Culture, Community and Youth

[Updated 6 May 2021¹]

Dear Sir/Mdm,

AUDIT OF FINANCIAL STATEMENTS OF MUTUAL BENEFIT ORGANISATIONS

Mutual Benefit Organisations (MBOs) are registered under the MBO Act. As such, they are required to comply with the provisions under the said Act and the Rules made thereunder.

2 One of the provisions of the MBO Act (Section 14) requires every registered organisation to submit once in every year its annual return of receipts and expenditure duly audited, together with a copy of the auditor's report. In this regard, as appointed auditors of MBOs, you are required to highlight any contravention or non-compliance of the MBO Act and Rules, and the organisation's rules, with regard to the statement of accounts (Section 13 (2) of the MBO Act).

3 In particular, we would like to draw your attention to Rule 5 of the MBO Rules which indicate that:

"The amount that may deducted by a registered organisation for administration or any other expense shall not exceed 30% of the total receipts from subscription, except that the Registrar may, where he is satisfied that the circumstances of any registered organisation so require, allow a deduction of administration or any other expense in excess of the said 30%"

We note that a number of the MBOs have not complied with this Rule, yet it was not highlighted in the Auditor's Report.

4 We would like the MBO's contravention or non-compliance of any provision in the MBO Act/Rules or the organisation's rules to be highlighted in the Auditor's Report so that we can take the necessary action to ensure that such irregularities are rectified and avoided in future.

5 We thank you for your attention and co-operation in this matter.

6 If you need any clarification, you may email to: MCCY_Regmbo@mccy.gov.sg.

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MINISTRY OF CULTURE, COMMUNITY AND YOUTH

¹ Circular was first issued by the Registry on 1 August 2001