

Science and Technology Development Fund Guidelines on Agreed-Upon Procedures for Scientific Research Projects (for projects funded since 2023)

To align with the requirements set forth in No.001/GPSAP/AF/2023 *Guidelines for the Inspection of Funded Activities or Projects* (hereinafter referred to as the “Inspection Guidelines”) issued by the Office for the Planning of the Supervision of the Public Assets (GPSAP) of the Macao SAR, and ensure that public financial funding is reasonably used in relevant activities or projects and that related equipment and facilities are properly utilized, managed and maintained, the Science and Technology Development Fund (hereinafter referred to as “FDCT”) has developed the Guidelines on Agreed-Upon Procedures for Scientific Research Projects, aiming to assist the Funded Party in clearly understanding the financial management regulations that apply to funded projects and strengthen FDCT’s oversight and verification of financial expenditures on funded scientific research projects.

In situations where the principal investigators (PIs) of higher education institution projects and the entities or natural persons of non-higher education institution projects participate in the same funding scheme and the cumulative amount of funds granted reaches or exceeds MOP 1 million in the current year, it is necessary to employ certified public accountant (CPA), certified public accountants (CPAs), accountant who can provide accounting and tax services, and accounting company which can provide accounting and tax services for the above-mentioned funded projects, and submit the corresponding agreed-upon procedures reports. Additionally, the corresponding completion declarations shall be filed through the application system of FDCT within 90 days following the conclusion of the projects.

I. Requirements for income and expenditure vouchers

According to the requirements stipulated in the Inspection Guidelines, the Funded Party shall properly organize and retain the following materials:

1. Income vouchers:

- (1) Funds granted by public departments or entities: Relevant income vouchers, such as documents issued by public departments or entities (detailing the name of the Funding Party, name of the Funded Party, name of the funded activity or project, date of issuance, and amount), bank transfer notices, deposit vouchers, etc.
- (2) Funds granted by private entities/institutions or natural persons: Relevant income vouchers, such as documents regarding the reception of funds (detailing the name of the Funding Party, name of the Funded Party, name of the funded activity/project, date of issuance, and amount), receipts, bank transfer notices, deposit vouchers, etc. If such income vouchers are not available, the Funded Party may provide relevant records or proofs of receipt as evidence. The relevant documents shall include the contact information of the Funding Party, such as address, telephone number, email, etc.
- (3) Other income (including but not limited to sales and service income, group

fees, application fees and registration fees): Relevant income vouchers, such as invoices, receipts or stubs (detailing the names of the Buyer and the Seller, name of the product or service, date of issuance, voucher number and amount), bank transfer notices, deposit vouchers, etc.

2. Expenditure vouchers:

- (1) Expenditures on companies or institutions: Relevant expenditure vouchers, such as invoices or receipts issued by the company or institution, detailing the names of the Buyer and the Seller, name of the product or service, date of issuance, voucher number, amount, and the contact information of the Seller, such as address, telephone number, email, etc., or the contact materials that contain details about the associated company or institution indicated by the Funded Party. If the leased property is involved, in addition to the information mentioned above, the invoices or receipts shall include the information on the address of the property.
- (2) Expenditures on local researchers and external expert advisors: Relevant documents shall detail the names, ID numbers, working hours, and monthly/hourly salaries of researchers as well as project numbers, names, and receipt or transfer certificates. Moreover, the signature and seal of the financial department for confirmation as well as the name and title of the confirming person shall be attached to the corresponding documents.
- (3) Expenditures on natural persons except for those mentioned above: Relevant expenditure vouchers, such as receipts (detailing the names of the Buyer and the Seller, name of the product or service, date of issuance, voucher number, amount, and the contact information of the Seller, such as address, telephone number, email, etc., or the above-mentioned contact materials indicated by the Funded Party) provided by the natural persons, the Form M/7 for occupational tax (detailing the names of the customer and the issuer, name of the service, tax number of the issuer, date of issuance, voucher number, and the business and amount contained in the occupational tax articles attachment).

3. Other provisions concerning original documents:

- (1) Bills, invoices and receipts shall be issued sequentially, and any cancelled receipts shall be kept properly;
- (2) When the receipts or expenses listed on an original voucher involve a discount, the actual amount paid shall be indicated;
- (3) In case of transactions not using pataca (MOP), the Funded Party shall specify the name of the currency used and the exchange rate;
- (4) If the original voucher is missing or the data is incomplete, the Funded Party shall provide a written statement, and the responsible individual or authorized financial executive shall sign and date the pertinent documents to validate the explanation;
- (5) If there is a need to alter the information on the original voucher, the corresponding product or service provider shall update the details in accordance with the actual situation and apply their official seal to the area where modifications have been made;
- (6) If any transaction involves a conflict of interest arising from interested party

transactions, in other words, the vendor or the interested party of product procurement or service provision falls under one of the following situations:

- a. The Funded Party (natural person) is a shareholder of the vendor, or a member of the administrative organ of the vendor;
- b. The spouse/lineal relative/in-law/any collateral relative or in-law within second degree of consanguinity of the Funded Party (natural person)/any person who lives with the Funded Party under a common economy, or a project member of the funded project, is the vendor, or a shareholder of the vendor, or a member of the administrative organ of the vendor;
- c. The project member of the funded project, shareholder/member of the administrative organ of the Funded Party (legal person) of projects undertaken by non-higher education institutions, or the spouse/lineal relative/in-law/any collateral relative or in-law within second degree of consanguinity of the above-mentioned parties/any person who lives with them under a common economy, is the vendor, or a shareholder of the vendor, or a member of the administrative organ of the vendor;
- d. The Funded Party (legal person) is a shareholder of the vendor.

The Funded Party shall state the facts on the income and expenditure vouchers. In addition, the Funded Party shall provide the contact information on the related transaction party, present at least one non-interested vendor for price comparison, and explain the rationality of the interested party transactions

II. Elements of external inspection

1. Acceptance of external inspections and implementation of agreed-upon procedures

In addition to preparing the final report in accordance with the Inspection Guidelines, the Funded Party shall employ a CPA, CPAs, accountant who can provide accounting and tax services, and accounting company which can provide accounting and tax services to execute the agreed-upon procedures and prepare and issue a report on the implementation of these procedures. The Funded Party shall also submit the report through the application system of FDCT within 90 days following the conclusion of the projects.

2. Signing of the business agreement

The Funded Party shall sign a business agreement with the CPA, CPAs, accountant who can provide accounting and tax services, and accounting company which can provide accounting and tax services employed. The agreement shall include the following elements:

- (1) The purpose of entrusting to conduct the agreed-upon procedures;
- (2) Financial information on the agreed-upon procedures to be implemented, such as income, expenditures, and the resulting balance;
- (3) The nature, time, and scope of the agreed-upon procedures to be implemented;
- (4) The specific agreed-upon procedures to be implemented, such as inquiries and analyses, observations, inspections, external confirmations, recalculations, comparisons, and verification;

- (5) The report sample;
- (6) Restrictions on the distribution and utilization of the report. The users of the report, including the Funded Party, FDCT, and the supervisory entity or regulatory authority, shall be listed.

If the CPA, CPAs, accountant who can provide accounting and tax services, and accounting company which can provide accounting and tax services employed possess the requisite professional competence and there are reasonable standards of judgment, the Funded Party shall specify in the business agreement the implementation of agreed-upon procedures for other financial information and non-financial information with the CPA, CPAs, accountant who can provide accounting and tax services, and accounting company which can provide accounting and tax services by referring to the Inspection Guidelines and applicable agreed-upon procedure guidelines.

3. Inspection plan for the implementation of agreed-upon procedures

The Funded Party shall ask the CPA, CPAs, accountant who can provide accounting and tax services, and accounting company which can provide accounting and tax services employed to conduct inspections according to the following conditions:

- (1) Check original income and expenditure vouchers:
 - A. Income vouchers: Check all income related to the project.
 - B. Expenditure vouchers:
 - a. Personnel expenditures: Verify all personnel expenditures, and verify the authenticity of their signatures and seals.
 - b. Non-personnel expenditures: Verify whether the amount of the sample and relevant descriptions are consistent with those given in the supporting document. The supporting documents may include invoices, purchase contracts, or other documents. For each detail list, the standard and quantity for the selected sample of other non-personnel expenditure items are as follows:
 - b1. All expenditure items with a single transaction of MOP 50,000 or more shall be checked;
 - b2. Remaining expenditure items with a single transaction less than MOP 50,000 shall undergo random inspection, and the total amount of samples selected shall not be less than 20% of the total amount of the associated expenditure items;
 - b3. If the total amount of samples selected constitutes 50% or more of the total amount of other non-personnel expenditure items following the completion of the procedures in b1 and b2, additional sampling will not be necessary;
 - b4. If the total amount of samples selected does not reach 50% of the total amount of other non-personnel expenditure items following the completion of the procedures in b1 and b2, it is necessary to continue to randomly check the expenditure items with a single amount less than MOP

50,000 until the total amount of the samples selected reaches 50% of the total amount of other non-personnel expenditure items.

- (2) Sending of the confirmation letter: For a single transaction with an amount of MOP 1 million or more, the confirmation letter shall be sent.
- (3) On-site inspection: In addition to the above-mentioned inspections and sending of the confirmation letter, on-site inspection procedures shall also be conducted if there are expenditures on engineering or equipment procurement and the amount of a single transaction reaches MOP 1 million or more.

4. Documents that shall be provided by the Funded Party

The Funded Party shall provide the CPA, CPAs, accountant who can provide accounting and tax services, and accounting company which can provide accounting and tax services employed with the following documents:

- (1) The funding regulations, funding schemes, and other guidelines formulated by FDCT;
- (2) The notice of funding approval, the application documents, and any documentation about modifications, if any, to the funded activity or project;
- (3) The completed final report requested by FDCT and a copy of the final report prepared in accordance with the Inspection Guidelines of GPSAP;
- (4) All income and expenditure vouchers;
- (5) List of fixed assets (if applicable).

5. Notes on the implementation of agreed-upon procedures

The Funded Party shall request the CPA, CPAs, accountant who can provide accounting and tax services, and accounting company which can provide accounting and tax services employed to follow the funding regulations, funding schemes, and pertinent guidelines when implementing the agreed-upon procedures. The Funded Party shall also request them to adhere to applicable agreed-upon procedure standards, accounting standards, codes of ethics, other accounting profession standards, and relevant guidelines.

6. Agreed-upon procedures report template

The Funded Party shall ensure that the report prepared by the CPA, CPAs, accountant who can provide accounting and tax services, and accounting company which can provide accounting and tax services is made in accordance with the agreed-upon procedures report template (see attachment) and can be adjusted as necessary.

The agreed-upon procedures report shall include the following:

- (1) Title;
- (2) Recipient;
- (3) State the financial information as to the Agreed-upon Procedures;
- (4) State that the Agreed-upon Procedures are determined through negotiation with specific entities;
- (5) State that the Agreed-upon Procedures have been executed in accordance

with the provisions of relevant standards and the requirements of the business agreement;

- (6) State that the certified public accountant or the accountant who provides accounting and tax services is not independent, where applicable;
- (7) State the purpose of the Agreed-upon Procedures;
- (8) List all specific procedures executed;
- (9) Report the results of the Agreed-upon Procedures, including a detailed description of identified errors and exceptions;
- (10) State that the executed Agreed-upon Procedures do not constitute an audit or review, and that the certified public accountant or the accountant who provides accounting and tax services does not provide any assurance conclusion;
- (11) State that the certified public accountant or the accountant who provides accounting and tax services may reach other report results if, audits, reviews, or procedures other than the Agreed-upon Procedures, are executed;
- (12) State that the use of the report is restricted to specific entities;
- (13) State that the report is only relevant to the specific financial data on which the Agreed-upon Procedures are executed and shall not apply to the overall financial statements, if applicable;
- (14) Signature of the CPA or the accountant who provides accounting and tax services;
- (15) Name of the CPA or the accountant who provides accounting and tax services;
- (16) Name of the CPAs or accounting company that provides accounting and tax services, where applicable;
- (17) Report date; and
- (18) Place of issuance.