

Report of the Auditor-General

for the Financial Year 2020/21

Audits Carried Out

Financial Statements Audits	Selective Audits	Thematic Audits
<p>Checking of accounts to give an audit opinion on the annual Financial Statements</p> <hr/> <p>Unmodified audit opinions were issued on:</p> <ul style="list-style-type: none"> • Government Financial Statements (incorporating accounts of all 16 ministries and 8 organs of state) • Financial Statements of 3 statutory boards, 4 Govt-owned companies and 2 other accounts 	<p>Checking of selected activities and operations for financial irregularity and to ascertain whether there has been excess, extravagance or gross inefficiency leading to waste, and whether measures to prevent them are in place</p> <hr/> <ul style="list-style-type: none"> • Selective audits were carried out on 8 statutory boards 	<p>In-depth examination of a selected area to report on good practices and lapses</p> <hr/> <ul style="list-style-type: none"> • Thematic audit was conducted on selected facility management contracts managed by MOE and MHA

Summary



Key Observations

Operations Management & Controls



- Wastages from excess fitness trackers not put to use. These were fitness trackers purchased for past editions of the National Steps Challenge that had ended between one and five years before the AGO audit. Also, processes to monitor movement of fitness trackers and to account for the stock of trackers were inadequate (HPB)
- Weaknesses in records management of heritage materials (NHB)
- Erroneous medical and dental claims paid to ineligible officers/pensioners and their dependants; Medisave contributions paid to ineligible officers and claims reimbursed for expenses incurred at entities not on list of approved medical institutions (PSD)
- Weaknesses also found in audits of: MCCY, Mindef, HDB, HSA, LTA and NAC

Procurement & Contract Management



- An officer had breached procurement rules by asking a tenderer to make significant changes to its proposal and to start work, even before the Tender Board had decided on the tender award (MPA)
- Lapses in adjustments for price fluctuations for concrete and steel reinforcements for a main construction contract. No approvals sought for variation works, lapses in management of term contracts such as splitting of Purchase Orders, works carried out before purchase orders were issued and retrospective approval of winning quotations (PA)
- Debarment Recommendation Reports not put up to the central Government authority concerning two tenderers (for two unrelated tenders) who had withdrawn their bids after the close of tenders but before the tenders were awarded. Withdrawal of tenders after the close of tender but before tender award is a serious matter and a ground for debarment (SP)
- Weaknesses also found in audits of: HDB, HSA, NHB and NLB

Possible Irregularities in Records Furnished for Audit



- Instances where supporting documents furnished to AGO contained signs that they had been photocopied and amended, altered, created or backdated
- The relevant agencies carried out investigations following AGO's observations and had lodged police reports, where appropriate
- Found in audits of: MCCY, MOE, MHA, HDB and PA

IT Controls



- Weaknesses over management of the most privileged user accounts (AGD and ACRA)
- No segregation of duties for the person reviewing administrator activities and the person performing those activities. Weaknesses in the logging and review of administrators' activities and no documentary evidence of reviews (MHA's Integrated Logistics Management System)
- Weaknesses also found in audit of HSA

Key Observations



Management of Facility Management Contracts

- Thematic audit on selected facility management (FM) contracts managed by MOE and MHA
- AGO's test checks covered \$241.27 million worth of key FM contracts during the 2-year period from 1 April 2018 to 31 March 2020
- Audit sought to assess whether processes and controls were in place across the following stages:

Stage

01

Planning and Establishing Needs

- Both ministries had in place policies and procedures to manage the process in relation to planning, budgeting, determination of needs and the approach for FM
- Both ministries had given thought to determining the appropriate FM approach, assessing risks involved and taking steps to mitigate the risks
- Both ministries developed ministry-specific procurement manuals to guide officers in procurement and evaluation
- MOE could consider further aggregation of procurement for services that are commonly used by schools, e.g. landscaping and pond maintenance, to obtain better value for money and reduce procurement administration in schools

Stage

02

Procurement and Contracting

- Both MOE and MHA had in place processes and controls to ensure that appropriate sourcing methods were used
- Both ministries used structured evaluation approaches when evaluating selected tenders
- The procurement and contracting processes for the FM services test-checked were generally in line with the Government Instruction Manual on Procurement

Stage

03

Managing Contracts

- Generally, MOE and MHA had ensured that purchase/work orders for works (including the use of star rates) were properly assessed and approved
- Processes and controls were in place to ensure that payments were properly supported, approved and paid accurately and in a timely manner
- Areas for improvement:
 - MOE: there were instances where there was no documentary evidence to show that regular audits/inspections required in the contracts were carried out. There were also delays in issuing instructions to effect contract variations and to terminate FM services
 - MHA: there was a need to strengthen its oversight of contractors' compliance with contractual requirements and ensure that contract variations were put up for deviations from contractual requirements.

Stage

04

Closure / Renewal of Contracts

- Both MOE and MHA had in place processes and controls for closure/renewal of contracts
- However, there were instances of delays in finalising the accounts for two FM contracts under MOE