

Report of the Auditor-General

for the Financial Year 2021/22

Audits Carried Out

Financial Statements Audits

Checking of accounts to give an audit opinion on the annual Financial Statements

Unmodified audit opinions were issued on:

- **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

Selective Audits

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

- **Selective audits** were carried out on 4 statutory boards and 3 Government funds

Thematic Audits

In-depth examination of a selected area to report on good practices and lapses

- **Thematic audit** was conducted on selected COVID-19 related procurement and expenditure managed by HPB, SLA and MOM

Summary

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Observations on COVID-19 Related Procurement and Expenditure

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Weaknesses in Procurement and Contract Management

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Possible Irregularities in Records Furnished for Audit

1

Lapses in Management of Grants

1

Weaknesses in IT Controls

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**SIGNIFICANT
AUDIT
OBSERVATIONS**

Thematic Audit



COVID-19 Related Procurement & Expenditure

- Audit covered selected COVID-19 related procurement and expenditure managed by HPB, SLA and MOM
- The 3 agencies incurred a total of \$1.51 billion on COVID-19 expenditure relating to manpower services, accommodation facilities and meal catering for the period from 1 January 2020 to 31 March 2021
- Audit sought to assess whether processes and controls were in place across the following 4 stages:

Stage

01

Planning and Establishing Needs

- HPB, SLA and MOM generally had processes in place to establish needs when planning for COVID-19 related procurement
- Test checks showed that approval of requirement for procurement was obtained from authorised approving officer to ensure needs were properly established

Stage

02

Procurement and Contracting

- HPB, SLA and MOM had generally adopted direct contracting for their COVID-19 related procurement with the activation of Emergency Procurement (EP)
- There were established approving authorities and financial limits to approve contract awards
- Areas for improvement:
 - Lapses in evaluation of contractors' proposals and assessment of price reasonableness, and discrepancies and omissions in submissions to approving authority for contract award (SLA, MOM)
 - Delays in obtaining approvals for contract awards (SLA, MOM)
 - Need to improve documentation of assessments carried out (HPB, SLA, MOM)

Stage

03

Managing Contracts

- HPB, SLA and MOM generally had processes in place to ensure that payments were supported, approved and paid in a timely manner. There were also established approving authority matrices for approval of payments
- Areas for improvement:
 - Delays in obtaining approvals for contract variations and execution of variation agreements (SLA, MOM)
 - Lapses in payment processes such as inadequate checks on validity of payments, lack of supporting documents for payments and discrepancies in payment claims (SLA, MOM)

Thematic Audit

Stage

04

Closure / Renewal of Contracts

- HPB, SLA and MOM generally had processes in place for closure/renewal of contracts
- SLA and MOM had processes in place to discontinue contracts when services were no longer needed. HPB had in place a set of internal criteria to assess suitability of swab personnel for contract extension/renewal and scheme conversion
- Areas for improvement:
 - Documents relating to extension/renewal and conversion of contracts for swab personnel could not be located (HPB)
 - Lapses in deactivation of accounts of terminated personnel in payment system (HPB)

Good Practices



- All three agencies had implemented a number of good practices to better manage operations and the uncertainty in demand, as well as to reduce costs
- **HPB:** Established Testing Operations Tasking Group in April 2020 to oversee the command, control, welfare and discipline of swab personnel teams. Developed Training Standards and Compliance Framework for swab personnel
- **SLA:** Conducted a re-quote exercise to obtain better rates for hotel rooms about five months, after procuring the first batch of hotel rooms. At end of 2020/early 2021, implemented a retainer basis model where hotels were paid only when they were activated. Converted some of its Build and Run facilities to a step-down state in early 2021
- **MOM:** Conducted reviews of contracts to reduce scope of services when requirements changed. Made an open call in GeBIZ in June 2020 to invite quotations for supply of meals to Migrant Worker dormitories

Learning Points for Public Sector

Three learning points for the public sector:



- (1) Establish a reasonable level of governance and planning arrangements for use in an emergency.** Such arrangements can be established during peacetime for activation during emergencies. Areas where agencies would benefit from greater central guidance include: evaluation of contractors for goods/services procured through EP; contracting for flexible and scalable quantities; establishing the minimum terms and conditions that should be included in contracts and agreements; and establishing the extent of documentation required for key decisions and transactions
- (2) Affirm and support the development of critical corporate functions such as procurement, finance and human resource.** Frontline and operations in an emergency should be complemented by effective corporate functions. Central agencies may wish to consider how critical support functions such as procurement, finance and human resource can be better organised at the WOG or cluster/agency level, and what detailed guidance to give agencies in these areas
- (3) Maintain appropriate records and document key decisions and transactions.** Useful to provide guidance to agencies on the types of supporting documents needed and the extent of checks required. Important to ensure sufficient documentation on key decision-making processes and transactions

Other Audit Observations



Procurement & Contract Management

- Lapses in management of contract variations for the main construction contracts under two development projects (MHA):
 - Inadequate assessment of cost reasonableness of star rate items
 - Lapses in valuations of contract variations
 - No supporting documents to substantiate payments for variations involving dayworks
- MCI as lead agency for WOG Period Contract and Framework Agreement (WOG PCFA) for communications campaigns did not:
 - State clearly the unit of measurement for certain items that tenderers were supposed to quote for, resulting in different units of measurement being used
 - Ascertain whether tenderers had quoted on a like-for-like basis for items where quotes submitted for WOG PCFA varied significantly
 - Monitor the spread of contracts awarded to vendors on the panel
- Lapses in assessment of cost reasonableness of third-party items, payments made for third-party items without verifying against supporting invoices, incorrect application of WOG PCFA rates resulting in overpayment (PUB)



Management of Operations & Controls

- Laxity in enforcement of outstanding Skills Development Levy (SDL) collections and tardiness in enforcement actions (SSG)
- Lapses in controls over cash and supermarket vouchers at 2 Social Service Offices (SSOs). SSO officers did not carry out required checks on cash and supermarket vouchers but yet signed off to indicate they had done so (MSF)
- Weaknesses also found in audits of: MINDEF, MOF and NEA



Possible Irregularities

- Possible irregularities in quotation documents submitted for contracts or grants
- Agencies have since lodged reports with the relevant enforcement authorities
- Found in audits of: MHA, NEA and SLA

Other Audit Observations



Management of Grants

- Lapses in SSG's management of grants resulting in estimated overpayments of \$4.22 million. Lapses included:
 - Inadequate monitoring and lapses on checks for grant eligibility
 - Inadequate checks by service provider on grant claims of training providers
 - Grants disbursed for individuals and companies that were disallowed funding
 - Grants disbursed for individuals with overlapping attendance records for synchronous courses
 - Inadequate checks/supporting documents for absentee payroll funding



IT Controls

- Weaknesses in management and review of accounts in Social Service Net (SSNet) system used to administer ComCare assistance schemes (MSF)
- Delays in removing accounts of users that were no longer needed. Users included those who had left MSF and MSF's IT vendor performing the role of system administrator (MSF)

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