

# Report of the Auditor-General

## for the Financial Year 2023/24

### 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 5 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 parenthood support measures managed by MSF and ECDA

### Summary

**32**  
**SIGNIFICANT  
AUDIT  
OBSERVATIONS**

16

Observations on Parenthood Support Measures (Thematic Audit)

8

Weaknesses in Procurement and Contract Management

3

Lapses in Management of Revenue and Collections

3

Possible Irregularities in Records Furnished for Audit

1

Lapses in Management of Grants

1

Lapses in Management of Operations

# Thematic Audit

## Parenthood Support Measures

- Audit covered the following schemes:

### MSF:

- Government-Paid Leave Schemes (GPLS)
- Baby Bonus Scheme - CDA benefits

### ECDA:

- Infant Care and Childcare (IC/CC) subsidies
  - Kindergarten Fee Assistance Scheme (KiFAS)
  - Anchor Operator and Partner Operator schemes
- Total disbursement subjected to AGO's audit was \$4.55 billion for the audit period 1 April 2021 to 30 June 2023
  - Audit also covered withdrawals by parents/trustees from CDAs, totalling \$1.49 billion during the audit period
  - Audit sought to assess whether processes and controls were in place across the following 5 grant stages:



Stage

01

## Grant Design and Setup

- For all schemes, grant eligibility criteria and operational requirements were properly laid down in implementation documents. These documents were updated on a timely basis

Stage

02

## Grant Evaluation and Approval

- Both agencies automated assessments of eligibility and computation of grant quantum, leveraging on IT systems and data to reduce human error
- System rules were put in place to check that grant applications/claims met criteria before they were automatically processed and approved
- Areas for improvement:
  - Improve monitoring to detect ineligible claims and potential irregularities
  - Consider additional system rules or validation checks to enhance processing of grant applications/claims and ensure that system checks are working as intended

Stage

03

## Grant Disbursement

- MSF and ECDA had processes in place to check and approve grant disbursements
- Proper segregation of duties, between payment verification officer and payment approving officer

# Thematic Audit

Stage

04

## Grant Monitoring and Review

- MSF and ECDA had in place processes to monitor grants or subsidies given
- Areas for improvement:
  - MSF should ensure that its masterlist of Approved Institutions (AIs) for the Baby Bonus Scheme was accurate and that AIs maintain proper records and documentation for CDA withdrawals
  - ECDA should tighten monitoring of preschool centres to ensure that those receiving IC/CC and KiFAS subsidies submit required audit reports before releasing subsidies
  - ECDA should ensure that annual ECDA-commissioned audits on anchor and partner operators were completed on time, to allow prompt follow-up on issues identified through audits and timely release of moneys to operators

Stage

05

## Cessation of Grant

- Both agencies had put in place processes to manage cessation of grant benefits/funding for recipients



## Good Practices

### MSF:

1. Implemented digital features in Government-Paid Leave Portal to reduce instances of incorrect submissions
2. Adopted risk-based approach. There were system validation rules to flag out exception cases for 1-level or 2-level review, depending on complexity. This increases efficiency of case processing while ensuring adequate oversight
3. Established data interfaces with ICA and CDA banks to facilitate automated verification of information
4. Implemented system validation checks to ensure that Government co-matching grant was only given for the parent's/trustee's savings into CDA

### ECDA:

1. Implemented IT system rules to identify applications for automatic processing and approval, and compute subsidy quantum
2. Established data interface with other Government data sources to facilitate automated verification of information and eligibility assessment

# Other Audit Observations



## Procurement & Contract Management

- Lapses in **NParks'** valuations of and payments for works orders issued under 2 term contracts, resulting in possible overpayment of \$1.93 million to its contractors
- Lapses in **MOE's** management of 3 school construction contracts. The lapses included: (i) approvals obtained only after variation works commenced; (ii) lapses in valuation of contract variations; and (iii) payments for works not carried out or not done according to contractual requirements
- **BCA** did not adequately monitor the performance of its appointed operator for Jurong Apartments before making payments. The operator did not fulfil these contractual requirements: (i) submit maintenance schedules and weekly reports; and (ii) conduct quarterly safety and security inspections
- Lapses in **SDC's** management of 2 vehicle maintenance contracts. SDC was not aware that its contractor did not perform/was late in performing scheduled quarterly vehicle servicing jobs, and did not take that into consideration when evaluating the contractor's performance. SDC effectively paid for works not done



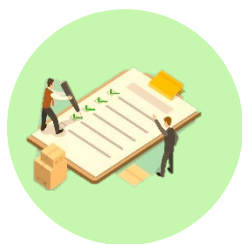
## Revenue & Collections

- Inadequate controls by **SportSG** over admissions to ActiveSG pools and gyms. There were instances of abuse of ActiveSG members' passes, including sharing of non-transferable passes, use of special/discounted passes by ineligible persons, and deceased members' accounts being used for admissions
- Delays in **NYP's** issuance of bills for course fees totalling \$8.98 million, and lack of prompt follow-up actions on course fees that were due



## Grant Management

- Lapses in **BCA's** management of declarations of conflict of interest (COI) for 2 grant schemes, including instances of inaccurate, incomplete, or missing COI declaration forms required of grant evaluation panel members



## Operations Management

- Weaknesses in **MHA's** inventory and records management, with discrepancies between inventory balance records and physical inventories. Weaknesses also in the way checks were conducted on physical inventory and records maintained

# Other Audit Observations



## Possible Irregularities

- Possible irregularities in quotations submitted for star rate items (**MOE** and **NParks**) and in annual fire hydrant test reports (**NYP**)
- Agencies have since made Police reports



Public sector entities to pay greater attention to:

### 1 Procurement and Contract Management

- Required deliverables and outcomes should be stipulated clearly in tender specifications and contracts
- Agencies should exercise due diligence in managing contracts and maintain adequate oversight over contractors
- Payments should only be made for works done

### 2

#### Management of Grants

- Agencies should monitor grant claims to detect ineligible claims and possible irregularities
- Agencies should tap on data analytics to improve their oversight of disbursements and to detect anomalies
- Declaration of COI process for members on grant evaluation panels should be properly managed to ensure fairness in the grant evaluation process

### 3

#### Management of Revenue and Collections

- Agencies should put in place processes to ensure accurate and timely billing and collection of fees and revenue
- There should be close monitoring of arrears and prompt action taken to recover arrears

For the full Report, visit [www.ago.gov.sg](http://www.ago.gov.sg)  
or scan this QR code:



**Auditor-General's Office**  
Singapore

17 July 2024