

# Safe-guarding Billions



■ It is estimated that Singapore's total expenditure for the financial year 2006 is \$33 billion.<sup>1</sup> That is a lot of money for such a small country like ours. Who keeps an eye on ensuring that public money is properly accounted for and utilised wisely and efficiently? This is where the Auditor-General's Office (AGO) steps in. While the Attorney-General's Chambers, together with the judiciary and Legislature, takes care of the legal health of the country, the AGO watches over public finance, but it is little seen and heard.

Teo Chee Kiang, the Deputy Auditor-General, spoke to *Focus* about the AGO. A graduate of the National University of Singapore (Bachelor of Accounting (Hons)), he has been with the Office for the past 32 years, a veteran one could say. After a stint with a private accounting firm for a few months, he was enlisted for NS and on completion, switched to public service. As Deputy, Chee Kiang advises the Auditor-General on various accounting and auditing issues, which is understandable as all the

Auditor-Generals that he has worked with previously and presently were non-accountants. He goes on to say that they do often offer a different perspective of how their audit can be done better. On the more technical side, he also has to ensure that the AGO as a whole is updated on the latest developments in accounting and auditing standards and that of government audits.

As can be gathered, the AGO is responsible for scrutinising the revenue

and expenditure of the various government ministries and organs. So like any private accounting firm that must ensure that the books of their clients are in order and that standards are met, the AGO performs the same work for the public sector. The only difference is that the AGO is not driven by a bottom line. Instead their work is geared towards, as Chee Khiang puts it, 'enhancing the public accountability of the Government' which encompasses a much wider scope. It is vital for the Government to be accountable to taxpayers for how their tax dollars are utilised by being audited; the AGO is the independent auditor of the Government in this respect. This independence is provided for by the Constitution which enables the AGO to audit, without fear or favour, ministries and statutory bodies and report its findings directly to the President and Parliament without having to go through the Government.

The AGO's work is not only evaluative but also investigative. What this means is that it not only audits the books but also investigates whether government programmes on which public money is spent are efficient and effective, ie there is no waste or extravagance – no gold taps here – and that controls are in place. For example, in the area of procurement, the AGO regularly conducts test checks to ensure that potential suppliers are given a level-playing field in their dealings with the Government.

In the past few years, we have witnessed instances of fraud and abuses of power in the corporate world, from Enron to Asia-Pacific Breweries. So have there been any similar occurrences along the corridors of power? While the media often report on how the AGO's counterparts in other countries have found millions of government money being poured into, for example, expenditures on infrastructure that do not exist, Chee Khiang admits that the Singapore AGO audit findings pale in comparison. The closest to a scandal, if one could call it that, are lapses in controls, non-compliances with procedures, late payment to suppliers and other similar missteps. While this may not make for interesting bed-time reading, at least it does go some way to show that the Government takes its governance seriously. For example, the Ministry of Finance in Singapore is very pro-active in improving public sector financial management and has put in place a number of initiatives such as Control Self Assessments, Management for Excellence, Cut-Waste Programmes and so on.

Like auditors in the private sector, the AGO's relationship with auditees may not always be warm and cordial. The traditional nature of auditing is such that one concentrates on looking for the negatives – discrepancies and kinks in the system that could lead to potential problems – rather than how well the work has been done. For an over-zealous

and ambitious auditee, who views achieving operational results as his priority; governance requirements may be at the bottom of his to-do list. He may view AGO's observations on control lapses and disregard for proper procedures as nit-picking and petty, but as Chee Khiang reminds us, 'When Nick Leeson was at his height and making millions for Barings, any observation that his responsibilities should be segregated would seem petty, myopic and nit-picking. You need a very enlightened auditee to appreciate and thank you for pointing out these "petty" things.' But the AGO's job is made much easier by law as the AGO is empowered to audit any government body without the permission of the latter. So fostering an amicable auditor-auditee relationship, while important, takes a backseat to ensuring that the auditing and reporting are done professionally so that the Constitutional intent of public accountability is achieved. 'We just need a bit of thick skin and barge in.'

Having to deal with not-so-friendly civil servants and needing to be thick-skinned, there must be a brighter side to the job. Chee Khiang is quick to elevate the perks and readily sticks his neck out by claiming that government auditing is more interesting and exciting than the normal financial statements audit done by private sector auditors. There is the opportunity to audit a diverse

group of organisations, from financial institutions such as MAS, GIC and CPF to the property-related organisations like HDB, SLA and URA, and other areas such as healthcare, defence, horse racing, etc. There are opportunities too to be part of major government financial initiatives such as protection of government reserves and even helping CPIB in their investigations of suspected corruption cases, without having to be pre-occupied with profits for the firm. On top of all these, there is the personal satisfaction that one is making a real and positive contribution on the overall financial governance of the country.

To audit all ministries and statutory boards every financial year can be taxing on AGO's limited human resource, which is only 100-plus strong. So it picks and chooses who to audit, unless a particular public body puts in a request to be audited. Those that are not picked are audited by private firms.

On the subject of human resource, Chee Khiang reveals that there have been some who have opted for life in the AGO after some years in the private sector. So what can private-sector professionals expect if they are considering the AGO as a possible employer switch? He reveals: 'For a start, at the technical level, I would think that much of the knowledge required for the audit of financial statements by the private firms and AGO are about the same. Government audit, however,



is much wider in scope because it goes beyond the financial statements and into investigative reports on compliance with regulations, wastes, extravagance and inefficiencies. For this area of work, the skills set can be different. We take much of the cue from leaders in the field – our counterparts, the national audit institutions of the US, UK, Canada, Australia and New Zealand.

'From the point of compensation, as an overall package, I find working in the Government offers a decent pay (though I am sure some may disagree), especially if you take into account work-life balance and the sense of stability and security a government job offers. There are also training opportunities, including attachments, overseas. For example, I have been to courses in the UK, Canada, France and the UN, both in audit and general management. These

opportunities broaden one's view not only of auditing but also of life in general as well.

'However, what is more important than learning the technical know-how is the knowledge that auditing in the AGO helps to shape public sector governance and accountability for the better. After a while, you find that the job becomes more meaningful and you stay on. You are guarding the billions of dollars in our public purse. If only Singaporeans who are concerned with Singapore's billions know about AGO's work, they will definitely be able to sleep better. That is our contribution to the nation – helping them, our taxpayers, sleep better.' ■

#### Endnotes

- <sup>1</sup> 'Budget Highlights Financial Year 2007: Ready for the Future, Ready for the World', Misc 2 of 2007, 15 February 2007, [http://www.mof.gov.sg/budget\\_2007/budget\\_speech/downloads/FY2007\\_Budget\\_Highlights.pdf](http://www.mof.gov.sg/budget_2007/budget_speech/downloads/FY2007_Budget_Highlights.pdf).