



## What is a Performance Audit?

A performance audit evaluates whether government policies and programmes were implemented with due regard to the ‘3 Es’-

**Effectiveness**   **Efficiency**   **Economy**

- “Effectiveness” refers to the extent to which the objectives of a policy or programme have been achieved. The auditor will assess whether management has put in place systems to monitor the effectiveness of the programmes.
- “Efficiency” refers to whether resources were optimally used to achieve a programme’s objectives.
- “Economy” refers to whether the resources were acquired at the best possible price.

Performance audit is also called either “value-for-money audit”, “operational audit” or simply “3E audit”.

## Why are Performance Audits important?

Governments all over the world are entrusted with billions of dollars of public funds and from the point of accountability, it is no longer sufficient for the governments to keep proper accounts. The public expects the governments to ensure that public funds are used efficiently and effectively, without wastage or extravagance.

*“All Governments, big and small alike, are rightly concerned that their defence procurement processes are efficient and effective....because **we are accountable to our citizens that the defence dollar is well spent....”***

Dr Ng Eng Hen, Minister for Manpower and Second Minister for Defence (at the International Defence Procurement Conference, February 2008).

Performance audit **enhances accountability of ministries and statutory boards** in that it audits the governments to see that their operations are effective, efficient and done with economy.

In Singapore, performance audits of the Government are done by the Auditor-General’s Office (AGO). The Auditor-General is the independent auditor of the Government and reports his audit findings to Parliament through the President.



## Examples of AGO's Performance Audit findings

- (2001) 139 flats meant for housing expatriate staff were left idle for three years while a decision was being made as to which organisation owned these flats.
- (2005) The number of carpark lots built (547,739) was almost double that of cars owned by residents and more than the car population in Singapore. This huge number of excess carpark lots contributed to the management and maintenance costs of \$446.2 million and a deficit of \$64.6 million in the carpark activity in FY2004 .
- (2004) Refunds due amounting to \$28.1 million were not made for more than three years, of which \$23.0 million was owed to foreigners.
- (2005) Insurance claimable for 216 deceased persons, totalling \$7.4 million were not paid; half of the deceased died more than two years ago. For 15 of these deceased cases, the premiums for the insurance policies were still being deducted from their accounts after their deaths.
- (2007) Mechanism to deter late returns of borrowed books was ineffective. \$5.4 million in fines and charges were owed for more than a year. This was on top of the \$3.5 million that the organisation had already written off in the previous year.
- (1994) An estimated 20%-30% of vacant state land that was unallocated and not earmarked for development in the near future was not put to productive use and left idle. Annual revenue of at least \$3.6 million could have been earned, had the land been rented out in the interim.

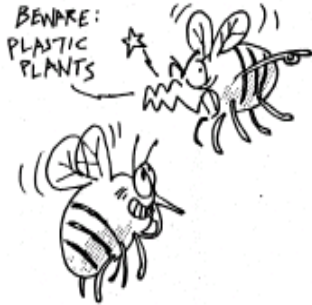
## THE AUDITOR-GENERAL SAYS:

### Plant nurseries in statutory boards not needed.

It is cheaper to obtain plants for decoration from private nurseries. Artificial plants can also be added for easier maintenance.

### Maritime museum marooned.

Fewer people are visiting this hard-to-reach museum in Sentosa. PSA will decide if it should be improved or be part of a maritime-history wing at the National Museum.



### Kindergartens and their teachers not registered.

There is a large number of such cases. The Education Ministry is to take action.

### Language labs under-used.

Schools are not using them well. The Education Ministry will review their use.



## NUS flats left vacant for 3 years

The Straits Times, July 14 2001

Number of HDB carpark lots

547,739

Lots left after all cars owned by HDB residents are parked

271,661

## Why so many carpark lots, HDB?

Auditor-General asks for explanation

The New Paper on Sunday, July 6 2005



The Straits Times, July 16 2004

AUDITOR-GENERAL'S REPORT

**DEAD**  
but still  
paying CPF  
for insurance

The New Paper, July 19 2005



The New Paper, July 20 2007

**Vacant land could earn  
Govt \$3.6m a year: A-G**

The Straits Times, March 10 1994

## Performance Audit



**AGO** Auditor-General's Office  
Singapore

...auditing for the President, Parliament and the Public