



Who would have thought that government bodies in Singapore could be found out for financial lapses and come under flak for them? Well, they did this year — and from no less a person than Auditor-General Lim Soo Ping.

In its latest government audit checks for the 2006/07 financial year, various ministries and statutory boards were taken to task by the Auditor-General's Office (AGO) after it unearthed a number of financial lapses — from managing reserves to handling of grants to outsourcing.

Its report was released on 11 July. One body taken to task was the

Infocomm Development Authority of Singapore (IDA), which could have better managed more than S\$200 million in cash reserves for higher returns. It could have earned at least S\$1.1 million more in 2006 if the money had been put into monthly time deposits.

Explaining, IDA said it put the money in a special current account while waiting to buy suitable bonds. It earned S\$7.8 million in interest in that year. But IDA acknowledged that putting the money into longer-period deposits would have gotten better returns. It added that it would appoint a professional fund manager to bolster its cash management.

The AGO also uncovered other lapses

such as over-providing grants, poor oversight of outsourced functions and accumulating unused grants. Holding on to unused grants prevents the money from being used elsewhere, noted Mr Lim.

"They represent a misallocation of public resources as these monies are then not available... for Parliament to channel to other uses for the public good," he said. "I urge all ministries to guard against having too cosy a relationship with statutory boards and corporatised agencies in so far as financial dealings are concerned."

The report cited:

➤ The Land Transport Authority (LTA) had held on to S\$5 million in development grants for rail projects for more than 10 years, up to June 2006. The grants had been transferred to it from the Mass Rapid Transit Corporation, which the LTA absorbed in 1995, reported *The Straits Times*.

The Ministry of Transport has recovered the amount as well as S\$230,155 in interest.

It was not the first time the ministry had failed to recover unused grants in time, the report said. Two years ago, it paid S\$28.8 million more in grants than what the LTA needed to pay as interest on bonds.

➤ LTA also held an advance from the Ministry of Transport for staff loans and was required to remit the interest earned to the ministry. But the AGO found that S\$338,806 in interest was still owed to the ministry.

➤ The People's Association (PA), which is overseen by the Ministry of Community Development, Youth and Sports (MCYS), had refunded S\$6.9 million in excess grants to the ministry as at February 2006. The grants had been made two to five years before.

The excess was the result of the PA ceasing to occupy certain properties and reductions in rental costs. In addition, reported *The Business Times*, MCYS had relied on PA's certification and had not independently verified PA's actual expenditure.

As the result of MCYS asking PA's internal audit unit to verify the unused grants, another S\$71,618 was returned in March.

➤ By March 2006, the National Volunteer & Philanthropy Centre (NVPC), which MCYS also oversees, had accumulated S\$4.9 million in unused grants — up from S\$1.6 million six years ago.

The report also noted that NVPC's fund balance in the audited accounts of the National Council of Social Services did not include MCYS grants for specific programmes.

Now, the ministry requires PA's internal audit to audit all its future grant requests, and for the NVPC to report separate audit accounts with a detailed balance sheet and disclosure of income, expenditure and unused grants.

▶ A Ministry of Health (MOH) assistance scheme for the needy disabled, administered by an agent, continued to give out aid to 106 people, four to 40 months after they had died. At the time of the AG's report, MOH had managed to recover about S\$55,850 of the S\$178,150 paid out.

The ministry said it would recover the rest of the overpayments and notify its agents of the death of any beneficiaries under the scheme.

This is not the first time the AGO has picked up lapses on the part of ministries and statutory boards, the AG's report stated. In audits for the 2005/06 financial year, lapses included procurement irregularities, inaccurate

records and unfair payment practices in several government agencies.

Mr Lim said such lapses "show that some ministries were lax in their financial dealings with statutory boards and corporatised agencies". He also noted that more lapses have surfaced as ministries and statutory boards outsource more of their work to the private sector.

He also stressed that ultimately, it is the government agencies that are responsible for what is delivered by service providers they engage.

"Accountability cannot be

outsourced," he said. He added that statutory boards must manage their assets to achieve the best returns.

Mr Lim said that a priority was to obtain the manpower and other resources

needed to audit the larger statutory bodies at least once every five years.

This comes in the wake of a parliamentary committee's call for statutory boards audited by commercial auditors for a length of time to be rotated back to the AGO for checks. Ⓢ

“Financial lapses show that some government bodies were lax in their financial dealings with corporatised agencies and more such lapses have surfaced as government bodies outsource more work to the private sector.”

Watchdog committee

Besides the AGO, there is another check in the form of the Public Accounts Committee, a parliamentary watchdog made up of eight Members of Parliament.

Every year, the committee goes over the financial statements of government agencies as well as the AG's report and seeks written explanations from agencies concerned. It then reports on the irregularities involving the use of public funds.

In its report presented to Parliament in May, the committee pointed to the defects in the Economic Development Board's (EDB) governance of how it lends and borrows money. The AGO's audit — its first for the 46-year-old EDB — had

shown that S\$105 million in the EDB's budget spent in grants and loans had not been approved by its board.

The board had also delegated power to staff to grant loans and to borrow without reporting back — practices which are against the law. To EDB's credit, it took prompt action to address the lapses.

A key theme running through the Public Accounts Committee's report was the need for government agencies to strengthen internal controls. It noted that procedures such as negotiations for land sales should be transparent, maximise returns and comply with fair principles and should also be seen as such by the public.

National Day goodies

In his National Day Rally Speech on 19 Aug, Prime Minister Lee Hsien Loong announced a slew of initiatives to build a better Singapore and ease the burden of ageing for future generations.

▶ From 1 Jan next year, members earn 1 percentage point more interest on the first S\$60,000 in their combined CPF accounts. But only S\$20,000 can come from the Ordinary Account.

▶ A compulsory annuity scheme for CPF members aged below 50. They will buy an annuity at age 55 using a portion of their CPF Minimum Sum. The annuity will give them a monthly payout of about S\$250 to S\$300 once their Minimum Sum runs out at 85.

▶ The drawdown age (DDA) of the CPF Minimum Sum will be delayed until 65 from the current 62. But the DDA will be raised progressively over a number of years, starting in 2012.

▶ A new law under which, from 2012, workers reaching the retirement age of 62 will be offered re-employment till 65 and eventually till 67.

▶ To encourage the re-employment of older workers, those aged 60 will get double the grant — S\$200 a month or 20 per cent of salary — under the Workfare Income Supplement.

▶ The CPF housing grant, introduced last year for the lower income group, will be raised from S\$20,000 to S\$30,000. This will cover about half of all Singapore households.

▶ A plan to let elderly folk — those aged 62 and above — "sell" the remaining years of the lease on their two- or three-room Housing Board flats back to the HDB in return for cash in hand.

▶ The HDB upgrading programme will be fine-tuned to combine more precincts for upgrading and to home in more on practical improvements within individual flats.

▶ A fourth publicly-funded university will be built to raise the qualifications and earning power of the next generation of workers. Currently, 23 per cent of each cohort goes to a publicly-funded university. The aim is to raise it to 30 per cent by 2015.

▶ The Human Organ Transplant Act (HOTA) will be amended to include Singapore Muslims, following requests from the community.

Moves at the top

▶ Madam Zuraidah Abdullah, 45, who is the chief executive of self-help group Mendaki, became the first-ever woman to be appointed a member of the Council of Majlis Ugama Islam Singapura (MUIS) in August.

▶ Former Chief of Navy Rear-Admiral Ronnie Tay, 44, takes over as Chief Executive Officer of the Infocomm Development Authority of Singapore (IDA) in November.