

Report of the Auditor-General

for the Financial Year 2019/20

Audits Carried Out

Financial Statements Audits	Selective Audits	Thematic Audits
<p>Checking of accounts to give an audit opinion on the annual Financial Statements</p> <hr/> <p>Unmodified audit opinions were issued on:</p> <ul style="list-style-type: none">• Government Financial Statements (incorporating accounts of all 16 ministries and 8 organs of state)• Financial Statements of 3 statutory boards, 1 Govt fund, 4 Govt-owned companies and 3 other accounts	<p>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</p> <hr/> <ul style="list-style-type: none">• Selective audits were carried out on 8 statutory boards	<p>In-depth examination of a selected area to report on good practices and lapses</p> <hr/> <ul style="list-style-type: none">• Thematic audit was conducted on selected business grant programmes managed by Workforce Singapore (WSG) and Enterprise Singapore (ESG)

Summary

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**MORE
SIGNIFICANT
AUDIT
OBSERVATIONS**

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Gaps in Management of Business Grant Programmes

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Weaknesses in IT Controls

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Lapses in Procurement and Contract Management

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Lapses in Operations Management

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Falsification of Receipts and Possible Irregularities Noted in Quotations

Key Observations



IT Controls

- Weaknesses in IT controls over the most privileged user accounts and privileged user activities
- Technical misconfigurations which led to administrators being able to access the privileged accounts without password authentication
- Inadequate reviews of activities carried out using privileged accounts
- Weaknesses in ICT governance, including not conducting planned ICT audits and annual self-assessments
- Not implementing measures to safeguard the integrity of electronic payment batch files
- Found in audits of MOF (Accountant-General's Department), PMO (Public Service Division), Ministry of Foreign Affairs (MFA), Ngee Ann Polytechnic, Republic Polytechnic, Public Utilities Board (PUB), WSG and ESG



Procurement & Contract Management

- Lapses in procurement included: not adequately assessing price reasonableness of single bids, not evaluating bids according to published criteria and requirements, not fully evaluating optional categories of items, and not detecting pricing errors in tender submissions
- Lapses in contract variations included: not obtaining approvals before carrying out variation works, not seeking approval for substantial increase in variation costs, wrong rates applied in valuation of cost deductions and not deducting costs for works not done
- Payment made to a terminated contractor even though it could have been withheld and used to offset against debt claimable from the contractor
- Found in audits of Government Technology Agency, Jurong Town Corporation (JTC), National Library Board and PUB



Operations Management

- Inadequate measures at an overseas mission to enforce terms stipulated in service agreements with Authorised Visa Agents and ineffective controls to detect use of non-designated credit cards
- Unauthorised subletting of leased and tenanted premises and illegal storage and/or sale of diesel at leased industrial premises
- Weaknesses in controls over payments made to partner under a Public-Private Partnership arrangement, including inadequate independent verification of information provided by the partner
- Found in audits of MFA, JTC and PUB



Falsification of Receipts / Possible Irregularities Noted In Quotations

- Five cash collection receipts provided to AGO for audit contained signs which cast doubt on their authenticity
- Concerns over authenticity of three quotations submitted by a contractor
- JTC has lodged police reports for both cases

Key Observations

Management of Business Grant Programmes

- Thematic audit on 6 selected business grant programmes managed by WSG and ESG.
- AGO's test checks covered \$100.81 million out of the \$333.40 million grants disbursed under these 6 programmes for the period 1 April 2018 to 30 June 2019.
- In addition, AGO test-checked \$7.83 million disbursed by WSG's and ESG's programme partners (PPs) to companies awarded the grants.

Stage

01

Grant Design and Setup

- Policies and procedures to manage the selected grant programmes were generally in place.
- The grant programmes generally had defined objectives and deliverables approved by correct authority.
- Periodic reviews carried out to assess whether the grant programmes had achieved their objectives and to streamline the programmes where necessary.

Stage

02

Grant Evaluation and Approval

- WSG and ESG had established criteria and guidelines for the evaluation of grant applications.
- Generally, there was proper segregation of roles for grant evaluation and grant approval.
- Nevertheless, there were areas for improvement:
 - For WSG, there were inconsistent practices across PPs in the requirements for applications and in their checks performed.
 - For ESG, there were inconsistent practices across different officers in assessing grant eligibility.

Stage

03

Grant Disbursement

- Processes and guidelines for checking and approving grant claims, and for making disbursements were in place.
- Nevertheless, there were areas where controls could be improved:
 - Double claims by companies and cases of double funding across different WSG grants;
 - Cases where grants disbursed were not in line with ESG grant guidelines, resulting in excess or shortfall in disbursements.

Stage

04

Grant Monitoring and Review

- Both WSG and ESG entered into agreements with grant recipients or PPs, stipulating the deliverables and outcomes.
- Grant recipients and PPs required to submit reports and documents to show progress or achievement of milestones.
- Nevertheless, there were areas for improvement:
 - WSG needs to strengthen monitoring of the programme outcomes for 1 of its grant programmes;
 - ESG needs to improve oversight of PPs over disbursements made to participating companies of overseas trade fairs and missions.

Stage

05

Grant Cessation

- Both WSG and ESG had put in place processes for closure of agreements and refund of unutilised grants.
- However, for WSG, there is a need for more timely follow-up action to recover unutilised grants for programmes that had ended.