



REPUBLIC OF SINGAPORE

**REPORT**  
OF THE  
**AUDITOR-GENERAL**  
FOR THE FINANCIAL YEAR  
**2024/25**



**AUDITOR-GENERAL'S OFFICE  
SINGAPORE**

2 July 2025

Mr Tharman Shanmugaratnam  
President  
Republic of Singapore

Dear Mr President

In accordance with the provisions of the Audit Act 1966, I am pleased to submit my Report on the audits carried out for the financial year 2024/25.

Yours sincerely

Ng Wai Choong  
Auditor-General

**REPORT**  
OF THE  
**AUDITOR-GENERAL**  
FOR THE FINANCIAL YEAR  
**2024/25**



**Auditor-General's Office**  
Singapore

## **MISSION**

To audit and report to the President and Parliament on the proper accounting and use of public resources so as to enhance public accountability and help strengthen the financial governance of the public service.

# CONTENTS

	<i>Page</i>
<b>OVERVIEW</b>	1
<b>PART I A : AUDIT OF GOVERNMENT FINANCIAL STATEMENTS</b>	13
<b>PART I B : AUDIT OF GOVERNMENT MINISTRIES, ORGANS OF STATE AND GOVERNMENT FUNDS</b>	15
<b>MINISTRY OF EDUCATION</b>	
<b>Post-Secondary Education Fund</b>	
Lapses in Administration of Post-Secondary Education Account Withdrawals	17
<b>MINISTRY OF FOREIGN AFFAIRS</b>	
Visa Fees Not Accounted for as Government Revenue	19
<b>MINISTRY OF LAW</b>	
<b>Insolvency and Public Trustee's Office</b>	
Moneys Held on Behalf of Liquidators Invested although No Requests Made nor Consent Given by the Liquidators	21
Weaknesses in Controls over Systems Used for Case Processing	22
<b>MINISTRY OF MANPOWER</b>	
Weaknesses in Management of Most Privileged Operating System Account	23

**PART II : AUDIT OF STATUTORY BOARDS** 26

**MINISTRY OF HOME AFFAIRS**

**Home Team Science and Technology Agency**

Lapses in Management of Contract for Renovation of Office Space 28

**MINISTRY OF SUSTAINABILITY AND THE ENVIRONMENT**

**National Environment Agency**

Failure to Monitor Compliance with Requirements in Project Agreement 31

**Public Utilities Board (also known as PUB, Singapore's National Water Agency)**

Lapses in Management of Biocide and Chemical Supply Contracts 34

Possible Irregularities in Records Furnished for Audit 37

Poor Management of PUB Analysers Maintenance Contracts 38

Possible Irregularities in Quotations for Star Rate Items 39

**MINISTRY OF TRADE AND INDUSTRY**

**Economic Development Board**

Lack of Robustness in Tender Evaluation and Award of 40

Contract for Global Media Agency Services

Lapses in Administration and Weaknesses in Design of 43

Singapore Global Network Funding Programme

## **MINISTRY OF TRANSPORT**

### **Maritime and Port Authority of Singapore**

Dumping and Monitoring Fees and Port Dues Concessions Not Prescribed in Law	45
Errors in Scoring for Tender Evaluation	48
Inadequate Checks to Ensure Payments Were Properly Made	49

## **PART III : THEMATIC AUDIT – RESEARCH AND DEVELOPMENT GRANTS**

## **MINISTRY OF TRADE AND INDUSTRY**

<b>Agency for Science, Technology and Research</b>	59
Approval Not Sought for Deviation from Policy on Funding of Indirect Costs	62
Manpower Costs for Seconded Researchers Incorrectly Funded	63
Sampling Approach for Checks on First Fund Requisitions Not Working as Intended	64
Lack of Independence in Endorsement of Progress Reports	65

## **PRIME MINISTER'S OFFICE**

<b>National Research Foundation</b>	66
Approval Not Sought for Deviation from Policy on Funding of Indirect Costs	69
Inadequate Documentation of Conflict-of-Interest Declarations	70
Inadequate Segregation of Duties in Endorsement of Fund Requisitions	71
Potential or Perceived Conflict of Interest in Payments Processing	72
No Addenda Issued to Amend Changes in Financial Obligation between NRF and Host Institution	73

<b>PART IV : AUDIT OF GOVERNMENT-OWNED COMPANIES AND OTHER ACCOUNTS</b>	<b>74</b>
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## **ANNEXES**

Annex I : AGO's Audit Authority	76
Annex II: Criteria for Appointment of Auditors	81



# OVERVIEW

## OVERVIEW

I am pleased to present my Report on the audits carried out by the Auditor-General's Office (AGO) for the financial year 2024/25.

The audits give assurance to the President and Parliament on the proper accounting, management and use of public resources. In the process, they help strengthen financial governance of the public service and enhance the accountability of public sector entities as custodians and stewards of public resources.

### Audit Authority

The Auditor-General's authority to audit and report is provided for in legislation. The key legislation that governs AGO's work are the Constitution of the Republic of Singapore and the Audit Act 1966. The details of AGO's audit authority are in [Annex I](#).

AGO audits the accounts of all Government departments and offices. AGO also audits public authorities and bodies administering public funds as prescribed by law, or upon request and with the approval of the Minister for Finance. In general, AGO carries out the following types of audits:

- **Financial statements audit** which involves the checking of accounts with the objective of giving an audit opinion on the annual financial statements prepared by the entity.
- **Selective audit** which involves the checking of selected activities and operations carried out in relation to the accounts. It seeks to ascertain whether there is any financial irregularity, excess, extravagance or gross inefficiency leading to waste, and whether measures to prevent them are in place. Such an audit is not intended to render an opinion on the financial statements or draw any conclusion on the overall performance of the audited entity.
- **Thematic audit** which is an in-depth examination of a selected area and may involve more than one public sector entity. The in-depth examination enables AGO to report on good practices in financial governance and controls that it may come across in the course of the audit, in addition to lapses.

## **Audit Approach**

AGO adopts a risk-based approach in determining the areas to be covered in an audit. In selecting areas for audit, one of the key factors AGO considers is the materiality of transactions. Dollar value is an important consideration in determining materiality, but it is not the only consideration. AGO also considers other factors such as the potential impact an irregularity in a particular area may have on the entity or the public sector as a whole.

In carrying out the audit, AGO examines records, files, reports and other documents, conducts site visits and interviews relevant officers. AGO also considers internal controls that entities have put in place to safeguard resources against waste, loss and misuse in the selected areas of audit. The audit observations reported are based on the information and evidence so gathered. As audits are conducted on a test check basis, they do not reveal all irregularities and weaknesses. However, they should help to uncover some of the serious lapses.

## **Reporting of Audit Observations**

All audit observations and the audited entity's management comments are conveyed to the Permanent Secretaries of the respective Government ministries, Heads of the respective organs of state and the Chief Executives of the respective statutory boards and other entities by way of AGO Management Letters. In the case of statutory boards, the Management Letters are also sent to the Permanent Secretaries of their respective supervising ministries.

The more significant audit observations are covered in this Report. These are typically observations which indicate malfeasance, lapses with significant financial impact, systemic or common lapses that may seriously weaken financial governance and controls if not corrected. They may also serve as useful learning points for improvements across the Whole-of-Government.

This Report is submitted to the President who shall, in accordance with section 3(3) of the Audit Act 1966, present it to Parliament. The Public Accounts Committee deliberates on the Report and may call upon public sector entities to account for lapses, where it deems necessary.

The reporting of audit observations in the *Report of the Auditor-General* is an essential part of the system of public accountability.

## **Audits Carried Out for the Financial Year 2024/25**

AGO audited the following:

- The Government Financial Statements (incorporating the accounts of all 16 Government ministries and 8 organs of state)
- 3 Government funds
- 10 statutory boards
- 4 Government-owned companies
- 2 other accounts

### *Financial Statements Audits*

For the financial year 2024/25, I have issued an unmodified audit opinion on the Government Financial Statements. I have also issued unmodified audit opinions on the financial statements of 3 statutory boards, 4 Government-owned companies and 2 other accounts.

### *Selective Audits*

AGO carried out selective audits of 6 statutory boards and 2 Government funds whose financial statements were not audited by AGO.

### *Thematic Audit*

AGO conducted a thematic audit on Research, Innovation and Enterprise (RIE) 2025 – research and development (R&D) grants managed by the Agency for Science, Technology and Research (A\*STAR) and the National Research Foundation (NRF).

In addition to the above audits, AGO carried out checks on Government ministries, organs of state and statutory boards arising from matters that came to AGO's attention through observations from past audits, feedback or complaints.

## Summary of Audit Observations

AGO made 132 audit observations which were conveyed to the public sector entities concerned through AGO Management Letters. Of which, 25 of the more significant audit observations are highlighted in this Report (see **Table 1**).

**Table 1: Number of Observations by Key Areas**

Key Areas	Number of Observations
(1) Lapses in Contract Management and Procurement	7
(2) Lapses in Management of Revenue	2
(3) Lapses in Management of Operations	3
(4) Lapses in Management of Grants	1
(5) Weaknesses in IT Controls	1
(6) Possible Irregularities in Records Furnished for Audit	2
(7) Thematic Audit on Research and Development Grants	9
<b>Total</b>	<b>25</b>

### ***(1) Lapses in Contract Management and Procurement***

AGO found lapses in contract management and procurement at some public sector entities including the Home Team Science and Technology Agency (HTX), the Public Utilities Board (PUB), the Maritime and Port Authority of Singapore (MPA), the National Environment Agency (NEA), and the Economic Development Board (EDB).

In the audits of HTX, PUB and MPA, AGO noted that there were inadequate checks on goods delivered or services provided. As a result, there was inadequate assurance that payments were made for goods or services that complied with contractual requirements. For HTX, it had appointed a consultant to manage the contract. However, it remained overall responsible for ensuring that public funds were well spent and should have maintained better oversight over its consultant and contractor.

AGO noted that in a public-private partnership project, NEA had not monitored the private sector partner's compliance with requirements in the project agreement pertaining to the project's financial model. The partner did not provide NEA with an updated financial model to reflect the actual costs incurred as required under the agreement. As a result, NEA estimated that it had overpaid the partner by \$0.53 million, and would pay \$1.73 million less for the remaining contract period with the updating of the financial model.

AGO also found that there was a lack of robustness in tender evaluation by EDB and MPA. In an EDB tender, a tenderer had submitted required supporting data after the close of tender that did not tally with its bid price. However, EDB did not clarify with the tenderer on the discrepancy and subsequently awarded the contract to the tenderer. In addition, EDB did not use the tenderer's submitted bid price in its tender evaluation and award recommendation to the Tender Approving Authority (TAA). Instead, it used a higher figure that it had derived from the supporting data received after the close of tender. Had the bid price submitted been used in the analysis, the contract price approved by the TAA could have been different. As for MPA, AGO found 2 instances of errors in the evaluation scoring of a tender. One of the errors could have affected the award, which could have gone to another tenderer whose bid price was \$2.43 million lower.

## **(2) *Lapses in Management of Revenue***

AGO found lapses in the management of revenue at the Ministry of Foreign Affairs (MFA) and MPA.

AGO's checks on visa applications processed by MFA found that related fees collected by Honorary Consuls-General and Honorary Consuls were not tracked and accounted for as Government revenue even though they are public moneys under the law. The estimated amount of such fees for the financial years 2022/23 to 2023/24 was \$1.02 million.

For MPA, AGO noted that dumping and monitoring fees charged and 2 types of port dues concessions granted were not prescribed in law. The total amount of such fees collected was \$115.88 million for the financial years 2020 to 2023, while the total amount of concessions granted during the period January 2021 to March 2024 was \$0.70 million.

### **(3) *Lapses in Management of Operations***

AGO found lapses in the management of operations at the Ministry of Education (MOE) and the Insolvency and Public Trustee's Office (IPTO).

In the audit of MOE's administration of Post-Secondary Education Account (PSEA) withdrawals, AGO noted that MOE relied on checks by Training Providers (TPs) and the members themselves to ensure that PSEA moneys were used for approved purposes and any unutilised moneys were refunded to the PSEAs. At 1 TP, AGO found instances of multiple withdrawals for the same course or withdrawal amounts exceeding the prescribed course fees. This resulted in unutilised PSEA withdrawals which were held by the TP for as long as 2.8 years, when they should have been refunded to the PSEAs. In addition, AGO noted that MOE had allowed PSEA withdrawals to be made before members were enrolled for a course. This would contribute to unutilised PSEA withdrawals if members do not eventually enrol for the course, and increase the risk of such PSEA moneys being held and retained by TPs.

For IPTO, AGO noted that moneys paid into the Companies Liquidation Account by liquidators of companies undergoing compulsory winding up had been invested in fixed deposits under the Accountant-General's Department's Central Liquidity Management (CLM) framework. However, not all liquidators had requested nor given their consent for the moneys to be invested. Based on legal advice, such moneys cannot be invested under the CLM if there was no request nor consent given by the liquidator. AGO also noted that IPTO case officers could access information and perform work tasks for all case accounts in 3 IT case management systems. This was regardless of whether the officers had been officially assigned to process the cases. There were also no control measures in place to detect and investigate possible cases of unauthorised access and activities on a timely basis.

### **(4) *Lapses in Management of Grants***

In the audit of EDB, AGO found lapses in the administration and weaknesses in the design of the Singapore Global Network Funding Programme (SGNFP). The lapses included: (i) inadequate assurance that applicants and event attendees met eligibility criteria for funding; and (ii) no requirement for applicants to declare conflict of interest (COI) when submitting claims. There was also no evidence that EDB had carried out eligibility or COI checks when processing the claims. In addition, AGO noted gaps in the design of the SGNFP framework that would allow applicants to game the system to seek a higher percentage of funding for supported events.

## **(5) *Weaknesses in IT Controls***

For MOM, AGO noted several weaknesses in the management of the most privileged operating system (OS) account (i.e. “root” account) of an application system. The weaknesses included: (i) inappropriate command granted to OS administrators; (ii) non-compliance with MOM’s security guide for “root” access; (iii) inappropriate use of “root” account and “root” account password not changed after each use; and (iv) inadequate review of activities carried out using the “root” account. As the “root” account has full access privileges to make changes to the OS audit logs, user access rights and security settings, unauthorised activity carried out using the account could compromise the servers and affect the availability of the system.

## **(6) *Possible Irregularities in Records Furnished for Audit***

In the audit of PUB, AGO found possible irregularities in the records furnished for AGO’s checks for 2 contracts.

For a construction contract, AGO noted possible irregularities in quotations provided for star rate items. Given the possible irregularities, AGO had concerns over the authenticity of the quotations provided and whether value for money had been obtained for the items. Following AGO’s observation, PUB lodged a police report.

For another contract, AGO found tell-tale signs of possible irregularities in the supporting documents submitted to AGO. The contract required certificates to be prepared by an accredited laboratory for each delivery of goods. The tell-tale signs included alterations to the certificates to give the false impression that requisite checks had been performed by the laboratory, and that PUB had accepted goods that met its contractual requirements. Following AGO’s observation, PUB initiated an internal investigation into the matter.



## **(7) Thematic Audit on Research and Development Grants**

AGO conducted a thematic audit on RIE 2025 – R&D grants managed by A\*STAR and NRF. The thematic audit focused on selected funding initiatives (FIs) which had a total disbursement of \$654.96 million during the audit period.

The audit covered 5 stages of grant management. AGO noted that in general, A\*STAR and NRF had put in place processes and controls across the various grant stages to ensure proper management of the FIs, as elaborated below.

### Stage 1 – Grant Design and Setup

AGO noted that there were processes in place to ensure that FIs were properly approved and in line with the objectives of RIE 2025. There was an RIE FI Manual which outlined the RIE funding policies and there were grant processing guidelines which set out the operational and administrative requirements.

### Stage 2 – Grant Evaluation and Approval

AGO noted that both A\*STAR and NRF had put in place processes to guide grant calls, evaluation and approval of research projects. There was also proper segregation of duties between processing and approving grants.

Nevertheless, AGO noted areas where controls could be improved. For both agencies, AGO found some projects where approval was not sought for deviations from the RIE 2025 policy on funding of indirect costs.

### Stage 3 – Grant Disbursement

AGO observed that both A\*STAR and NRF had put in place processes and procedures for checking and approving grant disbursements. However, AGO also noted some areas where controls could be improved. For A\*STAR, AGO noted that ineligible manpower costs had been funded, and several Fund Requisitions (FRs) which should have been selected for sampling checks were instead auto-approved in the system. For NRF, AGO found inadequate segregation of duties by Host Institutions (HIs) in endorsing FRs which could result in potential or perceived COI.

### Stage 4 – Grant Monitoring and Review

AGO observed that both A\*STAR and NRF had put in place processes and procedures to ensure that research projects were managed in accordance with relevant terms and conditions, and that deliverables were achieved. Nevertheless, AGO noted some areas where controls could be improved. For A\*STAR, there were instances where the same individuals from HIs had submitted and endorsed the progress report, resulting in a lack of independent endorsement by the HIs. As for NRF, AGO found that addenda to Letters of Award were not issued to an HI for projects where the funding modality had changed.

### Stage 5 – Cessation of Grant

AGO observed that both A\*STAR and NRF had put in place processes and controls to ensure that projects' deliverables and accounts (including recovery of any excess grants) were finalised in a timely and accurate manner.

## **Good Practices**

AGO observed some good practices which A\*STAR and NRF had implemented.

A\*STAR had set up a centralised and independent grant management unit to administer competitive grants for the RIE ecosystem. A\*STAR also utilised dashboards to monitor various aspects of grant administration and adopted a risk-based approach for verifying FRs, which helped to increase efficiency.

NRF had clearly set out key grant scheme parameters in the FI approval papers, and operational objectives and pertinent information in the FI proposals. NRF had also implemented a grant management IT system which enabled standard workflows and templates in grant administration.

## **Other Areas for Improvement**

Sections (1) to (7) above highlight the more significant observations from AGO's audits carried out for the financial year 2024/25. These observations are further elaborated in Parts I B, II and III of the Report. In addition, AGO noted that there were some common lapses and areas for improvement across the Whole-of-Government.

### Procurement – Tenders Should be Evaluated in Accordance with Published Evaluation Criteria

AGO noted in several agencies (HTX, JTC and PUB) that there were instances where tender evaluation was not carried out in accordance with the published evaluation criteria. While the outcome of the award was not affected for these cases, changing the evaluation criteria (including any sub-criteria) after tender closing date could raise questions on the fairness of the evaluation process as the changes made could favour certain bidders. To uphold the Government procurement principles of transparency, and open and fair competition, agencies are reminded to ensure that tenders are evaluated in accordance with published evaluation criteria.

### IT Controls – Access to Privileged Accounts Should be Properly Managed and Monitored

Another area for improvement was the management of privileged accounts in IT systems (IRAS and MOM). Lapses noted included ineffective review of privileged account activities due to incomplete logs or delays in reviews, and lack of segregation of duties in the review. There were also instances where inappropriate access rights had been granted to the privileged accounts when the users did not require such access for their job roles. Agencies should ensure that privileged account activities are monitored effectively so that any unauthorised activities can be detected and investigated on a timely basis. In addition, access rights should strictly be granted based on the users' job requirements.

### Data – Potential for Greater Use of Data Analytics and Data Sharing Among Agencies

While agencies have the prerogative to perform their own risk assessments and determine the extent of checks required, AGO noted that there are opportunities for greater use of administrative data and data analytics to enhance the effectiveness of checks performed. For example, agencies can tap on data sources across the public sector (e.g. birth and death records from the Immigration and Checkpoints Authority, business records from the Accounting and Corporate Regulatory Authority, and employer-employee records from the Central Provident Fund Board) rather than rely solely on applicants' declarations when administering schemes/programmes.

In this regard, AGO would like to highlight that agencies should exercise responsible use of data. Where data is sensitive and requires specific permissions, agencies should: (i) obtain necessary approvals from data owners before access; (ii) protect the data in accordance with the Government Instruction Manual on Infocomm Technology & Smart Systems Management; and (iii) comply with data classification requirements and implement appropriate security controls.

## **Concluding Remarks**

There are 3 areas that public sector entities should pay greater attention to:

- a. **Contract Management and Procurement.** Agencies should maintain adequate oversight over their consultants and contractors. There should be measures in place to ensure that goods/services delivered comply with contractual requirements before payments are made. Tender evaluation should be carried out in accordance with published evaluation criteria and agencies should exercise due care when evaluating tenders. This will provide better assurance that contracts are awarded in accordance with the Government procurement principles of transparency, fairness and value for money.
- b. **Management of Revenue.** Public moneys collected under the law should be properly accounted for as revenue of Singapore. Agencies should also ensure that fees and charges collected or concessions given are prescribed in law, where required.
- c. **Possible Irregularities in Records Furnished for Audit.** AGO takes a serious view of any furnishing of false information. The submission of documents that have been altered impedes AGO's work. Such actions also cast doubt on the authenticity of other documents provided to AGO for audit.

I am pleased that the public sector entities audited by AGO take the audit observations seriously and are committed to address the lapses and put in place measures to prevent future recurrence. AGO will follow up with them to ensure that remedial actions are taken.

## **Acknowledgements**

I would like to acknowledge the co-operation given to AGO by the Government ministries, organs of state, statutory boards, Government-owned companies and other entities audited.

I would like to thank former Auditor-General Ms Goh Soon Poh for her leadership of AGO over the past 6 years and for her contributions to the audits for the financial year 2024/25. I would also like to express my appreciation to all my officers for maintaining high professional standards and showing dedication and commitment in enhancing public accountability.

NG WAI CHOONG  
Auditor-General  
Singapore

2 July 2025

## **PART I**

**(A) AUDIT OF GOVERNMENT FINANCIAL  
STATEMENTS**

**(B) AUDIT OF GOVERNMENT MINISTRIES,  
ORGANS OF STATE AND  
GOVERNMENT FUNDS**

## **PART 1A : AUDIT OF GOVERNMENT FINANCIAL STATEMENTS**

1. The Auditor-General has issued an unmodified audit opinion on the Financial Statements of the Government of Singapore for the financial year ended 31 March 2025, upon completion of the audit required under section 8(1) of the Audit Act 1966.

### **Government's Responsibility for the Financial Statements**

2. The Minister for Finance is responsible for the preparation of the financial statements in accordance with Article 147(5) of the Constitution of the Republic of Singapore and section 18 of the Financial Procedure Act 1966.

3. The Accountant-General is responsible under the Financial Procedure Act 1966 for the supervision and administration of the Government accounting system, and is required under the Financial Regulations to prepare and submit to the Minister the statements required under section 18 of the Financial Procedure Act 1966.

4. The Permanent Secretaries of ministries and Heads of organs of state, as Accounting Officers, are responsible, inter alia, for ensuring that proper books and systems of accounts are adopted and maintained in every department under their charge, in accordance with the Financial Regulations.

### **Auditor-General's Responsibility for the Audit of the Financial Statements**

5. The Auditor-General is required to audit and report on these financial statements under section 8(1) of the Audit Act 1966. In discharging this responsibility, the audit objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

6. As part of the audit, professional judgement is exercised and professional scepticism is maintained throughout the audit. The audit also includes:

- a. Identifying and assessing the risks of material misstatement of the financial statements whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for opinion;
- b. Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls; and
- c. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made, having regard to the law.

### **Submission of Audited Financial Statements and Audit Report**

7. The Minister is required to submit the audited Financial Statements to the President under Article 147(5) of the Constitution of the Republic of Singapore and section 18 of the Financial Procedure Act 1966.

8. In accordance with section 8(3) of the Audit Act 1966, the Auditor-General submitted the audit report on the Financial Statements to the President on 26 June 2025. The President would present to Parliament the audited Financial Statements with the audit report thereon.

### **Acknowledgements**

9. AGO would like to thank the Accountant-General's Department for its co-operation in the audit.

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## **PART I B : AUDIT OF GOVERNMENT MINISTRIES, ORGANS OF STATE AND GOVERNMENT FUNDS**

### **Government Ministries and Organs of State**

1. In the course of the audit of the Government Financial Statements, AGO carries out test checks of internal controls of selected areas in Government ministries and organs of state. These include checks for financial irregularity, excess, extravagance or gross inefficiency leading to waste in the use of funds and resources, and whether measures to prevent such lapses are in place. The authority for these audits is provided for in section 5(1) of the Audit Act 1966.

### **Government Funds**

2. The enabling Acts of certain Government funds within the Government Financial Statements require separate accounts to be prepared and audited by the Auditor-General or another auditor. When the Auditor-General is not auditing the accounts, the Minister concerned will appoint an auditor in consultation with the Auditor-General. In advising on the appointment, the Auditor-General takes into account the criteria listed in [Annex II](#).

3. For Government funds whose financial statements are audited by commercial auditors, AGO carries out selective audits in rotation, at least once every 5 years for large Government funds. A selective audit involves the checking of selected activities and operations carried out in relation to the accounts. It seeks to ascertain whether there is any financial irregularity, excess, extravagance or gross inefficiency leading to waste, and whether measures to prevent them are in place. Such an audit is not intended to render an opinion on the financial statements or draw any conclusion on the overall performance of the audited fund.

4. In the financial year 2024/25, AGO carried out selective audits of the following 2 Government funds<sup>1</sup>:

- a. Edusave Endowment Fund; and
- b. Post-Secondary Education Fund.

5. In addition, AGO carried out checks on Government ministries, organs of state and Government funds arising from matters that came to AGO's attention through observations from past audits, feedback or complaints.

### **Acknowledgements**

6. AGO would like to thank all the Government ministries and organs of state for their co-operation in the audits.

### **Selected Observations**

7. Selected observations arising from the audits of Government ministries, organs of state and Government funds are summarised in the paragraphs that follow.

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<sup>1</sup> The Edusave Endowment Fund and Post-Secondary Education Fund were established under the Education Endowment and Savings Schemes Act 1992. These funds are administered by the Ministry of Education.

## **MINISTRY OF EDUCATION**

### **POST-SECONDARY EDUCATION FUND**

8. For the audit of the Post-Secondary Education Fund, AGO covered the following areas in its data analysis and test checks:

- a. Receipts; and
- b. Payments.

The more significant observation arising from the audit is presented in the paragraphs that follow.

### **Lapses in Administration of Post-Secondary Education Account Withdrawals**

9. AGO carried out data analysis on Post-Secondary Education Account (PSEA) withdrawal records for course fees and charges by Training Providers (TPs) for the period 1 April 2021 to 31 March 2024. AGO also carried out test checks of PSEA withdrawals at 3 TPs. The total amount of PSEA withdrawals for course fees and charges by all TPs was \$30.09 million during the audit period.

10. AGO's analysis and test checks found lapses in the administration of PSEA withdrawals. There were inadequate verification checks on withdrawals by 1 of the 3 TPs. AGO found 299 instances of multiple withdrawals (ranging from 2 to 4 times) for the same course or withdrawal amounts exceeding the prescribed course fees. There were also 8 instances where a member had made withdrawals for 8 courses by the TP but had not enrolled in any of the courses. These 307 instances led to unutilised PSEA withdrawals totalling \$116,200. Unutilised PSEA moneys should be refunded to the PSEAs of members as per the Education Endowment and Savings Schemes (Post-Secondary Education Scheme) Regulations and the Ministry of Education (MOE)'s Standard Operating Procedures (SOPs) which were issued to all TPs. However, the TP had held the unutilised moneys for as long as 2.8 years as at December 2024, even though it would have been aware of them from its records.

11. AGO noted that MOE relied on checks by TPs and the members themselves to ensure that PSEA moneys were used for approved purposes and any unutilised moneys were refunded to the PSEAs. Without sufficient checks on TPs by MOE, there was inadequate assurance that TPs had adhered to the Regulations and SOPs. The lapses in the administration of PSEA withdrawals pointed to the need for MOE to improve its oversight of TPs.

12. In addition, AGO noted that MOE had allowed PSEA withdrawals to be made before members were enrolled for a course. This would contribute to unutilised PSEA withdrawals if members do not eventually enrol for the course, and increase the risk of such PSEA moneys being held and retained by TPs.

13. MOE informed AGO that it had a system of controls in place for the governance of PSEA withdrawals and refunds, including providing monthly transaction statements and annual statements of accounts to members. The withdrawal process had been progressively tightened since 2022 such as requiring members to authenticate each withdrawal using Singpass before a deduction was processed. MOE had also started a pilot initiative in December 2023 to engage auditors for in-depth audits of selected TPs, with plans to scale up the audit to all TPs.

14. MOE confirmed that the TP concerned had since refunded the unutilised amounts to the PSEAs in full. MOE would check for duplicate withdrawals in the past 6 years for all TPs, and explore the feasibility of implementing system checks for duplicate withdrawals going forward. It would also require all TPs to submit annual declarations on the validity of withdrawals and the prompt refund of unutilised withdrawals.

## **MINISTRY OF FOREIGN AFFAIRS**

15. For the audit of the Ministry of Foreign Affairs (MFA), AGO covered the following areas in its test checks:

- a. Visa fees collection;
- b. Expenditure on manpower;
- c. Imprests and advances; and
- d. An overseas mission.

The more significant observation arising from the audit is presented in the paragraphs that follow.

### **Visa Fees Not Accounted for as Government Revenue**

16. AGO's checks on visa applications processed by MFA found that the related fees collected by Honorary Consuls-General and Honorary Consuls (HCGs/HCs) were not tracked and accounted for by MFA as Government revenue. The fees are set out in the Schedule to the Diplomatic and Consular Officers (Fees) Order 2012. The estimated amount of visa application fees not accounted for was \$1.02 million for the period 1 April 2022 to 31 March 2024.

17. HCGs/HCs are individuals appointed by MFA to represent Singapore and perform services such as processing visa applications or extending consular assistance overseas. They are persons of high standing and influence in their countries who agreed to provide voluntary services to Singapore and are not employees of the Singapore Government. MFA does not pay the HCGs/HCs any salary or honorarium. Under the arrangement with MFA, HCGs/HCs would bear the operating costs of providing these services and be allowed to retain the fees collected to offset the operating costs.

18. MFA did not track and account for the visa fees collected by HCGs/HCs. MFA had previously assessed the amount to be small, and that the tracking and accounting overheads would likely outweigh the fees collected.

19. While AGO understands the rationale for this arrangement, AGO noted that the fees for processing visa applications are public moneys under the Financial Procedure Act 1966 and would need to be accounted for in the Consolidated Fund.

20. MFA acknowledged that it had not adequately accounted for the visa fees collected by HCGs/HCs as required. It had instead allowed the HCGs/HCs to keep the fees to offset their expenditure in rendering the visa services. MFA estimated that the total costs incurred by HCGs/HCs to provide visa services exceeded the total visa revenue collected for the financial year 2024/25. Thus, MFA was of the view that there was in substance no net loss in public funds as the HCGs/HCs had been bearing the costs in excess of fees collected. Going forward, MFA would strengthen the accounting for visa fees collected by HCGs/HCs and was exploring possible amendments to relevant legislation regarding the fees.

## **MINISTRY OF LAW**

### **INSOLVENCY AND PUBLIC TRUSTEE'S OFFICE**

21. For the audit of the Insolvency and Public Trustee's Office (IPTO), AGO covered the following areas in its test checks:

- a. Deposit accounts under:
  - i. Public Trustee – General Estate/Common Fund;
  - ii. Official Receiver – Companies Liquidation Account;
  - iii. Official Assignee – Bankruptcy Estates Account; and
- b. Insolvency Case Management Platform – IT Application and General Controls.

The more significant observations arising from the audit are presented in the paragraphs that follow.

### **Moneys Held on Behalf of Liquidators Invested although No Requests Made nor Consent Given by the Liquidators**

22. AGO noted that all moneys paid into the Companies Liquidation Account (CLA) by liquidators of companies undergoing compulsory winding up had been invested in fixed deposits under the Accountant-General's Department's Central Liquidity Management (CLM) framework<sup>2</sup>. However, not all liquidators had requested nor given their consent for the moneys to be invested. Based on legal advice, where the liquidator had neither requested nor provided his consent for the moneys paid into the CLA to be invested, such moneys cannot be invested under the CLM. AGO also noted that for these cases, the interest earned from investing the moneys had been credited into the Consolidated Fund (and not into the respective case accounts) since the CLA came under the CLM framework in April 2019. The Ministry of Law (MinLaw) informed AGO that from April 2019 to November 2024, the total interest earned for these cases was estimated to be \$14.25 million.

23. Under section 196(1) of the Insolvency, Restructuring and Dissolution Act 2018, a liquidator may invest surplus funds of a company in liquidation in securities issued by the Government, or place these funds on deposit at interest with any bank. The liquidator can request or give consent to the Official Receiver to invest the moneys if the liquidator is of the view that there are surplus funds. Any interest received in respect of the moneys invested or deposited forms part of the assets of the company in liquidation.

24. The CLA is a bank account holding moneys belonging to various categories of cases handled by the Official Receiver. This includes moneys paid into the CLA by liquidators of companies undergoing compulsory winding up which had neither requested nor given their consent for the moneys to be invested. AGO understands that due to the design of the CLM framework, once the CLA came under the CLM, all moneys in the account would be invested. It was not possible to exclude some moneys in the CLA from being invested.

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<sup>2</sup> The CLM framework was developed to centrally manage excess cash held by ministries and statutory boards.

25. MinLaw acknowledged that explicit consent should be obtained from liquidators for the moneys to be invested as provided for under the law. It noted that no undue risk was taken as the investments related to placements into fixed deposits under the CLM framework. The investments did not have any impact nor result in any financial loss to creditors or stakeholders whose liquidators had not made such requests for investment. MinLaw also informed AGO that it had taken steps to exclude CLA funds from the CLM by October 2025. In addition, it had implemented a new framework for moneys paid into the CLA to be invested in fixed deposits only upon the liquidator's request. Liquidators would also be reminded that they could make requests for the investment of funds in the CLA.

### **Weaknesses in Controls over Systems Used for Case Processing**

26. AGO noted that IPTO case officers, with read and write access granted, could access information and perform work tasks for all case accounts in the Public Trustee's Office (PTO) system, Insolvency Case Management Platform and Corporate Insolvency Management System 2. This was regardless of whether the officers had been officially assigned to process the cases. Among other things, case officers in the PTO could access any case account in the PTO system to amend the shares/percentages of the estate to be distributed amongst the beneficiaries. In addition, AGO noted that IPTO did not have any control measures in place to detect and investigate possible cases of unauthorised access and activities on a timely basis.

27. IPTO informed AGO that it had been allowing case officers to access all case accounts' information to facilitate efficient handling of cases. IPTO officers were required to make annual and ad hoc declarations of conflict of interest (COI) so that they did not handle cases that might pose COI. In addition, the case audit logs of all actions taken by the system users were kept in the systems.

28. AGO's data analysis found 3 instances where a PTO case officer had, following the distribution of moneys from his deceased parents' case accounts, accessed and performed multiple actions on these case accounts in the PTO system. Upon AGO's query, IPTO inquired into the matter and informed AGO that the officer had accessed the case accounts to test out the PTO system. However, there was no approval sought by nor permission given to the officer to access his parents' case accounts.



29. Access rights should be granted based on the principle of least privilege, according to the officers' job roles and responsibilities. There should also be effective monitoring mechanisms to ensure that any unauthorised access and activities are detected and investigated on a timely basis.

30. MinLaw acknowledged that there should be stronger controls in place to detect unauthorised access to cases. It informed AGO that IPTO's operational divisions had implemented additional audit systems to detect unauthorised access within the respective IT case management systems with effect from April 2025.

## **MINISTRY OF MANPOWER**

### **Weaknesses in Management of Most Privileged Operating System Account**

31. The Ministry of Manpower (MOM) implemented a Work Pass Integrated System-Employment Pass (WINS-EP) web application for employers to apply for, renew and cancel employment passes.

32. AGO conducted an IT general controls audit of WINS-EP covering the period April 2024 to March 2025. AGO found weaknesses which could compromise the WINS-EP servers and affect the availability of the WINS-EP system. The details of the observations are in the paragraphs that follow.

#### ***A. Inappropriate Command Granted to OS Administrators***

33. The most privileged operating system (OS) account (i.e. "root" account) has full access privileges to make changes to the OS audit logs, user access rights and security settings. Unauthorised activity carried out using the "root" privileges could compromise the WINS-EP application and database servers and affect the availability of the WINS-EP system. It is thus important to restrict the use of the "root" account.

34. To secure the “root” account, MOM has implemented controls such as restricting access to the account password and changing of password after every use. In addition, to control the use of “root” privileges, MOM has restricted the commands which OS administrators could execute using these privileges based on their job roles. This is done via the UNIX OS Security Software (i.e. “sudo”<sup>3</sup>) configurations.

35. AGO reviewed the “sudo” configurations in 3 WINS-EP application and database servers and found that 1 of the commands granted was inappropriate. This command could be used by 24 MOM IT staff and IT vendor staff to change the password of any account including the “root” account. As a result, these 24 IT staff and IT vendor staff could gain full access to the “root” account in the 3 WINS-EP application and database servers by changing the “root” account password. This would negate the controls put in place by MOM to secure the account.

36. MOM informed AGO that it had since remediated the “sudo” configurations for all 3 WINS-EP application and database servers, and had updated its internal procedures to reinforce password change control measures. MOM had also established that there were no unauthorised changes made to the “root” account password.

*B. Non-compliance with MOM’s Security Guide for “root” Access*

37. According to MOM’s security guide, login to the “root” account must only be performed through the WINS-EP server console. The purpose of this security setting is to reduce the risk of security exploits targeting the “root” account.

38. AGO’s checks on the security settings in the 3 WINS-EP application and database servers noted that the settings in 2 out of 3 WINS-EP servers were not configured according to MOM’s security guide. As a result, the OS administrators could access the “root” account remotely, undermining the security safeguards which MOM had intended.

39. MOM informed AGO that the non-compliance was due to staff oversight. MOM had since rectified the security settings to only allow login to the “root” account through the WINS-EP server console. To prevent future occurrences, MOM had also enhanced its processes in March 2025 to require an independent verifier to review any change made to the security settings.

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<sup>3</sup> The UNIX OS Security Software (i.e. sudo) is a program which allows users to assume the privileges of any user account, without having to know the password for the account.

*C. Inappropriate Use of “root” Account and “root” Account Password Not Changed after Each Use*

40. AGO noted instances between March and October 2024 where the “root” account was inappropriately used. According to MOM, the “root” account was supposed to be used only in emergency situations. However, AGO noted instances where the “root” account was used for routine operational activities, such as deletion of user accounts and directories.

41. AGO also noted that the password to the “root” account for the 3 WINS-EP application and database servers was not changed after each login, and there were 3 to 6 instances of login to the “root” account using the same password. This was not in line with MOM’s requirement to change the “root” account password after each login.

42. MOM informed AGO that it had verified that the actions performed using the “root” account were neither malicious nor did they result in any security compromise to the system. MOM had since conducted a briefing in March 2025 to all IT staff on policy compliance, emphasising that the use of the “root” account should be restricted to emergency situations and passwords must be changed after each use.

*D. Inadequate Review of Activities Carried Out Using “root” Account*

43. AGO test-checked the reviews performed by MOM in the 3 WINS-EP application and database servers for the period June to October 2024 and noted that MOM only reviewed 1 type of privileged activity. MOM’s standard operating procedures require reviews to be performed on other privileged activities as well, such as file editing and privilege escalation attempts. By reviewing only 1 type of privileged activity, MOM would not be able to detect other unauthorised activities performed using the “root” account, if any.

44. MOM informed AGO that it had since enhanced its review process to include other types of privileged activities.

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## **PART II**

### **AUDIT OF STATUTORY BOARDS**

## **PART II : AUDIT OF STATUTORY BOARDS**

### **Financial Statements Audits**

1. The Auditor-General has issued unmodified audit opinions on the financial year 2024/25 financial statements of the following 3 statutory boards that were audited by AGO:

- a. Accounting and Corporate Regulatory Authority;
- b. Inland Revenue Authority of Singapore<sup>1</sup>; and
- c. Monetary Authority of Singapore<sup>2</sup>.

2. In accordance with section 4(1)(a) of the Audit Act 1966, the Auditor-General audits statutory boards where the law provides for the Auditor-General to audit their accounts.

3. The law requires the accounts of most statutory boards to be audited by the Auditor-General or by another auditor appointed annually by the responsible Minister in consultation with the Auditor-General. In advising on the appointment, the Auditor-General takes into account the criteria listed in [Annex II](#).

### **Selective Audits**

4. For statutory boards whose financial statements are audited by commercial auditors, AGO carries out selective audits in rotation, at least once every 5 years for large statutory boards. The authority is provided for under Finance Circular Minute No. M3/2011, read with section 4(4) of the Audit Act 1966.

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<sup>1</sup> The Auditor-General, Ng Wai Choong, who had served as the Chief Executive Officer and a board member of the Inland Revenue Authority of Singapore (IRAS) until 6 February 2025, had recused himself from the audit of the accounts of IRAS in respect of the financial year 2024/25. The audit opinion on the financial year 2024/25 financial statements of IRAS was thus issued by the Deputy Auditor-General, Rina Chua, in her capacity as the acting Auditor-General.

<sup>2</sup> The Monetary Authority of Singapore is audited by AGO annually as its Act does not provide for any other auditor to audit its accounts.

5. A selective audit involves the checking of selected activities and operations carried out in relation to the accounts. It seeks to ascertain whether there is any financial irregularity, excess, extravagance or gross inefficiency leading to waste, and whether measures to prevent them are in place. Such an audit is not intended to render an opinion on the financial statements or draw any conclusion on the overall performance of the audited entity.

6. In the financial year 2024/25, AGO carried out selective audits of the following 6 statutory boards:

- a. Home Team Science and Technology Agency;
- b. National Environment Agency;
- c. Public Utilities Board (also known as PUB, Singapore's National Water Agency);
- d. Economic Development Board;
- e. Maritime and Port Authority of Singapore; and
- f. Jurong Town Corporation.

7. In addition, AGO carried out checks on statutory boards arising from matters that came to AGO's attention through observations from past audits, feedback or complaints.

## **Acknowledgements**

8. AGO would like to thank the statutory boards for their co-operation in the audits.

## **Selected Observations**

9. Selected observations arising from the audits of statutory boards are summarised and reflected under their respective supervising ministries in the paragraphs that follow.

## MINISTRY OF HOME AFFAIRS

### HOME TEAM SCIENCE AND TECHNOLOGY AGENCY

10. For the audit of the Home Team Science and Technology Agency (HTX), AGO covered the area on procurement and payment in its test checks. The more significant observation arising from the audit is presented in the paragraphs that follow.

#### **Lapses in Management of Contract for Renovation of Office Space**

11. HTX appointed a contractor for the renovation of its office space at an approved procurement value of \$13.01 million. HTX also appointed a consultant to manage this project. HTX subsequently ordered 87 contract variations totalling \$0.71 million.

12. AGO's test checks of 16 contract variations amounting to \$0.60 million, or 85% of the total value of contract variations, found lapses in the management of the contract. Details of the lapses are in the paragraphs that follow.

#### *A. Approvals Not Obtained before Commencement of Contract Variations*

13. AGO found 3 instances where works related to contract variations (totalling \$0.31 million) had commenced without approvals from the approving authority. In addition, the cost estimates for the works were only provided to HTX after the variation works had commenced.

14. The commencement of these works before obtaining approval undermined the role of the approving authority. It indicated a lapse in the controls to ensure that variations were justified and costs involved were acceptable.

*B. Inadequate Assessment of Cost Reasonableness of Star Rates Used*

15. AGO found 14 star rate items<sup>3</sup> (amounting to \$0.28 million) in 5 contract variations where the consultant did not follow the required procedures when assessing the cost reasonableness of the items. For 4 star rate items (amounting to \$0.03 million), the consultant did not carry out cost assessment in accordance with the approach approved by the Tender Approving Authority, i.e. through obtaining 3 quotations from the market. For another 10 star rate items (amounting to \$0.25 million), quotations were obtained from the contractor's sub-contractors which were not independent sources. There was therefore inadequate assurance that the prices charged to HTX for these star rate items were reasonable. In addition, AGO was not able to verify whether cost reasonableness assessment had been performed for another 4 contract variations (amounting to \$0.13 million) as HTX was unable to provide the required supporting documents. HTX explained that it was due to a lapse in documentation by the consultant.

*C. Inadequate Checks on Consultant's Cost Assessment*

16. AGO found 10 contract variations (amounting to \$0.41 million) where HTX did not obtain supporting documents from the consultant to assess how the costs of the star rate items were derived and assessed. This was not in accordance with the methodology for cost assessment of star rates provided in the Government Instruction Manual on Procurement. HTX informed AGO that it had performed sample checks on the valuation of contract variations. Considering that HTX did not select any of the 10 contract variations for checks when they made up 58% of the total value of variations, HTX's sampling checks did not seem adequate.

*D. Contractor's Claims Not Properly Verified before Payment Certified*

17. AGO noted that HTX had made payments for 2 invalid claims (amounting to \$0.15 million) for contract variations that were not ordered by HTX. Although the consultant subsequently issued a correction for the 2 claims in the Interim Final Account, checks ought to have been done to ensure that the claims were properly supported before making payment.

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<sup>3</sup> Star rate items refer to items for which rates are not listed in the contract.



18. AGO also found errors (amounting to \$0.02 million) in 4 contract variations which had been verified by the consultant and HTX during the preparation of the Interim Final Account. This points to insufficient checks by HTX to ensure the reasonableness of the certified amounts before making payment.

19. The contractor subsequently went into liquidation before HTX could recover the amounts overpaid for the above invalid claims and errors. HTX informed AGO that it would look into whether the consultant had discharged its obligations under the contract and might pursue a claim against the consultant for any loss suffered.

*E. Delay in Action Taken to Terminate Contract with Non-performing Contractor*

20. AGO also noted that there was a delay by HTX in taking action to terminate the contract, when the contractor failed to fulfil its obligations after it had gone into liquidation in early 2024. The last phase of works for the contract had been certified substantially completed in September 2023, with outstanding works and defects pending the contractor's rectification. Despite the contractor's repeated failure to complete the required works, HTX only issued the notice of termination in January 2025, more than a year after the works had been certified substantially completed. AGO is of the view that HTX should have taken more timely action to assess whether it should terminate the contract with the non-performing contractor. This would enable HTX to engage a new contractor to complete the unfinished works in a timely manner.

21. HTX explained that the delay was due to the need to carry out due diligence to ensure that there were legitimate grounds to terminate the contract and that there were engagements between its senior management and the contractor. However, HTX was unable to provide documentary evidence to that effect. HTX acknowledged that it should have documented its key decisions and assessment not to terminate the contract at the material point in time.

22. As a result of the lapses mentioned above, there was inadequate assurance that payments were made for services rendered and that public funds were well spent on this project. Although HTX had appointed a consultant to manage the renovation contract, HTX remained overall responsible. HTX needs to improve its contract management process.

23. HTX acknowledged that even as it outsourced administration and management of construction projects to consultants, it remained overall responsible for ensuring that public funds were well spent.

24. HTX informed AGO that it would rectify the lapses and weaknesses, and further strengthen its oversight of project consultants and contractors. Going forward, it would maintain proper records of timely approvals for contract variations, enlarge the scope and depth of its current risk-based sampling checks, and improve its contract management process. It would also document all key decisions and assessments made, such as management's earlier decision to not terminate the non-performing contractor.

## **MINISTRY OF SUSTAINABILITY AND THE ENVIRONMENT**

### **NATIONAL ENVIRONMENT AGENCY**

#### **Failure to Monitor Compliance with Requirements in Project Agreement**

25. AGO audited a public-private partnership project for a waste-to-energy plant under the National Environment Agency (NEA).

26. AGO noted that NEA had not monitored the private sector partner's compliance with requirements in the project agreement pertaining to the project's financial model.

27. NEA entered into an agreement with the partner in October 2015 for the development, operation and maintenance of the plant. Under the agreement, the partner is required to provide waste incineration services to NEA for a period of 25 years. NEA will make monthly payments to the partner for the services. A major component of the monthly payment is capacity payment. It is derived based on a specific set of formulae and parameters set out in the agreement, including a capital cost payment charge rate (CCCR).

28. As part of its bid proposal for the project, the partner was required to submit a financial model. The financial model incorporated the cost, funding, operating and technical assumptions underlying the proposal and reflected the commercial feasibility of the project. Besides being used for bid evaluation, the financial model is also a tool to support contract management throughout the contract period. It contained key inputs like the estimated amounts for Land Lease Premium (LLP) and Grid Connection Costs (GCC), and key outputs like Project Return and Equity Return. When the actual costs for the LLP and GCC became available to the partner, the partner was required to update the financial model. This would result in an adjustment to the CCCR, which would affect subsequent payments to the partner.

29. AGO had 2 key observations. First, the partner did not update the financial model as required under the agreement. It did not do so to reflect the actual costs incurred for LLP and GCC. NEA also did not check with the partner on the updating of the financial model until AGO's query in August 2024. As a result, the CCCR was not adjusted to account for the actual costs of LLP and GCC. Based on NEA's estimates, this resulted in an overpayment of \$0.53 million to the partner from the commencement of operations of the plant in December 2021 to January 2025. With the updating of the financial model, NEA estimated that it would also pay \$1.73 million less for the remaining contract period. In addition, AGO noted that in 2022, NEA consented to the partner's restructuring<sup>4</sup> on the premise that there would be no increase in payment arising from the restructuring. However, AGO estimated that NEA would be paying \$8.09 million more post-restructuring. Second, AGO noted a lack of checks by NEA on the financial models submitted by the partner. Details are elaborated in the following paragraphs.

*A. Financial Model Not Updated*

30. Under the agreement, the partner was required to provide NEA with an updated financial model no later than 30 days from the date when the actual costs for LLP and GCC were made available to the partner. NEA would fully enjoy or bear the change in costs by way of an adjustment to the CCCR, which would affect the computation of the capacity payment.

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<sup>4</sup> In 2022, the partner restructured with a change in its shareholding.

31. AGO noted that the partner had known the actual costs incurred for LLP and GCC since 2018. However, the partner did not provide NEA with an updated financial model within the 30-day timeline. NEA also did not check with the partner on the updating of the financial model until AGO's query in August 2024. As the total actual cost incurred for LLP and GCC was lower than the original estimate, the updated financial model would have resulted in a lower CCCR and reduced payment starting from NEA's first payment to the partner.

32. NEA estimated that as a result, it had overpaid the partner by \$0.53 million from December 2021 to January 2025. In addition, with the reduction of the CCCR, NEA estimated that it would pay \$1.73 million less for the remaining contract period from February 2025 to December 2046.

33. In addition, AGO noted that in 2022, NEA consented to the partner's restructuring on the premise that there would be no increase in payment arising from the restructuring. However, based on AGO's computation, NEA's payment post-restructuring, after adjusting for the actual costs incurred for LLP, GCC and other changes, would be approximately \$8.09 million higher compared to pre-restructuring. This was different from NEA's premise to have no increase in payment on account of the restructuring.

*B. Lack of Checks by NEA on Financial Models Submitted by the Partner*

34. The partner had revised and submitted 2 financial models for its restructuring and refinancing exercises in 2022 and 2024 respectively<sup>5</sup>. AGO noted a lack of checks by NEA on the 2 financial models. NEA did not perform checks on the computation of the project return and charge rates (e.g. CCCR) in the models. Upon AGO's query, NEA requested the partner to engage a consultant to review the financial model submitted by the partner in 2022. Arising from the review, several issues were noted and changes had to be made to the model before it could be used to update the LLP and GCC amounts. Examples of changes made included rectifying inaccuracies in the formulae.

35. AGO's concern is that NEA could have over-relied on the financial models provided by the partner. As changes to the financial models could affect payments to the partner, it is important that NEA puts in place proper procedures and checks to ensure that changes to the financial models are accurate and properly documented.

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<sup>5</sup> Both financial models were not updated with the actual costs of LLP and GCC.

36. NEA acknowledged that the financial model was not updated in accordance with requirements in the project agreement and agreed that stronger oversight of the partner's compliance should have been exercised. NEA informed AGO that it had since requested the partner to engage an independent auditor to verify the revised financial models. NEA would further review the financial models, before using them to adjust future payments and recover any overpayments.

37. NEA also acknowledged that insufficient checks were carried out for the 2 financial models. NEA informed AGO that it had strengthened oversight of the partner by ensuring that more complex issues were adequately supported by in-house legal and finance expertise, or professional legal and financial advisors when necessary. Going forward, to strengthen the governance of the financial model, NEA would institute an annual process to check that all financial, legal and operational clauses in the project agreement had been complied with.

## **PUBLIC UTILITIES BOARD (ALSO KNOWN AS PUB, SINGAPORE'S NATIONAL WATER AGENCY)**

38. For the audit of PUB, AGO covered the following areas in its test checks:

- a. Procurement and payment;
- b. Revenue and collections; and
- c. Grants.

The more significant observations arising from the audit are presented in the paragraphs that follow.

### **Lapses in Management of Biocide and Chemical Supply Contracts**

39. AGO test-checked 3 contracts – 1 for the supply of biocide and 2 for the supply of chemical to PUB installations, and noted the following lapses in contract management:

- a. Payments made for deliveries although the Certificates of Analysis (COAs) submitted did not comply with contractual requirements;
- b. Inadequate monitoring of stock levels; and
- c. Lack of independent testing as external laboratory testing was done by the same laboratory which issued the COA.

40. These lapses indicated poor management of the contracts by PUB. The weaknesses in contract management raised concerns over quality assurance processes and stock adequacy, which could compromise operational effectiveness. The inadequate checks on goods delivered and payments did not give assurance of financial prudence and full value being obtained for the public funds spent. Details of the lapses are in the paragraphs that follow.

A. Payments Made for Deliveries although COAs Submitted Did Not Comply with Contractual Requirements

41. PUB awarded a contract for the supply of biocide for midge control for a period of 3 years at an approved procurement value (APV) of \$7.95 million. From the commencement of the contract in November 2023 till September 2024, PUB issued 6 purchase orders (POs) with a total value of \$2.93 million. The contract required the contractor to provide COAs prepared by an accredited laboratory for each delivery. The COAs should indicate the potency and active ingredient levels of the biocide delivered<sup>6</sup> as well as whether the biocide met the required specifications. AGO noted that PUB had accepted and paid for the deliveries even though the COAs submitted for all 6 POs did not indicate the active ingredient levels and whether the biocide met the required specifications. In addition, 6 COAs<sup>7</sup> for 3 POs did not indicate the potency of the biocide delivered.

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<sup>6</sup> International Toxic Units per mg and percentage of active ingredient.

<sup>7</sup> A PO may have more than 1 COA as a delivery batch may comprise multiple production batches.

*B. Inadequate Monitoring of Stock Levels*

42. AGO also noted inadequate monitoring of stock levels of biocide for the contract. According to PUB, it would raise a PO for the biocide when existing stock was at the trigger level for ordering, taking into account the lead time required for delivery using sea freight. However, AGO noted that all 6 POs test-checked were raised only when the stock level had dropped to as low as 26% to 56% below the trigger level. This resulted in PUB having to incur additional costs amounting to \$302,600 to air freight the goods for 4 POs to replenish its stock instead of using sea freight. Besides incurring additional costs, the inadequate monitoring could increase the risk of stock shortages that could disrupt operations.

*C. Lack of Independent Testing as External Laboratory Testing Was Done by the Same Laboratory which Issued the COA*

43. PUB awarded 2 contracts for the supply of chemical for water disinfection for a period of 2 years at a total APV of \$8.12 million. From the commencement of the contracts in May 2023 till October 2024, PUB issued 98 POs with a total value of \$7.32 million. Similar to the contract for the supply of biocide, these 2 contracts also required COAs prepared by accredited laboratories to be provided for each delivery. In addition, the contracts required: (i) the COAs to include the letterhead of the testing laboratory and be duly signed by staff from the accredited laboratory; and (ii) chemical samples from each delivery to be submitted to another external accredited laboratory for independent testing (external laboratory testing).

44. AGO noted that PUB had accepted and paid for the deliveries even though the COAs submitted for all 9 POs (amounting to \$1.55 million) test-checked did not comply with contractual requirements. The COAs provided by the contractors for all 9 POs were on the contractors' letterhead and signed off by the contractors' staff, instead of those of the accredited laboratories. In addition, AGO noted that for 3 of the 9 POs, the laboratory which prepared the COAs also performed external laboratory testing. This was contrary to the contractual requirement for the laboratory performing external laboratory testing to be different from the laboratory issuing the COA. Having the same laboratory performing both functions would compromise the effectiveness of the intended checks to ensure that the chemical met the contract specifications.

45. PUB acknowledged AGO's observations on the lapses in COAs and stock monitoring. PUB informed AGO that it would take officers who were accountable for the lapses for the biocide supply contract to task. PUB also informed AGO that it would tighten standard operating procedures on operational checks and raise its officers' awareness of proper checking processes through townhall sessions and digital communications. For the COAs submitted with the contractors' letterhead for the chemical supply contracts, PUB explained that the contractors had received the COAs from the accredited laboratories. The contractors then reformatted the COAs to fit PUB's prescribed format, adding their letterheads in the process. PUB informed AGO that it had checked the original COAs from the laboratories and confirmed that the COAs submitted by the contractors were in order. PUB also informed AGO that it had since required the contractors to submit the original COAs from the laboratories for its checks, and counselled the officers accountable for the lapses for the chemical supply contracts.

### **Possible Irregularities in Records Furnished for Audit**

46. For the contract on the supply of biocide (paragraph 41), AGO found tell-tale signs of possible irregularities in the softcopy COAs for all 6 POs submitted to AGO for audit.

47. The tell-tale signs of possible irregularities included alterations to the softcopy COAs which showed different version number, format and information from the original hardcopy COAs provided by the contractor for each delivery. These sought to give the false impression that checks on the active ingredient level had been performed by the accredited laboratory, and that PUB had accepted goods that met its contractual requirements. AGO takes a serious view of any furnishing of false information. Such actions cast doubt on the authenticity of the other documents furnished for audit and impede the work of AGO.

48. PUB agreed that making alterations to documents to furnish false information to auditors was a serious matter and had initiated an internal investigation into the matter. PUB informed AGO that it would emphasise the need to safeguard the integrity of supporting documents for contract management and financial transactions in its training programme for officers managing contracts.



## Poor Management of PUB Analysers Maintenance Contracts

49. Under the Public-Private Partnership (PPP) arrangement, each water plant is operated by a private sector partner. The partner would install and maintain a set of analysers to measure water quality. In addition, PUB installed its own water quality analysers at the PPP plants to countercheck the partners' water quality readings. This enables PUB to ensure that the water quality is complied with before making payments.

50. AGO's test checks of 3 contracts<sup>8</sup> for the installation and/or maintenance of PUB analysers at 3 PPP plants (total contract sum of \$1.32 million) found indications of poor management of these contracts. These included: (i) system to alert PUB when analyser readings reach specified limits not working; (ii) scope of works in contracts not comprehensive; and (iii) extended time taken to rectify loss of PUB analyser data.

51. The indications of poor management of the 3 contracts observed by AGO cast doubt on whether the intended purpose of PUB's analysers had been met.

### A. Alert System Not Working

52. Under the first contract, PUB required an alert system for the analysers installed at the plants to send alerts to PUB should the analyser readings reach certain limits specified by PUB. AGO's test checks found that the alert system had not been working since 2023 for 1 plant and since November 2024 for another plant.

### B. Scope of Works in Contracts Not Comprehensive

53. PUB uses data from PUB's analysers when performing verification of the partners' monthly invoice. However, AGO noted that the scope of works in all 3 contracts for the maintenance of the analysers did not include the extraction and delivery of analyser data to PUB. The maintenance of the alert system was also not stipulated as a requirement in the contract documents.

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<sup>8</sup> The duration of the 3 contracts ranged from 6 months to 3 years and ran consecutively from October 2020 to November 2026.

54. Given that these works support PUB's oversight and monitoring operations, they should have been included in the scope of the maintenance contracts. This would safeguard PUB's interests and ensure that PUB receives the services which it requires.

*C. Extended Time Taken to Rectify Loss of PUB Analyser Data*

55. AGO also noted that the PUB analyser data at 1 plant was either incomplete or missing for 12 out of 13 months test-checked (from October 2023 to October 2024), and there were similar data loss issues at another plant for 11 out of 19 months (from May 2023 to November 2024). As a result, there was no independent check on the water quality data provided by the PPP plant operators for the months with data loss before PUB made payments.

56. AGO noted that despite making efforts to rectify the loss of PUB analyser data, PUB took more than 12 months to resolve the issue.

57. PUB acknowledged that its maintenance services contracts for PUB water quality analysers could have been more comprehensive to include maintenance and troubleshooting of data and alert-related systems since they were part of the overall system. PUB informed AGO that it had taken steps to resolve the issues such as contacting the equipment manufacturer and engaging the manufacturer's authorised contractor to troubleshoot the problem. PUB informed AGO that other measures, such as strict control over the partners' IT systems to prevent unauthorised changing of water quality data and sending water samples for independent testing, had provided PUB adequate assurance over water quality.

**Possible Irregularities in Quotations for Star Rate Items**

58. AGO's test checks found possible irregularities in quotations provided for 23 out of 25 star rate items<sup>9</sup> (totalling \$148,900 or 94% of the total value of star rate items test-checked) under a construction contract for waterscape works. The construction contract (APV of \$6.75 million) was managed by a consultant engaged by PUB. Given the possible irregularities, AGO had concerns over the authenticity of the quotations provided and whether value for money had been obtained for the star rate items.

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<sup>9</sup> Star rate items refer to items for which rates are not listed in the contract.

59. PUB informed AGO that it had since lodged a police report. PUB also informed AGO that it had in place measures to manage star rate items, including: (i) annual procurement townhall sessions and digital communications to improve awareness and competency levels of its officers; and (ii) checks on star rate items during the annual audits of procurement and contract management by its internal auditors. In addition, PUB had strengthened its consultancy contracts for construction projects by incorporating a star rate assessment guide into such contracts.

## **MINISTRY OF TRADE AND INDUSTRY**

### **ECONOMIC DEVELOPMENT BOARD**

60. For the audit of the Economic Development Board (EDB), AGO covered the following areas in its test checks:

- a. Procurement and payment;
- b. Management of incentives; and
- c. Management of the Singapore Global Network Funding Programme.

The more significant observations arising from the audit are presented in the paragraphs that follow.

### **Lack of Robustness in Tender Evaluation and Award of Contract for Global Media Agency Services**

61. AGO test-checked 5 procurements (approved procurement value [APV] totalling \$54.94 million) made by EDB between 1 April 2021 and 31 March 2024. AGO found a lack of robustness in tender evaluation and award of contract for global media agency services (APV of \$52.67 million). The contract, comprising an annual retainer fee (APV totalling \$10.14 million for 5 years) and other variable components such as media buy, was for a period of 1 year with options to extend for two 2-year periods (i.e. a total of 5 years based on 1+2+2 years).

62. Tenderers were required to quote the retainer fees for Year 1 and the two optional 2-year periods as part of their tender proposals. The tender had specified various job roles (e.g. Global Account Lead, Data & Tech Lead) and man-hour parameters (i.e. “Minimum Full Time Equivalent” [FTE]) for the respective job roles. In addition to the overall retainer fee, tenderers were required to submit remuneration data for each role.

*A. Accepting Required Data after Tender Closing Date and Not Clarifying Discrepancies*

63. AGO’s test checks found that the awarded tenderer submitted the required remuneration data only after close of tender. The retainer fee derived using the remuneration data was \$11.54 million, which did not tally with the total retainer fee of \$9.45 million quoted by the tenderer in its proposal at close of tender (see **Table 1**). AGO noted that EDB accepted the remuneration data for evaluation, and did not clarify with the tenderer whether they were erroneous or intended to be a revision of its bid. In fact, there was no evidence that EDB had made an assessment in this regard. Accepting the remuneration data submitted after close of tender without clarifying on the retainer fee discrepancies could raise questions on the fairness and transparency of the tender process.

**Table 1: Retainer Fees Computed Using Remuneration Data That Did Not Tally with Retainer Fees in Tender Proposal Submitted by Awarded Tenderer**

Contract Period	Fees (\$ million)		
	In Tender Proposal Submitted at Tender Close	Computed Using Remuneration Data Submitted after Tender Close <sup>10</sup>	Difference
Year 1	2.15	2.15	-
1 <sup>st</sup> Optional 2-year Period i.e. Years 2 and 3	3.80	4.53	0.73
2 <sup>nd</sup> Optional 2-year Period i.e. Years 4 and 5	3.50	4.86	1.36
<b>Total Retainer Fees (1+2+2 Years)</b>	<b>9.45</b>	<b>11.54</b>	<b>2.09</b>

<sup>10</sup> The retainer fees were computed using remuneration data provided by the awarded tenderer after close of tender and the FTEs published in the Invitation to Tender.

*B. Tender Evaluation and Recommendation Not Based on Bid Price Submitted by Tenderer*

64. EDB's Tender Evaluation Committee (TEC) did not use the bid price of \$9.45 million submitted by the awarded tenderer in its tender evaluation and recommendation of award to the Tender Approving Authority (TAA). Instead, based on the remuneration data submitted by the tenderer, the TEC derived a figure of \$11.54 million as the "Fees as per Tender Submission" in its analysis. The TEC then adjusted the FTEs for the various job roles in the optional periods to bring down the overall man-hours, and concluded that by doing so, the retainer fees would be lowered to \$10.14 million over the 5 years. This was incorrect as the tenderer had committed to a bid price of \$9.45 million based on the original (higher) FTEs. Hence, the TEC's recommendation to the TAA to award the tender at \$10.14 million based on the adjusted FTEs was not well-founded. Had the bid price submitted by the tenderer been used in the analysis, the decision to adjust the FTEs for the optional periods and the contract price approved by the TAA could have been different.

*C. Incomplete and Inaccurate Information Provided to TAA*

65. AGO noted that the TEC did not provide the TAA with complete and accurate information on the tender proposals received. The TAA was informed that there were "omissions" in tender proposals and "clarifications". However, no details were provided for the TAA's scrutiny and for it to make informed decisions. For example, the TAA was not made aware that the retainer fees computed using data submitted after close of tender were different from the fees in the original tender proposal submitted by the awarded tenderer.

66. EDB should strengthen its procurement management and evaluation processes to ensure that procurement principles of fairness and transparency are adhered to. The TAA should be provided with complete and accurate information for it to make informed decisions on the tender award.

67. EDB acknowledged that more robust measures could be put in place to strengthen the procurement process. EDB also informed AGO that it had enhanced its procurement management and evaluation processes with the implementation of the Procure-to-Pay (P2P) system in December 2022, which helped to manage procurement workflows and ensure filing of relevant documentation. EDB would also incorporate the learning points following AGO's audit into the procurement checklist to guide staff on the areas to address and ensure that rectifications were comprehensive.

## **Lapses in Administration and Weaknesses in Design of Singapore Global Network Funding Programme**

68. AGO's test checks of 15 grant disbursements totalling \$73,900 between 1 April 2021 and 31 March 2024 under the Singapore Global Network Funding Programme (SGNFP) found lapses in the administration and weaknesses in the design of the programme.

69. SGNFP provides funding support for ground-up events to help grow and strengthen Singapore's global network of family and friends. The events engage overseas communities of Singaporeans and non-Singaporeans who have studied, worked and lived in Singapore. The funding programme operates on a reimbursement basis, and successful applications receive an approved funding quantum of up to 80% of qualifying cost. During the audit period, disbursements totalling \$1.60 million were made to 370 applicants for 605 applications.

### *A. Lapses in Administration of Funding Programme*

70. AGO's checks on the administration of SGNFP found that there was inadequate assurance that applicants and attendees of SGNFP-funded events met EDB's eligibility criteria for funding. For the 15 disbursements test-checked, AGO noted that there was no evidence of eligibility checks performed by EDB. There was also no requirement for applications and claims of reimbursement to be accompanied by supporting documents that would substantiate the eligibility of applicants and attendees for funding.

71. In addition, AGO noted that there was no requirement for applicants to declare conflict of interest (COI) when submitting their claims for reimbursements. There was also no evidence that EDB had carried out checks on COI when processing the claims. There is hence a risk that claims involving purchases from suppliers owned by or related to the applicants could be inflated or excessive. For instance, for 1 of the disbursements test-checked, AGO noted that \$1,000 of the \$2,000 disbursed was for storytelling and event management services rendered by the applicant's company.

72. Without checks on the eligibility of applicants and attendees, as well as potential COI, there is a risk that funds may not be used for the intended purposes.

73. EDB informed AGO that it would strengthen the overall operational processes for assessment and reimbursement of SGNFP applications to ensure continued good governance in the administration of the programme.

*B. Weaknesses in Design of Funding Programme*

74. AGO found that the design of the SGNFP framework contained gaps that would allow applicants to game the system to seek a higher percentage of funding for supported events. The SGNFP website states that successful applications would receive an approved funding quantum (AFQ) of up to 80% of qualifying cost. The AFQ varies with the grant tier, which is dependent on EDB's assessment of how well the event would meet the SGNFP objectives. The AFQ is based on either a percentage of expected expenditure or fixed cost per projected headcount, and not based on actual expenditure/cost.

75. EDB explained that the AFQ of up to 80% of qualifying cost was to signal to applicants that they should have a financial stake when organising an event. However, in practice, EDB would be prepared to fund up to 80% of the expected expenditure or up to 100% of the net cost<sup>11</sup> for each event, whichever was lower.

76. AGO noted that this enables applicants to reduce or avoid their share of the funding by inflating the expected expenditure and/or projected headcount at the application stage:

- a. Applicants could inflate the expected expenditure during application to receive a higher AFQ, and subsequently reduce or remove the expenditure items from the actual event to achieve a higher percentage of reimbursement.
- b. Applicants could inflate the projected headcount during application to receive a higher AFQ, given that EDB did not require actual attendance numbers to meet the projected headcount as a condition for disbursement of funding.

77. In this regard, AGO found that 8 of the 15 disbursements test-checked involved reimbursements with a support rate (i.e. percentage of actual expenditure reimbursed by EDB) that was at least 20 percentage points higher than the approved grant tier. EDB's intent for applicants to have a financial stake in their events would be less effective if applicants are able to inflate their expected expenditure and/or projected headcount to get higher funding. This is especially so for repeat applicants who would be familiar with the design of SGNFP.

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<sup>11</sup> Defined as total supported expenditure less total actual income (such as from ticket sales and other sponsorships received).

78. EDB informed AGO that it would tighten the reimbursement framework to better account for the identified scenarios. It would ensure that applicants continued to have a financial stake in organising their ground-up initiatives that contributed to the programme's objective of growing and strengthening Singapore's global network of family and friends.

## **MINISTRY OF TRANSPORT**

### **MARITIME AND PORT AUTHORITY OF SINGAPORE**

79. For the audit of the Maritime and Port Authority of Singapore (MPA), AGO covered the following areas in its test checks:

- a. Revenue – dumping and monitoring fees and port dues;
- b. Grants – Maritime Innovation and Technology Fund;
- c. Procurement and payment; and
- d. Investments by external fund managers.

The more significant observations arising from the audit are presented in the paragraphs that follow.

#### **Dumping and Monitoring Fees and Port Dues Concessions Not Prescribed in Law**

80. AGO carried out test checks of dumping and monitoring fees and port dues charged by MPA during the period 1 January 2021 to 31 March 2024. AGO noted that the dumping and monitoring fees charged and 2 types of port dues concessions granted were not prescribed in law.

81. Details of the observations are in the paragraphs that follow.



A. Dumping and Monitoring Fees Not Prescribed in Law

82. MPA charges dumping and monitoring fees for the dumping of dredged or excavated materials at dumping grounds and reclamation sites. The total amount collected was \$115.88 million for the financial years 2020 to 2023. AGO's test checks noted that the dumping and monitoring fees charged were not prescribed in law.

83. MPA informed AGO that the dumping fees were imposed during the time of the Port of Singapore Authority (PSA)<sup>12</sup>. The considerations for imposing the fees were to discourage unfettered dumping in port waters, and to recover the cost for providing dumping sites and monitoring dumping operations. When MPA was formed in 1996, MPA continued collecting the fees as the considerations for imposing the fees remained. The monitoring fees were imposed after MPA was formed. MPA explained that it did not legislate the dumping and monitoring fees as it had considered the dumping and monitoring activities to be contractual arrangements.

84. According to the Government Instruction Manual on Financial Control, fees imposed by a statutory board should be legislated unless a transaction is clearly contractual.

85. Based on legal advice, as the dumping and monitoring fees relate to MPA's statutory function to regulate the depositing of materials at sea under the Maritime and Port Authority of Singapore Act 1996, such fees should be prescribed in legislation.

86. Following the audit, MPA informed AGO that it would prescribe the dumping and monitoring fees in law, and seek a legislative validation of the past collection of dumping and monitoring fees.

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<sup>12</sup> When MPA was formed on 2 February 1996, it took over the regulatory functions of PSA, including the management of marine dumping operations and offshore dumping grounds.

*B. Port Dues Concessions Not Prescribed in Law*

87. AGO's test checks noted that MPA granted 2 types of port dues concessions that were not prescribed in law. The concessions were: (i) 20% concession for container vessels under the Annual and 6-month Port Dues schemes<sup>13</sup>; and (ii) 100% concession for harbour and pleasure craft owned by government bodies, schools, institutions of learning and non-profit organisations. The total amount of these concessions granted during the period 1 January 2021 to 31 March 2024 was \$0.70 million.

88. Port dues are charges imposed by MPA on vessels staying in Singapore port. The port dues payable to MPA are set out in the Maritime and Port Authority of Singapore (Scale of Dues, Rates and General Fees) Notification (Cap. 170A, N 2). Under the Maritime and Port Authority of Singapore Act 1996, the Authority may waive dues and fees payable under the Act. However, based on legal advice, the power to waive dues and fees payable cannot amount to a standing direction to charge dues and fees which are different from the prescribed dues and fees indefinitely. This would be tantamount to amending the Notification, which is a legislative act.

89. MPA informed AGO that it started granting the 20% concession for container vessels under the Annual Port Dues scheme in 1996, and for container vessels under the 6-month Port Dues scheme in 2013. The 20% concession for both schemes was made permanent in 2013. MPA explained that it was an oversight that the 20% concession for both schemes was not prescribed in legislation. As for the 100% concession for the group of harbour and pleasure craft, the policy for granting the concession was inherited from PSA, but was not permanent.

90. MPA also informed AGO that it would review the continuation of the 20% concession for container vessels under the Annual and 6-month Port Dues schemes and the 100% concession for the said group of harbour and pleasure craft, and take action to regularise the concessions as necessary.

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<sup>13</sup> Under the Annual or 6-month Port Dues scheme, vessel owners, agents or masters will pay port dues for a 12-month or 6-month period in advance (instead of on a per-occasion basis) and pay further port dues when the port stay is more than 5 days (for arrivals in 2021 or earlier) or 4 days (for arrivals after 2021) on any occasion.

## **Errors in Scoring for Tender Evaluation**

91. AGO test-checked 5 tenders (approved procurement value [APV] totalling \$104.86 million) called by MPA during the period 1 January 2022 to 31 March 2024. The test checks found 2 instances of errors in evaluation scoring of a tender for vessel management services (APV of \$45.78 million). The tender was awarded to 2 tenderers – 1 for vessel management services for patrol craft, and another for hydrographic vessels. AGO noted that 1 of the errors could have affected the award of the tender for vessel management services for patrol craft (APV of \$30.75 million). The tender could have been awarded to another tenderer with a bid price that was \$2.43 million (9%) lower than the awarded price.

92. MPA used the Price-Quality Method (PQM) in the evaluation of the tender. Under the PQM, price and quality criteria were assigned weightages and translated into quantitative scores during evaluation. The highest scorer would be awarded the tender.

93. The error pertained to points awarded for an evaluation criterion on compliance with requirement specifications for vessel management services for patrol craft. For this evaluation criterion, AGO noted that the successful tenderer submitted the certificates awarded to its subsidiary (and not itself) as documentation of its Quality Management System (ISO standards). MPA accepted the submission and awarded 4 points to the tenderer.

94. According to the evaluation criterion stated in the Invitation to Tender, tenderers should provide documentation of their Quality Management System (ISO standards). This did not extend to that of their subsidiaries. As the ISO certificates were not the tenderer's, points should not have been awarded. Doing so was not in line with the evaluation criterion and was unfair to the other tenderers who had submitted their ISO certificates accordingly.

95. If the points had not been awarded to the tenderer, another tenderer would have obtained the highest score. AGO further noted that the bid price of the other tenderer for vessel management services for patrol craft was \$2.43 million (9%) lower than the awarded price.

96. MPA acknowledged the need to ensure that scoring was made correctly based on the evaluation criteria and scoring methodology. MPA explained that given the tenderer's group corporate structure, MPA had recognised the subsidiary's certification as part of the tenderer's overall capabilities, and awarded the points as the subsidiary would be providing the service.

97. However, AGO noted that the submission by the tenderer did not mention that its subsidiary would be providing services required under the contract. MPA also did not mention the subsidiary in the tender award recommendation paper. AGO further noted that there was no approval from MPA on subcontracting to the subsidiary. As such, the subsidiary's role in the tender and its contribution in terms of capabilities to the project could not be established. There was thus no strong basis to include the subsidiary's certification in tender evaluation, besides it being not in line with the evaluation criterion and unfair to other tenderers.

98. MPA informed AGO that it would improve clarity in future tenders for submission of documentation by the tendering entity, whether as a single entity/company or companies within a group, to enable MPA to obtain the relevant expertise from the appropriate entity, especially for complex and high-value tenders.

### **Inadequate Checks to Ensure Payments Were Properly Made**

99. AGO test-checked 37 payments (totalling \$5.95 million) made during the period 1 January 2022 to 31 March 2024 under 7 contracts. AGO noted that there were inadequate checks to ensure that payments made were correct and for services provided in accordance with the contract for 18 payments (totalling \$1.27 million) under 6 contracts. The details are as follows:

#### ***A. Term Contract for Vessel Management Services for Patrol Craft***

100. AGO's test checks of 13 payments (totalling \$1.11 million) under the term contract for vessel management services for patrol craft (mentioned in paragraph 91) found that MPA did not adequately monitor the contractual maintenance services. MPA made payments even though the contractor did not submit monthly maintenance reports as required by the contract.

101. AGO noted that the contractor had not submitted monthly maintenance reports since the start of the contract in March 2022 to the time of audit in November 2024. MPA nonetheless made payments totalling \$2.81 million to the contractor for provision of maintenance services for this period. AGO also noted that the contractor did not implement a management system for monitoring of maintenance tasks for the vessel as stated in its tender proposal.

102. Given that MPA paid the contractor even though it did not fulfil all the contractual requirements, there was inadequate assurance that MPA had received the full value of the services paid for.

*B. Direct Contracts for Marine Salvage and Anti-pollution Operations*

103. For 5 payments (totalling \$0.16 million) made under 5 direct contracts for marine salvage and anti-pollution operations, AGO noted that there was: (i) lack of evidence that checks were carried out by MPA to ensure that the invoiced amount was correct; and (ii) lack of supporting documents other than the contractor's invoices to substantiate the payments made.

104. MPA explained that the Goods Receipt Officers (GROs) would check with the relevant officers on duty when verifying the payments. However, AGO noted that there was a long time lapse between completion of works and verification of payments, ranging from 19 to 402 days. In addition, there was no evidence that the GROs had checked with the relevant officers on duty before payments were made. As a result, there was inadequate assurance that MPA had received the full value of the services paid for.

105. According to MPA, as the vessel was deployed in daily operations, its condition was monitored by the officers on duty who would inform the contractor if there was any problem with the vessel. Nevertheless, MPA acknowledged the need to strengthen checks to ensure that the contractor had fulfilled the contractual requirements satisfactorily before payments were made, and that payments were duly supported by relevant documents. MPA informed AGO that for the term contract for vessel management services for patrol craft, it had since obtained and reviewed all the maintenance reports from March 2022 to November 2024 and confirmed that the vessel had been well maintained. MPA also informed AGO that with effect from December 2024, it had obtained the monthly maintenance reports for verification prior to making payments.

106. MPA also informed AGO that it had since reviewed and verified the services provided under the 5 direct contracts through various means such as photographs and logs, and confirmed that services had been satisfactorily delivered. Moving forward, MPA would ensure that proper supporting documents were submitted by the contractor and that the MPA duty officer would verify the documents against the invoice received before the GRO approved the payments.

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## **PART III**

### **THEMATIC AUDIT – RESEARCH AND DEVELOPMENT GRANTS**

## **PART III : THEMATIC AUDIT**

1. In the financial year 2024/25, AGO conducted a thematic audit on Research, Innovation and Enterprise (RIE) 2025 – research and development (R&D) grants managed by the Agency for Science, Technology and Research (A\*STAR) and the National Research Foundation (NRF).
2. A thematic audit is an in-depth examination of a selected area and may involve more than 1 public sector entity. The in-depth examination enables AGO to report on good practices in financial governance and controls that it may come across in the course of the audit, in addition to lapses.
3. Thematic audits may involve Government ministries, organs of state, Government funds or statutory boards. For Government ministries (which include NRF under the Prime Minister’s Office), organs of state and Government funds, the authority is provided for in section 5(1) of the Audit Act 1966. For statutory boards (which include A\*STAR), the authority is provided for under Finance Circular Minute No. M3/2011, read with section 4(4) of the Audit Act 1966.

### **Acknowledgements**

4. AGO would like to thank A\*STAR and NRF for their co-operation in the audit.

### **Scope of Audit**

5. To boost research, innovation and enterprise, the Government approved a budget of \$25 billion for the financial years 2021/22 to 2025/26 as part of its RIE 2025 plan. The RIE 2025 budget was topped up by \$3 billion, as announced in February 2024.
6. Under the RIE 2025 plan, A\*STAR and NRF managed a budget of \$8.24 billion and \$5.68 billion respectively. The budget was allocated to various R&D Funding Initiatives (FIs). The thematic audit focused on the following RIE 2025 FIs managed by A\*STAR and NRF during the period 1 April 2021 to 30 June 2024, as shown in **Table 1**.



**Table 1: Details of Funding Initiatives (1 April 2021 to 30 June 2024)**

<b>Funding Initiative</b>	<b>RIE 2025 Revised Budget (\$ million)</b>	<b>Award Value of Projects (\$ million)</b>	<b>Total Disbursement (\$ million)</b>
<b>A*STAR</b>			
Industry Alignment Fund – Industry Collaboration Project	756.94	449.84	159.29
Industry Alignment Fund – Pre-Positioning: Manufacturing, Trade and Connectivity (MTC)	548.29	226.15	95.69
Industry Alignment Fund – Pre-Positioning: Human Health and Potential (HHP)	472.71	155.14	43.02
MTC Programmatic	199.38	124.33	40.49
A*STAR Innovation and Enterprise Office Decentralised Gap Funding	144.82	115.44	69.60
<b>NRF</b>			
Campus for Research Excellence and Technological Enterprise (CREATE)	710.00	422.45	125.44
NRF Competitive Research Programme	509.00	262.21	57.76
NRF Research Talent	366.50	217.67	22.08
Innovation and Enterprise Cluster Fund	235.00	142.00	30.42
Central Core	115.00	32.96	5.13
Central Gap	90.00	13.10	6.04
<b>Total</b>	<b>4,147.64</b>	<b>2,161.29</b>	<b>654.96</b>

7. The audit sought to assess whether processes and controls were in place across the following stages:

- a. Stage 1: Grant Design and Setup
  - Whether there were processes and controls in place to ensure that FIs were authorised and administered in accordance with the objectives of RIE 2025 and the FIs.

b. Stage 2: Grant Evaluation and Approval

- Whether there were processes and controls in place to ensure that research projects were properly evaluated and approved; and
- Whether proper terms and conditions were stipulated for compliance.

c. Stage 3: Grant Disbursement

- Whether there were processes and controls in place to ensure that disbursements were properly supported and approved for the intended purposes, and disbursed in an accurate and timely manner; and
- Whether deviations from approved terms (if any) were justified, properly approved and disbursed.

d. Stage 4: Grant Monitoring and Review

- Whether there were processes and controls in place to ensure that research projects were managed in accordance with relevant terms and conditions, and that deliverables were achieved.

e. Stage 5: Cessation of Grant<sup>1</sup>

- Whether there were processes and controls in place to take stock of final project deliverables and settle the accounts (including recovery of any excess grants) in a timely and accurate manner.

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<sup>1</sup> This refers to cessation of projects' grant funding and not the cessation of FIs. All the FIs covered in AGO's audit were ongoing grant schemes as at the time of audit.

8. The audit examined whether there was a proper framework for R&D grant management and whether due process was followed for the above stages. The audit did not seek to certify whether the grant recipients<sup>2</sup> had, in all material aspects, utilised or managed the grants in accordance with the grant terms and conditions.

9. AGO test-checked a total of 237 samples<sup>3</sup> covering the above grant stages for the FIs audited. In addition to sample checks, AGO performed data analysis where relevant data was available and carried out test checks on possible exceptions. AGO also conducted an audit of the IT application controls over the iGrants system used by A\*STAR to support the administration of the FIs.

## Summary

10. AGO noted that in general, A\*STAR and NRF had put in place processes and controls across the various grant stages to ensure proper management of the FIs. There were good practices observed for both entities. AGO also noted areas where improvements could be made.

11. The key observations are summarised by the stages below:

### Stage 1 – Grant Design and Setup

12. AGO observed that both A\*STAR and NRF had put in place processes to ensure that FIs were properly approved and in line with the objectives of RIE 2025. There was an RIE FI Manual which outlined the RIE funding policies for compliance by all RIE Implementing Agencies. There were also grant processing guidelines which set out the operational and administrative requirements. These helped to ensure consistency across the various FIs in their grant design and setup. For all the FIs test-checked, there were also approval papers which contained key details of the FI such as objectives and scope, desired outcomes and key performance indicators, governance framework and review mechanisms.

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<sup>2</sup> Grant recipients refer to Programme Offices, Host Institutions (HIs) or other grant receiving entities. Programme Offices are set up under public sector agencies responsible for implementing the grants. HIs are Singapore-based institutions of higher learning, public sector agencies and research institutions which provide employment and research facilities for the researchers to carry out their work.

<sup>3</sup> Samples were selected across FIs, projects and disbursements.

### Stage 2 – Grant Evaluation and Approval

13. AGO observed that both A\*STAR and NRF had put in place processes to guide grant calls, evaluation and approval of research projects. These included establishing panels comprising independent and competent reviewers to evaluate research proposals, seeking approval for research projects from the appropriate approving authority, and awarding research grants to grantees via Letters of Award (LOAs). There was also proper segregation of duties between processing and approving grants.

14. Nevertheless, AGO noted areas where controls could be improved. For both A\*STAR and NRF, AGO found some projects where approval was not sought for deviations from the RIE 2025 policy on funding of indirect costs. The projects' grant calls or grant applications were launched or submitted during the previous 5-year RIE 2020 plan but were funded under RIE 2025. The indirect costs for these projects were funded at 20% of direct costs (the RIE 2020 indirect costs funding rate), which differed from the RIE 2025 rate at 30% of direct costs. While there could be justifications in adopting a different indirect costs funding rate for these projects, it is important to document such deviations, including their rationale, and seek approval from the appropriate approving authority.

15. For NRF, AGO found instances of missing or incomplete conflict-of-interest (COI) declarations by reviewers or evaluators in the evaluation of projects. AGO also noted an instance where there was no documentation that NRF had sought clarification from a reviewer who had indicated both a conflict and no conflict of interest in his declaration.

### Stage 3 – Grant Disbursement

16. AGO observed that both A\*STAR and NRF had put in place processes and procedures for checking and approving grant disbursements. These included establishing a matrix of approving authorities for grant disbursements, and segregation of duties amongst the grant evaluation officer, grant approving officer and payment processing officer. However, AGO noted some areas where controls could be improved.

17. For A\*STAR, AGO found that the manpower costs for a researcher who was no longer working on a project continued to be charged to the project, resulting in A\*STAR funding ineligible manpower costs. AGO's data analysis also found Fund Requisitions (FRs) that were auto-approved in the iGrants system when these FRs should have been selected for sampling checks based on A\*STAR's intent. For both issues above, A\*STAR conducted further investigations following AGO's audit and noted other instances of similar errors.

18. For NRF, AGO found inadequate segregation of duties by Host Institutions (HIs) in endorsing FRs. These FRs were endorsed by the HIs' Chief Executive Officers or Executive Directors or equivalent, who were themselves the Lead Principal Investigators (PIs) of the projects. AGO's test checks also found instances where NRF officers had verified or approved grant disbursements to research entities where they were holding appointments as directors. This could result in a potential or perceived COI.

#### Stage 4 – Grant Monitoring and Review

19. AGO observed that both A\*STAR and NRF had put in place processes and procedures to ensure that research projects were managed in accordance with relevant terms and conditions, and that deliverables were achieved. These included requiring submission of projects' progress and final reports by grantees, monitoring to ensure that grant deliverables were met (and taking follow-up action when they were not), as well as requiring independent audits of research entities and projects. Nevertheless, AGO noted some areas where controls could be improved.

20. For A\*STAR, AGO's data analysis found instances where Executive Directors of HIs had endorsed project progress reports which they themselves had submitted as PIs. When the same individual submits and endorses the progress report, the endorsement by the HI would not be independent.

21. For NRF, AGO found that addenda to LOAs were not issued to an HI for projects where the funding modality had changed from reimbursement basis to advance payment basis. Without a formal addendum to communicate key variations to HIs, there is a risk of lack of clarity and disputes on specific financial obligations or terms could arise.

### Stage 5 – Cessation of Grant

22. AGO observed that both A\*STAR and NRF had put in place processes and controls to ensure that projects' deliverables and accounts (including recovery of any excess grants) were finalised in a timely and accurate manner.

### **Good Practices**

23. AGO observed some good practices which A\*STAR and NRF had implemented.

24. Since AGO's last thematic audit in the financial year 2017/18, A\*STAR had set up a centralised and independent grant management unit to administer competitive grants for the RIE ecosystem. This ensured consistent processes and dedicated expertise in grant management. A\*STAR also utilised dashboards in the iGrants system to monitor various aspects of grant administration such as the progress of FRs and Final Statement of Accounts, and project grants utilisation. In addition, A\*STAR adopted a risk-based approach for verifying FRs. This helped to increase efficiency while ensuring adequate oversight over FRs that were considered higher risk before grants were disbursed.

25. NRF had clearly set out key grant scheme parameters in the FI approval papers. Operational objectives and information such as governance structure, risk assessment and management strategies were clearly defined and documented in the FI proposals. In addition, since AGO's last thematic audit in the financial year 2017/18, NRF had developed and implemented a grant management IT system in 2018, enabling standard workflows and templates in grant administration.

26. Details of the key observations for A\*STAR and NRF, including good practices implemented, are in the paragraphs that follow.

## MINISTRY OF TRADE AND INDUSTRY

### AGENCY FOR SCIENCE, TECHNOLOGY AND RESEARCH

27. A\*STAR is Singapore's lead public sector R&D agency. A\*STAR plays a key role in nurturing scientific talent and leaders for the wider research community and industry. AGO selected 5 RIE 2025 Funding Initiatives (FIs) managed by A\*STAR for audit. A\*STAR disbursed a total of \$408.09 million under these 5 FIs during the audit period 1 April 2021 to 30 June 2024, as shown in **Table 2**.

**Table 2: Number of Disbursements and Total Disbursement by Funding Initiative (1 April 2021 to 30 June 2024)**

S/N	Funding Initiative	Objective	Number of Disbursements	Total Disbursement (\$ million)
1	Industry Alignment Fund – Industry Collaboration Project	To foster industry-relevant public sector R&D efforts and encourage Public Research Performers to collaborate with industry, with a line of sight to potential economic outcomes.	292	159.29
2	Industry Alignment Fund – Pre-Positioning: Manufacturing, Trade and Connectivity (MTC)	To support Public Research Performers in developing industry-ready capabilities to deepen alignment of public sector research, as well as multidisciplinary and integrated programmes with early industry involvement in the MTC domain sectors.	786	95.69

S/N	Funding Initiative	Objective	Number of Disbursements	Total Disbursement (\$ million)
3	A*STAR Innovation and Enterprise Office Decentralised Gap Funding	To support early-stage translational projects, including proof-of-concept or prototype projects to improve the commercial or market potential of research outcomes, or to reduce commercialisation risks of early-stage technologies.	1,195	69.60
4	Industry Alignment Fund – Pre-Positioning: Human Health and Potential (HHP)	To develop industry-ready capabilities to deepen alignment of public sector research, as well as multidisciplinary and integrated programmes with early industry involvement, in the HHP domain sectors.	387	43.02
5	MTC Programmatic	To support long-term, capability-building projects that have the potential to deliver significant impact to Singapore (typically beyond a 5-year timeframe), and align supported programmes to MTC desired objectives.	187	40.49
<b>Total</b>			<b>2,847</b>	<b>408.09</b>



28. AGO test-checked a total of 124 samples covering the various grant stages for the above FIs audited. In addition to sample checks, AGO performed data analysis where relevant data was available and carried out test checks on possible exceptions highlighted from the analysis. AGO also conducted an audit of the IT application controls over the iGrants system used by A\*STAR to support the administration of the FIs.

### **Summary of Audit Observations**

29. AGO noted that in general, A\*STAR had put in place processes and controls across the various grant stages to ensure proper management of the RIE 2025 R&D grants. AGO observed that A\*STAR had also put in place some good practices, including the following:

- a. A\*STAR had set up a centralised and independent grant management unit, the Office of Grants Administration (OGA), to administer competitive grants for the RIE ecosystem. The OGA ensured consistent processes and dedicated expertise in grant management. It also ensured greater independence, as compared to the previous structure where A\*STAR divisions acted as both grantor and grantee.
- b. A\*STAR had used dashboards in the iGrants system to monitor various aspects of grant administration such as the progress of Fund Requisitions (FRs) and Final Statement of Accounts (FSOAs), project grant utilisation, FRs sampling logic and privileged user actions. The dashboards helped A\*STAR improve the efficiency of grant administration. For instance, the dashboard on grant requests tracked the progress of FRs and FSOAs that were pending, helping to ensure timely processing. Another dashboard on project grants utilisation monitored fund drawdowns across the project lifespan and tracked the project budget utilisation rate.
- c. A\*STAR had adopted a risk-based approach for verifying FRs. This helped to increase efficiency while ensuring adequate oversight over FRs that were considered higher risk before grants were disbursed.

30. While processes and controls were generally in place, AGO noted that A\*STAR could improve on the following areas:

- a. Ensure that approvals for deviations from RIE 2025 policy in funding rate are obtained from the appropriate approving authority with rationale for deviations properly documented;
- b. Ensure that manpower costs for seconded researchers are correctly funded;
- c. Rectify the iGrants system logic for sampling checks on projects' first FRs which did not work according to A\*STAR's intent under certain scenarios; and
- d. Ensure that Host Institution (HI) representatives endorsing project progress reports for submission to A\*STAR are not themselves managing the projects.

31. The key observations are in the following paragraphs.

### **Approval Not Sought for Deviation from Policy on Funding of Indirect Costs**

32. AGO's test checks of 48 projects found 9 projects (award value totalling \$46 million) where approval was not sought for deviating from the policy on funding of indirect costs. The indirect costs for these 9 projects were funded at 20% of direct costs, which differed from the RIE 2025 policy of funding indirect costs at 30% of direct costs. AGO performed further checks and noted that approval was similarly not sought for the same deviation in another 15 projects (award value totalling \$4.94 million). Had the indirect costs been computed based on the RIE 2025 policy of 30% of direct costs and assuming no change in the direct costs, the total indirect costs funded for these 24 projects could have been \$12.74 million instead of \$8.49 million.

33. A\*STAR explained that the projects highlighted by AGO were submitted to A\*STAR before the start of RIE 2025. The rate for indirect costs funding was 20% of direct costs for FIs/projects before RIE 2025 and the applicants had used the prevailing 20% rate when computing the indirect cost funding in their proposals. Thus, the subsequent approval given by A\*STAR was based on this 20% rate. A\*STAR further explained that the grant funding for some projects was tied to industry partners' R&D spending. Applying the 30% rate would thus require grantees to either seek increased industry funding (risking project withdrawals) or lower the direct cost funding to maintain the original total budget.

34. AGO noted that the RIE 2025 policy had stipulated that any deviation from policies was to be evaluated and subject to approval. While there could be justifications in adopting a funding rate for indirect costs that was different from that in the RIE 2025 policy, it is important to document such deviations, including their rationale, and seek the necessary approval. This is to ensure that an informed decision is made by the appropriate approving authority for applying a different indirect cost funding rate.

35. A\*STAR agreed that the documentation could be improved and the approval for deviation from policy made explicit. A\*STAR informed AGO that it had since obtained covering approvals from the appropriate approving authority for the deviation from policy for all the affected projects.

### **Manpower Costs for Seconded Researchers Incorrectly Funded**

36. AGO performed data analysis and found that the manpower costs for a Co-Investigator (Co-I)<sup>4</sup> was wrongly included in 3 FRs, resulting in A\*STAR funding ineligible manpower costs amounting to \$16,900 for a research project. The Co-I of the HI originally involved in the research project was no longer working on it after being seconded to another entity. However, the HI had continued to charge the Co-I's manpower costs to the research project.

37. According to A\*STAR's guidelines on management of RIE grants, HIs' manpower costs should be charged based on time commitment to the research. When staff are no longer working on the research, their costs should not be charged to the project.

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<sup>4</sup> The Co-Investigator is a research personnel identified as an Investigator (along with the Lead PI) in the project LOA. The Co-I works with the Lead PI in conducting the research.

38. Following AGO's audit, A\*STAR conducted a review of HIs' manpower cost claims for staff secondments and joint appointments, and noted incorrect funding for another 25 staff of 2 HIs amounting to \$402,500.

39. A\*STAR explained that the incorrect charging was due to errors made by the HIs' resource personnel team as there was staff turnover and the new team did not adhere to standard operating procedures on manpower costs recovery. A\*STAR informed AGO that it had followed up with the affected HIs, which had since completed the necessary adjustments for the incorrectly funded amounts. These adjustments would be effected in the next FR or in the FSOA. A\*STAR would continue to educate and build awareness among the grantees and work with them to ensure adherence to the standard operating procedures.

### **Sampling Approach for Checks on First Fund Requisitions Not Working as Intended**

40. AGO performed data analysis on 260 first FRs and found 5 first FRs (disbursements totalling \$721,400) that were auto-approved in the iGrants system when these FRs should have been selected for sampling checks based on A\*STAR's intent. Following AGO's audit, A\*STAR further investigated and confirmed that another 2 first FRs (disbursements totalling \$1.69 million) from RIE 2025 were similarly auto-approved without being sample-checked.

41. According to A\*STAR, an intent of the sampling methodology was to ensure that HIs do not request for excessive grant amounts in the first FR submitted to A\*STAR. As the 7 FRs highlighted from AGO's audit and A\*STAR's review were not selected as samples by iGrants, the intended checks for these first FRs were not carried out.

42. A\*STAR explained that the affected FRs were due to rare scenarios, which involved budget revisions, that were not considered when the sampling logic was built into the iGrants system. A\*STAR informed AGO that it had since reviewed and obtained covering approval for the 7 FRs. A\*STAR added that the sampling logic in iGrants was updated in April 2025 to account for such scenarios. Additionally, a dashboard was developed and deployed in January 2025 to monitor the sampling logic behaviour.

### **Lack of Independence in Endorsement of Progress Reports**

43. AGO performed data analysis on 170 iGrants users who held the role of HI Executive Directors and noted that 6 of them had endorsed 7 project progress reports which they themselves had submitted as Principal Investigators (PIs). This was not in line with A\*STAR's procedures which required an alternate endorser in such cases.

44. Progress reports contained key project information and served as a mechanism for A\*STAR to monitor the progress of the projects managed by the PI. Endorsement by an independent representative from the HI would help to maintain objectivity and ensure accountability on the part of the HI for accuracy and completeness of the report. When the same individual submitted and endorsed the report, the endorsement by the HI would not be independent.

45. A\*STAR explained that the iGrants system had a function to route the endorsement of progress reports to alternate endorsers. However, this required the system administrator to manually initiate the routing upon being informed by the respective officer in charge of the project. The 7 affected progress reports were not routed to alternate endorsers as the officers in charge of the project did not inform the iGrants system administrator to manually initiate the process.

46. A\*STAR informed AGO that it had since obtained covering approvals by alternate independent persons from the HI management for the endorsement of the affected progress reports. A\*STAR had also implemented a dashboard since April 2025 to monitor endorsements and approvals, and updated its standard operating procedures to include instructions for manual routing. A new grant management system was being developed and would include functionality to prevent conflicting endorsements and approvals.

## PRIME MINISTER'S OFFICE

### NATIONAL RESEARCH FOUNDATION

47. NRF sets the national direction for R&D by developing policies, plans, and strategies for research, innovation and enterprise. The agency also funds strategic initiatives and develops R&D capabilities by nurturing research talent. AGO selected 6 RIE 2025 Funding Initiatives (FIs) managed by NRF for audit. NRF disbursed a total of \$246.87 million under these 6 FIs during the audit period 1 April 2021 to 30 June 2024, as shown in **Table 3**.

**Table 3: Number of Disbursements and Total Disbursement by Funding Initiative (1 April 2021 to 30 June 2024)**

S/N	Funding Initiative	Objective	Number of Disbursements	Total Disbursement (\$ million)
1	Campus for Research Excellence and Technological Enterprise (CREATE)	To bring together world-class research institutions in one location in Singapore and establish institutional partnerships for a strong pipeline of ideas, talent and research capabilities to increase the vibrancy and diversity of Singapore's R&D ecosystem, and to accelerate capability-building in Singapore in selected areas.	2,471	125.44
2	NRF Competitive Research Programme	To foster the formation of multidisciplinary teams to conduct cutting-edge research projects that are of relevance to Singapore and society.	1,791	57.76

S/N	Funding Initiative	Objective	Number of Disbursements	Total Disbursement (\$ million)
3	Innovation and Enterprise Cluster Fund	To support the scale-up of technology translation platforms, and to catalyse growth in deep R&D capabilities in key industry sectors.	16	30.42
4	NRF Research Talent	To provide opportunities for early career researchers and leading scientists/researchers to carry out independent research in Singapore.	406	22.08
5	Central Gap	To support the translation of research outcomes into products, processes and/or services that generate economic and societal benefits for Singapore.	22	6.04
6	Central Core	To support innovation and enterprise capability building and ecosystem development programmes that are offered at a national level for the RIE ecosystem.	25	5.13
<b>Total</b>			<b>4,731</b>	<b>246.87</b>

48. AGO test-checked a total of 113 samples covering the various grant stages for the above FIs audited. In addition to sample checks, AGO performed data analysis where relevant data was available and carried out test checks on possible exceptions highlighted from the analysis.

## **Summary of Audit Observations**

49. AGO noted that in general, NRF had put in place processes and controls across the various grant stages to ensure proper management of the RIE 2025 R&D grants. AGO observed that NRF had also put in place a few good practices, including the following:

- a. NRF had clearly set out the key grant scheme parameters in their FI approval papers. Operational objectives and information such as governance structure, risk assessment and management strategies were clearly defined and documented in the FI proposals.
- b. NRF had developed and implemented a grant management system in 2018 to help NRF Directorates manage their competitive research grants where applicable, enabling standard workflows and templates among its Directorates. The grant management system was also rolled out to other RIE Implementing Agencies, offering them a common, harmonised platform for their FIs if applicable.

50. While processes and controls were generally in place, AGO noted that NRF could improve on the following areas:

- a. Ensure that approvals for deviations from RIE 2025 policy in funding rate are obtained from the appropriate approving authority with rationale for deviations properly documented;
- b. Ensure that conflict-of-interest (COI) declarations are obtained from reviewers or evaluators of projects;
- c. Ensure proper segregation of duties in endorsement of fund requests by Host Institutions (HIs);
- d. Ensure that grant disbursements are verified or approved by officers who are independent of the research entities receiving the grants; and
- e. Issue addenda to Letters of Award (LOAs) when there are significant changes to key grant conditions.

51. The key observations are in the following paragraphs.



## **Approval Not Sought for Deviation from Policy on Funding of Indirect Costs**

52. AGO's test checks of 40 projects found 6 projects (award value totalling \$29.66 million) where approval was not sought for deviating from the guidelines on funding of indirect costs. The indirect costs for these 6 projects were funded at 20% of the direct costs, which differed from the RIE 2025 guidelines on funding indirect costs at 30% of the direct costs. Had the indirect costs been computed based on the RIE 2025 guidelines of 30% of direct costs and assuming no change in the direct costs, the total indirect costs funded could have been \$7.41 million instead of \$4.94 million.

53. NRF explained that while the 6 projects had been awarded under RIE 2025, the grant call had been launched during the previous 5-year RIE 2020 plan and its intent was to keep to the prevailing guidelines (of funding indirect costs at 20% of direct costs) at the time the grant call was launched. The awarded funding of indirect costs amounting to \$4.94 million for the 6 projects was hence in accordance with what NRF had intended.

54. AGO noted that the RIE 2025 guidelines had stipulated that funding for projects' indirect costs would be provided at 30% of direct costs. These guidelines were issued as a policy for RIE Implementing Agencies' compliance. The guidelines had stipulated that any deviation was to be evaluated and subject to approval. In AGO's view, while there could be justifications in adopting an indirect cost funding rate different from that stipulated in the guidelines, it is important to document such deviations, including their justifications, and seek approval as required under the guidelines.

55. NRF agreed that the documentation could be improved and the approval for deviation from guidelines made explicit. NRF informed AGO that it had since obtained covering approvals from the appropriate approving authority to award the 6 projects under the RIE 2025 funding tranche with indirect costs at 20% of direct costs. In addition, NRF would update its internal procedures to make clear that the prevailing guidelines at the time of launch of grant call should apply by default.

### **Inadequate Documentation of Conflict-of-Interest Declarations**

56. AGO's test checks of 40 projects noted 13 instances of missing or incomplete COI declarations made by reviewers or evaluators in the evaluation of 7 projects. AGO also noted another instance in 1 project where there was no documentation that NRF had sought clarification from a reviewer who had indicated both a conflict and no conflict of interest in his declaration. Without proper clarification and documentation of the reviewers' or evaluators' COI declarations, there was no assurance that the reviewers or evaluators did not have actual or perceived COI when evaluating the project proposals. The 14 instances are as follows:

- a. 11 instances in 5 projects where there were missing COI declarations;
- b. 2 instances in 2 projects where the reviewers had signed off on the COI declaration forms without indicating whether they had a COI; and
- c. 1 instance in 1 project where a reviewer had declared both a conflict and no conflict of interest, and there was no documentation to show that NRF had sought clarification from the reviewer on his contradictory declaration.

57. NRF acknowledged that COI declarations should have been properly obtained and followed up on. This was notwithstanding that the risk of non-objective outcomes in these cases was low as there were multiple levels of review and multiple reviewers involved in each level. NRF informed AGO that it had since followed up with all the reviewers to obtain retrospective COI declarations and all but one responded. Those who responded had declared that they did not have any COI when evaluating the projects. For the reviewer who did not respond, NRF had assessed the COI risk to be low. NRF also informed AGO that going forward, it would tighten the COI declaration process. It would also look into implementing a solution in a new grant management system that was being developed, where checks for COI declarations would be required before reviewers could proceed with the evaluation.

### **Inadequate Segregation of Duties in Endorsement of Fund Requisitions**

58. AGO's test checks of 57 FRs found inadequate segregation of duties by HIs in endorsing 9 FRs (disbursements totalling \$24.92 million). These 9 FRs, which pertained to 4 projects, were endorsed by the HIs' Chief Executive Officers or Executive Directors or equivalent, who were themselves the Lead Principal Investigators (PIs) of these projects. For 2 projects under the same HI, AGO performed additional checks on all FRs paid to the HI during the period 1 April 2021 to 30 June 2024 and found another 9 FRs (totalling \$13.07 million) that had the same issue.

59. The endorsement of FRs by HIs acted as an additional layer of checks to ensure that claims submitted by Lead PIs to NRF were necessary, reasonable and for fundable items. By allowing the Lead PIs to endorse their own FRs, there was inadequate segregation of duties and no assurance that the FRs submitted by Lead PIs had been subjected to independent scrutiny by the HI.

60. NRF acknowledged and agreed with AGO's concerns. NRF informed AGO that it had requested the relevant HI to appoint a non-conflicted person from its management to endorse such FRs in future. NRF had also updated its FR template to explicitly specify that where the Executive Director of HI or equivalent was also the Lead PI, the HI should appoint a non-conflicted person from its management with the requisite approving authority to endorse the FR. The updated FR template had been communicated to all HIs in March 2025.

## Potential or Perceived Conflict of Interest in Payments Processing

61. AGO's test checks of 57 FRs found 28 FRs (disbursements totalling \$53.70 million) where there could be a potential or perceived COI for NRF officers who had verified or approved the disbursements. Of these 28 FRs<sup>5</sup>, AGO observed that an NRF senior officer had verified 27 FRs and another NRF senior officer had approved 11 FRs paid to research entities where they served as directors. AGO noted that the 2 NRF senior officers did not declare potential COI arising from them being ex-officio directors on the research entities' boards. The COI declaration process is important to ensure that the grant disbursement process is seen to be fair and transparent. This is especially so when NRF officers were also ex-officio board directors and could directly or indirectly benefit the research entities from actions or decisions made in their official duties/capacity in NRF.

62. According to NRF's internal procedures, any COI should be duly declared, identified and managed throughout the grant administration process. Where there is any COI in any stage of the grant process, officers should seek approval from the appropriate approving authorities.

63. NRF explained that the appointments of NRF officers to research entities' boards were on an ex-officio basis to help nurture the research entities and align them with Singapore's research ecosystem. There should not be any actual COI as the intent of such appointments was to ensure that the interests of NRF and research entities were aligned. Notwithstanding this, NRF noted the risk of perceived COI. NRF informed AGO that it had reviewed its internal processes following AGO's audit and implemented a revised process since January 2025 that excluded officers holding ex-officio board appointments from NRF's fund disbursement process. In addition, NRF had undertaken a full review of its COI management framework and would implement the revised framework through amendments to its internal HR policies and processes.

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<sup>5</sup> There were 28 distinct FRs affected. 10 of the 28 FRs were processed by both NRF senior officers who were ex-officio directors of the research entities, i.e. verified by an NRF senior officer and subsequently approved by the other NRF senior officer.

### **No Addenda Issued to Amend Changes in Financial Obligation between NRF and Host Institution**

64. AGO's test checks of 40 projects found that addenda to the LOAs were not issued to an HI for 2 projects (award value totalling \$142 million) where the funding modality changed from reimbursement basis to advance payment basis. Without a formal addendum to communicate key variations to the HIs, there is a risk of lack of clarity and disputes on specific financial obligations or terms could arise. In addition, key changes made informally to a contract might not be legally enforceable.

65. In AGO's view, having a formal addendum to the LOA is part of good governance and administration. This is because the LOA is a key document that lays out the terms and conditions of the funding and an addendum would serve as a crucial supplement to the original agreement made between NRF and the HI.

66. NRF informed AGO that it noted that addenda to LOAs should be issued for good governance and administration. The addenda for the 2 affected projects had since been issued in March 2025. Going forward, NRF would use a standard addendum template for all key variations and had communicated this internally to all relevant NRF officers.

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## **PART IV**

# **AUDIT OF GOVERNMENT-OWNED COMPANIES AND OTHER ACCOUNTS**

## **PART IV : AUDIT OF GOVERNMENT-OWNED COMPANIES AND OTHER ACCOUNTS**

### **Government-owned Companies**

1. The Auditor-General has issued unmodified audit opinions on the financial year 2024/25 financial statements of the following 4 Government-owned companies that were audited by AGO:

- a. GIC Asset Management Private Limited;
- b. GIC Private Limited;
- c. GIC Real Estate Private Limited; and
- d. GIC Special Investments Private Limited.

2. The audits of the accounts of the above Government-owned companies were carried out in accordance with section 4(1)(b) of the Audit Act 1966.

### **Other Accounts**

3. The Auditor-General has issued unmodified audit opinions on the following accounts that were audited by AGO:

- a. Financial Sector Development Fund for the financial year 2024/25; and
- b. ASEAN Cultural Fund (Singapore) for the financial year 2024.

4. The Auditor-General audits the accounts of the Financial Sector Development Fund in accordance with the Monetary Authority of Singapore Act 1970.

5. The Auditor-General audits the accounts of the ASEAN Cultural Fund (Singapore) as required under an ASEAN agreement.

## **Acknowledgements**

6. AGO would like to thank the Government-owned companies and the administrators of the other accounts for their co-operation in the audits.

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## **ANNEXES**

## **ANNEX I : AGO'S AUDIT AUTHORITY**

### **Audit of Government Ministries, Organs of State and Government Funds**

1. Under Article 148F(3) of the Constitution of the Republic of Singapore, it is the duty of the Auditor-General to audit and report on the accounts of all departments and offices of the Government, Parliament, the Supreme Court and all subordinate courts, the Public Service Commission, the Judicial Service Commission and the Legal Service Commission. Under Article 148F(4), the Auditor-General shall perform such other duties and exercise such other powers in relation to the accounts of the Government and accounts of other public authorities and other bodies administering public funds as may be prescribed by or under any written law.
2. The Auditor-General is given the duty under Article 148G(1) to inform the President of any proposed transaction by the Government which, to his knowledge, is likely to draw on the reserves of the Government which were not accumulated by the Government during its current term of office.
3. Under section 3(1) of the Audit Act 1966<sup>1</sup>, the Auditor-General must carry out an audit and report on the accounts of all departments and offices of the Government (including the office of the Public Service Commission), the Supreme Court, all subordinate courts and Parliament. The Auditor-General must perform such other duties and exercise such other powers in relation to the accounts of the Government and the accounts of other public authorities and other bodies administering public funds as may be prescribed by or under any written law as provided for under section 3(4) of the Audit Act 1966<sup>2</sup>.
4. The Auditor-General is authorised under section 8(7) of the Audit Act 1966<sup>3</sup> to make recommendations and generally comment on all matters relating to public accounts, public moneys and public stores.

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<sup>1</sup> Similar to Article 148F(3) of the Constitution.

<sup>2</sup> Similar to Article 148F(4) of the Constitution.

<sup>3</sup> Section 8(7) of the Audit Act 1966 states that “The Auditor-General may, in any report submitted in accordance with this Act or otherwise, make recommendations and may generally comment upon all matters relating to public accounts, public moneys and public stores.”

*Financial Statements Audit*

5. The Auditor-General is required to audit and report (that is, express an opinion) on the annual Government Financial Statements as provided for under section 8(1) of the Audit Act 1966 which is read with section 18 of the Financial Procedure Act 1966.

6. Section 8(3) of the Audit Act 1966 states that “Subject to subsection (4), every report relating to the statement prepared in accordance with subsection (1) must be submitted by the Auditor-General to the President who must present the report and statement to Parliament within 30 days of their receipt by him or her, or if Parliament is not in session, within 14 days after the commencement of its next sitting.”<sup>4</sup>

7. In discharging his duties, the Auditor-General must, under section 5(1) of the Audit Act 1966, make any examination that he considers necessary to ascertain whether all reasonable steps have been taken:

- a. To safeguard the collection and custody of public moneys or other moneys subject to his audit;
- b. To ensure that issues and payments of moneys subject to his audit were made in accordance with proper authority and payments were properly chargeable and are supported by sufficient vouchers or proof of payment; and
- c. To ensure that the provisions of the Constitution and of the Financial Procedure Act 1966 and any other written law relating to moneys or stores subject to his audit have been in all respects complied with.

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<sup>4</sup> Section 8(4) of the Audit Act 1966 states that “Nothing in subsection (3) requires the presentation to Parliament of any report or statement containing any matter which the Prime Minister and the Minister responsible for defence, on the recommendations of the Permanent Secretary to the Ministry of Defence and the Chief of Defence Force, certify to be necessary for the defence and security of Singapore.”

8. Specifically, an audit under section 5(1)(c) of the Audit Act 1966 would require checks to ensure compliance with, inter alia, provisions of the Financial Procedure Act 1966 including the Financial Regulations. In assessing compliance with the Financial Regulations, AGO would check whether Government ministries and organs of state have in place precautions against, inter alia, negligence<sup>5</sup> and measures to detect apparent extravagance<sup>6</sup>. In other words, AGO would also check whether there has been excess, extravagance or gross inefficiency leading to waste.

## **Audit of Statutory Boards**

### *Financial Statements Audit*

9. Under section 4(1)(a) of the Audit Act 1966, the Auditor-General must audit the accounts of any public authority<sup>7</sup> if it is so provided for by any written law.

10. The law requires the accounts of most statutory boards to be audited either by the Auditor-General or another auditor appointed by the Minister responsible in consultation with the Auditor-General. The auditor is required to state in his report:

- a. Whether the financial statements show fairly the financial transactions and the state of affairs of the statutory board;
- b. Whether proper accounting and other records have been kept, including records of all assets of the statutory board whether purchased, donated or otherwise;
- c. Whether the receipts, expenditure, investment of moneys, and the acquisition and disposal of assets, by the statutory board during the financial year have been in accordance with the relevant laws; and
- d. Any other matters arising from the audit as the auditor considers should be reported.

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<sup>5</sup> Regulation 3(e) of the Financial Regulations.

<sup>6</sup> Regulation 3(f) of the Financial Regulations.

<sup>7</sup> The definition of “public authority” includes statutory boards.

### Selective Audit

11. For statutory boards whose financial statements are audited by commercial auditors, AGO carries out selective audits in rotation. The authority for selective audits of statutory boards is provided for under Finance Circular Minute No. M3/2011, read with section 4(4) of the Audit Act 1966<sup>8</sup>.

12. The Finance Circular Minute stipulates that the Auditor-General may, separately from and in addition to audits of financial statements, carry out on a selective basis, audits in relation to the accounts of statutory boards “to check for financial regularity and to ascertain whether there has been excess, extravagance, or gross inefficiency tantamount to waste, and whether measures to prevent them are in place.”

### **Thematic Audit**

13. The Auditor-General may carry out thematic audits involving Government ministries, organs of state, Government funds or statutory boards. For Government ministries, organs of state and Government funds, the authority is provided for in section 5(1) of the Audit Act 1966. For statutory boards, the authority is provided for under Finance Circular Minute No. M3/2011, read with section 4(4) of the Audit Act 1966.

### **Other Audits**

14. Under section 4(1)(b) of the Audit Act 1966, if it is not so provided by any written law, the Auditor-General must, with the consent of the Minister for Finance if so requested by a public authority or body administering public funds, audit the accounts of such public authority or body.

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<sup>8</sup> Section 4(4) of the Audit Act 1966 states that “Despite any written law relating to the accounts and audit of any public authority, the Minister may, if the Minister is satisfied that the public interest so requires, direct that the accounts of the authority must be audited by the Auditor-General.”

## **Powers of Auditor-General**

15. Section 6 of the Audit Act 1966 provides powers to the Auditor-General for him to carry out his audits. The Auditor-General's powers include having access to all records and documents subject to his audit, calling upon any person to provide explanation or information, and authorising any person to conduct any inquiry, examination or audit on his behalf.

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## **ANNEX II : CRITERIA FOR APPOINTMENT OF AUDITORS**

1. The law requires the accounts of most statutory boards, all town councils and certain funds to be audited by the Auditor-General or by another auditor appointed or approved annually by the responsible Minister in consultation with the Auditor-General. The Government Instruction Manuals also require statutory boards to seek the Auditor-General's concurrence when appointing an auditor.

2. When the Auditor-General is not the auditor and he is consulted on the appointment of an auditor, he will give his advice based on the 6 criteria below:

- (1) The proposed audit engagement partner is registered or deemed to be registered as a public accountant, and the proposed accounting entity is approved or deemed to be approved as an accounting corporation/firm/limited liability partnership under the Accountants Act 2004;
- (2) The proposed accounting entity and the directors/partners involved in the proposed audit engagement have not had the approval granted to it as an accounting entity revoked, registration cancelled, renewal of registration refused, or have not been suspended or restricted from provision of accountancy services or practice, during the last 5 years under sections 38 to 38K, 52 or 53 of the Accountants Act 2004;
- (3) The proposed accounting entity and the directors/partners involved in the proposed audit engagement have not been inflicted with a penalty or censure, during the last 3 years under sections 38 to 38K, 52 or 53 of the Accountants Act 2004;
- (4) The proposed accounting entity and the directors/partners involved in the proposed audit engagement have not, in the past 5 years, been found by a Court to have been professionally negligent or to have failed to exercise due care in an audit;

- (5) The proposed accounting entity would not have exceeded 7 cumulative years in being appointed as the auditor of the public agency, or has observed a cooling-off period of at least 5<sup>1</sup> consecutive years since or during the period covering its last 7 appointments; and
- (6) The proposed audit engagement partner would not have exceeded 7 cumulative years in being appointed as the audit engagement partner of the public agency, or has observed a cooling-off period of at least 5<sup>1</sup> consecutive years since or during the period covering his last 7 appointments as the audit engagement partner.

Application Notes:

- (a) “Accounting entity” means an accounting corporation, an accounting firm or an accounting limited liability partnership.
- (b) “Directors/partners involved in the proposed audit engagement” refer to directors/partners who would be in the engagement team for the proposed financial statements audit or could influence the outcome of the proposed financial statements audit. For example, audit engagement partner, engagement quality review partner and member of the technical panel for the proposed financial statements audit.
- (c) Where, on the same matter, the proposed accounting entity or the director/partner involved in the proposed audit engagement is issued with:
  - more than 1 order under the Accountants Act 2004, the debarment period will commence from the effective date of the earliest order.
  - an order under the Accountants Act 2004 and also found by a Court to have been professionally negligent or to have failed to exercise due care in an audit, the debarment period will commence from the effective date of the order issued under the Act or the date of the Court verdict, whichever is earlier.

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<sup>1</sup> The cooling-off period has been increased from 2 consecutive years to 5 consecutive years with effect from 1 April 2020. To allow a smooth transition to the new requirement, the cooling-off period will be 3 consecutive years provided that the cooling-off period starts prior to 15 December 2023.



- (d) The previous audit engagement partner of the public agency who is serving his cooling-off period, is to comply with the restrictions on activities during the cooling-off period as specified in paragraph R540.20 of the “Code of Professional Conduct and Ethics” applicable to public accountants and accounting entities spelled out in the Accountants (Prescribed Standards and Code of Professional Conduct and Ethics) Order 2023.

3. Criteria (1) to (4) give the assurance that the accounting entity and its directors/partners involved in the audit engagement are suitably qualified and have a clean record for a sustained period, with regard to orders issued by the Public Accountants Oversight Committee<sup>2</sup> or adverse judgment by a Court. Criteria (5) and (6) provide for rotation of the accounting entity and audit engagement partner. Application note (c) ensures that there will be no double penalty for the same case of professional misconduct. Application note (d) gives the assurance that the previous audit engagement partner would not be able to influence the outcome of the public agency’s financial statements audit during his cooling-off period.

4. On an exceptional basis, the Auditor-General, in the public interest, may also take into account (over and above the 6 criteria) matters coming to his attention relating to the past performance of the proposed auditor.

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<sup>2</sup> Under the Accountants Act 2004, the Public Accountants Oversight Committee assists the Accounting and Corporate Regulatory Authority in the control and regulation of professional conduct of public accountants, accounting corporations, accounting firms and accounting limited liability partnerships.

