

What is a Thematic Audit?

A **thematic audit** is an in-depth examination of a selected area, which may involve more than one public sector entity.

Such 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.

Thematic audits may involve Government ministries, organs of state, Government funds or statutory boards.

How does AGO decide on the area to cover in a Thematic Audit?

AGO adopts a risk-based approach in determining the area to be covered in an audit. AGO looks at the Government's key areas of expenditure and key programmes, and selects the area to audit taking into account factors such as the impact and materiality of the area.

For example, grants given out by the Government is one area where a substantial amount of public funds is involved.

That is why AGO has been looking into grants management for the past two thematic audits.

The first thematic audit conducted in the financial year (FY) 2017/18 focused on research grants managed by the Agency for Science, Technology and Research and the National Research Foundation.

The second thematic audit, conducted in FY 2018/19, looked at social grants managed by the Ministry of Health (MOH) and Ministry of Social and Family Development (MSF).



Case Study: Thematic Audit on Social Grants

In FY 2018/19, AGO conducted a thematic audit on selected social grant programmes managed by MOH and MSF.

Under the programmes, MOH and MSF provide funding and services for seniors, the disadvantaged and vulnerable individuals and families. For example, MOH provides funding to nursing homes through various Voluntary Welfare Organisations and their intermediaries (together termed as "VWOs") while MSF provides funding to Family Service Centres.

The audit was for grants disbursed during the period from 1 April 2016 to 31 March 2018.

AGO's test checks covered a total disbursement value of \$488.52 million out of the overall amount of \$1.59 billion disbursed during this period.

The objective of the audit was to examine whether there was a proper framework for grant management and whether due process was followed for the key stages of grant management.

The audit did not seek to certify whether the VWOs had, in all material aspects, used or managed the grants in accordance with the grant terms and conditions.

For grants which were jointly managed by MOH/MSF, its intermediaries and one or more VWOs, the audit focus was on MOH/MSF's role and responsibilities in the grant management.

1 Grant Design & Setup

Whether processes were in place to ensure that grant programmes were authorised and reviewed for relevance.

2 Grant Evaluation & Approval

Whether the processes to invite, evaluate and approve grant applications/proposals from VWOs and enter into funding agreements were properly managed.

3 Grant Disbursement

Whether processes were in place to ensure that grant disbursements were properly supported, approved and disbursed in an accurate and timely manner.

4 Grant Monitoring & Review

Whether processes were in place to ensure that relevant terms and conditions in agreements with Voluntary Welfare Organisations (VWOs) were adhered to and monitoring and review were carried out to ensure deliverables were achieved.

5 Grant Cessation

Whether processes were in place to ensure recovery of unused funds from VWOs in a timely manner and provisions relating to cessation of grants were included in the funding agreements.

AGO's Findings

The Auditor-General found that generally, there were established processes for grant application, evaluation and approval in the two ministries.

Nevertheless, there is a need to strengthen controls in areas such as timeliness in obtaining approval of funding, verification of grant disbursements, and in the monitoring and review of documents due from grant recipients.



Thematic Audit



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