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SECOND REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

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PUBLIC ACCOUNTS COMMITTEE

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REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

Overview

1 The Public Accounts Committee considered the Report of the Auditor-General for the financial year 2020/21 and deliberated on the observations in the Report. The Committee recognised that public sector agencies took the Auditor-General's Office (AGO) findings seriously and have implemented improvement measures, both at the Whole-of-Government (WOG) level and at the individual agency level to address the lapses observed. The WOG improvements include efforts to strengthen risk management across WOG, improvements to grants governance and Information and Communications Technology (ICT) governance, the establishment of Centres of Excellence for Building and Infrastructure and for Facilities Management, a new Finance and Procurement Academy and a new Digital Academy.

2 The Committee discussed the following two areas highlighted in the Report of the Auditor-General:

- a. Weaknesses in procurement and contract management; and
- b. Weaknesses in Information Technology (IT) controls.

3 AGO had observed weaknesses in the areas of procurement and contract management in several agencies. The Ministry of Finance (MOF) informed the Committee that the Government Procurement Function Office (GPFO), which was set up in August 2020, has been working closely with agencies to review how to strike a balance among the different objectives expected of the procurement function, that is, balancing fairness, speed, effectiveness, prudence and robust controls. As a number of the procurement and contract management lapses observed were in respect of facilities management, GPFO has taken steps to consolidate the facilities management of government buildings either under the JTC Building and Infrastructure Centre of Excellence (B&I CentEx) or their respective Ministry families to achieve better outcomes and economies of scale. The B&I CentEx has helped over 27 agencies manage a total of 37 projects, covering all aspects of the project management process, and has also developed building and infrastructure capabilities in public agencies. More recently, MOF worked with the Civil Service College (CSC) to establish the Finance and Procurement Academy to equip public officers with the relevant competencies and build a stronger community of procurement practitioners. MOF also regularly reviews procurement policies by exchanging notes and learning from international counterparts, as well as incorporating commercial good practices where they are consistent with international trade agreements.

4 On IT controls, the Committee noted that in a few agencies, there were weaknesses in logging and review of the most privileged user activities and also lapses with technical misconfigurations of security software resulting in controls over the most privileged user accounts being bypassed. The Smart Nation and Digital Government Group (SNDGG) informed the Committee of its continued efforts taken to strengthen IT governance and enhance IT security at the WOG level. SNDGG had worked on centralised solutions to automate the review of privileged users' activities by imputing rules in central log reviews. As at 31 December 2021, this tool had been implemented in more than 800 systems. All high priority systems will be onboarded by December 2022 and the remaining applicable systems by December 2023.

5 In April 2021, SNDGG rolled out the Digital Governance Platform which shows agencies the recurrent audit findings and their past control weaknesses from IM8 and AGO audits. This would help agencies discover common weaknesses and take mitigating measures. SNDGG also launched the Digital Academy in June 2021 to develop Infocomm Technology and Smart Systems professionals in the public sector.

Broader Issues

6 The Committee also discussed broader issues which could impact spending, financial governance and controls in the public sector, namely:

- a. Disruptions to Global Supply Chain;
- b. Re-evaluating baseline spending in the “new normal”;
- c. Working-from-Home and hybrid working arrangements; and
- d. Singapore Green Plan.

7 The Committee discussed the impact of disruptions to the global supply chain arising from the COVID-19 pandemic and noted that Government operating models may have to shift from “just in time” to “just in case”. Apart from supply chain concerns, other new inflationary risks and vulnerabilities would affect Government spending and may require adjustments to financial governance processes and internal controls.

8 MOF informed the Committee that it adopts the following four strategies to address the impact of global supply chain disruptions: (i) build a strong buffer of financial resources; (ii) diversify sources of supplies; (iii) consider establishing commercially viable local production sources for certain supplies, where feasible; and (iv) stockpile essential supplies.

9 MOF informed the Committee that global supply chain disruptions have led to renewed efforts in the areas of (i) strengthening the resilience of Singapore’s essential goods such as food, against future disruptions, and (ii) ensuring the supply chain resilience of Singapore’s key manufacturing and trading sectors. MOF has been developing policy and resourcing principles to guide its assessment of resilience-related measures, to maximise their outcomes and ensure sustainable spending. For example, MOF is encouraging agencies to use a combination of measures, both fiscal and non-fiscal (for example, regulations) to enhance resilience, while also exploring if costs can be shared with other stakeholders. For the latter, the primary approach would be for government agencies to drive resilience outcomes for their respective sectors. Government intervention, and hence spending, should be limited to plugging market gaps (for example, provision of public goods/services that improve resilience across sectors).

10 As Singapore moves to become a COVID-resilient nation, the Committee is of the view that there is a need for Government to re-evaluate its baseline spending. With a shift in requirements and priorities arising from the pandemic, there is a need to re-evaluate baseline spending for both development and recurrent expenditure. While there are areas where more spending would be required, there would also be areas where spending could be reduced. On infrastructure projects, the Committee felt that it would be useful to re-think the need, design and timing of key Government infrastructure projects. With increased virtual or hybrid public

service delivery and the move towards hybrid working arrangements, the land and space uptake for Government premises could be reduced.

11 There is also a need to consider the impact of these trends on the public sector workforce – both in terms of the size of the workforce and new skills required. The Committee discussed how the benchmarks used for the pre-pandemic manpower management framework are still relevant for the new normal and enquired about plans to re-examine manpower planning parameters to right siting, right sizing, right skilling and right scoping of the public sector headcount.

12 In response, MOF informed the Committee that it regularly reviews the Government's expenditure needs taking into consideration the needs and aspirations of Singaporeans, as well as existing and emerging global trends. MOF had started work with agencies to review the impact of COVID-19 on the Government's future plans. On Government infrastructure projects, MOF is reviewing the medium- and long-term impact of COVID-19 on infrastructure use and design and making timeline adjustments to accommodate the uncertainty. On public sector office space, while there is opportunity to optimise the Government's office space take-up, MOF noted that it has to be balanced with the cost to unwind infrastructure changes as well as the potential impact on organisation culture, staff morale and sense of belonging. On public sector service delivery, while the shift towards digital services has reduced demand for in-person frontline services, it has resulted in increased manpower needs for backend IT management. On the public sector workforce, MOF expects to see increased demand for resourcing and public sector manpower in the new normal.

13 The Committee also asked MOF how it is approaching the different ministries to discuss changes in their baseline spending. MOF replied that while the review of Ministry block budgets was generally done on a five-year cycle, it retained the flexibility to have shorter review periods for Ministries where the changes were more rapid. A number of resets might be necessary. For example, there may be a need to look at the size of the core group looking after public health in the Ministry of Health when it is not operating at a crisis level. MOF would also work with the Ministry of Manpower (MOM) to determine a sustainable size and budget for the latter's Assurance, Care and Engagement (ACE) Group post-pandemic.

14 The Committee also discussed the potential impact of the shift to hybrid working arrangements, which would likely become a permanent feature of the public sector workforce. The Committee was concerned about the impact on governance, controls and oversight.

15 The Public Service Division (PSD) said that there is a need to ensure that the Public Service continues to uphold standards in Service Delivery as it makes the transition to hybrid work. The Public Service has put in place measures to ensure that citizens and businesses continue to be able to access its services seamlessly, via digital and physical modes of delivery. Whole-of-government (WOG) service standards are set to ensure that feedback is reviewed in a timely manner, and these continue to apply in a hybrid work setting.

16 PSD informed the Committee that PSD will articulate the following considerations to guide consistent practices across public sector agencies: (i) hybrid work is not an entitlement; (ii) the requirements of the job take precedence; and (iii) hybrid work provisions can be varied depending on the readiness of the workforce. Supervisors are expected to clearly communicate their expectations on deliverables and timelines for projects and assignments which would form the basis of their assessments of officers' performance.

17 PSD assured the Committee that even as hybrid work arrangements are adopted, the Public Service remains committed to upholding high standards in service delivery. PSD will continue to work closely with relevant agencies to review service delivery to different customer segments such as citizen services, municipal services, social services and service delivery to the business community.

18 PSD said that cybersecurity had become even more important with telecommuting. To address telecommuting-related risks, GovTech published a set of best practices that was distributed to public officers on measures that officers should take to secure their home network, and the secure use of video-conferencing tools. All public officers are also required to go through an annual cybersecurity awareness training. In addition, all Government agencies are required to conduct audits on ICT systems. The audits would assess the control design and operating effectiveness of ICT systems, including cyber and data security aspects.

19 The Committee noted that the Government is developing the Singapore Green Plan 2030 (“Green Plan”) as a whole-of-nation movement to advance Singapore’s national agenda on sustainable development. As the Green Plan involves substantial investments, the Committee is of the view that there needs to be a proper governance framework at the WOG level to guide spending and borrowings, and carbon tax management. This is to ensure the right expertise and capabilities are developed within the Government to manage these new areas, and establish appropriate controls to ensure that the expenditure achieves the stated outcomes.

20 MOF informed the Committee that the Inter-Ministerial Committee on Climate Change (IMCCC) coordinates the Government’s climate change and sustainability agenda, and provides a WOG policy coordination platform to deliberate the policy decisions behind the Green Plan. MOF recognises the importance of developing the right expertise and capabilities to deliver the sustainability outcomes, especially in emerging areas such as Green finance, climate science and adaptation and low-carbon technologies. Expenditure for initiatives under the Green Plan would be reported as part of the annual budgetary process and the respective ministries and agencies would provide updates to the public on progress made on specific targets and initiatives to ensure accountability and that the expenditures achieve the stated outcomes. MOF said that it was also working with the Monetary Authority of Singapore (MAS) to develop the Green Bond Framework which would set the standard for the industry.

21 Following the written responses from the ministries, the Committee convened hearings on 11 November 2021 and called upon the Permanent Secretaries from MOF and PSD to provide oral clarifications and elaboration of their written responses. The areas discussed at the hearings included the impact of inflationary pressures on Government spending, re-evaluation of Government’s baseline spending in the “new normal”, accountability and productivity under hybrid work arrangements and management of financial risks from large infrastructure projects.

22 The Committee would like to emphasise the following:

- a. On the lapses and weaknesses observed in the Report of the Auditor-General, it is important for agencies to examine and understand the underlying root causes in order to develop effective plans to prevent recurrence of the lapses. This would include building up capabilities and competencies in the relevant areas and leveraging on technology and analytics to help prevent and detect lapses moving forward. Many agencies have implemented various new IT tools and

systems to address the lapses. It is important to also assess the effectiveness of these new tools and systems.

- b. While individual agencies are responsible for addressing the weaknesses and lapses under their charge, there is also a need to deploy systems thinking at the WOG level to address the fundamental root causes so that the same lapses do not recur, including at other public sector agencies. The Committee noted that MOF has set up a number of Centres of Excellence to assist public sector agencies, such as in facilities management, and building and infrastructure. Such structural setups centralising capabilities and expertise are useful and the Committee hopes to see more of such efforts.
- c. The disruptions to global supply chains arising from COVID-19 pandemic and other risk factors may require the Government to shift its operating models from “just in time” to “just in case”. This is likely to result in new requirements and priorities for Government to address risks and key vulnerabilities. The disruptions would also bring about inflationary pressures on Government spending. It is therefore important for Government to re-evaluate its baseline spending as Singapore moves towards being a COVID-resilient nation. As Government’s budget is finite, there is a need to make hard decisions to re-allocate resources by reducing or deferring expenditure in some areas while increasing expenditure in other areas.
- d. With the move towards hybrid working arrangements, more public officers are working from home and accessing Government systems from their homes. One concern is over cybersecurity risks and the overall impact on governance, controls and oversight. The other concern is the impact on the quality of public service delivery. While the public sector has measures in place to deal with these risks, it is important for the public sector to continue to monitor these areas closely to ensure no degradation in the security of data and information; and standards of service delivery to the public.
- e. As the Government continues to develop the Singapore Green Plan, it is pertinent to focus on the governance framework for borrowings and spending, and the allocation of carbon targets. The Committee noted that the Government adopts a WOG approach to prioritise a green ecosystem towards sustainable developments in areas with the most meaningful impact. It is critical to equip the public service with the requisite skillsets in the areas of green financing, carbon accounting standards, climate science and adaptation of new technologies.

23 The Committee’s enquiries and the agencies’ responses, as well as MOF’s and PSD’s responses on measures at the WOG level, are discussed in the following sections.

Committee's Enquiries and Ministries' Responses

A. Observations in the Report of the Auditor-General for the Financial Year 2020/21

24 The Committee deliberated on the audit observations raised in the Report of the Auditor-General for the Financial Year 2020/21. The Committee asked the respective agencies to address the following questions:

- a. What the root causes of the lapses were and the further follow up actions taken/to be taken to address these lapses;
- b. How the Ministry/Statutory Board plans to develop capabilities and competencies in the relevant areas; and
- c. How the Ministry/Statutory Board plans to leverage on technology and analytics to better detect and prevent such lapses from occurring in the future.

Ministry of Communications and Information

25 On the lapses relating to procurement and contract management, the Ministry of Communications and Information (MCI) informed the Committee that following AGO's findings, the National Library Board (NLB) formed an internal review panel to investigate the lapses. The contributory causes were identified to be weaknesses in duty of care on the part of officers involved in procurement and gaps in certain stages of the procurement process. These impacted primarily on areas such as establishing price reasonableness for the estimated value of procurement, and ensuring fairness and level playing field in tender specification and evaluation. MCI said that disciplinary actions had been taken against the errant officers (of various seniority) involved. The disciplinary actions were dependant on the level of culpability.

26 To strengthen officers' understanding of their procurement roles, NLB stepped up its briefings and enhanced guidance on the roles and responsibilities of officers involved in each stage of the procurement cycle; implemented a procurement training framework for all Project Managers, Approving Authorities and Procurement Account Managers to ensure officers were equipped with the knowledge to perform their roles. It has also provided detailed checklists covering each stage of the procurement cycle for officers to use when carrying out procurement functions. In addition to strengthening processes in developing requirement specifications, ensuring price reasonableness, and verification checks during evaluation, NLB stepped up its identification of conflict of interest in participating suppliers through the use of a relationship detection tool, automated the process of extracting evaluation criteria from tender documents for evaluation and stepped up its scanning and filtering of procurement data involving single qualifying bids for further analysis to ensure propriety and compliance with procurement rules.

Ministry of Culture, Community and Youth

27 The Ministry of Culture, Community and Youth (MCCY) informed the Committee that the root cause of the audit observations on the National Arts Council (NAC) pertaining to inadequate oversight of usage and subletting of arts housing premises was process related. NAC was aware of arts tenants who co-locate their closely-related entities at the site. While

NAC is supportive of such co-location as such entities contribute to sustaining and complementing the tenant's art practice there was no formal process to approve such related entities registered at the premises. NAC had since completed its one-time clean-up of related entities registered to its premises. NAC had also strengthened its processes with the issuance of a circular to its arts tenants in July 2021 on the need for the tenants to seek approval for the registration of related entities to Arts Housing Premises with immediate effect. The Standard Operating Procedures have also included the requirement for approval of such requests and the process for conducting annual checks to ensure that only approved entities are registered to the premises. NAC would also source for an appropriate data analytics tool to verify its approved entities against the Accounting and Corporate Regulatory Authority/Registry of Societies database.

28 As regards commercial subletting, it arose from a legacy scheme that NAC was in the midst of reviewing prior to the commencement of AGO's audit. NAC had since ceased the commercial subletting arrangement for two out of five affected tenancies and was working with the relevant arts groups to ensure they remain financially sustainable before sunseting the scheme. NAC would complete its review of the scheme within the next one to two years while tightening procedural oversight on the remaining three arts groups in the interim.

29 In the case of the National Heritage Board (NHB), MCCY informed the Committee that the root cause for the weaknesses in records management of heritage materials (HMs) was the limitations posed by the IT systems, which were exacerbated by process related gaps in workflow. MCCY explained that when NHB implemented the Automated Collections Tagging System (ACTS) in 2015 to perform the tagging, tracking and retrieval of HMs, it was intended/designed for use only by the Heritage Conservation Centre, a division of the NHB. The system was therefore not rolled out to the collecting institutions that also acquire, hold and display HMs due to the IT infrastructure limitations resulting from the original system design. These collecting institutions currently maintain separate manual records of the HMs in their care, and manually update the records into the system and other related systems. Consequently, any workflow gaps and inadequacies in the manual process of updating and reconciling the voluminous and complex HM records resulted in discrepancies between the system, the manual records of the institutions, the Singapore Collections Management System and the NHB financial system. These discrepancies subsequently impacted NHB's ability to conduct physical checks in accordance with HM policy requirements.

30 NHB had since verified that the physical objects of unmatched HM records between ACTS and the manual records of the institutions are properly accounted for. NHB had also updated its financial system records to include previously omitted donated HM records. To prevent such discrepancies from recurring, NHB would also carry out half yearly reconciliation of new HM records between the two systems. NHB had also enhanced its SOPs to account for the movement of HMs within the same store and streamlined the overall stocktake process to achieve 100% count of the HMs. A defined plan has also been developed to resolve by end of FY2023, seven legacy items inherited by NHB with no or little accompanying information to determine their categorisation. In the interim, NHB had tagged the items with Radio-frequency Identification (RFID) tags for identification and subsequent investigation. Procedures have also been formalised to ensure the proper review and follow-up of unmatched records, including the requirement to maintain proper documentation of review, and follow-up actions (updates/deletion) have been established and implemented.

31 The Committee was also informed that NHB is committed to developing capabilities and competencies in collections management. NHB had engaged an external consultant in September 2019 to assist in streamlining and strengthening NHB's collections management process, which included how collections data is captured, updated and accessed end-to-end, NHB was also planning to invest in infrastructure upgrades at the collecting institutions to implement RFID and its tagging system to facilitate stock-taking and tracking of artefact movement by end of FY2024. NHB would also look into merging the tagging system and the Singapore Collections Management System and migrating them to the Internet environment to enable collecting institutions to have access to the systems.

32 On the lapses in evaluation of tenders for two period contracts at NHB, MCCY informed the Committee that the root cause was the procurement staff's inexperience in designing specialised services period contracts. This led to some of the service items being scoped too broadly and subjected to different interpretation by the bidders, resulting in the high number of Schedule of Rates (SOR) items not quoted and the significant variance in rates quoted, across the bidders. The inexperience also contributed to the evaluation matrices for the period contracts lacking the sophistication to adequately reflect the requirements of the projects. This resulted in the disjoint between the evaluated total price-quality score, and the actual ability of the contractor to deliver the project.

33 MCCY said that NHB has set up a workgroup involving representatives from both procurement and the business divisions to review and improve the design of future period contract tenders by refining the description and scope of service items to allow all tenderers to put in price bids for the service items on a consistent basis. NHB would also refine the scoring methodology for the evaluation criteria for quality to better reflect NHB's different quality requirements and to better differentiate the service providers. Using these enhanced measures, NHB plans to call tenders to replace the two period contracts in 2022. In the interim, NHB has put in place the measures to manage the remaining course of the two contracts, namely the review of the service items in both period contracts for cost reasonableness, the requirement for comparative quotes for all purchases that include SOR service items quoted based on rate per hour so as to ensure value for money, and where applicable, the documentation of justifications for projects that require a higher cost contractor from the panel of awarded period contractors.

34 MCCY also informed the Committee that NHB would review and revamp its procurement intranet pages to allow staff to self-help and refer to relevant procurement policies and SOPs. NHB would also establish a new procurement training framework for staff that would identify mandatory and optional courses pegged at different levels of competencies, based on staffs' involvement in the procurement process. This would ensure that all staff are equipped with the required procurement knowledge to handle the types of procurement instruments used.

35 NHB had also started to leverage on technology to enhance efficiencies, reduce errors and improve on documentation. This included the roll-out of RPA for small value purchases and period contract buys in October 2021 to automate manual data entry. This would help to reduce human transactional errors and allow resources to be redirected to higher value procurement roles such as procurement consultation services and evaluation of quotation/tenders. NHB would also incorporate a procurement e-Submission process as part of its new e-Registry system to ensure proper procurement processes are followed through with the appropriate approving authority and proper documentation of approvals in the system. The

e-Submission process, to be rolled out by end of 2022, would facilitate the collection of data to enable better analytics for detection of lapses in future.

36 On the People's Association (PA), MCCY informed the Committee that for the audit observations on procurement and contract management at two of PA's development projects, the root causes for lapses on adjustments for material price fluctuation were staff oversight in ensuring compliance, and external consultants' lack of familiarity with government regulations. PA has since revised and standardised the material price fluctuation provision in its standard construction contracts to comply with the prevailing government regulations. Instruction had also been sent to staff in August 2021 to strictly adopt that standard clause for all construction tenders. PA also worked with its consultant to recalculate the price fluctuation adjustments of the materials for the project and would seek legal advice for any recovery.

37 MCCY said that the root causes for the audit observations on management of contract variations were staff oversight in ensuring compliance and over-dependence on the consultants' professional inputs, as well as consultants not being familiar with PA's internal work processes and requirements. For contract variations that pertained to work items with lapses such as use of incorrect rates to value variation works and errors in measurement of quantities, PA would be verifying with the quantity surveyor and contractors, and seek legal advice for cost recovery where appropriate. In addition, PA was reviewing the remaining contract variations to ensure that the contract variations were carried out with the appropriate approvals and proper documentation, and would take the necessary remedial actions.

38 PA had since published a contract variation manual to guide its staff and consultants in the management of contract variations. Consultants are briefed that no variations can commence without prior approval from PA. PA had also instituted the requirement to report and monitor contract variations at project progress meetings from March 2021 onwards and the requirement has been communicated to all PA project managers. PA had also formalised the approving authority for in-principle approvals for urgent variations and standardised the process for follow-up of variations approval in July 2020. In addition, PA established an e-filing system for documenting variation approvals and related documentation to ensure proper records.

39 MCCY informed the Committee that PA's governance system has well established guidelines, procedures and processes for the management of facility management (FM) contracts, managing agent (MA) and term contractors. Although the FM staff were trained and aware of the requirements, the FM staff did not comply.

40 MCCY said that Our Tampines Hub (OTH) was the first mega integrated community hub that was conceptualised, developed and operated by PA. It was structured to operate self-sufficiently and independently with a dedicated Integrated Programming and Operation Group (IPOG). The traditional supervision structure which PA used to run the Community Centres/Clubs and Residents' Committees might not have been adequate to deal with the scale, tempo and complexity of operations at OTH. PA had established IPOGs to manage OTH, HeartBeat@Bedok and Wisma Geylang Serai integrated community hubs. PA would leverage on the external consultant's review to identify PA's oversight inadequacies and control weaknesses in order to establish a more robust oversight structure over the IPOGs.

41 MCCY informed the Committee that when PA was notified by AGO on the irregularities observed, an internal investigation panel was immediately convened to look into

those transactions. The panel was led by senior officers from PA and MCCY to conduct a thorough review of the related processes. The investigation confirmed AGO's observations. As the findings relate to claims involving possible falsification of documents, including in relation to claims by external parties, PA lodged a police report after the conclusion of the investigation. The staff who were directly involved have also been suspended pending the outcome of these investigations. PA was also reviewing the transactions, to ascertain if any losses have been occasioned by the irregularities, and to take the appropriate recovery action.

42 MCCY also informed the Committee that PA would be leveraging on technology and analytics to identify irregularities and lapses early and deal with them accordingly. The measures include the setting up of a taskforce to strengthen OTH governance and term contract management processes, the appointment of an external consultant to examine its governance system and oversight functions in relation to contract management and the operations of all its development projects and the stepping up of PA's internal audit's checks in the areas of management of contract variations and contract management of contractors across all its development projects starting from April 2022. Data analytics have already been deployed to increase audit efficiency and effectiveness and monitor trends, patterns, and anomalies within data. PA would also analyse purchasing activities recorded in the procurement system to look out for anomalous procurement behaviours such as frequent orders over short intervals from the same supplier or repeats of the same orders. PA would also communicate to staff the serious consequences as issues of integrity were not to be taken lightly.

43 On the audit observation that critical tender requirements were not being explicitly incorporated into tenancy agreements (TAs), MCCY informed the Committee that PA staff and the marketing agent had overlooked this. PA had since included a section in the standard TA for input of new/specific requirements to ensure all critical tender requirements are incorporated in the TA. PA also engaged a surveyor to carry out survey of commercial units prior to new tender and renewal of tenancies for commercial premises to ensure that the surveyed floor plan complete with surveyed floor area are incorporated before the TA is signed. The Code of Conduct for Leasing of Retail Premise was also incorporated in the standard TA to cover adjustment of rental due to change in gross floor area.

44 In conclusion, MCCY informed the Committee that it took a serious view of the observations made by AGO and would continue to work with NAC, NHB and PA, and monitor the progress made by the three agencies to strengthen their systems and processes.

Ministry of Education

45 The Ministry of Education (MOE) informed the Committee that the lapses noted by AGO on its facility management functions could generally be attributed to gaps in the processes and human factors, specifically the inadequate monitoring of contractors and managing agents, lack of documentation and a strong reliance on manual process.

46 To reduce lapses in payment for recurrent services and management of contract variations, MOE would strengthen its oversight of MA and FM contractors' compliance with contractual requirements and performance standards. The Ministry has stepped up sampling checks on payment documents and is working closely with MAs to scrutinise FM contractors' payment claims to ensure that they are properly verified before payments are made. MOE would continue to emphasise to its MAs the importance of maintaining high standards of

responsibility and quality in their provision of services. As part of this process, MOE had held the relevant MAs accountable for the lapses observed by AGO and would be taking appropriate action to prevent the recurrence of those lapses. MOE had also rectified the overpayments and underpayments to the MAs and FM contractors. MOE informed the Committee that it recognised the importance of prompt issuance and documentation of contract variations to the MAs and FM contractors to minimise potential disputes. As an added precaution, MAs were required to include the status of the contract variations in their monthly management reports to MOE to avoid lapses in management of contract variations. To further tighten MOE's internal processes, MOE maintained a master list of the status of all its sites to facilitate checks when processing payment claims.

47 As regards controls to avoid delays in finalisation of accounts, MOE said that it already required its appointed MAs to carry out due diligence checks in an accurate and timely manner and to adhere to stipulated timelines for the finalisation of accounts. MOE would step up its efforts by regularly checking in with the MAs on the completion of outstanding works, and ensuring that payments are made to FM contractors in a timely manner.

48 The Ministry also informed the Committee that it had established procedures for MOE officers to seek in-principle approval for emergency or other urgent unexpected works to ensure that such works could be carried out in a timely manner. The officers were to properly document the approval by the next working day and seek formal approval on the detailed scope of works within two weeks. MOE added that it had put in place additional measures to improve the documentation, tracking, and reporting of all contractually required audits/inspections. MAs were required to provide the status of all audits/inspections in their monthly management reports. On the several irregularities in records which were furnished to address AGO's queries during the audit, MOE informed the Committee that it took a very serious view of those irregularities and had lodged police reports. MOE had also emphasised to MAs and FM contractors that the creation or backdating of documents for audit was unacceptable. MOE acknowledged that there was scope for the internal processes to be further tightened and strengthened to ensure greater accountability. It had since put in place additional policies and procedures to better manage those processes and ensure proper checks and documentation throughout their various systems.

49 On plans to leverage on technology and analytics, MOE informed the Committee that it had developed and implemented a mobile application for school personnel to conveniently report FM-related faults using their smartphones. The Ministry also leveraged technology by including specific clauses in the contracts requiring the FM contractors to implement computerised tools and systems for facility management, for example, using mobile tablets and digital checklists when performing inspections. MOE was also developing a contract administration IT system to help track the issuance of contract variations more efficiently. A function to track the finalisation of accounts would also be included in the system to help MOE officers prepare final accounts more efficiently and accurately. The new system would also help the Ministry to analyse data and better manage the MAs and FM contractors, especially in the areas of finalisation of accounts, payment claims, as well as work inspections, and improve work efficiency.

50 On the audit observation that Singapore Polytechnic (SP) did not put up Debarment Recommendation Reports for withdrawal of tender bids before award, MOE informed the Committee that the relevant SP officer was unaware of the Procurement debarment rules that took effect from March 2010. The root cause identified was a flaw in the communications

process as the requirement was not disseminated to Finance officers. SP had since notified the Standing Committee on Debarment of the two cases identified by AGO and another such case since 2010. SP had also gone through all communications from MOF to SP on changes to procurement-related requirements between 2006 and 2021, and verified that the revised requirement on debarment was the only one that was inadvertently not captured in its institutional knowledge. SP instituted a new process with effect from July 2021 where the office of the Director Finance proactively extracts the new finance-related circulars from the Government intranet and disseminates them to all Finance section heads at the beginning of each month.

Ministry of Finance

51 MOF informed the Committee that the Accountant-General's Department (AGD) had observations in both the Financial Years (FYs) 2019 and 2020 AGO report for distinct, but related, configuration issues in its IT systems. The observations in the FY 2019 report had been rectified satisfactorily by the time of AGO's FY 2020 audit. However, the FY 2020 audit found gaps in AGD's IT vendor implementation of two specific recommendations of the Government Technology Agency (GovTech)'s June 2020 advisory on the configuration of a security software used in AGD's IT systems. The IT audit that AGD had commissioned to review the configuration work by the IT vendor was ongoing at the time of the AGO's audit between July and November 2020. AGD had since fully rectified the technical misconfigurations, reviewed the relevant audit logs and found no evidence of any unauthorised activities during the period of the configuration error. To address the quality of work, AGD's IT vendor formed a Central Practice team to properly implement GovTech advisories. This would minimise any gaps in understanding and provide consistency in the implementation of advisories. AGD would also commission regular IT audits to continuously review and strengthen IT security across its systems.

52 To develop capabilities and competencies, AGD transited its in-house IT setup into a GovTech-managed site in May 2021. That would enable AGD to directly utilise GovTech's specialised technical expertise for security-related reviews. As regards the use of technology and analytics to detect and prevent recurrence of lapses, AGD had taken steps to benchmark its IT security to industry best practices. AGD had also hardened the hosting environment and would be adopting central IT security tools provided by SNDGG which included the Automated Baseline Log Review (ABLR) wherein all logs would be piped to the GovTech system for automated review to further enhance and streamline AGD's logging approach; and the Central Accounts Management (CAM) to automate the removal and disabling of user accounts and access rights, and facilitate the review of accounts and access rights/roles. AGD would be adopting the central IT security tools progressively from October 2021 to June 2022.

53 On the Accounting and Corporate Regulatory Authority (ACRA), MOF informed the Committee that the root causes of the lapses pertaining to the BizFile+ system were (i) oversight by an ACRA officer to seek waiver from GovTech for deviating from the IM8 approach in managing privileged operating system user accounts, (ii) ACRA's vendor not following the procedural controls of obtaining written approval from ACRA, and (iii) software incompatibility issues between ABLR tool and BizFile+ with some of the logs not being collated and reported resulting in gaps when the logs were reviewed against the list of changes put up by the vendor.

54 MOF further explained that the BizFile+ system had just completed its technology refresh in mid-December 2020 and was in the Performance Guarantee Period (PGP). During the PGP, ACRA allowed the system development vendor to execute all commands in the operating system in BizFile+ with the most privileged user accounts, except for those commands restricted by ACRA. ACRA's review of the activity log of the system for the PGP had confirmed that there were no fraudulent activities and anomalies. The PGP ended in April 2021. The system was currently being maintained by another vendor with access limited to commands necessary for the operating system administrators' job duties. MOF said that ACRA had since impressed upon the vendor that changes to the BizFile+ system could only be made after written approval was received from ACRA. ACRA had rectified the software incompatibility issues between BizFile+ and ABLR, and the log review process had been enhanced to incorporate all commands executed by privileged account users.

55 On capabilities and competencies, MOF said that familiarity with the provisions in IM8 and knowledge of security control over user access were part of ACRA's regular annual training programme for its staff. ACRA would emphasise the areas highlighted by AGO in future runs of that programme. ACRA had also incorporated GovTech advisories and IM8 requirements into its compliance checklist for IT Standard and Guidelines for new system development. The vendor was required to complete the checklist with supporting evidence before a system goes live. ACRA would also seek approval from GovTech for any deviation from IM8.

56 MOF also informed the Committee that the implementation of ABLR had improved the effectiveness of ACRA's log review process. The ABLR collates all the logs from the BizFile+ system, capturing all commands executed by the privileged account users. Reports generated are reviewed against the Service Requests put up. The reports and status of the reviews are tracked centrally. In addition, ACRA had implemented log management for BizFile+ application logs and was extending it to include system logs by June 2022. This would provide end-to-end log data analysis with event-based reports, real time alerts and dashboard visualisation capabilities.

Ministry of Health

57 The Ministry of Health (MOH) informed the Committee that the Board of Health Promotion Board (HPB) convened a Review Committee in August 2021 to look into the issues raised during the AGO audit and recommend improvements. HPB would develop inventory management capability at the organisation level, coordinate accounts management across the different programmes and identify potential risk areas at project management level.

58 On the lapses in management of fitness trackers stock, MOH said that HPB acknowledged that the over-estimation of demand of fitness trackers was due to pre-emptive top-up of its stock of fitness trackers after the start of the season based on the observed interest from the public. HPB had since disposed of excess trackers that were obsolete or were found to be faulty, while functional trackers have been used for replacements and exchanges of faulty trackers and those with expired warranties, as well as to support community partners, companies and other government agencies in their health and wellness initiatives. HPB would put in place better demand forecast, smaller initial buys and top-up buys to cut down risk of extra stocks. Instead of the past seasons' practice of procuring based on projected demand in the initial distribution period, HPB had implemented a 100% appointment-based distribution

method which allowed HPB to monitor demand for the fitness trackers on a real-time basis, and re-order fitness trackers in small batches to minimise the risk of over-ordering.

59 HPB acknowledged that the records of step trackers maintained by multiple parties such as tracker suppliers and an outsourced vendor who provided warehousing/inventory management of fitness trackers were fragmented and incomplete. HPB had since started daily accounting for the fitness trackers at various distributing points and enhanced the processes for central monitoring of the movement of step trackers. HPB would also conduct a full stock count of the step trackers bi-annually, with the latest count completed in November 2021.

60 On HPB's management of loyalty programme (LP), HPB had said that it had lodged a police report on active accounts belonging to deceased individuals. HPB had taken immediate action to review and update the Rewards Programme terms and conditions on its website to explicitly mention that in the event of death or renouncement of Singapore citizenship, any unredeemed Healthpoints or rewards of the affected user would automatically be forfeited. All 594 accounts belonging to deceased individuals have been frozen and withdrawn since March 2021. HPB had also implemented the backend integration with the relevant government database such that the data was obtained daily and checks were automated, so that accounts created using NRICs of deceased individuals would be suspended. HPB was also ascertaining the amount of overpayments made to those unauthorised accounts and claw back the rewards from those who had made improper redemptions. In addition, HPB would explore integrating SingPass data to authenticate and validate user information at point of user account creation by end of 2022.

61 HPB would be tightening its controls over the management of Healthpoints in the Rewards Management System (RMS). From May to July 2021, HPB conducted monthly reviews to validate the change action transactions recorded for rewards in each month. HPB also implemented the recommended system-generated transaction report under its new RMS since July 2021. HPB had also been carrying out monthly reviews since October 2021 to validate the change action transactions using the system-generated report. HPB also implemented activity logs to record all manual adjustments of Healthpoints. HPB had also been conducting monthly review of Healthpoints manual adjustments since September 2021 to verify that the adjustments were authorised and correct.

62 Since July 2021, HPB had also improved the risk management and controls under the RMS such as implementing the system-generated report and including additional fields to capture more information such as the user account that performed the suspension/unsuspension task. HPB had also implemented the monthly review of suspension and unsuspension activities and its related documentation in its system since September 2021. HPB was also exploring the option of implementing built-in approval workflows for manual adjustment of Healthpoints and suspension and unsuspension of LP user accounts as preventive controls.

63 On developing capabilities and competencies, HPB would continue to remind officers and vendors to adhere to the operating procedures. HPB officers have been trained on the enhanced processes to centrally monitor the movement and stocks of fitness trackers, and account for the stocks on a daily basis. Service providers engaged by HPB to distribute trackers have also been trained on the tightened procedures to handle, distribute and tally the fitness tracker stock. Dedicated HPB officers would also be assigned to each distribution channel, to monitor and account for all the fitness trackers on a daily basis. Since July 2021, HPB had also

stepped up its training for the HPB officers and vendors who are involved in the management of Healthpoints and reward systems from an ad-hoc basis to once every 6 months.

64 HPB has also set up the Operational Risk Committee (ORC) in June 2021. The Committee centrally oversees policy and processes for operational and executional risks. Under the ORC's oversight, line and corporate divisions would systematically identify operational risks, mitigate the risks identified, report Key Risk Indicators and status of their risk action plans. The ORC also promulgated a Board level inventory management policy for compliance by all divisions in November 2021.

65 On AGO's observation that the Health Sciences Authority (HSA)'s purchases should be aggregated for competitive prices and efficiency, MOH explained that HSA had not adequately monitored its Small Value Purchases (SVPs). HSA has since established period contracts or framework agreements where feasible and has also strengthened the monitoring and analysis of the SVP trends to identify areas where SVP may be aggregated and procured via period contracts or framework agreements. A monthly review had also been put in place to identify potential split purchases. HSA would continue to conduct briefings to remind staff on the appropriate use of SVPs.

66 In relation to HSA's management of an outsourced IT contract, MOH informed the Committee that the vendor had submitted multiple reports with inaccurate statistics to HSA. While HSA had relied on the summary report to review the Service Level Agreement (SLA), there was an oversight in reconciling the statistics across the multiple reports to accurately determine whether the SLA had been met. As for the approvals given to the vendor to proceed with the system enhancement before the contract variations were approved, this arose because HSA did not have a documented checklist in the service request approval process to ensure that funding approval had been obtained prior to granting approval to proceed with the service request. The delay in the collection of security deposit from vendors stemmed from the absence of a robust tracking mechanism to monitor the collection of security deposits from vendors.

67 To address the observations on the management of the outsourced IT contract, HSA worked with the vendor to streamline the format and number of reports submitted, and to correct the inaccuracies in the reports so that HSA could more easily verify compliance with the SLA. HSA also tightened the existing service request approval process with a checklist such that the person submitting the service request would need to first verify the availability of funds before putting up the request. HSA had also set up a monthly tracking mechanism to monitor the collection of security deposits from vendors and report the status of the collections at monthly department meetings. HSA would also strengthen the processes and train project managers to be familiar with GovTech's Quality Management System in effectively managing outsourced contracts. HSA would also be exploring the use of a workflow module to digitalise and automate service request approval process by March 2022.

68 On HSA's management of seizure stores, MOH said that the discrepancies between the physical items sighted in the seizure stores and records in its IT system were not detected during the annual internal seizure store audits as the checks only verified seized items recorded in the system with the seized items onsite, but did not ensure that items onsite were recorded in the system. There was also a lack of segregation of duties which might have resulted in the lapses being undetected. Instances where packaging of items was not properly sealed was due to oversight by the seizure management officer.

69 HSA had since followed up on the discrepancies noted and found that all the seized items were appropriately accounted for. It had also enhanced its controls to ensure that the movement of seized items are properly recorded in its system and the seized items are properly sealed through greater supervisory oversight of the seizure management officers. The receipt and movement of seizures are to be documented by two independent officers. More frequent audit checks would also be conducted to ensure that seized items recorded in the system match the seized items onsite and seized items onsite are also accounted for in the system. HSA was also exploring the outsourcing of the seizure storage function with RFID tracking to an external vendor by March 2022. Having dedicated and trained outsourced manpower to manage the store full time would reduce the strain on HSA's limited manpower and enable a more efficient and effective store management process. In addition, outsourcing the seizure management would allow a quicker implementation of the RFID technology which would significantly reduce the time spent in manually locating or tracking seizures.

70 As for HSA's IT application controls, the Committee noted that HSA had failed to log and review the Application Administrator's activities as it only monitored the transactional logs of the Administrator. There was also a lack of segregation of duties as the review was done by the Project Manager who was also the Application Administrator. The Application Administrator's activities were not logged as there were system performance issues when all the logs were turned on. There was also inadequate assurance that the monthly reviews of the application's users accounts were performed properly due to staff's oversight in documenting the reviews that were conducted.

71 To address the observation on its IT application controls, HSA has clearly defined the scope of the log review. All activities by the System Administrator are logged. The role of the System Administrator has also been transferred to the business process owners so that the Information Management department assumes the role of an independent reviewer. HSA has also onboarded GovTech's centralised Automated Account Management system since January 2021, where monthly reviews of the accounts of staff who have left are documented and approved in the system. HSA would also be onboarding GovTech's Central Account Management (CAM) system, which provides for automated account and access rights removal, by June 2022. HSA's Information Management staff would be required to attend a proficiency course, and outsourced officers and vendors would be required to attend HSA's security awareness briefings to strengthen their knowledge on security controls.

Ministry of Home Affairs

72 MHA informed the Committee that it was committed to strengthen its controls and processes on facility management. It would enhance supervision and oversight of the Facility Management Manager (FMM) and the FM contractors' compliance with contractual requirements, conduct independent verification of work done by FM contractors and the key performance indicators (KPIs) reported by the FMM, and ensure greater alignment of policies, contractual requirements, monitoring processes and management reporting across the different Home Team Departments (HTDs).

73 The Ministry said that the root causes of the lapses observed by AGO could be classified into two categories – People and Process. Under "People", there was insufficient monitoring by FMM and oversight by HTDs. There was poor documentation and record retention by HTD staff and FMM resulting in missing attendance and job sheets. There was also poor

understanding and administration of contracts by HTD staff due to lack of experience. Staff did not follow-up adequately on decisions taken by stakeholders to effect changes in contractual requirements. There was also failure to dovetail MHA's IT security policy requirements into contractual agreements. Under "Process", there were overly prescriptive specifications and inadequate processes to monitor attendance of onsite FM contractor staff. There was also ambiguity and lack of clarity in contract clauses; and a lack of structured process and template to track KPIs.

74 MHA had since implemented several measures to address the lapses. It had issued show-cause letters to contractors for non-compliance with contract specifications. It rolled out a checklist in September 2021 to guide HTDs in checking completeness of payment claims and standardised the survey form format for Customer Satisfaction with effect from April 2021. It also commenced the provision of training to Home Team Science & Technology Agency (HTX) Building and Infrastructure (B&I) staff, followed by HTD officers from July 2021. Since August 2021, there has been progressive submission of contract variation requests to regularise changes in contract requirements and Infrastructure Management Audits in HTDs have also been conducted. For the irregularities noted in documents furnished for audit, police reports were made for two cases while for the third case, action had been taken against the contractor for non-compliance of contractual requirements.

75 A taskforce had also been set up in June 2021 to review and propose enhancements to MHA's FMM processes based on findings and insights from the AGO audit. The taskforce would also work with the HTDs on the rectification of the irregularities highlighted by AGO. The resolution and closure of all contract variation requests, show-cause letters and cost recovery are expected to conclude by March 2022. The taskforce would also look at continuous learning and deepening the proficiencies of HTX B&I and HTD officers involved in FM contract management. A series of internal training sessions for 2021 and 2022 had also been mapped out for both HTX B&I HQ staff and HTD staff.

76 In addition, HTX B&I has been exploring the use of software to facilitate, document and aggregate the results of the Customer Satisfaction Surveys and would roll out the software to all HTDs by April 2022. MHA would also explore the use of its Integrated Logistics Management System (iLMS) to enhance the contract administration process with plans to digitalise records and the monitoring of the work processes. HTX B&I would be embarking on a trial with the Singapore Police Force on the facilities management modules of iLMS by March 2022, prior to the roll-out of the modules to the other HTDs by the end of 2022. The MHA Audit & Assurance Directorate would follow through on the progress of the rectification actions taken, with the status being reported to MHA Senior Management.

Ministry of National Development

77 The Ministry of National Development (MND) informed the Committee that the root causes for the Housing Development Board (HDB)'s disbursement of housing grants to applicants who did not meet the eligibility criteria were non-declaration by applicants on private property ownership (PPO), timing difference between obtaining the screening results from another government agency on PPO and HDB's eligibility checks, staff oversight of the PPO records in the screening results, non-declaration of self-employed income by applicants, and lack of understanding by HDB staff on the checks to be performed for income assessment to include both employment and self-employment income.

78 Of the 13 CPF Housing Grant applicants noted in the Report of the Auditor-General, MND said that HDB had since recovered grants disbursed to eight ineligible applicants and had verified that four applicants were eligible or correctly assessed for the grant. HDB could not contact the last applicant as of end 2021. As for the remaining 1,055 applicants highlighted by AGO, HDB had since ascertained that 1,013 applicants were eligible for the grants and 11 applicants were preliminarily found to be ineligible. HDB has requested the remaining 31 applicants to submit additional documents to verify their eligibility. HDB had also implemented real-time screening of PPO with the other government agency to address the timing difference issue. HDB was also conducting monthly matching of PPO records for cases completed in the previous month as an additional safeguard and self-audit. HDB had also established SOPs on income assessment and consolidated all income assessment guidelines in a dedicated central database for processing of grants. HDB was also conducting regular staff briefing and training sessions on income computation with actual income documents to enhance staff knowledge and awareness of different scenarios. HDB would also automate the checks on flat buyer's declaration of PPO and income and applicant's eligibility to buy a flat/obtain a housing loan/grant, where possible by March 2022.

79 On HDB's assessment of price reasonableness of single bids, MND informed the Committee that HDB would improve its process to determine an estimate by obtaining quotes from potential market players prior to the calling of the succeeding tenders, and not base its estimate on actual comparable tender prices for similar projects only. Information such as the scope and volume of services would continue to be provided to the potential market players. For obtaining additional quotations to assess the price reasonableness of bids, HDB would adopt the SOP similar to formal quotation by issuing documents and allowing sufficient time. HDB had also implemented an electronic checklist to guide procuring staff on the procedure for building up of cost estimate in November 2021.

80 As regards possible irregularities noted in quotations, MND informed the Committee that the root cause was a lapse in supervision by consultants and HDB staff. HDB had since made a police report on the irregularities found in the quotations. HDB had also completed an exercise to validate star rates quotations from its regular building contractors and shared relevant information with the police. HDB had also implemented the requirement for consultants to document their due diligence checks in the standardised star rate build-up format and incorporated learning points from past audit findings and good practices into its guidelines on star rates. In addition, HDB developed checklists for consultants and HDB staff to provide guidance on the checks to be performed, including those to verify the authenticity of quotations when evaluating and assessing the quotations received. HDB had also implemented the imposition of demerit points for consultants/contractors for any lapses in due diligence and supervision. HDB would also be deploying data analytics to facilitate comparison of star rate prices and to detect possible anomalies in quotations by end of 2022. HDB was also working with MOF to explore ways to raise awareness in the public sector agencies and level up professionalism in the industry.

81 As to HDB's inadequate monitoring of car park operations and enforcement, MND informed the Committee that the root causes were limitations in HDB's existing system which resulted in open-ended transaction records and controls that did not prevent under-collection/evasion of parking charges due to under-declaration by motorists. MND said that by June 2022, HDB would work with service providers to finetune and improve capture rate of CCTVs so that enforcement actions could be taken against the motorists. HDB would also be

enhancing transaction reports from the Electronic Parking System and explore the use of analytics to guide follow-up actions against open transactions by errant motorists. To prevent future lapses, HDB planned to develop staff capabilities/competencies in data analytics and draft SOP for staff to handle exception cases, and explore the further use of technology to guide and automate follow-up actions against open transactions by end 2022. HDB would also be exploring the use of video analytics and licence plate recognition to aid follow-up on open carpark transactions by end of 2022.

82 On the root causes for the unauthorised subletting of tenanted commercial premises, MND informed the Committee that subletting guidelines on related companies were not clearly documented. HDB's subletting policy had stated that tenants could sublet up to 50% of the trading area to one subtenant, with prior consent from HDB. However, the subletting policy was silent on the treatment of tenants' related companies. There was also no requirement for tenants to declare the use of HDB premises for mailing/business purpose of related companies.

83 MND added that HDB would review and finetune its subletting guidelines to make clear the definition of subletting to reflect current business models and business needs, require tenants to declare if their operations fell under HDB's pre-defined scenarios, and strengthen the area of "surprise" checks. HDB would be reviewing the cases flagged out by AGO to ascertain whether there were any unauthorised subletting by March 2022. HDB would also match its data with ACRA records to detect unauthorised subletting by June 2022.

84 To prevent future lapses, HDB would be training staff, including conducting sessions covering SOPs and guidelines, learning points from AGO observations, use of data analytics to guide operations management and detection of unauthorised subletting. HDB would also train its consultants on guidelines on star rates and examples of quotation irregularities and its MAs on checking for unauthorised subletting.

Ministry of Transport

85 The Ministry of Transport (MOT) informed the Committee that in response to AGO's findings on the lapses in the Maritime and Port Authority of Singapore (MPA)'s evaluation and administration of a tender for event and venue management services, MPA has appointed a Panel of Investigation (POI) to conduct a thorough investigation on the past three years' tenders handled by the same project team for the same event. The root causes for the lapses were poor project planning which resulted in insufficient time catered by the division in charge of the event to develop plans and carry out the actual procurement, weak supervision and leadership over the project team, and laxity in procurement compliance and poor-quality staff work. Actions would be taken against officers who were found to be accountable for the lapses.

86 To better instil procurement knowledge and build appreciation for the importance of procurement compliance, MPA started to conduct briefings tailored to the needs of different stakeholders since June 2020 and guidelines such as the average timeframe required for a tendering process and its key stages, have been provided to assist divisions in better procurement planning. Since July 2021, MPA's Procurement and Internal Audit Departments have also conducted briefings tailored to the procurement governance roles undertaken by senior management and Heads of Department. The Internal Audit Department has also taken on a bigger emphasis on procurement matters when planning its audits, which would allow MPA to assess the effectiveness of the continuous training and reinforcement and identify areas

that remain weak. Arising from regular review of procurement processes and audit checks, MPA issued a circular in June 2021 to all staff to highlight key observations for each stage of the procurement cycle.

87 To develop capabilities and competencies in the relevant areas, MPA had adopted a two-pronged approach, namely awareness and training of staff and strengthening procurement policies and procedures. On the awareness and training of staff, MPA developed a Procurement Procedures Manual to guide staff on procurement work, put in place tools and programmes to raise procurement awareness and develop procurement competencies, conducted biannual procurement briefings to instil in all officers the need to ensure procurement and financial governance and conducted an inaugural briefing to approving authorities in July 2021 on importance of scrutinising submission and exercising due diligence. MPA also sent regular reminders to its staff on key steps as well as “do and don’ts” of the procurement process and all new staff who joined since October 2020 have been briefed on procurement procedures and processes as part of onboarding. MPA also adopted the Whole-of-Government Procurement Competency Framework for Learning and Development to keep its procurement officers abreast of the latest procurement governance. As regards strengthening procurement policies and procedures, MPA had fully centralised the processing of tenders and quotations. While divisions would prepare their requirement specifications and evaluation papers, MPA’s Procurement Department would vet the documents to ensure adherence to MPA’s procurement procedures. MPA also conducts regular review on its procurement policies and processes.

88 MOT said that MPA would continue to actively use technology and analytics to understand procurement trends and make its procurement processes more robust and transparent. MPA’s IT Division had also started using the GovTech’s Asset Management system to track the list of contracts to ensure more timely procurement. For increased transparency and efficiency in carrying out procurement, MPA had launched an e-Procurement system in April 2018. The system aims to reduce the likelihood of procurement lapses with built-in approving authorities and well-defined segregation of roles/ functions between the approval to incur the expenditure and the approval for awards at the different stages. MPA intended to make enhancements to the system, including online workflow for variation order submissions and approvals, reminders to user divisions to call new contracts before expiry of current ones, and enhanced data analytics features. The enhancements were targeted to be completed by end of 2022.

Public Service Division

89 The Public Service informed the Committee that lapses on the administration of Civil Service medical and dental benefits observed by AGO were due to two main causes. First, the current discrete Human Resource (HR) and Payroll/Claims systems landscape had led to entitlement records not always being fully synchronised across systems or delays in the updating of officers’/pensioners’/dependants’ records. There were also no measures or mechanisms in place to alert agencies of any anomalies of desynchronised records across the various systems or time lag in the updating of records. This resulted in claims incorrectly paid to ineligible officers/pensioners/dependants. Second, some of the lapses were due to human error, either because of erroneous/late entry of records or a lack of understanding of prevailing policies and rules governing medical and dental benefits in the Civil Service.

90 The Committee noted that PSD and AGD would be taking a multi-pronged approach of enhancing the HR and payroll systems to automate updating of HR records and include system controls to flag anomalies, stepping up efforts to educate officers on medical and dental benefits/claims policies and rules, and performing regular post-payment analytics on medical and dental claims.

91 PSD said that it would implement system enhancements in the new HR and Payroll (HRP) System for the Civil Service. The various systems involved would be integrated to address the gaps in the synchronisation of the HR records. A one-time house-keeping exercise would also be performed to reconcile and synchronise the existing medical scheme records upon adoption of the HRP system. Data would also be obtained from the source agencies in a timelier manner and interfaced to the HRP system where possible. System alerts and approval workflows to flag ineligible or unsuccessful transactions would also be developed. These system enhancements would be implemented progressively over FY2021 and FY2022.

92 PSD would be stepping up on user education and training to strengthen officers' understanding of the policies, rules and system processes governing medical and dental benefits in the Civil Service. Extensive training had been conducted for officers who would be administering medical benefits entitlement and claims functions in the HRP system. Agencies have also been reminded of the importance of accurate and timely maintenance of HR and entitlement records in the system and common errors they should avoid, as well as to incorporate the guidelines into their HR SOP. PSD and AGD conducted a briefing in November 2021 to Public Service agencies on audit observations in the FY 2020 AGO report, measures taken to address the lapses, and the rectification approach for erroneous cases. Detailed materials and resources containing preventive measures to be taken, enhancements to the HRP system and recovery approaches were also shared with agencies in December 2021. PSD was also working with CSC to develop e-Learning materials to strengthen HR officers' understanding of key policies, including medical and dental benefits. Selected case studies on past errors, accompanied with best practices and 'to-dos' would be included in the e-Learning content to ensure that HR officers avoid such errors and apply their knowledge accurately and well.

93 On post-payment analytics, AGD would be stepping up training and communication efforts to educate and guide agencies to perform regular post-payment analytics. AGD had rolled out an enhanced set of Governance dashboards and data visualisations that show trends and highlight outliers and spikes which agencies could further drill into. The reports/visualisations would also highlight potential duplicates and identify top claimants via several metrics such as number and frequency of claims. There were also e-learning resources and webinars to familiarise users on how to use the dashboards to perform data analytics.

94 PSD and AGD would also be looking into the specific erroneous claims flagged by AGO. For those which might suggest an intent to game the system, officers would be asked to explain and account for the claims and stern action would be taken if there were attempts to be dishonest.

B. Broader Issues

95 The Committee also discussed broader issues which could impact spending, financial governance and controls in the public sector, namely:

- a. Disruptions to Global Supply Chain;
- b. Re-evaluating baseline spending in the “new normal”;
- c. Working-from-Home and hybrid work arrangements; and
- d. Singapore Green Plan.

Disruptions to Global Supply Chain

96 The Committee was concerned about how disruptions to the global supply chain would impact costs to the Government and how Government operating models might have to be changed, for example, from a “just in time” to a “just in case” model. The Committee asked MOF on its approach and views on the matter, including:

- a. The impact of inflation risks on Government spending plans; and
- b. The framework in place to address risk and resilience in relation to inflationary and cost pressures, and key vulnerabilities within the supply chain.

Ministry of Finance

97 MOF informed the Committee that the global supply chain disruptions have led to renewed efforts in two main areas. First, strengthening the resilience of Singapore’s essential goods (for example, food) against future disruptions. Second, ensuring the supply chain resilience of Singapore’s key manufacturing and trading sectors. For the former, the Government would likely have to play a more direct role. Some resilience-related measures (for example, stockpiling) could add to recurrent costs in the medium and longer term. Hence, MOF has been developing policy and resourcing principles to guide its assessment of resilience-related measures, to maximise their outcomes and ensure sustainable spending. For example, MOF is encouraging agencies to use a combination of measures, both fiscal and non-fiscal (for example, the Water Conservation Tax and Rice Stockpile Scheme) to enhance resilience, while also exploring if costs can be shared with other stakeholders. For the latter, the primary approach would be for government agencies overseeing respective sectors (for example, logistics and connectivity sector, manufacturing sector) to drive resilience outcomes for their respective sectors. Government intervention, and hence spending, should be limited to plugging market gaps (for example, provision of public goods/services that improve resilience across sectors).

98 MOF elaborated that as a small and open economy, Singapore is sensitive to fluctuations in the price of imported goods and services. Recent disruptions in supply chains and rising energy prices had increased inflationary risks globally. The recovery in Singapore’s domestic economy could also contribute to rising costs. When calibrating the level of Government spending, MOF would consider the effects of inflation and also the

macroeconomic impact of the Government spending itself. In addressing resilience and risk, MOF works with agencies to ensure that there is forward planning, diversification of supply, and the development of contingency plans. MOF added that maintaining a strong financial position nationally also allows Singapore to weather crises. MOF also takes a differentiated approach for essential goods and industrial supplies. For example, the Government would likely play a more direct role to ensure food supply resilience as the market would not naturally provide for an adequate level of resilience. On the other hand, industrial supply chain disruptions are commercial risks which should be mainly addressed by companies, with limited Government involvement, if at all.

Re-evaluating Baseline Spending in the “New Normal”

99 The Committee is of the view that there is a need for the Government to re-evaluate its baseline spending as Singapore moves to become a COVID-resilient nation. While there would be increased COVID-related expenditure, for example on healthcare, there is opportunity at the same time to reduce spending in other areas. The Committee asked MOF on its approach and views on the matter, including:

- a. Whether there were plans to re-examine the baseline public sector headcount and to put in place a framework for the right siting, right sizing, right skilling, and right scoping of manpower resources; and
- b. What the plans for surge manpower capacity to address spikes (and redistribution) in manpower requirements during a crisis are.

Ministry of Finance

100 MOF informed the Committee that it regularly reviews the Government’s expenditure needs, taking into consideration the needs and aspirations of Singaporeans, as well as existing and emerging global trends, and that it would continue to do so as Singapore transits to become a COVID-resilient nation. While there is much uncertainty as to how the global pandemic would evolve in the coming months, as well as its longer-term impact on how people live, work and travel, MOF has already started work with agencies to review the impact of COVID-19 on future plans.

101 MOF further elaborated that it takes a two-pronged approach in working with agencies to discuss changes and optimise their baseline spending. First, MOF sets top-line block budget cap over about 5 years to encourage agencies to seek productivity gains and rationalise their spending. Devolving autonomy to agencies to deploy their resources draws on agencies’ familiarity with the needs of the sectors they serve, while working within MOF’s broad allocations and budgetary rules. Second, MOF engages agencies through regular channels at both the bilateral and multi-agency levels such as the annual strategic budget review meetings between MOF and the Permanent Secretaries of the respective ministries. Through such channels, MOF works with agencies to optimise the allocation of resources to important areas against the context of tight fiscal and manpower resources. MOF also said that post-COVID, a number of resets, such as in the public health space, may need to be done.

102 In the area of infrastructure planning, MOF is reviewing some of its planning assumptions and parameters which had been affected by COVID-19. COVID-19 border restrictions have affected construction worker inflows, resulting in reduced construction activity. MOF had therefore shifted resources from the affected construction projects towards funding Singapore’s fight against COVID-19. However, the crimp in labour supply had also caused delays in key public infrastructure such as BTO flats, and agencies are working to prioritise and ensure minimal project delay. In the medium and longer term, it is uncertain how much infrastructure use and design would fundamentally shift with COVID-19. As a global city, Singapore must remain an attractive hub for talent and companies. The necessary upgrades to Singapore’s connectivity (for example, new MRT lines), liveability (for example, BTO, cycling paths) and economy (for example, Punggol Digital District) would still largely be needed. Where MOF is more certain that demand would be dampened or significantly delayed,

MOF would preserve optionality and flexibility. For example, the Government announced in June 2020 that the construction of Changi Airport Terminal 5 would be paused for at least two years until there was more clarity on the future of air travel. As timeline adjustments are made to accommodate the uncertainty, MOF is also mindful that planning and construction for many infrastructure projects have long gestation periods and would continue to plan ahead and review those plans.

103 As regards public sector office space, MOF recognised that there is opportunity to optimise the Government's office space take-up as hybrid work becomes more prevalent. The Committee noted that several agencies have moved in that direction. For example, SkillsFuture Singapore has adopted a shared desk concept by providing workstations for 70% of its headcounts, while the Public Service Division has reduced the size of its management's rooms by 20 to 30%. Nonetheless, MOF was mindful that while office space needs may decrease due to telecommuting, it had to be balanced with the space required for safe distancing. Given the fluid COVID-19 situation and high cost to unwind infrastructure changes which might not be relevant in future, agencies are closely monitoring developments and carefully assessing the impact of different workspace configurations on their organisation culture, staff morale and sense of belonging. MOF would continue to work with agencies to rationalise and optimise office space take-up.

104 In the area of public sector service delivery, MOF said that the Government has been making a big push towards online services since before COVID-19. Most agencies' websites allow for online transactions, with channels for email enquiries and appeals. While the shift towards digital services has reduced demand for in-person frontline services, the increased volume of online transactions, enquiries and appeals has meant a shift in manpower needs from frontline operations to backend IT and email management. MOF remains conscious of the need to bridge the digital divide, especially among the elderly. The Seniors Go Digital programme was launched in May 2020. The Digital Ambassadors deployed islandwide at SG Digital Community Hubs helped more than 100,000 seniors to use smartphones to access digital services and transact online. MOF said that notwithstanding the digital push, some citizens might still prefer in-person service delivery. To streamline manpower requirements and enhance productivity, the Integrated Public Service Centre (PSC) at Our Tampines Hub was piloted in 2018. The PSC brings together a full suite of 460 services from 18 government agencies so that citizens can enjoy a single touchpoint for all services. Through the PSC, operations were optimised and there was a reduction in the total service journey time by more than 40% from 25 mins to 14 mins. Through digitalisation, productivity was also increased as the number of self-service transactions had more than doubled from 24% in 2018 to 67% from January to August 2021. There are plans to expand the PSC to provide 515 services without an increase in manpower by 2022.

105 In relation to the public sector workforce, MOF highlighted that as Singapore moves towards becoming a COVID-resilient nation, the Government would need to tackle not just immediate challenges, but also medium-term priorities, such as pressing on with economic transformation, strengthening our social compact and greening our economy and way of life. This was on top of structural issues already present pre-COVID, such as the escalated healthcare needs of an ageing population. While there had been temporary reduction in some categories of expenditure (for example, overseas trips and organising in-person conferences), on the whole, MOF expects to see increased demand for resourcing and public sector manpower in the new normal. Public officers are also expected to strengthen capabilities in new areas of work (for example in citizen engagement and data analytics) to function

effectively. MOF informed the Committee that it expects baseline spending to likely increase as a result of our public health fight against COVID-19, emerging needs arising from COVID-19 and the various structural trends. MOF would continue to work closely with agencies to optimise resources and achieve value-for-money.

106 MOF said that the manpower management approach is to ensure that public sector manpower grows at a sustainable rate in line with the resident labour force growth. MOF monitors the overall size of the public sector closely to ensure that the public sector grows in a disciplined manner and does not take up an out-size share of the resident labour force at the expense of the private sector. While the public sector faced greater manpower demand amidst tighter labour force constraints, MOF is reviewing the overall size of the public sector manpower to ensure that it is able to meet future needs, such as strengthening resilience, and structural priorities such as healthcare for the ageing population. MOF would also seek to more effectively re-allocate limited manpower resources to new priorities, which includes undertaking further “right-sizing” and conducting targeted manpower reviews. In assessing agencies’ emerging manpower needs, MOF would also ensure that proposals are resource-efficient, and expand opportunities to rationalise requirements and reap synergies.

107 MOF informed the Committee that it was working closely with PSD to plan ahead for workforce transformation and transition, to ensure that public service officers are equipped with the right skillsets and capabilities required in new areas of work. Incorporating lessons from the COVID-19 experience, MOF and PSD are putting in place structures to respond to future manpower needs in a more nimble and timely manner. For example, PSD is developing a contingency workforce plan to mobilise public service officers to meet surge needs during a crisis.

Working-from-Home and Hybrid Working Arrangements

108 The Committee noted that as Singapore moves to become a COVID-resilient nation, Working-from-Home and Hybrid working arrangements would likely become a permanent feature of the public sector workforce. The Committee asked PSD the likely people risks and the potential impact on governance, controls, oversight and accountability with the greater adoption of hybrid working arrangements.

Public Service Division

109 PSD informed the Committee that as Singapore moves towards endemic COVID-19, the Public Service is shifting towards a hybrid “physical-digital” mode of working, with telecommuting becoming a permanent part of work arrangements. The mainstreaming of hybrid work in the Public Service would allow the Public Service to lock in the productivity gains from remote working initiated during COVID-19, while balancing the need to foster teamwork and organisational cohesion. Within the Public Service, remote working has enabled more nimble collaboration across Government, demonstrated in the way diverse agencies coordinated and organised themselves at short notice to tackle a range of COVID-19-related missions. Externally, the accelerated digitalisation of functions has helped to manage the risks of disease transmission and make services more accessible to citizens via digital platforms.

110 PSD said that in tandem with the Public Service transiting to a hybrid work arrangement, it would introduce appropriate controls to manage risks in People Management, Workplace Health, and Cyber and Information Security.

111 On people management, PSD noted that a hybrid work arrangement affords greater flexibility and productivity but also presents new challenges in terms of managing work goals and teams. PSD would introduce a set of work norms to guide public agencies and supervisors in the implementation of hybrid work, to ensure that the Public Service continues to deliver its work to a high standard. In consultation with leaders and unions, PSD would be putting in place guidelines to set clear work norms in a hybrid work environment. These include establishing clear expectations on officers’ availability and work hours. Notwithstanding variations in work arrangements, officers need to remain productive at work and deliver work outcomes. To do so, supervisors and officers should establish regular check-ins to drive achievement of work outcomes. The predictability and regularity of these check-ins provide officers on telecommuting a sense of assurance that their supervisors continue to be available to provide guidance for their work. It also allows supervisors to monitor whether their officers are motivated and engaged at work. In the area of performance management, supervisors should discuss and communicate clearly to subordinates their expectations on desired performance, deliverables and timelines, which would form the basis of their assessment of officers’ performance subsequently. These should be complemented by a regular schedule of check-ins to discuss work targets/priorities and provide feedback on work performance against these targets/priorities.

112 PSD would develop a set of principles for the implementation of hybrid work. The principles include:

- a. Hybrid work is not an entitlement. Public sector agencies should determine the specific provisions that best suit the business needs and operating context of

their organisation. Officers should also adjust their work-from-home (WFH) schedule to give precedence to organisational needs.

- b. The requirements of the job take precedence. Where the nature of work requires physical interface with citizens and stakeholders, this would be observed.
- c. Hybrid work provisions can vary depending on the readiness of the workforce. For example, new hires may not be able to WFH as much at the start given the need to orientate them to the organisation or help them develop bonds with colleagues.

113 In terms of performance management, officers are held accountable for the outcomes of their work and contributions, rather than “face time” in office. On a regular basis, supervisors are expected to clearly communicate their expectations on deliverables and timelines for projects and assignments, which would form the basis of their assessment of officers’ performance subsequently. PSD would also step up training and other developmental interventions for supervisors in performance management. Supervisors and officers are expected to have a regular schedule of check-ins to facilitate clarification of deliverables and feedback on work performance against their work targets/priorities. Supervisors are also expected to continue engaging officers on their learning and development. As COVID-resilient workplace norms evolve, PSD would continue to monitor the implementation and impact of hybrid work on the Public Service, and remain agile and adaptable in setting the policy guidance.

114 PSD added that in particular, there was a need to ensure that the Public Service continues to uphold standards in Service Delivery as it makes the transition to hybrid work. The Public Service has put in place measures to ensure that citizens and businesses continue to be able to access services seamlessly, via digital and physical modes of delivery. Whole-of-government (WOG) service standards are set to ensure that feedback is reviewed in a timely manner within the agency, and these continue to apply in a hybrid work setting. Agencies should also provide accessible feedback channels for citizens to seek assistance or provide feedback, for example, online feedback forms, self-help integrated phone services or live chats. PSD would develop training for supervisors to enable them to manage work goals and teams more effectively in a hybrid work environment. PSD would also continue efforts to upskill the workforce to effectively leverage on digital work tools to adjust effectively and thrive in a hybrid work environment.

115 The Public Service would also leverage on the myriad of virtual and online platforms available to provide different and innovative ways of interacting with and serving citizens. For example, HDB, IRAS, Legal Aid Bureau and CPF B were currently able to deliver services via video-conferencing (VC) at the Service SG Centre at Our Tampines Hub. In tandem with digitalisation, PSD is also working with various agencies to establish integrated public service centres in community clubs in key town transport nodes to serve non-digital savvy citizens. PSD would also work with agencies to develop strategic workforce plans to redesign jobs and reskill officers to mitigate the impact of the disruption to jobs over the longer term. For instance, with hybrid work and VC tools, there are opportunities for Personal Assistants to expand their jobs to take on additional roles in coordination or knowledge management, or to be reskilled in new areas such as event management. Counter staff could also be reskilled to take on new or additional roles such as managing live chats or attending to citizens via VC or instant messaging.

116 On workplace health, PSD said that there was a risk of overwork arising from a blurring of the line between work and life in a hybrid environment. Hybrid work may also create feelings of social isolation. And, with reduced physical interactions between colleagues and supervisors, it might be more difficult to identify when an employee is struggling with mental health and intervention is required. The Committee noted that the Public Service would implement a holistic strategy to address employee well-being. Since March 2021, the Public Service had put in place a central counselling hotline for all public officers who need to seek professional help. PSD is also focusing its measures upstream to help all officers stay well and equip them with the knowledge and skills for self-care. Since the Circuit Breaker last year, PSD has instituted regular wellness webinars on topics including psychological resilience, mindfulness, nutrition and physical exercise. There is also an increase in the pervasiveness of workplace support by building a community of Wellness Ambassadors who are trained in mental health first aid to provide basic emotional support to fellow colleagues and act as ambassadors for mental well-being. To better support supervisors, PSD would make available a curated suite of resources on managing hybrid teams. PSD also partners with the Civil Service College to deliver relevant courses, workshops and webinars to support supervisors to lead and manage hybrid teams more effectively.

117 PSD added that as the workforce progressively returns to the physical workplace, the Public Service would retain and enhance measures to ensure the safety and hygiene of the physical workplaces. PSD provides a set of guidelines on establishing safe management measures (SMM) in the Public Service, which cover aspects such as risk management, monitoring and surveillance, awareness and education, as well as SMM for work-related events with internal and external parties. The guidelines are updated regularly in line with the national posture on SMM at the workplace as promulgated by MOM. Agencies are also encouraged to adopt the recommendations of the MOF-led Public Service Workplaces (PSW) Workgroup for safe, smart and sustainable workplaces. These recommendations cover areas such as ventilation and hygiene standards, space planning, design and technology solutions for the workplace.

118 On cyber and information security, PSD said that cybersecurity had become even more important with telecommuting. A significant proportion of public officers has been accessing Government services via their home wireless network and an unsecured home wireless network would increase the risk of data exfiltration from their connected work machines. Similarly, poor security practices when using video-conferencing software while telecommuting could further increase the risk of data exfiltration. To address telecommuting-related risks, GovTech published a set of best practices that was distributed to public officers on measures that officers should take to secure their home network, and the secure use of video-conferencing tools when telecommuting. Beyond the guide, all officers are also required to go through an annual cybersecurity awareness training to instil a stronger cybersecurity culture across the Public Service.

119 PSD informed the Committee that the Government has also set up structures to support the building of cyber and data security culture. For example, all agencies have an Agency Chief Information Security Officer and Chief Data Officer to oversee and take charge of cyber and data security matters in the agencies. These officers help cascade information for officers and develop their own awareness programmes to adapt the central messages to best suit their organisational context.

120 In addition, all Government Ministries, Organs of State, Departments and Statutory Boards are required to engage independent internal or external IT auditors to conduct audits on ICT systems. The audits would assess the control design and operating effectiveness of ICT systems, including cyber and data security aspects. The expected frequency of audit would be according to the systems' information security classification and information sensitivity categorisation. The Committee noted that SNDGG also conducts audits on all agencies on a 3-year cycle to provide an independent assessment for the agency.

Singapore Green Plan

121 The Committee noted that the Government is developing the Singapore Green Plan 2030 (“Green Plan”) as a whole-of-nation movement to advance Singapore’s national agenda on sustainable development. This includes the raising of green bonds to finance sustainable infrastructural development projects.

122 As the Green Plan involves substantial investments, the Committee asked MOF whether there was a governance framework for the Green Plan at the WOG level to guide spending and borrowings, how to ensure the right expertise and capabilities are developed within the Government to manage these new areas, and how the appropriate controls are established to ensure that the expenditure achieves the stated outcomes. The Committee also asked MOF how it manages large infrastructure project finance risks and how it would ensure that the Government was not taking on too much debt. Lastly, the Committee asked MOF what the process by which carbon targets were allocated to the Ministries was and how Ministries would ensure value for money as they work towards such targets.

Ministry of Finance

123 MOF informed the Committee that in the area of governance, Ministries overseeing their respective initiatives under the Green Plan have to ensure that the programmes are administered in compliance with prevailing financial guidelines and reviewed against their respective sectoral targets. Comprehensive measures are also in place to ensure the cost-effectiveness of publicly-funded infrastructure projects, including those that contribute to the sustainability agenda, with greater scrutiny on projects that are of higher value or risk.

124 Projects above \$100m are subject to scrutiny by the Ministry overseeing the project and MOF. The Centre for Public Project Management (CP2M) in MOF, comprising a multi-disciplinary team of architects, engineers and quantity surveyors, reviews the scope, design and cost reasonableness of the proposals to optimise the project design. For the project to proceed, approval from the Development Planning Committee (DPC), comprising three Cabinet Ministers, must be obtained. Projects above \$500m are put through a rigorous gateway process, which involves several stages of reviews by the Development Project Advisory Panel (DPAP), supported by CP2M, before submission to DPC for approval. DPAP comprises senior public officers, academics and industry practitioners with deep technical expertise and experience in major infrastructure developments, which allows the Government to draw on the knowledge and best practices in both the public and private sectors. The staged approval process enables greater scrutiny of specifications and design, which enhances the robustness of proposals and better estimate and manage the costs of large projects like Tuas Nexus and coastal protection projects, which are long-term, large scale and complex in nature.

125 MOF said that developing the right expertise and capabilities is crucial for the Government to deliver on the sustainability outcomes, especially in emerging areas such as Green finance, climate science and adaptation as well as low-carbon technologies. Green finance is a key enabler for achieving the sustainability outcomes. One of the key thrusts of MAS’ Green Finance Action Plan is to build knowledge and capabilities in sustainable finance, including through anchoring centres of excellence, think tanks and research networks to contribute Asia-focused climate research and training. For instance, the Singapore Green Finance Centre and the Sustainable and Green Finance Institute will develop courses to groom

a pipeline of talent in green finance across the career spectrum. The Government Green Bond Programme Office (GBPO) has also been set up in MOF to lead and pilot the issuance of government green bonds for selected public infrastructure projects. As part of the green bond issuance process, the GBPO will centralise relevant expertise across government agencies to develop a Government green bond framework and assist Statutory Boards in developing their own green bond programmes.

126 As for climate science and adaptation, Singapore's climate resilience strategy and adaptation plans are based on robust science. To better understand the impact of climate change, the Centre for Climate Research Singapore runs climate models and simulations to produce high resolution localised climate projections and works closely with local institutes of higher learning to perform research and build up capabilities in Singapore by coordinating climate science research programmes. On low carbon technologies, MOF explained that Singapore is studying emerging advanced low-carbon technologies such as Carbon Capture, Utilisation and Storage and low-carbon hydrogen as potential longer-term options to reduce carbon emissions. Agencies continue to gather know-how through collaborations with stakeholders and other countries, and to pilot technologies across sectors including maritime, aviation, mobility, industry and power generation. Expertise and capabilities to manage these new technologies are also being developed in research and development Programme Offices housed in government agencies (for example the Science and Technology Policy and Plans Office, and the Climate Change and Sustainability Science and Technology).

127 MOF informed the Committee that appropriate controls are in place to ensure accountability and that the expenditures achieve the stated outcomes. Expenditure for initiatives under the Green Plan would be part of the relevant Ministries' operating and capital budgets and be reported as part of the annual budgetary process. Various sustainability-related KPIs are also tracked by relevant Ministries in the Budget Book. The respective Ministry and agencies would also provide updates to the public on progress made on specific targets and initiatives. For example, the Ministry of Sustainability and the Environment publishes its Key Environmental Statistics on an annual basis. The Green Plan Ministries would also release consolidated updates on the Green Plan from time to time.

128 MOF also informed the Committee that the carbon targets were developed based on the package of mitigation measures developed by the Long-Term Emissions and Mitigation Working Group (LWG) to enable Singapore to meet its national climate targets at the lowest cost to the economy. Apart from the impact to the economy, the development of the package took into account technology readiness as well as the viability of international collaboration, such as the feasibility of international carbon credit markets. The LWG reviews the package of measures and carbon targets regularly as technology advances and more practicable and cost-effective solutions become available.

129 On the management of finance risk of large public sector infrastructure projects, MOF informed the Committee that the Significant Infrastructure Government Loan Act (SINGA) sets a high bar for infrastructure projects, including green projects, to qualify for borrowing. The criteria include being major and significant in terms of costs, benefits more than one generation, and assessed to be important to national interests. To ensure that the borrowings by the Government for spending is equitable and sustainable, the SINGA has two legislative safeguards that apply to both green and non-green projects - a gross borrowing limit of \$90 billion and an annual effective interest cost threshold of \$5 billion to limit borrowing.

MINUTES OF PROCEEDINGS

5th Meeting

Wednesday, 18 August 2021

10.30 a.m.

PRESENT:

Ms Foo Mee Har (*in the Chair*)
Miss Cheryl Chan Wei Ling
Mr Chua Kheng Wee Louis
Mr Derrick Goh
Mr Kwek Hian Chuan Henry
Ms Poh Li San
Mr Saktiandi Supaat
Dr Tan Wu Meng

1. The Committee considered the Report of the Auditor-General for the Financial Year 2020/21 (Paper Cmd. 8 of 2021).
2. The Committee deliberated.
3. The Committee examined the findings contained in the Auditor-General's report and agreed to write to the Ministry of Communications and Information, Ministry of Culture, Community and Youth, Ministry of Education, Ministry of Finance, Ministry of Health, Ministry of Home Affairs, Ministry of National Development, Ministry of Transport and Prime Minister's Office (Public Service Division) to submit memoranda on matters raised.
4. The Committee also considered the memoranda received from the Ministry of Communications and Information, Ministry of Education, Ministry of Finance, Ministry of Manpower, Ministry of Trade and Industry and the Prime Minister's Office (Smart National and Digital Office) arising from the observations and findings in the Report of the Auditor-General for the Financial Year 2019/2020 (Paper Cmd. 1 of 2020).
5. The Committee deliberated.
6. The Committee agreed to write to the Ministry of Communications and Information, Ministry of Education, Ministry of Finance, Ministry of Manpower, Ministry of Trade and Industry and Prime Minister's Office (Smart National and Digital Office) to submit further memoranda on matters raised.

Adjourned to 14 October 2021.

6th Meeting

Thursday, 14 October 2021

10.30 a.m.

PRESENT:

Ms Foo Mee Har (*in the Chair*)

Miss Cheryl Chan

Mr Kwek Hian Chuan Henry

Dr Saktiandi Supaat

Mr Chua Kheng Wee Louis

Mr Derrick Goh

Ms Poh Li San

ABSENT:

Dr Tan Wu Meng

1. The Committee considered the memoranda received from the Ministry of Communications and Information, Ministry of Culture, Community and Youth, Ministry of Education, Ministry of Finance, Ministry of Health, Ministry of Home Affairs, Ministry of National Development, Ministry of Transport, and Prime Minister's Office (Public Service Division), arising from the observations and findings in the Report of the Auditor-General for the Financial Year 2020/2021 (Paper Cmd. 8 of 2021).
2. The Committee deliberated.
3. The Committee agreed to write to the Ministry of Culture, Community and Youth, Ministry of Finance, Ministry of Health and Prime Minister's Office (Public Service Division) to submit further memoranda on matters raised. The Committee also agreed that the Permanent Secretaries of the Ministry of Finance and the Prime Minister's Office (Public Service Division) be invited to give oral evidence at the next meeting.
4. The Committee also considered the further replies received from the Ministry of Communications and Information, Ministry of Education, Ministry of Finance, Ministry of Manpower, Ministry of Trade and Industry, and Prime Minister's Office (Smart Nation and Digital Government Office) arising from the observations and findings in the Report of the Auditor-General for the Financial Year 2019/2020 (Paper Cmd. 1 of 2020).

5. The Committee agreed to write to the Prime Minister's Office (Smart Nation and Digital Government Office) to submit a further memorandum on matters raised.

Adjourned to 11 November 2021.

7th Meeting

Thursday, 11 November 2021

9.30 a.m.

PRESENT:

Ms Foo Mee Har (*in the Chair*)
Mr Chua Kheng Wee Louis
Mr Derrick Goh
Mr Kwek Hian Chuan Henry
Ms Poh Li San
Mr Saktiandi Supaat

ABSENT:

Miss Cheryl Chan Wei Ling
Dr Tan Wu Meng

1. The following officials were examined on matters contained in the memoranda:

Ministry of Finance

- (i) Mrs Tan Ching Yee, Permanent Secretary
- (ii) Mr Yee Ping Yi, Deputy Secretary (Planning)
- (iii) Mr Han Neng Hsiu, Deputy Secretary (Development)
- (iv) Mr Peter Lim, Director (Fiscal Policy)

Prime Minister's Office – Public Service Division

- (i) Mr Loh Khum Yean, Permanent Secretary
- (ii) Ms Teoh Zsin Woon, 2nd Permanent Secretary
- (iii) Mr Melvin Loh, Deputy Director (Human Resource Policy)
- (iv) Ms Lim Bee Kwan, Assistant Chief Executive (Government Technology Agency)

2. The Committee considered the further replies received from the Ministry of Culture, Community and Youth, Ministry of Finance, Ministry of Health, Prime Minister's Office (Public Service Division) and Prime Minister's Office (Smart National and Digital Government Office).
3. The Committee deliberated and considered the Chairman's draft report.

Adjourned to 19 January 2022.

8th Meeting

Wednesday, 19 January 2022

10.30 a.m.

PRESENT:

Ms Foo Mee Har (*in the Chair*)

Miss Cheryl Chan Wei Ling

Mr Chua Kheng Wee Louis

Mr Derrick Goh

Mr Kwek Hian Chuan Henry

Ms Poh Li San

Mr Saktiandi Supaat

Dr Tan Wu Meng

Report

1. The Chairman's report brought up and read the first time.
2. Resolved, "That the Chairman's report be read a second time paragraph by paragraph."

Paragraphs 1 to 129 inclusive read and agreed to.
3. Resolved, "That this report be the report of the Committee to Parliament."
4. Agreed that the Chairman do present the Report to Parliament when copies are available for distribution to Members of Parliament.

Adjourned sine die.