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THIRD REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

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PUBLIC ACCOUNTS COMMITTEE

Members

Ms Foo Mee Har (Chairman)

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

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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 2021/22 and deliberated on the observations in the Report. The Committee recognised the steps taken by public sector agencies to address the observations made by the Auditor-General's Office (AGO) and also efforts made to develop capabilities and competencies across the Government. In response to the Committee's queries, the Ministries informed the Committee of their initiatives which include developing Centres of Excellence for business and citizen disbursement schemes, continuous training of officers and building capabilities in data analytics and fraud detection, streamlining of processes, and replacing manual checks with automated system checks. The Committee also noted that agencies have risk management and governance frameworks in place to identify and evaluate key risks, and to formulate mitigating measures.

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

- a. Weaknesses in grants management; and
- b. Weaknesses in COVID-19 related procurement and expenditure.

The Committee also convened hearings and called upon the Permanent Secretaries from the Ministry of Education (MOE), Ministry of Finance (MOF) and the Public Service Division (PSD).

3 AGO had observed lapses in the management of grants by the SkillsFuture Singapore Agency (SSG) which resulted in estimated overpayments of \$4.22 million. MOE informed the Committee that the lapses mainly arose from inaccurate declarations made by grantees that were not picked up by the manual checking process due to the high volume. SSG has simplified its business rules to reduce the risk of errors while keeping to the policy intent for the different grant types. SSG intends also to move its two main grant administering systems to the automated Training Grant System (TGS) by mid-2023. TGS allows SSG to reference data from authoritative sources (e.g. data from the Accounting and Corporate Regulatory Authority, Central Provident Fund Board (CPF Board), etc.) to determine eligibility and disburse grants at scale.

4 AGO had also observed laxity in the enforcement of outstanding Skills Development Levy (SDL) collection by SSG. Based on SSG's records, the estimated outstanding SDL was \$43 million as at April 2022. MOE informed the Committee that SSG and MOE had carried out a comprehensive review of the governance and process of SDL collections and enforcement. Following the review, SSG will (a) adopt a risk-managed approach, with selected compliance audits and post-assurance checks to identify egregious and recalcitrant employers for punitive actions; and (b) propose changes to the SDL Act to align the definition of "remuneration" in the SDL Act with that of "wages" in the Central Provident Fund Act. This is to improve ease of compliance among employers.

5 The Committee enquired about the strategic goals of SSG and its implication on national workforce development and lifelong employability. In view of the fact that the spending under SSG has increased by 2.5 times between financial years 2016 and 2021, the Committee enquired if the funding was appropriately deployed and appropriate KPIs were established to meet the strategic goals of SSG for a future-ready workforce. SSG informed the Committee that it would be revising its KPIs by 2025 to more clearly reflect its four strategic goals. SSG's strategic goals are to (a) support individuals in upskilling, (b) involve employers in aggregating business needs for skills, and in enabling their employees to upskill, (c) raise quality of adult education sector, and (d) build a durable, responsive skills ecosystem.

6 The Committee acknowledged the Government's focus on upskilling our workforce but emphasised the need to ensure effective deployment of skills development funds integrated with the Industry Transformation Maps to achieve the desired outcomes. The Committee enquired how MOE benchmarked the spending on a per working adult versus students in formal education and whether it is sufficient especially for disrupted workers in specific industries at a particular life stage.

7 On COVID-19 related procurement and expenditure, AGO found areas where controls could be improved at the three entities audited: the Health Promotion Board (HPB), the Singapore Land Authority (SLA), and the Ministry of Manpower (MOM). AGO had also highlighted key learning points in its Report including the establishment of a reasonable level of governance and planning arrangements for use in an emergency. The Committee acknowledged the fact that the COVID-19 operations were unprecedented in intensity, complexity and scale. The Committee noted that following the release of the Report of the Auditor-General, MOF issued an advisory note in September 2022 to all agencies on the adoption of a "fit-for-purpose" governance approach during a crisis. MOF also said that it was reviewing Emergency Procurement (EP) procedures to ensure that control measures are appropriate for future emergencies. This is expected to be completed by March 2023.

Broader Issues

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

- a. COVID-19 expenditure;
- b. Adapting from crisis (COVID-19) to new normal; and
- c. Dealing with disruptions/Ensuring resilience.

COVID-19 expenditure

9 The Committee noted that more than \$70 billion had been spent in financial years 2020 and 2021 on fighting the COVID-19 pandemic. Given the significant expenditure incurred, the Committee was of the view that it would be timely for the Government to conduct a review on the COVID-19 expenditure that was not covered in AGO's thematic audit and assess whether there was any loss of public monies and the timeline for recovery actions, where such actions are necessary.

10 MOF informed the Committee that it started its review of the controls and checks on COVID-19 related procurement and expenditure since early 2022. The respective agencies have also been conducting audits to ensure transactions were bona fide and that there was no erroneous payment. MOF said that these audits have raised findings similar to those observed during AGO's audit such as incomplete documentation and lack of supporting documents. The recommendations made were for appropriate records to be maintained, and key decisions and transactions to be documented.

11 MOF also informed the Committee that the relevant agencies would be following up to rectify any errors uncovered during their internal reviews and audits, and take steps to recover any erroneous payments. An example was that of the Ministry of Trade and Industry (MTI) which found errors in the business reopening dates used to determine Job Support Scheme (JSS) payouts. The errors had resulted in excess JSS payouts amounting to \$370 million credited to about 5,300 businesses. As of July 2022, the Government had recovered 99.8% of the overpayment amount.

Adapting to the new normal

12 The Committee also discussed the Government's transition from the COVID-19 pandemic to a new normal, and asked MOF how the Government intended to unwind or reduce certain measures that were implemented during the pandemic. The Committee would like to be assured that the transition was done smoothly, and that public service delivery standards do not drop below pre-pandemic levels, especially given the public sector's new hybrid work arrangements and push for greater digital delivery of public services. The Committee requested for the Government to monitor closely the pattern of Government transactions, enquiries and service delivery. The Government should pay special attention to seniors who may be less digitally confident to ensure that they are not disadvantaged/isolated as the Government goes digital. Additionally, there is a need to ensure that they are not vulnerable to cyber scams.

13 MOF explained that the ramp-up in public sector hiring in 2020 and 2021 was necessary to manage urgent COVID-19 related operations, as well as to support the weak labour market during the pandemic. Nonetheless, MOF was cognisant of longer-term manpower constraints and the need for nimble deployment as the COVID-19 situation evolved. Hence, the increase in manpower was largely structured as fixed-term supernumerary headcounts. As the COVID-19 situation is not over and there are also economic uncertainties ahead, the Government would be transiting to the new normal in a calibrated manner, based on specific needs in different areas.

14 On service delivery, MOF said that the Public Service is organising itself differently to provide a citizen-centric view of services and using technology to deliver services better. MOF assured the Committee that while services are moved to online channels, citizens who are digitally less confident would be provided assistance on frequently-used Government services and schemes at ServiceSG Centres located islandwide. ServiceSG Centres play a complementary role in supporting peak seasons where there is a surge in demand for certain services, such as electronic tax filing. Besides digitalising services, the Public Service is also improving the quality of the service workforce by identifying clear competencies for job roles, using competencies for hiring and staff development, and investing in training programmes.

Dealing with disruptions/Ensuring resilience

15 The Committee discussed the impact of disruptions to the global supply chain arising from the COVID-19 pandemic and also other macro-economic trends taking place such as rising inflation and interest rates. The Committee asked MOF to elaborate on the strategies and measures taken by the Government to ensure resilience against global shocks and disruptions. MOF replied that the market generally provides an adequate level of resilience (e.g. commercial stock piles to mitigate risk of industrial supply chain disruptions). In cases where the market may not work, the Government plays an important role in ensuring resilience. For example, for essential items like food, the Government adopts strategies such as import diversification, local production, preferred supplier relationships and stockpiling.

16 MOF said that the Government strived to build modular and dual-use capabilities. Many of the capabilities built during peacetime were deployed during crisis scenarios. For example, capabilities for citizen disbursement schemes at the Central Provident Fund Board and Inland Revenue Authority of Singapore had been built up during peacetime, which enabled the Government to meet unprecedented surges in volume as support schemes were developed and implemented during the COVID-19 pandemic.

17 In response to the Committee's question on how the Government manages financial risks while ensuring that spending remains sustainable and wastage is minimised, MOF said that to be fiscally prudent, the Government does not strive for a zero-risk outcome. Instead, the Government's strategy of achieving supply resilience is one that considers the underlying risk and potential for risk reduction, and having an intervention design that optimises outcomes and the use of resources. As far as practicable, the 'user pays' principle is adopted where the cost is made explicit to the beneficiaries to encourage economically efficient choices. An example was that of the water conservation tax which encourages prudent water usage by pricing in the scarcity value of water.

18 Following the written responses from the ministries, the Committee convened hearings on 16 November 2022 and called upon the Permanent Secretaries from MOE, MOF and PSD to provide oral clarifications and elaboration of their written responses. The areas discussed at the hearings included the Government's assessment of the impact of hybrid work arrangements and digitalisation on public service delivery, how the Government ensures there is adequate but not overly excessive supply buffer to mitigate the risk of supply disruptions and inflationary pressures, and the Whole-of-Government (WOG) approach on worker training.

Key Findings and Recommendations

19 The Committee's key findings and recommendations are as follows:

- a. As Singapore transits from the COVID-19 pandemic to a highly digitalised new normal, the Committee stressed that it is important that the Public Service continues to have high service delivery standards and that Government services continue to be easily accessible to all segments of the public, especially the seniors. The Committee welcomes the establishment of ServiceSG Centres across different parts of Singapore. These physical centres will be helpful to citizens, especially those who are less digitally-savvy, to transact with government agencies.

- b. The Committee also requested for the Government to conduct a comprehensive review on the \$72.3 billion COVID-19 expenditure spent in financial years 2020 and 2021 that was not covered in AGO's audits and assess whether there was any loss of public monies and the timeline for recovery actions, where necessary. MOF confirmed that relevant agencies have started their review of controls and checks since early 2022. The Committee would like MOF to report and share its findings.
- c. The Committee enquired on how the Government intended to adapt to the new normal, including the unwinding of specific measures that were implemented to deal with the pandemic. The Committee agreed with MOF that as the COVID-19 situation is not over and there are also economic uncertainties ahead, the Government would be transiting to the new normal in a calibrated manner, based on specific needs in different areas.
- d. In addition to disruptions to global supply chain disruptions caused by COVID-19, the Committee highlighted that there are other significant trends taking place such as geopolitical tension, rising inflation and rising interest rates. While the Committee agrees with MOF that the market would in general provide an adequate level of resilience, there would be certain instances where the Government should continue to support efforts by companies to build greater resilience across the supply chain. The Government should also be prepared to intervene when market forces fail.
- e. The Committee enquired about the strategic goals of SSG and its implication on national workforce development and lifelong employability. The Committee highlighted that it is important that the right amount of funding is appropriately deployed and appropriate KPIs were established to meet the strategic goals of SSG for a future-ready workforce. The Committee acknowledged the Government's focus on upskilling our workforce but emphasised the need to ensure effective deployment of skills development funds integrated with the Industry Transformation Maps to achieve the desired outcomes.
- f. On the weaknesses observed in the Report of the Auditor-General, agencies must identify the root causes so that appropriate actions can be taken to address the control weaknesses and ensure that the lapses do not recur. The Committee noted the WOG initiatives to build capabilities and competencies in common areas such as grant disbursements. Agencies also have training roadmaps customised to meet the needs of their officers. While policy design is important, policy implementation is just as critical. Agencies must ensure that they have the right level of resourcing, both in terms of quantity and quality, for systems, people and technology, to achieve the agencies' mandate and objectives.

- g. The Committee had previously noted the actions taken to raise Enterprise Risk Management (ERM) capabilities across the public sector. The Committee is of the view that while it is important to have an ERM framework at both the WOG level and individual agency level to guide the identification, assessment and management of risks, risk management should also be designed and implemented at the operational level. When managing their operations, agencies should be flexible in adopting a differentiated approach based on their assessed risks. This is to ensure a healthy risk response and an appropriate level of controls.

20 The Committee's enquiries and the agencies' responses, as well as MOF's response on the broader issues 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 2021/22

- 21 The Committee deliberated on the audit observations raised in the Report of the Auditor-General for the Financial Year 2021/22. The Committee asked the respective agencies to address the following questions:
- a. What were the root causes of the lapses 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. What is the Ministry's/Statutory Board's risk management and governance framework at the operations level and its self-assessment of its risk and control environment.

Ministry of Communications and Information

22 On the lapses on procurement and contract management, the Ministry of Communications and Information (MCI) informed the Committee that following AGO's findings, MCI officers involved reviewed the internal processes and determined that the root causes of the lapses were due to wrong assumptions and misinterpretation of Government Instruction Manual (IM) requirements. While the Procurement unit at MCI provided an advisory role, users who managed the procurement process were usually not involved in procurement work on a regular basis, and therefore not equipped with the requisite knowledge and skills to carry out the work. As the lapses were due to wrong assumptions and misinterpretation of IM requirements, MCI said that it would make very explicit its processes for compliance by MCI Divisions.

23 The Permanent Secretary of MCI also appointed an independent review committee to carry out a system review of the procurement done by MCI's Information Cluster, with primary focus on WOG contracts. The objective of the review was to identify and rectify any gaps in the current procurement structure and processes. The Committee recommended the establishment of a dedicated procurement unit under the Cluster, the development of a training plan for officers managing high-value contracts, and a review of the responsibilities of the respective officers in the procurement process. The Committee also recommended that MCI explores the use of automation tools for the tender evaluation process. MCI would be implementing the recommendations, focusing on how MCI can establish and sustain the capability to handle WOG contracts and adjust its structures and processes to minimise the risk of future lapses.

24 MCI also informed the Committee that it would continue to look into improving the structure of the next replacement tender. In the 2022 Period Contract and Framework Agreement (PCFA) on creative services for communications campaigns, even though the unit prices for the period contract line items are fixed and clearly defined and there is no customisation of services, MCI introduced a risk-managed guide for Government Procuring Entities (GPEs) where, for projects above \$90,000, GPEs must seek written quotes from at

least three vendors on the panel and perform cost assessment as part of the evaluation. MCI has also engaged MOF to explore how future PCFA could be structured and will also learn from other lead agencies of WOG contracts.

25 On its risk management and governance framework at the operations level, MCI said that it manages and governs procurement risks by assessing, identifying and mitigating specific risks associated with financial risk, conflict of interest (COI), as well as process and operational risks before a contract is awarded. This is primarily the responsibility of its procurement team, acting as the second line of defence, which oversees and advises on major procurements, including complex and higher risk ones. The third line of defence is performed by MCI IA, which reports directly to the Permanent Secretary and the MCI Audit and Risk Committee.

Ministry of Defence

26 The Ministry of Defence (MINDEF) informed the Committee that the two root causes for the errors in its payment of flexible benefits allowance were system logic flaw and human error. The system logic flaw affected the accuracy of flexible benefits allowances paid to personnel with a change in their tier. The HR policy governing such payments had required entitlements and allowance amounts to be pro-rated to a fine degree. The industry-standard user acceptance testing protocols adopted during the development of the IT system for administering the payments were not able to fully cover the exceptional scenarios. To address this, MINDEF is reducing the complexity of the HR policy such that its program logic can be simplified. At the same time, it has enhanced its user acceptance testing protocols for IT administration systems to better detect exceptional scenarios. The human errors occurred in the updating of the re-hire date in its IT system. MINDEF's recruitment process currently relied on manual inputs for several fields, thereby increasing the risk of human errors. MINDEF has since launched a recruitment portal that would automate these manual inputs, starting with the recruitment of Air Force and non-uniformed MINDEF/SAF officers. MINDEF will continue to fine-tune the portal based on actual operational experience, and progressively expand its use to cover more employee types.

27 On MINDEF's plan to develop capabilities and competencies, MINDEF informed the Committee that it will share the lessons learnt beyond the HR domain, such that other functional areas understand the root causes, and embark on similar efforts to simplify their policies to reduce compliance risks upstream. MINDEF is also reviewing its user acceptance testing protocols for new systems in other functional areas to examine how to better detect and address exceptional scenarios. MINDEF is progressively digitalising functional areas beyond HR. These efforts will similarly reduce the need for manual inputs, and pre-empt human errors.

28 MINDEF also informed the Committee that there are three stages to its risk management and governance framework at the operations level. Stage 1 requires risks to be identified during policy design. Policy owners and their stakeholders are expected to examine how to keep policies simple, understandable and straightforward to implement and easy to comply with. Policy owners are encouraged to use the audit advisory services of MINDEF's IA to reference governance best practices and avoid gaps identified in previous audits. Stage 2 requires implementation to be well-governed and scrutinised, and emphasises regular testing including the latest enhancements to detect logic flaws. There are management fora to ensure compliance with policy intent and outcomes, and others that ensure system changes are adequately tested before deployment in a live environment. Stage 3 involves constant

monitoring and accountability to senior management. MINDEF is building data analytics capabilities to proactively detect anomalies in claims, and discrepancies between system implementation and policy intent. Data analytics will be progressively extended across all functional areas. Policy weakness, control gaps and non-compliances flagged out through data analytics and internal audits are accounted for by functional leads at the MINDEF Audit and Risk Committee chaired by its Permanent Secretary.

29 MINDEF said that it has assessed that key controls are in place to address major compliance risks. However, it takes the view that there is room for constant improvement, and that it will continually build on its existing risk management and governance frameworks to further strengthen its policy-making and system implementation efforts.

Ministry of Education

30 MOE informed the Committee that the grants administered by the SkillsFuture Singapore Agency (SSG) fall under four broad categories – (a) course fee subsidies given directly to training providers, (b) absentee payroll given to employers, (c) training allowance given to individuals and (d) SkillsFuture Credits (SFC) given to individuals. While the types of grants administered by SSG have largely remained the same since SSG’s formation in 2016, the volume has grown significantly. This is reflected in SSG’s increase in programme expenditure from \$279 million in FY2016 to \$992 million in FY2021 (inclusive of \$311 million in FY2021 for COVID-19 related programmes).

31 MOE said that grants administration is a core function of SSG and there is continuous effort to improve processes and governance. Given the binding manpower constraints, SSG recognises the need to continue investing in digitalisation to leverage on automation and the streamlining of processes. On this basis, two key areas of improvement that SSG has been working on are (a) better use of IT systems and (b) the streamlining of business rules.

32 On IT systems, MOE explained that prior to 2020, SSG had been relying on three systems to administer grants – (a) the SkillsConnect System (for general grants to training providers, employers and individuals), (b) Funding Management System (for courses run by SSG-appointed Continuing Education and Training (CET) centres and with claims checks outsourced to external vendor), and (c) the SkillsFuture Credit System (for administration of SFC). The bulk of training grants was administered through the SkillsConnect System and Funding Management System. Both systems processed and disbursed grants based on declared information from claimants and checks by training providers. Further sample checks on claims were performed by SSG, primarily to detect and counter any attempt at fraud. In 2020, SSG replaced the SkillsConnect System with a new Training Grants System (TGS). This enabled SSG to leverage and reference data from authoritative sources (e.g. data from the Accounting and Corporate Regulatory Authority, Central Provident Fund Board (CPF Board), etc.) to determine eligibility and disburse grants at scale. Automation and the referencing of source data have reduced wrong declarations and human errors, and enabled SSG to overcome the limits of manual processes and finite manpower. SSG has plans to transit the Funding Management System, which also relies on declarations, to TGS fully by mid-2023. The SkillsFuture Credit System already uses source-based data (e.g. from the Ministry of Home Affairs) with its system controls enhanced for additional checks.

33 Apart from putting in place an enhanced IT system for grants management, SSG has also increased its use of data analytics tools to surface anomalous claims for investigation. From January 2024, SSG would onboard Government Technology Agency (GovTech)'s Fraud Detection Platform, which would allow it to check for conflicts of interest between individuals/companies applying for grants and training providers.

34 SSG had also been simplifying its business rules to reduce the risk of errors while keeping to the policy intent for the different grants. For example, since January 2022, SSG had rationalised the base subsidy rates for professional, managerial, executive and technical (PMET), and non-PMET training. It had also set a flat rate for absentee payroll payment instead of pegging it to a percentage of an hourly rate. There are further plans to streamline the funding tiers for courses by end-2024, and to simplify other rules such as the definition of what qualifies as an SME for higher-tier subsidy for its employees.

35 MOE said that while SSG simplifies its business rules, it would continue to adopt a differentiated approach for the management of training providers. As a baseline, all new training providers are subject to a registration process, which sets out the basic requirements for any training provider to be eligible for SSG funding. For SSG-appointed CET centres and programme partners who are given higher baseline grants, a higher bar applies. These parties were usually appointed via a stringent and rigorous call for proposal. The quality assurance efforts continue beyond registration/appointment, with course and programme outcomes monitored.

36 MOE informed the Committee that SSG's strategic goals are to (a) support individuals in upskilling, (b) involve employers in aggregating business needs for skills, and in enabling their employees to upskill, (c) raise quality of adult education sector, and (d) build a durable, responsive skills ecosystem. The KPIs that are reported to the SSG board reflect the emphasis on these strategic goals.

37 Overall, SSG continued to make year-on-year improvements in performance for most of the KPIs. Moving forward, SSG will transit to a revised set of KPIs by 2025 that more clearly reflects its four strategic goals.

38 MOE said that SSG recognises the need to have proper checks and balances to ensure good governance while meeting its strategic goals and KPIs. At the operations level, there is clear separation of roles and duties between the business development divisions and the regulatory, audit and funds disbursement divisions, to ensure independence of function and separate reporting lines. At the board level, the Grants Committee provides advice on funding principles and grant policies, and approves funding proposals valued from \$10 million to \$30 million. The Audit and Risk Committee reviews SSG's risk assessment and management systems, audit plans and reports, as well as provides guidance to strengthen SSG's internal control systems, including grant administration processes.

39 On the root cause of the lapses in grants management, MOE informed the Committee that it was mainly inaccurate declarations made by grantees that were not picked up by the manual checking process because of the high volume. This resulted in the overpayments. The manual checking involved both SSG officers and outsourced vendors. SSG has also confirmed that there were no forged documents or fraud involved.

40 SSG had further established that \$1.8 million out of the \$4.22 million of overpayment needs to be recovered. The remaining \$2.42 million comprised cases for which (a) the grant amounts were confirmed to be correct, after further validation by SSG that the trainees qualified for an alternate funding scheme with the same course fee funding rate or that the salaries used for the computation of absentee payroll funding were in order; (b) retrospective approval was granted for cases that were deserving of the subsidy level given; and (c) appropriate approval was obtained for waiver of recovery, in cases where it was publicly unreasonable to seek recovery, for example, from grantees who attended courses on the understanding that they would receive subsidies, which were erroneously accorded due to system errors. For cases where recovery needs to be made, SSG has contacted all affected entities. SSG will give two to three months for those entities to check their records and make clarifications. As at 3 January 2023, SSG has recovered about \$0.82 million of the \$1.8 million.

41 MOE said that with the implementation of the TGS, the planned migration of Funding Management System training providers under the TGS and the business rules review, the key root cause of data errors will be significantly mitigated. SSG was also trialling the use of the SingPass Mobile App for attendance-taking for courses, and developing an internal IT system to manage the penalties and blacklisting with high fidelity. SSG was also exploring the use of digital tools to improve the capturing of learner and enterprise feedback to help it optimise grant management, track manpower development outcomes and manage and guide training providers.

42 On the observation on laxity in enforcement of outstanding Skills Development Levy (SDL) collection, MOE informed the Committee that as required by law, employers are required to pay a monthly SDL for local and foreign employees in Singapore. CPFIB is appointed as the SDL collection agent for the monthly levy payment. SSG separately estimates SDL payable by employers based on data from CPFIB and MOM. From there, SSG derives the potential SDL variance between what is estimated to be payable and what is collected. The variances could occur because of two key uncertainties in the estimates. First, foreign workers' wages are captured only at the time of work permit application or renewal, and may fluctuate in between. Second, the definition of "remuneration" in the Skills Development Levy Act 1979 (SDL Act) differs from that of "wages" in the Central Provident Fund Act 1953. SSG has been adopting a risk-based framework to act on the variances. Depending on the quantum of cumulative variance over the preceding six years, actions were calibrated, ranging from sending of mass mailers, voluntary payment letters, and conducting SDL audits. Such actions, coupled with IT system improvements have led to improved estimates over time, with SDL underpayment variance falling from 18% in 2008 to the current 3 - 4%. MOE and SSG were also in the process of proposing amendments to the SDL Act, expected to take effect in first half of 2023, such that the computation of SDL and CPF liabilities would use the same basis of monthly wages. This would further improve estimates.

43 Following the AGO audit, SSG took immediate steps to reconcile and recover the estimated underpayment of SDL. SSG commenced with the public agencies and recovered all the estimated underpayments. SSG was also progressively contacting over 100,000 employers with the aim to completing reconciliation and seeking recovery by end March 2023.

44 The Committee noted that SSG carried out a comprehensive review of the governance and process of SDL collections and enforcement with its Board and MOE. As part of the review, it studied how the Inland Revenue Authority of Singapore (IRAS)'s approach for tax

enforcement and CPF's process for checking CPF contributions could be adapted for SDL collection and enforcement. The results of SSG's review were:

- a. The concept of operations for SDL collections and enforcement would be enhanced as it is currently not designed for the resolution of potential SDL variances at scale and in a timely manner. A risk-managed approach would be adopted, with selected compliance audits and post-assurance checks to identify egregious and recalcitrant employers for punitive actions.
- b. A deliberate and regular outreach plan to employers via payment notices and reminders would be operationalised, to facilitate employers to pay the correct SDL amounts.
- c. MOE would be proposing changes to the SDL Act to align its definition of "remuneration" with that of "wages" in the Central Provident Fund (CPF) Act, to improve ease of compliance among employers. MOE and SSG will continue to review the SDL Act to ensure that it is fit for purpose.
- d. A new IT system would also be implemented in 2023 to support the enhanced SDL collections and enforcement concept of operations.

45 On the Committee's question regarding the WOG approach amongst MOE, SSG, Workforce Singapore (WSG), MOM, and MTI on adult and worker training/education to ensure a future-ready workforce, MOE said that the public agencies work together in close partnership to ensure that the Government's strategies and policies for economic growth, workforce development and skills training are well-integrated and work in concert with one another to ensure a future-ready workforce. To support the growth and transformation of Singapore's economy for the future, the Future Economy Council, chaired by Deputy Prime Minister Heng Swee Keat, oversees the development and implementation of the Industry Transformation Maps across 23 sectors that are currently being refreshed under ITM 2025. The ITMs were co-developed by the Government, industry stakeholders, unions and academia, and consist of a sector-specific growth and competitiveness plan, covering areas such as productivity, internationalisation, innovation, digitalisation, and jobs and skills.

46 MOE informed the Committee that with the launch of the SkillsFuture movement in 2015 and in recognition of the accelerating pace of change, SSG's programme expenditure on continuous training and education has increased by about 2.5 times from \$279 million since its inception in FY2016 to \$681 million in FY2021 (excluding \$311 million in FY2021 for COVID-19 related programmes). Including programmes under other agencies and excluding the COVID-19 related programmes, the Government spent nearly \$1.2 billion in skills training for the workforce in 2021. This was 0.22% of Singapore's Gross Domestic Product in 2021, comparable to the OECD average which was 0.10% in 2019 (the latest year for which the OECD data is available).

Ministry of Finance

47 On the lapses relating to GST Voucher (GSTV)-U-Save rebates given to ineligible households, MOF informed the Committee that it uses data from relevant government agencies to determine the eligibility of households and thus Singaporeans need not individually apply for the rebate and would automatically receive the rebates in their utilities accounts.

48 MOF explained that while every effort was taken to ensure accuracy of data used, there were unavoidable time lags between the date of death and the date on which the deaths were reported to the Government. This was a key reason for the lapses identified. The data used include the identities of the owners and occupiers of Housing and Development Board (HDB) flats, the number and types of properties they own, and their citizenship and living status. MOF said that while the relevant government agencies have processes in place to keep their databases updated, for additional assurance, MOF also engages an external auditor to conduct an annual audit on the allotment logic for U-Save rebates, to make sure that households are given the correct amount of rebates. For the U-Save payments that were the subject of the Auditor-General's report, no errors were detected during these prior checks.

49 MOF further elaborated that one of the eligibility conditions for U-Save rebates is that the household must include a living Singapore citizen. From AGO's observations, some households were given rebates that they were not eligible for, as the sole Singapore citizen household member had already passed away as of the date used to determine eligibility. The error arose as there was a time lag in some deceased citizens' living status data, due to legal processing of records after their deaths had taken place. While MOF strived to keep its data updated as soon as possible, there were practical constraints. The time lag issue affected about 3,100 households, or about 0.3% of all households living in HDB flats. There were another 23 cases of U-Save rebates given even though there were no Singaporean citizens in the household, due to errors in the agencies' databases. MOF said that time lag and data errors were the two sources of errors found during the AGO audit.

50 MOF updated the Committee that it was working with the Immigration and Checkpoints Authority (ICA), HDB and IRAS to improve the data-checking workflow to ensure more updated data is used to determine GSTV-U-Save eligibility, and targets to complete the improvements by December 2023. MOF said that there would continue to be marginal cases where a family takes a few days to come forward to report a death, but eligibility has already been determined and the rebates disbursed. Going forward for such cases, MOF would take an empathetic approach and exercise discretion to grant a one-off waiver of the eligibility criterion for such families. For the past cases raised by AGO, MOF has commenced recovery of the U-Save rebates given to ineligible households.

51 On developing capabilities and competencies, MOF informed the Committee that it was working with ICA, HDB, and IRAS to further strengthen the U-Save scheme eligibility checks. Beyond the U-Save scheme, MOF was also supporting the development of Centres of Excellence for business and citizen disbursement schemes at IRAS and CPF respectively.

52 As Centres of Excellence, IRAS and CPF are building teams to oversee end-to-end administration of broad-based business and citizen disbursement schemes respectively. These are schemes with a macroeconomic impetus, that is, they are designed to achieve a certain macroeconomic effect like a desired sizing of fiscal injection, and/or involve cash disbursement to a significant number of enterprises or citizens. Both agencies have developed IT systems,

governance processes and best practices for accountability and efficient implementation of payouts, including in areas such as fraud detection. Tapping on systems and capabilities built up over the years, both agencies successfully implemented COVID-related support schemes within compressed timelines. For example, the Solidarity Payment and Job Support Scheme were rolled out within 10 and 21 days upon policy approval respectively, benefiting more than 2.5 million Singaporeans and 140,000 enterprises. As IRAS and CPFIB have invested in these capabilities and best practices to facilitate WOG disbursements, public agencies can tap on the two Centres of Excellence for government broad-based payouts that are disbursed to eligible individuals and enterprises. IRAS and CPFIB will work with scheme owners, from advising on design considerations at the scheme development stage, to eligibility and payout computation, disbursement, and appeals management.

53 MOF said that IRAS and CPFIB would further strengthen their capabilities in the following areas: building up skilled manpower, implementing proper governance and operational processes, developing IT systems that have pre-built and re-configurable modules for commonly-used functions, as well as ensuring the effective use of data for scheme implementation. MOF added that since October 2020, the Grants Governance Office in MOF had worked with the domain leads in fraud detection and investigation (Commercial Affairs Department/IRAS), as well as in system and data analytics (Smart Nation and Digital Government Office/GovTech), to set baseline standards for such capabilities in grant-giving agencies. To facilitate the process, the domain leads have created resources such as templates, checklists, and handbooks for grant-giving agencies to use.

54 On the monitoring and following up on issues raised by the Committee and AGO, MOF said that issues that are systemic and require central intervention are addressed by central policy owners. For example, systemic issues related to IT are addressed by the Smart Nation and Digital Government Group, while those related to finance and procurement are addressed by MOF. Issues specific to agencies' operations and internal processes are addressed by the relevant agencies. A small unit in MOF monitors the progress and follow up actions taken for the systemic issues raised. Updates on the implementation status are reported at the MOF Audit Committee Meeting. Learning points are shared across WOG to minimise the recurrence of similar lapses.

55 In relation to its risk management, MOF informed the Committee that it has in place an ERM framework to identify and evaluate key operational and strategic risks, and direct efforts to respond to these risks such that they are within the organisation's risk appetite. MOF has complemented its governance framework through regular audits on areas of high or emerging risks, to proactively identify lapses and put in place corrective actions where relevant. Specific to U-Save, an annual external audit on Singapore Power Services' allotment logic for U-Save rebates is conducted to ensure accuracy of rebates given to households. MOF has also set up an Enterprise Risk Management Committee (the ERMC), comprising MOF senior management, to oversee risk management and monitoring under its ERM framework. The overall risk and controls environment is overseen by the MOF Audit Committee (AC).

56 The ERMC sits at least once a year to, inter alia, endorse MOF-HQ's operational and strategic risk registers; approve the organisation's risk appetite for different risks; and discuss the adequacy of mitigation measures in bringing the residual risk within MOF's risk appetite. The ERMC endorsed the risk registers in August 2022, which identified emerging risk areas such as heightened global inflation and a higher risk of financial shocks as global interest rates rise sharply, and have impact on fiscal and reserves policies. MOF said that these

macroeconomic risks have taken on greater salience over the past year. The respective risk owners will review and update the risk registers regularly, monitor the effectiveness of their risk controls and escalate any emerging risk incidents in a timely manner. To inculcate a strong risk culture and mitigate “last man risks”, the risk framework and risk registers are disseminated to individual officers, through sharing sessions at different levels of the organisation. MOF's ERM framework is in line with the WOG common standards.

57 MOF also informed the Committee that the central WOG Risk Management team continually updates the common standards for public sector agencies, and shares good practices with agencies. The ERM practice guide and baseline practices are aligned with the principles in the updated “Three Lines Model”. For example, the ERM practice guide highlights the importance of optimising risks, rather than simply minimising or avoiding them, in order to achieve the greatest expected enterprise value based on both risk and return. An example of a baseline practice that is aligned to the “Three Lines Model” is the requirement for agencies to integrate risk management into strategy planning so that strategic and business objectives are aligned, and a culture of risk awareness is fostered. MOF added that the WOG Risk Management team developed a Communications Kit on WOG Risk Management for agencies in September 2020. The Kit outlines the need for appropriate risk management practices to prevent a risk avoidance mindset, and to take a proactive and pre-emptive approach to assess potential risks and develop adequate safeguards.

Ministry of Home Affairs

58 The Ministry of Home Affairs (MHA) said that the root causes of the lapses on management of contract variations observed by AGO broadly fell into two categories: People and Process. Under “People”, there was an over-reliance on external consultants to provide assessment of contract variations. Both staff and external consultants were unfamiliar with the relevant Government IM. There was poor document and record retention by staff and external consultants that resulted in the inability to prove that cost reasonableness assessment was carried out. External consultants also lacked familiarity with Government regulations. Under “Process”, there was inadequate assessment of cost reasonableness of star rate items, and differences between the requirements of the Public Sector Standard Conditions of Contract and ICT industry practices.

59 MHA informed the Committee of the measures taken to address the lapses. It is regularising variation works and recovering costs from the main contractor. MHA has developed a Request for Variation Order (RVO) checklist that included a section on Star Rate Items to guide Home Team Departments (HTDs) and consultants during the RVO process and has also enhanced the reporting templates for star rate items which are tabled and monitored at the variation meetings. For all future development projects, there will be standardised kick-off meeting procedures and awarded consultants will be informed of the guidelines, and the procedures for assessing and documenting variations and any deviations from the guidelines. MHA has also incorporated the lessons learnt from the AGO audit in the Home Team Science & Technology Agency (HTX) Basic Project Management (PM) course and training on basic project management is provided for Building & Infrastructure (B&I) staff and HTD officers. MHA will establish an audit framework for ongoing construction projects to ensure that they adhere to the IM and contractual requirements. For the cases where there were possible irregularities in quotations for star rate items, police reports had been made and investigations were ongoing. MHA also added that the HTX B&I Audit Taskforce, which looks at

strengthening governance and improving training processes in MHA, would institute annual checks and incorporate the guidelines from government advisories into checklists, briefings and training for officers and external consultants.

60 On its plans to develop capabilities and competencies in the relevant areas, MHA informed the Committee that in January 2022, HTX had institutionalised the Basic PM course as a milestone course for all HTX staff. Six runs have been conducted for approximately half of the HTX officers required to attend the course. The remaining officers and new officers will attend future runs of the course, which will be held on a quarterly basis. In addition, HTX B&I conducted sharing sessions to remind its staff who are managing construction projects to adopt the good practices in the IM on Procurement. Efforts have also been made to improve the competencies and familiarity of officers and external consultants through three Community of Practice sessions organised by HTX B&I.

61 On its risk management and governance framework, MHA said that each construction project has a project steering committee (PSC) that oversees the planning, management and monitoring of the project management team including the consultants and contractors. Issues such as project timeline, project budget and variations are discussed at the PSC meeting chaired by the Project Director, who is usually a Director or equivalent level. As part of governance, HTX will incorporate audits for construction projects within its audit framework based on a risk-based approach and the Project Director and the HTX B&I Audit Taskforce will be apprised of the audit findings. Processes had also been tightened to reduce the possibility of lapses through enhancement of the RVO templates. MHA said that the MHA Audit & Assurance Directorate was tracking the progress of the rectification actions and the status would be reported to MHA Senior Management at the MHQ EXCO meeting and Risk Management & Audit Committee Meeting.

Ministry of Social and Family Development

62 The Ministry of Social and Family Development (MSF) said that the root causes for the lapses in controls over cash and supermarket vouchers at its Social Service Offices (SSOs) were (a) the decentralised approach to training and onboarding of new officers at SSOs that resulted in inconsistent practices, and (b) insufficient supervisory and audit checks to detect these lapses.

63 MSF affirmed that it took a serious view of the lapses highlighted by AGO, and had taken immediate steps to tighten its controls and address the root causes of the lapses. Disciplinary action had been taken with respect to certain individuals. It had sternly reminded all officers and supervisors handling cash and supermarket vouchers to adhere to the Standard Operating Procedures (SOPs) and conducted a fresh round of briefings on the SOPs. To further mitigate the operational risks, MSF had put in place risk control measures. MSF had stepped up the frequency of surprise audit checks and expanded the audit scope to include checks on CCTV footages to ensure adherence to SOP when officers discharge their respective roles. SSO General Managers were also required to do annual checks on officers' compliance with the Social Assistance Operations Manual using a checklist. Training content to highlight key operational risks in administering Social Assistance would be updated and standardised by January 2023, and training for all new officers undertaking Social Assistance roles would be centrally managed, and all relevant SSO officers would be required to undergo annual refresher modules and pass a quiz at the end of each refresher. MSF has been using PayNow (NRIC) to

disburse interim cash assistance to clients since September 2022 to further reduce reliance on cash and vouchers. The cash float has been reduced by 70%, hence lowering the associated financial risk. A smaller cash float, as well as physical supermarket vouchers, are still being maintained as there are clients without bank accounts or digital access. MSF said that it will continue to explore other technological solutions to further reduce the use of cash and physical vouchers and, correspondingly, the attendant risks.

64 MSF informed the Committee that it has an ERM framework that sets out control measures to manage risks associated with its operations. For grant administration and disbursement, the risks involved in handling of cash and supermarket vouchers were mitigated by daily checks by the Custodians at the close of each day, weekly checks by the sub-imprest/alternate sub-imprest holder as well as half-yearly audit checks on all cash and vouchers disbursements. Findings from the audits are reported to senior management, to address weaknesses and ensure follow-ups in the areas of people, process and systems.

65 On the lapses in weaknesses in management of accounts in its Social Service Net (SSNet) system, MSF said that the root cause of the lapses was the manual process to check whether user accounts have been terminated properly and in a timely manner. Most of the user accounts identified by AGO which were not promptly terminated were for casual staff who were hired to process COVID-19 Support Grant and COVID-19 Recovery Grant schemes. MSF officers had overlooked the timely termination of those accounts while the monthly user account management checks also failed to detect these cases as the efficacy of the manual checks depends on how thorough and careful the officers are when carrying out these checks.

66 MSF informed the Committee that it had taken the following actions to rectify the lapses and strengthen internal controls. It had immediately terminated all the accounts that were flagged by AGO and checking that there were no other such outstanding accounts. All staff and users have been reminded of the proper processes through circulars and daily email reminders. The frequency of reviewing user accounts has been increased from monthly to daily and MSF had tightened the exit clearance process by including the termination of SSNet account in the exit clearance checklist that must be signed off by supervisors.

67 MSF informed that SSNet onboarded the WOG Central Accounts Management (CAM) system on 31 December 2022. CAM would be linked to its HR system and would automatically remove the user accounts of officers once they have left service. For officers who move to other roles within the organisation, CAM would trigger access review to be carried out.

68 MSF also said that under its ERM framework, there were control measures in place on user account management, in particular, the review and approval of account request and termination, to manage IT systems and security risks. Users were granted access to systems on a need-to-know, need-to-do basis. Officers' WOG Active Directory accounts were removed once they leave MSF, such that they would be unable to access MSF systems even if their system accounts remained active.

Ministry of Sustainability and the Environment

National Environment Agency

69 On AGO's observation on the National Environment Agency (NEA) that vehicles exceeding maximum laden weight had not been reported to the Land Transport Authority (LTA) as agreed between both agencies, the Ministry of Sustainability and the Environment (MSE) explained that as there were a large number of trucks at the incineration plants, checks for overloaded vehicles could only be carried out via visual observation by workers at the reception hall. There were also constraints to NEA officers approaching the high truck cabins to take down drivers' particulars and obtain signed acknowledgement for direct enforcement by LTA.

70 MSE informed the Committee that since July 2022, NEA had enhanced the system at the weighbridge to automate the detection of overloaded vehicles at the weighbridges to reduce the risk of human error in identifying vehicles that exceed a set threshold. A list of overloaded vehicles containing the date/time, vehicle number, company name and recorded weight is also submitted to LTA every month. In addition, NEA will engage waste collectors on safety concerns regarding overloaded waste trucks and is looking into imposing short-term debarments of overloaded waste trucks from entering the plants. The Committee noted that NEA would also be studying the feasibility of developing an automated driver registration/verification system that could facilitate LTA's enforcement actions to supplement other deterrent measures for overloaded waste trucks. The feasibility study would explore the various options of identifying drivers of overloaded waste trucks (e.g., registration system, card identification, biometric recognition, etc.) and is expected to be completed by December 2023. MSE also said that additional work instruction had been implemented in July 2022 to check on overloaded waste trucks using the weighbridge system. Following the completion of a risk assessment, the SOP on the handling of waste trucks, to ensure safety within the plant's premises and mitigate the risks posed by overloaded waste trucks within the premises, was updated in September 2022.

71 On AGO's observation on the possible irregularities in quotations submitted for grant applications, MSE said that the lapse was due to process, where the focus of NEA's checks was on the grant applicant companies as they were primary beneficiaries of the grant. A key aspect of these checks was whether selected quotations are reasonably priced and fit-for-purpose. Over time, NEA has built up a database on the market prices of the funded equipment and grant approved. NEA uses the database to assess price reasonableness of selected quotations. Grant applicant companies were required to ensure all three quotations submitted by the equipment suppliers were bona fide. However, the grant applicant companies might not be as equipped or meticulous in scrutinising the second and third quotations that they did not intend to select.

72 MSE informed the Committee that NEA separately reviewed whether the observations raised by AGO contravened Productivity Solutions Grant (PSG) guidelines. NEA has assessed that there were no violations and the grants had been awarded fairly based on the merits of the successful quotations, taking into account price reasonableness. On this basis, no action will be taken against the grant recipients. From additional internal checks on funds disbursed for the PSG grant, NEA is satisfied that there was no loss of public funds. Procedures are also in place to ensure that successful applicants have bought and deployed the equipment before the grants are disbursed. MSE added that NEA has also conducted further review, in consultation

with MTI and will harmonise its application process with other PSG agencies in not requiring submission of comparative quotations. Instead, price reasonableness would be assessed via comparison with past grant approved, and market prices obtained through regular survey. NEA's processing officers have nonetheless been trained to look out for tell-tale signs of possible falsification of quotations and will conduct follow-up checks where necessary. Where there are concerns over the authenticity of any quotation received, NEA will investigate further and assess the need to file a police report.

73 MSE said that NEA has a PSG governance framework in place that includes a grant cap to prevent overfunding, SOPs on grant application evaluation and claims disbursement, and segregation of duties between grant application evaluation and claims disbursement. The Committee noted that the SOPs include the maintenance of detailed records on evaluation conducted including information on the eligibility criteria, relevant support level, applicable grant caps and assessment on price reasonableness, and the verification of payment made by PSG applicant to solution supplier and sighting of funded solution before funds are disbursed.

Public Utilities Board

74 On AGO's observation on the lapses in procurement made by the Public Utilities Board (PUB) under the WOG PCFA on creative services for communications campaigns, MSE explained that the lapses were due to a combination of process weakness and people factors.

75 In relation to the lapses in assessment of cost reasonableness of third-party items, MSE said that while MCI's administrative guidelines for tapping the WOG PCFA required agencies to evaluate the cost reasonableness of third-party services, PUB's previous internal procurement guidelines did not specify the need and methodology for performing cost reasonableness assessment on third-party items. MSE further explained that PUB's internal procurement guidelines were previously silent on the need to perform cost reasonableness checks on third-party items even though this was required by the MCI WOG PCFA. Hence, PUB staff had misunderstood that the checks on third-party items were not necessary. Staff turnover and incomplete handover of knowledge had also resulted in some staff not being aware of the need to carry out reasonableness checks as required under the MCI WOG PCFA administrative guidelines. The Committee noted that following AGO's audit, PUB has carried out cost reasonableness checks for the items highlighted by AGO and found that the amounts paid for all the items were reasonable. This was based on comparison with past project rates and WOG contract rates for similar line items. Approval on the cost assessment was sought and obtained in July 2022.

76 On AGO's observation that payments were made for third-party items without verifying against supporting invoices, MSE explained that there was a lack of awareness of the WOG PCFA contract provision and MCI's administrative guidelines which required agencies to verify payment for third-party items against supporting third party invoices before payment. Staff had relied on quotes or previously agreed cost estimates instead of verifying the actual third-party invoices to ensure that the third-party services were indeed based on back-to-back costs incurred by the contractor.

77 On the incorrect application of WOG PCFA rates, MSE explained that the MCI WOG PCFA used tiered rates for priced items that were pegged against the estimated campaign project budget. PUB had not put in place internal guidelines to require staff to check if the same rate was still applicable when there was subsequent change in scope, item or quantities of the

intended procurement. The incorrect application of campaign budget basket rate occurred due to staff oversight to apply the rates in the correct budget basket after a subsequent decision by PUB to reduce the campaign scope and budget. For the incorrect charging of supervision fee for third-party services, this arose from a misconception by the contractor and PUB staff that it was acceptable to procure third-party management services under a different line item so long as the proposed cost of the required services were within the same cost range, which may be attributed to a lack of proper understanding of the MCI WOG PCFA provision. The Committee noted that PUB has since fully recovered the overpayment of \$34,000 from the contractor in August 2022.

78 To prevent and detect similar lapses in future, MSE said that PUB updated its internal procurement guidelines in September 2021 to spell out the need to carry out cost reasonableness assessment on third-party items to ensure that value-for-money was obtained, the methodology for performing the assessment and the required documentation. The guidelines also require sighting of third-party invoices or equivalent documentation prior to payment. PUB also briefed its staff to adhere to the payment administration guide provisioned in the WOG PCFA contract. Specific user guide had also been put in place in June 2022 to guide staff on key pointers that are unique to the purchase of creative services under the WOG PCFA. This would provide guidance to staff on the procedures for handling third-party services. PUB's procurement guidelines had also been updated in July 2022 to remind departments on the need to reconfirm the contract rates to be applied for their purchases if there are changes to the scope, items and/or quantities to such contract items. The staff have been briefed on the 2022 MCI WOG PCFA contract and its administrative guide. MSE said that PUB also performed data analytics to identify high value and high-risk procurement for audit. Moving forward, PUB would place greater internal audit emphasis on corporate expenses.

79 MSE informed the Committee that PUB recognises the importance of cultivating the right mindset and developing staff capabilities in procurement management and has put in place a finance and procurement competency framework and training plans for all PUB staff. This includes an annual board-wide in-house developed e-learning module on the learning points from AGO Report. PUB also recently introduced a requirement for relevant PUB officers to take an Annual Procurement Quiz to ensure officers are kept up to date with changes to procurement rules. In addition, PUB would be introducing refresher e-learning modules in 2023 which would encapsulate essential procurement, finance and audit knowledge and principles required by PUB officers, as well as key learning points on common audit findings. PUB officers would be required to attend the refresher e-learning once every 3 years.

80 On PUB's risk management and governance framework at the operations level, and its self-assessment of its risk and control environment, MSE informed the Committee that PUB has an established ERM framework, with risk governance, processes and enablers as its core pillars, to ensure key risks which may derail PUB's mission and affect public confidence are identified, assessed, and managed with mitigating measures. PUB adopted a "four lines" governance structure to provide assurance that processes, procedures, and controls are in place. The Board, assisted by the Board Risk Management Committee, provides independent oversight over the ERM framework and key risks to ensure that mitigation measures are comprehensive and adequate. A dedicated risk management department is in place to assess and monitor risks across the organisation. The risk register is reviewed annually, taking into consideration scan results of PUB's internal and external operating environment. IA conducts independent audits on the organisation. Its audit universe covers key business operations, programmes, financial processes and systems, with auditable areas prioritised according to key

enterprise risks and areas of concern highlighted by past audits. IA also carries out regular data analytics to identify anomalies that may indicate potential fraud or lapses in internal controls. Operational departments monitor and manage risks in key operations and processes including financial processes. Staff receive training and are guided by directives and internal guidelines. MSE said that PUB sets a strong ‘tone at the top’ and staff are reminded yearly of the need to adhere to PUB’s code of conduct.

Thematic Audit on COVID-19 Related Procurement and Expenditure

81 The Committee considered the key findings made on COVID-19 related procurement and expenditure of HPB for manpower services, SLA for accommodation facilities, and MOM for manpower services and meal catering. The Committee asked the respective Ministries to address the questions listed at paragraph 21.

Ministry of Health

82 The Ministry of Health (MOH) informed the Committee that the key root causes of the lapses noted by AGO on HPB’s COVID-19 related procurement and expenditure were mainly limitations in internal and outsourced agencies’ manpower capacity to deal with rapid scale-up, high volume of manpower operations, as well as system challenges in managing a large and complex ground workforce.

83 MOH explained that to raise, train and deploy 5,100 swab personnel within a short span of three months required a multi-agency public and private partnership effort at the WOG level, at an unprecedented scale and timeline. Given the urgency of the crisis and as part of a WOG response, various agencies had stepped forward to offer assistance with the recruitment and administrative resourcing of manpower operations during the initial start-up phase of Testing Operations Tasking Group (TOTG). The average staffing ratio of HR personnel to staff in the public sector is 1:29. Due to the exponential growth of the testing operations workforce, the staffing ratio of HR staff to TOTG Workforce was an order of magnitude lower, at 1:264 in July 2020 and as low as 1:308 in January 2021. HPB also faced challenges in attracting and retaining critical expertise especially at supervisory level to run manpower operations. Manning levels averaged at 70%, with high attrition rates as staff recruited into the manpower team could not cope with the demands of the fast-paced, high-stress operations. With the extreme urgency to ramp up manpower, formal written agreements to document the roles, responsibilities and deliverables of each party were not prioritised during the emergency. This was particularly so as the parties were agencies or established partners of the Government, and some had stepped forward to volunteer their services for free. Nevertheless, regular meetings were established to coordinate and adjust arrangements and report on the progress of deliverables. The high work volume and frequent staff turnover had led to gaps in record-keeping and documentation.

84 On the lapses relating to controls over payments, MOH said that at the start of testing operations, HPB had hired all staff on direct employment terms (Contract of Service). HPB was not able to procure manpower from employment agencies, as such companies were not able to secure insurance coverage for the workforce, given the unknown risks and unprecedented nature of the COVID-19 pandemic. Subsequently, HPB pivoted to a procurement model (Contract for Service) for swab assistants and Operations Administrative staff when insurance coverage became available. Such an arrangement required HPB to maintain two sets of employment terms which further posed operational challenges for both

the manpower team and ground supervisors. Ground supervisors had to prioritise the rapid ramp up of operations to cater to urgent national testing needs; this in turn impacted the timeliness and accuracy in the recording of deployment and leave records.

85 MOH informed the Committee that when HPB took on testing operations, HPB explored the integration of the HR/Finance system with the manpower deployment system. Due to the short runway and complexities involved, it was assessed that a full system automation/integration would pose a significant challenge. As a result, operational processes involved a combination of manual and semi-automated workflows. Consequently, the risk in human error during data transfer was high and would require close monitoring and supervision. The high attrition and low manning of the manpower operations staff further exacerbated the situation. MOH also explained that the delay to deactivate personnel accounts three months after the personnel's last day of service was to cater for any claims that needed to be processed after the Contract for Service staff had left. Notwithstanding this, control measures had been put in place to ensure payments go through the three levels of checks, even though accounts were not deactivated.

86 As regards the follow-up actions taken to address the lapses, MOH said that the fluid nature of pandemic situation necessitated frequent adjustments to testing capacity. This resulted in significant challenges in building up and managing the deployment of the testing workforce, exacerbated by different employment schemes and system challenges. In response, HPB initiated a fundamental review of the manpower sourcing model to afford greater agility to respond swiftly to workforce sizing as well as reduce administrative loads and operational risks. The review was completed and approved by MOH in September 2021, where the management of testing operations ground manpower was outsourced to Employment Agencies as part of a more sustainable solution in managing manpower operations and payments for a large workforce.

87 In the implementation of the outsourcing to employment agencies, HPB had tightened the scope and SOPs for approval for contract extension/renewal of swab personnel. These employment agencies would be tasked to handle the full spectrum of contract management, that is, issuance of employment contracts and monitoring of acceptance or rejection of extension or renewal of contracts while HPB maintains oversight over these employment agencies in terms of their deliverables, including ensuring that the decision made on contract extension or renewal are properly documented. MOH said that this model continues to be adopted by MOH Crisis Strategy and Operations Group (CSOG) which took over the direct command and operational control of the TOTG with effect from April 2022. HPB has worked with CSOG to ensure that lessons are captured in SOPs, to enhance preparedness for future emergencies, where there is a steep ramp up of manpower. Additionally, formalised written agreement template would be included in the SOP for future crisis situations such that documented agreements can be drawn up expediently even in time-critical conditions.

88 On the area of developing capabilities and competencies, MOH said that HPB has been stepping up efforts to build new organisational capabilities and officers' competencies in operational excellence, specifically in the areas of governance and risk management, vendor and document management. HPB's Audit and Risk Management Committee maintains oversight over the effectiveness of risk management and internal controls within HPB. Its responsibilities include reviewing the results of the audit reports and monitoring and assessing the adequacy of remedial actions to address the audit findings. MOH is also kept apprised

through quarterly MOH-HPB Senior Management Meetings where key AGO/audit observations, follow-up actions and implementation status are discussed.

89 MOH said that HPB adopts an ERM framework that promotes proactive management of risks and opportunities. HPB promotes a culture of risk-based thinking at the strategic and operational level. ERM is actively considered during HPB's strategic and corporate planning, and its ambit includes strategic, financial, compliance, operational, cyber and data risks from an organisational level. The Operational Risk Management process requires the division to identify, assess, mitigate and control risks at their individual operations levels. With the bottom-up approach, the risks at the working levels would be aggregated and surfaced so that common preventative and mitigation controls could be established to manage common risks holistically. To strengthen management oversight of the ERM framework, HPB established the Risk Management Steering Committee (RMSC) in July 2022, chaired by CEO of HPB. The RMSC is accountable to the HPB Board of Directors for risk management, assurance and compliance in HPB.

90 In the area of vendor management, MOH said that for future key outsourced contracts, HPB will include vendors' quality assurance plan as one of the critical evaluation criteria. This is to assure HPB that these outsourced vendors have established work processes and SOPs to handle the scope and volume of business activities. They should possess scalable systems and process automation with high level of robustness to ensure accurate and proper documentation are maintained. HPB was also looking to engage independent contractors to conduct inspection service and/or perform random audits to ascertain that the key outsourced services have been performed according to contractual requirements. MOH informed the Committee that HPB had developed a Supplier Risk Management (SRM) framework to strengthen the project and contract management skills in our project officers. It provides the project officers with a systematic three-tier approach in managing outsourcing risks, which consists of risk identification, analysis, controls and reporting. The SRM serves to minimise the likelihood of risk occurrence and the impact of such risk consequence.

91 On document management, MOH said that HPB recently acquired a new Enterprise Information Management System for digital document management. Trainings were conducted for all HPB staff to raise awareness and equip on skills for documents management.

92 MOH also informed the Committee that as part of TOTG's internal efforts on risk management and mitigation, the Standards, Compliance and Testing Branch had been tasked to maintain and manage the completeness of documentation through internal review. Risk management and mitigation are conducted through periodic review of the TOTG Risk Registry. CSOG started a system of self-assessment since June 2022. All the contracts and grants were currently reviewed and assessed by all the respective owners and CSOG Strategic Resource Management Division (SRMD) for the accountability of documents and correctness of financial payments. As an added layer of check, SRMD was also in the process of calling for an audit on the Procurement and Grant Management process for significant COVID-19 contracts to ensure that key risk areas are adequately managed. This review would be complemented by MOH's internal audits on CSOG to ensure adequacy and effectiveness of controls and compliance with the Government IMs and Emergency Procurement (EP) procedures and guidelines.

93 In conclusion, MOH said that the lapses identified in the AGO report were due to the extreme urgency to recruit, evaluate and appoint 5,100 swab personnel over a short period of three months to deal with the unprecedented COVID-19 crisis. MOH and HPB had to manage and respond swiftly to the fluid COVID-19 situation, as any delays could mean larger outbreaks and higher fatalities. HPB had to take on new roles and perform operations which were not the usual core businesses, while at the same time continued to carry out no less important activities that are part of its normal portfolio. MOH and HPB remain committed in maintaining the highest governance standards and would continuously strive to ensure that their governance, risk and compliance structure and framework is adequate to prevent and detect future lapses.

Ministry of Law

94 On the audit observations noted by AGO on SLA, the Ministry of Law (MinLaw) provided the context in which the relevant events happened, and decisions were taken. MinLaw explained that SLA's EP was made in the context of supporting WOG effort in dealing with the unprecedented COVID-19 global pandemic. SLA's overriding priority was to ensure that time-sensitive WOG decisions were operationalised to support Singapore's economy and address public safety concerns. SLA had to procure rooms and services from more than 150 hotels, and at times, within a period as short as one to two days. Concurrently, SLA had to prepare Build and Run sites under extreme time pressure to support the WOG effort in dealing with the COVID-19 outbreak amongst migrant workers residing in dormitories. Over the audit period, more than 200 contracts were awarded and almost 500 purchase orders were issued in GeBIZ.

95 MinLaw added that it was not Business-as-Usual (BAU) time for agencies such as SLA, having to contain and manage the rapidly evolving COVID-19 situation. There was no option to slow down operations when the national economy and public safety were at stake. Instead, SLA had proactively taken on urgent and yet unfamiliar tasks to deliver the critical infrastructure on time, amidst an environment that was complex, dynamic and fast changing, while working under insufficient resourcing. Judgement calls were made in good faith under extenuating circumstances, and to the best of staff's abilities and capacity. It was extremely unlikely that SLA could have achieved its assigned areas of critical work within the urgent timelines, had BAU's processes and standard of work been applied.

96 MinLaw said that given that the COVID-19 pandemic was the first time EP was applied to an emergency of such a global scale for the entire public service and the first time SLA had to take on the WOG role, SLA did not have in place relevant fit for purpose agency-level EP policies and procedures. MinLaw added that all the agencies involved in combating COVID-19 had to learn on the job, and there was no EP mentor and neither were there suitable fit for purpose agency-level EP guidelines that the agencies could take and run with.

97 MinLaw informed the Committee that the two key root causes of the various lapses identified by AGO were insufficient manpower resources and capabilities to carry out the COVID-19 related workstreams, and SLA did not have the processes and procedures for EP as they were not something that SLA did in the past.

98 On the insufficient manpower resources and capabilities, MinLaw explained that SLA had to redeploy its existing officers to urgently procure the accommodation facilities needed by the Government to deal with the pandemic. This was a new and additional role which SLA stepped forward to undertake for the Government. Although SLA managed to redeploy around 30 officers to procure around 151 hotels and retrofit 18 Build and Run sites within a 4-month

period, this was not adequate for the volume and nature of work required. SLA was not able to deploy sufficient officers with the necessary procurement experience to manage the COVID-19 related workstreams.

99 MinLaw said that SLA has since tightened the SOP for invoice verification. SLA is also looking for resources to perform comprehensive checks on the documentation for past interim facilities transactions to identify and correct all irregularities. For future reference, SLA will codify new EP policies and procedures. The need to ensure adequate manpower resources for both the operation team and the supporting procurement team will be emphasised. The procurement team will also be required to play a bigger role to support future EP to guide other staff in understanding and complying with the SLA's Financial Regulations Manual on EP. To strengthen SLA's ability to manage a surge in the volume of procurement during emergencies, SLA has appointed a resource team of non-procurement officers from the different divisions. They will be trained on the updated EP guidelines to be released by MOF. Annual training sessions would be conducted to prepare this team of officers and they will augment SLA's core procurement teams, in the event of future crises of similar scale.

100 As regards the lack of EP guidelines and procedures, the Committee noted that SLA will put in place fit for purpose agency-level EP guidelines, taking reference from MOF's updated guidelines on procurement, contract management and payment, that aim to ensure agencies' control measures are appropriate for future emergencies (expected to be released by March 2023). SLA targets to implement the framework by June 2023. SLA has also expanded existing guidelines on direct contracting during BAU and EP for areas where there was inadequate information to guide their staff. This included guidelines on assessing the contractor's experience and expertise, assessing price reasonableness to ensure "value-for-money", and aspects to look out for when reviewing quotations.

101 On SLA's governance and risk management framework, MinLaw said that SLA has governance structures, practices and an ERM framework to manage operational and contingent risks and to ensure good governance and internal controls. The SLA Board's AC oversees the governance, risk management and internal controls within SLA. The AC reviews the annual IA programme, scope and results of the audit reports, reviews the adequacy of control environment and internal controls, and monitors and assesses the effectiveness of actions taken to address the audit findings. The AC is chaired by a Board member with the relevant background and seniority. The AC meets at least 3 times a year and reports its findings to the SLA Board. In addition, SLA has established both short-term and long-term audit plans, and IA activities are prioritised based on assessment of risks, with a system to monitor the rectification of audit issues.

102 The MinLaw AC, chaired by the Permanent Secretary, is kept apprised of the Statutory Board's governance through regular returns on approved audit plans, approved minutes of AC meetings, and key AGO and other audit reports and observations, follow-up actions and implementation status. The committee noted that SLA has an overarching ERM framework to ensure consistent adoption of ERM practices and foster a culture of risk awareness throughout SLA, from management down to the line officers. ERM is actively considered during the course of SLA's strategic and corporate planning, and the ERM framework is aligned to its strategy and business objectives. The audit universe is aligned to the ERM framework and adapts to changes in the SLA risk profile to ensure adequate audit coverage of the ERM risks.

103 MinLaw said that SLA's Financial Regulations Manual is reviewed at least once every year, taking into consideration changes in operational circumstances, as well as updated WOG guidelines from MOF and the Accountant-General's Department. Changes to the manual were cleared with the Finance and Investment Committee. There are budgeting and financial management guidelines, internal disclosure policy and procedures, and a structured process to train all officers involved in financial work.

104 On procurement and contract management, MinLaw said that SLA requires officers to declare any potential COI, and develops staff competence by referencing the Procurement Competency Framework to identify training needs. Procurement and payments data are scanned for irregularities regularly and the findings are presented to the AC and Finance and Investment Committee. SLA also monitors the service levels of vendors and external service providers to ensure they meet contract requirements. A process is in place to monitor contract expiry and ensure payments to vendors are in order.

105 SLA maintains a consolidated risk register, with a system in place to track and monitor key operational and risk indicators, to promptly detect, prioritise and address emergent issues. The ERM framework is reviewed regularly for effectiveness, and to ensure that the risks and mitigating measures are current and relevant, with alignment to the prevailing operating context. The risk findings and ERM review are updated to the SLA AC regularly.

106 In conclusion, MinLaw said that while SLA would continuously seek to improve, MinLaw was of the opinion that the existing SLA governance framework, including the risk management, control system and environment, was sufficiently robust to enable SLA to achieve its strategic and business objectives. The lapses identified in the AGO report arose in the unique context of SLA supporting the WOG effort in dealing with the unprecedented COVID-19 crisis, during which, it was challenging to fully comply with BAU procurement standards, and yet achieve critical time-sensitive operational requirements. Nevertheless, MinLaw said that they were learning from the experience and putting in place enhanced guidelines and procedures to better handle any future EPs.

Ministry of Manpower

107 MOM informed the Committee that the root causes for the lapses in the procurement and contract management were (a) the significant operational urgency and load, to safeguard public health and avert public order incidents in the dormitories; (b) inexperienced officers deployed to perform procurement duties; and (c) lack of clear agency-level procedures on EP.

108 MOM explained that during the pandemic, it had to act decisively to contain the outbreak in the dormitories to safeguard the health of migrant workers, prevent widespread infections from spilling into the community, prevent the public healthcare system from being overwhelmed and maintain public order. Prior to the pandemic, dormitories were operated by the private sector, with MOM as a regulator. The situation was beyond the ability of dormitory operators to manage. Overnight, MOM officers from various unrelated functions had to be redeployed to step up to support the management of dormitories. The intensity, complexity and scale of the operations that followed were unprecedented. Moreover, the intensity and complexity of the operations were compounded by the knowledge that failure to deliver could result in the spread of infection beyond the migrant worker community to the community at large, and also that public order could have deteriorated or even broken down in the migrant

worker dormitories. MOM had to act with great speed and implemented the required measures within days. To provide a sense of the scale, MOM procured more than 70 million meals over 4 months (with 400 contracts) in 43 dormitories. To manage medical outposts, provide security services, perform dormitory inspections, manage safe distancing and enforce the Stay-Home-Notice for work pass holders, MOM also needed to procure significant manpower services (with almost 30 contracts). Such significant operational urgency and load contributed to the lapses.

109 MOM further explained that there was a four-fold and five-fold surge in the number of new contracts and contract values respectively, as compared to peacetime. The central procurement team of eight officers could not vet through all contracts and processes to ensure compliance. 40 officers who were inexperienced with procurement matters were mobilised during the crisis to perform the procurement function. Procurement decisions had to be devolved to deployed officers so that the urgently needed resources could be obtained in a timely manner. In preparation for the next crisis, MOM has identified a pool of officers who will be trained and deployed to perform procurement functions during crisis.

110 MOM said that COVID-19 was the first time that MOF had activated EP for WOG. Given that it was also the first time MOM had to take on the WOG role, MOM did not have in place clear agency-level procedures on EP for MOM officers as reference. The Committee noted that MOM is establishing guidelines to ensure that the fundamental principles of procurement are adhered to while catering to urgent operations. MOM said that MOF was reviewing the EP procedures to provide better guidance to agencies in managing procurement, contracts and payments and MOM would take reference from MOF before finalising MOM's guidelines.

111 MOM said that it would enhance the competency of officers required to perform procurement, verification and payment certification duties by training more officers or supervisors to perform procurement and finance tasks. It would also revise the existing finance guidelines by March 2023 to strengthen the payment verification process. MOM said that having a larger group of better trained officers would prepare MOM to deal with the next emergency more effectively.

112 On MOM's risk management and governance framework at the operations level, MOM said that it adopts the Three Lines of Defence model, which operationalises risk management and ensures financial governance through accountability and governance at all levels. The first line of defence is department-level compliance and alignment where officers at all levels are responsible for ensuring controls and compliance in their daily operations. Supervisors are responsible to ensure the officers comply with the SOPs. The second line of defence is quality control and consistency. Central departments overseeing customer service, finance, procurement and IT act as "gatekeepers" by providing oversight to ensure risk controls are in place and monitor risk indicators in their respective domains. They also address any systemic issues across the Ministry in central policy and procedures. Sample quality checks were also performed to flag out potential gaps, and learning points are shared with frontline divisions. As regards the third line of defence which is independent assurance, MOM's Internal Audit Unit (IAU) provides independent assurance to senior management through its audit of MOM's financial and operational processes and procedures to ensure compliance with standards and requirements, and rectification of any gaps uncovered. The IAU reports to the AC which is responsible to oversee the governance and internal controls of the ministry. The AC is chaired by the Permanent Secretary, and members include the Deputy Secretaries of the Ministry.

MOM said that the IAU plans for internal audit projects based on assessment of risks and priorities, and the audit plan is approved by AC annually.

113 MOM said that based on its self-assessment, the Ministry's processes and controls were sufficiently robust to meet MOM's business needs and safeguard its interests. AGO's findings on COVID-19 related procurement were due to the unique circumstances then. Its Three Lines of Defence, and the presence of a central team of well-trained procurement and finance officers were effective in supporting line divisions for all stages of procurement, and checking their work based on existing guidelines.

114 In conclusion, MOM said that the lapses identified by AGO arose during unprecedented times, where there were no clear protocols for emergency situations. The resource constraints posed huge challenges and constrained MOM's ability to fully comply with peacetime guidelines while it strived to deliver a critical mission to save lives and livelihoods.

B. Broader Issues

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

- a. COVID-19 expenditure;
- b. Adapting from crisis (COVID-19) to new normal; and
- c. Dealing with disruptions/Ensuring resilience.

Review on COVID-19 Expenditure

116 The Committee was of the view that a review of the COVID-19 expenditure could be undertaken given the magnitude of the amount spent. The Committee asked MOF on its approach and views on the matter, including:

- a. Whether the Government intends to conduct any audit/review on COVID-19 expenditures that were not covered in AGO's recent thematic audit; and
- b. If such audit/review had been conducted, what the key findings and the recommendations were. If public monies were lost, have they since been recovered, and if not recovered yet, whether the Government has set a timeline for the recovery actions.

Ministry of Finance

117 MOF informed the Committee that it had started its review of the controls and checks in relation to COVID-19 pandemic-related procurement and expenditure since early 2022. Respective agencies were conducting their audits on such procurement and expenditure to ensure transactions were bona fide and that there was no erroneous payment. MOF said that these were on top of the AGO's thematic audit of the COVID-19 related procurement and expenditure.

118 MOF said that the audits have raised findings such as incomplete documentation of the assessments carried out and lack of supporting documents, with the recommendation that appropriate records should be maintained, and key decisions and transactions should be documented. MOF has issued an advisory note to all agencies to strengthen the adoption of good practices and minimise financial risks during emergencies. Drawing lessons from the COVID-19 experience and from the Auditor-General's report, MOF was also reviewing its guidelines on procurement, contract management and payment, to ensure that the control measures were appropriate for future emergencies. The relevant agencies would follow up to rectify any errors that were uncovered during their internal reviews and audits, and take steps to recover any erroneous payments. For example, in October 2020, MTI had found errors in the business reopening dates used to determine the Job Support Scheme (JSS) payouts. This resulted in excess JSS payouts amounting to \$370 million credited to about 5,300 businesses. As of July 2022, the Government has recovered 99.8% of the overpayment amount.

Adapting from Crisis (COVID-19) to New Normal

119 The Committee noted that as Singapore transits to a new normal, certain measures implemented in response to the COVID-19 pandemic would be wound down. The Committee asked MOF on its approach and views on the matter, including:

- a. As Government transits from the COVID-19 pandemic to a new normal, how the Government intends to unwind or reduce certain measures implemented during COVID (e.g. size of the Assurance, Care and Engagement group in MOM) and also ensure that the transition is done efficiently;
- b. How the Government ensures that its service delivery standards continue to be high, notwithstanding factors such as attrition of experienced staff and new staff who joined during the COVID-19 period and new hybrid working arrangements; and
- c. MOF's impact assessment of hybrid work arrangements on queues and accessibility to public services; the potential bottlenecks in service delivery across agencies, including services that require inter-agency response; and the extent which ServiceSG centres can help ease such bottlenecks across the different agencies.

Ministry of Finance

120 MOF informed the Committee that the ramp up in public sector hiring in 2020 and 2021 was necessary to manage urgent COVID-19 related operations (such as testing operations, monitoring and enforcement of safe management measures (SMMs)), as well as to support the weak labour market during the pandemic. Nonetheless, MOF remained mindful of longer-term manpower constraints and the need for nimble deployment as the COVID-19 situation evolved, and hence had largely structured the increase in manpower as fixed-term supernumerary headcounts. For instance, in 2021, supernumerary headcounts made up more than 95% and about 70% of additional headcounts for MOH's CSOG and MOM's Assurance, Care & Engagement Group respectively – two areas where manpower needs increased significantly for pandemic response. MOF noted that COVID-19 was not yet over and Singapore was also dealing with economic uncertainties. As Singapore transits to a new normal and taper surge manpower in tandem, MOF would do this in a calibrated manner, based on specific needs in different areas. MOF said that manpower had been reduced in some areas of work such as safe distancing operations in tandem with the easing of SMMs. The population of Safe Distancing Ambassadors and Enforcement Officers (EOs) had been scaled down by 98% from its peak in 2021, with a lean team of EOs retained to enforce remaining vaccination-differentiated SMMs.

121 MOF said that in other areas, agencies were adopting new or expanded functions in the new normal, such as dormitory regulation and migrant worker management. Hence, while MOF expects a step down in manpower requirements in those areas, a baseline level of resourcing would still be needed. MOF would be working with agencies to review steady-state resourcing for such functions, with the aim to maintain nimble structures that are lean but able to scale swiftly in exigencies.

122 On service delivery, MOF said that it recognises the challenge to further improve Government service delivery within more binding manpower constraints. It elaborated that the Public Service is organising itself differently to provide a citizen-centric view of services (as opposed to a traditional agency-centric view) and is using technology to deliver services better. For example, the public sector implemented the e-Birth and e-Death certificates in May 2022, saving citizens time to focus on the more important aspects of such major life moments rather than handling forms and going through administrative processes. The public sector had also developed the Member of Parliament Appeal System, a single WOG front-end digital gateway to facilitate the receipt and reply of MP appeals more effectively.

123 As services are moved to online channels, MOF said that attention was also paid to those who are digitally less confident. This citizen segment would be better served by bringing to them the various Government services that reside across the Public Service in one place. The ServiceSG Centres islandwide offer assistance for frequently used Government services and schemes across 20 agencies. ServiceSG centres are positioned to support citizens better, by integrating services across agencies for citizens, as well as to help those who need more support to transact digitally with the government. ServiceSG plays a complementary role in supporting peak seasons where there is a surge in demand for certain services. For instance, during the tax filing season in 2022, ServiceSG supported more than 7,000 e-tax filing cases. Citizens who sought help with tax filing at ServiceSG centres included self-employed persons (e.g. taxi and private hire drivers). ServiceSG has expanded from a single centre to 5 centres thus far, namely: Nee Soon, Heartbeat@Bedok, The Frontier, Our Tampines Hub and One Punggol. Two more centres will be launched at Keat Hong CC and Bukit Canberra in the future. In addition, the Government is investing in helping seniors with transactions that require digital interface. For example, the Seniors Go Digital programme provides one-on-one training to more than 150,000 seniors in basic digital skills such as making e-payments.

124 MOF informed the Committee that the efforts to digitalise have been a key pillar of the public service transformation. Through digitalisation of services and various schemes, majority of Singaporeans could now transact seamlessly with the government. More than 95% of transactions between the Government and the public are completed digitally, providing greater convenience for citizens and businesses. The high standards are reflected in high satisfaction scores with the Government's digital services. The Government will continue to strive to deliver more user-centric, high quality and responsive services for the public.

125 MOF added that besides digitalising services, the Government is improving the quality of its service workforce with the adoption of competency-based growth to promote a stronger linkage between the officer's job outcomes and the competencies needed to achieve the outcomes. The competency-based growth model involves identifying clear competencies for job roles, using competencies in hiring and staff development, and investing in training programmes and interventions to develop these competencies. MOF is also developing service capabilities through on-the-job initiatives, such as structured job rotation programmes, talent attachment programmes, and short-term "gig" projects.

126 On the public sector's hybrid work arrangements, MOF clarified that the guideline of telecommuting from home two days a week applies only to job roles in the public sector which allow for hybrid work. MOF said that many frontline job roles are not yet suitable for hybrid work. For officers in such job roles, they continue to carry out their work physically in their workplaces. However, the Public Service Division encourages all agencies to make available other flexible work options (e.g. part-time work, staggered hours) for officers who require such

options. The majority of agencies that operate frontline service delivery centres, such as ICA and CPFB, do not implement hybrid work arrangements for their frontline staff. For agencies that have front-facing counters and practise hybrid work arrangements, they have implemented additional measures to ensure that service standards are upheld. These include enabling citizens to make appointments in advance to meet the officers, allowing citizens who visit the agency service centre to be attended not just by service staff onsite, but also be able to consult with officers through video conferencing and ensuring that the agency remains accessible to citizens through different channels. For example, in addition to physical centres, citizens can call the agency hotlines.

127 MOF informed the Committee that the Public Service has put in place various surveys to measure citizen satisfaction with service delivery. Agencies also monitor service standards at the agency level, such as the processing time for applications, wait times, their own audits on officers' service standards and customer satisfaction scores. For those agencies that have implemented hybrid work for their frontline service staff, they have not seen a reduction in service levels due to hybrid work.

Dealing With Disruptions/Ensuring Resilience

128 The Committee noted that in addition to supply chain disruptions caused by COVID-19, there were other macro-economic trends taking place such as rising inflation and interest rates. The Committee asked MOF the following:

- a. The strategies and measures taken by the Government to ensure resilience against global shocks and disruptions; and
- b. If such measures entail significant resources to be expended, how the Government would manage the financial risks and ensure that its spending remains sustainable, and wastage is minimised (that is, the supply buffer is not overly excessive).

Ministry of Finance

129 MOF said that the Government has a role to play in ensuring resilience where markets fail. In some cases, the market naturally provides an adequate level of resilience. For example, many companies have in place measures to mitigate the risk of industrial supply chain disruptions, such as commercial stockpiles. However, in other cases, such as ensuring supply resilience for essential items (e.g., food), the Government needs to play a larger role in building capabilities and contingent capacities. The Government has in place structures and processes to make decisions on policies for resilience of essential items, including energy, water, food, and industrial supplies that impact national security and critical infrastructure projects. It employs a portfolio of levers such as import diversification, local production, preferred supplier relationships, stockpiling, and regulatory requirements to ensure resilience for essential items.

130 The categories of essential items and strategies for each category are regularly reviewed and adjusted to account for new developments including changes to the external environment. For essential items like food, the strategies include import diversification, local production, preferred supplier relationships and stockpiling – each strategy entails varying costs and benefits which have to be carefully evaluated. For example, the Government built up food stockpiles to a higher level since the start of the COVID-19 crisis in 2020, when Singapore began to experience greater disruptions in food supply chains. These stockpiles are assessed and re-calibrated periodically to ensure that Singapore remains prepared for supply disruptions. The Government has also established a Standby LNG Facility for generation companies (gencos) to draw from, so as to generate electricity in the event of disruptions to their natural gas supplies. There are also requirements for gencos to contract sufficient fuel to meet their commitment to customers' demands and needs.

131 MOF added that the Government also strived to build modular and dual-use capabilities, including those which have both peacetime and contingent functions. Many of the capabilities built during peacetime were deployed during crisis scenarios. For example, Singapore's international connectivity, scientific talent base and absorptive capacity (embedded within Economic Development Board, MOH, Agency for Science, Technology and Research, and universities) played a key role in the vaccine and therapeutics acquisition strategy during COVID-19. The capabilities of CPF and IRAS had been built up during peacetime, as centres of excellence for call centres and citizen disbursement schemes. That enabled the Government to meet unprecedented surges in demand, as support schemes were developed and implemented.

132 MOF noted that while the Government builds resilience against global shocks, it also needs to build up the resilience of citizens, and encourage them to adapt and take personal responsibility in dealing with crises.

133 On how the Government manages the financial risks and ensure that its spending remains sustainable, and wastage is minimised, MOF informed the Committee that in assessing whether a strategy to build resilience is robust, the Government would holistically consider the (a) underlying risk and potential for risk reduction, (b) choice of intervention strategy to achieve the desired outcomes, and (c) design of the resourcing approach. Overall, it would not be practical or fiscally prudent to guard against all possibilities or strive for a zero-risk outcome.

134 A sound risk assessment should set out the impetus for Government to build resilience, as well as the appropriate level of risk reduction. A good intervention design is necessary to optimise outcomes and the use of resources (that is, strike an optimum balance between cost and loss). In its assessment on the appropriate level of buffer for resilience, the Government considers factors such as probability of disruption and size of impact of disruption on society and the economy. As far as practicable, the resourcing approach should be based on the ‘user pays’ principle, where the cost is made explicit to the beneficiaries to encourage economically efficient choices that prevent wastage or over-insurance.

135 For example, the water conservation tax encourages prudent water usage by pricing in the scarcity value of water. Another example is the Rice Stockpiling Scheme – where rice importers bear the cost of holding additional rice stockpiles, which incentivises importers to develop cost-efficient ways of managing their stockpiles to reduce wastage.

MINUTES OF PROCEEDINGS

9th Meeting

Wednesday, 17 August 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

1. The Committee considered the Report of the Auditor-General for the Financial Year 2021/22 (Paper Cmd. 16 of 2022).
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 Defence, Ministry of Education, Ministry of Finance, Ministry of Health, Ministry of Home Affairs, Ministry of Law, Ministry of Manpower, Ministry of Social and Family Development and Ministry of Sustainability and the Environment to submit memoranda on matters raised.

Adjourned to 14 October 2022.

10th Meeting

Friday, 14 October 2022

2.30 p.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
Mr Saktiandi Supaat

ABSENT:

Ms Poh Li San
Dr Tan Wu Meng

1. The Committee considered the memoranda received from the Ministry of Communications and Information, Ministry of Defence, Ministry of Education, Ministry of Finance, Ministry of Health, Ministry of Home Affairs, Ministry of Law, Ministry of Manpower, Ministry of Social and Family Development and Ministry of Sustainability and the Environment arising from the observations and findings in the Report of the Auditor-General for the Financial Year 2021/2022 (Paper Cmd. 16 of 2022).
2. The Committee deliberated.
3. The Committee agreed that the Permanent Secretaries of the Ministry of Education and the Ministry of Finance be invited to give oral evidence at the next meeting.
4. The Committee also considered the memoranda received from the Ministry of Culture, Community and Youth, Ministry of Home Affairs, Ministry of National Development, 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).

Adjourned to 16 November 2022.

11th Meeting

Wednesday, 16 November 2022

9.30 a.m.

PRESENT:

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

ABSENT:

Mr Kwek Hian Chuan Henry

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

Ministry of Education

- (i) Mr Lai Chung Han, Permanent Secretary
- (ii) Ms Joan Moh, Divisional Director (Higher Education)
- (iii) Mr Clarence Tang, Divisional Director (Finance and Procurement)
- (iv) Mr Tan Kok Yam, Chief Executive, SkillsFuture Singapore
- (v) Mr Tan Wee Beng, Deputy Chief Executive, SkillsFuture Singapore
- (vi) Ms Piao Jia Yu, Group Director (Planning Group), SkillsFuture Singapore

Ministry of Finance

- (i) Ms Lai Wei Lin, Second Permanent Secretary
- (ii) Mr Han Neng Hsiu, Deputy Secretary (Development)
- (iii) Mr Ow Fook Chuen, Accountant-General
- (iv) Mr Kwa Chin Lum, Director (Fiscal Policy)
- (v) Mr Chin Yi Zhuan, Director (Economic Policy)
- (vi) Ms Grace Tan, Director (Programme and Evaluation)

Prime Minister's Office – Public Service Division

- (i) Ms Teoh Zsin Woon, Second Permanent Secretary
- (ii) Mr Ye Yongfeng, Director (Public Sector Transformation)

2. The Committee deliberated and considered the Chairman's draft report.

Adjourned to 12 January 2023.

12th Meeting

Thursday, 12 January 2023

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

ABSENT:

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 135 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.