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FIFTH 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 2023/24 and deliberated on the observations in the Report. The Committee acknowledges efforts taken by public sector agencies to address the lapses observed by the Auditor-General's Office (AGO). These efforts include streamlining and tightening of processes and procedures, leveraging technology and analytics, and building up capabilities and competencies of officers in relevant areas.

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

   a.   Weaknesses in procurement and contract management; and

   b.   Weaknesses in management of parenthood support grants at the Ministry of Social and Family Development (MSF) and Early Childhood Development Agency (ECDA).

3   AGO observed weaknesses in procurement and contract management in several agencies. These included payments made to contractors for works not carried out and errors in valuations of contract variations. The Committee was of the view that there should be stronger oversight over outsourced project consultants and contractors. The Committee noted that in response to the AGO findings, the agencies have since improved contract monitoring by increasing checks, establishing standard procedures and guidelines, and implementing IT systems to help them better manage contracts. The Committee also noted that agencies will raise staff competencies and capabilities in procurement and contract management through training. To reduce reliance on consultants, agencies will hire more officers with specialised skills and expertise.

4   AGO conducted a thematic audit on parenthood support measures managed by MSF and ECDA and found some weaknesses in the management of subsidies and grants. This included inadequate monitoring of claims which led to ineligible claims not being detected and cases of potential irregularities resulting in over-disbursement of subsidies and grants. MSF informed the Committee that both agencies have Enterprise Risk Management Frameworks in place that evaluate risks related to operations and have implemented controls to manage the identified risks. Both agencies have since taken steps to recover the over-disbursements of grants noted from AGO's audit. The agencies plan to leverage on systems and data analytics to reduce human error, detect anomalous transactions and improve subsidy/grant administration processes. To address gaming and fraud, MSF is systematically tightening controls and building capabilities for detection, investigation and enforcement.

<u>Broader Issues</u>

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

     a.   Grant Management;

     b.   Social Spending on Seniors; and

     c.   Resiliency and Recoverability of Government Data, IT Systems and Digital Services.

<u>Grant Management</u>

6   Given that Government spending on grants is likely to increase in the future, it is important to improve on grants governance at the Whole-of-Government (WOG) level. The Committee noted the Ministry of Finance (MOF)'s point that given the volume and complexity of grants given out, there are trade-offs among speed of disbursement, controls and cost. MOF assured the Committee that the overall system is functioning well, and there are no systemic issues. The Committee emphasised the need to continue strengthening grants administration and disbursement, including making greater use of technology, such as data analytics and Artificial Intelligence (AI), to detect possible abuse and prevent lapses.

7   MOF informed the Committee that it had implemented a grants governance framework in 2020 that provides a consistent set of guidelines to grant-giving agencies to ensure proper financial governance. MOF regularly reviews and updates these guidelines. As part of this framework, MOF had established the Grants Management Committee (GMC), which had appointed sectoral and domain leads to assist in its work. The GMC steers the efforts and monitors the overall implementation progress of required deliverables by the sectoral and domain leads. It also oversees cross-sector and domain coordination, addresses cross-cutting issues, and provides a platform for sharing of good practices.

8   To help agencies detect and prevent fraud and abuse of government grants, MOF worked with the Commercial Affairs Department (CAD) to develop a fraud risk management checklist to help grant-giving agencies assess risks and implement controls in grant processes. It also worked with the Government Technology Agency (GovTech) to develop network analytics to enable agencies to perform due diligence checks and is exploring the use of AI to enhance the processing and verification of grant claims.

9   The Committee asked MOF to elaborate on the role of Internal Audit (IA) in providing assurance over grants management. MOF replied that IA units at the agencies assess whether grant processes and governance requirements adequately manage the risks identified in grant programmes. IA provides the agencies' management with assurance that their systems of internal controls and processes are operating effectively as intended, and that audit issues raised are addressed in a timely manner.

10   The Committee also asked MOF if there were baseline standards and capability requirements that IA across agencies must adhere to, and how these standards are communicated to agencies. MOF informed the Committee that a WOG IA Manual for the

public sector was developed in 2021 and a WOG IA Competency Framework implemented in 2023. Core competencies for IA staff included data analytics and digital literacy. WOG IA milestone programmes are being developed to support the development of IA officers. In addition, the Accountant-General's Department has developed a central Audit & Governance Enterprise Management system to harmonise audit processes and facilitate collaboration across public sector IA.

Social Spending on Seniors

11   The Committee noted that with an ageing population, the amount of Government spending on social support for seniors has increased over the years. From FY 2020 to FY 2023, about $7.4 billion[1] was spent on senior-specific schemes. The Committee asked MOF and MOH how the Government measures the impact and effectiveness of such programmes and the measures in place to ensure that monies spent on these schemes are correctly disbursed and reach the intended recipients.

12   MOF and MOH informed the Committee that various schemes have been implemented to keep seniors healthy, socially connected and engaged, and to ensure healthcare affordability. As these schemes are progressively rolled out, the long-term effect will only be discernible after an extended period of implementation. In the meantime, to measure the effectiveness of these schemes, the Government has been monitoring various indicators. The trends are monitored to assess effectiveness of strategies and spending.

13   MOH reported an increase in the number of Active Ageing Centres (AACs) from 60 in 2021 to 214 as of November 2024 and number of seniors participating in AAC programmes from 17,471 in 2021 to 79,007 in 2023. The Government has also helped to improve the living conditions of our seniors. Under the Enhancement for Active Seniors (EASE) 2.0 programme, the number of households that have senior-friendly fittings installed has increased from approximately 242,000 in 2021 to approximately 293,000 as of June 2024.

14   For healthcare affordability, the average proportion of post-subsidy bill amounts paid by MediSave and MediShield Life for Class B2/C inpatient hospital bills has maintained to be at least 90% or more over the years since 2018. The average proportion of large (greater than $10,000) post-subsidy bill amounts paid by MediSave and MediShield Life for Class B2/C inpatient hospital bills has improved from at least 65% in 2018 to at least 85% in 2023.

15   The Committee noted that the employment rate for seniors aged 65 to 69 has increased from 43.8% in 2018 to 48.3% in 2023, higher than most OECD countries. The Basic Retirement Sum attainment rates of active members at age 55, that measure whether senior have sufficient savings in their Central Provident Fund (CPF) to cover basic living expenses have improved from about five in 10 a decade before to about seven in 10 in 2023. For those who have lower incomes or less CPF savings, Government support has been enhanced through schemes such as Workfare Income Supplement and Silver Support Scheme.

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[1] This amount includes only schemes which specifically provide support for seniors and where disbursements/ grants are made directly to seniors, for example, the Pioneer and Merdeka Generation Packages, the Silver Support Scheme and Active Ageing Centres.

16   MOF and MOH said that most schemes are means-tested to ensure that government funding is targeted at those who require the most assistance. Seniors with low or no income would thus receive more benefits. The Government will continue to regularly evaluate the impact of programmes and review them to improve their effectiveness in achieving the intended outcomes.

17   Grant administering agencies or institutions are required to submit regular disbursement records or audited reports to the overseeing Ministries for verification checks. The programmes or funding schemes also undergo periodic audits by the agencies' IA teams and AGO to ascertain adequacy and effectiveness of controls and compliance with the IM on Grants Governance.

Resiliency and Recoverability of Government Data, IT Systems and Digital Services

18   The Committee was concerned about the increased occurrences of cyber-attacks globally and asked the Smart Nation Group (SNG) about the deployment of technology to strengthen resiliency and recoverability of Government data, IT systems and digital services.

19   SNG informed the Committee that while individual agencies are responsible for managing the ICT risks of their systems, SNG as the WOG functional lead for Infocomm Technology and Smart Systems (ICT&SS) supports agencies by: (a) providing a common ICT risk management framework; (b) monitoring key interdependencies between systems, especially for critical systems; (c) conducting audits and checks to see if agencies are implementing the safeguards appropriately; and (d) training and capability development.

20   The common ICT risk management framework guides agencies to map and prioritise their risks and to develop risk-mitigating measures. SNG adopts a risk-based approach where the frequency of risk assessment and extent of risk mitigation measures depend on the criticality of the IT system. Examples of risks that the framework covers include Third-Party Risks and Resiliency Risks. SNG also monitors systemic risks at the WOG level, including system interdependency. For example, SNG maps the key system dependencies between government ICT systems to monitor potential critical points of failure. Systems whose disruption may lead to a widespread impact for other government IT systems are subject to stricter resiliency measures. SNG recognises that not all digital disruptions can be prevented, and hence is also taking steps to facilitate agencies' assessments in striking the right balance between prevention and recovery measures and to educate the public on actions to take when systems are down. For digital resilience incidents that cut across multiple agencies or domains, there is a single agency, the Ministry of Digital Development and Information (MDDI) that coordinates incident management and response.

21   To strengthen the resilience of important digital infrastructure providers (e.g. data centre operators and cloud service providers), the Government plans to introduce the Digital Infrastructure Bill. The Bill will outline a set of security and resilience standards that regulated entities would have to comply with.

22   The Committee noted that immense opportunities are offered by AI and new technologies to enhance the effectiveness of government agencies. The Committee asked SNG how it oversees the governance and deployment of data and AI within the public sector. SNG

said that it has developed a Government AI strategy to align and coordinate efforts on the use of AI across the public sector. The strategy spans 3 areas: (a) raising capabilities across the public sector; (b) driving broad-based adoption; and (c) implementing domain transformation.

23   SNG said that to raise capabilities across the public sector, it works with GovTech's Digital Academy and the Civil Service College to enhance AI literacy across public officers. SNG and GovTech have developed central AI products to speed up AI adoption and to integrate AI across various government functions. To drive domain transformation, SNG works with domain leads to define clear goals and ambition. This would include sectors such as Education and Healthcare and functional areas such as Finance and Procurement. The domain leads are encouraged to consider a wide range of AI use cases and to address both high-complexity and high-volume applications.

24   SNG has also put in place a governance framework for AI in the public sector. The framework incorporates existing ICT&SS standards, and also measures to address the additional risks unique to generative AI systems, including but not limited to hallucinations and inappropriate or biased output. SNG regularly reviews the scope of the data and AI governance framework given the fast-changing nature of the industry.

25   SNG also assured the Committee that as Government adopts more digital services, it is committed to ensure that all citizens, including those who are less digital-savvy such as seniors, continue to have access to Government services. All high-traffic Government websites are targeted to meet accessibility standards by 2030. At the same time, in-person alternatives (e.g. ServiceSG centres and various Government agencies' service centres) are being made available to those who need greater support to access Government services.

26   Following the written responses from the ministries, the Committee convened hearings on 22 November 2024 and called upon the Permanent Secretaries from MOF and SNG to provide oral clarifications and elaboration of their written responses. The areas discussed at the hearings included the role of MOF in improving WOG grants governance, how MOF and MOH measure the impact and effectiveness of social spending on seniors, SNG's role in strengthening resilience of government systems and digital services, and SNG's approach on the governance and deployment of AI in the public sector.

27   The Committee would like to emphasise the following:

    a.   On procurement and contract management, agencies need to be held accountable to ensure that outcomes stated in contracts are delivered and make payments only for works/services that are done.

    b.   On grants management, the Committee would like to highlight the importance of WOG coordination and risk assessment when designing grant schemes to ensure a balanced trade-off between controls and speed of responsiveness. Agencies should also leverage on data analytics and technology to improve their fraud detection capabilities.

    c.   Given Singapore's rapidly ageing population, the Government has allocated substantial public funds to improve social support for seniors. It is crucial that the Government ensures that these schemes and programmes are constantly assessed

to ensure relevance and effectiveness, achieve their desired outcomes and that the monies are accurately disbursed and reach the intended recipients.

d. As Singapore progresses in its digitalisation efforts, it is even more important that Government data and ICT infrastructure are resilient against cyber-attacks and cyber weaknesses. For Government to ensure quick recovery of such infrastructure in the event of disruptions, agencies should understand the various ICT risks, including inter-dependency risks, and have robust service recovery and business continuity plans in place.

e. The Committee urged the Government to ensure that all citizens, including those who are less digital-savvy such as seniors, continue to have in-person access to Government services. For the less digital-savvy who need in-person ready access, the roll-out of in-person channels (e.g. ServiceSG centres and various Government agencies' service centres) should keep pace with the digitalisation efforts. The Committee also emphasised the importance of the Government taking measures to keep its citizens safe in the digital world.

f. The Committee recognises SNG's efforts in the oversight of AI governance and in driving the adoption and use of AI across the public sector. The Committee looks forward to increased efforts by agencies in leveraging AI to achieve process efficiencies and effectiveness, while adhering to the AI governance framework.

g. On the lapses and weaknesses observed in the Report of the Auditor-General, it is important for agencies to examine and understand the underlying root causes so that effective action plans are developed and implemented to prevent recurrence. The Committee noted that there continues to be common lapses observed across different agencies. For such areas, it would be important for central agencies to consider the systemic improvements that should be implemented at the central level.

28   The Committee's enquiries and the agencies' responses, as well as responses from MOF, MOH and SNG to the broader issues, are discussed in the following sections.

Committee's Enquiries and Responses from Ministries

A.   Observations in the Report of the Auditor-General for the Financial Year 2023/24

29   The Committee deliberated on the audit observations raised in the Report of the Auditor-General for the Financial Year 2023/24. The Committee asked the respective agencies to address the following questions:

    a.   What are the root causes of the lapses and what are the further follow-up actions taken/to be taken to address these lapses?

    b.   How does the Ministry / Statutory Board / agency plan to develop capabilities and competencies in the relevant areas?

    c.   Given the AGO audit findings, can the Ministry / Statutory Board / agency state what it is doing to ensure that risks and governance are appropriately managed?

    d.   What role does Internal Audit play in the Ministry's / Statutory Board's / agency's governance system?

    e.   How does the Ministry / Statutory Board / agency ensure that officers on the ground comply with its policies, procedures (e.g. SOP) and regulations?

Ministry of Culture, Community and Youth

30   On the observation on inadequate controls over admissions to ActiveSG pools and gyms at Singapore Sports Council (SportSG), the Ministry of Culture, Community and Youth (MCCY) informed the Committee that the root causes were as follows:

    a.   Sharing of ActiveSG membership special passes: Such cases were not detected via the SportSG's Membership Management System (MMS) due to a lack of built-in system logic.

    b.   Abuse of special passes / per-entry passes at discounted rates by ineligible members: Firstly, it was due to human error as staff at Sports Centres did not detect incorrect birth year entries by members during accounts set up. Secondly, a flaw in the system logic allowed non-verified members to purchase passes at special rates, despite the intention to restrict such purchases to verified eligible members only.

    c.   Use of deceased members' accounts for admissions: There were two distinct root causes identified. The first was a process lapse that affected seven accounts. Despite the termination of the deceased member accounts following SportSG's bi-annual NRIC validation exercise, the IT system vendor had overlooked disabling the NRIC / Senior EZlink cards access at the turnstiles. The second was due to information of deceased members not being piped into MMS to allow for timely

deactivation. As deactivation of deceased member accounts was done manually via SportSG's bi-annual exercise, this meant that accounts could be misused during the six-month interval.

31   To address the system limitations mentioned above, SportSG will utilise technology solutions to incorporate logic checks and automate processes in its new system (MyActiveSG+). This will increase efficiency and reduce the likelihood of human errors. When MyActiveSG+ was launched in June 2024, SportSG had already incorporated the following measures: (a) use of sgID for creation and authentication of user accounts to automate the validation of birthdates and age calculation without human intervention; and (b) utilisation of SingPass Data Synchronisation to automatically terminate deceased member accounts and all associated access methods, including barcode and EZlink scanning. In addition, SportSG targets to implement additional measures by January 2025. These include the integration of SingPass for login and entry authentication, which will validate member identities and prevent unauthorised access to facilities. SportSG will also incorporate system built-in logic to disable simultaneous use of passes and ensure that only verified members are eligible for special rates.

32   MCCY said that regular checks will be carried out to ensure compliance and detect unusual admission transactions. SportSG will conduct further reviews of unusual admission transactions flagged by data analytics and will update its system controls/logics as necessary. Effective from May 2024, daily on-site checks have been performed at Sport Centres. This will be complemented with data analytics on unusual admission transactions, once the relevant controls have been built into the MyActiveSG+ system in January 2025.

33   SportSG has also rolled out enforcement measures. They include the suspension or termination of membership accounts that have been found to be sharing passes. For incorrect pass types identified during on-site checks after May 2024, members will be advised and their pass-type rectified. To deter misuse, signages have been placed at all Sport Centres highlighting that misuse can lead to account termination.

34   On lapses in tender evaluation of vending machine contracts noted by AGO, MCCY informed the Committee that the root causes were people related. The project team working on the tender was unfamiliar with the revenue contracting process and had overlooked performing the financial soundness checks. The staff involved in revenue contracting have since been trained and supervisors have been reminded to ensure compliance.

35   From August 2024, SportSG has enhanced its revenue contracting process by increasing the involvement of its Finance Division in (a) establishing robust evaluation criteria; (b) performing mandatory financial soundness assessment; and (c) ensuring that (i) tender evaluation is done in accordance with the published evaluation criteria; and (ii) scoring and other factors considered are clearly presented for informed decision making before submitting to the tender approving authority.

36   The involvement of the Finance Division serves to ensure compliance with the revenue contracting process and provide on-the-job training to build staff capabilities in line divisions. To further strengthen capabilities in revenue contracting, SportSG will conduct regular communities of practice and focus-group meetings to update staff on new processes and share lessons learnt.

37   For the finding on the lapses in procurement of manpower and medical services, MCCY identified human errors as the root cause. Effective from May 2024, reminders to SportSG Project Officers to finalise the scoring matrix in a timely manner are also sent to their respective supervisors. From June 2024, the Procurement team will extend the tender closing date until the scoring matrix is finalised if it cannot be finalised before the tender closes. Going forward, SportSG will ensure that all new procurement contracts will be awarded in a timely manner to allow for sufficient preparation for the services required.

38   On capability development in procurement, SportSG will disseminate a series of communications to reinforce the importance of observing and complying with procurement policies and processes. Procurement Officers have also been assigned to support Project Officers as a form of on-the-job training to build their capabilities.

39   Following AGO's audit, SportSG has disseminated all its audit observations, including observations raised by AGO for other agencies and lessons learnt, to all Business Groups for awareness and application to their everyday work. Briefings will also be conducted with the Business Groups to highlight relevant findings and reinforce key learning points.

40   SportSG's Internal Audit (IA) ensures that control measures are adequate and effective in addressing risks that may adversely impact SportSG's operational, compliance and reporting objectives. It employs a risk-based approach to develop an audit plan approved by the Board's Audit Committee (AC). Such auditable areas will include admissions to ActiveSG pools and gyms, revenue contracting as well as procurement. IA regularly reports audit results and implementation status of agreed action plans to the AC. IA has also been conducting follow-up audits on the corrective action plans relating to the AGO audit, to monitor and assess the effectiveness and timeliness of the action plans. The status of these actions plans is reported monthly by IA to both SportSG's Management and AC. To enhance its audit regime, IA plans to obtain direct access to operational data relating to admission to ActiveSG pools and gyms, revenue contracting and procurement. This will facilitate more effective and regular audits using techniques such as data analytics, allowing for early identification and resolution of governance issues. On the knowledge sharing front, IA will continue to enhance its ongoing awareness programmes to educate officers on governance, compliance and best practices. Past issues are also shared to prevent recurrences.

41   To enhance staff's compliance with policies, procedures, and regulations, SportSG has put in place the following mechanisms:

    a.   SportSG has implemented education initiatives for both new and existing staff. New hires are briefed on key processes such as procurement during their orientation programme. New approving officers are required to attend a mandatory briefing on their role. For existing staff, resources like Financial Regulations and Standard Operating Procedures (SOPs) are highlighted and made readily available.

    b.   SportSG conducts periodic review of its policies and procedures to ensure that they are coherent with operational needs to minimise instances of non-compliance. As part of the reviews, policies and procedures are also streamlined where possible to make them easy for staff to understand and comply with. Changes are communicated to the staff. SportSG will also leverage on technology and explore

how these can be incorporated in its processes to help strengthen compliance and minimise human errors.

c. Policy and process owners conduct checks to ensure that their policies and procedures are understood and complied with by staff. These include supervisory checks during processing of transactions. SportSG's Finance and Procurement teams work closely with the Business Groups to provide guidance along the processes.

Ministry of Education

42   For the audit of school development projects under the Ministry of Education (MOE), AGO noted (a) lapses in contract management; (b) long delays in finalisation of accounts of construction contracts; and (c) possible irregularities in quotations for star rate items. MOE informed the Committee that the root causes of the lapses were due to insufficient: (i) diligence by consultants in adhering to processes; (ii) physical verification of completed works on-site; (iii) Schedule of Rates in the construction contracts; and (iv) oversight by MOE officers.

43   In response to the failure of the consultants in adhering to proper procedures, MOE has issued stern warnings to the consultants involved. In addition, these lapses will be taken into consideration in future tender evaluations conducted by MOE and other public sector agencies through the Building and Construction Authority's Consultants Performance Appraisal System.

44   On the lapses in contract management, MOE informed the Committee that the estimated overpayment for the projects covered in AGO's audit has been valued at $256,249.24. As of early December 2024, it has recovered $131,745.89. The remaining sum of $124,503.35 to be recovered is from one project. The contractor has signed the final account for the project and committed to return the overpaid sum in January 2025. MOE has also completed the review of other seven ongoing school development projects and found similar lapses, primarily involving payments made for works not carried out. MOE is confirming the omissions with the contractors, and working with them to rectify the omissions and/or to recover overpayments if any.

45   For the observation on long delays in finalisation of accounts of construction contracts, MOE had paid 99% of the total contract sum for all completed work certified by their appointed consultants prior to AGO's audit. MOE targets to pay the remaining balance by the first quarter of 2025.

46   Regarding the observation of possible irregularities in quotations for star rate items, MOE will explore using more outcome-based specifications to reduce the number of variations and star rate items. MOE will also review and expand the list of items under the contracts' Schedule of Rates, which spells out the contracted rates for specific works. This will minimise the need for additional quotations to substantiate cost assessments for items not in the current Schedule of Rates. This will also reduce the time needed by consultants to estimate the cost of variations before surfacing to MOE for approval to commence variation works.

47   To strengthen oversight of consultants, MOE has revised its consultancy contracts in July 2024 to allow withholding payments from newly appointed consultants who do not process

variations promptly. This will deter consultants from being tardy in surfacing and closing variation orders. In addition, to improve contract administration and reduce manual tracking of contract variations and account finalisations, MOE has been progressively rolling out an IT system and will complete this in January 2025. The system will be used to verify payments for variations, provide status reports for variations and send timely reminders to all parties for unclosed variations processing. MOE also plans to leverage on the IT system to trigger reminders to all parties to finalise accounts when defects liability period commences.

48   MOE has also stepped-up on-site supervision by increasing the number of Resident Engineers and/or Resident Technical Officers for new construction projects. This ensures that sufficient physical verification is performed before payment is made and improves detection of variation works being carried out before approval is obtained. Furthermore, MOE has reminded consultants and contractors that MOE can reject any variation works that proceeded without MOE's approval, and consultants and/or contractors will have to bear any resultant abortive costs.

49   To reduce reliance on consultants and contractors, MOE has begun recruiting more specialised officers to verify and assess the reasonableness of rates and computations used by consultants and contractors. MOE aims to implement more detailed checks by these officers from the first quarter of 2025.

50   To ensure that MOE officers comply with its policies, procedures, regulations and raise their competency in managing school development projects, MOE plans to make it clearer to their officers on the non-negotiables such as no works to be carried out before variation orders are approved. It will also conduct regular briefings and sharing, at least twice a year, to raise officers' awareness of the procedures as well as learning points and ways to prevent lapses. Officers, especially those who have not called a tender for more than one year, will be required to attend such briefings and sharing. MOE will also learn best practices from Jurong Town Corporation, the public sector's Centre of Excellence (Building and Infrastructure) to improve their school development processes and resource planning.

51   On the role Internal Audit Branch (IAB) plays in MOE's financial governance system, MOE said IAB conducts independent audits on the adequacy and effectiveness of MOE's governance, risk management process, and internal control systems. Annually, IAB reviews and updates MOE's audit risk universe and develops a risk-based audit workplan taking into account past audit ratings and findings and other divisions' inputs on new activities or risk areas which should be audited. IAB's annual workplan is discussed and approved at Audit Committee Meetings (ACMs) chaired by Second Permanent Secretary. It tables the audit reports and follow-up action updates at ACMs which are held at least three times a year. Since mid-FY2024, IAB has explicitly included the assessed root causes of lapses in the audit reports with a view to nudging risk owners to take holistic steps that address the fundamental issues.

52   MOE said that as part of IAB's audit of procurement, payment and contract management, the review of oversight over outsourced functions is included where applicable. This would include reviewing and assessing the following: (a) adequacy and relevance of policies and procedures; (b) processes for monitoring and reporting the performance of outsourced functions; and (c) process to ensure satisfactory delivery of goods and services in line with contract before payment. In response to the AGO's FY2023/24 report, IAB will conduct a verification exercise to ensure the relevant Division is addressing the issues and implementing the necessary remediation actions.

<u>Nanyang Polytechnic</u>

53   On AGO's observation on lapses in billing and collection of Continuing Education and Training (CET) course fees at the Nanyang Polytechnic (NYP), MOE informed the Committee that this was mainly due to the manual administration process and surge in number of CET training places over 2020-2021. NYP was unable to increase internal manpower to cope with the additional financial administration during this COVID-19 period due to unforeseen surge in training volume and a spike of resignations, which led to the SOPs not being followed. As of December 2024, NYP has accounted for 84% of the outstanding fees. NYP is making calls and sending emails for debt recovery. NYP will close the list of debts by the first quarter of 2025, with the exception of two debtors who will likely complete payment by June 2025.

54   MOE informed the Committee that NYP has onboarded a new CET management system to streamline billing process. The system will trigger bills automatically to learners and companies. Self-sponsored trainees are expected to make payment immediately upon registration while company-sponsored trainees are billed upon registration and given 30 days to pay. Trainees with outstanding payment will not be able to participate in further training. To manage surges during peak periods, NYP has put in place plans to deploy additional manpower during those periods. In addition, NYP will closely monitor the outstanding bills and generate regular management reports to alert senior management once they exceed a threshold amount or period of non-payment. NYP will also institute regular reporting on overall fee collection at NYP's SkillsFuture Steering Committee meetings for tighter management oversight.

55   In relation to the observation on the possible irregularities in fire hydrant test reports, the lack of oversight and systematic approach towards records management for facilities management contracts had led to the improper storage and verification of fire hydrant test reports. In response, NYP has taken prompt disciplinary action against the staff involved. It will also emphasise to all staff the importance of adhering to NYP's code of conduct. From FY2025, NYP will be adding questions to their annual code of conduct quiz for all staff to reinforce the understanding of consequences and penalties for non-compliance to the code of conduct. Additionally, to strengthen record management practices, NYP will establish new SOPs and guidelines for records management which will apply to all contracts. These new SOPs include requirements on translating specifications to deliverables and performance monitoring of contracts. NYP has implemented these for the Integrated Maintenance Contract in November 2024 and will extend it to all other contracts from April 2025.

56   On developing capabilities and competencies, NYP is enhancing their existing staff guidebook on procurement matters to provide more details on translating specifications to deliverables and performance monitoring of contractors. NYP will also conduct additional training for staff involved in regular contract management to help them better understand their roles and responsibilities, including the importance of proper documentation and records keeping.

57   To strengthen oversight over outsourced contractors for facilities management, which is overseen by NYP's Eco-Campus Services and Solutions Department (ESS), NYP has appointed a new director and a new pillar head (at the Deputy Principal level) to oversee ESS. This appointment was part of a wider organisational restructuring implemented in August 2024. Relevant staff in the ESS department will be sent for training to deepen their competencies in contract management. In addition, NYP is instituting a systematic approach to conduct checks

on facilities management contractors to ensure satisfactory completion of all required works, and proper documentation and records keeping. Furthermore, NYP is enhancing its whistleblowing policy to facilitate reporting and detection of non-compliances. The policy has been expanded to the public in November 2024 to improve accountability. To increase awareness of the whistleblowing policy among staff, NYP has done / will do the following: (a) incorporated whistleblowing information in the new employee handbook; (b) push out quarterly email broadcasts to remind staff; and (c) create a guide of NYP's code of conduct and whistleblowing process.

58   In response to the Committee's query on the role of Internal Audit (IA), MOE said that IA provides independent and objective assurance to add value and enhance NYP's operations, on top of management oversight and clear internal processes. In response to AGO's observations for FY2023/24, IA has commenced the follow-up audit to ascertain that NYP had taken remedial actions and that the actions are adequate and effectively implemented. IA plans to conduct a full audit on both areas flagged out by AGO in FY2025/26.

59   To ensure ground-level compliance with policies, procedures, and regulations, NYP adopts a two-pronged approach comprising developmental and disciplinary measures. Developmental measures focus on building capability and awareness of internal policies, procedures and regulations, and emphasise accountability. These include regular communication, training sessions, and internal audits. Disciplinary measures involve clear communication of penalties for non-compliance with policies and meting out appropriate penalties including dismissals after investigations have established culpability.

Ministry of Home Affairs

60   The Ministry of Home Affairs (MHA) informed the committee that the weaknesses in inventory and records management were due to the following reasons:

   a.   Singapore Civil Defence Force (SCDF) had relied on vendor's inventory records as it had not fully onboarded the new MHA logistics management system due to data migration issues from its legacy logistics system. There were also inadequate supervisory checks of the vendor's inventory records and documentation of checks.

   b.   For Singapore Police Force (SPF) Police Logistics Base, there were administrative lapses in record-keeping by the vendor and errors in data migration when onboarding the new MHA logistics management system. This resulted in inaccurate inventory records in the system. In addition, as the physical stocktakes were conducted using offline or vendor records, the stock discrepancies from the system were not being highlighted for remediation.

61   To address these lapses and improve oversight of outsourced contractors, MHA said that:

   a.   SCDF implemented monthly surprise checks since May 2024 where it would access vendor's inventory records to ensure their accuracy. SCDF also enhanced its supervisory checks on the physical inventory and records management by the vendor. The improvements include SCDF selecting samples for daily/weekly

checks and conducting monthly checks on all vendor-managed stores. All checks performed are documented and endorsed by SCDF personnel. SCDF also plans to fully onboard the MHA logistics management system by mid-2025.

b.   As for SPF, it has completed the stocktakes at all SPF stores and have addressed most of the discrepancies due to recording errors, with the outstanding items estimated to be completed by end February 2025. Other than the stocktakes, SPF has also sent quarterly reports to Unit Commanders/Directors to ensure inventory records in the system are up to date and will enforce the MHA logistics management system as the primary tool for stocktaking. Additionally, SPF worked with its vendor and completed the reorganisation of the SPF store in July 2024 to improve storekeeping management. It holds regular meetings with the vendor to brief them on new or replaced equipment to increase vendor's product knowledge of SPF's store items.

62   Going forward, the new MHA logistics management system will be used by Home Team Departments (HTDs) for inventory records management, and it will serve as the single source of truth. Efforts are underway to update, clean up and enhance data accuracy of records in the system. In addition, to ensure timely and accurate updating of inventory movements in MHA's logistics management system, MHA HQ plans to interface its logistics management system with the vendor's inventory system by 2025. Training sessions for HTD users on this system began in February 2024, with two runs completed by June 2024 and such training will be conducted for users on an annual basis.

63   For the finding on incorrect payments of performance bonus incentive (PBI) to vendor, MHA explained that they were due to staff oversight. Overpayments arose as MHA did not remove certain cost components when computing the PBI and there were also duplicate purchase order amounts erroneously included in the computations. For underpayments, MHA had incorrectly excluded certain additional services awarded via contract variations from its PBI computations. Following the finding, MHA has recovered the net overpaid amount from the vendor in July 2024. It has also applied the revised PBI computation method and will continue to exercise scrutiny where there are changes in services provided.

64   On developing capabilities and competencies, Home Team Science and Technology Agency's Central Procurement Office (CPO) published a Contract Management Guide in December 2022 to provide a one-stop guide for all contract management-related policies, SOPs, templates and checklists. This guide will be further refined based on AGO's observations. CPO has also been progressively rolling out a Contract Management training course for MHA officers to strengthen their knowledge and competencies. Phase 1 of the course, which was launched in November 2023, covers the fundamental principles of contract management and lessons from past audit observations. Phase 2 of the course will cover in-depth contract management activities, such as monitoring vendor's performance and addressing contractual breaches, and is targeted to commence in January 2025.

65   MHA informed the Committee that it will also leverage on digital tools to automate ground processes so as to reduce complexity and human error. For the outsourced logistics management contract, MHA holds quarterly Performance Management Meetings (PMMs) and annual Relationship Management Meetings (RMMs) with the vendor to monitor contract performance outcomes, discuss operational issues, and for the HTDs to raise any contractual

non-compliance. The vendor also submits monthly KPI reports for MHA's tracking. Periodic stock-takes will continue to be conducted and documented by the vendor together with MHA officers. MHA will also conduct surprise checks to ensure that inventory management procedures have been adhered to. Any discrepancies noted from annual stocktakes and checks would be investigated and reconciled. The vendor is responsible for making good any unaccounted stocks as stipulated in the contract. If the discrepancies arose due to negligence or criminal offence, disciplinary action will be taken against the officers.

66   MHA said that lessons learnt will be shared via PMMs, RMMs and Ops meetings with HTDs. To strengthen engagement and communication with the ground to address issues expediently, SCDF has established a Logistics Community of Practice (CoP) comprising members from all SCDF units. This CoP serves as a platform to share best practices, conduct refresher training, communicate change management matters, and act as a conduit for ground-level feedback to SCDF HQ. In addition, SPF has introduced a customised course on logistics competencies for their logistics officers. SPF assesses these officers on their targeted and achieved Proficiency Levels to identify gaps to be closed through training and development interventions. The Police Logistics Department (PLD) also plans to implement online quizzes for all SPF logisticians to refresh their logistics competencies and test their knowledge on changes in SPF logistics policies and practices. To foster knowledge exchange and operational alignment, PLD has initiated quarterly meetings with the Logistics community to share useful logistics-related knowledge, address operational challenges faced by units, and align work processes across the SPF Logistics community.

67   Internal Audit (IA) has identified contract management as a high-risk area in MHA's risk assessment and thus will be subjected to audit every 1-2 years. Contracts will be selected for audit based on the nature of the project, the contract value, the stage of the contract and audit concerns. To augment audit manpower, IA has also established a period contract for outsourced audits which MHA HQ and HTDs can tap on. MHA elaborated that financial compliance audits are conducted periodically in the various MHA line units across six functional areas, including stores. Learning from this AGO's audit, MHA will tighten the agreed-upon procedures on inventory management for the outsourced firm.

68   IA has also put in place an audit monitoring and follow-up framework to ensure that adequate, effective, and timely remedial actions are taken to address and prevent the recurrence of identified lapses. This includes tracking of recommendations from contract management audits and re-audits of published AGO observations. The implementation status will be reported to MHA Senior Management. To facilitate information sharing, IA has also created a centralised e-resource of audit findings from past AGO audits and internal audits. The e-resource is accessible to internal auditors from all HTDs and MHA's statutory boards. It also shares common audit lapses and learning points at Senior Management Meetings and training sessions.

Ministry of National Development

Building and Construction Authority

69   For the observation on weak oversight over process for declaration of conflict of interest (COI) at the Building and Construction Authority (BCA), the Ministry of National Development (MND) informed the Committee that it was attributed to officers' oversight and the highly manual COI declaration process. BCA had counselled the officers involved and reminded them of their accountability and responsibility in May 2024. Following the finding, BCA conducted follow-up checks to assess if there were any actual COI and these checks were completed in July 2024. BCA did not detect any actual COI from these checks. Since May 2024, BCA implemented an additional layer of check by the grant administrator or project manager to ensure that COI declarations are properly completed and filed before the start of meetings. To enable better filing and retention of forms, BCA adopted digital forms with mandatory fields since July 2024. This helps eliminate the possibility of incomplete COI declarations.

70   In June 2024, BCA completed a review of its COI declaration processes to standardise practices and ensure compliance with Government Instruction Manuals and requirements imposed by other agencies. Subsequently, in July 2024, BCA completed a review of the "Grant/Incentive Administration Risk" under its Enterprise Risk Management (ERM) Framework, incorporating COI declaration as one of the control measures to ensure fairness in the grant evaluation process.

71   To develop capabilities and competencies in this area, BCA established a dedicated grants governance department in June 2019 to support and advise grant administrators. The department released its Grant Governance Guidelines in January 2022 to grant administrators on the various grant stages (i.e. grant initiation, renewal, design and administration). In July 2024, BCA established a grant competency framework that provides guidance to grant administrators on the essential skillsets and available training opportunities. The areas of focus include financial operations, governance, risk management, and record keeping. Officers will be required to attend trainings, as part of their professional development to enhance their capabilities and competencies. Additionally, BCA maintains ongoing communication with grant administrators to remind them of common lapses and provide insights on thematic issues through periodic emails, newsletters, and sharing sessions.

72   As for the lapses in contract management, MND explained that they were due to procedural lapse where officers did not perform contract monitoring adequately. This was coupled with officers failing to seek approval to waive the collection of Security Deposit (SD) in subsequent contracts with the operator of Jurong Apartments. MND explained that for the initial contract during COVID-19 in 2020, BCA had deliberately decided and obtained necessary approval to waive the SD. For subsequent extensions, officers maintained this arrangement, assessing that the work scope remained largely unchanged but failed to seek approval for continuing the SD waiver.

73   BCA has completed its follow-up actions to address the lapses in contract management. BCA conducted inspections in December 2023 and January 2024 to ensure the operator had

rectified the defects identified by AGO. Since January 2024, BCA has enhanced contract monitoring procedures and briefed officers on the enhanced measures such as conducting routine inspections and reviewing all maintenance and service reports. In April 2024, BCA completed the following actions. They include verifying that the operator had performed the necessary works based on maintenance schedules and proof of work done and obtaining covering approval to not impose SD and Liquidated Damages (LD). Officers will continue to review the requirements for SD and LD in future tenders and seek approval to exclude such clauses, where appropriate. BCA completed its review of SD and LD clauses for all existing contracts managed by the relevant department and found no further lapses. Following the finding, BCA also issued warning letters to the officers and supervisor involved and reminded them of their accountability and responsibility.

74   To enhance capabilities and competencies in procurement and contract management, BCA implemented a Procurement Competency Framework in August 2023 that will peg officers to a required competency level. This framework helps identify potential competency gaps which can then be addressed through training courses. BCA will continue to conduct procurement workshops and briefings for all officers and recommend training courses for those involved in procurement.

75   BCA's Internal Audit (IA) provides objective and independent assurance and reports directly to BCA Board's Audit and Risk Committee (ARC). Under the ARC's approved audit plan, IA conducts annual audits on grant administration and procurement, including contract management. Insights and recommendations derived from these audits are shared with management and ARC to address areas of improvement, enhance internal controls and ensure compliance with policies, regulations and best practices. IA also tracks and validates action plans to completion and reports the outcomes to management and ARC. To raise awareness on internal control lapses and their implications, IA regularly shares the learning points and insights from past internal audits and AGO observations. These lessons are incorporated into IA's audit programme where applicable, to proactively identify and address similar deficiencies, thereby reducing the likelihood of recurrence.

76   To ensure that officers on the ground comply with policies, procedures and regulations, the following measures are put in place:

   a. Officers receive training on policies, procedures, and regulations to ensure their understanding of the requirements and implication of non-compliance such as the mandatory Code of Conduct and Cybersecurity & Data Protection trainings and quizzes. New officers receive briefing on the key principles of Code of Conduct during orientation and have to complete an e-learning module to reinforce key principles.

   b. BCA regularly reviews policies and procedures to ensure their relevance and practicality for officers on the ground. For example, a review was completed in June 2024 to standardise BCA's COI declaration practices. The policies and procedures are made accessible to officers via the intranet for easy access.

   c. BCA has established monitoring mechanisms and checks to oversee officers' adherence to policies and procedures, addressing any deviations or non-compliances promptly. As part of this effort, BCA has centralised its procurement

function to oversee and monitor the departments' compliance with procurement policies and procedures.

d. Compliance with policies, procedures, and regulations is recognised as a key risk driver in BCA's ERM Framework. Mitigating controls have been established and are regularly monitored. Relevant Key Risk Indicators are also in place, with results reported to senior management and the Board.

e. BCA conducts an annual control self-assessment exercise to assess the effectiveness of internal controls in monitoring compliance with policies and procedures and preventing similar lapses. IA reports the findings and follow-up actions to senior management and ARC.

f. IA conducts audits to evaluate and improve effectiveness of internal controls and compliance with policies, procedures, and regulations. The insights and recommendations from these audits are shared with management and ARC.

g. Senior management provides guidance on appropriate disciplinary measures to be taken, depending on the nature and severity of the lapse noted.

National Parks Board

77   For the lapses in valuations and payments for work orders at the National Parks Board (NParks), the Ministry of National Development (MND) informed the Committee that the root causes were:

a. Procedural lapses by staff which resulted in payments made in full for works not done according to Works Orders. They include: (i) applying the incorrect contract item and/or rate when raising the Work Orders (WOs); (ii) failing to amend initial WOs due to variation in design or scope of works; (iii) not certifying works done for payment on site; and (iv) not obtaining comparative quotes to assess reasonableness of the rates used in the WOs.

b. Procedural lapses by staff which resulted in lapses in valuation of work done. Staff overlooked errors in calculation of quantities reflected in contractors' bills of quantities, and certified works done for payment without measuring actual quantity of items supplied.

c. Duplicate payments for works occurred due to an overlap in the contract Price Schedule of Rates (PSOR) for ad-hoc work items with the all-in rate of another similar item in the contract.

78   NParks have taken the following steps to address the above lapses:

a.   Engaging contractors to recover the overpayments estimated at $1.93 million (as reported in the Report of the Auditor-General). As of November 2024, $0.39 million has been recovered. NParks aims to finalise the repayment plan by February 2025.

b.   Reviewed existing construction term contracts to streamline the PSOR items. This would (i) reduce the number of items that are similar in nature; (ii) eliminate the overlap between the PSOR items and the all-in rates of the contracts; and (iii) improve clarity in applying PSOR items and assessing cost. NParks has completed this internal review in September 2024 and the revised template will be used for new contracts. For active contracts, NParks will seek contract variations subject to agreement by the contractors.

c.   In addition, external consultants will conduct a comprehensive review of the standard drawings, specifications and PSOR items for construction term contract. The new contract details will be used for future tenders, making it clearer for staff to raise work orders for the required works. NParks aims to complete the comprehensive review by September 2025.

d.   Raised its contract management capabilities by strengthening its project development team for construction term contracts through hiring and procurement of consultancy services.

e.   Strengthened its WOs certification process by engaging independent Quantity Surveyors (QS) to check on WOs and work done for construction term contracts for projects exceeding $500,000.

f.   Taken disciplinary action by counselling and issuing letter of advisory to staff involved, including the supervisors.

g.   Conducted and will continue conducting briefings for staff on best practices in the management and procurement of construction projects. Recent audit findings and action plans will also be shared at these briefings.

79   On the observation on possible irregularities in quotations for star rate items, MND informed the Committee that the lapses were due to a lack of staff awareness in detecting falsified star rate quotes submitted by consultants and contractors.

80   To address the lapses, NParks has performed the following actions:

a.   Lodged a police report based on AGO's recommendation and police investigations are still on-going.

b.   Engaged an external QS to source for independent quotations for star rate items so that NParks can ascertain the reasonableness of the star rate items in quotations.

c.   Enhanced its consultancy tenders design for development projects by incorporating requirements, such as the need for consultants to source independent quotes where necessary.

d.   Leveraged technology to detect suspicious quotations. NParks has piloted the use of a document analysis tool developed by the Accountant-General's Department to detect irregularities and conduct checks on the authenticity of quotations submitted by contractors and consultants.

81   To develop staff's capabilities and competencies in construction project management and procurement, NParks has developed a competency matrix for those two areas, which is adapted from the Ministry of Finance's (MOF's) procurement competency framework. It outlines the various work functions throughout the project management cycle, and the corresponding competencies required for the relevant tasks. This serves to guide the capability development and training plans of officers involved in the procurement of construction services and management of construction contracts.

82   NParks' Internal Audit (IA) conducts annual audits on procurement and contract management, with a focus on higher value and more complex projects. Going forward, IA will expand their audit scope to include term contracts.

83   To ensure that officers on the ground comply with policies, procedures, and regulations, several measures have been / will be implemented:

a.   A Community of Practice will be cultivated among officers, with regular sharing sessions to promote best practices and enhance understanding of pertinent policies, procedures, regulations, and implications of non-compliance. For new officers, key policies, procedures, and regulations are also briefed during induction programme and on-the-job training.

b.   Implemented checklists for staff, supervisors and consultants to guide them on the compliance with Instruction Manual requirements and good practices to prevent and detect potential lapses.

c.   Stepped up recruitment of experienced and qualified staff who possess relevant professional accreditations. External consultants will also be engaged to enhance project management and contract administration, especially for high value and complex projects.

d.   Monitors mitigating controls and key risk indicators for non-compliance with policies, procedures and regulations which has been identified as a key risk driver in NParks's risk management framework. These are periodically reported to senior management and the Board.

e.   Conducts internal audits to evaluate and improve effectiveness of internal controls and compliance with policies, procedures and regulations. The insights and recommendations derived from these audits are shared with management and Board Committee. Project management has been identified as a high-risk area and NParks' IA audits this area annually.

f.   Adopts the Public Service Commission's disciplinary framework for managing cases with offences arising from staff negligence. In addition, NParks also has in place counselling to address less severe lapses that do not warrant formal disciplinary action. The lapses would also be taken into consideration during the current year's performance appraisal exercise.

Ministry of Trade and Industry

84   The Ministry of Trade and Industry (MTI) informed the Committee that the lapses at the Sentosa Development Corporation (SDC) were due to a combination of factors as follows: (a) competency gaps in officers from the previous contract management team; (b) lack of clear and comprehensive documentation of processes; and (c) design of vehicle maintenance contracts which did not allow adjustments of monthly payments to contractors based on actual work done.

85   For the audit observation on SDC's contractor having created job sheets for 105 scheduled servicing jobs in the system even though no work was performed, MTI said that the contractor clarified that it was an administrative oversight by its staff. The contractor's staff was not aware of the process to reschedule the said jobs in SDC's Fleet Management Information System (FMIS). SDC has since issued an official warning letter to the contractor's General Manager in May 2024 and obtained the General Manager's commitment to manage the process tightly with SDC to avoid future recurrence.

86   On the lapses in the disposal and administration of 16 condemned vehicles that resulted in over and underpayments totalling $4,596 and $1,518 respectively, SDC informed the Committee that all overpayments had been recovered and underpayments were paid in April 2024.

87   SDC has also taken the following actions to address the lapses:

a.   Strengthened training to address competency gaps in contract management. Since early FY2023, SDC has mandated that all officers involved in procurement attend the Procurement E-Learning 1.1 course conducted by the Civil Service College to acquire essential foundational government procurement knowledge. Following this pre-requisite course, SDC officers involved in contract management are required to attend a new in-house Contract Management deep-dive workshop, designed to enhance their practitioner skillsets to manage contracts effectively. These training requirements will be institutionalised for all future officers involved in procurement and contract management.

b.   Formalised the procedures/expectations for the Vehicle Servicing Process and Vehicle Disposal Process into SOPs. The new SOPs provide clarity to officers on the expectations for vehicle servicing and disposal and enable checks to be conducted against the SOPs to enhance oversight of the processes. For example, vehicle users must now sign off on a servicing record, which will then be verified by SDC's contract management team. This ensures greater accountability by vehicle users on the timely servicing of their vehicles. The new SOP for the Vehicle

Servicing Process now clearly states the correct process for creation of job sheets in FMIS. Both SDC officers and the contractor have been briefed on the new SOP and reminded of the importance of adhering to it. On the Vehicle Disposal Process, SDC has clearly stipulated roles and responsibilities of officers involved and introduced clear timelines to complete the process. This will facilitate prompt follow up, proper documentation, and enhanced oversight for greater accuracy in determining SDC's vehicle fleet size and servicing payments. SDC will also ensure that new officers are briefed on the new SOPs and are made aware of the expectations.

c. Strengthened administrative oversight of the contract management process. From January 2024, SDC merged the two teams responsible for disposal of vehicles and management of maintenance contracts. This merger aims to ensure timely coordination between the vehicle condemnation process and updating the maintenance contractor of changes to SDC's fleet size for more seamless asset management over SDC vehicles' life cycles.

d. In addition, SDC has also implemented monthly sampling checks on the completion of scheduled servicing works and its contractor's adherence to the new SOP such as on the creation of job sheets. The checks will be conducted by SDC's Integrated Operations Governance & Compliance unit. Missing servicing works or compliance issues involving the contractor will be escalated to the Divisional Director (Integrated Operations) and highlighted during SDC's monthly meeting with the contractor to ensure awareness and follow-through.

e. Revised existing contract terms from June 2024, allowing SDC to deduct payments for missed scheduled servicing works for the remaining contract period.

88   Other than the training mentioned in the above paragraph, SDC has also implemented initiatives to educate officers on risk awareness and management. New officers are required to complete mandatory e-learning courses on Fraud Awareness and Risk Management and self-paced learning on Procurement Policies and Guidelines and Record Management. These courses cover crucial topics such as staff integrity and compliance, and reporting of non-compliances and breaches or risks observed by officers. Officers are required to complete a quiz after each e-learning session and must complete all courses within three months of their date of appointment, beyond which non-compliance would be escalated to the officer's supervisor.

89   In response to the Committee's question on the role of the Internal Audit Department (IAD) in SDC's governance system, SDC explained that IAD plays a third-line role and provides independent, objective assurance and advice through a risk-based approach to evaluate the effectiveness of risk management, control, and governance processes. IA works together with the management-level officers who own the business and/or processes (i.e. first line) and support functions like Enterprise Risk Management (i.e. second line). Together, they coordinate assurance activities and communicate the effectiveness and importance of risk management to stakeholders, including staff.

90   Contract Management is among the audit areas covered by SDC's IAD. Specific contracts are selected for audit based on SDC's risk assessment, and the audit scope covers the evaluation of design and operating effectiveness of key processes and controls. IAD reports its findings to SDC's management and the Audit Committee. It also works with relevant divisions to develop follow-ups to promote and facilitate continuous improvement.

91   To enhance staff's compliance with policies, procedures and regulations, SDC's management is committed to strengthen staff training and internal controls and enhance procedures for checks and balances to better monitor compliance to established policies. It will continue to foster a culture of accountability and good governance and emphasise to its staff the importance of maintaining high standards of integrity, service, and excellence as public officers. In addition, SDC will distil relevant learning points from the AGO audit observations and share them with all officers for them to be applied SDC-wide. IAD had shared learning from the Report of the Auditor-General in platforms such as Management meetings involving Directors and above and conducted joint training sessions with SDC's Procurement team. Following the publication of this year's AGO report, IAD had also communicated the key learning points to all officers.

Thematic Audit on Parenthood Support Measures

92   The Committee considered the key findings made on selected parenthood support measures managed by the Ministry of Social and Family Development (MSF) and the Early Childhood Development Agency (ECDA) and asked MSF to address the following questions:

   a.   What are the root causes of the lapses and what are the further follow-up actions taken/to be taken to address these lapses?

   b.   How does MSF/ECDA plan to develop capabilities and competencies in the relevant areas?

   c.   Given the AGO audit findings on grant administration and disbursement, can MSF/ECDA state what it is doing to ensure that risks and governance in this area are appropriately managed (which includes ensuring that grants/subsidies are disbursed to the intended recipients and that the amounts are correct)?

   d.   The AGO audit covered the period 1 April 2021 to 30 June 2023. Following AGO's audit findings, did MSF/ECDA carry out checks on transactions under the relevant schemes outside of this audit period? Please provide details of the checks done (if any) and the outcome (including the total amount of incorrect disbursements recovered and to be recovered, if any).

   e.   What are the plans to harness technology (e.g. data analytics, AI) to identify outliers and exceptions? What plans does MSF/ECDA have to ensure that controls in its IT systems for grant/subsidy disbursements are working as intended?

   f.   What role does Internal Audit play in MSF's/ECDA's governance system, in particular, in the oversight over grant/subsidy disbursements?

g. How does MSF/ECDA ensure that its officers on the ground comply with its policies, procedures (e.g. SOP) and regulations?

Ministry of Social and Family Development

93   MSF informed the Committee that for the Baby Bonus (BB) and Government Paid Leave Scheme (GPLS), the key risk mitigation measure was to leverage systems and data to reduce human error in grant administration. While these controls were largely effective in preventing errors, there was insufficient emphasis on gaming and fraud risk which resulted in most of AGO's findings.

94   For the observation on possible irregularities in GPLS, it was a result of insufficient checks against employers who claimed GPLS reimbursement for individuals who are not legitimate employees or who falsely declared a higher wage. To address this, MSF is implementing a systematic approach to address fraud and abuse of the GPLS. Firstly, MSF is working with the Prime Minister's Office, the policy owner of GPLS, to revise the reimbursement cap structure. The legislative changes are expected to be effected by June 2025. Secondly, MSF is enhancing its fraud detection capabilities and will automatically route claims exhibiting irregularities for manual verification prior to payment. From June 2024, MSF has deployed detection parameters that AGO had used during the audit to the GPLS system. MSF will further refine these parameters following additional fraud analytics.

95   MSF has lodged a police report for 3 of the 32 individuals deemed to have highly suspicious claim behaviour. For the remaining cases, MSF has requested further supporting documents from employers to review the eligibility and will recover any overpayments as determined by their investigations. MSF has also blocked the submission of further GPLS claims from the employers involved while its reviews are ongoing.

96   For the lapses in grant evaluation for GPLS, MSF informed the Committee that there were two main root causes. Firstly, incorrect declarations from applications were not detected as errors. Secondly, there were system programming issues where there were programming bugs and edge cases that the system did not initially cater for. To address these lapses, MSF has enhanced the system to use Government verified data for marital status, and to cap declared employer's CPF contribution based on the contribution limit for ordinary wages from June 2024. To address system programming issues, MSF has completed enhancements to the GPLS system and will continually improve the system to ensure that claims are verified accurately, including developing more robust test cases.

97   On the finding on unusual withdrawals from Child Development Accounts (CDA), it stemmed from the non-compliance of obligations by parents / CDA trustees under the BB Scheme. MSF has since lodged a police report for these cases. It has also put in place regular data analytics reports since February 2024 to enable detection and investigation of anomalous transactions.

98   As for the possible fabrication of CDA transaction records for audit purpose, it was due to non-compliance of obligations by Approved Institutions (AIs) and Approved Persons (APs) under the BB Scheme. MSF said that it takes a very serious view of falsification of documents. MSF notified the AP in January 2024 about the commencement of investigations on possible

breaches of CDCA and blocked it from making CDA withdrawals during the investigation. Following the investigation, MSF lodged a police report in March 2024 regarding the unusual CDAs withdrawals by the trustee at the optical shop. To reinforce compliance, MSF has been sending periodic reminders to APs to comply with their role's terms and conditions. MSF also conducts regular engagements with APs to remind them on their obligations and share about the non-compliances observed.

99   For inadequate monitoring of AIs and CDA withdrawals, these were due to gaps in (a) the NETS system for maintaining AI information and CDA transactions; and (b) the processes for the management and monitoring of AI records. To address the gaps in the NETS system, MSF has rectified all outdated/missing/inaccurate AI records in NETS' systems so that future CDA withdrawals are accurately captured. To ensure alignment of AI records in NETS' and MSF's systems, MSF has implemented the following: (a) since March 2024, MSF receives from NETS a daily list of AIs that are onboarded and deactivated; (b) since April 2024, MSF has conducted a quarterly reconciliation of AI details between MSF and NETS systems; and (c) since September 2024, the deactivation of deregistered AIs has been automated.

100   To address the gaps in the processes, MSF has comprehensively reviewed the systems and processes for the management of AI records. It has taken measures to improve the processes to ensure accurate and up-to-date AI information is captured in transaction records. One of the measures include validating the AI list using Government records. MSF has been performing monthly checks against records from Accounting and Corporate Regulatory Authority since December 2023 to ensure that AIs with invalid Unique Entity Numbers (i.e. UENs) are promptly deregistered. MSF is also in discussions with regulatory agencies to automate the deregistration of AIs when their licenses expire. Other measures taken by MSF include using monthly reports to flag anomalous CDA withdrawals for follow-up and expanding its regular audits on AIs to include optical shops.

101   For the weaknesses in IT controls, they were attributed to process gaps in both the management of system admin privileged access (sudo) restrictions and review of privileged user access/activities. MSF said that since March 2024, the required system admin privileged access (sudo) restrictions and reviews are in place. MSF has also made the account reviews more thorough and enhanced the audit logs to provide more comprehensive information. From May 2024, annual review of the access control matrix was also implemented.

102   MSF has put in place an Enterprise Risk Management (ERM) framework that evaluates operational risks and sets out control measures to manage risks. For grants such as parenthood support schemes, the ERM framework covers all stages of the grant administration and disbursement process, with comprehensive controls for people, process, and systems. The ERM framework is regularly reviewed and updated to incorporate new findings (e.g. from audits), as well as learning points and best practices in grants governance from other government agencies.

103   Going forward, MSF is systematically tightening controls to address gaming and fraud, as well as building capabilities for detection, investigation and enforcement of such cases. Apart from implementing internal controls, MSF is also working with partners such as NETS to ensure that comprehensive safeguards are in place throughout the entire grant administration and disbursement process.

104   The Committee asked MSF if it carried out checks on transactions beyond AGO's audit period under the relevant grant schemes. In response, MSF said that they had completed a scan to identify other potential irregular cases after the AGO audit period and detected 14 gaming cases. MSF will follow through to recover the monies. Errant employers may be liable for offences under the CDCA and/or the Penal Code. For GPLS transactions that took place before AGO's audit period, MSF will refine the heuristics used to flag cases to reduce false positives, and follow up on cases raised by whistleblowers and those related to ongoing investigations.

105   For CDA withdrawals, MSF has completed a scan to identify CDA withdrawals made at deregistered AIs, non-AIs, or AIs with invalid UEN status outside of AGO's audit period. MSF is currently investigating potential unauthorised withdrawals. In cases where CDA withdrawals were not made for the benefit of the child/his siblings, MSF will require the trustees to repay the amounts into the CDA. CDA transactions that occurred after AGO's audit period will also be checked as part of MSF's regular audits of AIs.

106   MSF plans to harness technology to identify outliers and exceptions pertaining to GPLS and CDA withdrawals. For GPLS, MSF deployed detection parameters that AGO had used in its audit to identify potential gaming cases and plans to enhance detection capabilities with AI. To identify errors in grant evaluation for GPLS, MSF will use data analytics to detect anomalous transactions. It will also explore the feasibility of additional post-reimbursement validation to ensure that claims were processed correctly. For CDA withdrawals, MSF put in place regular data analytics reports since February 2024 to enable the detection and investigation of anomalous transactions.

107   MSF's Internal Audit Unit (IAU) supports MSF's Audit Committee and Senior Management in the following areas: (a) conduct independent audits on subsidy and grant schemes administered by MSF; (b) advisory work to help MSF improve its governance and controls of its subsidy and grant schemes; and (c) conduct fraud investigations. IAU's primary mandate is to provide independent assessment on the robustness of control and processes to ensure that they function effectively as intended. They work with divisions to ensure identified issues are addressed promptly. Additionally, IAU offers advice on governance and design of controls to incorporate risk-based preventive and detective measures, while policy decisions continue to rest with the Management. IAU also facilitates knowledge sharing by disseminating recurring observations from its grant audits as learning points to divisions administering grants.

108   To ensure officers on the ground comply with policies, procedures and regulations, all MSF officers administering grants and benefits are required to complete training on operational risks relevant to grant administration. All relevant officers are also required to undergo annual refresher modules and pass a quiz at the end of the training.

109   At the divisional level, the following measures are being taken:

   a.   Processing guidelines are updated periodically to ensure that they are aligned with policy changes and process improvements. Officers are informed of these changes, via email or briefing, and these documents are kept in a common shared folder.

   b.   New hires must attend training before they can start processing cases. Supervisors conduct weekly case reviews to support knowledge sharing/refresher among processing officers.

c. Random sample checks on processed cases monthly to ensure compliance. This is augmented by periodic internal audits.

Early Childhood Development Agency

110   MSF informed the Committee that ECDA takes a serious view of the lapses and has taken immediate steps to tighten its controls and address the root causes. The root causes of the lapses and further follow-up actions taken by ECDA are detailed below.

111   The observation on the system errors affecting eligibility assessment and subsidy computation were due to technical glitches that had occurred during automatic subsidy processing by ECDA's Centre Management System (CMS). In response, ECDA has updated the system by deploying relevant system fixes. To enhance the robustness of the preschool subsidy system, ECDA has onboarded the HOusehold Means Eligibility System (HOMES) in December 2024. HOMES is a national means-testing system for government agencies to administer more consistent, efficient and accurate means-testing mechanism for access to public schemes. HOMES will improve system integrity for ECDA while ensuring greater consistency in income assessment across schemes. In the interim, ECDA will conduct periodic analysis of disbursement data to ascertain the accuracy of eligibility assessments.

112   For the observation on subsidies given for ineligible children, the two root causes were the deactivation of system checks due to data limitations and the failure of manual reviews to detect the invalid subsidy applications. ECDA deactivated system checks on child's citizenship from June 2020 to April 2022 due to data limitations which resulted in false positives and caused processing delays and inconvenienced parents. The checks were reactivated in CMS from the end of April 2022 when ECDA was able to obtain complete citizenship data to verify the child's citizenship. ECDA continued such checks until it onboarded HOMES in December 2024, which has since undertaken the assessment of children's citizenship status.

113   The observation on non-declaration of fee discounts resulting in over-disbursement of subsidies was largely due to weaknesses in preschools' subsidy administration. Specifically, centres were not aware of the requirement to deduct discounts (if applicable) from programme fees when submitting on CMS. This is despite the instruction being reflected on ECDA's hardcopy subsidy application forms and CMS. MSF said that ECDA has updated its audit guidelines in April 2023 to incorporate checks against fees entered via the CMS as part of both ECDA's regular audit of preschool centres and the centres' own financial audit. ECDA has also updated its Code of Practice in December 2023, requiring centres to account for all applicable discounts when updating their programme fees in subsidy application forms and CMS.

114   On the lapses in processing of subsidy applications and lack of proper documentation, they were a result of data entry errors and preschool administrators failing to ensure records, such as application forms, were properly kept/retained. These lapses will largely be addressed with the launch of the new subsidy application process in December 2024. As part of the new process, parents can transact directly with ECDA via LifeSG, eliminating the need for hardcopy application forms submitted via the centres. This should vastly reduce errors/lapses by centres and improve the efficiency and accuracy of subsidy disbursements to beneficiaries. In addition, ECDA will enhance its current risk-based audit approach by adopting machine learning techniques to detect centres of higher risk. ECDA will also leverage existing engagement

platforms with operators to provide feedback on their subsidy administration so that they could take steps to reduce the likelihood of errors.

115   The observation on possible irregularities in documents furnished for audit was due to weaknesses in preschools' subsidy administration which include ensuring enrolment records are properly updated and complete. ECDA takes a serious view of improper creation and/or alteration of documentation by preschool centres. Following a thorough investigation, ECDA has established that there was no fraud involved and the cases were genuine enrolments of children who were eligible for subsidies. Nevertheless, ECDA issued warning letters to the centres involved and reminded the other centres of the requirement to put up the necessary forms for any changes. Preschools have also been cautioned that should there be any indications of fraud, ECDA will not hesitate to refer such cases to the Police for further investigation.

116   The weaknesses in centre-level audit controls were largely due to inadequacies in system validation checks to ensure that audit statements and declarations are correctly submitted via the CMS. Going forward, ECDA will enhance the validation checks and refine the system logic to include centres that receive both Kindergarten Fee Assistance Scheme (KiFAS) and childcare subsidies (i.e. dual service centres). ECDA will withhold the subsidies if the centre fails to submit any of the audit statements. ECDA will also implement AI solutions to assist in checking if observations in the annual audited statements align with the centre's declarations by June 2025. Any discrepancies noted will be routed to ECDA for verification.

117   On ineligible grant claims, these were mainly due to two reasons. The first was the lack of clarity in the eligibility criteria to the operators, while the second was the inadequacy of disbursement checks and audit scope to detect ineligible claims. ECDA has taken immediate steps to recover the over-disbursements and issued stern reminders to operators on ineligible grant claims. ECDA has updated its Funding Guidelines to make clearer the eligibility criteria for claims. To strengthen controls over detection of ineligible grant claims, ECDA will be leveraging data analytics and expanding the scope of its commissioned audits.

118   ECDA's practice of processing claims in bulk led to delays in processing and disbursement of grants. ECDA acknowledges the impact of delays in grant disbursements on operators' cash flow. It has since revised its workflow to disburse grants to operators in batches. It aims to further improve the process and disburse 85% of claims within a 45-day timeframe and closely track the progress of the remaining claims.

119   On the observation relating to audits that were not completed on time and poor follow-up on delays, it was mainly due to (a) one vendor being appointed for all anchor operator (AOP) audits; and (b) ECDA's inadequate contract management and monitoring procedures of its auditors. ECDA will address the vendor concentration risk issue by leveraging on MSF bulk tender exercise to appoint a panel of auditors instead. ECDA has implemented this approach for AOP audits from 2023 and plans to do the same for partner operator (POP) audits. For ongoing audits, ECDA has put in place tighter supervision to ensure auditors complete the audits in accordance with the revised deadlines and is on track to complete all delayed audits by June 2025.

120   As for the weaknesses in IT controls, they stemmed from process gaps which resulted in lapses in compliance system admin privileged access (sudo) restrictions and lapses for privileged user activities / user access management. To address these weaknesses, ECDA has put in place the required system admin privileged access (sudo) restrictions and reviews since

March 2024. Since February 2024, ECDA has been conducting monthly reviews of CMS privileged user activities, retrospectively reviewing activities from November 2023. From January 2024, with the formalisation of the CMS account creation process, all requests are required to be submitted through an automated system. This process tracks the approval of account creation requests and retains the required supporting documents for both privileged and user accounts, ensuring all activities performed by privileged users are authorised. Additionally, ECDA has taken steps to strengthen user access review, particularly for external users who do not consistently comply with the monthly System Access Review (SAR) requirements. To further deter such behaviour, ECDA has imposed additional requirements from July 2024 for non-compliant centres/HQs. They need to provide formal explanation for the non-compliance through their senior-level officers and perform SAR within the same week. In July 2024, ECDA has also reminded operators to remove dormant HQ accounts on a timely basis.

121   MSF informed the Committee that it has put in place an Enterprise Risk Management (ERM) framework that sets out control measures to manage operational risks. The ERM framework includes ECDA's controls and SOPs to ensure proper management and administration of its preschool subsidy and grant schemes. These involve leveraging systems and data to reduce human error in grant/subsidy administration and system checks to flag out exceptions for reviews. Annual audits are also conducted by both preschool-appointed and ECDA-commissioned auditors. These audits help to ascertain the accuracy of grant claims and subsidy disbursements.

122   The Committee asked MSF if ECDA carried out checks on transactions under the relevant schemes outside of AGO's audit period. In response, MSF said that ECDA has implemented controls to ensure that subsidies and grants are managed in accordance with the guidelines stipulated in ECDA's Code of Practice and Funding Agreements. The controls involve requiring all preschools administering subsidies to engage an auditor to conduct checks on the subsidy claims paid out each financial year and to submit their annual audited statements to ECDA. ECDA also commissions external auditors to audit selected centres on subsidy claims as well as AOP and POPs that receive grants. ECDA will proceed with recovery actions if there are overpayments uncovered from these audits.

123   In response to the Committee's question on how ECDA plans to harness technology to identify outliers and exceptions, MSF said that ECDA is planning to do so for both subsidy and grant disbursements. For subsidy disbursement, ECDA is exploring the application of data analytics to adopt a modelling approach to improve its current risk-based methodology for identifying centres with higher non-compliance risks in their subsidy/KiFAS claims. The model would help ECDA improve the identification of centres that are more likely to submit fraudulent or ineligible claims. Unsupervised machine learning techniques will be used to build a model to analyse patterns and outliers that may be more prone to failing audit checks. Centres which display such characteristics will be promptly surfaced for further investigations.

124   As for grant disbursement, ECDA plans to leverage data analytics to enhance its checks on grants disbursed to AOPs and POPs. This will enable ECDA to (a) better identify anomalies/outliers in grant claims submitted to ECDA and grant amounts computed in the system; (b) adopt a risk-based approach in selecting potentially ineligible claims for further verification checks; and (c) detect possible gaming behaviour or double-dipping of grants.

125   MSF's IAU strengthens ECDA's overall financial governance system by supporting the MSF Audit Committee and MSF/ECDA Senior Management in the following areas: (a) conduct independent audits on subsidy and grant schemes administered by ECDA; (b) advisory work to help ECDA improve its governance and controls of its subsidy and grant schemes; and (c) conduct fraud investigations.

126   To ensure that officers on the ground comply with its policies, procedures and regulations, ECDA regularly updates its SOPs to ensure that they are up to date. As part of the onboarding process, all new officers are briefed on the SOPs and training is provided. To help officers who administer grant disbursement and subsidy processes, ECDA provides checklists and specific guidelines and informs them of the required checks. To ensure grants and subsidies are administered in accordance with the governance requirements and controls, ECDA has implemented a secondary review feature within CMS as part of the approval processes. This is augmented by periodic audits commissioned by ECDA and MSF IAU.

B. **Broader Issues**

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

a. Grant Management;

b. Social Spending on Seniors; and

c. Resiliency and Recoverability of Government Data, IT Systems and Digital Services.

Grant Management

128   The Committee noted that lapses in grant management continues to be a recurring finding by AGO. The Committee noted that the Ministry of Finance (MOF) has done much work to improve grants governance at the Whole-of-Government (WOG) level, e.g. by establishing the Grants Governance Office (GGO) and developing central instructions and advisories on grant administration. Given that Government spending on grants will likely increase in the future, the Committee asked MOF about the following:

a. MOF's WOG approach to strengthen grants disbursement and administration processes.

b. Use of technology, such as data analytics and Artificial Intelligence, in grant disbursement and administration.

c. Role of Internal Audit (IA), in particular its role pertaining to governance over grants management.

Ministry of Finance

129   MOF informed the Committee that to help strengthen grants governance, MOF's GGO has implemented a grants governance framework in 2020. The grants governance framework sets out policies and guidelines covering each stage of the grants management cycle. This consistent set of guidelines ensures proper financial governance and strengthens capabilities in grant administration, including management and monitoring of intermediaries such as grant administrators. For instance, the grants government framework prescribes that for new or renewed grant schemes, agencies are required to seek approval of the relevant Approving Authority (i.e. the Permanent Secretary, the Chief Executive or officer delegated by them). The prescribed scope of approval includes, inter alia, risk identification and management, alongside the purpose, merits and intended outcomes of the grant scheme. MOF said that, nonetheless,

accountability for the proper administration of a grant scheme rests with the agency in charge of the scheme.

130   MOF's policies and guidelines are supplemented with a good practice guide that provides helpful examples and practical advice for agencies. For example, the guide provides advice to agencies on developing appropriate risk identification and management measures. Appropriate control measures and monitoring mechanisms of the grant schemes for their outcomes are expected to be included during the implementation phase. If there are lapses in grant administration, agencies are required to take remedial actions.

131   MOF regularly reviews and updates its grant management guidelines and resources such as the Instruction Manual and the Good Practice Guide on Grants Governance. It incorporates feedback from grant-giving agencies, as well as learning points from AGO annual audit observations for learning across agencies to strengthen their grants administration processes.

132   The Grants Management Committee (GMC), established by MOF, provides central guidance and harmonises common needs and processes across agencies. The GMC appointed sectoral leads for the five grant sectors (i.e. business, social, community, education and training) to coordinate efforts in strengthening grants management in each sector. This enables sectoral coordination and sharing while providing flexibility in each sector to cater to differences among agencies and grants. Apart from sectoral leads, GMC appointed domain leads in the horizontal domains (i.e. system and data analytics, fraud detection, and investigation) to build grants governance capabilities.

133   In addressing fraud risks specifically, MOF worked with the Commercial Affairs Department (CAD), which is the domain lead for investigation, to identify key risk areas in grant management and possible mitigating measures to address such risks. This information has been disseminated to grant-giving agencies in the form of a fraud risk management checklist to help them perform risk assessments and introduce appropriate checks and controls in their grant design, administration, and audit processes. This checklist is also reviewed regularly to incorporate new risk areas or lapses uncovered by AGO.

134   MOF also facilitates regular sharing of best practices and learning points among agencies. For instance, it coordinates with the Inland Revenue Authority of Singapore (IRAS) and CAD to convene a regular Community of Practice to share best practices on grant administration, fraud prevention and detection. MOF also partners with domain leads to formulate capability-building roadmaps and they have jointly created resources such as guides to facilitate this capability building process. This serves to deepen agencies' capabilities in grants administration, systems and data analytics, including fraud detection and investigation.

135   To better equip officers with knowledge of the central guidelines on grants governance, MOF partnered the Civil Service College (CSC) to develop an e-learning programme. The e-learning course covers key grant management principles and guidelines. It also allows learners to apply the lessons to scenarios crafted from real-life grants-related audit observations and lapses seen in recent years. The e-learning course is made accessible for public officers via the CSC Learn website or mobile application.

136   Apart from providing central guidance on fraud risk management, MOF works with agencies such as GovTech and CAD to implement initiatives that employ data and systems to prevent fraud and abuse of government grants. The initiatives include:

    a.   The use of network analytics to enable agencies to perform due diligence checks.

    b.   Developed a system that facilitates the sharing of data across agencies to help them identify suspicious entities or individuals as part of their grant evaluation process.

    c.   Piloted a platform for agencies to share timely information on suspicious modus operandi and fraud trends, to enable agencies to take early precautionary measures.

    d.   Exploring the use of Artificial Intelligence in grant claim processing and verification.

137   MOF also collaborates with sectoral lead agencies to ensure proper data governance and systems are in place. This initiative is part of the capability-building roadmap on data analytics and systems and helps to facilitate data access and sharing across agencies. It also enables agencies to validate data at source and strengthen their checks on information submitted by grant applicants or recipients.

138   MOF informed the Committee that it is not possible to prevent and detect all grant fraud, lapses, and abuse. This is due to the volume and complexity of grants given out, human error, and the changing modus operandi of fraudsters. Moreover, there are trade-offs among speed of disbursement to grant recipients, controls, and cost. Hence, MOF and agencies adopt a calibrated approach to mitigate risks and balance the compliance costs required, while continuing to strengthen grants governance management across the public sector. MOF said that as the overall system is functioning well, and there are no systemic issues, funding need not be withheld for new schemes. MOF will continue working with agencies to improve its systems and processes to support them in delivering services to the public effectively.

139   On the role of IA in ensuring governance over grants management, MOF informed the Committee that IA units at the agencies independently assess whether grant processes and governance requirements put in place adequately manage the risks inherent in such programmes. When conducting these assessments, IA units may flag gaps or weaknesses in the controls and processes for remediation. Hence, they provide the management of agencies with assurance that their systems of internal controls and processes are operating effectively as intended, and that issues are addressed in a timely manner. The Permanent Secretary, as the Accounting Officer of the ministry overseeing the grant scheme, can also direct its IA unit to conduct specific audits to provide independent assurance that remedial actions, if required, are duly taken. IA may also conduct follow-up audits to ensure proper remediation measures were taken by agencies.

140   While policy decisions remain the prerogative of management, IA is increasing its advisory role on good governance and control practices upstream. For instance, in grants administration, internal auditors have advised policymakers on system controls to verify the eligibility of grantees using source data before disbursing grants.

141   To support IA's role, a WOG IA manual was developed by the IA community in 2021, tailoring the International Professional and Practices Framework issued by the Institute of

Internal Auditors (IIA), for the public sector. The WOG IA Manual is accessible to public sector internal auditors via the WOG IA Portal. It is kept relevant by incorporating new standards such as the new Global Internal Audit Standards, with a greater emphasis on IA strategy, performance measurement, and the governing body's role in the oversight of IA.

142　In addition, competency frameworks released by professional bodies are adapted and contextualised for the public sector. For example, the WOG IA Competency Framework, introduced in 2023, is mapped to the IIA's Internal Audit Competency Framework. The WOG IA Competency Framework sets out the expectations of IA in the public sector and incorporates priority areas, such as having data analytics and digital literacy as a core competency.

143　To support continued development of IA, WOG IA milestone programmes are being developed. These programmes will complement existing professional developmental opportunities provided by professional bodies. The WOG IA foundation milestone programme for new IA officers was launched in October 2024 and will be conducted annually. As part of the IA foundation milestone programme, MOF's GGO has collaborated with the Accountant-General's Department (AGD) to organise sharing sessions on the grants landscape and common audit issues. MOF will also develop milestone courses for more senior IA officers and will continue to equip internal auditors with the right skillsets and tools.

144　Additionally, AGD communicates standards, shares best practices and helps agencies in their IA journey through the community of internal auditors in the public sector. It has developed a central Audit & Governance Enterprise Management (AGEM) system to harmonise audit processes, systematically capture audit issues and facilitate collaboration across the public sector. AGD will continue to facilitate inter-agency collaborations on standards and guidance, such as supporting advisory services or quality assurance.

Social Spending on Seniors

145   The Committee noted that the Government has put in place a suite of measures to provide our seniors security and comfort in their silver years. The amount of expenditure has increased over the years with new schemes being implemented, with one of the most recent being the announcement at Budget 2024 where about $3.5 billion was to be set aside for the Age Well SG initiatives. The Committee asked MOF and the Ministry of Health (MOH) the following:

      a.   Amount spent across the various schemes for seniors (e.g. Pioneer and Merdeka Generation Packages, Silver Support Scheme, etc.).

      b.   Methods (i.e. indicators) used to measure the impact and effectiveness of these social spending schemes and outcomes/trends observed.

      c.   Measures in place to ensure that monies spent on these schemes has been correctly disbursed and has reached the intended recipients.

Ministry of Finance and Ministry of Health

146   MOF and MOH informed the Committee that to address the implications of ageing on Singapore's economy and society, they have put in place schemes to: (a) keep seniors healthy, socially connected and engaged; (b) strengthen financial support for seniors' living expenses; and (c) ensure affordable healthcare and long-term care. For the period FY2020 to FY2023, the Government spent around $7.4 billion on senior-specific schemes.[2] This amount includes only schemes which specifically provide support for seniors and where disbursements/grants are made directly to seniors.

147   Initiatives aimed at encouraging seniors to stay healthy, socially connected and engaged have a long gestation period. This is especially for infrastructure initiatives to transform the living environment for seniors and those that require changes in lifestyles and habits.

148   Under the Age Well SG national programme, a slew of initiatives will be rolled out over the next decade. The scheme aims to provide proactive care to address seniors' needs, prevent social isolation, anchor community health through active ageing and senior volunteerism, and improve seniors' living environment. Given the scheme's decade-long rollout and nature, the Government expect its effects on seniors' health, including the translation to envisaged outcomes such as quality of life and life expectancy, to only be discernible after some time.

149   In the short to medium term, the Government has been monitoring the participation and satisfaction rates of seniors taking part in Active Ageing Centres (AACs) and their programmes

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[2]The $7.4 billion does not include $3.5 billion that has been set aside for Age Well SG initiatives over the next decade. It also excludes schemes such as Senior Employment Credit and Part-time Re-employment Grant which are not directly disbursed to seniors but support their employment through incentives for employers.

within the community. For instance, with the increase in number of AACs from 60 in 2021 to 214 as of November 2024, the number of seniors participating in AAC programmes increased from 17,471 in 2021 to 79,007 in 2023.

150   The Government also monitor seniors' participation and satisfaction rates for schemes that help transform their living environment to be more liveable and inclusive under the Age Well SG. Schemes include the provision of wireless Alert Alarm Systems (AAS) for seniors in public rental and senior-friendly upgrading programmes for public and private residential estates. For the Enhancement for Active Seniors (EASE) 2.0 programme, they will also track the proportion of seniors who indicate that they feel safer moving around their home after installing EASE items. For instance, from 2021 to 2023, the number of households who installed the wireless AAS in public rental flats increased from approximately 6,300 to approximately 8,500. As for the number of households who installed senior-friendly fittings under the EASE programme, it increased from approximately 242,000 in 2021 to approximately 293,000 as of June 2024.

151   In the long term, the Government aims to see more seniors age actively and independently within the community, with improvements in outcomes such as healthy life expectancy, quality of life and social engagement.

152   In addition to keeping seniors engaged, continued employment is encouraged. The Government supports this through initiatives like the Senior Employment Credit and Part-time Re-employment Grant, which support employers to hire senior workers. They also support career facilitation services for seniors, such as Workforce Singapore's partnership with Centre for Seniors. To monitor the effectiveness of these schemes, the following indicators are tracked: (a) employment and labour force participation rates among senior workers; (b) successful job placements; and (c) the number of firms that are committed to offering part-time re-employment for senior workers. Notably, the employment rate for seniors aged 65 to 69 has increased from 43.8% in 2018 to 48.3% in 2023, higher than most OECD countries. These indicators facilitate the assessment of whether the efforts have translated into meaningful and sustained improvements in the employment of seniors.

153   To measure whether seniors have sufficient savings to cover basic living expenses in old age, the Government tracks Basic Retirement Sum (BRS) attainment rates. They reported that retirement adequacy for Singaporeans has improved. In 2023, about seven in 10 active Central Provident Fund (CPF) members were able to set aside the BRS at the age of 55, compared to about five in 10 a decade before.

154   To provide greater assurance for seniors, especially those who are low-income or retired, the Government provides financial support for their essential living expenses. This includes the Workfare Income Supplement for lower-income seniors to boost income and strengthen retirement adequacy, and the Silver Support Scheme for those unable to meet basic retirement needs. The Government regularly review the adequacy of these schemes to ensure they keep pace with income growth and inflation. The Government also provides transitionary support where necessary, such as the Assurance Package Seniors' Bonus, to address immediate cost-of-living concerns.

155   Finally, to ensure affordable healthcare and long-term care for seniors, the Government has put in place healthcare financing schemes. These include both broad-based and cohort-specific schemes like Pioneer Generation Package and Merdeka Generation Package. The Government provides significant premium subsidies to keep MediShield Life premiums affordable, and top up seniors' MediSave to help them build their medical savings and defray out-of-pocket healthcare expenses. There is also MediFund to help seniors who still face healthcare affordability challenges.

156   MOF and MOH said that patient affordability is a key measure of their healthcare financing schemes. For example, they track the proportion of subsidised inpatient hospital bills that can be fully covered by MediShield Life and MediSave. The average proportion of post-subsidy bill amount paid by MediShield Life and MediSave for Class B2/C inpatient hospital bills remained stable between 2018 and 2023, being at least 90% in both years. For those Class B2/C inpatient hospital bills that exceed $10,000, the indicator increased from 65% or more in 2018 to 85% or more in 2023. In addition, MOH regularly reviews the coverage and limits of MediShield Life and MediSave to ensure that nine in 10 subsidised inpatient hospital bills can be fully covered, minimising the out-of-pocket burden on patients who tend to be elderly.

157   In relation to the various schemes for seniors, most of them are means-tested to ensure that government funding is targeted at those who require the most assistance. Seniors with low or no income would thus receive more benefits. MOF and MOH informed the Committee that the Government will continue to regularly evaluate the impact of the programmes and review them to improve their effectiveness in achieving their intended outcomes.

158   To ensure governance over social spending on seniors, all government agencies administering the schemes have to adhere to the Instruction Manual (IM) on Grants Governance. This IM sets out the operating rules and principles across the three stages of the grant life cycle, namely (a) Grant Scheme Initiation or Renewal; (b) Grant Design; and (c) Grant Administration. Under this framework, agencies are required to establish formal agreements with administrators or institutions, defining the roles and responsibilities of parties involved, key outcomes, performance indicators and deliverables. This framework is supported by IT solutions implemented to reduce risk of human error in identifying eligible seniors and processing claims. Where possible, administering agencies also disburse benefits based on existing Government administrative data from a single source of truth, to ensure accuracy in identifying and allotting benefits to the target recipients.

159   To maintain the relevance of programmes and optimal use of resources, agencies conduct regular policy reviews and have in place monitoring mechanisms to track the performance and outcomes of the various grants and programmes. As part of the monitoring process, administering agencies or institutions are required to submit regular disbursement records or audited reports to overseeing Ministries for verification checks. The Ministries monitor each scheme's expenditure during the funding periods and update the projected cashflow requirement for subsequent periods to ensure funds are prudently allocated. In the event of excess budget allocated for a particular scheme, funds will be returned to the Ministry's central budget pool for reallocation to other projects. This ensures that funds continue to be channelled to areas which are aligned with the Government's goals and outcomes.

160   In addition to existing proactive measures put in place by agencies to ensure good governance, these programmes or funding schemes are subject to periodic audits by the respective agencies' internal audit teams to ascertain adequacy and effectiveness of controls and compliance with the IM on Grants Governance. Lastly, AGO audits also form an important part of the Government's systems of checks. They help to uncover weaknesses, identify areas for improvement, and contribute to the overall system of accountability. MOF continues to monitor the progress and follow-up actions taken for systemic issues raised in AGO's reports, and learning points are shared across the WOG to minimise the recurrence of similar lapses.

Resiliency and Recoverability of Government Data, IT Systems and Digital Services

161	The Committee noted the increasing occurrences of cyber-attacks and the growing prevalence of Artificial Intelligence (AI) deployment. Given that the Smart Nation Group (SNG) is the WOG functional lead for Infocomm Technology and Smart Systems (ICT&SS), the Committee asked about SNG's role and approach for the following:

　　　a.	Managing risks to strengthen the resilience and recovery capabilities of Government IT systems and digital services.

　　　b.	Safeguarding the security and integrity of data that is processed and stored within Government IT systems.

　　　c.	Overseeing the governance and deployment of AI within the public sector.

　　　d.	Ensuring the accessibility of Government digital services.

Smart Nation Group

162	SNG works together with the Government Technology Agency (GovTech) to support agencies in safeguarding the security and resilience of their ICT systems and data via levers such as ICT&SS governance and capability development.

163	SNG has established common frameworks for ICT&SS management, codified in the Government's Instruction Manual on ICT&SS Management (IM8). Under IM8, agencies are required to put in place process and technical controls to ensure that Government systems are developed securely and designed for resilience and availability. These standards are enforced through regular audits and imposed on ICT vendors contractually. GovTech has also developed tools to help agencies ensure that their IT systems comply with the security controls stated in IM8.

164	A common ICT risk management framework is also in place to guide agencies to map and prioritise different types of ICT risks, and develop mitigating measures based on the criticality of the IT system. Agencies are required to consider the interdependencies of the systems when performing their risk assessment. Examples of risks that the framework covers include third-party risks and resiliency risks.

165	The recent IT outage caused by a CrowdStrike update, which affected gantry operations at some Housing & Development Board (HDB) carparks, was an example of third-party risks. SNG informed the Committee that IM8 requires agencies to put in place comprehensive incident management procedures that third parties must comply with. For more critical systems, agencies need to work with third parties to jointly develop and put in place Business Continuity Plans (BCPs). SNG also audits agencies' third-party management processes to determine if they have sufficiently mitigated third-party risks. The CrowdStrike incident revealed areas for

improvement for the BCPs. HDB will work with the carpark operators to review and improve these plans.

166   The Government will soon introduce the Digital Infrastructure Bill as a regulatory means to strengthen the resilience of important digital infrastructure providers (e.g. data centre operators and cloud service providers) that are essential to the delivery of digital services by both Government and private enterprises. The Bill will outline a set of security and resilience standards that regulated entities would have to comply with.

167   Apart from agencies monitoring their own ICT risks, SNG also monitors systemic risks at the WOG level, including system interdependency. It maps the key system dependencies between Government ICT systems to monitor for potential critical points of failure. To prevent interdependencies from bringing down the Government network and infrastructure, systems whose disruption may lead to a cascading or widespread impact for other Government IT systems are subject to stricter resiliency measures. SNG also conducts in-depth studies on critical systems to identify their key dependencies and possible mitigating measures to reduce such dependencies. SNG closely monitors developments in the digital space and reviews its risk assessments, and policies and resilience posture, as needed.

168   To ensure strong incident response capabilities, agencies need to develop BCPs and Disaster Recovery Plans (DRPs) for Critical Information Infrastructures (CIIs) and Significant Information Infrastructures. The plans need to be exercised annually to maintain agencies' incident preparedness. SNG supports agencies by (a) providing them with comprehensive BCP templates to guide them in recovering services within acceptable timelines; and (b) validating the adequacy of BCPs and DRPs through audits of their backup and recovery processes. GovTech also organises incident management exercises at the WOG-level to exercise inter-agency incident management and coordination capabilities. Additionally, agencies are required to back up their data frequently and conduct recovery tests regularly using these backups.

169   To allow for timely detection of cybersecurity incidents in Government systems, GovTech operates the Government Cyber Security Operations Centre that combines threat data from multiple sources. Agencies are also encouraged to report any major disruptions/outages to MDDI and the Cyber Security Agency of Singapore to enable prompt sense-making and assessment of required follow ups.

170   SNG also facilitates agencies' assessment in striking the right balance between prevention and recovery measures. The Government considers risks and trade-offs in cost, productivity and usability of systems. SNG has put in place a risk-differentiated approach to guide the resiliency and security of systems. Critical systems, such as those that are necessary for the continuous delivery of essential services or essential to national security (e.g. CII systems) are subjected to the most stringent resilience and security requirements.

171   SNG also enhances agencies' ICT risk management capabilities through various training initiatives. All public officers are required to attend annual training and complete quizzes to ensure that they have a basic understanding of cyber and data security risks. For officers in ICT roles, SNG and GovTech provide additional training through the IM8 Proficiency Development Programme to equip them with the necessary technical competencies to develop, deploy, and run ICT systems securely. GovTech also conducts regular simulated phishing exercises to raise awareness of the latest phishing techniques among public officers.

172   To ensure data security and integrity, agencies should collect, keep and store data only when necessary. They also need to constantly monitor data access, modification and transfer of data to detect and respond to risky or suspicious activities. To help agencies, GovTech has implemented a Data Loss Prevention tool that monitors and controls data transfers on Government-issued devices to prevent leaks. Agencies should also use data protection techniques, such as encryption, to prevent data from being exploited in event of a data breach.

173   For AI, SNG has established a governance framework for the public sector, taking a practical and risk-based approach to the development and deployment of AI solutions by public sector entities. This framework incorporates existing ICT&SS standards in the IM8 and measures specific to address generative AI risks such as hallucinations and biased output. SNG regularly reviews the AI governance framework to reflect industry developments and streamline processes to encourage innovation. SNG and GovTech are also developing central AI testing tools and safety guardrails to help agencies mitigate risks in line with policy standards.

174   SNG promotes the use of AI via three focus areas. Firstly, SNG collaborates with GovTech's Digital Academy and the Civil Service College to enhance AI literacy across the public sector so that they can harness the benefits of AI for their work. Secondly, to drive broad-based adoption, SNG and GovTech have developed central AI products to enhance productivity across government agencies. They provide self-serve platforms and reusable AI components to accelerate agencies' AI solution development. This approach aims to foster innovation and speed up AI adoption across the public sector. Thirdly, SNG collaborates with domain leads to identify potential areas for AI-driven transformation in sectors such as Education and Health and in functional areas such as Finance and Procurement. They work together to define goals, articulate problem statements, and drive domain transformation. SNG provides central support through policy guidance, funding, and access to deep AI expertise and resources.

175   SNG conducts training for leaders in the public service, including top Public Service leaders, to emphasise that digital development is a leadership responsibility. The training covers topics such as cybersecurity, resilience, developing good digital products and strategic trade-offs, and governance of AI use in the public sector. This enables leaders to better harness and deploy technology in their agencies and make informed decisions about digital initiatives.

176   To ensure digital services are accessible to all citizens, including those who are less digital-savvy such as seniors, SNG is committed to ensuring that all high-traffic Government websites meet accessibility standards by 2030. The design of government digital services, which covers both websites and applications, is guided by the Digital Service Standards that incorporates the globally recognised Web Content Accessibility Guidelines. GovTech conducts regular usability checks and provides tools such as the Whole-of-Government Application Analytics to identify issues. Non-digital alternatives (e.g. ServiceSG centres and various Government agencies' service centres) remain available for those who need support to access Government services. The Government also engages private sector stakeholders and community partners to raise awareness and facilitate cross-sharing of knowledge on digital accessibility to create a more inclusive digital ecosystem.

MINUTES OF PROCEEDINGS

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17th Meeting

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Tuesday, 30 July 2024

10.30 a.m.

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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
Dr Tan Wu Meng

ABSENT:

Ms Poh Li San

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1. The Committee considered the Report of the Auditor-General for the Financial Year 2023/24 (Paper Cmd. 29 of 2024).

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 Culture, Community and Youth, Ministry of Education, Ministry of Finance, Ministry of Health, Ministry of Home Affairs, Ministry of National Development, Ministry of Social and Family Development, Ministry of Trade and Industry and the Smart Nation Group to submit memoranda on matters raised.

Adjourned to 3 September 2024.

18th Meeting

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Tuesday, 3 September 2024

10.30 a.m.

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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
Dr Tan Wu Meng

ABSENT:

 Ms Poh Li San

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1.   The Committee considered the memoranda received from the Ministry of Culture, Community and Youth, Ministry of Education, Ministry of Finance, Ministry of Health, Ministry of Home Affairs, Ministry of National Development, Ministry of Social and Family Development, Ministry of Trade and Industry and the Smart Nation Group arising from the observations and findings in the Report of the Auditor-General for the Financial Year 2023/2024 (Paper Cmd. 29 of 2024).

2.   The Committee deliberated.

3.   The Committee agreed to write to the Ministry of Education, Ministry of Finance, Ministry of Social and Family Development and the Smart Nation Group. The Committee also agreed that the Permanent Secretaries of the Ministry of Finance and the Smart Nation Group be invited to give oral evidence at the next meeting.

4.   The Committee also considered the memorandum received from the Ministry of Culture, Community and Youth arising from the observations and findings in the Report of the Auditor-General for the Financial Year 2022/2023 (Paper Cmd. 25 of 2023).

Adjourned to 22 November 2024.

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Friday, 22 November 2024

9.30 a.m.
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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

ABSENT:

Mr Saktiandi Supaat
Dr Tan Wu Meng

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

Ministry of Finance
(i)   Mrs Tan Ching Yee, Permanent Secretary
(ii)   Mr Lai Chung Han, Permanent Secretary (Development)
(iii)   Mr Adrian Chua, Deputy Secretary (Development)
(iv)   Mr Ow Fook Chuen, Accountant-General
(v)   Ms Lee Mei Chern, Deputy Accountant-General
(vi)   Mr Kwa Chin Lum, Director (Fiscal Policy)
(vii)   Ms Sharon Tan, Director (Performance & Evaluation)
(viii) Mr John Koh, Programme Director (Grants Governance Office)
(ix)   Mr Phua Hong Kiat, Deputy Director (Social Programmes)

Ministry of Health
(i)   Mr Ng How Yue, Permanent Secretary (Services)

Ministry of Digital Development and Information (Smart Nation Group)
(i)   Mr Joseph Leong, Permanent Secretary (Digital Development and Information), Permanent Secretary (Smart Nation), Prime Minister Office (PMO) and Permanent Secretary (Cybersecurity), PMO
(ii)   Mr Augustin Lee, Second Permanent Secretary (Smart Nation), PMO
(iii)   Mr Sim Feng-ji, Deputy Secretary (Digital Government), MDDI
(iv)   Dr He Ruimin, Deputy Government Chief Digital Technology Officer and Chief Artificial Intelligence Officer
(v)   Mr Wang Jiun Haur, Director (Strategy, Policy & Resourcing), SNG, MDDI
(vi)   Mr David Low, Director (Legal), SNG, MDDI

(vii)   Mr Yik Jiawei, Director (Security and Resilience), MDDI and Director (Strategy and Planning), Cyber Security Agency of Singapore

Government Technology Agency of Singapore
(i)   Mr Lim Thian Chin, Senior Director (Digital Governance Group)

2.   The Committee deliberated.

3.   The Committee agreed to write to the Ministry of Finance, Ministry of Health and the Smart Nation Group.

4.   Committee considered the further replies received from the Ministry of Education, Ministry of Finance, Ministry of Social and Family Development and the Smart Nation Group.

Adjourned to 14 January 2025.

20th Meeting

Tuesday, 14 January 2025

10.30 a.m.

PRESENT:

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

ABSENT:

Miss Cheryl Chan Wei Ling

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1.   The Committee considered the further replies received from the Ministry of Finance, Ministry of Health and the Smart Nation Group.

2.   The Committee deliberated.

Report

3.   The Chairman's report brought up and read the first time.

4.   Resolved, "That the Chairman's report be read a second time paragraph by paragraph.".

5.   Paragraphs 1 to 176 inclusive read and agreed to.

6.   Resolved, "That this report be the report of the Committee to Parliament.".

7.   Agreed that the Chairman do present the Report to Parliament when copies are available for distribution to Members of Parliament.

Adjourned sine die.