Auditor-General's Office
Singapore

Report of the Auditor-General

For the Financial Year

2025/26

Auditing for the Nation

AUDITOR-GENERAL'S OFFICE
SINGAPORE

2 July 2026

Mr Tharman Shanmugaratnam
President
Republic of Singapore

Dear Mr President

In accordance with the provisions of the Audit Act 1966, I am pleased to submit my Report on the audits carried out for the financial year 2025/26.

Yours sincerely

Ng Wai Choong
Auditor-General

Auditor-General's Office
Singapore

MISSION

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

CONTENTS

OVERVIEW

OVERVIEW

I am pleased to present my Report on the audits carried out by the Auditor-General's Office (AGO) for the financial year 2025/26.

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

Audit Authority

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

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

- **Financial statements audit** which involves the checking of accounts with the objective of giving an audit opinion on the annual financial statements prepared by the entity.

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

- **Thematic audit** which is an in-depth examination of a selected area and may involve more than 1 public sector entity. The in-depth examination enables us to conclude if key controls are in place, and to report on good practices that we may come across in the course of the audit, in addition to lapses.

Audit Approach

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

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

Reporting of Audit Observations

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

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

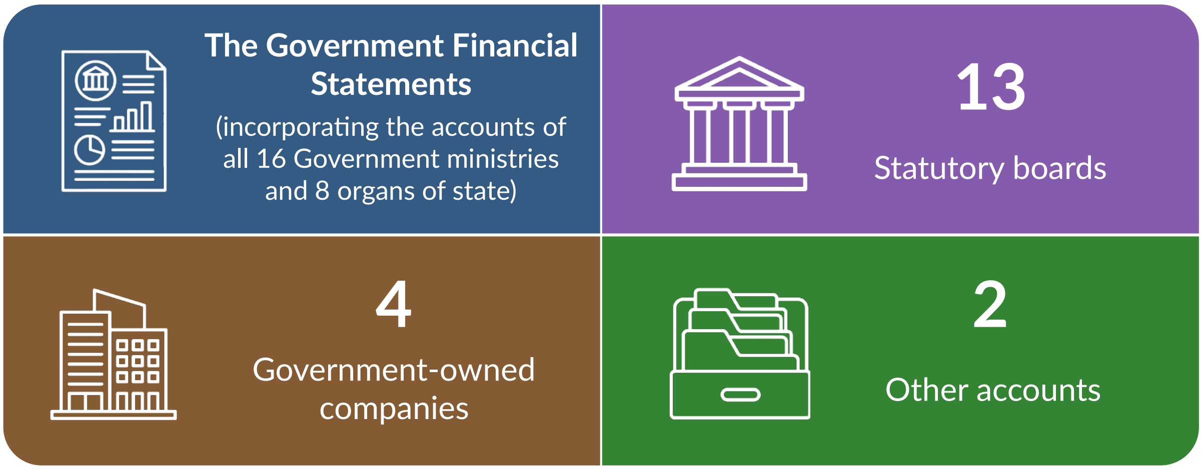
This Report is submitted to the President who shall, in accordance with section 3(3) of the Audit Act 1966, present it to Parliament. The Public Accounts Committee deliberates on the Report and may call upon public sector entities to account for lapses, where it deems necessary.

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

Audits Carried Out for the Financial Year 2025/26

We audited the following:

Figure 1: Entities and Accounts Audited by AGO



Financial Statements Audits

For the financial year 2025/26, I have issued an unmodified audit opinion on the Government Financial Statements. I have also issued unmodified audit opinions on the financial statements of 3 statutory boards, 4 Government-owned companies and 2 other accounts.

Selective Audits

We carried out selective audits of 8 statutory boards whose financial statements were audited by commercial auditors.

Thematic Audit

We conducted a thematic audit on selected training grants managed by the SkillsFuture Singapore Agency (SSG) and the Workforce Singapore Agency (WSG).

In addition to the above audits, we carried out checks arising from matters that came to our attention through observations from past audits, feedback or complaints.

Summary of Audit Observations

We raised 136 audit findings which were conveyed to the audited entities through Management Letters. Of these, the more significant ones are grouped into 29 audit observations highlighted in this Report (see breakdown below).

Figure 2: Breakdown of 29 Audit Observations by Key Areas

(1) Lapses in Contract Management

We found lapses in contract management at the Ministry of Health (MOH) and the Housing and Development Board (HDB).

In the audit of the development of a medical institution under MOH, we found lapses in the management of construction and consultancy services contracts. These were managed by MOH Holdings Pte Ltd (MOHH) as MOH's agent, and consultants on MOH's behalf. The lapses included: (i) approvals obtained after commencement or completion of variation works; (ii) consultancy fees for additional services not computed in accordance with the approved standard operating procedures (SOP); (iii) lapses in the assessment of star rate items; (iv) lapses in the valuation of contract variations resulting in an estimated net overpayment of $363,300; and (v) loss and expense payments totalling $2.20 million not properly substantiated.

We also noted a lack of due diligence checks before the final account was issued. Despite being aware of its internal audit's findings on contract management lapses, MOHH proceeded to issue the final account and recommended that MOH make payment. It subsequently reopened the final account to address the internal audit findings and new variation works. Overall, there was inadequate assurance that full value had been obtained for the public funds spent on this project.

For HDB, we test-checked the variation orders (VOs) for Home Improvement Programme contracts managed by its consultants. We found errors in the valuation of VOs due to the use of incorrect rates, resulting in a total underpayment of $1.02 million and overpayment of $0.25 million across the contracts test-checked. There was hence inadequate assurance that HDB had exercised sufficient oversight of its consultants in the valuation of variation works.

KEY LEARNING POINT – Contract Management

The engagement of agents and consultants does not diminish agencies' responsibility to ensure that public funds are well spent. Agencies should adopt a risk-based approach in determining the nature and extent of oversight over their agents and consultants, and not be overly reliant on them. This includes putting in place processes to ensure that approvals for contract variations are obtained before works commence, variation works are properly valued, and payments are properly substantiated before they are made. Agencies should also ensure that final accounts are subject to proper checks before making payment.

(2) Lapses in Management of Operations

We found lapses in the management of operations at the Gambling Regulatory Authority of Singapore (GRA) and HDB.

For GRA, we found that oversight could be improved to ensure excluded persons (EPs) are prohibited from gambling. Our data analysis found that EPs had entered local casinos while under exclusion orders, and individuals were allowed entry despite exceeding their monthly casino visit limits. We also found that Singapore Pools accounts held by EPs were not closed to prevent them from remote gambling, with some account holders placing bets while under exclusion orders. These lapses could undermine the safeguards to protect vulnerable individuals from gambling harm.

For HDB, we found that it did not exercise adequate oversight of its contractor engaged to provide patrol and enforcement services for its car parks. Our analysis of patrol records found significant discrepancies. According to the contractor, the integrity of its records and data for the audit had been compromised due to IT system access control weaknesses, and it had since lodged a police report. Our test checks also found that the contractor had not complied with the audit requirements stipulated in the contract. Based on HDB's preliminary estimate, it had possibly overpaid the contractor $9.70 million for patrol and enforcement work not performed.

(3) Lapses in Management of Revenue

We found lapses in the management of revenue at the Ministry of Manpower (MOM), the Urban Redevelopment Authority (URA) and HDB.

For MOM, we noted that from January 2026, the foreign worker levy (FWL) for Work Permit holders in the marine shipyard sector had not been charged in accordance with the law. The FWL rates charged were higher than those stipulated in the subsidiary legislation. The amount of FWL charged for January and February 2026 was $4.82 million more than what was provided in the subsidiary legislation.

For URA, we found that certain fees charged for planning permission and conservation permission applications were computed in a manner that differed from what is set out in the subsidiary legislation. For applications involving multiple development matters within the same site, URA had charged only for the development matter which attracted the highest applicable fee instead of the total fees for all applicable development matters. Based on URA's estimates, fees charged during the period 1 April 2022 to 31 March 2025 were $1.76 million lower than what should have been charged as set out in the subsidiary legislation.

For HDB, we found weaknesses in its eligibility checks for applications and renewals of Season Parking (SP) and Family Season Parking. Applications and renewals (totalling $24.99 million in revenue) were approved even though the applicants did not meet the eligibility criteria. We also found that commercial vehicles were charged incorrect SP rates, resulting in an estimated under-collection of fees of $1 million.

(4) Lapses in Management of Grant & Priority Schemes

Our data analysis and test checks found weaknesses in HDB's eligibility checks for the Married Child Priority Scheme, the Proximity Housing Grant (PHG) and the CPF Housing Grant (CPFHG) schemes. There were also weaknesses in the monitoring of compliance with grant conditions for PHG and CPFHG. For example, we noted that HDB had been relying on its internal records and applicant-declared information to determine residential addresses when assessing eligibility, without checking against authoritative sources such as the Immigration and Checkpoints Authority's records. As a result, flats were allocated and grants disbursed to ineligible applicants. Grant conditions might also not have been complied with. This increased the risk of not achieving the intended policy outcome of these schemes, such as for family members to live near one another for mutual support.

KEY LEARNING POINT – Grant Management

Agencies should ensure that grants are disbursed only to eligible recipients, and that grant conditions are properly monitored and enforced. When assessing eligibility, agencies should tap on authoritative data sources, rather than rely solely on applicant-declared information or internal records that may not be current. Agencies should also put in place adequate controls and monitoring mechanisms to detect anomalies and potential non-compliance with grant conditions on a timely basis.

(5) Lapses in Financial Controls

We found lapses in the approval and financial governance of the above-mentioned MOH development project. The lapses included: (i) works committed before obtaining the Development Planning Committee (DPC)'s approval, without the Ministry of Finance (MOF)'s concurrence; (ii) DPC's approval not sought for material variations in project scope; and (iii) project savings not declared, and used for works rejected by DPC. According to MOH, it did not declare savings for all its development projects. These lapses contravened MOF's Finance Circular Minutes requirements. They undermined the Government's project approval framework and financial governance controls designed to ensure proper oversight of large development projects and discipline in the use of public funds.

(6) Weaknesses in IT Controls

We found weaknesses in IT controls at SSG, WSG and GIC Private Limited (GIC).

For SSG and WSG, we noted weaknesses in the IT general controls and application controls over the Training Grants System (TGS) used to administer training grants. For IT general controls, we found weaknesses in SSG's reviews of operating system (OS) and database (DB) accounts, and password security configurations of DB accounts. Its OS accounts were not promptly disabled and their access rights were not promptly removed, and there was inadequate review of DB activities performed by the DB administrators. As for IT application controls, both SSG and WSG did not promptly disable user accounts and remove their access rights. In addition, for SSG, we found that the IT vendor user accounts had access to both the development and production environments, resulting in inadequate segregation of duties for change management. These weaknesses increased the risk of unauthorised access and activities going undetected, and could affect system availability and data integrity.

For GIC, we noted weaknesses in the IT general controls over a system used to facilitate exchange of instructions and transaction data with its counterparties for its investment operations. These weaknesses included: (i) incomplete logging of audit events for application, system and user accounts; (ii) weaknesses in controls over the most privileged root account, including allowing unlimited login attempts; (iii) security patches not deployed within the stipulated timeframes; and (iv) use of a version of an accounts management software no longer supported. These weaknesses could compromise its defence against security threats.

(7) Possible Irregularities in Records Furnished for Audit

We noted possible irregularities in the records furnished for our checks in the audits of the Ministry of Education (MOE), the Ministry of Defence (MINDEF), MOH, Sport Singapore (SportSG), HDB, the Intellectual Property Office of Singapore (IPOS) and URA. Following our audits, the agencies lodged reports with the law enforcement agencies where relevant.

For MOE, we were informed of possible falsified approvals for appointment of officers. We found weaknesses in the appointment process which did not provide adequate assurance that there was proper scrutiny by the approving authority to ensure that the appointments were supported and justified. According to MOE, the approval process relied on manual procedures, which created potential vulnerabilities to unauthorised human interventions.

In the audit of MINDEF, we found possible irregularities in quotations used by MINDEF to determine the costs of works to be performed. These possible irregularities cast doubt on the authenticity of the quotations and whether reasonable market rates had been paid.

In the audits of MOH, SportSG and HDB, we found possible irregularities in quotations for star rate items. These possible irregularities raised doubts over the authenticity of the quotations and whether value for money had been obtained for the items.

For HDB, we also found tell-tale signs that supporting documents on star rate items for some VOs had been created or altered retrospectively to give the false impression that the checks on star rate items had been carried out at the material point in time. Similarly, at IPOS, we found tell-tale signs that quality control (QC) reports furnished for audit had been created and backdated to give the false impression that QC checks were properly carried out. Both HDB and IPOS had taken or would be taking disciplinary action against the staff responsible.

In the audit of URA, we noted possible irregularities in bids submitted by some companies for a few open IT procurements. There were indications that these bidders could be related to the awarded vendor and that their bids might not have been genuine. In our view, these possible irregularities might have contravened the Government procurement principle of fair competition.

KEY LEARNING POINT – Records Furnished for Audit

We take a serious view of any furnishing of false information for audit purposes. The submission of created, altered, or backdated documents impedes audit work, calls into question the authenticity of other documents provided for audit, and undermines the integrity of the audit process. Agencies should reinforce the importance of integrity by encouraging staff to report and acknowledge any lapses. In most situations, the act of falsifying documents is far more serious than the lapse itself. Agencies should also put in place adequate controls to deter and detect such possible irregularities.

(8) Thematic Audit Observations on Training Grants

We conducted a thematic audit on training grants managed by SSG and WSG. The thematic audit focused on 9 training grant schemes, with a total disbursement of $2.62 billion during the audit period.

The audit covered 5 stages of grant management. We noted that in general, SSG and WSG had put in place processes and controls across the various grant stages to ensure proper management of the training grants. However, we noted areas where improvements could be made. The key observations are as summarised below.

STAGE 1

GRANT DESIGN AND SETUP

Both agencies had processes and procedures in place to ensure that grant schemes were properly approved and in line with their objectives. Grant policy framework and funding principles were set out in a funding manual. Procedures were also in place to ensure proper approval and documentation of changes to the grant schemes.

STAGE 2

GRANT EVALUATION AND APPROVAL

Both agencies had generally put in place processes to guide the evaluation and approval of training providers (TPs), programme partners (PPs) and grant applications. Nevertheless, there were areas where controls could be improved. For SSG, we noted that funding agreements were signed after their funding periods had commenced, which might not safeguard SSG's interests in the event of dispute. For WSG, we noted instances where grants were disbursed for ineligible trainees. There was also potential gaming by companies.

STAGE 3

GRANT DISBURSEMENT

Both agencies had generally put in place processes and procedures to check and approve grant disbursements. However, controls could be strengthened in some areas. For SSG, we found erroneous grant disbursements due to lapses in administration. We also found potential gaming of course fee funding by trainees who attended a high number of courses conducted by their employers. For WSG, we found disbursements made to PPs despite incomplete submission of required documents, and lapses in the service provider's verification of claims.

STAGE 4

GRANT MONITORING AND REVIEW

Both agencies had generally put in place processes and procedures to ensure that grants were managed in accordance with relevant terms and conditions, and that deliverables were achieved. However, for SSG, we found lapses in the monitoring of TPs' progress reporting, such as instances of progress reports not submitted or submitted late, and the service provider not submitting its review of TPs' progress reports.

STAGE 5

CESSATION OF GRANT

Both agencies had put in place processes and procedures to take stock of final grant deliverables and settle the accounts (including recovery of any excess grants) in a timely and accurate manner.

Good Practices

Thematic Audit

We observed some good practices which SSG and WSG had implemented.

Since our last audit in the financial year 2021/22, SSG had progressively enhanced the TGS for claims processing, with all claims processed through the system from August 2023. TGS uses system-enabled checks to determine trainees' eligibility for grants. SSG also strengthened its attendance system controls through Singpass-based identity authentication and dynamic QR attendance codes to capture attendance in real time. It has built up data analytics capabilities to monitor grant utilisation and flag anomalous claims.

As for WSG, it commissioned a grants governance review in June 2023 and had implemented initiatives to strengthen its grants governance and monitoring capabilities since our last audit in the financial year 2019/20. It also uses a Robotic Process Automation bot to conduct monthly checks on Career Conversion Programme placements for early detection of potential false declarations by participants and companies.

Selective Audits

In our selective audits, we observed that agencies have increasingly adopted automated tools and data analytics to improve efficiency and strengthen compliance. For example,

- HDB has implemented an in-house IT system to track and monitor facilities management works. The system automates appointment booking for term contractors, provides mobile application reminders, and supports work order submission and verification of completion of works.

- IPOS has implemented a trade mark application system that automatically recommends trade mark classes based on uploaded images or text descriptions, and calculates the fees based on the selected classes. This streamlines submission of applications, minimises fee calculation errors, and reduces costly refiling from incorrect class selection.

- URA uses GeBIZ Management Console reports to perform quarterly data analytics on procurement activities across 7 key compliance areas[1]. The results are used to compute risk indicators for management oversight.

[1] These include ensuring that the minimum opening period for quotations/tenders is met, justification and clearance are obtained for single bids, and approval is obtained to waive competition when the reasons do not fall within the allowable conditions specified in the Government Instruction Manual.

Other Areas for Improvement

Sections (1) to (8) above highlight the more significant observations from our audits carried out for the financial year 2025/26. These observations are further elaborated in Parts I B, II, III and IV of the Report. In addition, we noted that there were some common lapses and areas for improvement across the Whole-of-Government.

Procurement – Procurements Should be Evaluated in Accordance with Published Evaluation Criteria

We noted instances across several agencies[2] where procurement evaluations were not carried out in accordance with the published evaluation criteria. In some cases, the evaluation criteria or scoring methodologies were established or changed only after the close of tender or quotation. While the award outcome was not affected in most instances, making such changes after the closing date risked undermining the fairness of the evaluation process as the changes made could favour certain bidders. To uphold the Government procurement principles of transparency, and open and fair competition, agencies ought to finalise their evaluation criteria and scoring methodologies before the close of tender or quotation, and to evaluate accordingly.

Governance – Conflict-of-Interest Declarations Should be Properly Obtained and Documented

We noted lapses in the management of conflict-of-interest (COI) declarations in a few agencies — LTA, URA and WSG. These included instances where: (i) COI declarations were not obtained from relevant parties involved in grant administration or procurement processes; (ii) inadequate disclosure of relationships; and (iii) no documented justification in the assessment of declared COI. The agencies were satisfied that the decisions made were not materially affected by these lapses. Nonetheless, it remains important that COI declarations are consistently obtained from all relevant parties, and that any declared COI is properly assessed, documented and managed. Doing so provides confidence that processes are carried out fairly, transparently, and without prejudice.

Financial Controls – Detected Errors Should be Promptly and Thoroughly Addressed

We noted lapses across 3 agencies — MINDEF, IPOS and LTA — in their response to detected errors in fee collections and payments. In some instances, prompt refund or recovery action was not taken, and checks were not extended to identify whether similar errors had occurred in other cases. When errors are detected, agencies should act promptly (e.g. to refund or recover the amounts involved), and conduct a broader review to surface and rectify other instances of similar errors.

We are pleased that the audited entities take the audit observations seriously and are committed to addressing the lapses and putting in place measures to prevent their recurrence. We will follow up with them to ensure that remedial actions are taken.

[2] The agencies were the Energy Market Authority of Singapore, GRA, the Land Transport Authority of Singapore (LTA), the National Library Board, the Singapore Totalisator Board (including the Singapore Turf Club) and URA.

Strengthening Financial Governance through Outreach and Engagement

Beyond audit work, we actively contribute to strengthening financial governance in the public sector through outreach and engagement initiatives. In the financial year 2025/26, we conducted post-audit sharing and engagements with ministries, statutory boards and other public sector entities to highlight common lapses and share good practices. Some examples include a dialogue with Deputy Secretaries and Chief Executives, and a sharing session with MOE and its related statutory boards. These efforts help to promote better understanding of financial governance, enhance internal controls, and improve compliance with Government policies and procedures.

Internationally, we work with like-minded Supreme Audit Institutions to promote good governance and capacity building in the region. In November 2025, we took over as the Chair of the ASEAN Supreme Audit Institutions (ASEANSAI) for a term of 2 years and hosted the 8th ASEANSAI Summit.

Figure 3: Outreach and Engagement Efforts

Acknowledgements

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

I would also like to express my appreciation to all my officers for maintaining high professional standards and showing dedication and commitment in enhancing public accountability.

NG WAI CHOONG
Auditor-General
Singapore

2 July 2026

PART I

(A) AUDIT OF GOVERNMENT FINANCIAL STATEMENTS

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

PART I A
AUDIT OF GOVERNMENT FINANCIAL STATEMENTS

1. The Auditor-General has issued an unmodified audit opinion on the financial statements of the Government of Singapore for the financial year ended 31 March 2026, upon completion of the audit required under section 8(1) of the Audit Act 1966.

Government's Responsibility for the Financial Statements

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

3. The Accountant-General is responsible under the Financial Procedure Act 1966 for the supervision and administration of the Government accounting system, and is required under the Financial Regulations 1990 to prepare and submit to the Minister the statements required under section 18 of the Financial Procedure Act 1966.

4. The Permanent Secretaries of ministries and Heads of organs of state, as Accounting Officers, are responsible, inter alia, for ensuring that proper books and systems of accounts are adopted and maintained in every department under their charge, in accordance with the Financial Regulations 1990.

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

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

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

   a. Identifying and assessing the risks of material misstatement of the financial statements whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for his opinion;

   b. Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls; and

c. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made, having regard to the law.

Submission of Audited Financial Statements and Audit Report

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

8. In accordance with section 8(3) of the Audit Act 1966, the Auditor-General submitted the audit report on the financial statements to the President on 25 June 2026. The President would present the audited financial statements with the audit report thereon to Parliament.

Acknowledgements

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

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

Government Ministries and Organs of State

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

Government Funds

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

3. For Government funds whose financial statements are audited by commercial auditors, we carry out selective audits in rotation, at least once every 5 years for large Government funds. A selective audit involves the checking of selected activities and operations carried out in relation to the accounts. It seeks to ascertain whether there is any financial irregularity, excess, extravagance or gross inefficiency leading to waste, and whether measures to prevent them are in place. Such an audit is not intended to render an opinion on the financial statements or draw any conclusion on the overall performance of the audited fund. In the financial year 2025/26, we did not carry out any selective audit of Government funds.

4. We also carried out checks arising from matters that came to our attention through observations from past audits, feedback or complaints.

Acknowledgements

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

Selected Observations

6. Selected observations arising from the audits of Government ministries and organs of state are summarised in the paragraphs below.

MINISTRY OF DEFENCE

Possible Irregularities in Quotations

7. We test-checked 68 sets of procurement documents relating to payments totalling $10.57 million. They contained quotations that were used by the Ministry of Defence (MINDEF) to determine the costs of works to be performed. We found possible irregularities in several quotations within 20 sets relating to payments totalling $4.41 million. In our view, these possible irregularities cast doubt on the authenticity of quotations provided, and whether reasonable market rates had been paid for the works performed.

8. MINDEF said that it took the issues we raised seriously and had since lodged a police report. It would also strengthen its processes, such as introducing additional price reasonableness assessment for expected high-usage and high-value items.

MINISTRY OF EDUCATION

9. As part of our audit of the Government Financial Statements, we audited expenditure on manpower which included sample checks on appointment of officers at selected organs of state and ministries such as the Ministry of Education (MOE). The more significant observation from the audit is presented in the paragraphs below.

Weaknesses in Process for Appointment of Officers and Possible Falsification of Approval

10. The Government Instruction Manual on Staff requires an agency to obtain approval from its approving authority before making an offer of appointment to a selected applicant. We picked 22 cases of appointment of MOE officers from 1 April 2025 to 31 December 2025 to check for proper approval. Following our request for supporting documents, MOE informed us of possible falsified approval emails. MOE has lodged a police report on the matter.

11. We noted weaknesses in the appointment process, which in our view, did not provide adequate assurance that there was proper scrutiny by the approving authority to ensure that the appointments were supported and justified.

12. MOE explained that the approval process relied on manual procedures due to its specific operational context and high recruitment volume. These manual processes created potential vulnerabilities to unauthorised human interventions.

13. MOE acknowledged that the process for appointment of officers could be improved and informed us that it had since strengthened controls in this area. This included monthly independent checks to identify any discrepancies between approved appointments and actual appointments sent for processing. It had also made it clear to staff that governance standards must be upheld regardless of operational pressures. MOE would be working towards automating the appointment process to reduce manual work and enhancing its internal controls and monitoring by the end of 2027.

MINISTRY OF HEALTH

14. We audited the contract management for the development of a medical institution under the Ministry of Health (MOH). The more significant observations from the audit are presented in the paragraphs below.

Lapses in Approval and Financial Governance of Development Project

15. Development projects above $500 million[1] are subject to a Gateway Process for additional scrutiny as they carry higher fiscal and implementation risks. This is to improve cost management and enhance the robustness of project proposals. The process includes seeking Cabinet's in-principle approval to embark on the project, followed by approval from the Development Planning Committee (DPC)[2] for the total project cost. Agencies are not to make public commitments to spend Government funds (e.g. calling of tenders) before DPC's approval is obtained, unless the Ministry of Finance (MOF) concurs. The project must be reapproved by DPC if there are subsequent material changes to its scope, or if the project cost increases by more than 10% of the approved cost or $100 million, whichever is lower.

16. After the Cabinet's in-principle approval for the development project, MOH obtained DPC's approval for the project in July 2016 at a total cost of $864.36 million.

[1] The threshold was changed to $600 million in 2023.

[2] DPC comprises 3 Ministers.

17. We found lapses in the approval and financial governance of the development project as follows:

a. MOH proceeded to call and award 12 tenders and 1 quotation (total contract sum of $30.83 million) for the project before obtaining the approval of DPC, without MOF's concurrence;

b. MOH subsequently funded 5 items (totalling $35.34 million) from the project budget that had been specifically rejected or reduced by DPC without reseeking DPC's approval; and

c. MOH did not declare project savings (totalling $147.96 million) to MOF within the stipulated timeline. As at March 2026, MOH had yet to declare the project savings to MOF, more than 7 years past the deadline. We understand from MOH that it did not declare savings for all its development projects, and not just for the one we audited. We also observed that MOH had used the undeclared savings to fund 3 items (totalling $11.95 million) without MOF's approval, of which 2 items (totalling $4.08 million) had been previously rejected by DPC.

Details of the lapses are in the paragraphs below.

A. Works Committed Before DPC's Approval Without MOF's Concurrence

18. MOF's Finance Circular Minutes (FCMs) stipulate that agencies should not make public commitments to spend Government funds (e.g. calling of tenders) before obtaining the DPC's approval. Even if in-principle approval had been given for the project, agencies are not to make public commitments unless MOF concurs. Agencies could be penalised for not complying with this requirement.

19. We found that MOH called and awarded 12 tenders and 1 quotation (total contract sum of $30.83 million) for the project before obtaining the approval of DPC, without MOF's concurrence. These were called and awarded between May 2013 and April 2016, with the earliest called about 3 years before DPC's approval in July 2016. For 11 of these procurements (total contract sum of $26.31 million), the tenders and quotation were called and awarded even before MOH had obtained in-principle approval to embark on the project. This contravened MOF's requirements.

B. DPC's Approval Not Sought for Material Variations in Project Scope

20. Agencies are required to seek approval on the financing and implementation details from their Internal Approving Authority (IAA) after DPC's approval. MOF's FCMs stipulate that agencies are not to include items that were previously rejected or specifically reduced by DPC or MOF. Revisions to such items constitute material variations in scope. As such variations could have affected DPC's judgement of the project's need and merit, agencies are required to resubmit them to the DPC for approval. This is to ensure that DPC's decisions are made with full information.

21. We found that MOH had obtained its IAA's approvals to fund 5 items (totalling $35.34 million) from the project budget, even though these items had been specifically rejected or reduced by DPC. Approval to reinstate 3 of the items (totalling $31.26 million) was obtained from the IAA in August 2016, just 1 month after DPC's decision in July 2016. According to the FCMs, the inclusion of such items was tantamount to material variations in project scope that would require resubmission to DPC for approval. MOH did not do so, contravening the FCM requirements.

C. Project Savings Not Declared and Used for Works Rejected by DPC

22. We observed that MOH did not declare to MOF project savings which had arisen from lower tender rates within 1 month after the construction tenders were awarded in April 2017 and February 2019.

23. MOF's FCMs stipulate that any savings arising from major tenders for development projects exceeding $100 million should be declared to MOF, no later than 1 month[3] after the tender is awarded. The approved project cost would be reduced correspondingly by the amount of savings declared, enabling MOF to redirect the savings towards other projects.

24. Our test checks of major tenders for the project found savings totalling $147.96 million, which was 17% of the approved project budget of $864.36 million. These savings were from 2 construction tenders awarded in April 2017 and February 2019, with most of the savings (i.e. $145.80 million or 99% of the total savings) arising from the first tender. Based on the FCMs, the savings should have been declared in May 2017 or latest by March 2019, 1 month after the respective tenders were awarded. As at March 2026, more than 7 years after the award of the final construction tender, MOH had yet to declare the savings to MOF.

25. Upon our query, MOH informed us in March 2026 that it did not declare savings for all its development projects, and not just for the one we audited.

26. In addition, we observed that MOH had used the undeclared savings to fund 3 items (totalling $11.95 million) without MOF's approval, of which 2 items (totalling $4.08 million) had been previously rejected by DPC. As mentioned in paragraph 21, these 2 items which constituted material variations in scope should have been resubmitted to DPC for approval.

27. The lapses contravened FCM requirements and undermined the Government's project approval framework and financial governance controls designed to ensure proper oversight of large development projects. The non-declaration of savings also weakened MOF's controls to ensure discipline in the use of public funds and to redirect unused budget towards other projects.

[3] The required timeframe was changed to 3 months in 2021.

28. MOH acknowledged that MOF's concurrence should have been sought before it proceeded to call the tenders and quotation prior to DPC's approval. For items reinstated without DPC's approval, MOH explained that it had misinterpreted MOF's conveyance of DPC's approval. It acknowledged that before reinstating items, it should have obtained MOF's advice on whether they constituted a material change in scope. In addition, it should have reported the project savings in accordance with the timeline in the FCMs. MOH would be declaring the project savings for the audited development project, and other ongoing and past development projects by September 2026.

29. Moving forward, MOH would be strengthening its processes and SOPs to ensure compliance with the FCMs. These included: (i) ensuring MOF's explicit concurrence was sought before MOH proceeded to call tenders and quotations prior to DPC's approval; (ii) requiring proper assessment on whether variations to the project scope were material and would require resubmission to DPC; and (iii) incorporating the project savings reporting process into its SOPs.

Lapses in Contract Management

30. MOH appointed contractors for the construction, along with consultants and an agent, MOH Holdings Pte Ltd (MOHH), to manage the contracts on its behalf. It also tasked MOHH to manage the consultancy services contracts.

31. Our test checks of the main construction contract and 5 consultancy services contracts (total contract sum of $403.76 million) found lapses in the management of all 6 contracts. These included:

a. Approvals obtained after commencement or completion of variation works;

b. Consultancy fees for additional services not computed in accordance with SOP;

c. Lapses in assessment of star rate items;

d. Lapses in valuation of contract variations; and

e. Loss and expense payments made to contractor not properly substantiated.

Details of the lapses are in the paragraphs below.

A. Approvals Obtained After Commencement or Completion of Variation Works

32. We test-checked 18 contract variations (totalling $22.89 million) under the 6 contracts. We found that approvals for 11 variations (totalling $11.90 million or 52% of the total approved amount of variations test-checked) were obtained after variation works had commenced or were completed. The delays ranged from 1.6 to 6 years after works had started. In addition, approvals for 6 of these variations were obtained 5 months to 2 years after works were completed.

33. The delays in obtaining approval indicated weaknesses in the monitoring and management of contract variations. They undermined the role of the approving authority to ensure that variations were justified and the costs involved were acceptable before proceeding with the works.

B. Consultancy Fees for Additional Services Not Computed in Accordance with SOP

34. In January 2018, a committee headed by MOH had approved an SOP for assessing consultancy services fees for additional works. The SOP contained a formula for computing the additional consultancy fees.

35. We test-checked 5 contract variations (totalling $11.29 million) involving additional design works under the 5 consultancy services contracts. We found that the consultancy fees for all 5 variations were not computed in accordance with the approved SOP. MOHH had used a different formula but it informed the approving authorities that the fees were computed in accordance with the SOP. As a result, based on incorrect information, the approving authorities approved consultancy fees that were $1.88 million (or 20%) higher than what they should have been if the approved SOP had been used.

36. MOHH informed us that the change in formula was formalised in a practice note. However, we noted that the practice note was approved in October 2020, after the 5 variations had been approved in 2018 and 2019. In addition, the practice note was approved by MOHH, without approval being sought from the committee for the change in computation method.

37. It is important to disclose all pertinent facts to enable approving authorities to make informed decisions. For good control, changes to the approved SOP should be highlighted to the committee for approval before they are incorporated in practice note(s).

C. Lapses in Assessment of Star Rate Items

38. We test-checked 310 star rate items[4] (totalling $16.54 million) in 8 contract variations under the main construction contract. We found lapses in the assessment of 265 star rate items (totalling $12.90 million or 78% of the total value of star rate items test-checked) in 6 variations. We noted that the consultants either did not assess the items for cost reasonableness or did not use independent quotations to assess the contractor's prices before finalising accounts. This was not compliant with the Government Instruction Manual on Procurement and MOHH's SOP for Variation Management. Hence, there was a lack of assurance that value for money had been obtained for the star rate items.

[4] Star rate items refer to items for which rates are not listed in the contract.

D. Lapses in Valuation of Contract Variations

39. We test-checked cost assessments for 9 contract variations (totalling $16.92 million) under the main construction contract. We found 44 instances (in 6 variations totalling $16.30 million) where variation works were not properly accounted for. These included the use of incorrect rates or quantities to value the works, and misclassification of works as variations when they were already within the contracted scope. As a result, there was an estimated net overpayment of $295,300.

40. We also found 4 instances where the contract sum was not adjusted to account for works that were not carried out or not carried out in accordance with contractual requirements. The total estimated overpayment amounted to $68,000.

41. As a result, there was an estimated total net overpayment of $363,300 to the contractor.

E. Loss and Expense Payments Not Properly Substantiated

42. MOH paid loss and expense (L&E)[5] totalling $7.27 million (including manpower cost of $4.76 million) to the contractor for 5 delay events[6].

43. We test-checked L&E payments involving manpower cost (totalling $2.20 million) and found that they were not properly substantiated, raising concerns on whether the payments were valid. Our observations are as follows:

a. The consultants' assessment was primarily tabulations of the amount payable for each component. There was no justification on how they qualified as L&E. For example, there was a lack of substantiation for the additional costs of site personnel which were not required under the contract or in excess of contractual requirements ($1.02 million of the $2.20 million).

b. Timesheets were either not provided or not verified by MOHH or the consultants. Without independent verification, there was no assurance that the timesheets used to substantiate L&E claims were reliable.

c. The contractor submitted a late notice for 1 of the delay events, beyond the contractual timeline to be entitled for L&E. However, there was no justification by the consultant for accepting the late notice and MOH paid an estimated $0.99 million for manpower cost for the delay event.

[5] This refers to costs or losses incurred by the contractor due to eligible delay events. They would otherwise not be incurred and reimbursed under other contractual provisions.

[6] Delay events are circumstances that disrupt or prolong the completion of the works, and would entitle the contractor to an extension of time.

44. Overall, there was inadequate assurance that full value had been obtained for the public funds spent. MOH needs to improve its system of checks and oversight of MOHH and the consultants. Even if MOH has an agent and consultants to manage projects on its behalf, it remains responsible for the use of public funds.

45. MOH acknowledged the lapses and informed us that MOHH would reassess all affected items mentioned in paragraphs 38 to 43, and make the necessary cost adjustments, including recovery of any overpayments, by December 2026. For consultancy fees not computed in accordance with SOP mentioned in paragraphs 34 to 37, MOH informed us that the formula in the SOP approved by the committee was wrong. MOHH had since presented the correct formula to the committee in April 2026, which the committee noted.

46. MOH also informed us that MOHH would review its SOPs and put in place measures by September 2026 to strengthen its processes. Some examples included:

a. Clearly stipulating the need to seek approval for variation works for all contracts before commencement of works;

b. Implementing a formal tracking process to ensure that approvals were obtained from appropriate authorities before changes were made to approved SOP prior to implementation;

c. Enhancing oversight of consultant's star rate assessment and reviewing contractual requirements in consultancy services contracts to ensure compliance with the Government Instruction Manual on Procurement;

d. Undertaking more checks and audits to ensure that valuations of variations were carried out in accordance with SOP and completed within a stipulated timeframe; and

e. Implementing a checklist for L&E claims, which would require compliance with contractual provisions and provision of documentary evidence and detailed justification, where applicable.

Lack of Due Diligence Checks Before Issuance of Final Account

47. The final account for the main construction contract was issued to and agreed by the contractor in December 2024. MOH made final payment to the contractor in March 2025. However, MOHH reopened the final account in April 2025 to address internal audit (IA) findings and new variation works.

48. We observed that there was a lack of due diligence checks carried out before the final account was issued. Subsequent to the contractor agreeing to the final account, MOHH and the consultants amended the variation costs for 170 (out of 324) variations as at January 2026. There was an estimated overpayment of $977,200 as the total variation amount was reduced. We also noted that sampling checks for star rate items were carried out close to a year after the final account had been agreed upon. This was not compliant with MOHH's SOP, which required sampling checks to be carried out upon receiving the consultants' valuation of the variations. As at January 2026, checks on variations were still not completed.

49. In addition, we noted that MOHH was already aware of its IA's findings on the management of the contract before it issued the final account in December 2024. Its IA had found instances of contract variations not properly valued (such as lapses in assessment of star rate items), failure to deduct costs for works not carried out, and potential overpayment. These were shared with the team managing the contract in September 2024, before the draft IA report was issued in November 2024. In our view, it was not prudent for MOHH, having known the issues raised by its IA, to proceed to issue the final account and recommend that MOH make payment.

50. The above did not provide assurance that thorough and adequate checks had been carried out before the final account was issued. As sampling checks serve as an additional layer of checks for star rate items, they should have been carried out before, and not after the issuance of the final account.

51. MOH informed us that it would exercise greater oversight over MOHH by requiring MOHH to work with its consultants to reassess all affected variations and make the necessary cost adjustments, including recovery of any overpayments, by December 2026. This would be followed by an audit on the variation works, conducted by its IA by March 2027. Both steps were to be completed before the final account was reissued. Moving forward, MOHH would also implement a pre-final account checklist for all ongoing and future projects.

Possible Irregularities in Quotations for Star Rate Items

52. Our test checks of 15 contract variations under the main construction contract (contract value of $379.40 million) found possible irregularities in quotations for 76 star rate items (totalling $2.62 million) in 12 contract variations. Given the possible irregularities, we had concerns over the authenticity of the quotations provided and whether value for money had been obtained for these items.

53. MOH informed us that it had since lodged a police report and that MOHH would strengthen its processes to manage star rate items for development projects. These included using digital tools to verify the authenticity of quotations sampled, expanding the scope and effectiveness of internal audits, and continuing the quarterly staff training on procurement and contract management.

MINISTRY OF MANPOWER

Foreign Worker Levy Charged Not in Accordance with Law

54. As part of our audit of the Government Financial Statements, we reviewed the foreign worker levy (FWL) charged by the Ministry of Manpower (MOM).

55. We noted that from January 2026, MOM had charged FWL for Work Permit holders (WPHs) in the marine shipyard sector at rates higher than those stipulated in the subsidiary legislation (Employment of Foreign Manpower (Levy) Order 2011). The total amount of FWL charged for January and February 2026[7] was $4.82 million higher than that provided in the law.

56. As part of the updates to its marine shipyard sector foreign workforce policies, MOM announced in March 2024 that from 1 January 2026, the monthly levy for “Basic-skilled” (R2) WPHs would be increased from $400 to $500, and that for “Higher-skilled” (R1) WPHs from $300 to $350. The monthly levy rates for the Dependant’s Pass and Training WPHs would consequently increase from $300 to $350, as these rates are pegged to the lowest levy rate for the business sector. While these changes were implemented on 1 January 2026, the relevant subsidiary legislation was not updated to reflect the new FWL rates at the time of our audit.

57. MOM informed us that it had since updated the levy rates in the subsidiary legislation, which took effect on 1 June 2026. It would refund the affected firms for the FWL collected above legislated rates via offsets from the firms’ levy liabilities.

58. MOM added that it had undertaken several measures to tighten its processes to prevent future lapses. These included formalising an SOP for policy changes, and introducing process checks to ensure that legislative changes were in force before implementing relevant system changes. It would also leverage digital tools to reduce reliance on manual processes and share the learning points from this case across the ministry.

[7] This relates to levy due within the financial year 2025/26 that was above legislated rates. The levy charged for March 2026 was due in April 2026, after the financial year 2025/26.

PART II

AUDIT OF STATUTORY BOARDS

PART II
AUDIT OF STATUTORY BOARDS

Financial Statements Audits

1. The Auditor-General has issued unmodified audit opinions on the financial year 2025/26 financial statements of the following 3 statutory boards:

a. Accounting and Corporate Regulatory Authority;

b. Inland Revenue Authority of Singapore; and

c. Monetary Authority of Singapore[1].

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

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

Selective Audits

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

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

[1] We audit the Monetary Authority of Singapore annually as its Act does not provide for any other auditor to audit its accounts.

6. In the financial year 2025/26, we carried out selective audits of the following 8 statutory boards:

   a. National Library Board;

   b. Singapore Totalisator Board;

   c. Gambling Regulatory Authority of Singapore;

   d. Intellectual Property Office of Singapore;

   e. Housing and Development Board;

   f. Urban Redevelopment Authority;

   g. Energy Market Authority of Singapore; and

   h. Land Transport Authority of Singapore.

7. In addition, we carried out checks arising from matters that came to our attention through observations from past audits, feedback or complaints.

Acknowledgements

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

Selected Observations

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

MINISTRY OF CULTURE, COMMUNITY AND YOUTH

SINGAPORE SPORTS COUNCIL (ALSO KNOWN AS SPORT SINGAPORE)

Possible Irregularities in Quotations for Star Rate Items

10. Arising from feedback, we test-checked 16 quotations for 9 star rate items in 6 purchase orders totalling $14,200 under a term contract for mechanical and electrical services. We found possible irregularities in all the quotations, giving rise to concerns over their authenticity and whether value for money had been obtained for these items.

11. Sport Singapore informed us that it had since lodged a police report and that it would take extra steps to manage the risk of star rate items. These included minimising the need for such items by incorporating past star rate items in the Schedule of Rates of new contracts, and performing regular checks through data analysis and sample testing to prevent recurrence of such irregularities.

MINISTRY OF HOME AFFAIRS

GAMBLING REGULATORY AUTHORITY OF SINGAPORE

12. For the audit of the Gambling Regulatory Authority of Singapore (GRA), we covered the following areas:

    a. Revenue; and

    b. Procurement.

The more significant observation from the audit is presented in the paragraphs below.

Oversight Could be Improved to Ensure Excluded Persons and Special Employees are Prohibited from Gambling

13. There are several safeguards to protect financially vulnerable individuals from the harm of gambling and prevent problem gambling among households with financial needs. An exclusion order prohibits such an individual from gambling activities, which include entering local casinos and accessing Singapore Pools online betting services. Visit limits can be applied by the individual, a family member or a third party to limit the number of casino visits the individual can make in each calendar month. In addition, gambling prohibition on casinos' special employees serves as both an anti-collusion measure and a safeguard against the vulnerabilities arising from sustained exposure to a gambling environment.

AT A GLANCE

Under the Gambling Control Act 2022, an exclusion order may be made by GRA, the Commissioner of Police, or a Committee of Assessors constituted by the National Council on Problem Gambling. In addition, an individual may be excluded by law from entering casinos, for example undischarged bankrupts or persons on social assistance programmes.

Under the Casino Control Act 2006, a special employee includes a person who is employed by or working in a casino performing gaming-related duties, such as dealers, slot attendants and management.

14. We performed data analysis of records obtained from GRA and the Ministry of Social and Family Development (MSF)[2] on casino patron entries, excluded persons (EPs) and special employees (SEs) for the period 1 April 2023 to 31 March 2025, as well as Singapore Pools accounts as at 7 October 2025. We found the following lapses:

a. 120 EPs had entered the 2 local casinos even though they were under exclusion orders;

b. 26 individuals were allowed entry into the casinos even though they had exceeded their monthly casino visit limits;

c. 79 Singapore Pools accounts held by EPs were not closed to prevent them from remote gambling. 32 of these account holders placed bets during the period 1 April 2024 to 31 December 2025 while under exclusion orders; and

[2] MSF oversees the National Council on Problem Gambling (NCPG), whose main roles include executing exclusions and visit limits in accordance with the Casino Control Act 2006 and prevailing social safeguard policies. GRA relies on NCPG's online platform for automated exclusion screening of EPs.

d. 194 casino SEs who were licensed by GRA had entered the casinos with signs of possible gambling or gaming[3]. Under the licence condition for SEs, they must not gamble or game in any casino in Singapore.

15. The above lapses could undermine the safeguards to protect vulnerable individuals from gambling harm or erode compliance with licence conditions.

A. EPs Not Prohibited from Entering Casinos

16. Casino operators manage entry gantries that screen the patron's identification document (ID) to detect EPs and prohibit them from entering the casinos. They are required to report to GRA regulatory offences such as EPs entering the casinos while under exclusion orders.

17. Our data analysis found that for the period 1 April 2023 to 31 March 2025, 120 EPs under exclusion orders were allowed to enter the casinos. Out of the 120 EPs, 107 were subsequently reported by the casino operators to GRA while no report was made for the remaining 13.

a. For the 107 EPs reported to GRA, they had entered the casinos 1,100 times in total while under exclusion orders. Twelve had entered the casinos more than 20 times each. These 12 individuals were only reported to GRA 43 to 626 days after their first casino entry.

b. For the remaining 13 EPs who were unreported, they had entered the casinos 108 times in total.

18. GRA explained that the 13 EPs who entered the casinos unreported had used a different ID from that in the EP records, as they had not updated their new IDs with MSF, the system owner. MSF had been working on an IT solution to retrieve updated IDs of EPs, targeted for implementation in June 2026. MSF would also conduct ad hoc sampling of records to ensure data accuracy.

B. Individuals Not Prohibited from Entering Casinos After Exceeding Monthly Visit Limits

19. Our data analysis found that for the period 1 April 2023 to 31 March 2025, 26 individuals were allowed to enter the casinos despite having exceeded their monthly visit limits. Collectively, these individuals had entered the casinos a total of 102 times more than their visit limits.

C. EPs Not Prohibited from Remote Gambling

20. Our data analysis found that 79 Singapore Pools accounts held by EPs were not closed to prevent them from remote gambling. We noted that 32 of these EPs had placed 1,358 bets online amounting to $75,800 during the period 1 April 2024 to 31 December 2025.

---

[3] The Gambling Control Act 2022 defines gambling as betting (making a bet involving payment or staking money or anything of value), engaging in gaming activity or participating in a lottery. Gaming is defined as playing a game of chance for a prize and may not involve making payment to become a player.

21. For lapses described in paragraphs 19 and 20 above, GRA and MSF explained that they were due to data migration issues resulting in inaccurate EP records, missing system logic in the daily screening batch job, or other system-related issues affecting the automated screening checks. The errors had been rectified as of February 2026.

22. In addition, GRA and MSF had established a structured communication protocol to allow system changes or rectifications with potential enforcement implications to be promptly communicated. This would enable GRA to take swift and appropriate action where necessary. MSF would also strengthen its system control framework, including rigorous scenario testing, as well as systematic validation checks on production data and system configurations.

23. GRA had ascertained that as of 3 March 2026, 18 of these 79 Singapore Pools accounts were closed while the remaining 61 accounts were active as the account holders' exclusion orders had been lifted. In addition, it would continue to maintain regulatory oversight of Singapore Pools through ongoing monitoring and supervision.

24. GRA informed us that it had commenced investigations into possible regulatory offences committed by the EPs concerned.

D. Inadequate Monitoring of Compliance with Licence Condition on Non-gambling for SEs

25. Our data analysis found 194 SEs who had entered either casino through the public route 1,628 times from 1 April 2023 to 31 March 2025. We noted several indicators suggesting that gambling or gaming might have taken place during these visits. For example, the total number of visits by each SE to the casinos ranged from 1 to 148, and for some SEs, the cumulative duration of stays could be as long as 11 to 34 hours. Without adequate monitoring mechanisms, potential breaches by SEs could go undetected, undermining GRA's intended outcomes for imposing the licence condition.

26. GRA said that it had asked the casino operators to remind their employees of their obligations and licence conditions. It would reiterate this to SEs during townhalls in the second half of 2026 and stress that disciplinary action might be taken for non-compliance. It would also carry out targeted checks, with the support of data analytics, by June 2027.

MINISTRY OF LAW

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE

27. For the audit of the Intellectual Property Office of Singapore (IPOS), we covered the following areas in our test checks:

a. Registration and renewal-related fees for trade marks and patents;

b. Patent deposit accounts;

c. Procurement; and

d. IT application controls of the IPOS Digital Hub system.

The more significant observation from the audit is presented in the paragraphs below.

Possible Irregularities in Quality Control Reports Furnished for Audit

28. Under IPOS's Quality Management System, supervisors are required to perform monthly quality control (QC) checks to ensure that their officers have completed the processes for patent applications properly. They have to prepare QC reports for each process after performing the monthly checks.

29. We requested 48 QC reports from IPOS for test checks and found possible irregularities in 2 reports prepared by a supervisor. There were tell-tale signs that the documents furnished for audit could have been created and backdated to give the false impression that the QC checks were properly carried out at the material point in time.

30. Following our query, IPOS conducted an internal investigation and confirmed that the supervisor had created a total of 6 reports (including the 2 mentioned above) retrospectively for audit purposes. IPOS also found another 14 reports that had been created or altered retrospectively by 2 other supervisors after our request for the QC reports.

31. We take a serious view of any furnishing of false information, as such actions impede audit work, call into question the authenticity of other documents provided for audit, and undermine the integrity of the audit process. The retrospective creation and alteration of documents raised questions on whether IPOS's QC checks had been implemented as intended.

32. IPOS informed us that it takes a serious view of the irregularities flagged by AGO. It does not condone the post creation or alteration of documents for audit purposes. Upon finding out about the irregularities, IPOS immediately conducted a thorough investigation, following which it had taken or would be taking disciplinary actions against the 3 supervisors involved in the creation or alteration of the QC reports. Its internal investigation noted several factors that had enabled these irregularities to occur under the QC framework. These included non-enforcement of the requirement in its SOP for QC report submission, and inadequate controls in place to verify whether QC work was done properly. IPOS had since completed a comprehensive review of the purpose, scope, and value of its QC activities. It had taken corrective actions and strengthened its SOP which came into effect from April 2026, setting out clear guidelines on QC checks.

MINISTRY OF NATIONAL DEVELOPMENT

HOUSING AND DEVELOPMENT BOARD

33. For the audit of the Housing and Development Board (HDB), we covered the following areas in our test checks:

a. Housing priority and grant schemes;

b. Revenue;

c. Management of car park operations; and

d. Procurement and payment.

The more significant observations from the audit are presented in the paragraphs below.

Weaknesses in Administration of Housing Priority and Grant Schemes

34. We carried out data analysis and test checks of flat applications under the Married Child Priority Scheme (MCPS), as well as applications for the Proximity Housing Grant (PHG) and the CPF Housing Grant (CPFHG) schemes, approved during the period 1 April 2022 to 31 March 2025. We noted weaknesses in eligibility checks across all 3 schemes. There were also weaknesses in the monitoring of compliance with grant conditions for PHG and CPFHG. Our audit found the following:

a. Proximity criterion under MCPS and PHG not met at point of application;

b. PHG or CPFHG given to applicants who had received the same grant previously;

c. CPFHG given to applicants who exceeded the income ceiling; and

d. Conditions not met during the Minimum Occupation Period (MOP) for PHG and CPFHG.

35. As a result, flats were allocated and grants disbursed to ineligible applicants. Grant conditions might also not have been complied with. This increased the risk of not achieving the intended policy outcome of these schemes, such as for family members to live near one another for mutual support.

AT A GLANCE

MCPS, implemented in 2002, helps a married child and his or her parents to live with or near each other by improving their chances when balloting for a new flat. MCPS has been replaced by the Family Care Scheme (Proximity) from July 2025, where both married and single children will enjoy priority access for their flat applications to live with or near their parents.

PHG, introduced in 2015, helps resale flat buyers to live with or near their parents or child.

CPFHG, introduced in 1994, helps resale flat buyers to buy a flat in the open market.

A. Proximity Criterion Not Met at Point of Application

36. The proximity criterion for MCPS and PHG requires the flat intended for purchase to be within 4 km of the property where the enabler (parent or child[4]) is living or will be living. Our data analysis of 37,737 approved applications found that 37 MCPS applications and 27 PHG applications (grants totalling $0.47 million) did not meet the criterion as the enabler's residential address was not within 4 km of the flat to be purchased. The majority of them were due to HDB not using accurate residential addresses when assessing the eligibility of the applications. For 9 (grants totalling $0.17 million) of the 27 PHG applications, HDB informed us that 2 were attributable to staff oversight and 7 to inconsistencies in calculation of distances by its internal systems at the time of processing. All the affected 9 applications had been rectified.

[4] In the case of MCPS, this refers to the married child of the applicant.

37. We noted that HDB had been using its internal records on home ownership and occupier information, as well as applicant-declared information, to determine the enablers' addresses when assessing eligibility for proximity-based priority schemes and grants. This information, primarily derived from declarations made at the point of flat purchase or application and any subsequent updates by applicants, might not be up to date. Over time, the enablers could have changed their place of residence without HDB's knowledge. In such cases, HDB's records would not accurately reflect the enablers' actual place of residence. In our view, the residential address in the Immigration and Checkpoints Authority (ICA)'s records is an authoritative source of information — citizens and permanent residents are required to inform ICA upon a change in place of residence under the National Registration Act 1965. Furthermore, the Housing and Development (Change of Address) Rules deem a person to have notified HDB of a change of his residential address if he had reported it to ICA under the National Registration Act 1965. Hence, HDB should have ensured that its internal records were consistent with ICA's records before relying on them to determine eligibility.

38. HDB acknowledged the importance of using accurate information to assess eligibility for proximity-based priority schemes and grants. While using its internal records was the approved implementation approach, HDB would introduce additional checks on enablers' residential addresses against ICA's records, to cross-check the information used when assessing applications.

B. Receiving Same Grant More than Once

39. In our analysis of 47,534 approved applications, we also found that PHG and CPFHG were given for 5 and 1 applications (grants totalling $0.17 million) respectively even though the applicants had received PHG or CPFHG previously. HDB's investigation showed that the applications were erroneously approved due to a programming error in its system, or staff oversight. It extended its checks beyond our audit period and found another 4 PHG applications (grants totalling $0.06 million) that were approved for applicants who had received PHG previously.

40. HDB informed us that the programming error had since been rectified. It had issued verbal warnings to the officers involved and would conduct refresher training for staff. For the affected PHG and CPFHG applications, it had either recovered the grant or regularised the case.

C. Income Ceiling for CPFHG Exceeded

41. Our test checks found that CPFHG (totalling $0.12 million) were given for 2 applications with household income exceeding the income ceiling. HDB explained that these arose from a system issue or staff oversight. Arising from our findings, HDB identified 3 additional applications for which CPFHG (totalling $0.11 million) had been erroneously given due to the system issue.

42. HDB informed us that it had previously detected the system issue and implemented a fix in November 2024, but these cases were not detected then. HDB would assess the cases to determine the appropriate follow-up actions. It would also implement measures to further strengthen detection and oversight, which included regular refresher training, system prompts and exception reports.

D. Conditions Not Met During MOP

43. All HDB flat owners are subject to an MOP for the flats purchased. Flat owners are required to reside in the flat throughout the period. For PHG recipients, the enablers are also required to live with or within 4 km of the recipient throughout the MOP.

44. We noted that the addresses of the purchased flats or the enablers' residential addresses in HDB's records did not match the residential addresses of the PHG and CPFHG recipients or enablers in ICA's records during the MOP for 1,619 applications (grants totalling $92.90 million). These discrepancies indicated possible non-compliance with grant conditions and weaknesses in HDB's monitoring of them during the MOP.

45. HDB investigated[5] 92 approved PHG and CPFHG applications, and would look into the remaining 1,527 applications. Of the 92 applications, it found that 10 (grants totalling $0.22 million) had breached the place of residence condition, as the enabler did not stay at or within 4 km of the purchased flat during the MOP. For 42 applications, the applicants or enablers had failed to update their addresses with ICA, and for 10 other applications, the applicants or enablers had changed their place of residence without HDB's approval.

46. For applications that had breached the place of residence condition, HDB had taken follow-up action such as recovery of the grants with accrued interests. It would also revise the terms and conditions of the PHG agreements to require enablers to update their NRIC addresses within 28 days of moving into the purchased flat to stay with the applicants, or to an address within 4 km of the purchased flat.

47. HDB acknowledged the importance of a robust monitoring regime to safeguard public resources and uphold the intent of the housing grant schemes. It would strengthen its monitoring processes and build a more comprehensive and responsive compliance framework.

Weaknesses in Processing of Season Parking Applications and Renewals

48. HDB offers Season Parking (SP) and Family Season Parking (FSP) for long-term parking at its car parks. The parking rate varies according to location, and type of car park and vehicle. For cars, there are 2 tiers of SP rate: Tier 1 applies to the HDB resident household's first car, while Tier 2, which is priced higher, applies to the household's subsequent cars and non-residents' cars. For the convenience of residents, the registered flat owner or any authorised occupiers of the household can apply for Tier 1 SP, as car usage is often shared among household members. HDB also offers FSP to eligible HDB residents who wish to visit their family members (also termed as the "enabler") staying in HDB flats. FSP costs half the price of Tier 1 SP. For vehicles exceeding 1,800 kg in unladen weight and used for commercial purposes, they are charged a single commercial vehicle SP rate.

---

[5] For 30 applications, HDB's investigation found that they either had prior approvals from HDB or they fell under special circumstances.

49. We carried out data analysis and test checks of SP and FSP transactions[6] approved during the period 1 April 2022 to 31 March 2025. We found weaknesses in HDB's eligibility checks for 228,751 Tier 1 SP and FSP transactions (revenue collection totalling $24.99 million). We also found 10,922 transactions pertaining to 1,585 commercial vehicles that were charged incorrect SP rates, resulting in an estimated $1 million under-collection of fees.

A. *Weaknesses in Eligibility Checks on SP and FSP Applications and Renewals*

50. Our analysis and test checks found weaknesses in HDB's eligibility checks for 2,068 applications and 226,683 renewals of Tier 1 SP and FSP (totalling $24.99 million). The eligibility criteria and revenue amounts affected are shown in **Table 1**.

Table 1: Weaknesses in Eligibility Checks

S/N	Description	Revenue Collected ($ million)[7]
i	Deceased applicant and/or enabler	2.95
ii	Applicant was not the registered flat owner, occupier, tenant, or subtenant of an HDB flat, shop, or shop with living quarters	21.58
iii	Enabler was not living in the vicinity of the applicable car park	0.49

51. The details of the audit observations are in the following paragraphs.

i. Deceased Applicant and/or Enabler

52. Our analysis found that 30,199 transactions (totalling $2.95 million) were approved for 2,534 applicants even though the applicant and/or enabler[8] (i.e. the family member to be visited) had passed away between 31 days and 26 years before the date of application or renewal. This put in doubt the identity and eligibility of the applicant and enabler. In our view, it is important for HDB to ascertain their identity so that it can ensure that the eligibility criteria are met.

[6] These refer to SP and FSP applications and renewals.

[7] 593 renewals (totalling $0.03 million) were found with multiple lapses.

[8] 9 FSP renewals were approved for a deceased applicant with a deceased enabler.

ii. Applicant Not Registered Flat Owner, Occupier, Tenant, or Subtenant of an HDB Flat, Shop, or Shop with Living Quarters

53. To be eligible for Tier 1 SP, applicants must be the registered owner, authorised occupier, or tenant of HDB flats or shops in the HDB precinct served by the car park. However, we found that 12,359 applicants for 1,697 applications and 185,555 renewals (totalling $21.39 million) did not meet this criterion. Notably, 37,138 transactions were made by applicants who were not owners, occupiers or tenants of any HDB flat or shop. Hence, there might be an under-collection of SP fees if these applicants were only eligible for SP at the higher Tier 2 rates.

54. For FSP, applicants must be a registered flat owner, authorised occupier, tenant or subtenant of an HDB flat or shop with living quarters. However, we found 3,493 transactions (totalling $0.19 million) by 556 applicants who did not meet this criterion.

55. While HDB's season parking system verified that the applicant had an existing SP prior to approving Tier 1 SP renewals or FSP transactions, we noted that the system did not adequately ascertain whether the applicant continued to meet other eligibility criteria at the point of renewal. HDB explained that renewal of both SP and FSP was usually done every month and transacted through online or automatic recurrent payment modes. To be resident-centric, continued eligibility was not verified at renewal as places of residence were usually unchanged. Given that FSP, unlike Tier 1 SP, is not limited to 1 per household, HDB had enhanced the process for renewals to check the residency status of applicants and enablers against other Government records at a regular interval.

iii. Enabler Not Living in Vicinity of Applicable Car Park

56. To be eligible for FSP, applicants must be able to prove that the enabler (i.e. the family member being visited) is living in an HDB flat or shop in the vicinity of the car park for which FSP was purchased. However, based on the enabler's residential address registered with ICA, we found that this was not the case for 8,400 transactions (totalling $0.49 million) at the point of application or renewal. Furthermore, for 1,766 transactions, the applicant shared the same residential address as the enabler. Another 481 transactions involved an enabler who did not appear to be living in an HDB flat. These thus raised doubts on whether the applicants had met the FSP eligibility criteria, and whether the FSPs were being used for the intended objective of visiting family members living in HDB flats.

B. Charging of Incorrect SP Rates for Commercial Vehicles

57. Our analysis found that 1,585 commercial vehicles were charged incorrect SP rates for 10,922 transactions. Instead of commercial vehicle SP rates, they were charged non-commercial vehicle SP rates (such as for cars). As a result, there was an estimated under-collection of fees of $1 million.

58. HDB acknowledged the need to strengthen its verification checks on SP and FSP transactions, as well as its controls to identify commercial vehicles to charge the correct SP rate. It would also introduce measures such as requiring applicants to declare at application that they met the eligibility criteria and reminding them at renewal that they must continue to do so. In addition, HDB planned to implement a revamped season parking system by 2027.

Inadequate Oversight of Patrol and Enforcement Services by Contractor

59. We carried out analysis and test checks of car park patrol records for the period 1 April 2024 to 31 March 2025 and found that HDB did not exercise adequate oversight of its contractor. The contractor was engaged by HDB to provide patrol and enforcement services for its car parks (contract value of $61.88 million) for the period 1 November 2021 to 31 January 2026. Our audit found the following:

a. Significant discrepancies in patrol records;

b. Non-compliance with audit requirements; and

c. Other indications of shortfall in patrol work.

60. Based on HDB's preliminary estimate, it had possibly overpaid the contractor $9.70 million for patrol and enforcement work not performed.

A. Significant Discrepancies in Patrol Records

61. Our analysis of patrol records provided for audit found significant discrepancies. These included: (i) actual patrol frequency for some car parks being lower than required by HDB; (ii) significant differences between rostered and actual car park patrol records; and (iii) concurrent clock-ins by the same patrol personnel at different car park locations.

62. During our audit, HDB raised the data discrepancy issues with the contractor's senior management who then initiated an investigation. According to the contractor, their investigation found that its IT system for managing the work of patrol personnel had access control weaknesses. This resulted in the integrity of the records in the system and data for the audit being compromised. HDB informed us that the contractor had since lodged a police report and that it had worked with the contractor to put in place protective measures.

63. HDB said that it has zero tolerance for any attempt to undermine the integrity of its enforcement process. It had issued a formal warning letter to the contractor on the breaches of contractual obligations in March 2026. It would also be imposing the relevant administrative charges and recovering in full the fees paid to the contractor for services not rendered.

B. *Non-compliance with Audit Requirements*

64. Our test checks also found that the contractor had not complied with the audit requirements stipulated in the contract. For example, the contractor did not:

a. Engage an independent third party to conduct operations audits to ensure that its IT system is robust and fulfils the contractual requirements prior to commissioning, nor annually thereafter;

b. Carry out anti-corruption checks every 6 months;

c. Submit an audit plan to monitor service requirements and to prevent any corruption, abuse of authority or misconduct by its employees; and

d. Cover all patrol personnel in the monthly audits.

There was no evidence that HDB had followed up with the contractor on the non-compliance. Following our audit, HDB had imposed and received the relevant administrative charges from the contractor.

C. *Other Indications of Shortfall in Patrol Work*

65. Our analysis of the records from 1 April 2024 to 31 March 2025 found multiple instances where the patrol of a location was completed in less than 10 seconds. Given that about 50% of the car parks to be patrolled were multi-storey car parks, it is highly implausible for a car park to be properly patrolled in such a short span of time. We also noted that HDB did not make use of available data (such as actual patrol records) to facilitate its monitoring of the contractor beyond the existing system alerts. Thus, there was a risk that patrol duties might not have been performed as required under the contract.

66. HDB acknowledged its inadequate oversight of the contractor, and informed us that it would be implementing measures to address this. The measures included leveraging technology to put in place system checks to monitor and track the submission of reports, making use of available data and data analytics to facilitate monitoring, and providing more training to enhance the knowledge and skillsets of its staff. HDB would continue to exercise its full contractual rights against the contractor, including imposing relevant administrative charges.

Errors in Valuation of Variation Works

67. We test-checked 44 variation orders (VOs) (totalling $34.80 million) for 14 Home Improvement Programme contracts (approved procurement value of $525 million). We found errors in the valuation of 19 VOs for 7 contracts which were managed by HDB's consultants. The errors were due to the use of incorrect rates in the valuation such as star rates instead of contract rates, and the wrong contract rate for an item. The errors resulted in a total underpayment of $1.02 million for 5 contracts and overpayment of $0.25 million for 4 contracts[9]. There was hence inadequate assurance that HDB had exercised sufficient oversight in the valuation of variation works by its consultants.

68. HDB acknowledged the errors and the importance of strong oversight of its consultants. It informed us that it would reassess and adjust the valuation of the affected VOs by June 2026. It had also downgraded the performance ratings of the consultants involved. In addition, HDB would implement measures such as conducting a review of its item descriptions for contract rates to ensure clarity.

Possible Irregularities in Quotations for Star Rate Items

69. We test-checked 16 VOs with 55 star rate items (totalling $3.04 million) for 3 construction contracts. We noted possible irregularities in 6 quotations for 5 star rate items (totalling $72,900). They were found in 3 VOs for 2 contracts managed by HDB's consultants. In our view, these possible irregularities cast doubt on the authenticity of the quotations provided, and whether value for money had been obtained for the star rate items.

70. HDB informed us that it had since lodged a police report and that it has zero tolerance for any attempt to undermine the integrity of its procurement process. It would tighten its checks on quotations for star rate items, such as using document analytics tools to detect possible irregularities in quotations.

Possible Irregularities in Records Furnished for Audit

71. We found tell-tale signs of possible irregularities in supporting documents provided for the audit of star rate items (totalling $1.43 million) in 9 VOs. The construction contract concerned was managed by a consultant engaged by HDB.

---

[9] Some contracts had more than 1 type of error.

72. According to HDB's SOP, the consultant is required to submit supporting documents on star rate items to HDB for its checks. We requested supporting documents for the 9 VOs and found possible irregularities in documents provided for all the VOs. There were tell-tale signs that the documents furnished for audit could have been created or altered to give the false impression that the checks on star rate items were properly carried out at the material point in time. In particular, we noted that an HDB officer had asked the consultant to prepare documents which were not submitted to HDB previously, and to tidy up all discrepancies in the supporting documents. The created or altered documents were then submitted for audit.

73. We take a serious view of any furnishing of false information, as such actions impede audit work, call into question the authenticity of other documents provided for audit, and undermine the integrity of the audit process. The retrospective creation and alteration of documents raised questions on whether HDB's checks on star rate items were properly carried out.

74. HDB clarified that the officer had no ill intent to impede audit work. However, it acknowledged that making alterations to documents for the purpose of audit is a serious matter and it had reminded its staff on multiple occasions to submit documents as-is for audits. HDB would thus take appropriate disciplinary action against the staff responsible. It would also enhance its internal communication efforts for staff to understand the seriousness of the matter and use this as a case study to reinforce the need to submit documents as-is for audits.

URBAN REDEVELOPMENT AUTHORITY

75. For the audit of the Urban Redevelopment Authority (URA), we covered the following areas in our test checks:

a. Development control and enforcement;

b. Procurement and payment;

c. Car park operations and enforcement; and

d. Grant management.

The more significant observations from the audit are presented in the paragraphs below.

Application Fees Computed Differently from What is Set Out in the Rules

76. We test-checked fees charged by URA for applications for planning permission and conservation permission during the period 1 April 2022 to 31 March 2025. In instances when an application involved multiple development matters within the same site, we found that the fees charged were computed in a manner that differed from what is set out in the subsidiary legislation (Planning (Fees) Rules 2014). An example of such an application is the erection of a new building together with additions and alterations to an existing building. Based on URA's estimates, 791 applications were affected during this period, resulting in fees charged being $1.76 million lower than what should have been charged as set out in the Rules.

77. Under the Rules, applicants are to pay a fee for each applicable development matter where permission is sought. For applications involving multiple development matters within the same site, we noted that URA charged only for the development matter which attracted the highest applicable fee instead of the total fees for all applicable development matters. Based on legal advice, the latter approach should be adopted under the Rules.

78. URA takes the view that the Rules do not expressly provide for how the fees should be computed for a single application involving multiple development matters within the same site. URA informed us that its fees were charged on a cost recovery basis in accordance with its policy intent. When it received such an application, it assessed the multiple matters together, and charged a fee that corresponded to the most extensive matter involved. This approach ensured that the cost of the evaluation effort was appropriately covered while avoiding double-charging for overlapping aspects. It had been consistent in applying this charging approach since at least 2007.

79. Following the audit, URA informed us that the Ministry of National Development would amend the Rules to make clear the policy intent of charging on a cost recovery basis for applications involving multiple development matters within the same site, and to provide greater clarity on the computation of fees for such applications.

Possible Irregularities in IT Procurements

80. We test-checked a few open IT procurements (approved procurement value totalling approximately $600,000) awarded by URA between 2023 and 2025. We noted possible irregularities in the bids submitted by some companies. These included indications that they could be related to the awarded vendor through personnel connections, and that their bids might not have been genuine. In our view, these irregularities might have contravened the Government procurement principle of fair competition.

81. URA informed us that it has zero tolerance for any attempt to undermine the integrity of its procurement process. It had since reported the case to the relevant law enforcement agencies. URA had also implemented immediate measures, which included establishing screening procedures for related companies. In addition, it would further strengthen oversight through measures such as using a document analytics tool to detect possible irregularities in procurement submissions.

PART III

THEMATIC AUDIT – TRAINING GRANTS

PART III
THEMATIC AUDIT

1. In the financial year 2025/26, AGO conducted a thematic audit on selected training grants managed by the SkillsFuture Singapore Agency (SSG) and the Workforce Singapore Agency (WSG).

2. A thematic audit is an in-depth examination of a selected area and may involve more than 1 public sector entity. The in-depth examination enables us to conclude if key controls are in place, and to report on good practices that we may come across in the course of the audit, in addition to lapses.

3. Thematic audits may involve Government ministries, organs of state, Government funds or statutory boards. For Government ministries, organs of state and Government funds, the authority is provided for in section 5(1) of the Audit Act 1966. For statutory boards (which include SSG and WSG), the authority is provided for under Finance Circular Minute No. M3/2011, read with section 4(4) of the Audit Act 1966.

Acknowledgements

4. We would like to thank SSG and WSG for their co-operation in the audit.

Scope of Audit

5. The thematic audit focused on the following training grant schemes administered by SSG and WSG, with a total disbursement of $2.62 billion during the period 1 April 2022 to 31 March 2025 as shown in **Table 1**. These schemes provide various funding support to promote training, lifelong learning and workforce transformation.

Table 1: Total Disbursement by Grant Scheme (1 April 2022 to 31 March 2025)

Training Grant Scheme	Total Disbursement ($ million)
SSG	
Baseline Course Fee Subsidy	1,574.09
SkillsFuture Credit	247.77
SkillsFuture Mid-Career Enhanced Subsidy	138.92
Enhanced Training Support for Small and Medium Enterprises	42.09
Absentee Payroll Funding	30.83
WSG	
Career Conversion Programme	376.78
Institutional Grant to Employment and Employability Institute	134.26
Workfare Skills Support Scheme	38.93
Mid-Career Pathways Programme	36.91
Total	**2,620.58**

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

STAGE 1

GRANT DESIGN AND SETUP

- Whether there were processes and controls in place to ensure that the grant schemes were authorised and administered in accordance with the objectives of the schemes.

STAGE 2

GRANT EVALUATION AND APPROVAL

- Whether there were processes and controls in place to ensure that grant applications/claims were properly evaluated and approved; and
- Whether proper terms and conditions were stipulated for compliance.

STAGE 3

GRANT DISBURSEMENT

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

STAGE 4

GRANT MONITORING AND REVIEW

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

STAGE 5

CESSATION OF GRANT[1]

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

[1] This refers to cessation of funding agreements and not the cessation of grant schemes. All the grant schemes covered in our audit are ongoing.

7. The audit examined whether there was a proper framework for training grants management and whether due process was followed for the above stages. The audit did not seek to certify whether the grant recipients had, in all material aspects, utilised or managed the grants in accordance with the grant terms and conditions.

8. Our audit methodology involved the following:

- Holding discussions with SSG's and WSG's key personnel to better understand the operations;
- Examining the relevant records of the selected training grant schemes;
- Performing data analytics on grant applications and disbursements; and
- Interviewing relevant officers from both agencies.

9. To facilitate our assessment, we selected samples using a structured methodology based on materiality and other risk factors, such as grants given to new training providers and companies with a high number of trainees. We also ensured that the samples were representative of the populations tested.

10. The number of samples selected is shown in **Table 2**.

Table 2: Breakdown of Number of Samples Selected

Samples	SSG (5 Grant Schemes)	WSG (4 Grant Schemes)
Randomly selected samples (based on 90% confidence level)[2]	65	80
Judgementally selected samples[3]	75	104
Total	**140**	**184**

11. In addition to the sample checks, we performed data analytics where relevant data was available and followed up on possible exceptions. We also conducted audits of the IT general controls and application controls over the Training Grants System (TGS)[4] used by SSG and WSG for administering the training grants.

[2] A 90% confidence level means that there is a 90% probability that the sample results are representative of the population being tested, with a 10% accepted risk of error.

[3] This refers to samples chosen based on the auditor's professional judgement.

[4] TGS is owned by SSG.

Summary

12. We noted that in general, SSG and WSG had put in place processes and controls across the various grant stages to ensure proper management of the training grants. There were also good practices observed for both agencies. However, we noted areas where improvements could be made.

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

Stage 1 – Grant Design and Setup

14. Both SSG and WSG had put in place processes and procedures to ensure that grant schemes were properly approved and in line with their objectives. Grant policy framework and funding principles were set out in a funding manual to guide grant design and setup. Procedures were also in place to ensure proper approval and documentation of changes to the grant schemes.

Stage 2 – Grant Evaluation and Approval

15. Both SSG and WSG had generally put in place processes to guide the evaluation and approval of training providers (TPs), programme partners (PPs) and grant applications. These included appointing independent and competent reviewers, seeking approval from appropriate authorities for the appointment of TPs and PPs, and having SOPs on the detailed checks required.

16. Nevertheless, there were areas where controls could be improved. For SSG, we noted several instances of delay in signing funding agreements (FAs). The FAs were signed after their funding periods had commenced. Without a formal agreement, there was uncertainty regarding the funding terms and conditions, and SSG's interests might not be safeguarded in the event of dispute. For WSG, we noted instances where grants were disbursed for ineligible Career Conversion Programme (CCP) and Mid-Career Pathways Programme (MCPP) trainees. There was also potential gaming by companies with no local employees or a high number of trainees relative to local employees, or from sequential MCPP and CCP trainings with the same company.

Stage 3 – Grant Disbursement

17. Both SSG and WSG had generally put in place processes and procedures to check and approve grant disbursements. These included system-enabled checks, verification of claims against supporting documents, approval by appropriate authorities for claims and checks for compliance with SOPs. However, we noted some areas where controls could be strengthened.

18. For SSG, our data analysis found instances of erroneous grant disbursements of Enhanced Training Support for Small and Medium Enterprises (ETSS) due to lapses in administration. These included misclassification of companies as Small and Medium Enterprises (SMEs) caused by a system logic error, as well as wrong assessment of companies' appeals for ETSS. Additionally, we found potential gaming of course fee funding where trainees attended a high number of courses conducted by 2 TPs which were their employers.

19. For WSG, our test checks found disbursements made to PPs despite incomplete submission of required documents, and lapses in the service provider's[5] verification of claims. There were also instances where PPs could not provide documents such as individual application and claim checklists and career conversion assessment related forms upon our audit request.

Stage 4 – Grant Monitoring and Review

20. Both SSG and WSG had generally put in place processes and procedures to ensure that grants were managed in accordance with relevant terms and conditions, and that deliverables were achieved. These processes included requiring submission of progress reports by TPs, and audits and checks on TPs/PPs to ensure compliance with terms and conditions in FAs/Guides. Nevertheless, we noted some areas where controls could be enhanced.

21. For SSG, we found lapses in the monitoring of TPs' progress reporting, including reporting schedules not set out in FAs, instances of progress reports not submitted or submitted late, and the service provider not submitting its review of TPs' progress reports.

Stage 5 – Cessation of Grant

22. Both SSG and WSG had put in place processes and procedures to take stock of final grant deliverables and settle the accounts (including recovery of any excess grants) in a timely and accurate manner.

[5] SSG and WSG outsourced the grant processing functions to a service provider.

23. We observed some good practices which SSG and WSG had implemented.

GOOD PRACTICES

Since our last audit in the financial year 2021/22, SSG had progressively enhanced TGS for claims processing. From August 2023, all claims have been processed through the system. TGS uses system-enabled checks to determine trainees' eligibility for grants. SSG has also strengthened its attendance system controls since October 2023 through Singpass-based identity authentication and session-specific dynamic QR attendance codes to capture attendance in real time. In addition, SSG has built up data analytics capabilities to monitor grant utilisation and flag anomalous claims, such as analysis of claims to identify high-risk trainees and TPs.

WSG had implemented initiatives to strengthen its grants governance and monitoring capabilities since our last audit in the financial year 2019/20. WSG commissioned a grants governance review in June 2023 to examine areas such as organisation design, risk management, claims verification, grants audits, systems and training. Since January 2025, WSG has been using a Robotic Process Automation bot to conduct monthly checks on CCP placements, enabling early detection of potential false declarations made by CCP participants and companies.

24. Details of the key observations of SSG and WSG, including good practices implemented, are in the paragraphs below.

MINISTRY OF EDUCATION

SKILLSFUTURE SINGAPORE AGENCY

25. SSG drives and coordinates the implementation of the national SkillsFuture movement, promotes lifelong learning, and strengthens the ecosystem of quality education and training in Singapore. It provides various funding support to promote training. We selected 5 training grant schemes that it administers for audit. SSG disbursed a total of $2.03 billion under these 5 grant schemes during the audit period 1 April 2022 to 31 March 2025, as shown in **Table 3**.

Table 3: Total Disbursement by Grant Scheme (1 April 2022 to 31 March 2025)

Training Grant Scheme	Objective	Total Disbursement ($ million)
Baseline Course Fee Subsidy	To provide course fee subsidies to self-sponsored individuals or employers who sponsor their employees for skills development and lifelong learning	**1,574.09**
SkillsFuture Credit	To provide credits to offset the out-of-pocket course fees of approved courses	**247.77**
SkillsFuture Mid-Career Enhanced Subsidy	To provide additional course fee subsidies to mid-career Singaporeans (aged 40 and above) to encourage upskilling and reskilling to adapt to changing job requirements	**138.92**
Enhanced Training Support for Small and Medium Enterprises	To provide additional course fee subsidies to SMEs that sponsor their employees to attend courses	**42.09**
Absentee Payroll Funding	To help employers defray the manpower costs incurred when they send their employees for courses	**30.83**
	Total	**2,033.70**

26. We test-checked a total of 140 samples covering the various grant stages for the above schemes. In addition to sample checks, we performed data analysis where relevant data was available and carried out test checks on possible exceptions highlighted from the analysis. We also conducted an audit of the IT general controls and application controls over the Training Grants System (TGS) used by SSG to administer the training grants.

AT A GLANCE

IT general controls are foundational safeguards that govern how an organisation's IT systems are accessed, modified, and maintained – ensuring the data, processes and applications that run on them can be trusted.

IT application controls are built-in safeguards within a software system that govern how data is entered, processed, and generated – ensuring that information is accurate, complete, and accessed only by authorised persons.

Summary of Audit Observations

27. In general, SSG had put in place processes and controls across the various grant stages to ensure proper management of the training grants. We observed that it had also instituted some good practices, including the following:

a. From August 2023, all claims have been processed through TGS which uses system-enabled checks to determine trainees' eligibility for grants. This enabled SSG to move away from the previous manual processing model which relied on declarations submitted by trainees and training providers (TPs).

b. SSG has strengthened controls over its attendance system used by TPs for attendance-taking since October 2023. These included Singpass-based identity authentication, session-specific dynamic QR attendance codes, and time-limited check-in windows aligned with training schedules. Together, these controls enabled attendance to be captured in real time.

c. SSG has built up data analytics capabilities to monitor grant utilisation and flag anomalous claims for further checks. This included analysis of claims to identify high-risk trainees and TPs.

28. While processes and controls were generally in place, SSG could improve on the following areas:

a. Ensure that system logic for assessing grant eligibility is correctly configured and grant eligibility is assessed using relevant and up-to-date data;

b. Implement measures to monitor trainees attending courses conducted by their employers or related companies to detect potential gaming;

c. Improve the monitoring of TPs' progress reporting to enhance SSG's oversight of them;

d. Ensure that funding agreements (FAs) between SSG and TPs are signed before the funding periods commence to safeguard SSG's interests; and

e. Strengthen IT controls over TGS, including ensuring comprehensive reviews of operating system (OS) and database (DB) accounts, robust password security configurations, timely deactivation and removal of accounts, and adequate monitoring of DB administrator activities.

29. The key observations are in the following paragraphs.

Lapses in Administration of Enhanced Training Support for Small and Medium Enterprises Grant Scheme

30. Our data analysis and test checks of grant disbursements under the Enhanced Training Support for Small and Medium Enterprises (ETSS) scheme during the period 1 January 2023 to 31 March 2025 found instances of erroneous disbursements amounting to $2.92 million for 588 companies. Arising from our audit, SSG conducted checks and found additional instances of erroneous disbursements. In total, $4.32 million had been erroneously disbursed for 697 companies since November 2020. In addition, we found that SSG had potentially misclassified 101 companies as SMEs due to the use of outdated data, resulting in possible erroneous disbursements of $0.50 million.

31. The lapses in administration of ETSS are shown in **Table 4**.

Table 4: Lapses in Administration of ETSS

Description of Lapse	No. of Companies[6]	Erroneous ETSS Grants Disbursed ($ million)	Possible Erroneous ETSS Grants Disbursed ($ million)
a. Misclassification of companies as SMEs due to system logic error	691	4.22	-
b. Wrong assessment of companies' appeals to be eligible for ETSS	15	0.10	-
c. Potential misclassification of companies as SMEs due to use of outdated data	101	-	0.50
Total		**4.32**	**0.50**

[6] Some companies had more than 1 lapse.

A. *Misclassification of Companies as SMEs Due to System Logic Error*

32. Our data analysis found that $2.88 million in ETSS grants were disbursed during the period 1 January 2023 to 31 March 2025 for 586 companies which were misclassified as SMEs due to a system logic error. Arising from our audit, SSG conducted checks for ETSS grants disbursed outside our audit period. It found that a further $1.34 million had been disbursed for 501 companies misclassified as SMEs since November 2020, when the logic error first occurred. In total, $4.22 million in ETSS grants were erroneously disbursed for 691 unique companies.

33. SSG informed us that the system logic error had resulted in the under-reporting of companies' total employment size, resulting in companies being wrongly assessed as SMEs. The system logic error was resolved for new ETSS grants after SSG migrated to a new system in 2023.

B. *Wrong Assessment of Companies' Appeals to be Eligible for ETSS*

34. Our test checks found that 10 appeals from 9 companies were wrongly assessed as being eligible for ETSS because SSG had used incorrect financial information to determine whether the companies were SMEs[7]. This resulted in ETSS grants totalling $40,400 being disbursed for the 9 companies which were misclassified as SMEs. Arising from our audit, SSG found an additional $58,200 of ETSS grants incorrectly disbursed. In total, $98,600 in ETSS grants were erroneously disbursed for 15 companies due to wrong eligibility assessments.

35. Upon our query, SSG reviewed its appeal process and ceased using the incorrect financial information for processing appeals.

36. SSG also informed us that the total amount of grants erroneously disbursed due to the system logic error and wrong assessment of appeals was effectively $2.24 million (out of $4.32 million). The remaining $2.08 million would have been disbursed under another subsidy scheme[8] even if the companies had not qualified for ETSS grants.

C. *Potential Misclassification of Companies as SMEs Due to Use of Outdated Data*

37. Our data analysis found 176 assessments where $497,700 in ETSS grants were disbursed for 101 companies that had been potentially misclassified as SMEs using outdated financial data (ranging from 2 to 19 years ago as at the time of assessment). 83 of these assessments were based on annual sales turnover that was from more than 10 years ago, accounting for $192,000 in ETSS grants disbursed for these companies.

38. Following our observation, SSG had commenced a review of the policy on data recency for determining SME status. The review was targeted to be completed by June 2026.

---

[7] According to SSG's SOP, a company qualifies as an SME if, among other criteria, its annual sales turnover is $100 million or less. However, SSG had used chargeable income (i.e. taxable income after deducting tax-allowable expenses) instead of annual sales turnover to determine SME status.

[8] This refers to the SkillsFuture Mid-Career Enhanced Subsidy scheme, which provides the same grant rate as ETSS for employer-sponsored workers who are Singapore Citizens aged 40 and above.

Potential Gaming of Course Fee Funding

39. We found 15 trainees who attended a high number of self-sponsored courses conducted by 2 TPs, which were their employers. The 15 trainees attended a total of 886 courses with $232,100 of grants disbursed to their employers during the period 1 April 2022 to 31 March 2025.

40. Furthermore, the 2 TPs were related companies. Each of the 15 trainees attended between 31 and 71 courses conducted by the 2 TPs. One of the 2 TPs conducted 17 courses where all attendees were its employees, employees of the other TP, or spouses/family members of these employees.

41. The above training arrangements raised concerns on the legitimacy of the training conducted. It could indicate potential gaming by the TPs to obtain course fee funding from SSG and boost the attendance rate of their courses.

42. SSG informed us that its funding policy allowed self-sponsored trainees to attend courses conducted by their employers or related companies. It had already implemented controls such as requiring co-payment of course fees and disallowing TPs to pay net fees for their own courses to address potential gaming risk. It would look further into the matter and pilot a thematic analysis to study the prevalence and trends of such activities.

Lapses in Monitoring of Training Providers' Progress Reporting

43. We performed test checks of 24 FAs and found lapses in SSG's monitoring of TPs' progress reporting for all 24 FAs. Reporting schedules for TPs to submit progress reports to SSG were not stated in 23 FAs. There were also 7 instances of non-submission and 92 instances of delayed submission of progress reports, with delays ranging from 6 to 554 days. In addition, the service provider did not submit the review of TPs' progress reporting for the 24 FAs although this was required by SSG's SOP.

44. SSG signs FAs with TPs to administer training programmes. The agreements state the terms and conditions that the TPs agree to abide by to deliver a set of outcomes, in exchange for SSG's funding. Under the FAs, TPs are required to track agreement outcomes and submit progress reports. These reports serve as a key tool for SSG to track their performance against agreement outcomes.

45. The lapses weakened SSG's oversight of the TPs' performance and could affect programme evaluation and funding decisions.

46. SSG informed us that the reporting schedules were specified in the Training Partners Gateway[9], but it had since included the progress report submission frequency in new FAs issued from May 2026. It conducted meetings and check-ins regularly with the TPs to track their progress. To strengthen the monitoring of their performance, it would use data at source where applicable. For areas requiring submissions from TPs, it would strengthen controls, including enhanced management of its service provider and tighter monitoring.

Delays in Signing of Funding Agreements

47. We also found that 10 (funding amount totalling $262.88 million) out of the 24 FAs were signed between 3 and 522 days after their funding periods had commenced.

48. For good control, FAs should be entered into before the start of the funding period to safeguard SSG's interests in the event of dispute.

49. SSG informed us that prior to the signing of the FAs, no payment had been made to the TPs. Since August 2023, it had strengthened its system process to ensure that no training activities could commence before FAs were signed. Following our audit, it had enhanced its SOP and retrained its staff to ensure the timely execution of agreements.

Weaknesses in IT Controls

50. We conducted an audit of the IT general controls and application controls over the TGS used to administer SSG training grants for the period 1 April 2022 to 31 March 2025. We found weaknesses which could compromise the TGS servers and DBs, and affect system availability. We also found weaknesses in user account management which could compromise data integrity. The details of the observations are in the paragraphs below.

IT General Controls

A. Weaknesses in Reviews of OS and DB Accounts

51. We conducted test checks on SSG's reviews of OS and DB accounts for 3 TGS application servers, 1 DB server and 2 DBs for the period 1 December 2024 to 31 March 2025. We found the following weaknesses:

a. 19 out of 35 OS accounts were omitted from the reviews; and

b. All 82 DB accounts were not reviewed.

[9] Training Partners Gateway is a one-stop portal which provides resources and digital services for managing courses and claims.

52. These were contrary to the Government Instruction Manual on Infocomm Technology & Smart Systems Management which requires all accounts to be reviewed, and SSG's SOP which requires user, system, service, privileged and testing accounts to be reviewed.

53. Without the reviews, SSG would not be able to identify and take prompt action against unauthorised, obsolete or unused accounts which could be exploited to gain access to and disrupt the operations of the TGS.

54. SSG informed us that it had completed the review of all 19 OS and 82 DB accounts, and found no anomalies. It had also aligned its account review SOP fully with Government Instruction Manual requirements since April 2026.

B. Weaknesses in Password Security Configurations of DB Accounts

55. We reviewed the password security configurations of all 82 DB accounts for 2 TGS DBs as at November 2025. We found that all the accounts were affected by a combination of security weaknesses, such as passwords that did not expire or could be reused, unused accounts allowed to remain active indefinitely, and accounts not locked after multiple failed login retries. Of particular concern was the privileged account used by SSG's IT vendor to administer 1 of the TGS DBs containing grants information and transactions. The privileged access rights, combined with the weaknesses in password security configurations, increased the risk of unauthorised access to the TGS DB.

56. SSG informed us that it had started a review of the 82 accounts. It would carry out risk assessments and obtain approval for any deviation from the required security configuration, for example, due to technical constraints. It aimed to apply the revised password security configurations by June 2026.

AT A GLANCE

Privileged accounts refer to accounts used for performing network, system, application-wide, agency-wide, or Whole-of-Government-wide administrative/security activities (e.g. creating, modifying, or deleting accounts and their privileges). These privileged accounts are used to perform activities such as account management, cryptographic key management, DB administration, network administration, and system administration.

Examples of privileged account users are system administrators and DB administrators.

C. OS Accounts Not Promptly Disabled and Access Rights Not Promptly Removed

57. The Government Instruction Manual on Infocomm Technology & Smart Systems Management and SSG's SOP require accounts to be disabled on the last day of their authorised use, with the accounts removed and access rights revoked within the next 5 working days. Any delay in account deactivation and removal increases the risk of unauthorised access to the TGS.

58. Our test checks of TGS OS accounts for the period 1 April 2022 to 31 March 2025 found that 7 accounts, belonging to SSG's IT vendor staff, were not promptly disabled and/or their access rights were not promptly removed. 4 out of 7 OS accounts were disabled between 1 and 70 working days from the last day of their authorised use. All 7 OS accounts were removed between 14 and 354 working days after the required timeframe of 5 working days. For 1 of the accounts, there were 130 successful login attempts over a period of 20 days after the user's last day of authorised use.

59. Following our observation, SSG informed us that it had ensured that all OS accounts were properly set up in its access management system to enable automated account disablement and access rights removal. For the account with successful login attempts after the user's last day of authorised use, this had occurred because the IT vendor had enabled access to the account to support business continuity, but did not obtain SSG's approval to do so. SSG had checked and found no unauthorised data modification or deletion. It would take appropriate action against the IT vendor.

D. Inadequate Review of DB Activities Performed by DB Administrators

60. We found that the activities performed by the 2 DB administrators using privileged accounts in 2 TGS DBs were omitted from the monthly log reports for review by SSG and its IT vendor. As a result, SSG would not be able to detect and investigate any unauthorised activity performed by these DB administrators in the TGS DBs on a timely basis.

61. SSG informed us that it had since updated the DB configuration in April 2026 to enable logging of all privileged activities for review. In addition, it would perform a retrospective review of the DB administrator activity logs in the 2 TGS DBs to identify and investigate any potential security concerns by September 2026.

IT Application Controls

E. User Accounts Not Promptly Disabled and Access Rights Not Promptly Removed

62. Our test checks for the period 1 April 2022 to 31 March 2025 found that the user accounts of 17 TGS users were not promptly disabled and/or their access rights were not promptly removed. 6 user accounts were disabled between 60 and 101 working days from the last day of their authorised use. The access rights for all 17 user accounts were removed between 1 and 57 working days after the required timeframe of 5 working days. For 1 of these accounts, there were 29 successful login attempts over a period of 52 days after the user's last day of authorised use.

63. Following our observation, SSG informed us that it had tightened its process and strengthened the control environment to promptly disable accounts and remove access rights. For the account with multiple logins after the user's last day of authorised use, SSG informed us that the logins were made by the user to facilitate handover duties and verify whether the account had been removed.

F. *Inadequate Segregation of Duties for Change Management*

64. We noted that 2 user accounts belonging to SSG's IT vendor staff had access to both the development and production environments, allowing them to develop and deploy changes in the TGS. This lack of segregation of duties increased the risk of unauthorised changes to the system, compromising its integrity.

65. For good control, the roles for development and production should be segregated.

66. SSG informed us that it would implement a revised SOP by June 2026, whereby production deployment would be performed by a designated IT vendor staff who did not have access to the development environment. In addition, it would onboard TGS onto a Government platform by December 2026, which would further strengthen segregation of duties through system controls.

MINISTRY OF MANPOWER

WORKFORCE SINGAPORE AGENCY

67. WSG is dedicated to building a competitive, inclusive, resilient and employable workforce. By partnering various stakeholders, it supports employers in workforce transformation through job redesign and reskilling, enabling them to create good jobs for Singaporeans and develop an agile workforce. We selected 4 training grant schemes that it administers for audit. WSG disbursed a total of $586.88 million under these 4 grant schemes during the audit period 1 April 2022 to 31 March 2025, as shown in **Table 5**.

Table 5: Total Disbursement by Grant Scheme (1 April 2022 to 31 March 2025)

Training Grant Scheme	Objective	Total Disbursement ($ million)
Career Conversion Programme	To provide salary support to help employers broaden their talent pool by reskilling mid-career new hires or existing employees into growth job roles	**376.78**
Institutional Grant to Employment and Employability Institute (e2i)	To fund e2i's operations, including administration of manpower development programmes, career centres and events	**134.26**
Workfare Skills Support Scheme	To encourage lower-wage workers to undertake training that leads to more impactful employment outcomes through the provision of Training Allowance, Training Commitment Award and Absentee Payroll	**38.93**
Mid-Career Pathways Programme	To support mature mid-career individuals aged 40 and above to gain in-demand skills and prepare for permanent employment through the provision of Training Allowance	**36.91**
	Total	**586.88**

68. We test-checked a total of 184 samples covering the various grant stages for the above schemes. In addition to sample checks, we performed data analysis where relevant data was available and carried out test checks on possible exceptions highlighted from the analysis. We also conducted an audit of the IT application controls over the Training Grants System (TGS) used by WSG to administer the training grants.

Summary of Audit Observations

69. In general, WSG had put in place processes and controls across the various grant stages to ensure proper management of the training grants. There were also some good practices observed, including the following:

a. WSG had commissioned a grants governance review in June 2023 against 5 comparable grant-giving agencies to strengthen its grants governance regime. The review examined areas such as organisation design, risk management, claims verification, grants audits, systems and training. It resulted in various key recommendations with action plans to strengthen grants governance.

b. WSG had used a Robotic Process Automation bot since January 2025 to conduct monthly checks on Career Conversion Programme (CCP) placements for compliance with the eligibility criteria. The monitoring mechanism enabled early detection of potential false declarations made by CCP participants and companies.

70. While processes and controls were generally in place, WSG could improve on the following areas:

a. Ensure robust verification processes against relevant databases so that grants are not disbursed for ineligible trainees;

b. Strengthen controls to better detect and address the risk of potential gaming;

c. Conduct checks to monitor programme partners' (PPs') compliance with the CCP and Mid-Career Pathways Programme (MCPP) Guides, such as putting up the necessary checklists and documenting career conversion assessments; and

d. Improve monitoring to ensure that its service provider carries out checks as required by the SOP.

71. The key observations are in the following paragraphs.

Grants Disbursed for Ineligible CCP and MCPP Trainees

72. According to CCP and MCPP requirements, trainees should not be related to participating CCP/MCPP companies or their related entities through shareholding, family or employment relationships.

73. Our data analysis of 20,602 applications involving 20,425 trainees for the period 1 April 2022 to 31 March 2025 found grants disbursed (totalling $1.67 million) for 110 ineligible CCP and MCPP trainees. These trainees were related to the CCP/MCPP companies or their related entities. Please see **Table 6** for details.

Table 6: Breakdown of Ineligible Trainees

Relationships	No. of Trainees[10]	Total Disbursement ($ million)
Shareholding relationship: Trainees were shareholders of the CCP/MCPP companies or their related entities	9	0.18
Family relationship: Trainees were related[11] to owners of the CCP/MCPP companies or directors of the MCPP companies	84	1.26
Employment relationship: Trainees were current employees or immediate ex-employees of the CCP/MCPP companies or their related entities within 6 months before they onboarded to the CCP/MCPP	20	0.30

74. We noted that checks by PPs were based on declarations by companies and/or trainees, and the 110 trainees were onboarded to the schemes as their relationships were not declared. The approval and disbursement of grants for ineligible trainees resulted in the use of public funds that was not in accordance with programme requirements and could undermine its objectives. Inadequate verification processes against relevant databases increased the risk of gaming of the programme through undisclosed relationships between trainees and participating companies.

75. WSG informed us that it was still in the process of investigating the cases, with a target for completion by December 2026. As at May 2026, it had initiated action to recover the grants disbursed for 21 trainees (totalling $0.31 million). WSG also informed us that it had earlier identified the shortcoming of relying on self-declarations and had since January 2025, implemented automated checks on applications to detect false declarations.

[10] Some trainees might be considered ineligible under more than 1 category.

[11] According to the CCP and MCPP Guides, related individuals include spouse/ex-spouse, children, parents/parents-in-law and siblings.

Potential Gaming by Entities with No Local Employees and High Number of Approved Trainees Relative to Local Employees

76. CCP provides salary support to help employers broaden their talent pool by reskilling mid-career new hires or existing employees into growth job roles. MCPP supports mature mid-career individuals aged 40 and above to gain in-demand skills and prepare for permanent employment through the provision of Training Allowance. Adequate supervision and training should be provided to ensure that the objectives for CCP and MCPP are met.

77. We performed data analysis of 6,853 entities with 21,327 CCP and/or MCPP applications approved during the period 1 April 2022 to 31 March 2025. We found 465 entities[12] with 763 applications (grants disbursed totalling $16.82 million) that had red flags indicating potential gaming as follows:

a. 395 entities had no local employees[13], raising concerns over whether and how they could have provided adequate supervision, mentorship and structured training during the training period;

b. 61 entities had a high number of trainees relative to the number of local employees; and

c. 6 groups of 30 related entities with patterns, such as movement of trainees between related companies, suggesting potential gaming of the programmes to maximise grant claims, rather than genuine training initiatives.

78. Our test checks on 71 of the 465 entities found further red flags. These included: (i) low retention outcomes with only 16 of 125 (or 12.8%) trainees test-checked remaining employed by the entities 3 months after the end of funding period; (ii) salary patterns suggesting potential gaming to maximise grant claims; (iii) indications of absence of genuine employment; and (iv) entities potentially established solely to access funding.

79. WSG explained that there could be valid reasons for CCP and MCPP trainees to leave 3 to 6 months after the funding period (e.g. individuals secured opportunities with other companies), and for the high number of approved trainees relative to local employees (e.g. during a ramp-up phase, where companies onboard manpower to build operational capacity). However, WSG acknowledged the observation and would review the cases, targeting for completion by May 2027.

---

[12] Some entities might have more than 1 red flag.

[13] This refers to entities which did not make employer CPF contributions for any employee or trainee during the audit period.

80. WSG also shared that its review as at May 2026 found that details on 148 CCP trainees from 24 entities (grants disbursed totalling $9.13 million) could have been wrongly recorded due to Unique Entity Number data entry errors in the system. This could have contributed to the substantial number of companies identified in the data analysis. It added that with the migration of the application management system to the Business Grants Portal[14] in July 2026, the company details of the trainees would be auto-populated, reducing the risk of wrong records. In some cases, it found that the entities with no employees might belong to larger corporate groups which centrally manage human resource functions including administration of payroll and training.

81. WSG would also consider our observation in its next review of MCPP and CCP. In addition, it would explore the integration of post-application data analysis capabilities into the system to identify companies with higher risk.

Potential Gaming from Sequential MCPP and CCP Trainings

82. Under the MCPP, trainees are attached to participating companies and undergo structured development plans to prepare for employment with the company. CCP supports new hires or existing employees in transitioning into growth job roles through structured on-the-job training. Typically, a trainee employed by a company after completing MCPP will not be expected to undergo CCP with the same company shortly after. Exceptions include cases where the CCP job role differs from the MCPP attachment role, or where further reskilling is justified due to significant changes in job scope.

83. We analysed 21,327 MCPP and CCP applications approved during the period 1 April 2022 to 31 March 2025. We found 52 trainees (grants disbursed totalling $1.48 million) with sequential MCPP and CCP trainings with the same company, exhibiting 1 or more of the red flags in **Table 7** below. Of the 52 sequential trainings, 3 exhibited all 4 red flags and another 13 exhibited 3 red flags. These suggested that some trainings might not have met the criteria for sequential participation and indicated potential gaming to maximise grant claims.

[14] The Business Grants Portal is a one-stop portal for businesses to apply for Government grants.

Table 7: List of Red Flags

Red Flags	No. of Trainees[15]
a. Identical or similar job titles under MCPP and CCP trainings, which suggested that the roles might not differ substantially	19
b. Intervals of less than 6 months between the MCPP and CCP trainings, which suggested that the trainings might have been sequenced to extend grant support	50
c. Reduced or ceased salaries within 3 months after the CCP salary support period ended, which raised concerns that the CCP salaries might have been inflated and that trainings might have been undertaken for grant reasons	27
d. Increased salaries of more than 50% for CCP compared to MCPP Training Allowances, which suggested that the CCP salaries might have been inflated to maximise claimable salary support	9

84. WSG informed us that it had reviewed the 52 trainees and found 14 trainees with limited career conversion. It would further review these 14 cases to determine if there was any breach of terms and conditions. It would also investigate the other red flags noted and perform periodic review for individuals undergoing sequential MCPP and CCP trainings with the same company. In addition, it would enhance the CCP application process by requiring the PPs to check applicants' past MCPP job roles.

85. Our audit found that 1 of the trainees (grants disbursed totalling $14,900) had overlapping training periods of 75 working days under both programmes at the same company, resulting in double funding. WSG informed us that it would recover the total grants disbursed, and take protective measures against the company and individual. It had also referred the case to the Police. In addition, it had implemented checks on newly onboarded MCPP and CCP trainees from January 2025 to detect overlapping training periods across the 2 programmes.

Lapses in Claims Verification and Documentation Not Maintained

86. We test-checked 43 disbursements to 23 PPs (grants disbursed totalling $178.87 million) and disbursements made by 9 of these PPs for 100 trainees (grants disbursed totalling $2.66 million) for the period 1 April 2022 to 31 March 2025. We found lapses in claims verification and documentation, which resulted in inadequate assurance that proper due diligence was exercised, thereby increasing the risk of erroneous disbursements. Details of the lapses are in the paragraphs below.

[15] Some trainees had more than 1 red flag.

A. Grants Disbursed Despite Incomplete Submission of Documents by PPs

87. We found 8 disbursements (totalling $20.54 million) made to 3 PPs despite their incomplete submission of required documents. These included invoices for course fees and monthly payslips.

88. WSG explained that the incomplete submission was due to the PPs' oversight, with no financial impact to the amounts disbursed. It assessed that the overall risk was minimal for 1 PP as there were checks to ensure reasonableness of disbursement amounts. For the other 2 PPs, it had since verified that the omitted documents were aligned with the claim submissions.

B. Lapses in Verification of Claims by Service Provider

89. WSG's SOP requires the service provider to perform sample checks on the supporting documents for each claim. The service provider is also expected to document these checks and upload the documentation, along with the claim, to TGS.

90. We found lapses in the verification of claims by the service provider for 6 disbursements made to 3 PPs. For 5 disbursements totalling $3.67 million, the service provider did not perform the required sample checks before processing the claims. For the remaining disbursement of $0.77 million, documentary evidence of the service provider's checks could not be located.

91. Upon our query, WSG conducted further checks on other disbursements for the same grant agreements. It found that sample checks on the supporting documents were not carried out for an additional 13 claims totalling $13.04 million.

92. WSG explained that the service provider had processed the claims based on the PPs' declarations, and that the lack of documentary evidence of the checks was due to oversight by the service provider. The service provider had since performed the required checks and confirmed that the amounts disbursed were correct. WSG had lodged incident reports on the processing lapses.

C. Required Documents Not Maintained

93. Our test checks of the 23 PPs found that 4 PPs had disbursed $0.58 million for 23 trainees without maintaining the required documents under the CCP Guide, such as the individual application and claim checklists and career conversion assessment related forms. The PPs could not provide the required documents upon our audit request. WSG informed us that the required documents were not maintained due to human oversight, but the required grants administration checks had been performed by the PPs. It had since worked with the PPs to ensure that they put in place the necessary measures to prevent recurrence.

User Accounts Not Promptly Disabled and Access Rights Not Promptly Removed

94. We conducted an audit of the IT application controls over the TGS for the administration of WSG training grants for the period 1 April 2022 to 31 March 2025.

95. The Government Instruction Manual on Infocomm Technology & Smart Systems Management and WSG's SOP require accounts to be disabled on the last day of their authorised use, with the account removed and access rights revoked within the next 5 working days. Delays in doing so increased the risk of unauthorised access which could compromise the integrity of data in the TGS.

96. We found that the accounts of 9 TGS users were not promptly disabled and/or their access rights were not promptly removed. 6 user accounts were disabled between 1 and 65 working days from the last day of their authorised use. The access rights for 7 user accounts were removed between 4 and 60 working days after the required timeframe of 5 working days. The access rights for the remaining 2 user accounts were not removed as at the time of our audit in April 2026, more than 2.5 years past the deadline.

97. WSG informed us that it had conducted an impact evaluation and assessed the consequential risk to be low. No logins were made using these 9 accounts after their last day of authorised use. For the 2 user accounts mentioned in the paragraph above, the late removal of access rights was due to the IT vendor's oversight. It had informed the system owner to take appropriate action against the vendor. It added that it would onboard an accounts management system by June 2026, to facilitate timely termination of its officers' access to TGS upon changes in their employment status.

PART IV

AUDIT OF GOVERNMENT-OWNED COMPANIES AND OTHER ACCOUNTS

PART IV
AUDIT OF GOVERNMENT-OWNED COMPANIES AND OTHER ACCOUNTS

Government-owned Companies

1. The Auditor-General has issued unmodified audit opinions on the financial year 2025/26 financial statements of the following 4 Government-owned companies:

   a. GIC Asset Management Private Limited;

   b. GIC Private Limited;

   c. GIC Real Estate Private Limited; and

   d. GIC Special Investments Private Limited.

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

Other Accounts

3. The Auditor-General has issued unmodified audit opinions on the following accounts:

   a. Financial Sector Development Fund for the financial year 2025/26; and

   b. ASEAN Cultural Fund (Singapore) for the financial year 2025.

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

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

Acknowledgements

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

Selected Observations

7. Selected observations arising from the audits of Government-owned companies and other accounts are summarised in the paragraphs below.

GIC PRIVATE LIMITED

Weaknesses in IT Controls

8. GIC Private Limited (GIC) uses an IT system to facilitate exchange of instructions and transaction data with its counterparties for its investment operations.

9. We conducted an audit of the IT general controls over the system for the period April 2025 to March 2026. We found the following weaknesses which could compromise its defence against security threats.

A. Weaknesses in Audit Logging in Application Servers

10. We test-checked 4 servers and noted that 50 audit events, such as user login attempts, user creation and removal were not logged for 19 application accounts. In addition, 1 audit event was not logged for 41 system and user accounts (including the root account). Incomplete logging of events increased the risk of unauthorised activities being undetected and impaired GIC's ability to investigate should security incidents occur.

AT A GLANCE

Root account refers to the most privileged operating system account that has full access privileges to make changes to the system audit logs, user access rights and security settings.

11. GIC informed us that it had since enforced the audit logging for the above accounts and verified that no other accounts were affected. In addition, it would implement a validation process to ensure that audit logging configurations were aligned with requirements.

B. Weaknesses in Controls over Root Account

12. Our review found 1 password parameter being disabled for the root account in the 4 servers, thus allowing unlimited login attempts to the account. There was also no monitoring of the use of a command[1] for the operating system (OS) administrators to access the root account. Taken together, these increased the risk of undetected brute force attacks on the root account.

13. GIC informed us that it had since complied with its governance requirements. In addition, it would strengthen the activity monitoring process and enhance detection of failed attempts where the command was used.

[1] The command is "Switch User", which allows users to switch to another user account and assume that user's privileges and permissions.

C. Non-compliance with GIC's Standards for Security Patch Management

14. Security updates were not deployed in the OS of the 4 servers within GIC's stipulated timeframes. Furthermore, GIC's vulnerability scanning tool had failed to flag the missing security updates for the 4 servers in its weekly scan reports. These weaknesses could expose the servers to security vulnerabilities.

15. GIC informed us that it would enhance the patch management process to ensure vulnerabilities were promptly addressed. In instances where vulnerabilities could not be remediated within the prescribed timeframe, it would ensure that the risks were properly assessed, mitigated and documented.

D. Use of Unsupported Accounts Management Software

16. GIC had been using a version of an accounts management software which was not supported by the software vendor since September 2022. As a result, GIC did not receive any security patches and/or new bug fixes from the vendor for the unsupported software version. This left the software susceptible to emerging threats and increased cybersecurity risk.

17. GIC had since upgraded the software in September 2025. It also informed us that it would enhance its end-of-life monitoring process for software assets to close existing gaps.

ANNEXES

ANNEX I
AGO'S AUDIT AUTHORITY

Audit of Government Ministries, Organs of State and Government Funds

1. Under Article 148F(3) of the Constitution of the Republic of Singapore, it is the duty of the Auditor-General to audit and report on the accounts of all departments and offices of the Government, Parliament, the Supreme Court and all subordinate courts, the Public Service Commission, the Judicial Service Commission and the Legal Service Commission. Under Article 148F(4), the Auditor-General shall perform such other duties and exercise such other powers in relation to the accounts of the Government and accounts of other public authorities and other bodies administering public funds as may be prescribed by or under any written law.

2. The Auditor-General is given the duty under Article 148G(1) to inform the President of any proposed transaction by the Government which, to his knowledge, is likely to draw on the reserves of the Government which were not accumulated by the Government during its current term of office.

3. Under section 3(1) of the Audit Act 1966[1], the Auditor-General must carry out an audit and report on the accounts of all departments and offices of the Government (including the office of the Public Service Commission), the Supreme Court, all subordinate courts and Parliament. The Auditor-General must perform such other duties and exercise such other powers in relation to the accounts of the Government and the accounts of other public authorities and other bodies administering public funds as may be prescribed by or under any written law as provided for under section 3(4) of the Audit Act 1966[2].

4. The Auditor-General is authorised under section 8(7) of the Audit Act 1966[3] to make recommendations and generally comment on all matters relating to public accounts, public moneys and public stores.

Financial Statements Audit

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

[1] Similar to Article 148F(3) of the Constitution.

[2] Similar to Article 148F(4) of the Constitution.

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

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

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

a. To safeguard the collection and custody of public moneys or other moneys subject to his audit;

b. To ensure that issues and payments of moneys subject to his audit were made in accordance with proper authority and payments were properly chargeable and are supported by sufficient vouchers or proof of payment; and

c. To ensure that the provisions of the Constitution and of the Financial Procedure Act 1966 and any other written law relating to moneys or stores subject to his audit have been in all respects complied with.

8. Specifically, an audit under section 5(1)(c) of the Audit Act 1966 would require checks to ensure compliance with, inter alia, provisions of the Financial Procedure Act 1966 including the Financial Regulations 1990. In assessing compliance with the Financial Regulations 1990, AGO would check whether Government ministries and organs of state have in place precautions against, inter alia, negligence[5] and measures to detect apparent extravagance[6]. In other words, AGO would also check whether there has been excess, extravagance or gross inefficiency leading to waste.

Audit of Statutory Boards

Financial Statements Audit

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

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

[5] Regulation 3(e) of the Financial Regulations 1990.

[6] Regulation 3(f) of the Financial Regulations 1990.

[7] The definition of "public authority" includes statutory boards.

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

a. Whether the financial statements show fairly the financial transactions and the state of affairs of the statutory board;

b. Whether proper accounting and other records have been kept, including records of all assets of the statutory board whether purchased, donated or otherwise;

c. Whether the receipts, expenditure, investment of moneys, and the acquisition and disposal of assets, by the statutory board during the financial year have been in accordance with the relevant laws; and

d. Any other matters arising from the audit as the auditor considers should be reported.

Selective Audit

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

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

Thematic Audit

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

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

Other Audits

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

Powers of Auditor-General

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

ANNEX II
CRITERIA FOR APPOINTMENT OF AUDITORS

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

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

(1) The proposed audit engagement partner is registered or deemed to be registered as a public accountant, and the proposed accounting entity is approved or deemed to be approved as an accounting corporation/firm/limited liability partnership under the Accountants Act 2004;

(2) The proposed accounting entity and the directors/partners involved in the proposed audit engagement have not had the approval granted to it as an accounting entity revoked, registration cancelled, renewal of registration refused, or have not been suspended or restricted from provision of accountancy services or practice, during the last 5 years under sections 38 to 38K, 52 or 53 of the Accountants Act 2004;

(3) The proposed accounting entity and the directors/partners involved in the proposed audit engagement have not been inflicted with a penalty or censure, during the last 3 years under sections 38 to 38K, 52 or 53 of the Accountants Act 2004;

(4) The proposed accounting entity and the directors/partners involved in the proposed audit engagement have not, in the past 5 years, been found by a Court to have been professionally negligent or to have failed to exercise due care in an audit;

(5) The proposed accounting entity would not have exceeded 7 cumulative years in being appointed as the auditor of the public authority, or has observed a cooling-off period of at least 5[1] consecutive years since or during the period covering its last 7 appointments; and

(6) The proposed audit engagement partner would not have exceeded 7 cumulative years in being appointed as the audit engagement partner of the public authority, or has observed a cooling-off period of at least 5[1] consecutive years since or during the period covering his last 7 appointments as the audit engagement partner.

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

Application Notes:

(a) "Accounting entity" means an accounting corporation, an accounting firm or an accounting limited liability partnership.

(b) "Directors/partners involved in the proposed audit engagement" refer to directors/partners who would be in the engagement team for the proposed financial statements audit or could influence the outcome of the proposed financial statements audit. For example, audit engagement partner, engagement quality review partner and member of the technical panel for the proposed financial statements audit.

(c) Where, on the same matter, the proposed accounting entity or the director/partner involved in the proposed audit engagement is issued with:

- more than 1 order under the Accountants Act 2004, the debarment period will commence from the effective date of the earliest order.
- an order under the Accountants Act 2004 and also found by a Court to have been professionally negligent or to have failed to exercise due care in an audit, the debarment period will commence from the effective date of the order issued under the Act or the date of the Court verdict, whichever is earlier.

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

(e) Criteria (2) to (6) are also applicable to any predecessor entities through acquisition, merger, or other structural changes that resulted in the formation of the proposed accounting entity.

(f) Where the proposed accounting entity was formed through acquisition, merger, or other structural changes, the cumulative years of appointment for the proposed accounting entity as the auditor of the public authority include the cumulative years of its appointment at all predecessor entities, except where such entities have completed the required cooling-off period specified in criterion (5). Where there is overlap in the years of appointment across such entities, each year is counted only once.

3. Criteria (1) to (4) give the assurance that the accounting entity and its directors/partners involved in the audit engagement are suitably qualified and have a clean record for a sustained period, with regard to orders issued by the Public Accountants Oversight Committee[2] or adverse judgement by a Court. Criteria (5) and (6) provide for rotation of the accounting entity and audit engagement partner. Application note (c) ensures that there will be no double penalty for the same case of professional misconduct. Application note (d) gives the assurance that the previous audit engagement partner would not be able to influence the outcome of the public authority's financial statements audit during his cooling-off period. Application notes (e) and (f) ensure that auditor independence is maintained and familiarity threats are mitigated when accounting entities are formed through acquisition, merger, or other structural changes.

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

---

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