



# Aljunied- Hougang Town Council

## Report on Progress

KPMG LLP

15 February 2017

This report contains 30 pages



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Report on Progress  
15 February 2017

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## **1 Our engagement**

### **1.1 This report**

1.1.1 This monthly report on progress (our “Report”) is issued by KPMG LLP (“KPMG”) in accordance with the Order of the Court (the “Court Order”) in *Attorney-General v AHPETC*, Civil Appeal No. 114 of 2015. The terms of reference for this Report are as follows:

- To assist Aljunied Hougang Town Council (“AHTC”) in identifying all outstanding non-compliance (the “Audit Points”) with s35(c) of the Town Councils Act (Cap. 329A) (the “TCA”);
- To advise AHTC on the steps that must be taken to remedy such outstanding non-compliance;
- Until we are reasonably satisfied that AHTC is fully compliant with s35(c), to produce Reports on the above for AHTC’s submission to the Housing and Development Board (“HDB”) commencing 15 April 2016. Our Reports are to detail:
  - AHTC’s unresolved Audit Points; and
  - The steps that AHTC is taking to remedy the Audit Points (the “Remediation Plans”).

1.1.2 Our first Report was issued on 15 April 2016 and we concluded our recommendations to AHTC on the steps that must be taken to remedy the Audit Points in our Report of 20 July 2016.

1.1.3 Our update on the Remediation Plans is at Appendix A of this Report. AHTC has requested that we also report on AHTC’s progress in respect of the 71 control failures identified by KPMG (the “Control Failures”), which is reported at Appendix B.

### **1.2 Summary of status as at February 2017 Report**

1.2.1 No Audit Points were resolved since our January 2017 Report. AHTC has taken steps to address certain of the remaining unresolved Audit Points<sup>1</sup> as described in Appendix A, but insufficient to have brought itself into compliance with s35(c) of the TCA in respect of them.

1.2.2 For those Audit Points where Remediation Plans have been implemented by AHTC but testing of the effectiveness of the implementation cannot be completed until there are sufficient data from the operation of the new control (typically, taking three to six months) to test, we have described them in this report as “Remediation Plans implemented, subject to testing” in this Report.

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<sup>1</sup> These Audit Points are unresolved as at the date of the Report i) because the Remediation Plans have not yet been fully implemented; ii) because the Remediation Plans have been implemented but not yet fully tested by KPMG; or iii) because of identified shortcomings in the way in which they have been remedied.



### **1.3 Progress on Remediation Plans**

- 1.3.1 AHTC's Audit Committee has approved the tender scope and specification for a two-year internal audit services contract. AHTC issued the invitation to tender on 10 February 2017.
- 1.3.2 AHTC recruited a new Deputy Finance Manager on 19 January 2017.
- 1.3.3 AHTC has informed us that it has submitted its *Business Continuity Plan* for the elected councillors' approval, while the following policies were approved by the elected councillors on 15 February 2017:
- *Enterprise Risk Management Policy; and*
  - *Business Continuity Management Policy.*
- 1.3.4 AHTC informs us that:
- Its self-review of past GST returns is currently approximately 90% complete; and
  - The process of clearing temporary accounts is currently approximately 65% complete.

### **1.4 Current status of Audit Points**

- 1.4.1 The status of the Audit Points is summarized in the table below.

Appendix section	Audit Points	Status of Audit Points as at 15 February 2017		
		Resolved <sup>2</sup>	Remediation Plans in progress	
			Remediation Plans implemented, subject to testing <sup>3</sup>	Subject to further review/recommendations by KPMG <sup>4</sup>
<b>Management of Sinking Fund<sup>5</sup></b>				
A.2	Incorrect computation of required transfers to the Sinking Fund, and/or shortfall or delay in transfer to Sinking Fund bank accounts			✓
	Incorrect use of Sinking Fund monies		✓	
<b>Governance of related party transactions</b>				
A.3	Incomplete disclosure of transactions with the Related Parties in the financial statements	✓		
	Waiver of open tenders and competitive quotations for services provided by the Related Parties	✓		

<sup>2</sup> The Audit Point has been remedied such that we are reasonably satisfied that AHTC is compliant with s35(c) of the TCA in this respect.

<sup>3</sup> Where the Remediation Plan for a given Audit Point has been implemented by AHTC but testing of its effectiveness and implementation cannot be completed until sufficient data are generated by the operation of the new controls (typically, taking three to six months), we describe them as "subject to testing".

<sup>4</sup> KPMG is either reviewing information provided by AHTC, is reviewing AHTC's Remediation Plans, or has identified further elements that should be included in the Remediation Plans. Those recommendations which have been accepted by AHTC are included in the Remediation Plans.

<sup>5</sup> Fund established and maintained by Town Councils for improvements, management and maintenance relating to residential and commercial properties in their towns.

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Appendix section	Audit Points	Status of Audit Points as at 15 February 2017		
		Resolved <sup>2</sup>	Remediation Plans in progress	
			Remediation Plans implemented, subject to testing <sup>3</sup>	Subject to further review/ recommendations by KPMG <sup>4</sup>
	Lack of disclosures, due diligence and assessment of potential conflicts of interest prior to awarding contracts to the Related Parties	✓		
	Weaknesses in the approval of payments to the Related Parties	✓		
	Approvals for services obtained and written agreements executed after the awarding and commencement of services provided by the Related Parties	✓		
<b>Management of S&amp;CC arrears</b>				
<b>A.4</b>	Management of S&CC <sup>6</sup> arrears			✓
<b>Internal controls and procurement</b>				
	Weaknesses in the performance of bank reconciliations	✓		
<b>A.5</b>	Weaknesses in controls over cheques received and valuable items and access to the strong room and safe	✓		
	Surprise examinations not conducted in accordance with TCFR <sup>7</sup>	✓		

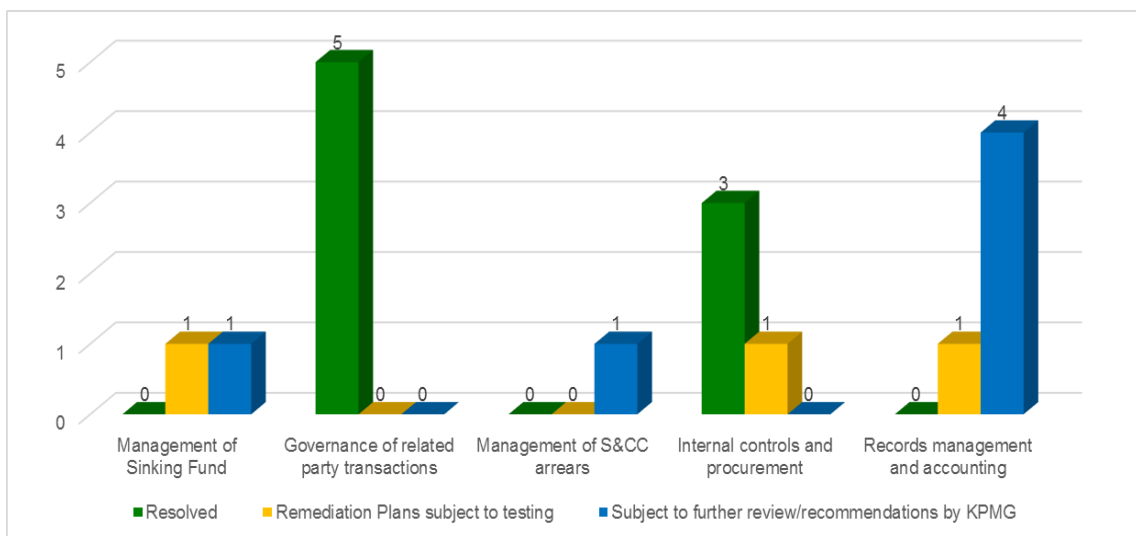
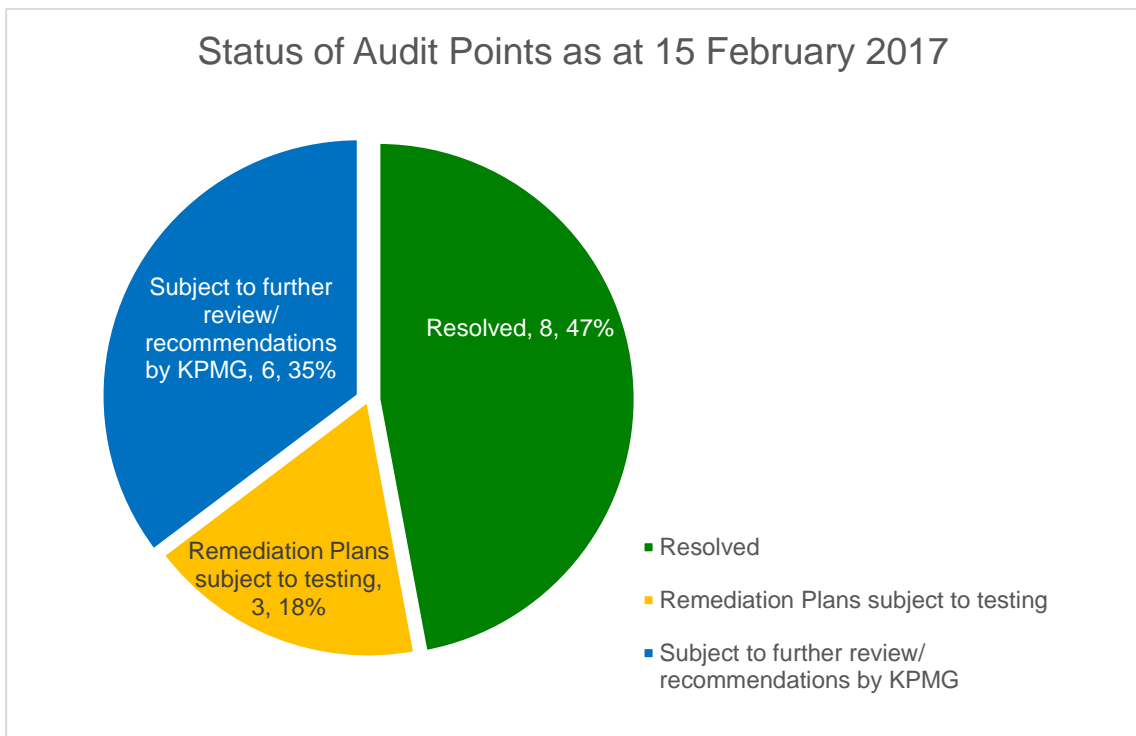
<sup>6</sup> Service and conservancy charges

<sup>7</sup> Town Councils Financial Rules

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Appendix section	Audit Points	Status of Audit Points as at 15 February 2017		
		Resolved <sup>2</sup>	Remediation Plans in progress	
			Remediation Plans implemented, subject to testing <sup>3</sup>	Subject to further review/recommendations by KPMG <sup>4</sup>
	Weaknesses in procurement and payment-related processes		✓	
<b>Records management and accounting</b>				
<b>A.6</b>	Weaknesses in the handover process and safeguarding of accounting records			✓
	Untimely recording of lift repairs and upgrading expenses, and absence of guidelines for verification of works and issuance of work orders		✓	
	Absence of monitoring of and exercising diligence over collection from/payment to external parties and items in temporary clearing accounts			✓
	Reconciliation of direct and indirect tax			✓
	Opening balances			✓

1.4.2 The following diagrams summarize the current remediation status of the Audit Points. Where the Remediation Plan for a given Audit Point has been implemented by AHTC but testing of its effectiveness and implementation cannot be completed until sufficient data are generated by the operation of the new controls, they have been described as “Remediation Plans subject to testing”.







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### **1.5 Use of this Report**

- 1.5.1 Our procedures do not constitute an audit, a review or an assurance engagement made in accordance with Singapore Standards on Auditing, Singapore Standards on Review Engagements or Singapore Standards on Assurance Engagement. We are not qualified to provide legal advice. We are also not responsible or accountable for the management, conduct and operation of AHTC's business and affairs. Our findings and comments are based on our understanding of the law, regulations and guidelines, and should not be construed as constituting legal advice by us.
- 1.5.2 Our engagement is directed at compiling information to report on certain matters, and cannot be relied upon to disclose all fraud, defalcations or other irregularities or any non-compliance with relevant laws and regulations other than s35(c) of the TCA. Our Reports are not to be used for any purpose outside the terms of reference as described at paragraph 1.1.1 of our April 2016 Report.
- 1.5.3 Our Reports are strictly for the purpose of assisting and updating AHTC and HDB on the matters highlighted. Our Reports should not be regarded as suitable for use for any other purpose or by any other person. Should such a person choose to rely on these Reports they do so at their own risk. KPMG will accordingly accept no responsibility or liability in respect of it to persons other than AHTC or HDB.



## A Appendix: status as at February 2017 Report

### A.1 Root causes

S/N	Root cause	Remediation Plan	Progress	Status
1	AHTC's governance framework and policy management	Implement a governance and internal control framework.	<p>AHTC has informed us that:</p> <ul style="list-style-type: none"> <li>— the elected councillors have approved the <i>Enterprise Risk Management Policy</i> and <i>Business Continuity Management Policy</i> on 15 February 2017; and</li> <li>— it has submitted the <i>Business Continuity Plan</i> to the elected Councillors for approval. A copy of the Business Continuity Plan was provided to us on 14 February 2017, which we have yet to review.</li> </ul>	Remedial measures in progress.
2		Implement a policy management process to govern the creation, updating and management of all corporate policies and procedures.	Resolved, as reported in our November 2016 Report.	Resolved.
3		Implement policies and supporting procedures in areas where enhancement or development is required.	<p>As reported in our October 2016, November 2016 and December 2016 Reports, AHTC:</p> <ul style="list-style-type: none"> <li>— informed us that it had approved and implemented 49 policies and procedures on 10 October 2016;</li> <li>— approved its Human Resource Manual and Accounting Policies Manual on 11 November 2016; and</li> <li>— implemented both the Code of Business Conduct and Whistle-Blower policies on 12 December 2016.</li> </ul> <p>AHTC informed us that the remaining policies, namely the</p>	Remedial measures in progress.

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S/N	Root cause	Remediation Plan	Progress	Status
			<p><i>Enterprise Risk Management Policy and Business Continuity Management Policy</i> were approved by the elected councillors on 15 February 2017 and that it has submitted its <i>Business Continuity Plan</i> to the elected councillors for approval.</p> <p>A copy of the Business Continuity Plan was provided to us on 14 February 2017, which we have yet to review.</p>	
4	AHTC's accounting practices	Establish clear guidance on roles and responsibilities for Finance Department staff.	Resolved, as reported in our August 2016 Report.	Resolved.
5		Establish an accounting manual covering accounting policies and supporting procedures in order to institutionalize practices and processes.	Resolved, as reported in our December 2016 Report.	Resolved.
6		Implement controls for accounting procedures, including controls and maintenance of audit trail for re-opening of locked accounting periods and back-posting of accounting entries.	Resolved, as reported in our January 2017 Report.	Resolved.
7		Following completion of KPMG's engagement, engage internal auditors to provide independent assurance that AHTC's risk management, governance and internal control processes are operating effectively.	AHTC's Audit Committee has approved the tender scope and specification for a two-year internal audit services contract. AHTC issued the invitation to tender on 10 February 2017.	Remedial measures in progress.



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S/N	Root cause	Remediation Plan	Progress	Status
8	AHTC Finance Department's capability and management personnel retention	Strengthen the capabilities of the Finance Department.	<p>AHTC promoted one of its Deputy Finance Managers to Finance Manager in September 2016, and recruited a new Deputy Finance Manager on 19 January 2017.</p> <p>AHTC informed us that it has reorganized its Finance Department resources to expedite the clearing of the temporary accounts and that the process of clearing temporary accounts is ongoing and is currently approximately 65% complete.</p>	Remedial measures in progress.
9		Replace the current Accounting System financial modules and incorporate other improvements.	AHTC awarded the contract for the new Accounting System on 25 July 2016. The replacement system is scheduled to be deployed in two phases. Phase one was implemented on 3 January 2017; phase two is to be implemented in April 2017.	No update as of this Report. Remedial measures in progress.
10	AHTC's Accounting System	Ensure the general ledger control accounts in the Accounting System are appropriately configured so that the balances in the general ledger accounts are derived from, and match, the corresponding sub-ledgers.	<p>AHTC is in the process of reconciling the balances in its sub-ledgers to the general ledger accounts. In addition to performing month end balance sheet substantiation and reconciliation, we were informed by AHTC that it will ensure that manual entries cannot be posted directly to general ledger accounts that are linked to sub-ledgers in the replacement Accounting System.</p> <p>AHTC informed us that the ERP vendor has modified the default setting in the replacement Accounting System to disallow direct posting of manual entries to general ledger accounts that are linked to sub-ledgers on 13 January 2017. A program change request was raised and user acceptance testing was performed.</p>	Remedial measures in progress.

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S/N	Root cause	Remediation Plan	Progress	Status
			<p>From our review, we note that AHTC had disabled the ability to perform direct posting of manual entries to the general ledger Accounts Payable account that is linked to the Accounts Payable sub-ledger.</p> <p>However, it has not yet disabled this function for the general ledger Accrual account that is linked to the Accrual sub-ledger<sup>8</sup>.</p>	
11		<p>Arrange for the provision of detailed transaction reports to provide the information required for AHTC's Finance Department to review and substantiate management and financial reporting.</p>	<p>AHTC is in the process of improving its period end management and financial reporting by including the following in its reporting package:</p> <ul style="list-style-type: none"> <li>— Substantiation schedule for each balance sheet item; and</li> <li>— Present the gazetted budget (pro-rated to the relevant period) alongside profit and loss items.</li> </ul> <p>AHTC informed us that the process of balance sheet substantiation is ongoing and is currently completed up to 31 March 2016.</p>	<p>No update as of this Report. Remedial measures in progress.</p>

<sup>8</sup> This account captures auto-generated entries to recognize liability for received goods/services ordered by AHTC using Purchase Orders.

## A.2 Management of Sinking Fund

S/N	Audit Point	Remediation Plan	Progress	Status
12		Establish a policy and supporting procedures to govern transfers to the Sinking Fund bank accounts.	<i>Policy on Sinking Fund Transfer and Procedures on Sinking Fund Transfer</i> has been established.  AHTC transferred SGD3,797,526.64 to its Sinking Fund bank account on 12 January 2017. This represents the value attributable to the Sinking Fund of billed S&CC for the period October to December 2016 and Goods & Services Tax ("GST") subvention grants <sup>9</sup> . This payment was made within the transfer deadline.	Remedial measures subject to testing.
13	Incorrect computation of required transfers to the Sinking Fund, and/or shortfall or delay in transfer to Sinking Fund bank accounts	Identify and rectify erroneous and/or delayed transfers to the Sinking Fund bank accounts.	AHTC is in the process of: <ul style="list-style-type: none"> <li>— compiling a revised worksheet of its past Sinking Fund transfers, along with the supporting documents; and</li> <li>— determining the appropriate amount of input GST received from the Inland Revenue Authority of Singapore ("IRAS") for Sinking Fund expenditures to be transferred to the Sinking Fund bank accounts.</li> </ul>	Remedial measures in progress.
14		Verify the accuracy of the calculation of Sinking Fund transfers from income sources other than S&CC (e.g. input Goods & Services Tax ("GST") and government grants).	AHTC is in the process of: <ul style="list-style-type: none"> <li>— compiling a revised worksheet of its past Sinking Fund transfers, along with the supporting documents; and</li> <li>— determining the appropriate amount of input GST received from IRAS for Sinking Fund expenditures to be transferred to the Sinking Fund bank accounts.</li> </ul>	Remedial measures in progress.

<sup>9</sup> The GST subvention grants were received from the Ministry of National Development ("MND") on 30 November 2016 for S&CC for the months of July to September 2016

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S/N	Audit Point	Remediation Plan	Progress	Status
15		Establish standardized documentation and supporting documentation requirements for calculation, review and approval of Sinking Fund transfers.	<p><i>Policy on Sinking Fund Transfer and Procedures on Sinking Fund Transfer</i> has been established.</p> <p>AHTC transferred SGD3,797,526.64 to its Sinking Fund bank account on 12 January 2017. This represents the value attributable to the Sinking Fund of billed S&amp;CC for the period October to December 2016 and GST subvention grants. This payment was made within the transfer deadline.</p>	Remedial measures subject to testing.
16		Implement guidelines on the types of expenses for which the Sinking Fund may be used.	Resolved, as reported in our April 2016 Report.	Resolved.
17	Identify and rectify any erroneous and/or delayed transfers to the Sinking Fund bank accounts	Identify and rectify instances where monies in the Sinking Fund bank accounts were incorrectly used.	<p>AHTC is in the process of:</p> <ul style="list-style-type: none"> <li>— compiling a revised worksheet of its past Sinking Fund transfers, along with the supporting documents; and</li> <li>— determining the appropriate amount of input GST received from IRAS for Sinking Fund expenditures to be transferred to the Sinking Fund bank accounts.</li> </ul>	Remedial measures subject to testing.

### A.3 Governance of related party transactions

S/N	Audit Point	Remediation Plan	Progress	Status
18	Incomplete disclosure of transactions with the Related Parties in the financial statements	Establish a policy and supporting procedures for related parties and transactions with related parties to ensure that AHTC complies with s35(c) of the TCA and that its financial statements comply with <i>Financial Reporting Standard 24 Related Party Disclosures</i> ("FRS24").	Resolved, as reported in our January 2017 Report.	Resolved.
19	Waiver of open tenders and competitive quotations for services provided by the Related Parties	Implement policies and procedures on the calling of quotations and tenders.	Resolved, as reported in our January 2017 Report.	Resolved.
20	Lack of disclosures, due diligence and assessment of potential conflicts of interest prior to awarding contracts to the Related Parties	Implement policy and procedures to identify and manage conflicts of interest.	Resolved, as reported in our January 2017 Report.	Resolved.
21		Implement a <i>Code of Business Conduct</i> .	Resolved, as reported in our January 2017 Report.	Resolved.
22	Weaknesses in the approval of payments to the Related Parties	Implement policy and procedures to govern the approval of payments to related parties.	Resolved, as reported in our January 2017 Report.	Resolved.



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S/N	Audit Point	Remediation Plan	Progress	Status
23	Approvals for services obtained and written agreements executed after the awarding and commencement of services provided by the Related Parties	Implement a contract management policy, supported by procedures, to manage the awarding and execution of services provided by external parties.	Resolved, as reported in our January 2017 Report.	Resolved.

#### A.4 Management of S&CC arrears

S/N	Audit Point	Remediation Plan	Progress	Status
24	Management of S&CC arrears	Configure the Accounting System to generate the S&CC arrears data automatically.	Resolved, as reported in our September 2016 Report.	Resolved.
25		Perform detailed user acceptance testing of the automated extraction of S&CC arrears data, which includes reconciliation with the accounts receivable sub-ledger.	<p>AHTC performed a detailed user acceptance test on the July 2016 S&amp;CC arrears report after the rectification of programming errors and omission of certain requirements (as described in our July 2016 Report).</p> <p>AHTC is in the process of performing a reconciliation of the extracted S&amp;CC arrears data from the accounts receivable sub-ledger with the S&amp;CC arrears data in the General Ledger.</p> <p>We have suggested procedures for AHTC to adopt to establish the completeness of identified reconciling items and requested documents to support the reconciling items.</p>	No update as of this Report. Remedial measures in progress.

S/N	Audit Point	Remediation Plan	Progress	Status
26		Establish policies and supporting procedures to govern the maintenance of the master data, including bill codes and user access rights to AHTC's Accounting System.	<p>A <i>User Access Rights Policy</i>, which includes a User Access Rights Matrix, has been established.</p> <p>AHTC will implement revised access rights in its replacement Accounting System. AHTC has implemented phase one of its replacement Accounting System on 3 January 2017; phase two is scheduled for April 2017.</p> <p>We have reviewed the user access rights for the replacement Accounting System and made further recommendations, which AHTC informs us it has implemented. The user access listing provided to us on 14 January 2017 requires further revision.</p>	Remedial measures subject to testing.

## A.5 Internal controls and procurement

S/N	Audit Point	Remediation Plan	Progress	Status
27	Weaknesses in the performance of bank reconciliations	Perform monthly closing of accounts to facilitate the performance of bank reconciliations.	Monthly closing of accounts has been performed since April 2016.	Resolved.
28		Monitor, investigate and address bank reconciling items in a timely manner.	Resolved, as reported in our June 2016 Report.	
29		Implement a written policy and procedures for bank reconciliations.		
30	Weaknesses in controls over cheques received and valuable items and access to	Implement processes for recording of incoming mail and cheques.	Resolved, as reported in our April 2016 Report.	Resolved.

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S/N	Audit Point	Remediation Plan	Progress	Status
31	the strong room and safe	Implement processes for handover and sign-off of incoming cheques from the receptionist to the Finance Department.	Resolved, as reported in our April 2016 Report.	
32	Surprise examinations not conducted in accordance with TCFR	Conduct surprise cash examinations and maintain records of examinations.	Resolved, as reported in our April 2016 Report.	Resolved.
33		Establish policy on conduct and responsibility for surprise cash examinations.		
34	Weaknesses in procurement and payment-related processes	Establish policies and supporting procedures to govern procurement and payment-related processes.	<p>See Appendix A, S/N 3, 10 and 26.</p> <p>AHTC has implemented phase one of its replacement Accounting System on 3 January 2017; phase two is scheduled for April 2017.</p> <p>From January 2017, phase one of the replacement Accounting System is being used by AHTC to process payments and capture accruals of payables.</p>	Remedial measures subject to testing.

## A.6 Records management and accounting

S/N	Audit Point	Remediation Plan	Progress	Status
35	Weaknesses in the handover process and safeguarding of accounting records	Establish policies and supporting procedures for handing- and taking-over of duties and records.	Resolved, as reported in our October 2016 Report.	Resolved.
36		Establish policies and supporting procedures for business continuity management, supported by a business continuity plan and disaster recovery plan.	See Appendix A, S/N 3.  AHTC has commenced its risk assessment exercise with the respective heads of department to identify critical areas.  AHTC informed us it has submitted its <i>Business Continuity Plan</i> to the elected concillors for approval.	Remedial measures in progress.
37		Establish policies and supporting procedures for data back-up.	Resolved, as reported in our October 2016 Report.	Resolved.
38		Establish an accounting manual covering accounting policies and supporting procedures in order to institutionalize practices and processes.	See Appendix A, S/N 5 and 10.  AHTC implemented phase one of its replacement Accounting System on 3 January 2017; phase two is scheduled for April 2017.  From January 2017, phase one of the replacement Accounting System is being used by AHTC to process payments and capture accruals of payables.	Remedial measures subject to testing.
39	Untimely recording of lift repairs and upgrading expenses, and absence of guidelines for verification of works and issuance of work orders	Implement a budget monitoring process.	Resolved, as reported in our August 2016 Report.	Resolved.

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S/N	Audit Point	Remediation Plan	Progress	Status
40	Absence of monitoring of and exercising diligence over collection from/payment to external parties and items in temporary clearing accounts	Implement a reconciliation process between balances in sub-ledgers and general ledger.	Accounting policy and supporting procedures governing reconciliation process between balances in the sub-ledgers and general ledger and balance sheet substantiation have been established.  AHTC informed us that the process of balance sheet substantiation is ongoing and is currently completed up to 31 March 2016.	No update as of this Report. Remedial measures in progress.
41		Clear items in the temporary clearing accounts.	The process of clearing temporary accounts is ongoing.	No update as of this Report. Remedial measures in progress.
42	Reconciliation of direct and indirect tax	Completion of the self-review of past GST returns and disclosure of errors to the Inland Revenue Authority of Singapore under the Voluntary Disclosure Programme.	AHTC has commenced the self-review, and has informed us that it is currently approximately 90% complete.	No update as of this Report. Remedial measures in progress.
43		Computation of input GST claimed on Sinking Fund expenditure that should be transferred to the Sinking Fund bank account.	AHTC is in the process of: <ul style="list-style-type: none"> <li>— compiling a revised worksheet of its past Sinking Fund transfers, along with the supporting documents; and</li> <li>— determining the appropriate amount of input GST received from IRAS for Sinking Fund expenditures to be transferred to the Sinking Fund bank accounts.</li> </ul>	Remedial measures in progress.



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S/N	Audit Point	Remediation Plan	Progress	Status
44	Opening balances	Resolve opening balances	AHTC has commenced investigation of the matters raised by its external auditors on the opening balances.	No update as of this Report. Remedial measures in progress.



## B Appendix: Control Failures identified by KPMG

S/N	Control Failure	Progress	Status
1	No policy management process to manage the creation, updating and management of policies and procedures.	Resolved, as reported in our November 2016 Report.	Resolved.
2	No governance and internal control framework providing a top-down structure for town council governance, compliance, and risk management.	See Appendix A, S/N 1.	Remedial measures in progress.
3	Terms of reference for AHTC's committees were recorded in its minutes of meeting, rather than as stand-alone documents. The updated terms of reference documents were approved by the General Manager, rather than the Town Councillors.	Resolved, as reported in our September 2016 Report.	Resolved.
4	Monthly closing of the accounts was not performed.	Resolved, as reported in our August 2016 Report.	Resolved.
5	Reconciling items in bank reconciliations were not investigated and resolved in a timely fashion.	Resolved, as reported in our June 2016 Report.	Resolved.
6	Balance sheet substantiation was not performed.	See Appendix A, S/N 40.	No update as of this Report. Remedial measures in progress.
7	No governance for re-opening of locked accounting periods and back-posting of accounting entries.	Resolved, as reported in our January 2017 Report.	Resolved.
8	No accounting manual to provide, among other things, guidance on accounting treatments, period-end closing procedures, maintenance of the chart of accounts, and accounting-related controls.	See Appendix A, S/N 5.	Resolved
9	No written roles and responsibilities for the Finance Department and its staff.	Resolved, as reported in our September 2016 Report.	Resolved.



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S/N	Control Failure	Progress	Status
10	Inability to generate certain types of accounting reports (e.g. S&CC receivable listing) and certain detailed reports to substantiate some balances in the general ledger.	See Appendix A, S/N 9, 10 and 11.	Remedial measures in progress.
11	Inability to complete certain accounting operations automatically, such as year-end balance rollovers.	See Appendix A, S/N 9 and 10.	Remedial measures in progress.
12	No policies or procedures for Sinking Fund transfers.	See Appendix A, S/N 12.	Remedial measures subject to testing.
13	No policies or procedures for the disclosure of related parties and transactions with related parties to ensure compliance with s35(c) of the TCA and FRS24.	Resolved, as reported in our January 2017 Report.	Resolved.
14	Standard operating procedures on the calling for quotation and tenders do not include the criteria, documentation, justification, and approval process for waivers of competition and quotations.	Resolved, as reported in our January 2017 Report.	Resolved.
15	<i>Conflicts of Interest</i> policy does not extend to Town Councillors nor is covered in the terms of reference found in the meeting minutes for Town Councillors or AHTC's committees.	Resolved, as reported in our January 2017 Report.	Resolved.
16	No code of conduct.	Resolved, as reported in our January 2017 Report.	Resolved.
17	Management and employees are neither prohibited from seeking or holding external employment nor are they required to declare board positions or directorships in or ownership of other organizations.	Resolved, as reported in our January 2017 Report.	Resolved.
18	<i>Conflict of Interest</i> policy does not explicitly cover the approval of payments to related parties.	Resolved, as reported in our January 2017 Report.	Resolved.
19	No written contract management policy.	Resolved, as reported in our January 2017 Report.	Resolved.



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S/N	Control Failure	Progress	Status
20	Infrequent review by the Finance & Investment Committee of S&CC arrears reports.	Resolved, as reported in our September 2016 Report.	Resolved.
21	No formal user guide for S&CC reporting.	AHTC informs us that its <i>User &amp; Technical Manual – Automated Generation of Monthly HDB S&amp;CC Arrears Report</i> , a user guide for generating the S&CC report has been established.	Remedial measures subject to testing.
22	No policies or procedures for bank reconciliations.	Resolved, as reported in our June 2016 Report.	Resolved.
23	Policies and procedures for procurement and payment-related processes do not include vendor due diligence, evaluation and management, and waiver for competition and tender.	See Appendix A, S/N 19 and 34.	Remedial measures subject to testing.
24	No written policies or procedures for the handing-over of duties and records.	Resolved, as reported in our October 2016 Report.	Resolved.
25	Project progress has not been tracked for the purpose of liability accruals (although the spreadsheet on which project progress is tracked can be used for such purpose).	See Appendix A, S/N 34.	Remedial measures subject to testing.
26	Temporary clearing accounts not investigated and cleared.	See Appendix A, S/N 41.	No update as of this Report. Remedial measures in progress.
27	Input GST is claimed on work order accruals (when the work is completed but not billed) ahead of the receipt of invoices from suppliers.	As reported in our August 2016 Report, input GST is now reported upon receipt of invoices from suppliers.	Resolved.
28	Output GST on S&CC is reported upon billing; therefore, output GST is not reported in AHTC's GST returns on S&CC monies which are received in advance, ahead of billing.	As reported in our August 2016 Report, output GST is now reported upon receipt of S&CC monies.	Resolved.
29	No formal IT back-up policy.	Resolved, as reported in our October 2016 Report.	Resolved.



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S/N	Control Failure	Progress	Status
30	No business continuity management policy, business continuity plan and disaster recovery plan.	See Appendix A, S/N 3 and 36.	Remedial measures in progress.
31	Duplicate transfer to a Sinking Fund bank account.	Resolved, as reported in our June 2016 Report.	Resolved.
32	The accounts receivable sub-ledgers as at 31 March 2015 do not match the trial balance for the same period. The numbers, derived from the accounts receivable sub-ledger, used to calculate the S&CC arrears attributable to the Sinking Fund do not match those in the FYE 2015 audited financial statements.	See Appendix A, S/N 40.	No update as of this Report. Remedial measures in progress.
33	Voiding entries pertaining to cancellations of long-outstanding unpresented cheques have not been posted to the general ledger.	Resolved, as reported in our August 2016 Report.	Resolved.
34	No formal budget monitoring process/variance analysis on budget and actual expenditure.	Resolved, as reported in our September 2016 Report.	Resolved.
35	Liabilities for partially completed work are not captured in the Work Order System.	See Appendix A, S/N 34.	Remedial measures subject to testing.
36	Payment processing can be done directly in the Accounting System without using the Work Order System.	See Appendix A, S/N 34.	Remedial measures subject to testing.
37	Project expenditure exceeded the annual estimates at the "sub-head" level which was not gazetted in the supplementary estimates for FYE 2015, as required by TCFR Rule 10.	See Appendix A, S/N 11.	No update as of this Report. Remedial measures in progress.
38	Work on lift maintenance services commenced prior to the signing of the articles of agreement.	See Appendix A, S/N 34.	Remedial measures subject to testing.
39	Output GST has not been applied to legal fees billed to debtors.	Resolved, as reported in our August 2016 Report.	Resolved.



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S/N	Control Failure	Progress	Status
40	No information/data security policy.	Resolved, as reported in our October 2016 Report.	Resolved.
41	No policies or procedures governing the maintenance of master data, including the bill codes, in the Accounting System.	See Appendix A, S/N 26.	Remedial measures subject to testing.
42	No detailed user acceptance testing performed prior to the implementation of the automated extraction of S&CC arrears data.	See Appendix A, S/N 25.	No update as of this Report. Remedial measures in progress.
43	The S&CC arrears report for March 2016 did not reconcile with the accounts receivable sub-ledger.	See Appendix A, S/N 25.	No update as of this Report. Remedial measures in progress.
44	The April 2016 monthly collectible data was incorrectly extracted from a May 2016 report, resulting in an understatement of collectibles of SGD11,400.22 in the reporting to the MND for April 2016.	Resolved, as reported in our September 2016 Report.	Resolved.
45	Changes can be made directly to bill codes without formal approval.	See Appendix A, S/N 26.	Remedial measures subject to testing.
46	No audit trail report to facilitate independent review of changes made to master data.	See Appendix A, S/N 26.	Remedial measures in progress.
47	The user access rights' matrix to the Accounting System does not provide the necessary details to facilitate periodic reviews of the appropriateness of access rights granted to users.	See Appendix A, S/N 26.	Remedial measures in progress.
48	Supporting documents (e.g. invoices and job sheets) for payments are not invalidated to prevent resubmission of duplicate payments.	Resolved, as reported in our January 2017 Report.	Resolved.
49	Monthly routine lift maintenance services have been performed without Work Orders.	See Appendix A, S/N 34.	Remedial measures subject to testing.

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S/N	Control Failure	Progress	Status
50	Written Instructions and Work Orders have been issued in incorrect FYEs, after work had been undertaken.	See Appendix A, S/N 34.	Remedial measures subject to testing.
51	<i>Works Instruction &amp; Work Order Approval Matrix</i> dated 4 March 2016 is not consistent with the <i>Delegation of Authority Matrix</i> .	Resolved, as reported in our January 2017 Report.	Resolved.
52	Written Instructions approved prior to the establishment of the <i>Works Instruction &amp; Work Order Approval Matrix</i> were not approved in accordance with the <i>Delegation of Authority Matrix</i> .	Resolved, as reported in our January 2017 Report.	Resolved.
53	Approval of Written Instructions after the completion of work.	See Appendix A, S/N 34.  Written Instructions are no longer in use since the implementation of AHTC's replacement accounting system. All purchases are to be supported by Purchase Orders raised in the new systems.	Remedial measures subject to testing.
54	Use of four sundry accounts to record unallocated receipts and payments.	See Appendix A, S/N 41.	No update as of this Report. Remedial measures in progress.
55	Variances between the balances in the general ledger and aggregated balances in the sub-ledgers as at 31 March 2016 for i) trade and other receivables (excluding deposits and prepayments); and ii) trade and other payables (excluding accrued expenses).	See Appendix A, S/N 10 and 40.	Remedial measures in progress.
56	Use of Direct Payment Journal Entries <sup>10</sup> to record payments.	See Appendix A, S/N 5 and 10.	Remedial measures in progress.

<sup>10</sup> Journal entries used to record payments to third parties bypassing the accounts payable.

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S/N	Control Failure	Progress	Status
57	Use of and absence of monitoring of a dummy code to record <i>ad hoc</i> payments to one-time suppliers.	See Appendix A, S/N 5.  AHTC has established an <i>Accounting Policies Manual</i> , which does not currently include one-time supplier code guidance and monitoring mechanisms. AHTC informs us that it will amend the <i>Accounting Policies Manual</i> to include these once the replacement Accounting System has been deployed.	No update as of this Report. Remedial measures in progress.
58	Omission of a liability aged more than three years.	See Appendix A, S/N 5.	No update as of this Report. Remedial measures subject to testing.
59	No follow-up or investigation of 48 payable accounts outstanding for more than three years.	See Appendix A, S/N 5.	No update as of this Report. Remedial measures subject to testing.
60	Duplicate recording of a payable outstanding for more than three years.	See Appendix A, S/N 5.	No update as of this Report. Remedial measures subject to testing.
61	<i>Fixed Assets Schedule</i> as at 31 March 2016 does not match the trial balance for the same period.	Resolved, as reported in our August 2016 Report.	Resolved.
62	Reconciliations between the <i>Fixed Assets Schedule</i> and <i>IT Assets Listing</i> have not been performed.	See Appendix A, S/N 5.	No update as of this Report. Remedial measures in progress.
63	The <i>Fixed Assets Schedule</i> lacks asset details (e.g. tag number and locations) to facilitate verifying that fixed assets are still in the control of AHTC.	Resolved, as reported in our August 2016 Report.	Resolved.
64	Duplicate recording of a desktop in the <i>IT Assets Listing</i> .	Resolved, as reported in our August 2016 Report.	Resolved.

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S/N	Control Failure	Progress	Status
65	The location of three desktops, one CPU and one monitor were not updated correctly in the <i>IT Assets Listing</i> .	Resolved, as reported in our August 2016 Report.	Resolved.
66	No policies or procedures for fixed assets.	Resolved, as reported in our January 2017 Report.	Resolved.
67	The Accounting System to automatically generate the S&CC arrears data was configured incorrectly.	Resolved, as reported in our October 2016 Report	Resolved.
68	Proper program change documentation not maintained for the re-configuration of the Accounting System to automatically generate the S&CC arrears data.	Resolved, as reported in our October 2016 Report.	Resolved.
69	No verification of vacant units against data from HDB and the National Environment Agency.	AHTC has commenced discussions on the verification process and has informed us that it will perform the necessary reconciliation.	No update as of this Report. Remedial measures in progress.
70	Variances in the <i>SC Rebate Clearing</i> account between the S&CC rebate credited by AHTC to eligible Singaporeans for the rebate and the amounts reimbursed by MND to AHTC in the <i>SC Rebate Clearing</i> account.	See Appendix A, S/N 41.	No update as of this Report. Remedial measures in progress.
71	Finance Department had processed payments without evidence of verification of payment documentation by the process owners.	Resolved, as reported in our January 2017 Report.	Resolved.