



Aljunied- Hougang Town Council

Report on Progress

KPMG LLP

15 June 2017

This report contains 26 pages



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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. From our May 2017 Report onwards, we remove Audit Points from Appendix A as they are resolved. 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. As with Appendix A, from our May 2017 Report onwards, we remove Control Failures from Appendix B as they are resolved.

1.2 Summary of status as at June 2017 Report

1.2.1 Two Audit Points were resolved since our May 2017 Report. AHTC has taken steps to address certain of the remaining unresolved Audit Points¹ 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)

¹ 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.



to test, we have described them in this report as “Remediation Plans implemented, subject to testing” in this Report.

1.3 Progress on Remediation Plans

1.3.1 AHTC has implemented the Remediation Plans for the following two Audit Points:

- Weaknesses in procurement and payment related processes; and
- Untimely recording of lift repairs and upgrading expenses, and absence of guidelines for verification of works and issuance of work orders.

1.3.2 The Remediation Plans for the above Audit Points included the following:

- AHTC has changed its practice for issuing purchase orders, previously referred to as “work orders”. Purchase orders are now issued before the commencement of works or services rather than after commencement. This mitigates the risks of delays in accruing for liabilities incurred for works or service.
- AHTC has replaced its Accounting System, which was implemented in two phases. Phase one implementation commenced from January 2017, and phase two from April 2017. Phase one of the replacement Accounting System has been used by AHTC to process payments and capture accruals of payables since January 2017.

1.3.3 We have reviewed the operational effectiveness of the controls and processes in relation to the two above-mentioned Audit Points for the replacement Accounting System in order to be reasonably satisfied that the applicable Audit Points have been remedied by the controls and processes tested. Arising from our review of the controls and processes, we have provided some observations to AHTC, which do not amount to recommendations required to resolve Audit Points or Control Failures that AHTC is addressing as follows:

- Payment file upload via the e-banking platform is not encrypted. AHTC is arranging to encrypt payment files. It established payment encryption procedures on 13 June 2017.
- Occasional system errors² were noted. The system vendor has identified the root causes and has rectified these system errors. AHTC has informed us that the system changes will be effected in the replacement Accounting System by 16 June 2017.
- The entry and subsequent amendment of contractual rates in the Contract Module of the replacement Accounting System, which serves as a master-purchase price list for on-going purchases, does not presently require approval in the replacement Accounting System. The system vendor has now created a system approval path for the entry, amendment and deletion of contract rates. The system change will be implemented in the replacement Accounting System by 16 June 2017.

² The replacement Accounting System had allowed users to i) register purchase orders under both a new contract and a pre-existing contract simultaneously; and ii) under certain circumstances, omit a mandatory field upon creation of the first purchase order of a term contract.



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- 1.3.4 The review of the balances and variations brought forward from the previous Accounting System remains ongoing. AHTC has implemented the following Remediation Plans relating to phase one of the migration to the replacement Accounting System:
- Open purchase orders have been migrated from the previous Accounting System to the replacement Accounting System. Reconciliations have been performed to ensure accuracy and completeness of migrated open purchase orders.
 - The balance in the Accounts Payable sub-ledger, arising from transactions processed in the replacement Accounting System now matches the Accounts Payable balance in the general ledger. AHTC is reviewing unreconciled payables of SGD18,461.24 in the Accounts Payable sub-ledger not found in the general ledger that were brought forward from the previous Accounting System.
 - The Accrued Payables balance in the general ledger now matches the balance in the Accrued Payables sub-ledger with the exception of a brought-forward debit balance of SGD241,928.64 from the previous Accounting System. AHTC is reviewing the debit balance in the general ledger Accrued Payables account.
- 1.3.5 AHTC issued a second invitation to tender for internal audit services on 12 May 2017. One tender was received and AHTC published the Provisional Tender Result on 25 May 2017. AHTC's Audit Committee has scheduled an interview with the tenderer on 15 June 2017.
- 1.3.6 AHTC has completed its self-review of its past GST returns, which covers the period from August 2011 to December 2016. AHTC provided the summary returns and supporting documents for samples selected to KPMG for review on 2 June 2017 and 9 June 2017 respectively.

1.4 Current status of Audit Points

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

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Appendix section	Audit Points	Status of Audit Points as at 15 June 2017		
		Resolved ³	Remediation Plans in progress	
			Remediation Plans implemented, subject to testing ⁴	Subject to further review/recommendations by KPMG ⁵
Management of Sinking Fund⁶				
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		✓	
Governance of related party transactions				
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	✓		
	Lack of disclosures, due diligence and assessment of potential conflicts of interest prior to awarding contracts to the Related Parties	✓		

³ 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.

⁴ 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".

⁵ 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.

⁶ 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 June 2017		
		Resolved ³	Remediation Plans in progress	
			Remediation Plans implemented, subject to testing ⁴	Subject to further review/ recommendations by KPMG ⁵
	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	✓		
Management of S&CC arrears				
A.4	Management of S&CC ⁷ arrears			✓
Internal controls and procurement				
	Weaknesses in the performance of bank reconciliations	✓		
	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 ⁸	✓		
	Weaknesses in procurement and payment-related processes	✓		
Records management and accounting				

⁷ Service and conservancy charges

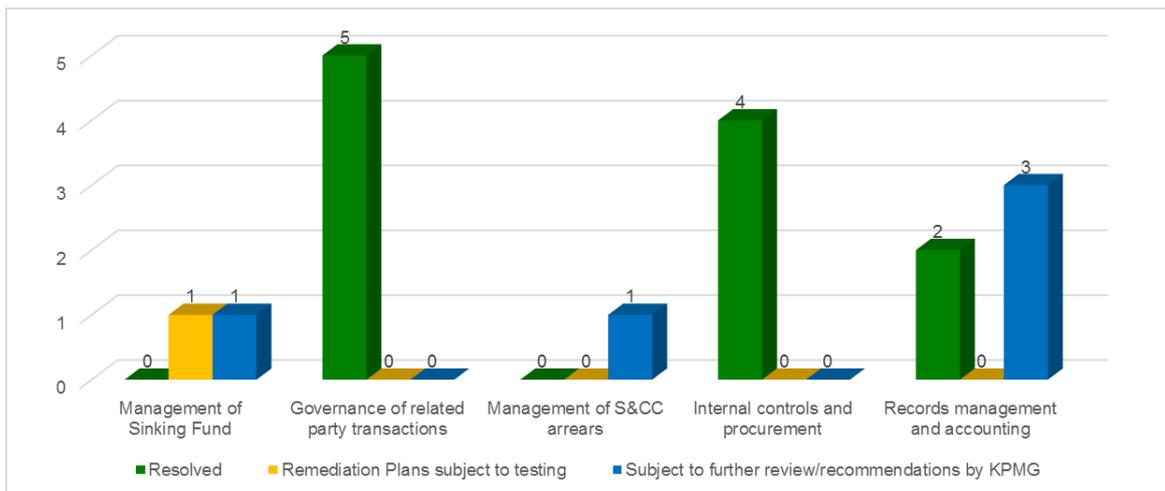
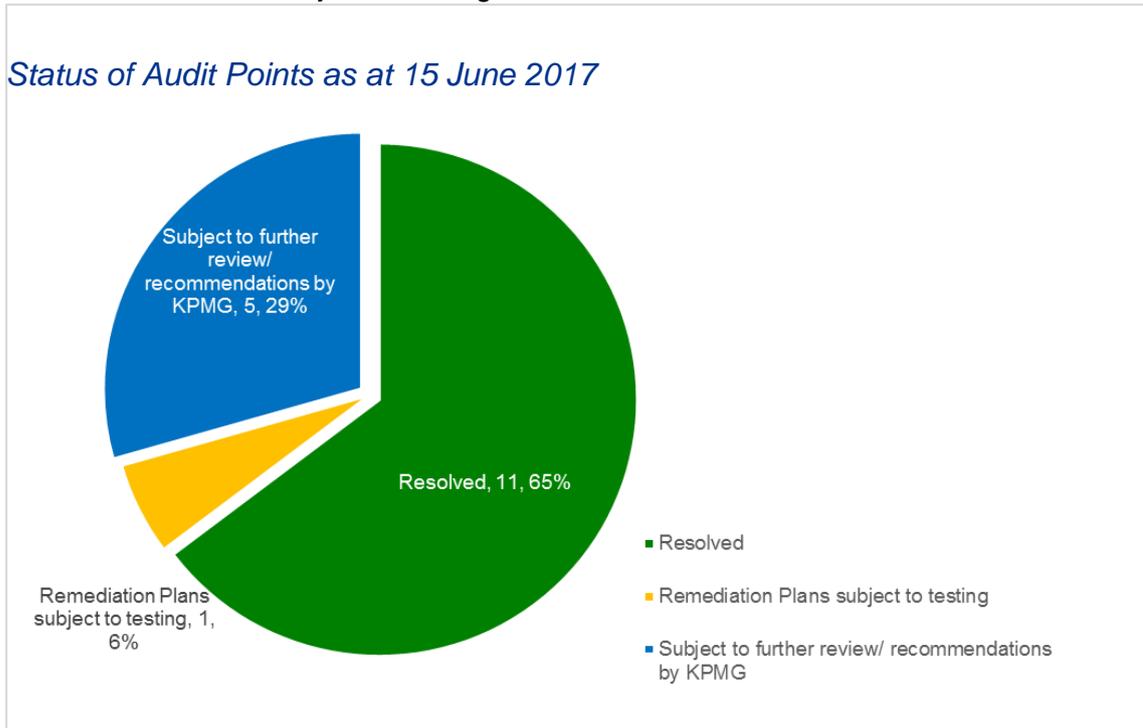
⁸ Town Councils Financial Rules

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Appendix section	Audit Points	Status of Audit Points as at 15 June 2017		
		Resolved ³	Remediation Plans in progress	
			Remediation Plans implemented, subject to testing ⁴	Subject to further review/recommendations by KPMG ⁵
A.6	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			✓

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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 June 2017 Report

A.1 Root causes

S/N	Root cause	Remediation Plan	Progress	Status
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.	At the close of the invitation to tender for a two-year internal audit services contract on 6 March 2017, no tender had been received. AHTC issued a second invitation to tender on 12 May 2017. One tender was received and AHTC published the Provisional Tender Result on 25 May 2017. AHTC's Audit Committee has scheduled an interview with the tenderer on 15 June 2017.	Remedial measures in progress.
8	AHTC Finance Department's capability and management	Strengthen the capabilities of the Finance Department.	AHTC informed us that it has reorganized its Finance Department resources to expedite the clearing of the temporary accounts and that the process of	Remedial measures in progress.

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S/N	Root cause	Remediation Plan	Progress	Status
	personnel retention		clearing temporary accounts is ongoing and is currently approximately 75% complete.	
9	AHTC's Accounting System	Replace the current Accounting System financial modules and incorporate other improvements.	<p>AHTC awarded the contract for the new Accounting System on 25 July 2016. The replacement system is being deployed in two phases. Phase one, which covers procurement and payables, was implemented on 3 January 2017 and AHTC notified us that it was ready for testing on 5 May 2017; phase two migration commenced on 1 April 2017 and AHTC informed us that it will be ready for testing at the end of July 2017.</p> <p>We have completed the testing of the Remediation Plans for the two Audit Points set out in S/N 34 and 38. We observed the following:</p> <ul style="list-style-type: none"> — There are budgetary system controls to constrain expenditure within the limits set for contracts generally. It is possible that a budget may contain more than one term contract, however. There is currently no system control to prevent purchase orders under one of those term contracts exceeding its total contract price so long as they remained within the overall budget. AHTC has informed us that it is working with the system vendor to enable the generation of reports for manual monitoring of purchase order amounts under term contracts. — Occasional system errors⁹ were noted. The system vendor has identified the root causes and has rectified these system errors. AHTC has informed us 	Remedial measures in progress.

⁹ The replacement Accounting System had allowed users to i) register purchase orders under both a new contract and a pre-existing contract simultaneously; and ii) under certain circumstances, omit a mandatory field upon creation of the first purchase order of a term contract.

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S/N	Root cause	Remediation Plan	Progress	Status
			<p>that the system changes will be effected in the replacement Accounting System by 16 June 2017.</p> <p>— The entry and subsequent amendment of contractual rates in the Contract Module of the replacement Accounting System, which serves as a master purchase price list for on-going purchases, does not presently require approval in the replacement Accounting System. The system vendor has now created a system approval path for the entry, amendment and deletion of contract rates. The system change will be implemented in the replacement Accounting System by 16 June 2017.</p>	
10		<p>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>	<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>As reported in our February 2017 report, 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. AHTC disabled this function for the general ledger Accrual account that is linked to the Accrual sub-ledger¹⁰ in May 2017.</p>	<p>Remedial measures in progress.</p>

¹⁰ This account captures auto-generated entries to recognize liability for received goods/services ordered by AHTC using Purchase Orders.

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S/N	Root cause	Remediation Plan	Progress	Status
			<p>We have reviewed the following matters previously identified in our March 2017 Report in respect of AHTC's phase one migration to the replacement Accounting System; they have been resolved except for legacy differences from the previous Accounting System:</p> <ul style="list-style-type: none"> — Open purchase orders have been migrated from the previous Accounting System to the replacement Accounting System. Reconciliations have been performed to ensure accuracy and completeness of the migrated open purchase orders. — The balance in the Accounts Payable sub-ledger, arising from transactions processed in the replacement Accounting System now matches the Accounts Payable balance in the general ledger. AHTC is reviewing unreconciled payables of SGD18,461.24 in the Accounts Payable sub-ledger not found in the general ledger that were brought forward from the previous Accounting System. — The Accrued Payables balance in the general ledger now matches the balance in the Accrued Payables sub-ledger with the exception of a brought-forward debit balance of SGD241,928.64 from the previous Accounting System. AHTC is reviewing the brought-forward debit balance in the general ledger Accrued Payables account. 	
11		Arrange for the provision of detailed transaction reports to provide the information	Tracking of the gazetted budget against profit and loss items is now included in the quarterly reporting to AHTC's Finance &	Remedial measures in progress.



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S/N	Root cause	Remediation Plan	Progress	Status
		required for AHTC's Finance Department to review and substantiate management and financial reporting.	<p>Investment Committee and Town Council.</p> <p>AHTC is in the process of improving its period end management and financial reporting by including a substantiation schedule for each balance sheet item in its reporting package.</p> <p>AHTC informed us that the process of balance sheet substantiation is ongoing and is currently completed up to 28 February 2017.</p>	

A.2 Management of Sinking Fund

S/N	Audit Point	Remediation Plan	Progress	Status
12	Incorrect computation of required transfers to the Sinking Fund, and/or shortfall or delay in transfer to Sinking Fund bank accounts	Establish a policy and supporting procedures to govern transfers to the Sinking Fund bank accounts.	<p><i>Policy on Sinking Fund Transfer and Procedures on Sinking Fund Transfer</i> has been established.</p> <p>AHTC transferred SGD3,794,150.49 to its Sinking Fund bank account on 17 April 2017. This represents the value attributable to the Sinking Fund of billed S&CC for the period January to March 2017 and GST subvention grants.</p> <p>In addition, on 28 April 2017, AHTC transferred SGD7,611,365.11, 14% of the Sinking Fund balance of its unaudited accounts as of 31 March 2017, to comply with the new requirement for a lift replacement fund in the revised TCA and MND Circular.</p> <p>Both payments were made within the relevant transfer deadlines.</p>	Resolved.
13		Identify and rectify erroneous and/or delayed transfers to the Sinking Fund bank accounts.	<p>AHTC is in the process of:</p> <ul style="list-style-type: none"> — compiling a revised worksheet of its past Sinking Fund transfers, along with the supporting documents; and — confirming its calculation of and preparing the file of supporting documentation for the appropriate amount of input GST received from IRAS for Sinking Fund expenditures to be transferred to the Sinking Fund bank accounts. 	No update as of this Report. Remedial measures in progress.

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S/N	Audit Point	Remediation Plan	Progress	Status
14		Verify the accuracy of the calculation of Sinking Fund transfers from income sources other than S&CC (e.g. input GST and government grants).	See Appendix A, S/N 13.	No update as of this Report. Remedial measures in progress.
15		Establish standardized documentation and supporting documentation requirements for calculation, review and approval of Sinking Fund transfers.	<i>Policy on Sinking Fund Transfer and Procedures on Sinking Fund Transfer</i> has been established. See Appendix A, S/N 12.	Resolved.
16	Identify and rectify any erroneous and/or delayed transfers to the Sinking Fund bank accounts	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 instances where monies in the Sinking Fund bank accounts were incorrectly used.	See Appendix A, S/N 13.	No update as of this Report Remedial measures subject to testing.

A.3 Governance of related party transactions

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.

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S/N	Audit Point	Remediation Plan	Progress	Status
25		<p>Perform detailed user acceptance testing of the automated extraction of S&CC arrears data, which includes reconciliation with the accounts receivable sub-ledger.</p>	<p>AHTC performed a detailed user acceptance test on the July 2016 S&CC arrears report after the rectification of programming errors and omission of certain requirements (as described in our July 2016 Report).</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> <p>AHTC informed us that once the replacement Accounting System is implemented, the generation of the S&CC arrears report will be a fully automated process.</p>	<p>No update as of this Report. Remedial measures in progress.</p>
26		<p>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>	<p>A <i>User Access Rights Policy</i>, which includes a User Access Rights Matrix, has been established by AHTC for implementation in its replacement Accounting System. AHTC implemented phase one of its replacement Accounting System on 3 January 2017; phase two migration commenced on 1 April 2017.</p> <p>We have reviewed the user access rights for the replacement Accounting System and made further recommendations, which AHTC informed us it has implemented.</p> <p>AHTC provided us with a revised user access rights report for the replacement Accounting System on 15 May 2017, which we can only test for effectiveness once the replacement Accounting System is fully operational.</p>	<p>Remedial measures subject to testing.</p>

A.5 Internal controls and procurement

S/N	Audit Point	Remediation Plan	Progress	Status
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 10 and 26</p> <p>AHTC has implemented phase one of its replacement Accounting System on 3 January 2017 and notified us that it is ready for testing on 5 May 2017; phase two migration commenced on 1 April 2017.</p> <p>We reviewed a sample of transactions processed in the replacement Accounting System and identified the following improvement points:</p> <ul style="list-style-type: none"> — Payment file upload via the e-banking platform is not encrypted. AHTC is arranging to encrypt payment files. It established payment encryption procedures on 13 June 2017; and — Vendor financial status and competency were not evaluated upon vendor creation or competitive quote evaluation for purchases less than SGD70,000. AHTC has now included a requirement to evaluate vendors for quotations above SGD5,000 in its <i>Procurement Policy</i>. 	Resolved.

A.6 Records management and accounting

S/N	Audit Point	Remediation Plan	Progress	Status
38	Untimely recording of lift repairs and upgrading expenses, and absence of guidelines for verification of works and issuance of work orders	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. From January 2017, phase one of the replacement Accounting System is being used by AHTC to process payments and capture accruals of payables. See the observations on the phase one migration to the replacement Accounting System made at Appendix A, S/N 9, 10 and 34.	Resolved.
39		Implement a budget monitoring process.	Resolved, as reported in our August 2016 Report.	Resolved.
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 28 February 2017.	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.

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S/N	Audit Point	Remediation Plan	Progress	Status
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.	As reported in our April 2017 Report, AHTC has completed its self-review of its past GST returns, which covers the period from August 2011 to December 2016. AHTC provided a summary of the returns and supporting documents for samples selected to KPMG for review on 2 June 2017 and 9 June 2017 respectively.	Remedial measures subject to testing.
43		Computation of input GST claimed on Sinking Fund expenditure that should be transferred to the Sinking Fund bank account.	See Appendix A, S/N 13.	No update as of this Report. Remedial measures in progress.
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
6	Balance sheet substantiation was not performed.	See Appendix A, S/N 40.	Remedial measures in progress.
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.	Resolved.
21	No formal user guide for S&CC reporting.	AHTC informs us that its <i>User & Technical Manual – Automated Generation of Monthly HDB S&CC Arrears Report</i> , a user guide for generating the S&CC report has been established. See Appendix A, S/N 25.	No update as of this Report. Remedial measures subject to testing.
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 34.	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.	Resolved.
26	Temporary clearing accounts not investigated and cleared.	See Appendix A, S/N 41.	No update as of this Report. Remedial measures in progress.

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S/N	Control Failure	Progress	Status
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.
35	Liabilities for partially completed work are not captured in the Work Order System.	See Appendix A, S/N 34. AHTC has changed its practice for issuing purchase orders, previously referred to as "work orders". Purchase orders are now issued before the commencement of works or services rather than after commencement (except where permitted by the <i>Accounts Payable</i> or other policies). This mitigates the risks of delays in accruing for liabilities incurred for works or service.	Resolved.
36	Payment processing can be done directly in the Accounting System without using the Work Order System.	See Appendix A, S/N 34. Sample payment transactions reviewed were performed in accordance with the <i>Accounts Payables</i> policy.	Resolved.
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.	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.



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S/N	Control Failure	Progress	Status
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.
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.
49	Monthly routine lift maintenance services have been performed without Work Orders.	See Appendix A, S/N 34.	Resolved.
50	Written Instructions and Work Orders have been issued in incorrect FYEs, after work had been undertaken.	See Appendix A, S/N 34.	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 system. AHTC is in the process of validating the brought-forward debit balance from the previous Accounting System of SGD241,928.64.	Remedial measures subject to testing.

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S/N	Control Failure	Progress	Status
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 ¹¹ to record payments.	See Appendix A, S/N 5 and 10.	Resolved.
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 revised its <i>Accounts Payable</i> policy to define the use of the one-time supplier code and implement a monitoring mechanism.	Resolved.
58	Omission of a liability aged more than three years.	See Appendix A, S/N 5.	Resolved.
59	No follow-up or investigation of 48 payable accounts outstanding for more than three years.	See Appendix A, S/N 5. AHTC has investigated and paid two of the 48 long-outstanding payable accounts.	Remedial measures subject to testing.
60	Duplicate recording of a payable outstanding for more than three years.	See Appendix A, S/N 5.	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.
69	No verification of vacant units against data from HDB and the National Environment Agency.	AHTC informed us that it will perform the necessary reconciliation.	No update as of this Report. Remedial measures in progress.

¹¹ Journal entries used to record payments to third parties bypassing the accounts payable.



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S/N	Control Failure	Progress	Status
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.