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. <u>Proximity Criterion Not Met at Point of Application</u>

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.