

MINISTRY OF DEFENCE

Possible Irregularities in Quotations

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

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

MINISTRY OF EDUCATION

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

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

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

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

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

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

MINISTRY OF HEALTH

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

Lapses in Approval and Financial Governance of Development Project

15. Development projects above \$500 million¹ are subject to a Gateway Process for additional scrutiny as they carry higher fiscal and implementation risks. This is to improve cost management and enhance the robustness of project proposals. The process includes seeking Cabinet's in-principle approval to embark on the project, followed by approval from the Development Planning Committee (DPC)² for the total project cost. Agencies are not to make public commitments to spend Government funds (e.g. calling of tenders) before DPC's approval is obtained, unless the Ministry of Finance (MOF) concurs. The project must be reapproved by DPC if there are subsequent material changes to its scope, or if the project cost increases by more than 10% of the approved cost or \$100 million, whichever is lower.

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

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

² DPC comprises 3 Ministers.