

## **ATTACHMENT A**

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### **1. Unauthorised person approving documents relating to procurement (i.e. Written Instruction (“WI”) and Work Order (“WO”)) indicating a lack of compliance with documented procedures**

#### **Observations**

- 1.1. Based on documents reviewed, we observed that the General Manager (“GM”) singly approved the WOs within the procurement cycle. However, through the walkthrough conducted and the 3 flow charts provided by AHPETC, we noted that 2 out of the 3 flow charts stated that WO should be approved by the “PM” while the remaining 1 stated it should be “endorsed” by both the Estate Manager and General Manager even though the nature of the flow chart is similar. In the WOs we reviewed, the GM was neither the “PM” (i.e. Property / Project Manager) nor was there another approval signed by the Estate Manager.
- 1.2. The observation in paragraph 1.1 relates to 9 WOs amounting to \$210,224.27 in total, which indicate a lack of compliance with documented procedures.
- 1.3. Similarly, based on the documents reviewed, we observed that the GM also approved WIs within the procurement cycle. However, based on the 3 flow charts received, we noted that 1 out of the 3 flow charts stated that the Estate Manager should be the one approving the WI, while the other stated that the “Manager” should approve the WI even though the nature of the flow chart is similar. However, the GM was neither the “Estate Manager” nor “Manager”.
- 1.4. The observation in paragraph 1.3 relates to 12 WIs amounting to \$313,952.09, which indicates a lack of compliance with documented procedures.

#### **Risks**

- 1.5. The purpose of an approval for the WIs or WOs is to minimise a situation where an unauthorised procurement of goods and services is undertaken.

## **AHPETC's Comments**

### AHPETC's General Comments

- 1.6. The payments made in FY 12 relate were made in the first year of the TC's operation after the takeover pursuant to the General Election 2011. During this initial phase, there was much set-up and prioritisation of critical tasks, to ensure that services to residents was not disrupted. Due to the exigencies then, expediency and efficiency was critical. The refinement of back-end processes thus took more time.
- 1.7. Below are some specific observations in response to PwC's Attachment A.

### AHPETC's Comments on Observation 1

- 1.8. PwC noted that the GM singly approved WIs and WOs in certain cases. To say the GM is "unauthorised" when she is senior in the chain of command to the other signatories (e.g. Property Manager or Estate Manager) is not correct, since she has higher authority than the other signatories. Perhaps the heading could be worded as "Wrong signatory approving WOs and WIs..."
- 1.9. The observation relates to 9 WOs and 12 WIs. For a proper perspective, the total number of WOs and WIs reviewed should be included. From our records, there were 16,481 WOs made available for PwC's approval.
- 1.10. S/Nos 5 & 6 [from PwC's exception listing] relate to procuring insurance cover for the TC. This decision is usually initiated at the GM level.
- 1.11. The stated risk of "unauthorised procurement" is not appropriate on the facts given.

## **PwC's Further Comments**

- 1.12. We have noted TC's comments in relation to S/Nos 5 and 6 [from PwC's exception listing]. However, we have not sighted to any TC documented procedures on the list of expenses that are initiated at the GM level.

**2. Same person approving documents relating to procurement and payment (i.e. Certification of Work (“CoW”), Payment Voucher (“PV”) and approvals for issuance of cheques) indicating a lack of segregation of duties**

**Observations**

2.1. There was a lack of segregation of duties as the GM approved the CoW, PV and cheque within the payment process. The concept of segregation of duties in this process is to prevent the approver for certification of work (CoW) to be the same person approving the payment to the vendor (PV). At the same time, the function of the approver for cheques is to validate that the cheques are in respect of goods and services rendered and that the payment details (such as name of payee, amount) match to the supporting documents prior to releasing the cheques for authorised signatories to sign. Although we noticed the cheque signatories were not the GM, we are unable to verify the extent and robustness of the cheque signatories’ due diligence on the supporting documents as well as cheque details prior to them signing the cheques. In this respect, the segregation of duties in the CoW, PV and approval for cheque issuance is an important safeguard before the release of funds. The observation relates to 10 invoices amounting to \$393,223.86.

**Risks**

2.2. There appears to be a lack of segregation of duties within the payment process resulting in a risk of potential payment for non-existent goods and/or services as the person verifying that services and/or goods had been satisfactorily completed is the same person as the approver for payment.

**AHPETC’s Comments**

2.3. S/Nos 1, 2, 4, 5, 6, 7 [from PwC’s exception listing] relate to payments to architects.

2.4. S/No 3 was for Repairs and Redecoration Works at Bedok North (Kaki Bukit Division of Aljunied GRC) which was commenced before General Election 2011 under Marine Parade Town Council and completed after the GE by the Marine Parade TC Managing Agent. AHTC’s GM approved the documents for payment to the contractor, relying on documentation provided by Marine Parade TC’s MA.

2.5. S/No 10 was for IT services.

### **3. Missing signatures for documents relating to procurement and payment (i.e. WI, WO, service / job sheets and cheque) and dates on documents potentially indicating a lack of compliance by the executing personnel**

#### **Observations**

3.1. Based on the walkthrough conducted, WI and WO should be signed by the respective officer from the Project or Property department and approved by the relevant department's manager. We reviewed the documents provided by AHPETC and note a lack of signatures in the "Issue by" and "Approved by" field in certain WI and WO, "Cheque Approved" field in the PV and CoW stamp of approval on certain documents for jobs that were done (i.e. supply and delivery of refuse bins, operation support maintenance services, supply and fixing of UPVC adaptor, collar brackets and pipe, repair external wall seepage and conservancy and cleaning works). The following are instances noted where there are missing signatures and dates for documents relating to procurement and payment:

- (a) No signature was sighted on the "Approved by" field of the WI. Although we noted the property manager signed off as the issuing officer, there was no reviewer to validate the necessity for the expenditure. This observation relates to 3 WIs amounting to \$25,977.44<sup>1</sup>.
- (b) No signature was sighted on the "Approved by" field of the WO. The WO is instrumental in the payment process as it is the initial document used to commence payment to the vendor. The lack of approval indicates there was no reviewer to validate if the goods and/or services was satisfactorily requisite and delivered. The approval is also an important step as it is relied upon by subsequent reviewers that initial validation had been carried out (i.e. works were carried out), something which the reviewers may not be able to validate themselves. This observation relates to 1 WO amounting to \$23,005.

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<sup>1</sup> Although the description on the invoice does not match fully with the WI stated, we are aware that one WI may have several invoices. However, not all invoices were included in our sample for each WI. Hence, the amount stated is only the sum of invoices reviewed for each WI.

- (c) No signature was sighted on the "Cheque Approved" field of the PV. The purpose for such a review is to validate that the details on the cheques match to the payment supporting documents. Although these PVs amounted to only \$217,963.35, these PVs were batched together with other PVs to collectively form the basis of 7 cheques amounting to \$1,378,564.20 being issued.
- (d) Even though there was an assistant lift engineer signing off in the "Approved by" field in the WI, there was no Issuing Officer signature to issue work instructions to the vendor for a job pertaining to the repair of PC Board and directional indicator at Block 525 Bedok North. This may indicate that proper procedures according to the TC's stated policies and procedures may not have been complied with. This observation relates to 1 WI amounting to \$107.

We note there may be practical situations where the issuing officer may not sign on the WI on time and alternate means of requisition for services may be used, such as emails. Ultimately, there should be a requestor and an approver for the requisition of goods and services.

- (e) No signature sighted on the 'Prepared by' field of the WO. The purpose of this signature is to ensure there is no duplication of roles between the preparer and the approver. This observation relates to 1 line item amounting to \$2,000.
- (f) We reviewed the signature on a WI issued to EM Services Pte Ltd to replace 1 fluorescent tube at Block 520 Bedok North Ave 1 and noted the Property Manager had the same signature in the "Issuing Officer" and "Approved by Officer" field, indicating that there is a lack of segregation of duties. This observation relates to 1 WI amounting to \$13.38.

Given that the above transaction had occurred where the same officer requested and approved the services, there is a possibility that procurement of services were unauthorised and/or unnecessary.

- (g) Date of issue on 2 WIs was not stated; hence we are unable to determine when the services were requested, which may lead to work being completed before an official request was made for services to be performed. This observation relates to 2 WIs amounting to \$20,222.85.
- (h) Date of completion was not stated on 14 Service / Job sheets (Service/Job Sheets typically are vendor's documents to describe the type of work completed and the date of completion), hence we are unable to determine if services were performed prior to or after proper requisition of services. This observation relates to 14 job sheets amounting to \$572,389.99.
- (i) Date of confirmation on 8 inspection reports for the charging of liquidated damages was not stated; hence we are unable to determine if the confirmation of checks were done before the letter was issued to the vendors to inform them of the liquidated damages charged. Reasons for liquidated damages charged were due to failure to carry out conservancy work; failure to provide sweeping, washing to residential blocks and cleaning of bulky waste, etc. The amount of liquidated damages charged by AHPETC amounted to \$7,175.
- (j) 2 taxi claims (\$34.90) submitted by FMSS did not have an approval signature in the 'verified by' column on the FMSS staff reimbursement/claim voucher indicating a lack of effective review prior to claims being reimbursed.

## **Risks**

- 3.2. A departure from procurement and payment procedures may increase the risk of unnecessary or unapproved expenditures being executed for items (a) to (c) and (j).
- 3.3. Missing signature for Issuing Officer (for item (d)), missing signature for 'Prepared by' column on the WO by the Property Officer (for item (e)) or same signature for both the Issuing Officer and Approving Officer on the WI (for item (f)) have a risk that subsequent checks have not been vigilant enough and proper procedures may not have been applied in accordance to AHPETC's stated policies.

- 3.4. Missing dates indicate a risk that services could have been performed and/or completed prior to proper requisition of services (for items (g) and (h)) or that letters were issued to the vendors to inform them of the liquidated damages charged before it was confirmed by the Project Manager (for item (i)).

### **AHPETC's Comments**

- 3.5. Re PwC's observation at 3.1(c), the relevant amount of PVs that PwC is querying is \$217,964.35. It is not relevant to highlight the cheque amounts totalling \$1.378m, since the balance of \$1.16m is not in issue. The total cheque amount should be omitted.
- 3.6. TC attached a document in the email for paragraph 3.1.(h), stating that the date of completion were captured on the work order system for works carried out by the vendor.
- 3.7. TC has replied that all documents provided to PwC, with regards to paragraph 3.1.(i), all come with dates.

### **PwC's Further Comments**

- 3.8. In response to the observation in paragraph 3.1.(h), whilst the document attached in the email to us contained some additional information (such as WO numbers, date of completion etc) in relation to the items in PwC's exception listing, we were not provided with the certified WOs source document themselves (which would have an endorsement by a TC officer to verify that work has been satisfactorily completed) or other source documents to verify the date of completion.
- 3.9. Dates on the LD inspection report are dates which the inspections were conducted. However, the observation in paragraph 3.1.(i) is that confirmation (i.e. endorsement) dates for the inspection reports are missing. These confirmation dates are important as it proves that the PM checks the inspection report before the letter is issued to the vendors to inform them on liquidated damages.

**4. Inconsistencies in approval signatures for documents relating to procurement and payment (i.e. WI, service / job sheets and cheque) may lead to unauthorised procurement of services and payment**

**Observations**

4.1. Inconsistencies in approval signatures were noted in the following instances:

- (a) Signature by Issuing Officer<sup>2</sup> on the WI did not match previous signatures sighted in the supporting documents (i.e. WIs, WOs and job sheets) obtained indicating that the WI may not have been raised by the appropriate officer. This observation relates to 1 WI amounting to \$107.
- (b) The project Manager's signature on the 3.5% project fees payment summaries claimed by FMSS or the WIs issued did not match the specimen signature obtained from AHPETC. This specimen signature can be found in AHPETC's internal document titled 'Delegation of Authority Under Town Councils Financial Rules'. This could indicate a potential unauthorised approval on the project fees summary claim calculation for the invoice to be processed and submitted for payment. This observation relates to 12 invoices amounting to \$208,702.46.

**Risks**

4.2. The risk relates to a possibility of unauthorised requisition of services (for item (a) and (b)) and unauthorised approval for project fees summary claim calculation prior to satisfactory completion of works (for item (b)). These may lead to unnecessary expenditure by AHPETC.

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<sup>2</sup> As this Issuing Officer has left AHPETC, we were unable to verify if he has 2 different signatures.

### **AHPETC's Comments**

- 4.3. Re para 4.1 (b) [from PwC's exception listing], TC recalls that the Project Manager was interviewed by the AGO and confirmed that he signed those documents.

### **PwC's Further Comments**

- 4.4. We had clarified this matter with AGO. AGO did not interview the Project Manager to confirm that he signed those documents.

**5. Payments made to vendors are higher than the agreed rates stated in the contracts or that the payments were not part of the contract**

**Observations**

5.1. We noted the following instances where payments made to vendors are higher than agreed rates as stated in the contracts:

- (a) Fourways Pte Ltd charged a monthly invoice amount of \$58,940.43 compared to the contract amount of \$57,677.61 (i.e. lump sum price of \$2,076,394 divided over a period of 3 years) for the conservancy and cleaning works for Serangoon Division. This resulted in potential overpayment of at least \$3,787.29 (i.e. monthly overpayment of \$1,262.43 multiplied by 3 invoices reviewed), which indicates a lack of effective review for amounts charged by the vendor, and AHPETC may have paid the vendor more than the agreed price per contract. This observation relates to 3 invoices amounting to \$189,198.78.
- (b) A caster wheel was purchased and recharged by RDE Construction Pte Ltd to AHPETC at a mark-up not in accordance with the agreed rate as stated in the contract. The caster wheel was purchased for \$78 from Tai Li Leong Hardware Centre and subsequently recharged to AHPETC for \$120 by RDE Construction Pte Ltd. The mark up of 53.8% was not the agreed rate as stated in the Contract (15%), indicating that RDE Construction Pte Ltd may have been paid more than what was contracted. According to the Deputy GM on 11 August 2014, he informed that the recharged rate could also include the costs of screws. As of 5 November 2014, the Deputy GM indicated that he is still checking on this and will reply to us. This observation relates to 1 invoice amounting to \$220.26 (which included other items other than the caster wheel).

- (c) The contract between C P Lee Building & Plumbing Pte Ltd and AHPETC stated a discount of 26.88% adjustment to the Schedule Rate. However from the review of invoices, we note that a lower invoice discount rate of 23.88% was used, indicating that the vendor (C P Lee Building & Plumbing Pte Ltd) was be paid \$86.12 more than what was agreed based on the difference of discount rate agreed in the contract and applied in the invoices reviewed. This observation relates to 5 invoices amounting to \$2,290.91. We subsequently received a confirmation from AHPETC's Secretary that this was a system error on the vendor's end, which resulted in the miscalculation of discount.
- (d) For lift maintenance charged by 9G Elevator, there was an 1 invoice which included Lift A and B located at Lorong Ah Soo Block 145 being charged at a monthly rate of \$140 per lift and 2 invoices for Lift A and B located at Serangoon North Ave 1 Block 123 and 125 being charged at a monthly rate of \$130 per lift. However, these blocks were not part the contract signed with the vendor and the 3 invoices amounted to \$1,320. This indicates that AHPETC may have paid the vendor more than required.

## **Risks**

- 5.2. While the quantum may not be significant, discrepancies in agreed rates of contract and rates charged in invoice indicate that AHPETC may have been paying more than what was contractually required and payable to the vendors suggesting a lack of vigilance in its controls. The observation on paragraph 5.1 (c) further strengthens the proposition on whether the due diligence for payments were robust enough. This may also be a non-compliance of Rule 56(4)(c) of the Town Council Financial Rules ("TCFR"), which state:

It is the responsibility of the Head of Department to satisfy himself that the prices charged are either according to contracts or approved scales, or fair and reasonable according to current local rates.

### **AHPETC's Comments**

- 5.3. For para 5.1 (a) on Fourways, Deputy GM had informed PwC that payment was based on the equivalent dwelling units (EDUs) that changed over time. Fourways were also entitled to an incentive payment under their agreement with TC.

- 5.4. Re para 5.1 (c), the contractor has paid back to TC the amount overpaid.
- 5.5. For para 5.1 (d), the lifts at Lorong Ah Soo were covered under the contract. For Blk 123 and 125 Serangoon North, work was verified as done and payment made in accordance with the usual rates for a comparable block at 115 Bedok Reservoir Road.

### **PwC's Further Comments**

- 5.6. With regards to the observation in paragraph 5.1.(a), while the Deputy GM has informed us of the changes in EDU over time, we noted that the contract was awarded based on a lump sum price. Using this contract sum as a basis, the monthly invoice amount should have been \$57,677.61. However, we noted that the actual invoiced amount was \$58,940.43 instead, and the difference was \$1,262.43 more than the supposed invoice amount. On this note, we would have expected a variation order or a similar agreement to account for this increase in invoice amount.
- 5.7. The document (an email dated 18 September 2014 from the vendor) provided by the TC for the observation in paragraph 5.1.(c) set out the total amount of discount provided by the vendor. Whilst the amount overpaid has been repaid, computation checks and comparison of invoiced discounts to agreed discount according to the contract would have been prevented over-payment in the first place.
- 5.8. The tender price breakdown provided by the TC, for Lift A and B at Lorong Ah Soo for Block 145 in the observation in paragraph 5.1.(d), was for the period 1 August 2007 to 31 July 2010 (which is out of our scope period) and we were not provided with this contract. Even if the contract was still applicable, we have not been provided with an extension letter to validate that the rates stated on the contract was still applicable. In addition, lifts for block 123 & 125 at Serangoon North Ave 1 were not reflected in the contract (Contract OT/0230/10: Term Contract for the Maintenance of Fujitec and Sigma Lifts from 1st January 2011 to 31 December 2013) provided to us. In addition, even if these two lifts were part of the contract, we have not seen any variation orders to include these two blocks.

## **6. Delay in settlement of vendor invoices**

### **Observations**

- 6.1. There were instances noted where the payment voucher approval date is dated more than 60 days later from the invoice date. Notwithstanding clarifications to be made with AHPETC, we noted some vendors indicated a credit term of 30 days and there may be delay from the time AHPETC received the invoice to the time the relevant staff in Finance received the invoice for processing.
- 6.2. However, even after taking the 30 days credit term into account and any potential delay in Finance, there were 85 invoices amounting to \$1,257,237.72 where the payment voucher approval dates were dated more than 60 days from invoice date (ie aged for more than 60 days). This meant that the cheques were dated after the 30 days credit period. The longest time lag for the payment voucher approval was a period of 8 months from the invoice date.

### **Risks**

- 6.3. Unnecessary delays in payments which may potentially result in additional interest costs being paid by AHPETC to the vendors.

### **AHPETC's Comments**

- 6.4. The TC processes payment claims following standard procedures which requires checks and verifications of work done before payment.
- 6.5. As for the risks, the vendors had not imposed interest for any delayed payment.

### **PwC's Further Comments**

- 6.6. Our observation was that payments made to vendors were longer than the credit terms. In this regard, the TC should review its payment process and expedite payments to vendors.

## **7. Expense claims submitted by FMSS that have lack of sufficient and/or appropriate documentation to support or inconsistencies in claimant signatures**

### **Observations**

- 7.1. The following instances were noted where there was a lack of sufficient and/or appropriate documentation to support expense claims submitted by FMSS:
- (a) No original receipts relating to expense claims (relating to purchase of hard disks, office supplies, taxi fares, meals expenses) for 4 invoices amounting to S\$3,657.88 submitted by FMSS and hence we are unable to verify the authenticity of such claims.
  - (b) Certain claims such as a meal expense claims and transportation fares such as taxi, bus and mrt (total amounted to around \$327.14) from FMSS were made without any supporting documents, hence we are unable to verify the authenticity of such claims. We understand the practicality of obtaining bus tickets as fares may be paid through the use of a stored-value card.
  - (c) We were unable to determine the claimants for petty cash expenses amounting to S\$2,197. Even though we recognised that these claims were submitted by a FMSS personnel, there were no records in the supporting documents to detail the claimants for petty cash.
- 7.2. These observations indicate that the authenticity of reimbursement claims were not verified and that there is a potential lack of effective review before approvals were given.
- 7.3. We also observed on 4 claims made by FMSS (amounting to \$148.70) where the claimant signatures did not match specimen signature obtained. Hence, we were unable to verify the authenticity of these 4 claims made by FMSS.
- 7.4. In addition, we were unable to authenticate the signature of a Customer Service Officer on 4 claim vouchers, amounting to \$229.39, as there were no specimens provided.

## **Risks**

- 7.5. Payments may have been made for double claims or claims for events which did not occur.
- 7.6. Claims made in the name of an official personnel but was in fact made by another personnel may result in fictitious or double claims.

**8. Dates in documents relating to procurement and payment (i.e. WI and WO) charged are not consistent with our understanding of the procurement and payment cycle including dates in documents relating to liquidated damages charged**

**Observations**

- 8.1. Based on the walkthrough conducted, WI should be the first document in the procurement process to be signed and approved by an authorised officer before handing it to the vendor for work to be done. Subsequent to that, a WO would be raised by the officer from the relevant department (Project or Property) and approved by the relevant department's manager. However, we note there was a WI with the issue date later than WO date, amounting to \$1,252.53.
- 8.2. The date of issue (5 September 2012) was later than the date of completion (31 August 2012) stated on the WI, for an amount of \$710.22, indicating that work may have been completed before official instructions were given to the vendor. Potentially, this may be a lack of effective review on instructions given to vendors to carry out the works (i.e. flushing of surrounding area in Block 129 Lorong Ah Soo, including scraping hardened oil sludge off sewer and branch lines using high pressure water jetting). Based on the walkthrough conducted, WI should be the first document in the procurement process to be signed and approved by an authorised officer before work is allowed to commence and be completed.
- 8.3. Dates of confirmation on 4 inspection reports for the charging of liquidated damages were dated later than the dates of letters issued to the vendor to inform them of the liquidated damages charged. Reasons for liquidated damages charged were due to failure in “providing cleaning operator, carry out sweeping and clean car parks”; failure to comply with repeated instructions “to ensure drains are clear to prevent mosquito breeding spot”, etc. The amount of liquidated damages charged by AHPETC amounted to \$3,515.

**Risks**

- 8.4. There may be a procurement of unnecessary services or inaccurate liquidated damages charged due to a lack of appropriate or timely approvals.

**9. Photocopies of DOs and not the originals were attached to the invoice**

**Observations**

- 9.1. Photocopied delivery orders were attached as part of payment supporting documents for 2 invoices totalling \$1,626.40 for Printex Offset Printing Co. Hence, we are unable to verify the authenticity of these supporting documents.

**Risks**

- 9.2. The lack of originals used as supporting documents exposes AHPETC to risk that such document may be fictitious or that photocopied delivery orders may have been re-used as 'supporting' for subsequent invoices issued but goods may not have been delivered.

## **10. Contract pricing, contract period, or contract requirement has not been complied with**

### **Observations**

- 10.1. Amount charged on invoice did not match with contract pricing and this was on lift maintenance charged for Lift B located at Block 222 Hougang, Street 21, was at a rate of \$53.33. However, based on the contract, it stated that the monthly charge rate should be \$100 per month. Thus indicating that AHPETC may have benefited more by \$46.67, (i.e. paying less than the agreed amount). Although this situation indicates that AHPETC has benefited by paying less, it also indicates a lack of overall checking done by the reviewer before payment is made.
- 10.2. Based on the contract with Seng Foo Building Construction Pte Ltd, the contract period was from 12 January 2009 to 11 January 2010 with no letter of extension or any form of agreement to state that work should continue despite the end of the contract period. However, based on our review of 14 invoices with amount of \$572,389.99, showed that services were still performed and invoiced after the contract period. This indicates that AHPETC may have been paying more than necessary.
- 10.3. Based on the Fourways Pte Ltd contract, contract number OT/0203/09, there was a clause in Section 1.18 Report (A) Monthly Report that stated “Contractor is required to submit a monthly report” and the monthly shall include, but notwithstanding, the following:
  - (a) List of instructions given by the S.O. Representative indicating the current status of the instruction;
  - (b) Inspection checklist;
  - (c) Photographs of maintenance defects and irregularities;
  - (d) Statement of Account (including any outstanding invoices, work orders, etc);
  - (e) Photo of the existing Bin Compound in the estate; lift landing and staircase; and
  - (f) Status of Schedule Task.

In addition, Section 1.18 Report (B) Daily Report) also states that “The Contractor is required to submit Estate Report comprises of common building works and conservancy works” on a daily basis.

However, based on the review of 3 invoices amounting to \$189,198.78, we have not seen such documents and per our understanding from the Deputy GM, no such monthly or daily report exist; a daily inspection is carried out by the Property Officers and any irregularities or unsatisfactory work will be charged as liquidated damages to the vendor. A lack of monthly report indicates non-compliance with the contract requirement and status of schedule task is important to track that the vendor is following the instructions given to them.

- 10.4. Based on Section 1.25 Half Yearly Performance Assessment of the Fourways Pte Ltd contract, contract number OT/0203/09, it states that ‘Contractor will be accorded incentive for the amount of S\$2,500 half yearly if contractor scored 76% and above’ and a sample of calculation was attached in Annex H. However, based on the review of 3 invoices amounting to \$1,337.52, we have observed that the vendor has been awarded this performance incentive and we have not seen any documentation or calculation showing the performance for this vendor and it could indicate that the vendor is paid the performance incentive without a documented assessment.

## **Risks**

- 10.5. Difference of amount charge on invoice compared to amount stated in the contract or invoices issued for services rendered despite the end of contract may indicate a lapse of proper checks before payment was made.
- 10.6. Lack of monthly report gives rise to a risk that the vendor may not be fulfilling their scope of work as stated in the contract and they may not be adhering to the instructions given to them by AHPETC.
- 10.7. With no supporting documentation on the calculation of the performance incentive, it gives rise to a risk that the vendor may be paid this incentive without actually deserving it.