

Update on Key Improvements and Progress Made to Financial Management

	Concerns Raised	Actions Taken / Update
1	General	1. Will strengthen Finance team by hiring more accountants.
2	Sinking Funds management	1. All transfers to SF done for FY 11, 12 and 13. 2. Been making transfers for FY 14.
3	Service and conservancy receivables (arrears) reporting	1. TC completed and tested module in January 2015 to aggregate C&S arrears for 1 to less than 3 months and for 3 months and above aging. 2. As an added measure of reliability, there was a review by external consultants of the integrity, accuracy and aging treatment of the C&S arrears data as at 30 September 2014. Media release was issued on 26 January 2015 that 3 months or more S&CC rate by household was 5.66%.
4	Record Keeping / Tracking	1. Proper handing over of documents to supervisor by outgoing staff as part of exit clearance form. 2. IT system has been enhanced to handle collections and payment from AXS stations, SAM, credit card companies, CDC and HDB. 3. Comprehensive enhancement made to work order system from 2012 onwards to better track work progress and related payments and to better tie in with accounts payable module. Timely recording of liabilities better assured.
5	Receivables from various stakeholders	1. Receivables from HDB are being followed up. 2. Since September 2014, TC has adopted the practice of listing debtors every month and appointing financial staff to follow up on payments.
6	Approval of higher fees than intended for EMSU services for Oct 2011 – Jun 2012	1. A refund has been obtained.
7	Weak control over cheques	1. Cheques not banked in by the end of the day are placed in the safe. 2. Cheques received are scanned into central server. 3. Designated admin staff receive directly all cheques at TC counters without any handover from receptionists.

8	Surprise examinations not carried out for safes, cash boxes by TC Secretary/ representative	<ol style="list-style-type: none"> 1. TC had implemented surprise checks by senior staff for cash in FY13 and FY 14. 2. Henceforth, TC will implement surprise examination by Secretary or his rep at every branch office at least once a year.
9	Weak controls over strong room and safe	<ol style="list-style-type: none"> 1. Controls have been enhanced with the Chairman and Secretary's authorisation.
10	Income Tax, GST	<ol style="list-style-type: none"> 1. Tax agent appointed to advise on income tax matters. 2. Greater familiarity with GST apportionment formula. 3. IT enhancements for GST tracking in progress.
11	Cash and bank balances	<ol style="list-style-type: none"> 1. Redundant bank accounts closed. 2. Monthly reconciliations done since mid 2013.
12	Related party transactions	<ol style="list-style-type: none"> 1. TC to implement a checklist for all contractors to declare all likely conflicts of interest during the tender interview, to facilitate disclosure and management of risk.
13	Controls for payment to related parties	<ol style="list-style-type: none"> 1. Segregation of duties already took place from FY2012. Appendix C Attachment 1 refers (see item 30 onwards to item 84). 2. With effect from second half of 2014, even the approved monthly payments was no longer directly invoiced. Instead a works order will be raised by the office manager and countersigned by the TC chairman. The invoice can only be raised thereafter. Works will be certified by the executive manager before the invoice will be forwarded to finance department for the approval of the payment voucher and issuance of cheques. 3. An audit committee had been set up in Aug 2013. Its work was deferred due to the TC's annual audit and the AGO audit. Its terms of reference include the review of the TC's system for internal financial control, financial reporting and risk management.
14	Controls for payment of project management fees	<ol style="list-style-type: none"> 1. TC continues to require architect and surveyor certificates for the value of work done. 2. In addition, the TC recently introduced enhancements: <ol style="list-style-type: none"> (a) Before project works commence, the Estates and Community Liaison Committee will be asked to approve project management fees. (b) TC chairman is also asked to sign works order before MA can invoice for project management fee.