

## **Ensure rules that are set can be followed, Chee Hong Tat urges internal auditors**

SINGAPORE: In setting rules, it is important to ensure not only that they are followed, but that they can be, said Senior Minister of State for Trade and Industry Chee Hong Tat on Thursday (Apr 25).

Speaking at the Public Sector Internal Audit Conference, Mr Chee highlighted the need for internal auditors to work together with management and line units to regularly review and enhance existing rules and procedures.

“Today, our audit function focuses mainly on whether people comply with established rules and procedures,” he said. “While this is important, we can only achieve good outcomes if the rules and procedures are set correctly in the first place.

“If we have rules that are no longer relevant, wouldn’t it be more productive to review and change the rule instead of spending time on ensuring compliance?”

Mr Chee cited a case shared by the Housing and Development Board (HDB), which had specified in a previous grass-cutting contract that the contractor must trim the grass to no more than 3cm in length.

“During the audit, AGO (Auditor-General’s Office) highlighted that there was a non-compliance because HDB did not measure the length of the grass after the contractor had cut it, to ensure that each blade was not longer than 3cm,” he said.

HDB clarified that it was humanly impossible to measure the length of each blade of grass, leading AGO to question why the requirement was included in the tender specifications in the first place.

“The learning point here is that when we set rules or procedures, we must bear in mind the downstream impact when the rule or procedure is

implemented on the ground,” said Mr Chee. “That is when the rubber hits the road.”

“We need to ask ourselves how we can design the rule or procedure to make compliance simpler, cheaper and faster, while adhering to the original policy intent,” he added, also stressing the importance of listening to feedback from customers as they can provide “useful suggestions” for improving rules and procedures.

In his speech, Mr Chee also urged internal auditors to consider how they can work with management and staff in the organisation to identify rules which can be streamlined to save time, minimise compliance costs for the public and reduce enforcement costs for the public service.

In the area of licence fees, in particular, Mr Chee said that as the Government is the sole provider of licences, it has to discipline itself when it sets fees, to ensure they are not more expensive than necessary.

Mr Chee also stressed the importance of going beyond minimising risks to encouraging calculated risk-taking, experimentation and innovation.

“We must not end up with a situation where public officers avoid taking initiative or become overly risk-averse because they are afraid of making mistakes,” he said.

“If an officer is trying out a new idea with good intent and does not comply strictly with the SOP, do we come down on the officer like a ton of bricks?

“Or do we take the audit finding as a feedback and review our procedures to see if further flexibility can be provided to cater for new situations that were previously not included when the SOP was first drafted?” he added.

Mr Chee said that there are some instances of audit non-compliance arising from staff who make quick decisions on the ground to deal with an urgent situation, without getting prior approval from the designated authority. He added that it is difficult to draw broad conclusions on such cases; each case has to be judged individually on the circumstances, intent and outcomes.

But as a “general rule of thumb”, he said he would support an approach where as much decision-making as possible is delegated to officers on the

ground because they are often in a better position to make judgement calls than “someone sitting in Ministry HQ”.