



FOR MEDIA RELEASE:

Review of AHPETC's Past Payments By Independent Accountants

Singapore – 2 May 2017

On 2 May PwC, the independent accountants appointed by PRPTC at the direction of the Court of Appeal, submitted their report on the review of past payments made by AHPETC (the "Report").

PwC's findings are deeply troubling.

PRPTC is still in the process of reviewing the Report, and will be seeking legal advice on how to proceed.

PRPTC will also consider whether it should take steps to recover the losses suffered by Punggol-East residents as a result of AHPETC's mismanagement.

We note, in this regard, the Court of Appeal had also directed that an Independent Panel be appointed to decide on the actions that need to be taken, given the findings of an earlier report by KPMG. The Panel was appointed 2 months ago, and has not yet reached a decision on the steps that it will take.

The PwC Report highlighted the following issues:

(1) The circumstances surrounding the set-up of FMSS, and its eventual appointment as Managing Agent ("MA"), are tainted. FMSS's appointment was not only improper and in breach of the Town Council Financial Rules ("TCFR"), it was also clearly by design.

(i) This puts into question the propriety of all payments made under the two MA Contracts to FMSS (totalling over \$22 million).

A proper inquiry should be held (for instance, through legal proceedings), to require FMSS to fully account and justify all the payments it received.

(ii) Those within AHPETC who brought about this situation, and allowed improper payments, should also be held fully responsible for the losses suffered.

(iii) The circumstances may also warrant further investigations by the relevant authorities as to potential criminal offences, including criminal breach of trust.

(2) Other tender contracts were also awarded in breach of the TCFR and/or were not in the Town Council's best interests.

(i) As a result, the Town Council suffered a loss.

(ii) The Town Councillors and/or Town Council officers who decided to enter into these contracts without good reasons and/or in breach of the TCFR should be held personally responsible for the loss.

(3) Before finalising the Report, PwC consulted AHTC for comments. "AHTC effectively declined to provide any comments to us on our Draft Report" (page 4, para 1.6)

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