



## **PRESS RELEASE**

### **ISSUANCE OF CORRECTION DIRECTION UNDER THE PROTECTION FROM ONLINE FALSEHOODS AND MANIPULATION ACT 2019 TO MR YEE JENN JONG**

On 25 and 27 July 2024, Mr Yee Jenn Jong published posts on his Facebook page which made false and misleading statements regarding the Ministry of National Development (MND)'s basis and motivation for actions previously taken against the Aljunied-Hougang Town Council (AHTC)<sup>1</sup>. These statements are:

- a. MND was wrong to call in external auditors because it was Action Information Management Pte Ltd (AIM)'s termination of the Town Council Management System (TCMS)<sup>2</sup> on insufficient notice and handover issues with the previous Aljunied TC (ATC) that led to AHTC's failures in reporting to MND and its audit findings;
- b. MND's decision to withhold grants from AHTC, to call in external auditors, and to call for an independent panel (IP) were politically motivated and not based on legitimate concerns;
- c. MND withheld grants from AHTC in order to put pressure on AHTC to appoint an IP; and
- d. The IP members were decided by MND, and were not independent.

2 The Minister for National Development has instructed the POFMA Office to issue a Correction Direction<sup>3</sup> under the Protection from Online Falsehoods and

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<sup>1</sup> Following the Workers' Party's win at the by-election for the Punggol East Single Member Constituency (SMC) in 2013, AHTC was known as "Aljunied-Hougang-Punggol East Town Council" or AHPETC. After the General Election in 2015, it was reconstituted and changed its name to AHTC on 1 October 2015, as the Punggol East SMC was won by the People's Action Party and grouped under the Pasir Ris-Punggol Town Council. For purposes of this press release, we will refer to the Town Council as AHTC for simplicity.

<sup>2</sup> AIM's TCMS was an integrated system that TCs used to manage their resident and property data, and essential services such as S&CC collection, contractor payments, facility bookings, etc. TCs also used the platform to generate data used in their annual financial statements.

<sup>3</sup> A Correction Direction is a Direction issued to a person who has communicated a falsehood (i.e., the recipient) that affects the public interest. It requires the recipient to publish a correction notice, providing access to the correct facts. The Direction does not require the recipient to take down their post or make edits to their content and does not impose criminal sanctions.

Manipulation Act 2019 (POFMA) to Mr Yee in respect of his Facebook posts on 25 and 27 July 2024.

### **MND had Legitimate and Sufficient Basis to Call in External Auditors as AHTC's Audit Failures were Serious and Persisted Long after the 2011 Handover**

3 First, Mr Yee claimed that MND was wrong to call in external auditors because it was AIM's termination of the TCMS on insufficient notice and handover issues with the previous ATC that led to AHTC's failures in reporting to MND and its audit findings. **This is false.**

4 MND called for further audit checks [by the Auditor General's Office (AGO) in 2014 and KPMG in 2016] because AHTC's **own** auditors (Foo Kon Tan Grant Thornton) had flagged **numerous issues with AHTC's financial and accounting systems, raising serious questions about whether public funds in AHTC were properly applied.** A substantial portion of TC funds are public funds, TC funds include the Service & Conservancy Charges (S&CC) collected from residents by the TCs and the S&CC Operating Grants disbursed by MND to the TCs.

5 **Mr Yee's post was misleading** because it omitted important context that AHTC's own auditors had highlighted serious lapses by AHTC, which then triggered the subsequent audits. **MND therefore had legitimate and sufficient basis to call in the external auditors.**

- a. Foo Kon Tan Grant Thornton had submitted a disclaimer of opinion for AHTC's Financial Statements for two consecutive years – FY2011/12 and FY2012/13. Such disclaimers of opinion by auditors are highly unusual and serious matters. In this case, the disclaimer meant that **AHTC's own auditors could not say that the financial statements were a true and fair account of AHTC's financial position.**
- b. Foo Kon Tan Grant Thornton highlighted AHTC's failures to:
  - i. Transfer part of its S&CC<sup>4</sup> to its Sinking Fund as required by law; and
  - ii. Provide its auditors with the details of project management service fees paid to a related party, management accounts and records of minutes.

Foo Kon Tan Grant Thornton was also unable to determine the validity and accuracy of items in AHTC's financial statements amounting to over \$20 million.

- c. As such, AGO was directed by the Ministry of Finance to conduct a special audit in February 2014, which found:

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<sup>4</sup> Based on AHTC's financial statements for FY2012/13, it failed to transfer \$12.46 million into its Sinking Fund.

- i. AHTC had several lapses in governance and compliance with the Town Councils Act (TCA) and Financial Rules, relating to AHTC's financial governance processes and usage of AHTC funds; and
  - ii. **Until AHTC addressed these weaknesses, there could be no assurance that AHTC's accounts were accurate and reliable, or that public funds were properly spent, accounted for and managed.**
- d. AHTC then appointed KPMG as its Independent Accountants (IAs) to identify AHTC's non-compliances with the TCA, advise the TC on appropriate remedial steps, and establish whether any past payments made by the TC were improper and ought to be recovered. This was pursuant to a ruling by the Court of Appeal in May 2015, made in response to MND's application to Court for IAs to be appointed.

**6 Mr Yee's insinuation that MND placed excessive and unnecessary pressure on AHTC paints a misleading picture. Contrary to Mr Yee's claims, there is no reasonable basis to suggest that AIM's termination of the TCMS contract on insufficient notice or handover issues had caused all the TC's process and system weaknesses.**

- a. **Several of AHTC's lapses were inherent to AHTC rather than due to AIM's termination of the TCMS or handover issues in 2011.**
- b. In fact, based on KPMG's findings, the root causes of AHTC's lapses were related to AHTC's governance framework and policy management, accounting practices, and AHTC's accounting system used to record and account for the TC's transactions, as well as the TC's Finance Department's capability and retention of management personnel.
- c. KPMG also found that AHTC's control failures were pervasive, cutting across the key areas of governance, financial control, financial reporting, procurement and records management over the course of five years, which shows that **they persisted for a significant time**. Even as late as 2016, some of the lapses flagged by AHTC's own auditors in 2014 remained unresolved.
- d. **Mr Yee's assertion that AHTC's reporting failures were due to AIM's termination of the TCMS is groundless.** In December 2014, AHTC blamed its failure to report its S&CC arrears to MND on not being able to use AIM's TCMS. **This ignores the fact that AHTC had submitted its monthly arrears reports for 19 months from October 2011 to April 2013 without using AIM's TCMS.** Furthermore, Hougang TC was able to submit its S&CC arrears reports to MND for years since 2008 without using AIM's TCMS.

**7 In fact, Mr Yee's claim that AIM's TCMS was terminated on insufficient notice is also false.** AHTC asked for extensions to use AIM's TCMS on two

occasions<sup>5</sup>, which AIM agreed to. **Given that both requests for extension were acceded to and AHTC did not request for any further extension, there is no basis for alleging that the TCMS was terminated on insufficient notice.**

### **MND's Actions against the TC were Necessary to Safeguard Public Funds**

8 Second, Mr Yee's posts suggested that MND's decisions to (a) withhold grants from AHTC; (b) call in external auditors; and (c) call for an Independent Panel were politically motivated and not based on legitimate concerns. Third, Mr Yee claimed that MND withheld grants from AHTC in order to put pressure on AHTC to appoint an IP. **These are false.**

9 If left unaddressed, this falsehood calls into question the integrity of MND and other agencies which were involved in looking into the matter of AHTC.

10 MND acted because of the many audit concerns raised by AHTC's own auditors and AGO.

11 **MND was fulfilling its statutory responsibility under the TCA to ensure that TCs have adequate governance processes in place to safeguard public funds that are entrusted to them and to channel these funds to the purpose for which they are given:**

- a. Withholding of grants. **Given the deficiencies in AHTC's financial governance processes flagged by the various audits, it would have been irresponsible for MND to have disbursed the S&CC Operating Grants to AHTC without any safeguards.** As such, MND offered on two occasions in October 2014 and August 2015 to disburse the grants to AHTC, with reasonable conditions such as (i) AHTC to declare that all earlier submitted statements were true; (ii) AHTC to put in place safeguards for the proper accountability of the disbursed funds; and (iii) AHTC to provide its latest bank account position. However, AHTC did not take up MND's offer on both occasions.
- b. Disbursement of withheld grants. The withheld grants were disbursed to AHTC in April 2016, after AHTC had appointed KPMG as its IA and accepted MND's conditions set in relation to the grants.<sup>6</sup> This was because **as AHTC's appointed IA, KPMG would help AHTC identify its non-compliances with the TCA, advise the TC on appropriate remedial steps, and establish whether any past payments made by the TC were improper and ought to be recovered.**

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<sup>5</sup> In June and August 2011, AHTC had requested to extend its use of AIM's TCMS by one month (1 to 31 August 2011) and by nine days (1 to 9 September 2011) respectively. The full circumstances and chronology of events are set out in MND's 2013 Town Council Review Report which was debated in Parliament in May 2013.

<sup>6</sup> The conditions included AHTC setting up segregated bank accounts to receive the grants, and getting the IAs to co-authorise and co-sign large payments out of these accounts.

- c. Formation of the IP. **The formation of the IP was not a precondition for MND's disbursement of the withheld S&CC Operating Grants, as claimed by Mr Yee.** In fact, all withheld grants were disbursed in April 2016, before the IP was formed in February 2017.
- d. KPMG's Past Payments Review Report, submitted to AHTC and HDB on 31 October 2016, identified large sums of improper payments from TC funds. Therefore, **HDB wrote to AHTC in November 2016, to request that the TC appoint a suitable third party to follow through to recover the improper past payments identified by KPMG.**
- e. This was because KPMG found that AHTC might potentially look to its Town Councillors for the recovery of losses arising from any breaches of their fiduciary duties. **As Town Councillors make decisions for TCs, having an independent third party to represent the interests of the TC would avoid any potential conflict of interest.**

### **AHTC's IP Members were Independent and Not Decided by MND**

12 Third, Mr Yee claimed that AHTC's IP members were decided by MND, and were not independent. **This is false.**

13 **MND did not decide on any of the IP members.**

14 The IP is an agent of AHTC pursuant to section 46(2) of the TCA.

15 It was AHTC that appointed the IP Chairman in 2017 and allowed him to make the decision on the identity of the other two IP members as he deemed appropriate, or to pick one member from a shortlist by AHTC and the other from a shortlist by HDB. The IP Chairman only made his selection after confirming with AHTC that it had no objection to him making his selection from HDB's shortlist. It is unclear whether AHTC itself provided any shortlist to the IP Chairman.

16 Per the IP's Terms of Reference, the IP did not take any direction or instruction from HDB, MND or any other person. **The IP was independent and impartial, and as an agent for AHTC, supposed to act in the best interests of AHTC.**

### **Correction Notice**

17 Mr Yee will be required to carry a correction notice on his Facebook posts, which states that the posts contain false statements of fact and to provide a link to the Government's clarification. This will allow readers to read both versions and draw their own conclusions.

18 For the facts of the case, please refer to the Factually article "*Corrections regarding falsehoods published by Mr Yee Jenn Jong on 25 and 27 July 2024*" at the following link: <https://www.gov.sg/article/factually260824>.

**Issued by: Ministry of National Development**  
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