

(A) Severe Lack of Duty of Care and Prudence

1. Duplicated payments for invoices issued by vendors. Between 1 January 2011 to 31 July 2014, the Key Office Bearers of the Charity (namely Selvaraju, Siva and Kumar) were the cheque signatories and approvers for payment vouchers, and had to sign jointly for the Charity to effect any payment. The Inquiry revealed that they had erroneously effected multiple duplicated payments resulting in the Charity overpaying its vendors.

2. Prevalent use of uncrossed cheques. The Key Office Bearers had prevalently issued uncrossed cheques resulting in heightened risk of fraud and misappropriation of cash because these cheques could be encashed by any bearers who may not be the intended recipients. The Charity also allowed the bearers of these uncrossed cheques to “encash” the cheques at the Charity’s premises in exchange for cash received from donations. Between 1 January 2011 to 31 July 2014, the Charity issued at least 823 uncrossed cheques totaling more than S\$1.5 million. Of which, the Inquiry identified 45 transactions in excess of S\$227,000 where the uncrossed cheques were not issued to the names of the intended recipients of the proceeds and no supporting documents were maintained to substantiate that the intended payees eventually received the cash.

3. Loans and disbursements of proceeds unaccounted for. The Inquiry revealed that Kumar had, on behalf of the Charity, obtained loans totalling S\$350,000 without the approval from the Management Committee, and without written loan agreements with the lenders. According to the Charity, the cash borrowed from the loans was for the purpose of paying tokens of appreciation to an estimated 250 individuals (“the Beneficiaries”) who had helped at the Consecration Ceremony, which took place on 22 June 2014. However, there was limited supporting evidence to substantiate that cash proceeds from these loans were disbursed to all of the intended recipients.

4. Further, although the Management Committee’s Minutes of Meetings initially stated that Kumar was requested to repay the loans, the loans were subsequently repaid using the Charity’s funds with the payments approved by the Key Office Bearers. Additionally, the Charity’s accounting records were inaccurate because these cash loans and disbursements of the proceeds were not properly accounted for as liabilities and expenses in the relevant audited financial statements.

5. Cash advances unaccounted for. The Inquiry noted instances where Kumar received cash advances amounting to S\$18,000 via uncrossed cheques issued by the Charity, and there were no supporting receipts to substantiate that the Charity’s funds were legitimately used. The Charity did not have any internal controls in place to safeguard the cash advances it disbursed.

6. Conflicts of interest. The Inquiry revealed that the Charity entered into substantial transactions with two vendors, owned by Kumar's relative, for which the estimated transaction value was collectively in excess of S\$750,000. There was also a lack of competitive quotes obtained by the Charity for the transactions with the two vendors owned by Kumar's relative. The Charity also reimbursed Kumar for purchases of SIM cards from his business amounting to S\$2,824. There was no documentary record evidencing that Kumar had acted in the best interests of the Charity by declaring these instances of actual or potential conflicts of interest or abstaining himself from approving these transactions, including the payment to himself.

7. Unauthorised offsetting of staff loans. There were no financial controls in place to monitor staff loans and more importantly, prevent manipulation of the accounting records through unauthorised journal entries. The Inquiry identified an instance where unauthorised journal entries were entered into the Charity's accounting system to remove staff loans totaling S\$10,000. As a result, the Charity's assets were reduced by S\$10,000 with a corresponding increase in salary expenses. The Charity's Management Committee had also approved an additional loan of S\$5,000 to one employee without a repayment plan for his outstanding staff loan.

8. Questionable transactions with intermediaries. There were many instances where the Charity had engaged the services of individuals as intermediaries to purchase supplies and precious metals from overseas suppliers on its behalf ("Intermediaries"). The Inquiry noted that the Charity disbursed a total amount of S\$314,250 to the Intermediaries.

9. The Charity neither has a service contract with these Intermediaries nor pays for their services. More importantly, these Intermediaries were not required to obtain competitive quotes before purchasing the supplies and precious metals on behalf of the Charity. There were no contractual safeguards to protect the Charity from the Intermediaries acting improperly on behalf of the Charity.

(B) Lack of Financial Governance and Controls

10. The Charity did not have any documented policies and procedures within its finance function to provide guidance to the Management Committee members and employees on how their duties were to be discharged. While all policies and procedures were purportedly verbally agreed and communicated, internal controls were near non-existent in practice.

11. Arising from the absence of policies and procedures, neither the Management Committee members nor employees were able to oversee and operate the Charity's financial controls reliably and consistently. There was also nothing to mitigate the risk of Management Committee members or employees improvising the policies and procedures over time in an ad-hoc manner. For instance, the Inquiry noted instances in which donations collected for the Building Fund were not used for either building works or renovation, but used for operating expenses. There were differing practices on how cash and non-cash donations such as gold should be accounted. Inconsistencies were also noted in the ex-gratia payments and benefits for employees and board members. An instance of such relates to private chauffeur services amounting to approximately S\$48,000 which were provided to Selvaraju and Siva subsequent to the Consecration Ceremony although the Management Committee had only approved the use of private chauffeur services during the Consecration Ceremony. There were also many instances where payments disbursed by the Charity were not adequately substantiated with adequate supporting documents. These payments total in excess of S\$500,000.

12. Inadequate Finance Functions. The Inquiry revealed that only the outsourced accountant engaged by the Charity was professionally trained in accounting, but she was working on a part time basis and was not involved in the day to day operations of the Charity.

13. The Inquiry noted several discrepancies and inaccuracies in the financial records of the Charity. Particularly, the Land and Building account in the audited financial statements for the year ended 30 June 2014 was understated by more than S\$6 million due to an erroneous accounting adjustment. The discrepancies and inaccuracies in the Charity's accounting records and payments would have been mitigated if the accounting support in the Charity's finance function had the appropriate competencies and adequate supervision.

14. Evidence from the Inquiry thus suggests that the Key Office Bearers did not fulfil the duties expected of them as outlined in the Charity Constitution. These disquieting findings may very well have been prevented if the Management Committee, particularly the Key Office Bearers, exercised adequate care and prudence in their governance and financial management of the Charity.