

MND TOWN COUNCIL REVIEW REPORT

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EXECUTIVE SUMMARY

Background

In January 2013, the Prime Minister directed the Ministry of National Development (MND) to review the sale of the Town Council Management System (TCMS) software belonging to the PAP Town Councils (TCs) in an open tender to Action Information Management Pte Ltd (AIM) in 2010. MND was to review the transaction fully and its context, and satisfy itself that public funds were safeguarded and residents' interests were not compromised. In the course of the review, MND was also to make observations on the nature of TCs and how they are run, with a view to improving the current framework.

2. A MND TC Review Team was set up to undertake this review. The Review Team studied the Town Councils Act and the Town Council Financial Rules, and examined the external audit reports for the FY2010 financial accounts of the 14 PAP TCs. The Review Team also obtained and examined statements and inputs from interviews it conducted with the PAP TCs, Aljunied-Hougang-Punggol East TC and AIM on the AIM transaction, and with all TCs on the handling of major TC contracts and systems and how changeovers can be better managed¹.

Findings on the AIM Transaction

3. Having considered the inputs from the PAP TCs, the Aljunied-Hougang-Punggol East TC and AIM, our main findings are as follows:

a) Background of AIM

AIM was set up by the PAP in 1991, to provide IT related services to support PAP MPs in the running of their TCs and estates. For instance, TCs had to individually deal with and contract the services of a vendor, even if common to all. AIM was to help coordinate such IT services and projects common to all the PAP TCs, so that the TCs did not have to do it separately and individually. Where suitable services were available on the market, the TCs would obtain them from the market. Where AIM could offer services at market competitive rates, it would tender to provide such services. AIM does not seek to make profit from its work done for the

¹ The review was originally meant to be completed within 2 months but was extended till April 2013 as the MPs involved in the Review and the Review Team were tied up with the March 2013 Committee of Supply debates.

PAP TCs. Its Directors are not paid and it charged only a fee to recoup its operational costs.

b) Background of Town Council Management System (TCMS)

In 1994, the Housing & Development Board (HDB) informed the TCs that it would cease HDB's IT system support used by all TCs. This was to be effected by 1996 as part of HDB's handover of responsibilities and functions to the TCs. The PAP TCs decided to aggregate their demand and called an open tender in 1994 for the development, installation and maintenance of a Town Council Management System (TCMS)² software. AIM participated in the tender and was awarded the contract to develop this first generation TCMS.

In 2003, the TCs called an open tender to develop and maintain the second generation TCMS. This was awarded to National Computer Systems Pte Ltd (NCS). AIM did not participate in the tender.

c) Sale and Leaseback of the TCMS Software to AIM

In 2009, the PAP TCs appointed Deloitte & Touche Enterprise Risk Services Pte Ltd (D&T) to review this second generation TCMS. D&T observed that the TCMS was facing system obsolescence, and recommended two operating models (i.e. service and ownership models) on the future ownership and maintenance of the TCMS.

The TCs were concerned about the risks of system obsolescence identified by D&T. At that time, the NCS maintenance contract was also about to expire. Hence, the TCs wanted to look for a solution which would allow them the opportunity to explore the best redevelopment options, while in the interim continue to enjoy the prevailing maintenance and other services at no extra cost. Given that system redevelopment would take time, the TCs would need to ensure they could get a further extension (beyond October 2011) from NCS.

The TCs considered the two models proposed by D&T, and decided to explore the service model for the ownership and maintenance of the third generation TCMS software. However, having each of the TCs

² The TCMS was then known as the Estate Management Application Software (EMAS). Other TCs, such as Hougang TC and Potong Pasir TC, did not use the EMAS but procured their IT systems from S&I Systems Pte Ltd instead.

hold the Intellectual Property (IP) rights to the software was cumbersome and inefficient. The vendor would have to deal with all 14 TCs when reviewing or revising the system. The TCs felt that it would be better for the software rights to be consolidated in a single party who could manage them on behalf of the TCs, and source for vendors to improve the system and address the deficiencies.

Hence, the TCs called an open tender to sell the TCMS software, subject to the provision of a leaseback facility for a fixed monthly fee, until the software was changed (i.e. when the third generation TCMS was developed). The vendor would also be required to undertake to secure extensions of the NCS contract at no extra cost to the PAP TCs until the TCs obtained new or enhanced software, and to work with the TCs to understand their redevelopment needs, including looking for a suitable vendor to provide these upgrades. The TCs sold the IP rights in the old software to the vendor as it was almost obsolete and had limited value. Such a sale and leaseback arrangement was not uncommon in the industry. It was also permissible under the Town Council Financial Rules.

d) Conduct of Tender Process

In the execution of this tender in 2010, the PAP TCs complied with the tender process stipulated in the Town Council Financial Rules. The tender was an open tender advertised in the Straits Times on 30 June 2010. It attracted expression of interest by five vendors. However, eventually there was only one bid, which came from AIM.

The PAP TCs decided to award the tender to AIM based on several key considerations: The TCs assessed that AIM's bid of \$140,000 was a fair one given that the software had fully depreciated and there was effectively no market or competition for the software³. AIM was also willing to undertake the risks of getting an extension of the NCS contract at no increase in rates, which was important in protecting the TCs from an increase in maintenance fees. In addition, the TCs assessed that AIM was a company with an established track record in TCs and IT services, including past working experience with the PAP TCs. The TCs had confidence that AIM would deliver on its commitments.

³ The PAP TCs assessed that they would not be out of pocket at the end of the leaseback period (October 2011), as there would be a net gain of about \$8,000 to the TCs from the disposal of IP in the existing software.

e) Provision of Termination Clause

In the contract, AIM could terminate its services by giving three months' prior notice in writing to the TCs. However, AIM could also terminate the contract by giving a shorter notice period of one month in the event of material changes to the membership, or to the scope and duties, such as changes to the boundaries, of the TC.

The PAP TCs felt that such a clause was fair and reasonable as the vendor would have priced its bid on the basis of the existing TC and Town boundaries. However, should this change materially, the vendor could end up providing services to a TC comprising a much larger area and a larger population of residents, but is held to do so at the same fixed price since a key feature of the contract was that there should be no price change to the TCs even for extensions. The TCs felt that this would be unfair to the prospective vendors, and a clause explicitly addressing such changes would reduce the business risk to the vendor. This would help fetch a better tender price for the TCs' old software.

f) Execution of Termination Clause

Based on the formal communication between the then-Aljunied-Hougang TC (AHTC) and AIM, and from interviews with both parties, the Review Team observed that there appears to be a different understanding of the execution of the termination clause in 2011 by both parties.

The AHTC believed that AIM would be terminating the TCMS contract under the terms of the termination clause and therefore planned to upscale its own system which it had used for the former Hougang TC⁴. AHTC wrote to AIM on 10 June 2011 to inform AIM that it was developing a system, and requested to continue to use AIM's TCMS till 31 August 2011, so as to ascertain the reliability of AHTC's new system. AIM, on receipt of AHTC's 10 June letter understood it to mean that AHTC was giving notice of its intention to use its own system and not rely on the TCMS, but had sought an extension to enable it more time to install its own system. AIM

⁴ This system is developed and maintained by S&I Systems Pte Ltd.

subsequently issued a notice of termination on 22 June 2011. AHTC sought two extensions⁵ of the TCMS. AIM acceded to both requests.

4. Arising from the review, the Review Team has come to the following conclusions:

Nature and Administration of the Town Councils Act (TCs Act)

- a) TCs were set up nationwide in 1989 by an act of Parliament to serve two objectives. Firstly, TCs were set up to enable elected politicians, i.e. MPs who were elected by constituents, to be given authority and responsibility to take charge of their constituents' estate and allow each Town to develop its own distinctive character under the MP's leadership. Secondly, TCs so set up made MPs accountable to their direct voters for the running of their estate, as these voters can take into account the MP's performance in running the TC when they go to the polls.
- b) TCs deliver a public service previously handled solely by HDB across the country. The persons selected to lead the management of TCs are selected on a political basis. They are MPs serving the constituents of the wards that have elected them, and an intent of the Town Councils Act was that how they manage and run their TCs will have a bearing on their electoral fortunes at the next election. Given the political character of the TC's leadership and the political implications attached to the management of the TC, it is inevitable that the TC's function is carried out in a competitive politicised context.
- c) The Town Councils Act (TCs Act) and subsidiary legislation such as the Town Council Financial Rules (TCFR) reflect a recognition of this political nature of TCs. The intent is to give the elected MPs as much latitude as possible to run the TCs within broad and general rules laid down to ensure proper governance and safeguard public interest. For instance, TCs are required to keep proper accounts, which must be audited annually, by an independent auditor who needs to state whether the receipts, expenditures, investments and the acquisition and disposal of assets have been in accordance with the TCs Act. Beyond that, TCs are empowered with much autonomy to manage their affairs. For example, each TC has the powers to make

⁵ The first extension was for a period of 1 month, from 1 - 31 August 2011, for parallel testing to ascertain the reliability of AHTC's new system. The subsequent extension was from 1 - 9 September 2011, to allow AHTC's auditors to review the data in the system.

its own by-laws, to set its service and conservancy charges (S&CC) and its enforcement policy. The TCs Act also does not prohibit transactions with persons or entities associated with political parties. In the administration of the Act, latitude has always been given to MPs, across political parties, to exercise autonomy in their judgement on such matters as to how best to achieve their agenda and serve their residents' interest⁶.

The TCFR also sets out the rules for good financial governance. However, the regulatory approach by MND is again one of a light touch in order to respect the autonomy of and to provide flexibility to MPs running their TCs and be directly accountable to residents, without excessive intervention by the Government.

AIM Transaction and Compliance under the TCs Act

- d) An issue that has been raised in public discussions is that of conflict of interest and whether the interests of the TCs were protected, because AIM, a PAP owned company, was contracting with TCs which were headed by PAP MPs. In considering the issue of conflict of interest, the background to the setting up of TCs and the nature of the TCs as explained earlier is important. TCs were set up for, and fulfil a political purpose, and therefore latitude has always been given to TCs to exercise autonomy, where they see fit, in engaging those who share their political agenda or are affiliated to their parties. The substantive issue is therefore whether a conflict of interest arose in terms of TC members having a pecuniary or direct interest in the transaction, and whether the interests of the TCs' residents were protected or impaired and whether there was any misuse of public funds.
- e) The Review Team found that the PAP TCs complied with the open tender process under the TCs Act and the TCFR. The review also found that the TCs acted in good faith in the interests of and for the benefit of their residents. There was no misuse or loss of public monies arising from this transaction.

⁶ The Review Team found that it was not an uncommon practice across parties for the elected MPs to tap on the reliability, expertise and support of those who share their political party affiliation (instances include party council and ordinary members, as well as party supporters or political supporters of the MP personally) and engage them as TC professional staff to deliver their programmes for the estate and achieve the MPs' electoral promises.

The terms of the contract for the transaction drawn up by the TCs ensured against any increase in maintenance costs even as sourcing and development of a new generation TCMS software was pursued. Independent external auditors had also audited the FY2010 accounts of the 14 PAP TCs without raising the AIM transaction as an issue.

The Review Team has also verified that AIM did not make a profit from the transaction and its Directors were not paid a fee. AIM made a loss during the one-year sale and leaseback arrangement from the 2010 contract. For the subsequent extensions, AIM's management fees essentially covered the costs of the headcount required to fulfil its role in support of the TCs.

- f) The Review Team found no pecuniary or direct interest on the part of any of the TC members in AIM. There was also no indirect interest on the part of the TC members in the AIM contract; the TC members did not have a financial or commercial interest in the contract that AIM was awarded.

The tender which was processed via an open tender attracted only a single bid, i.e. AIM's bid. In these circumstances, the TCs did not need to make a choice between AIM's bid and other competing bids. The Review Team is of the view that it was reasonable for the PAP TCs to award the tender to AIM as they were familiar with AIM given its track record since 1994 of working with the TCs, and AIM's tender bid was able to meet with their requirements.

- g) The Review Team concluded that the AIM transaction of 2010 had complied with the TCs Act and the TCFR. The Review Team studied the transaction in the context of the Act and the consistent nature of its administration. Review of the facts of the transaction showed no loss of public monies and found no pecuniary or material interest by any TC member in AIM or in the contract awarded to AIM. The Review Team assessed that the PAP TCs had acted in good faith in the interests of their residents. They crafted a contract with terms which explicitly assured against any increase in maintenance fees chargeable by the winning bidder. They conducted an open tender for the transaction. It eventually secured only a single bid, i.e. AIM's. The TCs' decision to award the tender to AIM was based on their evaluation that it was a fair price bid for the TCMS software which was near obsolescence, and also on their confidence that AIM would be able to meet the requirements of the contract as they were familiar with AIM's track record with the TCs in the past.

5. While the PAP TCs complied with the TCs Act and the TCFR in the AIM transaction, the Review Team viewed that the TCs underestimated the complexity of the task of developing the new generation TCMS software. The TCs had initially tendered for a one-year leaseback contract. However, the effort to explore a new system turned out to be more complex than expected. This underestimation of the complexity of the task led to two extensions totalling 18 months beyond the initial contract. Despite this, AIM continued to allow the TCs to use the TCMS software with no additional lease payments during the extensions, and only charged a fee to recoup its operational costs. AIM was also able to secure two extensions of the NCS maintenance contract until April 2013, at no increase in rates to the PAP TCs.

Observations on Town Council Operational Framework

6. The review of the AIM transaction and the inputs obtained from the TCs on other major contracts and the changeover process, have surfaced a broader issue of how to ensure continuity of services to residents in the event of a change of MPs. As entities led by elected MPs, TCs' changeovers of MPs, whether from the same party but especially when from different political parties, can have a direct impact on the continuity of services to residents.

7. Currently, under the Town Councils Act, where an area within one Town is being transferred to another Town, the Minister for National Development may specify that the Town Council of the first Town continue to maintain and manage the area for a period not exceeding 90 days. There are no other provisions in the Town Councils Act for transition when there is a changeover of MPs⁷. It is quite understandable that an in-coming MP and an out-going MP would want to take over or hand over the reins of administration of the TC as soon as possible. However, it is arguable whether this time provision of 90 days is sufficient in all circumstances, given the need to transfer operating systems and settle other ancillary issues. The main issue is how to ensure continuity of the services to residents, while allowing the newly elected MPs full authority and accountability immediately after an election.

8. While the elected MPs should continue to be given full authority and autonomy after an election, there is value to consider placing safeguards to minimise the risk of disruption of critical services during a change in leadership. The interests of residents should be the paramount priority for all political

⁷ Newly elected MPs assume office as Town Councillors once the election results are published, and assume legal responsibility for the Town when the relevant Orders are gazetted.

parties and MPs in such situations. One option is for TCs to have in place contractual provisions for automatic one-off extensions following an election when there is a change of political party in charge of the TC, and to impose a minimum notice period for termination initiated by the contractor or key appointment holders (e.g. General Managers). The length of such extensions or notice period would depend on the nature of services provided, and should be fair to all parties.

9. The Review Team observed that TCs have largely fulfilled the original objectives for which they were set up. However, there is also the fundamental tension between the TCs' dual objectives of delivering good public service and the political accountability of MPs in the context of a political competition. The current arrangement inherently bears the constant risk of politicisation of town council administration. Going forward, we propose that the Government consider a strategic review of TCs in their current form. How our public housing estates are managed is a very significant subject as it impacts the value of the homes and the experience of day-to-day life for the vast majority of Singaporeans living in our HDB estates.

MND Town Council Review Team
Dated: 30 April 2013

MND TOWN COUNCIL REVIEW REPORT

TERMS OF REFERENCE AND APPROACH

In January 2013, the Prime Minister directed the Ministry of National Development (MND) to review the sale of the Town Council Management System (TCMS) software belonging to the PAP Town Councils (TCs) in an open tender to Action Information Management Pte Ltd (AIM) in 2010. MND was to review the transaction fully and its context, and satisfy itself that public funds were safeguarded and residents' interests were not compromised. In the course of the review, MND was also to make observations on the nature of TCs and how they are run, with a view to improving the current framework.

2. A MND TC Review Team was set up to undertake this review. The Review Team studied the Town Councils Act and the Town Council Financial Rules, and examined the external audit reports for the FY2010 financial accounts of the 14 PAP TCs. The Review Team also obtained and examined statements and inputs from interviews with the PAP TCs, Aljunied-Hougang-Punggol East TC and AIM on the AIM transaction, and with all TCs on the handling of major TC contracts and systems and how changeovers can be better managed⁸.

INTRODUCTION TO TOWN COUNCILS

3. Town Councils (TCs) were set up nationwide in 1989 by an act of Parliament to serve two objectives. Firstly, TCs were set up to enable elected politicians, i.e. Members of Parliament (MPs) who were elected by constituents, to be given authority and responsibility to take charge of their constituents' estate and allow each Town to develop its own distinctive character under the MP's leadership. Secondly, TCs so set up made MPs accountable to their direct voters for the running of their estate as these voters can take into account the MP's performance in running the TC when they go to the polls.

⁸ The review was originally meant to be completed within 2 months but was extended till April 2013 as the MPs involved in the Review and the Review Team were tied up with the March 2013 Committee of Supply debates.

“This Bill will contribute to the attainment of the two philosophical objectives.

First, it transfers some power from the HDB to the MPs and grassroots leaders. It gives them, and the residents, greater power and responsibility to manage their own affairs and to participate in their estate's development.

Second, because MPs will have increased authority and responsibility, voters will be more likely to vote carefully and sincerely, and to choose honest and effective MPs.”

*- Then First Deputy Prime Minister Mr Goh Chok Tong
Second reading of the Town Councils Bill, 28 June 1988
(Source: Hansard)*

4. To achieve these objectives, politicians are given full autonomy to run TCs once they win an election and become MPs:

- a) As elected MPs, they automatically take over the running of the TC and choose amongst themselves one MP to be the TC Chairman.
- b) They can bring in, and appoint as Town Councillors, any others to help them realise their vision and plans for the town. There is no restriction on who they can appoint, except that at least two thirds of these members must be residents of the Town, and the number of appointed members must not exceed 10 per elected MP.
- c) They are free to employ the agents and staff as they see fit and necessary to get the work done to achieve their agenda. The members, officers and employees of a TC and all employees of its managing agent are not public officers, although they are given the same powers as public officers to enable them to perform their duties under the Town Councils Act⁹.
- d) They can make their own by-laws for the purposes of carrying out their functions and duties under the Town Councils Act (e.g.

⁹ Anyone who furnishes false information, threatens or cause obstructions to the members, officers and employees of a Town Council and all employees of its managing agent in the course of their duties is liable to be prosecuted under the Penal Code.

regulating the use of common property), and can decide on the extent of improvements that they want and can afford for their Towns.

- e) They have the autonomy to not only determine their own Service and Conservancy Charges (S&CC), but also their S&CC arrears management policy for debt tolerance, enforcement or recovery.
- f) They are given the flexibility to invest part of their sinking funds and accumulated surpluses in Singapore-dollar denominated fixed deposits, stocks, funds and securities, subject to an investment cap of 35% on risky assets.
- g) They are given the latitude to manage assets such as plant and equipment, cash and bank balances and other receivables, etc. TCs have the authority to approve the sale, disposal and write-off of assets, subject to various conditions under the Town Council Financial Rules.

5. A key function of TCs is to manage and maintain common properties in public housing estates, a public service function previously carried out across all constituencies by the Housing & Development Board (HDB). TCs thus deliver a public service previously handled solely by HDB across the country. The persons selected to lead the management of TCs are selected on a political basis. They are MPs serving the constituents of the wards that have elected them, and an intent of the Town Councils Act was that how they manage and run their TCs will have a bearing on their electoral fortunes at the next election. Given the political character of the TC's leadership and the political implications attached to the management of the TC, it is inevitable that the TC function is carried out in a competitive politicised context.

6. The Town Councils Act (TCs Act) and subsidiary legislation such as the Town Council Financial Rules (TCFR) reflect a recognition of this political nature of TCs. The intent is to give the elected MPs as much latitude as possible to run the TCs within broad and general rules laid down to ensure proper governance and safeguard public interest. For instance, TCs are required to keep proper accounts, which must be audited annually. These accounts need to be audited by an independent auditor who needs to state whether the receipts, expenditures, investments and the acquisition and disposal of assets have been in accordance with the TCs Act. The TCs Act also does not prohibit transactions with persons or entities associated with political parties. In the administration of the Act, latitude has always been given to MPs, across political parties, to

exercise autonomy in their judgement on such matters as to how best to achieve their agenda and serve their residents' interest¹⁰.

7. The TCFR also sets out the rules for good financial governance. However, the regulatory approach by MND is again one of a light touch in order to respect the autonomy of and to provide flexibility to MPs running their TCs and be directly accountable to residents, without excessive intervention by the Government. Only in the extreme case, for instance should the TC fail to maintain the estate properly or if there is a need to remove any imminent danger to residents, can the Minister for National Development intervene in the operations of the TC and appoint someone else to perform the TC's duties.

"This accountability of the Town Council to the residents, and the link between the residents and the town council in terms of what they want, the kind of suggestions and ideas that they may want to put up to the Town Council is important.

....Who will monitor the Town Councils and whether, in the course of monitoring, the Town Councils will be closely controlled by the Government?

That is not the intention. The intention is to give the Town Councils as much latitude as possible for them to manage their areas. Broad principles, of course, will have to be laid down, as the Bill itself now stipulates, in terms of how they manage their finances, publication of accounts and so on."

*- Then Minister for National Development Mr S. Dhanabalan,
Second reading of the Town Councils Bill, 29 June 1988
(Source: Hansard)*

8. Against this backdrop, the following paragraphs set out the Review Team's observations and examination of the facts of the AIM transaction.

¹⁰ The Review Team found that it was not an uncommon practice across parties for the elected MPs to tap on the reliability, expertise and support of those who share their political party affiliation (instances include party council and ordinary members, as well as party supporters or political supporters of the MP personally) and engage them as TC professional staff to deliver their programmes for the estate and achieve the MPs' electoral promises.

AIM TRANSACTION

Background of AIM

9. AIM was set up by the PAP in 1991, to provide IT related services to support PAP MPs in the running of their TCs and estates. For instance, TCs had to individually deal with and contract the services of a vendor, even if common to all. AIM was to help coordinate such IT services and projects common to all the PAP TCs, so that the TCs did not have to do it separately and individually.

10. The establishment of TCs in 1989 allowed elected MPs to run their housing estates, giving them greater autonomy and responsibility to manage their own affairs and to pursue their estates' development. To ensure that the PAP TCs are well run and managed, the PAP set up AIM to support the PAP MPs. Where suitable services were available on the market, the TCs would obtain them from the market. Where AIM could offer services at market competitive rates, it would tender to provide such services.

11. AIM does not seek to make profit from its work done for the PAP TCs. Its Directors are not paid and it charged only a fee to recoup its operational costs.

Background of Town Council Management System

12. In 1994, HDB informed all the TCs that it would cease its IT system support used by all TCs. This was to be effected by 1996 as part of HDB's handover of responsibilities and functions to the TCs. The PAP TCs decided to aggregate their demand and called an open tender in 1994 for the development, installation and maintenance of a Town Council Management System (TCMS)¹¹ software. AIM participated in the tender and was awarded the contract to develop this first generation TCMS. Other TCs, such as Hougang TC and Potong Pasir TC, did not use the TCMS, but procured their IT systems from S&I Systems Pte Ltd instead.

13. In 2003, the PAP TCs called an open tender to develop and maintain the second generation TCMS. This was awarded to National Computer Systems Pte Ltd (NCS). AIM did not participate in the tender. The development phase for the second generation TCMS took place from 1 August 2003 to 31 October 2004. Thereafter, the maintenance phase was from 1 November 2004 to 31 October 2010, with an option to extend for one year until 31 October 2011 at the existing contracted rates. The total contract sum for 1 August 2003 to 31

¹¹ The TCMS was then known as the Estate Management Application Software (EMAS).

October 2010 was \$23.8 million. The cost of development and maintenance was paid using the TCs' operating fund.

Sale and Leaseback of the TCMS Software to AIM

14. In 2009, the PAP TCs appointed Deloitte & Touche Enterprise Risk Services Pte Ltd (D&T) to review this second generation TCMS. D&T observed that the TCMS was facing system obsolescence. D&T concluded that the main issue was that the system was becoming obsolete and very difficult to maintain. It was built on the Microsoft Windows XP and Oracle Financial 11 platforms. By 2010, Windows XP had been superseded by Windows Vista and Windows 7, and Oracle would soon phase out and discontinue support to its Financial 11 platform.

15. In their report, D&T recommended two operating models on the future ownership and maintenance of the TCMS:

- a) Service model: Under this model, the ownership of the software would reside with an external vendor. The TCs would lease the software from the external vendor and pay for maintenance. This model would provide TCs with greater flexibility in cash flow, as they need not pay a huge upfront cost to acquire the system.
- b) Ownership model: Under this model, the external vendor would help the TCs develop and maintain the system, and the TCs would own the software. The TCs would have to incur an upfront cost for the initial acquisition of the system and subsequently pay for the maintenance.

16. The PAP TCs were concerned about the risks of system obsolescence identified by D&T. At that time, the NCS maintenance contract was also about to expire. Hence, the PAP TCs wanted to look for a solution which would allow them the opportunity to explore the best redevelopment options, while in the interim continue to enjoy the prevailing maintenance and other services at no extra cost. Given that system redevelopment would take time, the TCs would need to ensure they could get a further extension (beyond October 2011) from NCS.

17. The PAP TCs considered the two models proposed by D&T, and decided to explore the service model for the ownership and maintenance of the third generation TCMS software. However, having each of the TCs hold the Intellectual Property (IP) rights to the second generation TCMS software was cumbersome and inefficient. The vendor would have to deal with all 14 TCs when reviewing or revising the system. The TCs felt that it would be better for

the software rights to be consolidated in a single party who could manage them on behalf of the TCs, and source for vendors to improve the system and address the deficiencies. They also decided to sell the TCMS software developed in 2003 and lease it back to realise its residual value.

18. Hence, in June 2010, the PAP TCs called an open tender to sell the TCMS software, subject to the provision of a leaseback facility for a fixed monthly fee, until the software was changed (i.e. when the third generation TCMS was developed). The vendor would also be required to undertake to secure extensions of the NCS contract at no extra cost to the PAP TCs until the TCs obtained new or enhanced software, and to work with the TCs to understand their redevelopment needs, including looking for a suitable vendor to provide these upgrades.

19. Under the tender, the PAP TCs sold the IP rights in the old software because it was almost obsolete and had limited value. The ownership of the physical computer systems remained with the individual TCs.

Conduct of Tender Process

20. *Tender Notice and Bid Received:* The tender notice was advertised in the Straits Times on 30 June 2010, with the closing date on 14 July 2010. The tender closing date was subsequently extended to 21 July 2010 to give the tenderers a 3-week notice period. An amendment letter dated 30 June 2010 was issued to all tenderers at the time of the collection of documents.

21. This open tender attracted expressions of interest by five vendors who collected the tender documents. They were namely AIM, CSC Information Technologies Services Pte Ltd, Hutcabb Consulting Pte Ltd, NCS Pte Ltd and NEC Asia Pte Ltd. However, eventually there was only one bid, which was submitted by AIM on 20 July 2010.

22. No written reasons were given for non-participation by the other companies who collected the tender documents. However, the TCs were informed verbally that the reasons for non-participation included the limited value of the developed software outside of the TC context and that the purchase did not give assurance of the continuity of providing service to the TCs.

23. Although there was only one bid, the PAP TCs did not recall the tender as it was an advertised public tender open to all interested companies. The TCs also assessed that there was a general lack of interest within the industry as only one out of the five companies who collected the tender documents submitted a bid.

24. Evaluation of AIM's Bid: The PAP TCs' Town Council IT Committee evaluated the tender based on the following criteria:

- a) Track record of company in similar IT contracts;
- b) Experience of Directors and/or key staff of the company in Town Council operations or relevant IT based operations;
- c) No outstanding legal issues against the company; and
- d) Financial capacity to honour the contract.

25. There were 3 key aspects to AIM's bid:

- a) AIM proposed to purchase the existing TCMS software for \$140,000 and to lease the use of the software back to the TCs at a monthly fee of \$785 per month for each TC from 1 November 2010 to 31 October 2011. AIM was of the view that there was limited value in the TCMS since it was getting obsolete and was not marketable. On a forced sale basis and given that there was some residual value to the TCs, AIM viewed that the software could be worth slightly more than \$100,000. AIM therefore decided to tender at \$140,000, based on \$10,000 per TC. After 31 October 2011, AIM did not propose to charge the TCs additional lease payments to use the existing software;
- b) AIM would undertake the risk of securing extensions of the maintenance contract with NCS at no increase in rates, even after the original NCS contract had expired. AIM was willing to take on these risks in order to protect the financial position of the PAP TCs while they explored options for a replacement software system; and
- c) AIM would work with the PAP TCs to understand their redevelopment needs, and source for vendors who could meet those needs.

26. The IT Committee assessed that AIM had met both the tender requirements and evaluation criteria. The following were the TCs' key considerations:

- a) The TCs assessed that AIM's bid of \$140,000 was a fair one given that the software had fully depreciated and there was effectively no market or competition for the software. The TCs assessed that they

would not be out of pocket at the end of the leaseback period (after October 2011), as there would be a net gain of about \$8,000 to the TCs from the disposal of IP in the existing software. After October 2011, the TCs were allowed to use the existing software without any additional lease payments to AIM, until the new software was developed;

- b) AIM was willing to undertake the risks of getting an extension of the NCS contract at no increase in rates, which was important in protecting the TCs from an increase in maintenance fees;
- c) AIM was a company that had an established track record in TCs and IT services, including past working experience with the PAP TCs. This was important as TC operations can be quite extensive and specialized, involving thousands of HDB blocks and associated common property. AIM's directors were ex-MPs who had run TCs before. AIM also provided IT services for the PAP TCs under an earlier contract from 1994 to 2004; and
- d) The TCs had confidence that AIM would deliver on its commitments.

27. Approval and Award of Tender: The tender evaluation report was subsequently presented by the IT Committee to the Chairmen of the PAP TCs for comments and endorsement. Thereafter, the tender report was submitted to the respective TCs for approval. Upon approval by the respective TCs, the tender was awarded to AIM.

Extension of PAP TCs' Contract with AIM – 1 Nov 2011 to 30 Apr 2013

28. The PAP TCs' contract with AIM was subsequently extended from 1 November 2011 to 30 April 2013. The extensions were required because the TCs needed more time to consider their redevelopment options.

29. During the extensions, the PAP TCs did not make further lease payments to AIM. Instead, AIM charged a management fee of \$33,150 for the period of 1 November 2011 to 30 April 2013, or \$1,842 per month (apart from what was payable to NCS for maintenance). This was for the whole suite of services they provided during the extension period, which included securing extensions from NCS at the existing rates, advising on redevelopment options and preparing the new tender specifications. The management fee of \$33,150 was to cover the cost of AIM's staff and other expenses such as audit fees. The TCs assessed this amount to be fair, as each TC paid slightly more than \$140 per month for AIM to ensure continuity of the existing system, secure maintenance of this system at

no increase in costs and identify options to a new system to which the TCs could migrate.

Payment by TCs to	1 Nov 2010 – 31 Oct 2011	1 Nov 2011 – 31 Oct 2012	1 Nov 2012 – 30 Apr 2013 (half year)
NCS (for software maintenance) ¹²	\$3,595,950 (based on same rates as before)	\$3,252,575 ¹³ (based on same rates as before)	\$1,616,579 (based on same rates as before)
AIM	\$131,880 ¹⁴ (based on monthly lease payment of \$785 per TC)	\$22,100 (management fee based on cost-recovery)	\$11,050 (management fee based on cost-recovery)

Provision of Termination Clause

30. Under the contract with AIM, AIM could terminate its services by giving three months' prior notice in writing to the TCs. However, AIM could also terminate the contract by giving a shorter notice period of one month in the event of material changes to the membership, or to the scope and duties, such as changes to the boundaries, of the TC. The PAP TCs felt that such a clause was fair and reasonable as the vendor would have priced its bid on the basis of the existing TC and Town boundaries. However, should this change materially, the vendor could end up providing services to a TC comprising a much larger area and a larger population of residents, but is held to do so at the same fixed price since a key feature of the contract was that there should be no price change to the TCs even for extensions. The TCs felt that this would be unfair to prospective vendors and a clause explicitly addressing such changes would reduce the business risk to the vendor. This would help fetch a better tender price for the TCs' old software.

¹² As a subcontractor, NCS bills AIM half yearly for the maintenance of the TCMS. AIM in turn charges the PAP TCs.

¹³ This amount was lower than the amount paid by TCs for the prior period (1 November 2010 to 31 October 2011), because the then-Aljunied-Hougang TC was no longer receiving services from NCS during this period and the remaining PAP TCs had ceased to use Lotus Notes from January 2012.

¹⁴ AIM purchased the software at \$140,000. After factoring the \$785 monthly lease payments paid by the TCs to AIM (amounting to a total of \$131,880 from 1 November 2010 to 31 October 2011), the TCs made a net gain of \$8,120 from the transaction.

Execution of Termination Clause

31. Based on the formal communication between the then-Aljunied-Hougang TC (AHTC) and AIM, and from interviews with both parties, the Review Team observed that there appears to be a different understanding of the execution of the termination clause in 2011 by both parties:

Date	Summary (Letters attached at <u>Annex A</u>)
Before 10 June 2011	AHTC was given to understand by its then-interim Secretary ¹⁵ , that AIM would be terminating the TCMS contract under the terms of the termination clause, and therefore planned to upscale its own system which it had used for the former Hougang TC ¹⁶ . There was no direct or written communication from AIM on this issue.
10 June 2011	<p>AHTC wrote to AIM to inform AIM that it was developing a system to support its operations, and that the system was targeted to go live on 1 August 2011. AHTC requested to continue to use AIM's TCMS till 31 August 2011, to ascertain the reliability of AHTC's new system.</p> <p>AIM understood it to mean that AHTC was giving notice of its intention to use its own system and not rely on the TCMS, but sought an extension to enable it more time to install its own system.</p>
22 June 2011	AIM gave notice of termination for AHTC's use of the current TCMS till 31 July 2011, but was internally prepared to give any extension if requested.
24 June 2011	AIM agreed with AHTC's request to extend the use of the TCMS to 31 August 2011.
28 June 2011	AHTC thanked AIM for the extension.
29 August 2011	AHTC wrote to AIM to request for an extension of the TCMS till 9 September 2011. AHTC explained that their auditors were auditing the TC's accounts up to 31 July 2011, and would need to review the data in the system.
31 August 2011	AIM agreed to AHTC's request for extension.
2 September 2011	AHTC replied in agreement.
10 September 2011	AHTC's use of the TCMS ceased.

¹⁵ The managing agent of the former Aljunied TC, CPG Facilities Management Pte Ltd, and its Secretary, continued to serve AHTC after it was reconstituted on 27 May 2011.

¹⁶ This system is developed by S&I Systems Pte Ltd.

AIM Transaction and Compliance under the TCs Act

32. An issue that has been raised in public discussions is that of conflict of interest and whether the interests of the TCs were protected, because AIM, a PAP owned company, was contracting with TCs which were headed by PAP MPs. In considering the issue of conflict of interest, the background to the setting up of TCs and the nature of the TCs as explained earlier is important. TCs were set up for, and fulfil a political purpose, and therefore latitude has always been given to TCs to exercise autonomy, where they see fit, in engaging those who share their political agenda or are affiliated to their parties. The substantive issue is therefore whether a conflict of interest arose in terms of TC members having a pecuniary or direct interest in the transaction, and whether the interests of the TCs' residents were protected or impaired and whether there was any misuse of public funds.

33. Under the TCFR, TCs are required to call tenders for the execution of works or services estimated to cost more than \$70,000. In doing so, TCs have to adhere to the following tender procedures:

- a) The invitation to tender must be advertised in the local or international trade press and the advertisement should be brief, providing minimum information for the tenderers to know the required scope of services/works and the period of contract.
- b) The minimum tender notice period for locally advertised contracts should be 3 weeks. Where the tender notice is shorter than 3 weeks, the TC Chairman or his authorized officer will need to approve this and the reasons for the shorter period should be recorded and disclosed to the TC.
- c) All tenders received should be placed before the TC, the Chairman, or any committee approved by the TC, and they are required to accept, within their financial authority, the lowest tender that meets the specifications.
- d) All tenders accepted by a committee should also be circulated to the TC for information. The circumstances and reasons for not accepting the lowest tender must be fully justified, recorded and open to scrutiny by the auditor.

34. Based on the statements and inputs obtained from the PAP TCs, the Review Team found that the PAP TCs complied with the open tender process under the TCs Act and the TCFR:

- a) The tender was published in the Straits Times;
- b) The PAP TCs met the requirements of a minimum 3-week tender notice period. The TCs obtained the necessary approvals for the initial shorter notice period of 2 weeks and subsequent extension by one week (to 21 July 2010);
- c) The PAP TCs complied with the proper tender approval process under the TCFR;
- d) While there was only one bid, it is permissible under the TCFR for the TCs to accept the bid as long as it satisfies the tender requirements and evaluation criteria.

35. The Review Team has established that the PAP TCs' sale and leaseback of the TCMS software was permissible under the TCFR, given that the TCs had the autonomy to manage their assets. A sale and leaseback arrangement was not uncommon in the IT industry. Typically, the purpose of such an arrangement is to realise the value in the asset by allowing the original owner to make full use of the asset, while not having capital tied up in it. In general, any outsourcing approach which entails buying a service instead of owning a system does away with the need to maintain the system and avoids the risk of obsolescence.

36. The Review Team also found that the TCs acted in good faith in the interests of and for the benefit of their residents. There was no misuse or loss of public monies arising from this transaction. The terms of the contract for the transaction drawn up by the TCs ensured against any increase in maintenance costs even as sourcing and development of a new generation TCMS software was pursued.

37. Under Section 38(1) of the TCs Act, a TC's accounts would need to be audited by the Auditor-General or any other auditor appointed annually by the Minister in consultation with the Auditor-General. The independent external auditors appointed to audit the FY2010 accounts of the 14 PAP TCs were as follows:

S/N	Town Council	Appointed Auditor for FY10/11
1.	Aljunied	Foo Kon Tan Grant Thornton LLP
2.	Ang Mo Kio-Yio Chu Kang	Foo Kon Tan Grant Thornton LLP
3.	Bishan-Toa Payoh	Mazars LLP
4.	East Coast	Foo Kon Tan Grant Thornton LLP
5.	Holland-Bukit Panjang	AT Adler
6.	Hong Kah	Mazars LLP
7.	Jalan Besar	Foo Kon Tan Grant Thornton LLP
8.	Jurong	Mazars LLP
9.	Marine Parade	AT Adler
10.	Pasir Ris-Punggol	AT Adler
11.	Sembawang	KPMG LLP
12.	Tampines	AT Adler
13.	Tanjong Pagar	AT Adler
14.	West Coast	Foo Kon Tan Grant Thornton LLP

38. The auditors are required under Section 38(5) of the TCs Act to state the following in their report:

- a) Whether the financial statements show fairly the financial transactions and the state of affairs of the TC;
- b) Whether proper accounting and other records have been kept, including records of all assets of the TC, whether purchased, donated or otherwise;
- c) Whether receipts, expenditure, investment of moneys, and the acquisition and disposal of assets by the TC during the financial year have been in accordance with the Act; and
- d) Such other matters arising from the audit as he considers should be reported.

39. Under Section 38(13) and 38(14) of the TCs Act, the Minister for National Development would also be required, as soon as practicable after the close of each financial year, to present a copy of the audited financial statements, the auditor's report and the annual report of a TC to Parliament.

40. The Review Team notes that the independent external auditors had audited the FY2010 accounts of the 14 PAP TCs without raising the AIM transaction as an issue.

41. The Review Team has also verified that AIM did not make a profit from the transaction and its Directors were not paid a fee. AIM made a loss during the one-year sale and leaseback arrangement from the 2010 contract. For the subsequent extensions, AIM's management fees essentially covered the costs of the headcount required to fulfil its role in support of the TCs.

42. The Review Team found no pecuniary or direct interest on the part of any of the TC members in AIM. There was also no indirect interest on the part of the TC members in the AIM contract; the TC members did not have a financial or commercial interest in the contract that AIM was awarded.

43. The tender which was processed via an open tender attracted only a single bid, i.e. AIM's bid. In these circumstances, the TCs did not need to make a choice between AIM's bid and other competing bids. The Review Team is of the view that it was reasonable for the PAP TCs to award the tender to AIM as they were familiar with AIM given its track record since 1994 of working with the TCs, and AIM's tender bid was able to meet with their requirements.

44. The Review Team concluded that the AIM transaction of 2010 had complied with the TCs Act and the TCFR. The Review Team studied the transaction in the context of the Act and the consistent nature of its administration. Review of the facts of the transaction showed no loss of public monies and found no pecuniary or material interest by any TC member in AIM or in the contract awarded to AIM. The Review Team assessed that the PAP TCs had acted in good faith in the interests of their residents. They crafted a contract with terms which explicitly assured against any increase in maintenance fees chargeable by the winning bidder. They conducted an open tender for the transaction. It eventually secured only a single bid, i.e. AIM's. The TCs' decision to award the tender to AIM was based on their evaluation that it was a fair price bid for the TCMS software which was near obsolescence, and also on their confidence that AIM would be able to meet the requirements of the contract as they were familiar with AIM's track record with the TCs in the past.

45. While the PAP TCs complied with the TCs Act and the TCFR in the AIM transaction, the Review Team viewed that the PAP TCs underestimated the complexity of the task of developing a new generation of the TCMS software. The TCs had initially tendered for a one-year leaseback contract. However, the effort to explore a new system turned out to be more complex than expected. This underestimation of the complexity of the task led to two extensions totalling 18 months beyond the initial contract. Despite this, AIM continued to allow the TCs to use the TCMS software with no additional lease payments during the extensions, and charged a fee to only recoup its operational costs.

AIM was also able to secure two extensions of the NCS maintenance contract until April 2013, at no increase in rates to the PAP TCs.

CONTINUITY OF SERVICE DURING CHANGEOVERS

46. The review of the AIM transaction and the inputs obtained from the TCs on other major contracts and the changeover process, have surfaced a broader issue of how to ensure continuity of services to residents in the event of a change of MPs. As entities led by elected MPs, TCs' changeovers of MPs, whether from the same party but especially when from different political parties, can have a direct impact on the continuity of services to residents.

47. Currently, under the Town Councils Act, where an area within one Town is being transferred to another Town, the Minister for National Development may specify that the Town Council of the first Town continue to maintain and manage the area for a period not exceeding 90 days. There are no other provisions in the Town Councils Act for transition when there is a changeover of MPs¹⁷.

48. To study the impact of changeover on continuity of service to residents, the Review Team looked into the treatment of other major contracts and systems – namely, managing agent (MA) services, conservancy and cleaning, and lift maintenance and servicing – following the 2011 General Election. Specifically, we sought inputs from Potong Pasir TC (PPTC) and the then-Aljunied-Hougang TC (AHTC), which changed between political parties after the 2011 General Election.

Procurement for Other Major Contracts and Systems

49. The Review Team observed the following:

- a) All existing contracts, assets and liabilities remain vested with the TC after the General Election, and were passed over to the newly elected MPs when they took over.
- b) For PPTC and AHTC, most major contracts and systems continued after the changeover, which ensured continuity of services to residents.
- c) The only exception was the MA contracts, where both TCs appointed new MAs. Due to the urgency of the TCs' needs, both TCs exercised a waiver of competition for tender for a one-year contract. In the case

¹⁷ Newly elected MPs assume office as Town Councillors once the election results are published, and assume legal responsibility for the Town when the relevant Orders are gazetted.

of PPTC, they appointed EM Services, who was also the MA for several other TCs. EM Services was able to quickly step in at short notice to ensure continuity of service to residents. In the case of AHTC, they appointed FM Solutions and Services Pte Ltd (FMSS), a company newly set up in May 2011 by the former General Manager of Hougang TC. This allowed AHTC to ensure continuity of service to residents.

Although there was no compromise of services as both TCs were able to appoint MAs quickly by exercising a waiver of competition, the Review Team is of the view that this arrangement is not ideal and more time should be given to TCs in such a situation to select and appoint their MA, which provides an essential service to the TC and its residents.

How Handovers Can be Better Managed

50. The TCs also gave the following inputs on how changeovers can be better managed, especially when between different political parties:

- a) More time should be allowed for an operational handover when there is a change of political party.
- b) The handover of systems and assets should be carried out in a manner to minimise impact to continuity of services to residents. The taking over TC should not be made to incur unnecessary additional costs (which would be passed onto residents), as a result of contracts which were terminated for reasons not related to non-performance.
- c) Terms and conditions of contracts must not be detrimental to the interest of the TC. Residents' interests should be taken into account in the design of the clauses, while protecting the interests of all parties and ensuring that contract terms were fair.
- d) MND could play a bigger role in facilitating the handover process, where there is a change of political party running the TC. The relevant parties should get together quickly after the election results to discuss the mechanics of the transfer, with MND's facilitation.

51. It is quite understandable that an in-coming MP and an out-going MP would want to take over or hand over the reins of administration of the TC as soon as possible. However, it is arguable whether this time provision of 90 days is sufficient in all circumstances, given the need to transfer operating systems

and settle other ancillary issues such as the proper handover of all existing contracts, documents and records. The main issue is how to ensure continuity of the services to residents while allowing the newly elected MPs full authority and accountability immediately after an election.

52. While the elected MPs should continue to be given full authority and autonomy after an election, there is value to consider placing safeguards to minimise the risk of disruption of critical services during a change in leadership. The interests of residents should be the paramount priority for all political parties and MPs in any such situations. These services should include managing agent services, conservancy and cleaning, lift maintenance and servicing, and critical IT systems.

53. One option is for TCs to have in place contractual provisions for automatic one-off extensions following an election when there is a change of party in charge of the TC, and to impose a minimum notice period for termination initiated by the contractor or key appointment holders (e.g. General Managers). The length of such extensions or notice period would depend on the nature of services provided, and should be fair to all parties.

CONCLUSION

54. The Review Team concluded that the AIM transaction of 2010 had complied with the TCs Act and the TCFR. The Review Team studied the transaction in the context of the Act and the consistent nature of its administration. Review of the facts of the transaction showed no loss of public monies and found no pecuniary or material interest by any TC member in AIM or in the contract awarded to AIM. The Review Team assessed that the PAP TCs had acted in good faith in the interests of their residents. They crafted a contract with terms which explicitly assured against any increase in maintenance fees chargeable by the winning bidder. They conducted an open tender for the transaction. It eventually secured only a single bid, i.e. AIM's. The TCs' decision to award the tender to AIM was based on their evaluation that it was a fair price bid for the TCMS software which was near obsolescence, and also on their confidence that AIM would be able to meet the requirements of the contract as they were familiar with AIM's track record with the TCs in the past.

55. The Review Team has observed that TCs have largely fulfilled the original objectives for which they were set up. However, there is also the fundamental tension between the TCs' dual objectives of delivering good public service and the political accountability of MPs in the context of a political competition. This current arrangement inherently bears the constant risk of politicisation of town council administration.

56. As explained earlier, TCs were set up for two reasons:

- a) To enable elected MPs who were elected by constituents, to be given the authority and responsibility to take charge of their constituents' estate and allow each Town to develop its own distinctive character under the MP's leadership; and
- b) To make MPs accountable to their direct voters for the running of their estate as these voters can take the MP's performance in running the TC into account when they go to the polls.

57. On the first count, TCs have delivered core estate services to residents over the last 20 years in ways that sought to confer local flavour and meet local needs of their residents. They introduce facilities that cater to the residents of the Town, such as elderly fitness centres for their older residents, and community gardens for the community's interest groups. They determine the look and feel of the estate when they build street markers and repaint HDB blocks. The TCs have also developed an understanding on the micro level of

how services should be best delivered for their Town, for instance paying particular attention to main thoroughfares and areas with the greatest pedestrian traffic. This has allowed Towns to cultivate their own identity and provide services in a far more customised way than HDB as a national agency would have been able to.

58. On the second, it has become an accepted feature of our political system for both political parties and voters, that the MP is responsible for not just representing his or her constituents' interests in Parliament, but also for the efficient administration and running of the estate.

59. Notwithstanding, the Review Team notes that there have been sentiments expressed in the public discussion that TCs should be depoliticised so that the issue of handover between political parties would not arise. There were also some who view that depoliticising TCs can improve their governance, as MND can regulate and oversee them without perception issues.

60. With the TCs having been around for the past 20 years, it would be timely for a comprehensive review to be carried out on the roles and functions of the TCs in meeting the needs and aspirations of the residents they serve. Going forward, we propose that the Government consider a strategic review of TCs in their current form. How our public housing estates are managed is a very significant subject as it impacts the value of the homes and the experience of day-to-day life for a vast majority of Singaporeans living in the HDB estates.

MND Town Council Review Team
Dated: 30 April 2013

EXCHANGE OF LETTERS BETWEEN AIM AND AHTC

Aljunied - Hougang Town Council

10 June 2011

M/s Action Information Management Pte Ltd
36 Robinson Road, 17-01
City House
Singapore 068877

c/o Mr Sasidharan Nair
General Manager
East Coast Town Council
Blk 206 Bedok North Street 1
#01-353
Singapore 460206

**PARALLEL RUN OF THE TOWN COUNCIL MANAGEMENT SYSTEM (TCMS) TILL
31 AUGUST 2011**

We would like to inform you that Aljunied-Hougang Town Council is in the process of developing a Town Council Management System to support its operations effectively.

We would like to thank AIMS for the assistance rendered to us in preparing the migration of database to the new system. The new system is targeted to go live on 1 August 2011. While the new system goes live, we are planning to have the AIMS-TCMS (Financial Module) running concurrently till 31 August 2011, so as to ascertain the reliability of the new system.

As such, we would like to put up a request to continue to use the AIMS-TCMS till 31 August 2011, for your favourable consideration please.

Thank you and best regards.



Jeffrey Chua
Secretary (Interim)

cc. Ms How Weng Fan
General Manager

Aljunied - Hougang Town Council
Blk 810 Hougang Central #02-214
Singapore 530810
Tel: 6744 1033 Fax: 6747 5770

Action Information Management Pte Ltd

c/o Blk 57B New Upper Changi Road
#01-1402
Singapore 463057

Phone: 6244-4604

Fax: 6243-0114

22 June 2011

Chairman
Aljunied Town Council

Dear Sir / Madam

CONTRACT FOR THE PURCHASE OF DEVELOPED APPLICATION SOFTWARE

We refer to the contract entered into with us on 12 October 2010 for the provision of services and works in relation to developed application software ("Contract").

We hereby give notice in accordance with Clause 9.3 of the Conditions of the above Contract that, owing to material changes to the membership of the Town Council, we will cease to allow Aljunied Town Council the use of the intellectual property and system functions relating to the developed application software currently used by the Town Council after a period of at least one month from the date of this notice.

The provision of the developed application software will therefore be terminated with effect from 1 August 2011.

If you require any clarification, please do contact Mr Doh Kah Uei at dohku@hotmail.com.

Yours sincerely



Director
Action Information Management Pte Ltd

Action Information Management Pte Ltd

c/o Blk 57B New Upper Changi Road
#01-1402
Singapore 463057

Phone: 6244-4604

Fax: 6243-0114

24 June 2011

Mr Jeffrey Chua
Secretary (Interim)
Aljunied-Hougang Town Council
Blk 810 Hougang Central #02-214
Singapore 530810

Dear Sir

**RE: PARALLEL RUN OF THE TOWN COUNCIL MANAGEMENT SYSTEM (TCMS)
TILL 31 AUGUST 2011**

We refer to your letter dated 10 June 2011 requesting the parallel run of the TCMS till 31 August 2011.

We are pleased to inform you that we are willing to agree to your request, subject to the Aljunied-Hougang Town Council's payment of the fees set out below:

Maintenance & Support (NCS)	\$ 27,394.21
Handling Fee @ 10% (AIM)	\$ 2,739.42
Lease-Back Fee for Developed Application Software : August 2011 (AIM)	\$ 785.00
Total Amount	\$ 30,918.63

The total amount is to be made payable to M/s Action Information Management Pte Ltd within 30 days from the date of our invoice. Upon our receipt of the fees, the provision of the TCMS will be extended till 31 August 2011 and terminated with effect from 1 September 2011.

Please let us have your acceptance of the above not later than 1 July 2011 to facilitate our processing.

Thank you and best regards.


Director
Action Information Management Pte Ltd

Aljunied - Hougang Town Council
Blk 810 Hougang Central #02-214
Singapore 530810
Tel: 6744 1033 Fax: 6747 5770

28 June 2011

M/s Action Information Management Pte Ltd
36 Robinson Road, 17-01
City House
Singapore 068877

c/o Mr Sasidharan Nair
General Manager
East Coast Town Council
Blk 206 Bedok North Street 1
#01-353
Singapore 460206

Dear Sir,

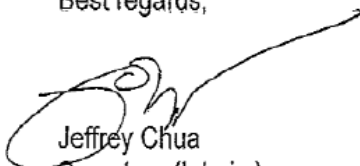
RE: PARALLEL RUN OF THE TOWN COUNCIL MANAGEMENT SYSTEM (TCMS)
TILL 31 AUGUST 2011

We refer to your letter of 24 June 2011.

We would like to thank you for accepting our request and to confirm the Council's acceptance for the provision of the TCMS to be extended till 31 August 2011 and terminated with effect from 1 September 2011.

The total payment fees of **\$30,918.63** will reach you by the given date.

Best regards,



Jeffrey Chua
Secretary (Interim)

cc. Ms How Weng Fan
General Manager

29 August 2011

M/s Action Information Management Pte Ltd
36 Robinson Road, 17-01
City House
Singapore 068877

c/o Mr Sasidharan Nair
General Manager
East Coast Town Council
Blk 206 Bedok North Street 1
#01-353
Singapore 460206

Dear Sir,

THE TOWN COUNCIL MANAGEMENT SYSTEM (TCMS)


We refer to the above and would like to inform that the auditors is auditing the TC's accounts up to 31 July 2011 would require to review the data in the system.

As such, we would like to request the TCMS to be made available till 9 September 2011 for review purposes only.

We appreciate your assistance to render the above at no cost.

Thank you.

Yours sincerely,



Ms How Weng Fan
General Manager

Action Information Management Pte Ltd

c/o Blk 57B New Upper Changi Road
#01-1402
Singapore 463057

Phone: 6244-4604

Fax: 6243-0114

31 August 2011

Chairman
Aljunied-Hougang Town Council
Blk 810 Hougang Central
#02-214
Singapore 530810

c/o Ms How Weng Fan
General Manager

REQUEST FOR TCMS TILL 9 SEPTEMBER 2011

We refer to your letter dated 29 August 2011 to request for the TCMS to be made available till 9 September 2011 for audit review purposes.

We are pleased to inform you that the request is granted, subject to Aljunied-Hougang Town Council agreeing to the one-off payment below:

Lease-Back Payment of TCMS	\$ 392.50
GST 7%	\$ 27.48
Total Amount Due	\$ 419.98

Kindly let us have your acceptance before 1 September 2011 and cheque payment by 7 September 2011 to facilitate processing.

Separately, please be reminded that the provision for parallel run of the TCMS will be terminated wef 1 September 2011.

Thank you.


Director
Action Information Management



Our Ref: AHTC/M/ /2011/0068

2nd September 2011

Action Information Management Pte Ltd
c/o Block 57B New Upper Changi Road #01-1402
Singapore 463057

By Fax – 6243 0114

Dear Sirs

REQUEST FOR TCMS TILL 9 SEPTEMBER 2011

We refer to your email of 31 August 2011 and our letter dated 29 August 2011 regarding the above captioned.

We agree and accept to your one-off charge of S\$419.98 and would appreciate your kind assistance in facilitating the process.

Yours faithfully

A handwritten signature in black ink, appearing to read "How Weng Fan".

HOW WENG FAN (MS)
Dy Secretary/General Manager
ALJUNIED HOUGANG TOWN COUNCIL

HWF/al/TCMS