SUMMARY

Town Councils are non-profit public organisations. They are managing public housing estates that house 90% of the population in Singapore. The Town Councils decision making process and fund management ability therefore affect the majority of the people in Singapore. This dissertation set out to examine the various aspects of Town Councils financial management in an attempt to find out how Town Councils can improve their financial position.

The study discussed and analysed three leading theories in the field of public financial management. These three theories are synopticism, incrementalism and ambiguity. The study found that the ambiguity theory is the most comprehensive solution to problems of bifurcation of interests and uncertainty faced by the public organisations. This theory is applicable to the local Town Councils. The loosely coupled relations among the Town Council's subcommittees allow frequent interaction without interfering with the stability and independence of the subcommittees. The decision making process is also a function of the peoples' interests within the jurisdiction of the Town Council.

Having reviewed the recent and past amendments to the financial rules governing the Town Councils' operations, the study advocated that the revisions should have also addressed the fundamental issue of recognising the Town Councils as civil entities to empower them to trace outstanding bills, to impose enhancement levy and be made tax exempt non-profit making organisations. These recommendations will help Town Councils to achieve better financial control and move towards self financing position.

The study also focused on the Town Councils budgeting and planning process. After reviewing the various perspectives, purposes and formats for public budgeting, the study recommended that critical reviews of budget heading should be carried out regularly at the budgetary planning stage. This will help the Town Councils to make efficient allocation of resources to the competing uses. Town Councils could also consider the adoption of the principles of ZBB or programme budgeting as both approaches provide thorough and better accountability for Town Councils financial management.
Income and expenditure management are important aspects of the Town Councils financial management. The study has reviewed the various collection procedures of the Town Councils and advocates a proactive approach to bill collection, incentive payment schemes, wider scope of investment and open up new revenue sources.

After examining the various facets of the rising expenditure and falling income, the study found that the threat of possible insolvency in the future could be surmounted if Town Councils adopt the cash flow forecasting model to plan in advance.