

For Immediate Release

NATIONAL GALLERY SINGAPORE'S RESPONSE TO AUDIT OBSERVATIONS FROM THE REPORT OF THE AUDITOR-GENERAL FOR THE FINANCIAL YEAR 2018/2019

Singapore, 16 July 2019 – National Gallery Singapore (The Gallery) acknowledges the audit observations by the Auditor-General's Office (AGO). As a company limited by guarantee (CLG), we are firmly committed to good corporate governance under the guidance of our Board and Audit Committee. Internal controls and audit processes are also reviewed annually, with strict adherence to our procurement principles of open and fair competition, transparency and value for money.

Project Background

2 The audit observations relate to the development project of National Gallery Singapore, spanning over a six-year period from 2009 to 2015. The transformation of two national monuments into a world-class gallery, while preserving their heritage and historical identities, had been unique and complex. The adaptive reuse of historic buildings also requires great attention to detail in their restoration and modernisation, without compromising their historical integrity.

3 The Gallery was also careful to exercise financial prudence, especially given that the Gallery was funded from public monies. Under the guidance of a Project Development Committee, comprising experts from the construction industry, the Gallery completed the project on time and at a cost below the approved budget.

Audit Observations on Financial Governance

4 The Gallery acknowledges the AGO findings on financial governance of the development project, in particular, in the area of contract management and waivers of contractual provisions. The contractual waivers were related primarily to requests by the main contractor for more time to complete construction works, such as the diversion of communications cables and other rectification works. The Gallery had assessed that the requests were substantively reasonable, and allowed for the extension. There was no circumvention of procedures under its project governance framework, deliberate or otherwise. The project was also managed in accordance with industry best practices, as advised by the Project Development Committee.

5 Nonetheless, the Audit Committee will consider how to further strengthen the Gallery's governance framework and approval authority assignment for contract management, as well as processes for contractual waivers. This review is targeted to be completed by 31 July 2019.

Audit Observations on the Management of Contract Variations

6 The Gallery also acknowledges the AGO findings on the management of contract variations for the development project. The Gallery agrees with the importance of maintaining financial prudence and discipline. It has therefore taken immediate steps to review its procurement policies and processes to address the identified gaps in approvals and valuation of contract variations, including the assessment of star rates. This review is also targeted to be completed by 31 July 2019.

7 The contract variations for the project are in line with its scale and complexity. Changes to the scope of work are to be expected as the project progresses from its initial phases to the detailed phases of construction to take into account a variety of factors like statutory requirements, site constraints and user or operational requirements.

8 In addition, the Gallery has reviewed the lapses due to the failure to deduct costs for works not done and has taken steps to recover overpayments from the respective contractors.

9 The Gallery reiterates its firm commitment to good corporate governance and the responsible use of public funds. It will share the review findings with MCCY and will implement recommendations to strengthen its financial processes and procurement policies.

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About National Gallery Singapore

National Gallery Singapore is a leading visual arts institution which oversees the world's largest public collection of Singapore and Southeast Asian modern art. Situated at the birthplace of modern Singapore, in the heart of the Civic District, the Gallery is housed in two national monuments - City Hall and former Supreme Court - that have been beautifully restored and transformed into this exciting 64,000 square metres venue. Reflecting Singapore's unique heritage and geographical location, the Gallery aims to be a progressive museum that creates dialogues between the art of Singapore, Southeast Asia and the world to foster and inspire a creative and inclusive society. This is reflected in our collaborative research, education, long-term and special exhibitions, and innovative programming. The Gallery also works with international museums such as Centre Pompidou, Musée d'Orsay, Tate Britain, National Museum of Modern Art, Tokyo (MOMAT) and National Museum of Modern and Contemporary Art, Korea (MMCA), to jointly present Southeast Asian art in the global context, positioning Singapore as a key node in the global visual arts scene.

In 2019, the Gallery was the only museum in Southeast Asia that received a ranking in The Art Newspaper's annual global survey of attendance at art museums, taking 32nd place. It was the first museum in Asia to receive the Children in Museums Award by the European Museum Academy and Hands On! International Association of Children in Museums in 2018. The Gallery also won the awards for "Best Theme Attraction" at TTG Travel Awards 2017, "Best Attraction Experience", "Breakthrough Contribution to Tourism" and "Best Customer Service (Attractions)" at the prestigious Singapore Tourism Awards in 2016 for its role in adding to the vibrancy of Singapore's tourism landscape. For more information, visit <https://www.nationalgallery.sg>.