

Chapter 1

Section 1.13

Ministry of Tourism, Culture and Sport

Follow-Up on 2020 Value-for-Money Audit:

Museums and Galleries: McMichael Canadian Art Collection

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	2	2				
Recommendation 2	3	1		2		
Recommendation 3	1	1				
Recommendation 4	2	2				
Recommendation 5	3	1	1	1		
Recommendation 6	2	1	1			
Recommendation 7	3	1	2			
Recommendation 8	2	2				
Recommendation 9	1	1				
Recommendation 10	1			1		
Recommendation 11	2			2		
Recommendation 12	1			1		
Recommendation 13	1	1				
Recommendation 14	2			2		
Recommendation 15	2			2		
Recommendation 16	2	1	1			
Recommendation 17	1		1			
Recommendation 18	2		1	1		
Recommendation 19	1	1				
Total	34	15	7	12	0	0
%	100	44	21	35	0	0

Overall Conclusion

The McMichael Canadian Art Collection (McMichael), as of September 27, 2022, has fully implemented 44% of actions we recommended in our *2020 Annual Report*. McMichael has made progress in implementing an additional 21% of the recommendations.

McMichael has fully implemented recommendations such as updating its collection policies to include a requirement to visit its off-site storage facilities once a year to review the existing conditions and storage of items held. So that items in its collection are secured, McMichael implemented a policy for deleting artwork records from its collection management system, including segregating the responsibilities for deleting records, approving the deletion of records, and accessing McMichael's vaults where artworks are stored. McMichael also put in place a process to assess and document the condition of artwork before and after exhibiting and lending them to other institutions so that artworks that require restoration receive appropriate conservation treatments. In addition, McMichael developed short-, medium- and long-term acquisition goals that take into consideration the strengths and weaknesses of its existing collection. For example, McMichael identified goals of acquiring more artworks that have cultural diversity and work by women artists to address the low representation of diversity in its current collection.

McMichael has made progress in implementing recommendations such as allocating time and resources to catalogue the artworks in its collection in accordance with its policies, and undertaking an inventory check of its full collection, which it expects to complete by December 2022. In addition, to help increase membership sales, McMichael surveyed its members to gather demographic information such as age and household income, as well as information about their interactions with the gallery, and their preferred method of communicating with McMichael.

However, McMichael has made little progress on 35% of the recommendations, including not reviewing the artwork in its collection to identify items for deaccessioning that are idle and could be sold or gifted to another institution. McMichael also did not take steps

to review and assess the sufficiency of the access it provides to its collections, and did not identify opportunities to better publicize its art lending program to other institutions in Ontario.

The status of actions taken on each of our recommendations is described in this report.

Background

The McMichael Canadian Art Collection (McMichael) is a public art gallery focusing on Canadian and Indigenous art located in the village of Kleinburg, in Vaughan. It is a provincial agency and receives approximately \$3 million in annual funding from the Ministry of Tourism, Culture and Sport (formerly the Ministry of Heritage, Sport, Tourism and Culture Industries). Its legislation, the *McMichael Canadian Art Collection Act (Act)*, sets out McMichael's mandate. Consistent with the traditional role of museums and galleries, its mandate includes collecting artwork, displaying it, and generating public interest in its collections and exhibitions. In 2020/21, McMichael had approximately 49,000 visitors, which was down significantly from approximately 119,000 visitors in 2019/20 because of public health restrictions during the COVID-19 pandemic.

McMichael is governed by a Board of Trustees (Board) consisting of a maximum of 23 members, all of whom are appointed by the provincial government. As a charitable corporation, McMichael prepares a balanced budget each year, where budgeted revenues equal budgeted expenses.

Overall, we found that McMichael did a good job of safely storing the artworks in its collections in line with best practices. McMichael had adequate environmental controls and kept its storage vaults at appropriate temperature and humidity levels. McMichael also offered to the public a variety of education programs related to its collections.

However, we found that McMichael did not have an accurate valuation of its collections to ensure it maintained sufficient insurance coverage, and it did not have policies in place to conduct regular inventory

checks to verify the existence of the items in its collections. In addition, we found that McMichael could not always demonstrate that the acquisitions it made were needed to meet its collection objectives.

Management at McMichael indicated that it is important to have successful exhibitions in order to draw attention and attendance to its institution; however, we found that it could not demonstrate how it selected exhibitions that were most likely to be successful.

The following were some of our specific concerns related to McMichael:

- Research into the provenance of acquisitions was not always completed or documented. In the acquisition files we reviewed, we found that McMichael's research for provenance consisted only of an email to the donor to ask how they had obtained the artwork, and whether they had any information on previous owners or exhibition history. The exception was for donations of artworks that were submitted to the Canadian Cultural Property Export Review Board (CCPERB) to be certified for tax purposes.
- Authenticity concerns for three paintings were not followed up on a timely basis. We found that McMichael did not take steps to resolve concerns about the authenticity of three of the paintings we reviewed that were donated to the gallery. These included a painting where an expert twice raised concerns to McMichael about its authenticity. Despite the expert's unresolved concerns, McMichael submitted the painting to CCPERB for certification for tax purposes and signed a declaration that, based on the work's provenance and the research undertaken on its history, the painting was an original work by the artist. After we brought this issue to McMichael's attention, it followed up and obtained a letter from the director of a gallery that had represented the artist who asserted that he recognized the handwriting of the artist on the artwork.

We made 19 recommendations, with 34 action items, to address our audit findings.

We received commitment from the McMichael Canadian Art Collection that it would address our recommendations.

Status of Actions Taken on Recommendations

We conducted assurance work between April 2022 and September 2022. We obtained written representation from McMichael that effective November 11, 2022, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Collections Management

Recommendation 1

So that the provenance and authenticity of acquisitions is established to the fullest extent possible, we recommend that the McMichael Canadian Art Collection:

- *update its collection policies to clarify the procedures that should be undertaken to establish provenance and authenticity; and*
- *develop and implement a process to ensure that these procedures are followed.*

Status: Fully implemented.

Details

In our 2020 audit, we noted that McMichael's collection policies require research to establish the provenance and authenticity of new artwork acquisitions, but they do not specify what procedures should be undertaken as part of this work. In our review of acquisition files, we found that except for donations that were submitted for assessment by the Canadian Cultural Property Export Review Board, McMichael's research for provenance consisted only of an email to donors to ask how they obtained the artwork, and whether they had any information on previous owners or exhibition history. We found that McMichael did not follow up to verify the information provided by donors, or document why it was sufficiently certain of the information provided such that these checks were not needed. We also found that McMichael did not take steps to resolve concerns about the authenticity of items that were to be donated to McMichael, or bring these concerns to the attention of the Art Advisory

Committee to make an informed recommendation to McMichael's Board of Trustees on whether to proceed with the acquisition.

In our follow-up, we found that in May 2021, McMichael revised its collections policy to clarify the procedures that are to be undertaken to establish the provenance and authenticity of proposed artwork acquisitions. The policy states that, in addition to contacting the artist, donor or vendor, steps should be taken to contact recognized experts in the particular field and check source documents (both published and unpublished) such as exhibition catalogues, archival documents and private papers, to confirm the authenticity and provenance of a proposed donation or purchase. A record of all sources consulted should be kept in the registration files as well as any correspondence and subsequent responses from individuals or bodies contacted. A record of this research is required to be submitted to McMichael's Art Advisory Committee to be considered when making a recommendation to the Board of Trustees on whether to accept or reject an acquisition.

In our follow-up, we also found that, in September 2022, McMichael implemented a process where its Executive Director and Chief Curator are to review and sign off that the necessary procedures to establish the provenance and authenticity of an acquisition were undertaken, before the proposed acquisition of artwork is presented to the Art Advisory Committee.

Recommendation 2

So that the Art Advisory Committee members have the necessary information to make acquisition recommendations to the Board of Trustees that enhance the strength of the collection, we recommend that the McMichael Canadian Art Collection:

- *recirculate the acquisition criteria in its collection management policies to the committee members;*
- *format its reports justifying the acquisition of items to specifically address the criteria; and*
- *specifically indicate for each proposed acquisition which criteria are met and which are not.*

Status: Little or no progress.

Details

In our 2020 audit, we found that the submissions to McMichael's Art Advisory Committee on proposed acquisitions did not always describe all the reasons why McMichael needed the items for its collections, as required by the acquisition criteria described in its collection management policies. For example, in the sample of acquisitions we reviewed, we found that the curatorial rationale for acquiring the item did not include the justification for how the item met a specific gap in a collection, or how the item could be used in McMichael's exhibitions and programming, two of McMichael's criteria that need to be addressed. We also found that detailed condition reports were not submitted to the Committee, as required by McMichael's policies.

In our follow-up, we found that in September 2021, McMichael recirculated the acquisition criteria in its collection management policies to its Art Advisory Committee. However, we found that McMichael had not taken steps to format its reports to justify the acquisition of items to specifically address all acquisition criteria. Our review of a sample acquisition report also identified that not all acquisition criteria were specifically addressed.

Recommendation 3

To ensure that it can achieve its collection priorities, we recommend that the McMichael Canadian Art Collection develop realistic short-, medium- and long-term acquisition goals.

Status: Fully implemented.

Details

In our 2020 audit, we noted that McMichael had recently finalized a collections strategy that outlined seven areas of focus for future acquisitions. However, we found that McMichael had not based its strategy on an analysis of the strengths and weaknesses of its existing collection, and an analysis of the donations it typically receives, to know whether the strategy is achievable. We analyzed McMichael's acquisitions since 2012 and identified that McMichael does not

attract a sufficient range and volume of donations to support such a broad collection strategy.

In our follow-up, we found that in March 2022, McMichael developed short-, medium- and long-term acquisitions goals that take into consideration the strengths and weaknesses of its existing collection. For example, McMichael identified goals of acquiring more artwork that has cultural diversity and work by women artists to address the low representation of diversity in its current collection.

Recommendation 4

So that the items in the McMichael Canadian Art Collection (McMichael) are secured, we recommend that management:

- segregate the responsibilities for deleting records, approving the deletion of records, and accessing McMichael's vaults; and
- periodically review the list of deleted items records, and ensure that item records were deleted only for authorized purposes.

Status: Fully implemented.

Details

In our 2020 audit, we found that items could be deleted from McMichael's collection management system without authorization, and that there was no process in place at McMichael to review deleted records to ensure they were only deleted for authorized purposes. We noted that McMichael's collection management system allows users with certain levels of access rights to delete item records. We were advised that six individuals at McMichael had the necessary level of access rights to delete records. In addition, we were told that these individuals had full access to McMichael's on-site collection vaults. However, we found that McMichael does not have a process in place to review reports of deleted records to ensure the appropriateness of such deletions.

In our follow-up, we found that McMichael had implemented a process where its registration department provides the Chief Curator with a list of artworks that it is recommending to be deleted from its collection management system. The Chief Curator is

responsible for reviewing and approving the list of artworks requested to be deleted. Once the Chief Curator has approved the items to be deleted, only a single individual, the Curatorial Assistant, who does not have access to McMichael's collection vaults, has the authority to delete item records from McMichael's collection management system. McMichael also implemented a process to compile a quarterly report of deleted item records from its collection management system and to reconcile the deleted items in the report with the list of item records approved for deletion by the Chief Curator.

Recommendation 5

So that the McMichael Canadian Art Collection knows the complete financial value of its collection and can assess whether its insurance coverage is sufficient, we recommend that it:

- review artworks that do not have a value assigned to determine which artworks should be valued;

Status: Little or no progress.

- put in place a process to periodically update the valuation of its most valuable artworks;

Status: Fully implemented.

Details

In our 2020 audit, we found that McMichael does not periodically review and revise valuations it has recorded for the artworks in its collection. We noted that that valuations were outdated, with approximately 81% of the artwork having values attached that were more than 20 years old. We also found that McMichael did not have a value recorded for approximately 30% of its collection. McMichael advised us that this occurred either because no appraisal was sought, as donors had not needed a tax receipt issued to them, or because of an administrative oversight.

In our follow-up, we found that McMichael could not demonstrate that it had made progress in reviewing the artworks that did not have a value assigned to them to determine which ones should be valued. Nevertheless, we found that McMichael introduced a policy to update the financial value of its artworks on

an ongoing basis. McMichael identified that the greatest risk of potential loss to its collection occurs when artwork is in transit or on display—either at McMichael or at a borrowing institution. Accordingly, McMichael’s policy requires that artwork that is on display at McMichael must undergo a valuation once every five years, while the valuation of artwork displayed at a borrowing institution must be updated every two years. The policy also states that the insurance value of the 10 most financially valuable artworks in its collection are to be updated every two years. In addition, McMichael’s policy notes that because the process of procuring a valuation for McMichael’s complete collection would carry a significant cost, McMichael will strategically select which artwork requires updating on a regular basis.

- *assess the risks of potential loss of its collection and obtain the level of insurance deemed necessary based on the updated valuation of the collection.*

Status: In the process of being implemented by January 2023.

In our 2020 audit, we found that McMichael does not periodically review and revise valuations it has recorded for the artworks in its collection; as a result, it was unclear whether McMichael had sufficient information to assess the adequacy of its insurance coverage. We were also informed that neither the Board, nor any of the Board’s committees had reviewed or evaluated the adequacy of McMichael’s insurance coverage for its collection in the last five years.

In our follow-up, we found that after taking into consideration updated collection values, McMichael obtained a quote to increase its insurance coverage from \$150 million to \$200 million. McMichael expects to increase its insurance coverage by January 2023.

Recommendation 6

To ensure that research and other important information is accessible and remains part of an artwork’s permanent record, preserving the heritage and history of each item in its collection, we recommend that the McMichael Canadian Art Collection:

- *put in place policies and procedures to establish thorough and consistent standards for recording information about artworks;*

Status: Fully implemented.

Details

In our 2020 audit, we found that despite using a sophisticated collection management software, for nearly 10 years, McMichael staff recorded very little information about an item on its electronic record other than basic descriptive data required for the physical management of the collection. Our review found that McMichael’s electronic records did not capture details such as whether McMichael obtained the copyrights to an artwork, or whether it would still need to contact the artist before displaying it. Its electronic records also did not capture important research information it had carried out, including on the item’s display history. In addition, McMichael’s electronic records did not indicate where such details were held.

In our follow-up, we found that in November 2021, McMichael put in place a policy on cataloguing and inputting data on all artwork in its collection management system.

- *allocate time and resources to catalogue all artworks as fully as possible according to its policies and procedures.*

Status: In the process of being implemented by January 2024.

In our follow-up, we found that McMichael hired two full-time staff in 2021 to assist with records management for all new artwork. McMichael also hired a part-time employee to work with its Assistant Registrar to complete cataloguing of its existing artwork in accordance with its policy. McMichael told us it plans to fully catalogue all artworks in its collection by January 2024.

Recommendation 7

To safeguard the items in its collection, we recommend that the McMichael Canadian Art Collection:

- *establish a policy for carrying out inventory checks that includes the frequency and methodology for such checks;*

Status: Fully implemented.

- *perform inventory checks in accordance with this policy; and*
- *resolve issues identified during inventory checks on a timely basis.*

Status: In the process of being implemented by December 2022.

Details

In our 2020 audit, we noted that although conducting inventory checks on a regular basis is considered a basic practice for the operation of a museum or a gallery, we found that McMichael's inventory checks were infrequent, and it was slow to resolve problems it identified during its inventory checks. We found that McMichael conducted inventory checks on an ad hoc basis, such as when collection vaults were renovated or reorganized and when items were requested for loan, exhibition or research, to verify the existence of items. However, it did not have a formal policy in place to conduct inventory checks on a regular basis for all its collection areas.

In our follow-up, we found that McMichael established a policy in November 2021 for carrying out quarterly inventory checks of a random sample of between 10–20 artworks. The policy specifies the staff who will conduct inventory checks and describes the procedures to be carried out to complete inventory checks. McMichael advised us that its staff have yet to conduct quarterly inventory checks because they are currently undertaking an inventory check of McMichael's full collection, which is expected to be completed by December 2022. Thereafter, they will begin conducting quarterly inventory checks. As of August 2022, McMichael had reviewed 3,278 artworks as part of the inventory check of its full collection.

Recommendation 8

So that its collection of items is appropriately safeguarded, and to monitor and preserve its condition, we recommend that the McMichael Canadian Art Collection:

- *update its collection policies to include a requirement to make periodic visits to its off-site storage facilities; and*
- *review the items stored off-site to determine if storage at an off-site location is appropriate based on the condition and care requirements of the items.*

Status: Fully implemented.

Details

In our 2020 audit, we found that one of the off-site storage facilities used by McMichael did not have adequate security measures to protect McMichael's items from theft. We noted that McMichael's contract with the storage provider stated that it would provide enhanced security. However, we found that in one of the rooms where McMichael's crates were stored, the security camera was obscured by high shelving and crates, limiting the effectiveness of this measure of security. McMichael was unaware of this concern because it had not visited the off-site storage location to check on its collection for several years.

In our follow-up, we found that in May 2021, McMichael updated its collection policy to include a requirement for its staff to visit its off-site storage facilities once a year to review the existing conditions and storage of items held. In July and August 2021, McMichael staff completed a site visit at two off-site storage facilities. During these site visits, McMichael staff identified 24 storage crates that required replacement, and another six storage crates that required an upgrade to support the items stored in them.

Recommendation 9

So that artworks that require restoration receive appropriate conservation treatments, we recommend that the McMichael Canadian Art Collection put in place processes to assess and document the condition of items before and after exhibiting and lending them.

Status: Fully implemented.

Details

In our 2020 audit, we noted that according to McMichael's policies, a conservator is to examine and complete a condition report for all artworks requested for exhibition or loan. We tested a sample of items

loaned or exhibited and found that in relation to items internally exhibited, McMichael does not complete a written condition assessment for items prior to exhibiting them—therefore, we could not determine if the assessment had taken place. In relation to loans, we found that McMichael carried out and documented condition assessments prior to sending the artwork to borrowing institutions. However, for approximately three-quarters of the loans we reviewed there was no documentation of McMichael’s condition assessment when the artwork was returned.

In our follow-up, we found that in January 2022, McMichael established a policy to assess and document the conditions of items before and after exhibiting and lending them.

Recommendation 10

To enhance the strength and value of its collection, we recommend that the McMichael Canadian Art Collection revise its deaccessioning policy, and review the artwork in its collection to identify items for deaccessioning that are idle and could be sold or gifted to another institution.

Status: Little or no progress.

Details

In our 2020 audit, we found that McMichael does not review its collection to identify artworks for deaccessioning that are idle and where there is little or no likelihood that they will be displayed. We noted it does not identify items that do not add significantly to its collection and could be disposed of in order to acquire artworks that would add value to its collection. In addition, we found that in 2019, McMichael revised its policy on deaccessioning in a way that significantly constrained its ability to identify items for deaccessioning.

In our follow-up, we found that McMichael had not updated its deaccessioning policy to remove the significant constraints on its ability to identify items for deaccessioning. McMichael has also yet to review the artwork in its collection to identify items for deaccessioning that have not been displayed or loaned for a specific period of time. McMichael did however indicate that since the audit it has identified three objects that might be considered for deaccessioning, one of

which could potentially be loaned to a museum in British Columbia.

Recommendation 11

So that it meets the needs of Ontarians for access to its collections, we recommend that the McMichael Canadian Art Collection:

- *review and assess the sufficiency of the access it provides to its collections; and*
- *take corrective action to improve access.*

Status: Little or no progress.

Details

In our 2020 audit, we found that although McMichael provides access to its collection of artwork to researchers, curators, and scholars, and through its e-museums website, it has not assessed whether such access meets the needs of those who seek access.

In our follow-up, we found that McMichael has not yet taken steps to address these recommendations.

Recommendation 12

To improve access to its collection for Ontarians, we recommend that the McMichael Canadian Art Collection identify opportunities to better publicize its art lending program to other institutions in Ontario.

Status: Little or no progress.

Details

In our 2020 audit, we found that although McMichael has a policy that allows other institutions to borrow artwork from its collection, it does not advertise this publicly. This limits the number of items that other institutions request to borrow, and affects McMichael’s ability to meet its goal to make its collection accessible to the public.

We also found that McMichael only tracks and keeps a record of the loans it has approved. Therefore, it is unclear how many requests to borrow items from McMichael were rejected, and whether those decisions were made in accordance with McMichael’s policies.

In our follow-up, we found that McMichael updated its website to include instructions on how to submit a request to borrow objects from its collection. However,

McMichael has not taken steps to identify opportunities to better publicize its art lending program.

Exhibitions

Recommendation 13

So that it designs and selects exhibitions that best meet its goals and attract visitors to the gallery, we recommend that the McMichael Canadian Art Collection establish selection criteria based on industry best practices, and use these criteria to assess and select the exhibitions it will display.

Status: Fully implemented.

Details

In our 2020 audit, we found that the basis upon which McMichael selected the exhibitions it chose to display was unclear. We found that it did not have established criteria in place to evaluate proposed exhibitions in order to select the exhibitions that were most likely to meet McMichael's goals and attract additional visitors.

In our follow-up, we found that McMichael established selection criteria to assess and select the exhibitions it will display. Examples of the selection criteria include assessing the projected attendance and revenue potential, and whether the exhibition is aligned with McMichael's core mission and strategic goals that are set out in its business plan.

Recommendation 14

To improve the cost-effectiveness of its exhibitions, we recommend that the McMichael Canadian Art Collection:

- *establish targets for attendance, revenues, costs and the profit or loss it expects each exhibition to achieve; and*
- *where targets on exhibitions are not met, analyze the results to identify the reasons, and apply lessons learned to targets set for future exhibitions.*

Status: Little or no progress.

Details

In our 2020 audit, we found that McMichael does not consider the cost-effectiveness of the exhibitions it chooses to display. It does not examine why it exceeds

its budgeted exhibition costs and it does not establish the profit or loss it expects each of its exhibitions to achieve. We found that over the last five fiscal years, McMichael exceeded the costs it budgeted in 33% of the exhibitions it displayed. We also found that McMichael does not set attendance targets for any of its exhibitions, in part because it does not charge its visitors surcharges to view its exhibitions.

In our follow-up, we found that McMichael had not taken steps to establish specific targets for attendance, revenues, costs and the profit or loss it expects each exhibition to achieve.

Recommendation 15

To enhance the effectiveness of its exhibitions in increasing the public's understanding of a given subject and improving visitor experience, we recommend that the McMichael Canadian Art Collection:

- *evaluate all key exhibitions, including their design and the early stages of their implementation; and*
- *put in place processes to review lessons learned from evaluations of past exhibitions, and apply them to plans to select and design exhibitions in the future.*

Status: Little or no progress.

Details

In our 2020 audit, we found that McMichael had not evaluated any of the 50 exhibitions it had held over the last five years to determine if the exhibitions had met their intended goals.

In our follow-up, we found that since our audit in 2020, McMichael had yet to complete a full evaluation of an exhibition. In addition, McMichael had not determined the complete approach that would be needed to evaluate an exhibition, such as the steps to be undertaken at the design and early stages of an exhibition's implementation. For example, a process was not established that sets out what steps should be taken to evaluate an exhibition at the beginning, midway, and after closing.

Education Programs

Recommendation 16

So that its education programs meet their goals and the learning expectations of those who participate in them, we recommend that the McMichael Canadian Art Collection:

- *put in place a policy that defines when programs should be evaluated and the method by which they should be evaluated;*

Status: Fully implemented.

Details

In our 2020 audit, we found that McMichael rarely completed evaluations of its education programs to assess their effectiveness. In addition, we found that McMichael did not have a policy in place outlining the process it should follow to evaluate its education programs. We reviewed a sample of McMichael's education programs and found that for 20% of the programs we reviewed, it had not carried out any part of the evaluation process to determine whether its programs were effective in achieving its goals. For the remaining programs we reviewed, we found that McMichael had carried out only the data collection part of the evaluation process.

In our follow-up, we found that in July 2021, McMichael implemented a policy outlining the evaluation process for its educational programs, including the evaluation methods to be used. The policy requires McMichael to annually evaluate educational programs to assess their relevance, effectiveness, and efficiency, to determine their impacts, and to measure achievement against expected outcomes. The policy also requires that an annual evaluation plan be prepared for each program area such as school programs, and public exhibition tours.

- *produce evaluation reports on its individual education programs that can be used to identify and address areas that require improvement.*

Status: In the process of being implemented by June 2023.

Details

In our follow-up, we found that McMichael had adopted survey tools in February 2022 that it indicated would enable it to capture and record survey results for each of its individual education programs. McMichael indicated that it intends to use its survey tools to evaluate and report on individual education programs by June 2023.

Self-Generated Revenues

Recommendation 17

To help increase its revenues and sustain its operations, we recommend that the McMichael Canadian Art Collection compare its attendance revenue-generating initiatives with those of other museums and galleries to identify and implement promising attendance revenue-generating initiatives.

Status: In the process of being implemented by May 2023.

Details

In our 2020 audit, we found that admission revenues, which are one of McMichael's key sources of revenue to sustain its operations, were proportionately, significantly lower than the Royal Ontario Museum (ROM), impacting its ability to meet its financial goals. We also found that McMichael could not demonstrate that it had compared its attendance revenue-generating activities to other galleries and museums such as the ROM to identify opportunities to increase attendance revenues. We analyzed McMichael's attendance data by type of ticket purchased and found that just 24% of visitors to tour McMichael in 2019/20 were adults who paid the full price of admission.

In our follow-up, we found that McMichael gathered information from other museums and galleries in Canada on how they are growing attendance revenue for adult full-price tickets. As a result of information gathered, McMichael identified both short-term and long-term initiatives to undertake in order to increase its revenue. McMichael plans to implement these initiatives by May 2023.

Recommendation 18

To help meet its targets and increase membership sales, we recommend that the McMichael Canadian Art Collection:

- collect data from its members on their demographics and interactions with the gallery;

Status: In the process of being implemented by December 2023.

Details

In our 2020 audit, we found that McMichael does not collect demographic data from its members to better understand who they are, and does not collect information on their interactions with the gallery to improve McMichael's ability to raise revenues from sales of memberships to new members. As a result, McMichael cannot develop targeted strategies to better serve its members and increase membership sales and attendance by members. We also found that McMichael's strategies to increase revenue from memberships are limited and McMichael does not collaborate with other institutions to share information in order to increase membership sales.

In our follow-up, we found that in November 2021, McMichael conducted a survey of its members to gather demographic information such as age and annual household income, as well as information about their interactions with the gallery, and their preferred method of communicating with McMichael. Based on the results of the survey, McMichael identified an opportunity to grow its social media channels such as Facebook to reach younger audiences. McMichael told us it plans to survey its members again in 2023 to obtain additional demographic information including their family size, spending, and lifestyle habits.

- review its strategies and implement changes that can help improve their effectiveness in increasing membership sales.

Status: Little or no progress.

Details

In our follow-up, we found that McMichael had not made progress toward implementing this recommendation.

Operating Expenses

Recommendation 19

To monitor and improve the effectiveness of its staff, and meet the requirements of the Ministry of Heritage, Sport, Tourism and Culture Industries, we recommend that the McMichael Canadian Art Collection review and strengthen its procedures to ensure that it evaluates the performance of all of its staff.

Status: Fully implemented.

Details

In our 2020 audit, we found that McMichael did not evaluate the effectiveness of the vast majority of its staff as required by the Memorandum of Understanding with the Ministry of Tourism, Culture and Sport (formerly the Ministry of Heritage, Sport, Tourism and Culture Industries). While McMichael informed us that it has a performance review system in place for its executive leadership team consisting of five staff, as well as its other 105 staff, when we requested copies of performance reviews for the last five years, we found that few had been completed. We found that McMichael's Human Resources department did not set deadlines for the completion of the performance evaluations, and did not take action to ensure they were completed. We also found that objectives are not set for new staff when they first join McMichael against which their performance can be evaluated.

In our follow-up, McMichael advised us that it reviewed the performance of all of its staff in both 2021 and 2022.