

Chapter 1

Section 1.13

Ministry of Tourism, Culture and Sport

Follow-Up on 2020 Value-for-Money Audit: Museums and Galleries: Ministry of Tourism, Culture and Sport

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		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable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	3		2	1		
Recommendation 2	2	1	1			
Recommendation 3	2	2				
Recommendation 4	1		1			
Total	8	3	4	1	0	0
%	100	38	50	12	0	0

Overall Conclusion

The Ministry of Tourism, Culture and Sport (formerly the Ministry of Heritage, Sport, Tourism and Culture Industries), as of September 26, 2022, has fully implemented 38% of actions we recommended in our *2020 Annual Report*. The Ministry of Tourism, Culture and Sport (Ministry) has made progress in implementing an additional 50% of the recommendations.

The Ministry has fully implemented the recommendation to require the Art Gallery of Ontario (AGO), the Royal Ontario Museum (ROM) and the McMichael Canadian Art Collection (McMichael) to submit action plans on how they will address the recommendations in their individual audit reports in 2020. In addition, the Ministry has included a requirement in its agreement with the AGO that it put in place and maintain appropriate and meaningful conflict-of-interest policies for its Board members and the AGO revised its conflict of interest policy so that its Board members are

prohibited from participating in decisions to approve their own donations.

At the time of our follow-up, the Ministry was in the process of implementing recommendations such as completing an initial review of the observations in the 2020 audit report to identify which aspects of the AGO, ROM and McMichael's activities would be beneficial to monitor more closely. The Ministry was also in the process of implementing a continuous follow-up process to monitor the AGO, ROM and McMichael's implementation of the recommendations in our 2020 audit.

However, the Ministry has made little progress on one (12%) of the actions we recommended. The Ministry has not worked with the AGO, ROM and McMichael to set and report on performance indicators and targets to facilitate improvement in areas the Ministry has identified would be beneficial to monitor more closely.

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

Background

The Ministry of Tourism, Culture and Sport (formerly the Ministry of Heritage, Sport, Tourism and Culture Industries) provides funding to museums and art galleries to support the culture sector and the Ministry of Tourism, Culture and Sport's (Ministry) overall objective to improve the quality of life of Ontarians and promote economic growth.

In 2021/22, the Ministry provided a total of \$52 million (\$52 million in 2019/20) in operating funding to the Art Gallery of Ontario (AGO), the Royal Ontario Museum (ROM) and the McMichael Canadian Art Collection (McMichael). Each of these organizations is governed by its own legislation that establishes its mandated activities. Consistent with the traditional role of museums and galleries, these activities include collecting objects and artwork, displaying them, providing education programs related to their collections, and generating public interest in their collections and exhibitions. In 2021/22, these three institutions had approximately 449,000 visitors, which was down significantly from more than 2 million visitors in 2019/20 because of public health restrictions during the COVID-19 pandemic.

The AGO, ROM and McMichael are accountable to the Ministry—the ROM and McMichael are board-governed provincial agencies, while the AGO is a transfer payment recipient. The Ministry's role is to inform them of its broad expectations for their performance and to oversee that they fulfill their legislative mandates and comply with applicable government policies, direction and agreements.

Overall, we found that the Ministry could have been more effective in its oversight of the museum and galleries. We found that the performance indicators and targets that the AGO, ROM and McMichael reported on to the Ministry did not cover the full range of their significant activities, limiting the Ministry's ability to monitor how effectively they delivered on their mandates. Based on our observations, we found a number of areas where the Ministry could have requested additional performance indicators and targets to improve its monitoring of these institutions' delivery of their mandates, and to identify areas where it may need to

discuss or work with them to require improvements that support continued taxpayer funding.

Regarding the AGO, the Ministry could not demonstrate why it provides \$21 million in annual funding to the AGO—which is a transfer payment recipient—or what the Ministry's specific objective was in providing that funding, beyond generally assisting the AGO to fulfill its mandate. We also identified weaknesses in the AGO's Board governance processes where Board members donated artworks to the AGO, but there was no evidence that they declared their conflict of interest or excused themselves during the vote to approve their donations.

We made four recommendations, with eight action items, to address our audit findings. We received commitment from the Ministry 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 the Ministry 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.

Ministry Oversight is Insufficient

Recommendation 1

To monitor whether the Art Gallery of Ontario (AGO), the Royal Ontario Museum (ROM) and the McMichael Canadian Art Collection (McMichael) are fulfilling their mandates and achieving desired government priorities, we recommend that the Ministry of Heritage, Sport, Tourism and Culture Industries:

- *review the observations in this report to identify which aspects of the AGO, ROM, and McMichael's activities would be beneficial to monitor more closely;*

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

- *work with the AGO, ROM and McMichael to set and consistently report on targets and performance indicators to facilitate improvement in these areas;*
Status: Little or no progress.

Details

In our 2020 audit, we found that the performance indicators and targets reported on to the Ministry by the AGO, ROM and McMichael do not measure the full range of their significant activities, and therefore limited the Ministry's ability to monitor the delivery of their mandates. We found that over the last three years, the performance indicators reported on by the AGO, ROM and McMichael have been limited to measures such as total attendance and membership growth, and have not included performance indicators relating to other areas of their mandates such as their collections or education programs.

In our 2020 audit, we noted that based on the observations pertaining to the AGO, ROM and McMichael, there are a number of areas in which the Ministry could request additional performance indicators and targets to enhance its monitoring of their delivery of their mandates, including with respect to their collections, exhibitions and education programs.

In our follow-up, we found that the Ministry had completed an initial review of the observations in our 2020 Annual Report, including the recommendations made to the AGO, ROM and McMichael, to identify areas that would be beneficial to monitor more closely. The Ministry noted that it would complete its review and identify areas that would be beneficial to monitor using performance indicators by March 2023. Thereafter, the Ministry plans to work with the AGO, ROM and McMichael to set performance indicators and targets in those areas.

- *require that the AGO, ROM, and McMichael set reasonable performance targets, including for the upcoming three years, and take corrective action, such as requiring the submission of remedial action plans where targets are not met.*
Status: In the process of being implemented by December 2023.

Details

In our 2020 audit, we found that the performance indicators reported to the Ministry by the ROM and McMichael had been inconsistent between different years or had not included targets for the upcoming three years as required in order to illustrate trends in their performance. As a result, the Ministry did not have the information it needs to assess or hold the ROM and McMichael accountable for their performance. We also found that the Ministry allowed the AGO to set its performance indicator targets lower than the results achieved in prior years, thereby significantly increasing the probability that the AGO will meet or exceed its annual targets.

In our follow-up, the Ministry advised us that it had reviewed the reasonableness of the performance targets set by the AGO, ROM and McMichael, taking into consideration the impact of the COVID-19 pandemic, including closures, on their operations. The Ministry told us that it plans to compare the AGO, ROM and McMichael's performance results for the 2022/23 fiscal year to the targets they had set in the fall of 2023, and to identify corrective action where necessary by December 2023.

Recommendation 2

We recommend that the Ministry of Heritage, Sport, Tourism and Culture Industries (Ministry) require that the Art Gallery of Ontario, the Royal Ontario Museum and the McMichael Canadian Art Collection:

- *submit action plans, including timelines, on how they will address the recommendations in their individual reports;*
Status: Fully implemented.
- *report annually to the Ministry on their progress in implementing the recommendations.*
Status: In the process of being implemented by December 2023.

Details

In our follow-up, we found that the AGO, ROM and McMichael had submitted action plans to the Ministry in 2021 on how they would address the

recommendations made to them in our 2020 audit. The Ministry told us that the AGO, ROM and McMichael have also been submitting quarterly reports on their progress to the Ministry. The Ministry indicated that it plans to implement a continuous follow-up process by December 2022 to assess the AGO, ROM and McMichael's progress in implementing the recommendations made in our 2020 audit. In addition, the Ministry advised us that in December 2023, it will determine if the AGO, ROM and McMichael have completed the implementation of the recommendations in our 2020 audit in full, and identify the need for corrective action where they have not.

Recommendation 3

We recommend that the Ministry of Heritage, Sport, Tourism and Culture Industries:

- *require as part of its transfer payment agreement with the Art Gallery of Ontario (AGO) that the AGO put in place rigorous conflict-of-interest policies that prohibit its Board members from participating in decisions to approve their own donations;*

Status: Fully implemented.

Details

In our 2020 audit, we found weaknesses in the AGO's governance processes where Board members donated artworks to the AGO, but there was no evidence that they declared their conflict of interest or excused themselves during the vote to approve their donations. For example, we found that one Board member, who donated a collection of artworks to the AGO was also the Chair of the Curatorial Working Committee responsible for approving the AGO's acquisitions in this collecting area. There was no indication in the committee minutes that the Chair of the committee declared their conflict of interest or excused themselves during the vote to approve the donation.

In our follow-up, we found that the Ministry had included a requirement in its 2021 transfer payment agreement with the AGO for the AGO to put in place and maintain appropriate and meaningful conflict-of-interest policies for its Board members. We also found

that the AGO had revised its conflict-of-interest policy to address conflicts of interest involving its Board members. During the course of our follow-up, the AGO also implemented further amendments to its conflict-of-interest policy in fall 2022 to clarify that Board members are prohibited from participating in decisions to approve their own donations.

- *review the legislation of the AGO and make recommendations to the provincial government to include reasonable term limits for the AGO's Board members.*

Status: Fully implemented.

Details

In our 2020 audit, we found that contrary to other comparable galleries and best practices, many of the AGO's Board members serve lengthy terms. We found that 50% of the AGO's Board members had served on the Board for more than 10 years. In addition, nearly 10% of the AGO's Board members had served on the Board for more than 30 years. One had served as long as 42 years. We compared the tenure of the Board members at the AGO to those of other comparable museums and galleries and found that Board members with the longest service typically serve between 10 and 15 years.

In our follow-up, we found that the AGO had changed its bylaws in fall 2022 to set a limit of 15 years as the consecutive number of years that a Board member can serve on the Board. The AGO indicated that Board members already serving for longer than 15 years will be transitioned off the Board by June 2025.

Recommendation 4

To achieve value for money from its transfer payment agreement with the Art Gallery of Ontario (AGO), we recommend that the Ministry of Heritage, Sport, Tourism and Culture Industries ensure that there is an assessment of need and clearly documented rationale for the amount of future funding provided to the AGO.

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

Details

In our 2020 audit, we noted that the annual funding the Ministry provides to the AGO is discretionary. We found that the Ministry has provided the AGO with approximately \$21 million in annual funding for at least the last 10 years. According to the government's Transfer Payment Accountability Directive, the Ministry must have and keep appropriate documentation to show its rationale for its funding decisions. However, the Ministry was unable to demonstrate how it determined the specific amount of funding it provides to the AGO, or its specific objectives for the funding provided beyond generally assisting the AGO to fulfill its mandate.

In our follow-up, we found that the Ministry determined that due to the impact of the COVID-19 pandemic on the AGO's operations and attendance, the Ministry would continue to provide the AGO with \$21 million in annual funding to ensure that the AGO can continue to meet its mandate. The Ministry plans to reassess the AGO's financial needs annually, and by December 2023, the Ministry will set specific objectives for the funding it provides to the AGO prior to the start of each fiscal year.