



National Gallery of Canada
Special Examination Report—2009



Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

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Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

1 December 2009

To the Board of Directors of the National Gallery of Canada

We have completed the special examination of the National Gallery of Canada in accordance with the plan presented to the Audit Committee of the Board of Directors on 19 February 2009. As required by Section 139 of the *Financial Administration Act* (FAA), we are pleased to provide the attached final special examination report to the Board of Directors.

We will be pleased to respond to any comments or questions you may have concerning our report at your meeting on 8 December 2009.

I would like to take this opportunity to express my appreciation to the Board members, management, and the Corporation's staff for the excellent cooperation and assistance offered to us during the examination.

Yours sincerely,

A handwritten signature in black ink, appearing to read "R. Flageole".

Richard Flageole, FCA
Assistant Auditor General

Attach.

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National Gallery of Canada

Special Examination Report—2009

Main Points

What we examined

The National Gallery of Canada (the Gallery) was founded in 1880, and became a federal Crown corporation in 1990, under the *Museums Act*. Its mandate is “to develop, maintain and make known, throughout Canada and internationally, a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding and enjoyment of art in general among all Canadians.”

The Gallery reports to Parliament through the Minister of Canadian Heritage and Official Languages. It is governed by a Board of Trustees and, at the time of our examination, employed about 275 people. In the 2008–09 fiscal year, it received \$53.3 million in appropriations from Parliament for capital and operating expenses as well as to purchase works for the collection. It also generated \$8.2 million in operating revenue and received \$1.7 million from the National Gallery of Canada Foundation, a registered not-for-profit charity.

We examined whether the National Gallery of Canada’s systems and practices provide it with reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively. Our examination work covered the systems and practices that were in place between October 2008 to April 2009.

Why it’s important

Museums such as the Gallery provide an opportunity to further knowledge of the visual arts. Through its collection, exhibitions, activities, public programs, and web sites, the Gallery makes its collection, its knowledge, and its scholarship available to audiences in Canada and abroad. It provides opportunities to expose audiences to well-known artists and those less established, to educate and inform, and to provide a venue to showcase Canadian achievements in visual arts.

What we found

We found no significant deficiencies in the systems and practices of the National Gallery of Canada. We found sound systems and practices in a number of areas, particularly in activities that are core to the Gallery's business. Some examples include the following:

- The Gallery has put in place the systems and practices it needs to effectively develop, manage, conserve, and protect its collection. Its comprehensive Acquisitions Policy guides the acquisition and disposition of works of art. Its electronic collections management system captures the required information on each work and tracks all their movements, both inside and outside the Gallery. It also has effective controls in place over the environmental conditions of its exhibition areas and storage facilities; various techniques are employed to reduce the risk of theft and vandalism of works of arts.
- The Gallery has systems and practices in place to effectively manage its outreach activities, including an Exhibition Policy that provides clear criteria to guide exhibition selection, the Director's Program Committee to select and approve exhibitions, and an exhibition schedule for temporary exhibitions.

We also noted that the Gallery needs to strengthen certain corporate management systems and practices that support its core business activities. The following areas deserve particular attention:

- The Gallery needs to put in place an accountability framework that will clearly define the responsibilities and authorities of its management and staff. It also needs to develop and implement a comprehensive succession plan for key positions.
- The long-term capital plan for the maintenance of the Gallery's facilities includes cost estimates dating back to 2004. Given cost overruns in projects completed to date, its funding strategy needs to be reassessed.
- The Gallery's information management system lacks rigour. A well-structured corporate approach to information management would foster efficiency and support the achievement of its strategic and operational objectives.
- The Gallery lacks a number of practices for managing risks to the security of information technology. Its security policy is outdated and controls to ensure business continuity need to be strengthened.

The Corporation has responded. *The National Gallery of Canada agrees with the recommendations. Its responses follow the recommendations throughout the report.*

Special Examination Opinion

To the Board of Trustees of the National Gallery of Canada

1. Under section 131 of the *Financial Administration Act* (FAA), the National Gallery of Canada is required to maintain financial and management control and information systems and management practices that provide reasonable assurance that its assets are safeguarded and controlled; its financial, human, and physical resources are managed economically and efficiently; and its operations are carried out effectively.
2. Section 138 of the FAA also requires the Corporation to have a special examination of these systems and practices carried out at least once every 10 years.
3. Our responsibility is to express an opinion on whether there is reasonable assurance that during the period covered by the examination—from October 2008 to April 2009—there were no significant deficiencies in the Corporation's systems and practices.
4. We based our examination plan on our survey of the Corporation's systems and practices and a risk analysis. On 19 February 2009, we submitted the plan to the Audit and Finance Committee of the Board of Trustees. The plan identified the systems and practices that we considered essential to providing the Corporation with reasonable assurance that its assets are safeguarded and controlled, its resources managed economically and efficiently, and its operations carried out effectively. Those are the systems and practices that we selected for examination.
5. The examination plan also included the criteria that we used to examine the Corporation's systems and practices. The criteria were selected for this examination in consultation with the Corporation. The criteria were based on our experience with performance auditing and our knowledge of the subject matter. The criteria and the systems and practices we examined are listed in **About the Special Examination** at the end of this report.
6. We conducted our examination in accordance with our plan and with the standards for assurance engagements established by The Canadian Institute of Chartered Accountants. Accordingly, it included the tests and other procedures we considered necessary in the circumstances. In carrying out the special examination, we did not rely on any internal audits.

7. In our opinion, based on the criteria established for the examination, there is reasonable assurance that during the period covered by the examination there were no significant deficiencies in the Corporation's systems and practices.

8. The rest of this report provides an overview of the Corporation and more detailed information on our examination observations and recommendations.



Richard Flageole, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
1 May 2009

Overview of the National Gallery of Canada

Background

9. The National Gallery of Canada (the Gallery, or the Corporation) was founded in 1880. It became an autonomous Crown corporation in July 1990, when the *Museums Act* was proclaimed in force. Section 5 of the Act sets out the Gallery's mandate: "to develop, maintain and make known, throughout Canada and internationally, a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada, and to further knowledge, understanding and enjoyment of art in general among all Canadians."

10. The Gallery reports to Parliament through the Minister of Canadian Heritage and Official Languages. It is governed by a Board of Trustees composed of 11 members from various regions of the country, appointed by the Governor in Council.

11. The Gallery is the steward of an art collection that includes Canadian, Western European, American, and Asian art, as well as historical and international photography. Its Library and Archives house a collection of research material on visual arts history. The Gallery includes an affiliate, the Canadian Museum of Contemporary Photography, established in 1985 to collect, interpret, and disseminate works of Canadian contemporary photography.

12. The Gallery's 2007–08 Annual Report states, "The strength of the National Gallery lies in its collection of art, especially Canadian art, and accessibility to the public across the country." The Gallery has four key activities:

- **Collection:** To acquire art, conduct research, and preserve the collection for future generations through comprehensive conservation initiatives.
- **Outreach:** To further knowledge, understanding, and enjoyment of the visual arts among Canadians and in all regions of the country.
- **Accommodation:** To ensure that the Gallery's facilities are secure, suitable for the preservation and exhibition of the national collection, readily accessible to the public, and safe for visitors and employees.
- **Corporate management:** To provide for sound governance, ensure effective and efficient management of human and financial

resources, and generate external revenues to help support achievement of its legislated mandate.

13. The Gallery collection currently consists of approximately 37,000 works of art. The collection of Canadian art includes close to 2,000 works by contemporary Canadian artists and a growing collection of Aboriginal art. In addition, the Gallery's Library and Archives facilitate study and research of the Gallery's fine art collections, all aspects of Canadian art, the history of Western European and American art in particular, and the history of art in general.

14. The Gallery has a staff of approximately 275 and 7 curatorial departments covering the Gallery's collecting areas. Its activities are funded primarily through parliamentary appropriations. In the 2008–09 fiscal year, the Gallery received a base appropriation of \$53.3 million for capital and operating expenses, as well as for the purchase of works for the collection. The Gallery generated another \$8.2 million in operating revenue. In addition, it receives funding from the National Gallery of Canada Foundation, a registered, not-for-profit charity founded in 1997. In the 2008–09 fiscal year, the Gallery received \$1.7 million from the Foundation.

15. In the same fiscal year, the Gallery reported welcoming over 472,000 visitors. Further, each year it loans anywhere from 800 to 1,200 works of art to museums across Canada and abroad. Its "On Tour" program offers travelling exhibitions for display at sites across Canada and abroad.

16. In March 2009, the Board of Trustees approved the permanent move of the Canadian Museum of Contemporary Photography to the Gallery's main building at 380 Sussex Drive in Ottawa. The Gallery stated that the premises then occupied by the Museum did not adequately protect its collection. The Museum currently operates from Gallery facilities, including administrative offices and exhibition space. The Gallery's storage facilities now house the Museum's collection of over 17,000 photographic works and 144,000 negatives and transparencies.

Focus of the special examination

17. We examined the National Gallery of Canada's systems and practices in nine areas: corporate governance; strategic and operational planning; performance measurement and reporting; development, management, and preservation of the collection;

outreach; human resources management; facilities repair and maintenance; information management; and information technology. Our objective was to determine whether those systems and practices provide the Gallery with reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

18. For further details on the audit objectives and criteria, see **About the Special Examination** at the end of this report.

Observations and Recommendations

Corporate governance

19. Corporate governance refers to the structures, systems, and practices for overseeing the direction and management of an organization so that it can fulfill its mandate and achieve its objectives. Sound corporate governance practices are essential to meeting the statutory control objectives for Crown corporations outlined in Part X of the *Financial Administration Act*.

20. We expected the National Gallery of Canada to have a well-performing corporate governance framework and practices that meet the expectations of best practices in board stewardship, shareholder relations, and communications with the public.

21. We found that the Gallery has the key elements of a good governance framework. However, we noted areas for improvement.

22. In reviewing the Gallery's corporate governance practices, we looked at important governance elements, including

- the Board of Trustees' roles and responsibilities, independence, capability, and membership;
- orientation and training for Board members;
- Board self-evaluation and evaluation of the Director of the Gallery;
- ethics and values; and
- corporate performance information.

The Gallery has the key elements of a good governance framework

23. The Gallery's Board of Trustees is composed of 11 members. As of 31 March 2009, all Board positions but one were occupied. The Gallery's 2004 governance policy clearly defines roles and

responsibilities of the Board and the Gallery's Director. The Board is supported by six committees: the Executive Committee, the Acquisitions Committee, the Audit and Finance Committee, the Governance and Nominating Committee, the Human Resources Committee, and the Public Programs and Advisory Committee for the Canadian Museum of Contemporary Photography. Each of these committees operates under terms of reference that are approved by the Board and reflect the key responsibilities regarding collections and outreach activities, as well as management activities of the Gallery. The Board encourages members to participate in committees other than their own to enable information sharing.

24. When specialized expertise is required to carry out its responsibilities, the Board can consult external advisers. For example, the Board's Acquisitions Committee must approve the acquisition of works of art valued over \$50,000. To supplement information received from curatorial staff when determining whether or not to approve an acquisition request, the Board customarily consults external advisers to provide additional information when it must make decisions.

25. A profile of required skills, expertise, and regional representation has been developed for the Board as a whole. The Board uses this profile to identify the skills set required when making recommendations to the Minister on filling a Board vacancy. Board succession is actively addressed to ensure continuity and appropriate skills on the Board.

26. Board members have established a series of practices that provides them with the information they need to ensure that they have the appropriate independence, ability, skills, and access to resources to meet their responsibilities. To further enhance its independence, the Board can hold part of its meetings without management in attendance, when required.

27. In our 2005 special examination report, we noted that the Gallery provided new Board members with an information package about their duties but had no formal orientation program for them. We also noted in 2005 that the Board lacked mechanisms to ensure that its members had access to continuing education programs. Since then, the Gallery has developed an orientation program that provides new members with information on topics such as the Gallery's mandate, its strategic direction, and trustee responsibilities.

28. Once a year, the Board assesses the performance of the Gallery's Director. In response to an observation in our 2005 special

examination report, the Board has instituted an annual self-assessment process. Based on the 2008 assessment, the members were satisfied with the functioning of the Board and its committees.

29. In December 2008, the Governor in Council appointed a new Director of the Gallery. The Board played an active role in the selection process through its Governance and Nominating Committee. The Board hired an external firm to identify possible candidates who could meet the Board-approved profile of experience and competencies required for the position of Director. Board members also participated in interviews of candidates.

30. The Gallery has a Code of Ethics, which was updated in September 2004. It applies to management, employees, and Board members, as well as external advisers to the Board. We noted that the Gallery's Code of Ethics is in line with the Values and Ethics Code for the Public Service. When they are appointed, Board members sign an undertaking to divulge any conflict of interest. In response to an observation in our 2005 special examination report, the Board now receives updates on Code of Ethics compliance.

31. In 2008, a conflict occurred between some senior managers of the Gallery. The Board was kept informed and met regularly to discuss the situation without management in attendance to discuss the situation. It took the actions it considered appropriate in the circumstances until the situation was resolved.

Information to support the Board's oversight role can be improved

32. In our 1999 and 2005 special examinations, we reported that there was no clear link between information presented to the Board and the Gallery's strategic objectives and priorities, that the information had not been analyzed, and that management had not adequately explained variances. In 2009, we found that the Board receives quarterly information such as details of operations, attendance figures, and bookstore revenue. It also receives information on strategic objectives through the corporate plan and the annual report. However, the Board has not made it a practice to request that it be provided quarterly with information on achievement of the objectives presented in the corporate plan. Such information would allow the Board to see how the Gallery is progressing toward meeting its overall objectives.

33. The Gallery is currently carrying out a series of major capital projects (paragraphs 97–98). At its meetings the Board of Trustees

receives detailed information on the status of specific projects but not on overall progress. For example, there is no information on the potential operational risks to other projects should one project significantly exceed its budget. Management has indicated to the Board that it would annually review overall project priorities and scope and make adjustments as required to reflect increased project costs. No such review has been performed. We encourage the Board to ensure timely completion of updates so that it has the most recent information to support its oversight role.

34. The Gallery's senior management reports regularly to the Board's Human Resources Committee but provides mainly transactional information, such as the number of offers of employment or number of grievances. We did not find that the committee makes it a practice to regularly request strategic information from management. For example, the committee receives information on turnover rates but did not request information about the level of employees leaving the organization, the reasons for their departure, or the impacts on the organization.

35. Recommendation. The Board of Trustees and management of the National Gallery of Canada should work together to ensure that the Board receives, on a timely basis, the strategic information it needs to exercise effective oversight.

The Corporation's response. Agreed. Management will work with the Board to identify what information can be regularly reported on to demonstrate whether objectives identified in the corporate plan are being met.

Strategic and operational planning

36. Strategic planning guides what an organization is, what it does, and why it does it, while focusing on the future. It includes assessing and adjusting the organization's direction in response to a changing environment. Operational plans give details of how strategic direction is to be carried out. This is an area where a board of trustees plays an important role.

37. We expected the National Gallery of Canada to have a clearly defined strategic direction, as well as specific, measurable goals and objectives for achieving its mandate. We also expected its strategic direction and goals to take into account identified risks, as well as the need for controlling and protecting the Gallery's assets and managing its resources economically and efficiently.

38. We found that the Gallery has satisfactory systems and practices for strategic and operational planning, but there is room for improvement.

The corporate plan provides clear direction for the Gallery's activities

39. The corporate plan is the Gallery's main planning instrument. In 2007, the Gallery undertook a strategic review as part of a government-wide exercise. This involved a comprehensive assessment of the performance of all its programs. The review enabled the Gallery to identify strategic issues and areas where it could seek efficiencies. The strategic priorities for subsequent corporate plans were derived from the strategic review—for example, the need to maximize the efficiency of the Gallery's operations and the challenge of increasing self-generated revenues. The Board of Trustees played an active role in the strategic review, creating an ad hoc committee to provide comments and suggestions to senior management. The corporate plan for following years was in line with the strategic review and was approved by the Board.

40. The Gallery has developed a number of strategies to address its strategic priorities. The Board has approved those strategies.

41. The 2009–10 to 2013–14 Corporate Plan includes a mission statement, vision, and strategic priorities, as well as measurable goals and results for each program activity. It also includes information on what the Gallery sees as its internal and external challenges. We found that the strategic priorities and key results were aligned with the Gallery's mandate. However, while the mandate refers to international as well as domestic outreach, the mission statement does not reflect the international component. We encourage the Gallery to ensure consistency between its mission and mandate.

42. In 2005, we noted that management needed to provide the Board with an overall assessment of all the Gallery's risks and the systems and practices in place for mitigating them, as well as the priority level of action in areas where gaps had been identified. In 2006, the Gallery updated the risk assessment it had developed in 2004. That was the last comprehensive update of its risk assessment, although the Board discusses risks at its meetings. In a constantly changing environment, it would be important for the Gallery to formally update its risk assessment annually.

Communication to staff about strategic direction needs improvement

43. Senior management is responsible for informing staff about the corporate direction. In our 2005 special examination report, we noted that the Gallery's efforts to communicate its strategic direction and priorities throughout the organization could be more effective. In 2009, we found that limited efforts have been made to inform staff about strategic direction. Staff members received email notification that copies of the corporate plan were available on request, but they were given little other information about the content of the plan. New employee orientation materials presented in January 2009 mention a number of Gallery priorities, but these could not always be clearly linked to the priorities listed in the corporate plan. The messaging in the corporate plan and orientation materials was thus not consistent. We also noted that no presentation on strategic direction is made at all-staff meetings. Clear communication of corporate direction would help the Gallery ensure that employees are working toward the achievement of corporate objectives and priorities.

Operational plans are still lacking

44. In our 1999 and 2005 special examination reports, we observed that operational plans were not consistently developed across the Gallery. In 2005, we also noted that when plans were developed, they were not always clearly linked to the corporate objectives. In 2009, operational plans continue to be an area of weakness. Management has developed a template for operational plans, but no plans were completed in 2009. Operational plans could provide the linkage with priorities and key results set out in the corporate plan, ensuring that efforts in each area support the strategic direction.

45. **Recommendation.** The National Gallery of Canada should
- update the risk assessment annually to ensure that timely information is available for effectively planning and monitoring mitigation strategies,
 - formally communicate the strategic direction to staff on a regular basis to ensure that it is well understood throughout the organization, and
 - develop operational plans to ensure that activities in each area of the Gallery support the organization's strategic objectives.

The Corporation's response. Agreed. The Corporation will review, on an annual basis, the risk assessment of the National Gallery. It will regularly communicate its strategic direction to management and staff. The level of

achievement against the strategic priorities will be highlighted through the presentation of the Annual Report. Beginning in fiscal year 2010–11, the Gallery will develop annual operational plans linked to the priorities and key results set forth in the corporate plan.

Performance measurement and reporting

46. Performance measurement and reporting enables an organization to make sound decisions, hold management accountable for use of resources, and communicate to stakeholders how well the organization is performing and meeting its strategic objectives.

47. We expected the National Gallery of Canada to have a performance management framework, including performance indicators for measuring the achievement of its mandate and statutory objectives. We also expected the Gallery to have reports providing complete, reasonable, timely, and balanced information to support decision making and accountability.

48. We found that the Gallery has satisfactory systems and practices for performance measurement and reporting, but there is room for improvement.

The Gallery has the systems and practices in place to measure and report on performance but lacks performance targets

49. The 2009–10 to 2013–14 Corporate Plan establishes the objectives and strategies, and sets out key expected results for each program activity and strategic priority. It contains performance indicators and measures for each key expected result. Qualitative and quantitative indicators also allow the Gallery to capture information on its various activities.

50. As we found in our 2005 report, the Gallery’s quantitative performance indicators do not have stated targets. For example, an indicator such as “the number of virtual tours developed and implemented” does not have a target enabling the Gallery to measure whether it has achieved its objective or whether corrective action is required. If targets were developed, management and the Board would be in a better position to monitor results on an ongoing basis and react in a timely manner.

Performance reporting is not sufficiently linked to corporate planning

51. A Crown corporation issues an annual report to provide information on the achievement of its mandate, as required by the *Financial Administration Act*. The annual report must include financial

statements and a statement on the extent to which the corporation has met its objectives. The Gallery's 2007–08 Annual Report provides information on objectives established in the organization's corporate plan for that fiscal year. The results reported under each objective include a list of acquisitions, a list of exhibitions held, the number of conservation treatments provided, catalogues published, the number of loans, and much additional information on outputs. The report also provides what it calls "key statistics" for the year, such as attendance, works on loan, and participation in adult programs. We noted, however, that the Gallery does not interpret the data reported and does not provide information on the consequences attributable to those statistics.

52. Further, we found that the annual report does not provide performance information over time. We encourage the Gallery to provide this information so that readers can track progress.

53. Finally, we reviewed the assessment of results in the Gallery's 2009–10 to 2013–14 Corporate Plan. This assessment is not based on the key results, key performance measures, or performance indicators presented in the previous year's corporate plan. In fact, the assessment does not mention the objectives set out in the previous year. This makes it difficult to track performance over time.

54. Recommendation. The National Gallery of Canada should

- develop targets for performance indicators to demonstrate whether the Gallery has achieved its planned results, and
- ensure that performance reporting is in line with the objectives stated in the corporate plan to allow for monitoring of performance over time.

The Corporation's response. Agreed. The Corporation will continue to refine its performance measurement framework so that the assessment of results in the corporate plan responds to the strategic priorities, key results, and performance measures/indicators presented in the previous year's corporate plan. Where relevant, the Corporation will develop targets for established performance indicators.

Development, management, and preservation of the collection

55. A vital component of the Gallery's mandate is the task of developing, managing, and preserving the collection. This activity is also a primary tool for furthering knowledge, understanding, and enjoyment of art among all Canadians.

56. We expected the National Gallery of Canada to have a well-defined strategy for developing a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada. We also expected the collection to be effectively managed, housed, protected, documented, and conserved.

57. We found that the Gallery develops, manages, and preserves its collection adequately. Nevertheless, we identified opportunities for improvements in systems and practices related to conservation.

Sound systems and practices are in place for collection development

58. The Gallery's Acquisitions Policy guides the acquisition and disposition of works of art. It was last amended by the Board of Trustees in 2007. The Policy establishes principles and procedures governing collection development, and defines specific collecting areas.

59. The Curatorial Acquisitions Committee includes the Gallery's Director, Deputy Director, and curators. It reviews all proposals for acquisition of works of art and recommends the ones to be pursued. Written justification is presented in support of each proposal, including information such as a description of the work, other collections in which the creator of the proposed work is represented, and the history of previous ownership. The work proposed for acquisition is normally brought to the Gallery for on-site analysis. The Director of the Gallery can approve purchases of under \$50,000; the Acquisitions Committee of the Board of Trustees has authority to approve purchases of over \$50,000 and under \$1 million; the Board of Trustees itself must give approval if the purchase price of a work of art is \$1 million or more.

60. The Acquisitions Policy also defines criteria and conditions for the disposition of works of art. The Board of Trustees must approve any disposition. Disposition occurs very rarely. Records show that the Gallery has disposed of 47 items since it was founded.

The Gallery manages, conserves, houses, and protects its collection well

61. The Gallery has an electronic collections management system. This captures standardized information on each work of art—for example, the title, artist, date of acquisition, and dimensions. The system tracks all movements of works, including to exhibition spaces within the Gallery or to other institutions on loan. It also includes data on other works of art in the Gallery's custody—for example, items on

loan to the Gallery or being considered for acquisition. There is currently no backlog of works to be catalogued.

62. The Gallery conducts annual inventory checks to provide assurance that artwork is located where it should be. It uses a random sample of the collection as the basis for verification. In the 2007–08 fiscal year, the inventory check identified only a single misplaced item from a sample of over 3,500 works. The item was subsequently located.

63. The Gallery’s conservation responsibilities include preventing deterioration and damage, conducting examinations and research, performing conservation treatments, and undertaking documentation. The Conservation Policy guides conservation activities, including establishing priorities for treatment, defining the conservator’s responsibilities, and setting broad guidelines for documentation. The policy states that the Gallery should have a complete program of preventive care, and should perform routine condition checks of all artifacts in the collection. The Gallery performs conservation treatments of works that are being prepared for viewing—for example, for an exhibition or a loan to another institution. However, we found that it does not have a preventive care program, nor does it routinely check the works in its collection. In other words, the Gallery does not comply with its own policy. Management informed us that the Gallery does not see preventive care as a high priority because it stores works of art in an adequate environment.

64. The Gallery has established humidity and temperature set points for its exhibition areas and storage facilities. It monitors these regularly. In addition, recipients of works of art owned by the Gallery must provide a facility report with information on features such as environmental conditions, fire protection, and security.

65. The Gallery’s storage facilities now house the Canadian Museum of Contemporary Photography’s collection of photographs, negatives, and transparencies. The facilities provide appropriate environmental conditions for this collection.

66. Finally, the Gallery has systems and practices aimed at preventing theft and vandalism. It employs various types of surveillance techniques. In addition, the Gallery has emergency and contingency plans that are up to date and tested periodically.

Technology-dependent art poses particular conservation challenges

67. The Gallery collection contains approximately 1,200 works of art that depend in part on technology, including audio, software, and video. Found primarily in the Contemporary Art collection, these works can pose particular conservation challenges. One challenge is the risk that technology used in a work will become obsolete. For example, a work of art that uses a specific type of television set may eventually be difficult to exhibit if the television stops working and no replacement is available. The risk is greater if the artist used certain equipment to create an effect (such as a particular quality of image) rendered only by that equipment. Another risk is that the film and video media used to record certain works will degrade or become unstable.

68. The Gallery has recognized these challenges and has taken some steps to deal with them. In 2005, the Gallery completed a study that made recommendations for future acquisition practices and a retrospective preservation program. As a result, procedures were drafted to address issues at the time of acquisition. One procedure involves holding discussions whenever possible with the creator of a work at the time of acquisition, and documenting which changes the artist will accept that would not change the intended effect. The artist may agree that replacing an old television set with a modern one would not alter the work's intended effect.

69. Although we were informed that these procedures were followed for the majority of purchases in 2008, they have yet to be officially approved. In addition, 26 percent of the Gallery's technology-dependent works have been stabilized by copying from their original state; that is, they now exist in a duplicate format that can be viewed or accessed. Currently, the Gallery has no work plan for converting the remaining 74 percent of its collection in a timely fashion.

The Gallery has not developed an overall research plan

70. Research plays a key role in the Gallery's core activities. Research supports decisions on new acquisitions and proposed exhibitions, and provides the knowledge base for Gallery publications. In 2004, the Gallery developed a Research Policy, with defined guidelines on the types of research to be conducted and its uses. However, we found no plan outlining overall research activities to be undertaken within the Gallery. Curatorial research is important to core activities but resources are limited. A formal research plan would allow

the Gallery to set priorities for research activities and ensure that research aligns with corporate objectives.

71. Recommendation. The National Gallery of Canada should

- review its Conservation Policy to determine whether preventive care requirements remain relevant,
- develop and implement a plan for conserving technology-dependent works of art, and
- develop an overall research plan to set priorities for research activities and ensure that research aligns with corporate objectives.

The Corporation's response. Agreed. The Corporation will review the Conservation Policy and will work on a plan for conserving technology-dependent works. It will also develop an overall research plan.

Outreach

72. Outreach is a key part of the mandate of the Gallery. The Gallery conducts outreach through activities such as its exhibitions in the National Capital Region, its “On Tour” program of travelling exhibitions, loans of works of art to other institutions, educational programming, its websites, and research activities.

73. We expected the National Gallery of Canada to develop and implement clear outreach strategies and practices. We further expected the outreach activities and practices to make the Gallery’s collections known throughout Canada and internationally, and to further knowledge, understanding, and enjoyment of art among Canadians.

74. We found that the National Gallery of Canada has sound systems and practices for managing its outreach activities. However, we identified some areas for improvement.

The Gallery has systems and practices to effectively manage its outreach activities

75. We found that the Gallery has sound systems and practices for developing and managing exhibitions. Its Exhibition Policy provides clear criteria to guide exhibition selection. The Director’s Program Committee selects and approves all exhibitions. A five-year exhibition schedule sets timelines for temporary exhibitions. Internal committees manage secondary activities, such as maintaining uniformity between an exhibition and related products, and reviewing exhibition publications.

76. The “On Tour” program offers a selection of travelling exhibitions, mainly featuring artworks from the Gallery’s permanent collection. These exhibitions go to Canadian sites outside the National Capital Region, as well as locations outside Canada. A travelling exhibition manager administers the program. The Gallery reports that in the 2007–08 fiscal year, 22 exhibitions circulated to museums and galleries across Canada, and two exhibitions circulated internationally.

77. In our 2005 report, we noted that the exhibition management process was not documented. Since then, a document was drafted that describes the overall exhibition management process. The Gallery also has a project management tool, setting out key steps and timelines. In our view, these are both good tools but might not be sufficient to ensure consistency in exhibition development. The exhibition is a key medium for communicating with the public. Its effectiveness depends on coordination of several internal resources. Formal, documented exhibition guidelines would help in ensuring consistency and training new employees.

78. We also noted in 2005 that the role of the Director’s Program Committee needed to be clarified. We found that this is still the case in 2009. Terms of reference would ensure that there is no confusion about the committee’s roles and responsibilities.

79. The Gallery has a wide range of educational programs for schools, families, youth, adults, and persons with disabilities. It currently offers 38 school programs and 17 adult programs. When establishing school programs, the Gallery considers provincial and territorial educational curricula. It seeks feedback on some programs to assess their success. In the summer of 2007, the Gallery began an in-depth review of school and adult programs to determine whether existing programming remains appropriate and whether there are opportunities for efficiencies. The review was still in progress at the time of our audit.

80. The Gallery has five websites. These present information about its activities and public programming, and feature electronic tools, such as an online catalogue. The Gallery also distributes electronic newsletters on request. The CyberMuse site provides information on selected works in the Gallery’s collection, with images and related details. Currently, approximately 40 percent of the Gallery’s collection is digitized. There is no formal, up-to-date plan or strategy to digitize the remaining portion of the collection.

81. Finally, the public can explore resources of the Gallery's Library and Archives, including databases, books, periodicals, and archival material. In the 2007–08 fiscal year, the Gallery reported that the Library received over 608,000 inquiries. The Library catalogue is accessible online. In addition, the Gallery presents Library and Archives exhibitions based on material from its collection.

82. **Recommendation.** The National Gallery of Canada should
- develop terms of reference for its Director's Program Committee to clearly set roles and responsibilities, and
 - approve and use general guidelines for exhibition management to help in ensuring consistency and training new employees.

The Corporation's response. Agreed. The Corporation will undertake to prepare terms of reference for its Director's Program Committee. It will document the exhibition approval and production life cycle, with procedures and practices for reference. This initiative is dependent on resource availability and affordability.

Human resource management

83. The Gallery's success depends largely on the quality and performance of its employees. It requires highly skilled and uniquely qualified individuals. Their knowledge and expertise enable the Gallery to meet its mandate.

84. We expected the National Gallery of Canada to have human resources that are managed in a manner that provides the Gallery with the human resource capacity and the work environment needed to achieve its goals and objectives. We looked at human resource planning, recruitment, training and development, performance management, succession planning, and health and safety.

85. We found that the Gallery has made progress toward establishing human resource systems and practices since our last special examination. However, we identified some areas for improvement, including the need for an accountability framework and a succession plan.

Progress has been made in human resource management, but a number of areas still require more attention

86. Since our 2005 special examination report, we noted improvements in human resource planning practices. In June 2005, the Board of Trustees approved a human resources strategic framework. The framework identified a series of human resource priorities to be addressed over the subsequent four years in support of

achieving the Gallery's goals. However, some priorities rated as high by the Gallery—for example, developing an accountability framework—have not been addressed yet.

87. Since the 2005 special examination, the Gallery has improved the way it manages its performance evaluation process. In 2007, it revised its performance evaluation forms, and it has developed guides for managers and staff to assist with the process. However, there remains room for improvement. In the 2007–08 fiscal year, for instance, performance evaluations were completed for only 68 percent of staff members. The evaluations reviewed did not reflect corporate objectives and priorities in the individual objectives of employees.

88. In December 2008, the Board approved the Gallery's Human Resources Corporate Policy. This overarching policy defines the Gallery's vision for human resources from both an organizational and functional standpoint. The Gallery also developed additional human resource policies, which were then approved by the Board or senior management. There has been progress in providing staff training, including on health and safety, performance evaluation, and leadership.

89. The Gallery has made efforts to improve its staffing processes. It now has a system in place that allows it to review human resource needs so that it can determine the best option for filling a vacancy—whether a new hiring, reorganization, or task redefinition.

90. In our 2005 report, we stated that the Gallery faced a number of challenges. In 2009, we noted that management has taken steps to improve the work environment. For example, the Gallery has instituted regular consultations through union-management committees. It has also implemented health and safety committees, and offers related training. However, it has not met its 2005 commitment to conduct a staff survey. We encourage the Gallery to conduct such a survey because it would allow staff to provide input and propose action plans to correct real or perceived deficiencies.

91. The Gallery identified the need for a Management Accountability Framework in 2005. As of 2009, it had not yet developed this tool for defining results to be achieved, and documenting and communicating accountabilities. A Management Accountability Framework would set out and clarify the authority of employees and managers to make decisions and would define their accountabilities. We found that authorities have not been formally delegated to staff and some individuals assumed responsibilities not

delegated to them. We noted instances of confusion in decision making because of the lack of clear responsibilities and accountabilities and the absence of delegation of authority. Such situations potentially exposed the Gallery to risks.

92. Over a number of years, the Gallery's senior management has noted the need for a succession plan and the Board of Trustees has identified this as an important issue. Nevertheless, the Gallery does not have a succession plan and has done little to develop one. It has individual succession plans for some positions but no comprehensive plan. Without that plan and the guidance it would provide for human resource plans and activities, the Gallery risks not having the appropriate competencies and specialized skills needed to meet its mandate.

93. Recommendation. The National Gallery of Canada should

- develop an accountability framework to define, document, and communicate responsibilities and accountabilities to management and staff, and delegate authority accordingly; and
- develop and implement a comprehensive succession plan to ensure that the Gallery has employees with the appropriate competencies and skills when needed.

The Corporation's response. Agreed. The Corporation has written its first human resources plan. Through this document, the Gallery is planning the development of a human resources accountability framework. The completion date is scheduled for 31 December 2009. The Gallery will also develop a succession plan, which is scheduled to be completed by 30 June 2010. Prior to the development of the succession plan, the Gallery will develop key competencies.

Facilities repair and maintenance

94. One of the four key activities identified by the Gallery is accommodation—that is, ensuring that its facilities are secure, suitable for the preservation and exhibition of its collection, readily accessible to the public, and safe for visitors and employees. This activity necessarily involves facilities repair and maintenance.

95. We expected the National Gallery of Canada to have well-defined repair and maintenance processes to ensure that its facilities are managed economically and efficiently, support the preservation and exhibition of its collection, and are safe for visitors and employees.

96. We found that the Gallery has the systems and practices in place to plan and manage facilities repair and maintenance. However, it has not updated its long-term capital plan.

Systems and practices for managing facilities repair and maintenance are adequate

97. The Gallery's main building, located at 380 Sussex Drive in Ottawa, was completed in 1988. In its 20 years of operation, the building has required primarily routine maintenance and repairs. Now it needs numerous life cycle replacements and repairs. In the 2007–08 fiscal year, the federal government provided the Gallery with additional funding of \$14.8 million over three years. The funds were intended to address facilities-related risks to program delivery and to health and safety. Costs incurred as of 31 March 2009 totalled around \$6.8 million. Of 63 planned capital projects, the Gallery has completed 21 and is currently implementing 9. Another 13 are in the design and planning stage, 3 have been cancelled, and 17 are on hold pending budget review.

98. The Gallery has established systems and practices for managing facilities repair and maintenance. These include a long-term capital plan prepared for the fiscal years 2008–09 to 2012–13 to manage the life cycle of its facilities. The plan presents a description of each project, its purpose and rationale, priority rating, risks of deferral, and budget. Condition assessments of the facility are developed, maintenance contracts with specialized contractors are established, and costs incurred are monitored monthly. Information on capital projects is reported quarterly to the Audit and Finance Committee of the Board of Trustees, and semi-annually to the Treasury Board of Canada Secretariat.

The long-term capital plan has not been updated

99. The Gallery developed its long-term capital plan in 2006. It contains estimates that give an order of magnitude of the costs to be incurred and allows for ranking of all the options under consideration. Some of the cost estimates date back to 2004. Estimates are updated only when a project is scheduled to start. As of June 2009, the Gallery had not updated its overall cost estimates for the capital plan.

100. This has implications for future planning, particularly the estimated costs of future projects and the priority currently assigned to them. The outdated estimates may not reflect current costs for construction and materials. Consequently, the Gallery's management does not have accurate information about what its total expenditures

will actually be. Our review of projects completed and in progress as of 31 March 2009 indicated a cumulative cost overrun to date of \$4.3 million. There is a risk, therefore, that the Gallery does not know how many of the planned projects can be completed with the funding provided by the government, or whether the priority currently assigned to projects remains appropriate given funding shortfalls.

101. Management indicated to the Board of Trustees that it would annually revise project scopes to allow for cost increases. At the time of our audit, management had not yet provided an updated forecast of planned capital expenditures. Without this information, the Board and senior management cannot form an overall picture of whether it will be possible to complete all projects as originally planned. They also cannot determine whether the Gallery's funding strategy needs to be reviewed.

102. Recommendation. The National Gallery of Canada should update its long-term capital plan and revise its funding strategy on a regular basis.

The Corporation's response. Agreed. The Corporation will update its long-term capital plan annually.

Information management

103. Information management assists with a wide variety of activities, from planning and developing information systems to the disposition or long-term preservation of information. A well-structured information management approach fosters efficiency throughout the information life cycle, from creation to final disposition.

104. We expected the National Gallery of Canada to have an information management system that supports its strategic and operational objectives, and satisfies information needs on a timely basis.

105. We found that more rigour is needed in managing information in the Gallery. It made some efforts to provide corporate guidance for information management but has suspended them.

The information management system lacks rigour

106. We found that the different divisions and even individual employees can decide on questions such as what information to keep, how it should be organized, how it should be classified for security purposes, and how long it should be kept. The result is that information is classified, filed, and stored in different ways across the organization. The Gallery does not provide corporate-level guidance on the proper way to treat information throughout its life cycle. In

addition, we found that information is not always easily accessible. For example, the Gallery does not have centralized, complete listings of past publications. There is no guidance provided to staff on when or whether to send documents to the Gallery's Archives.

107. Current practices support the Gallery's work, but the lack of a corporate approach to information management exposes the organization to certain risks. At present, individual employees rely on their own judgment to decide which information has long-term value. This approach could mean that important historical documents will not be available for future generations. Without retention schedules or disposition routines, the Gallery lacks assurance that useful records will remain available and it incurs significant storage costs. In addition, without formal classification systems, the task of retrieving information can be cumbersome and time-consuming.

108. In 2006, the Gallery initiated a process to restructure and formalize its information management systems and practices. It created the position of Chief Information Officer, reporting to the Deputy Director of Corporate Governance and responsible for the divisions of Collections Management, Records Management, and Information Technology. Between 2006 and 2008, various information management documents were drafted, including a policy, a strategic plan, a retention and disposition schedule, and a classification system for filing and managing email messages and electronic documents. Most of these documents still await approval.

109. In 2007, the Gallery created a committee to help deal with information management and information technology in a disciplined and coordinated manner, but the committee was suspended in February 2008. A gap analysis report was presented to senior management in 2007, but the Gallery has not acted on the report's recommendations. The position of Deputy Director of Corporate Governance has been vacant since fall 2007, reportedly because of budget constraints. In our view, the Gallery is not paying sufficient attention to information management.

110. Recommendation. The National Gallery of Canada should finalize its 2006 initiative to restructure and formalize its information management systems and practices.

The Corporation's response. Agreed. The Corporation intends to resume implementation of the information management initiatives developed since 2006 to improve the management of both physical and electronic

records at the Gallery. The scope and implementation schedule of this initiative are dependent on resource availability and affordability.

Information technology

111. All sectors and activities of the Gallery rely on information technology. It enables the Gallery to carry out its business and meet its mandate. For example, information technology supports outreach activities, such as providing Canadians with access to the collection and research tools online. It also supports the electronic collections management system.

112. We expected the National Gallery of Canada to have information technology systems that support the organization's strategic and operational objectives and ensure business continuity.

113. We found that the Gallery has some systems and practices in place for managing information technology, but it lacks other key practices.

Some information technology practices are missing

114. The Gallery has appropriate information technology (IT) project management practices; for example, it develops and uses steering committees to guide such projects. The Gallery's helpdesk ensures that users' questions and problems are resolved promptly. We were informed that backups are completed weekly and are sent to an external site and that restorations are tested. These are all important systems and practices. However, other key practices are missing. At the time of the audit, the IT division was aware of the issues and was contemplating implementing changes.

115. A strategic plan for information technology helps ensure alignment between the corporate plan and the information technology strategy. We found that the Gallery does not have an up-to-date approved IT strategic plan. It identifies information technology projects in the Gallery's yearly capital plan. Without a strategic plan, it is difficult to assess whether the information technology strategy aligns with the Gallery's corporate plan.

116. We also found that the Gallery lacks key practices regarding IT security. For example, the Gallery's security policy was last reviewed in 2005 and is outdated. The disaster recovery plan also dates from 2005; it has not been updated and has never been tested. No current threat and risk assessment is available. Without such an assessment, the Gallery lacks information concerning significant security risks. Finally, the Gallery's monitoring and reporting on security incidents is inadequate to identify security issues.

117. These security control weaknesses expose all Gallery applications to risk. It is also difficult to determine whether there have been irregularities in accessing IT systems because the Gallery does not have policies enabling it to identify who should access applications, and its monitoring and reporting are inadequate.

118. **Recommendation.** The National Gallery of Canada should

- develop an information technology strategic plan aligned with corporate strategic and operational objectives, and
- improve the security program so that only authorized persons will be able to access corporate information.

The Corporation's response. Agreed. The Corporation outlined the security issues identified and is in the process of addressing these issues by restructuring the Information Technology department, creating a new post, and redrafting the responsibilities of two other vacant posts. These plans have received senior management and budgetary approval, and recruitment to fill the positions is actively under way.

Conclusion

119. We found no significant deficiencies in the systems and practices of the National Gallery of Canada. During the period under examination, they were maintained in a manner to provide the Gallery with reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively.

120. The Gallery has the key components of a good governance framework. Its corporate plan provides clear direction for the conduct of its activities. It also has sound systems and practices in place to develop, manage, conserve, and protect its collection, and to deliver its outreach activities. These components are at the centre of the Gallery's business and constitute vital elements in the achievement of its corporate mandate.

121. We noted, however, that the Gallery needs to strengthen the corporate management systems and practices that support its core business activities. Areas that deserve particular attention include long-term capital planning for its facilities, human resources management, information management, and information technology security.

About the Special Examination

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set by The Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

Objective

Under section 138 of the *Financial Administration Act* (FAA), federal Crown corporations are subject to a special examination once every 10 years. Special examinations of Crown corporations are a form of performance audit where the scope is set by the FAA to include the entire corporation. In special examinations, the Auditor General provides an opinion on the management of the corporation as a whole. The opinion for this special examination is found on page 3 of this report.

A special examination answers the question: Do the corporation’s systems and practices provide reasonable assurance that assets are safeguarded and controlled, resources are managed economically and efficiently, and operations are carried out effectively?

Key systems and practices examined and criteria

At the start of this special examination, we presented the National Gallery of Canada’s Audit and Finance Committee with an audit plan, which identified the systems and practices and related criteria that we considered essential to providing the Gallery with reasonable assurance that its assets are safeguarded and controlled, its resources managed economically and efficiently, and its operations carried out effectively. These are the systems and practices selected and criteria used for examination.

Key system and practice examined	Criteria
<p>Corporate governance</p> <ul style="list-style-type: none"> • the Board of Trustees’ roles and responsibilities, independence, capability, and membership • orientation and training for Board members • Board self-evaluation and evaluation of the Director of the Gallery • ethics and values • corporate performance information 	<p>The National Gallery of Canada should have a well-performing corporate governance framework and practices that meet the expectations of best practices in board stewardship, shareholder relations, and communications with the public.</p>
<p>Strategic and operational planning</p> <ul style="list-style-type: none"> • strategic planning and decision-making processes 	<p>The National Gallery of Canada should have a clearly defined strategic direction, as well as specific, measurable goals and objectives for achieving its mandate. Its strategic direction and goals should take into account identified risks, as well as the need for controlling and protecting the Gallery’s assets and managing its resources economically and efficiently.</p>

Key system and practice examined	Criteria
Performance measurement and reporting <ul style="list-style-type: none"> • performance measurement framework and reporting 	<p>The National Gallery of Canada should have a performance management framework, including performance indicators for measuring the achievement of its mandate and statutory objectives. The Gallery should have reports providing complete, reasonable, timely, and balanced information to support decision making and accountability.</p>
Development, management, and preservation of the collection <ul style="list-style-type: none"> • collection development strategy • collection protection and care 	<p>The National Gallery of Canada should have a well-defined strategy for developing a collection of works of art, both historic and contemporary, with special but not exclusive reference to Canada. The collection should be effectively managed, housed, protected, documented, and conserved.</p>
Outreach <ul style="list-style-type: none"> • outreach development and management 	<p>The National Gallery of Canada should develop and implement clear outreach strategies and practices. The outreach activities and practices should make the Gallery's collections known throughout Canada and internationally, and should further knowledge, understanding, and enjoyment of art among Canadians.</p>
Human resource management <ul style="list-style-type: none"> • human resource planning • recruitment • training and development • performance management • succession planning • health and safety 	<p>The National Gallery of Canada should have human resources that are managed in a manner that provides the Gallery with the human resources capacity and the work environment it needs to achieve its goals and objectives.</p>
Facilities repair and maintenance <ul style="list-style-type: none"> • facilities maintenance and repair guidelines and practices • capital planning 	<p>The National Gallery of Canada should have well-defined repair and maintenance processes to ensure that its facilities are managed economically and efficiently, support the preservation and exhibition of its collection, and are safe for visitors and employees.</p>
Information management <ul style="list-style-type: none"> • information management strategic and operational planning 	<p>The National Gallery of Canada should have an information management system that supports its strategic and operational objectives, and satisfies information needs on a timely basis.</p>
Information technology <ul style="list-style-type: none"> • strategic and operational planning • project management • security and business continuity 	<p>The National Gallery of Canada should have information technology systems that support the organization's strategic and operational objectives, and ensure business continuity.</p>

Audit work completed

Audit work for this special examination was substantially completed on 1 May 2009. It covered the systems and practices that were in place between October 2008 and April 2009.

Audit team

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Appendix List of recommendations

The following is a list of recommendations found in the Special Examination Report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Corporate governance	
<p>35. The Board of Trustees and management of the National Gallery of Canada should work together to ensure that the Board receives, on a timely basis, the strategic information it needs to exercise effective oversight. (32–34)</p>	<p>Agreed. Management will work with the Board to identify what information can be regularly reported on to demonstrate whether objectives identified in the corporate plan are being met.</p>
Strategic and operational planning	
<p>45. The National Gallery of Canada should</p> <ul style="list-style-type: none"> • update the risk assessment annually to ensure that timely information is available for effectively planning and monitoring mitigation strategies, • formally communicate the strategic direction to staff on a regular basis to ensure that it is well understood throughout the organization, and • develop operational plans to ensure that activities in each area of the Gallery support the organization's strategic objectives. (42–44) 	<p>Agreed. The Corporation will review, on an annual basis, the risk assessment of the National Gallery. It will regularly communicate its strategic direction to management and staff. The level of achievement against the strategic priorities will be highlighted through the presentation of the Annual Report. Beginning in fiscal year 2010–11, the Gallery will develop annual operational plans linked to the priorities and key results set forth in the corporate plan.</p>

Recommendation	Response
Performance measurement and reporting	
<p>54. The National Gallery of Canada should</p> <ul style="list-style-type: none"> • develop targets for performance indicators to demonstrate whether the Gallery has achieved its planned results, and • ensure that performance reporting is in line with the objectives stated in the corporate plan to allow for monitoring of performance over time. (49–53) 	<p>Agreed. The Corporation will continue to refine its performance measurement framework so that the assessment of results in the corporate plan responds to the strategic priorities, key results, and performance measures/indicators presented in the previous year’s corporate plan. Where relevant, the Corporation will develop targets for established performance indicators.</p>
Development, management, and preservation of the collection	
<p>71. The National Gallery of Canada should</p> <ul style="list-style-type: none"> • review its Conservation Policy to determine whether preventive care requirements remain relevant, • develop and implement a plan for conserving technology-dependent works of art, and • develop an overall research plan to set priorities for research activities and ensure that research aligns with corporate objectives. (63–70) 	<p>Agreed. The Corporation will review the Conservation Policy and will work on a plan for conserving technology-dependent works. It will also develop an overall research plan.</p>

Recommendation	Response
Outreach	
<p>82. The National Gallery of Canada should</p> <ul style="list-style-type: none"> • develop terms of reference for its Director’s Program Committee to clearly set roles and responsibilities, and • approve and use general guidelines for exhibition management to help in ensuring consistency and training new employees. (77–78) 	<p>Agreed. The Corporation will undertake to prepare terms of reference for its Director’s Program Committee. It will document the exhibition approval and production life cycle, with procedures and practices for reference. This initiative is dependent on resource availability and affordability.</p>
Human resources management	
<p>93. The National Gallery of Canada should</p> <ul style="list-style-type: none"> • develop an accountability framework to define, document, and communicate responsibilities and accountabilities to management and staff, and delegate authority accordingly; and • develop and implement a comprehensive succession plan to ensure that the Gallery has employees with the appropriate competencies and skills when needed. (91–92) 	<p>Agreed. The Corporation has written its first human resources plan. Through this document, the Gallery is planning the development of a human resources accountability framework. The completion date is scheduled for 31 December 2009. The Gallery will also develop a succession plan, which is scheduled to be completed by 30 June 2010. Prior to the development of the succession plan, the Gallery will develop key competencies.</p>
Facilities repair and maintenance	
<p>102. The National Gallery of Canada should update its long-term capital plan and revise its funding strategy on a regular basis. (99–101)</p>	<p>Agreed. The Corporation will update its long-term capital plan annually.</p>

Recommendation	Response
Information management	
<p>110. The National Gallery of Canada should finalize its 2006 initiative to restructure and formalize its information management systems and practices. (106–109)</p>	<p>Agreed. The Corporation intends to resume implementation of the information management initiatives developed since 2006 to improve the management of both physical and electronic records at the Gallery. The scope and implementation schedule of this initiative are dependent on resource availability and affordability.</p>
Information technology	
<p>118. The National Gallery of Canada should</p> <ul style="list-style-type: none"> • develop an information technology strategic plan aligned with corporate strategic and operational objectives, and • improve the security program so that only authorized persons will be able to access corporate information. (115–117) 	<p>Agreed. The Corporation outlined the security issues identified and is in the process of addressing these issues by restructuring the Information Technology department, creating a new post, and redrafting the responsibilities of two other vacant posts. These plans have received senior management and budgetary approval, and recruitment to fill the positions is actively under way.</p>