



**National Gallery
of Canada**

**Musée des beaux-arts
du Canada**

POLICY ON RISK MANAGEMENT

This Policy was approved by the Board of Trustees on March 14, 2017.

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1. INTRODUCTION

The National Gallery of Canada (NGC or the Gallery) continually improves the way it delivers programs and services to Canadians. Its management regime fosters flexibility, seeks opportunities and focuses on results. Integral to such a regime is awareness and application of risk management principles and practices.

Risk, defined as the effect of uncertainty on objectives, is inherent to all administrative and business activities. Risk management is defined as a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, making decisions on and communicating risks.

The Gallery considers risk management as fundamental to effective corporate governance and to the achievement of its strategic and operational objectives. Its approach to risk management supports the fulfillment of the Gallery's mandate as set forth in the *Museums Act* and allows the institution to respond proactively to change and uncertainty. In the broadest sense, effective risk management ensures the successful continuity of the Gallery's operations.

2. OBJECTIVE

This Policy formally acknowledges the Gallery's commitment to effective risk management. It seeks to raise the level of confidence and capacity of all those concerned in identifying and managing risks. In particular, it aims to ensure that every effort is made to manage risks appropriately, to maximize potential opportunities and to minimize the adverse effects of potential hazards.

3. APPLICATION

Effective risk management relies on the commitment and co-operation of all internal stakeholders. Consequently, this Policy applies to the members of the Board of Trustees, all staff, interns, fellows and volunteers. Contractors and service providers working onsite, are encouraged to adhere to the spirit of this Policy.

4. POLICY

4.1 Policy Statement

The Gallery will have in place sound risk management practices in order to protect visitors, human and financial resources, and safeguard the collection as well as physical and digital assets.

As a minimum, the Gallery will:

- a. Develop triennially a Corporate Risk Profile and the Risk Based Internal Audit Plan;
- b. Review risks and update the Corporate Risk Register annually;
- c. Evaluate controls in place, identify risk-mitigating strategies, and prioritize key strategic risks;

- d. Assign risk owners and monitor key strategic risks at the senior management level on a regular basis;
- e. Report key strategic risks to the Board of Trustees, and to the Minister and the Treasury Board via the Gallery's Corporate Plan; and
- f. Educate, as appropriate, to promote effective risk management culture at the Gallery.

4.2 Risk Management Approach

The Gallery's approach to risk management will:

- a. Support those government-wide policies and priorities that apply to the Gallery, while maintaining public confidence, partner and stakeholder interests;
- b. Be tailored and responsive to the Gallery's external and internal context, including: its mandate; strategic priorities as set by the Board of Trustees; organizational risk culture and risk management capacity;
- c. Add value as a key component of decision-making, business planning, resource allocation and operational management;
- d. Strike a balance between established controls and flexibility and innovation to support improving performance and outcomes;
- e. Be transparent, inclusive, systematic and integrated with strategic planning; and
- f. Assist in the continuous improvement of the risk management culture across the organization.

In managing risk, the Gallery will recognize, and mitigate, to an acceptable level, significant risks in the course of achieving its strategic and operational goals. Throughout the management practices, risk management decisions, including emergency response measures, will be guided by the priority of:

1. People, 2. Collection, 3. Information, and 4. Material property.

The Gallery will minimize, contain costs and limit impact of harmful events or damaging incidents arising from risks. In case of risks that materialize, as appropriate, the Gallery will provide for adequate and timely compensation, restoration and recovery.

The assessment of risk forms an integral part of the risk management approach, which, at the Gallery, is based on risk awareness and prevention rather than reaction and remedy.

Corporate-wide risks that may impede the achievement of the mandate and/or Gallery strategic-level objectives will be included in the Corporate Risk Register and, when appropriate, identified in the Gallery's Corporate Plan.

The Gallery will have in place a *Business Continuity Plan* to respond effectively to threats, protect life, reduce exposure of critical assets, control loss if assets are exposed, and restore normal operations as quickly as possible.

5. ROLES AND RESPONSIBILITIES

The following sections describe roles in effective risk management at the Gallery.

5.1 Board of Trustees

Under the *Museums Act*, the Board of Trustees (the Board) “*is responsible for the fulfilment of the purposes and management of the business, activities and affairs of the museum*”. In this role, the Board exercises its oversight to ensure that risks are adequately and effectively managed at the Gallery. The approval of the Corporate Risk Profile and the Risk Based Internal Audit Plan, and ensuring that strategic level risks and their risk-mitigating strategies are identified in the Gallery’s Corporate Plan, are key components of this responsibility.

5.2 Director and CEO

The Gallery’s Director and Chief Executive Officer (CEO) ensures that risk management principles and practices (whether formal or informal) are understood and integrated into the Gallery’s management processes, programs and activities. To that end, the Director and CEO takes, and encourages others to take, a risk-informed approach to decisions.

The Director and CEO is also responsible for considering and monitoring risks that may arise when partnering with organizations within and external to the public sector. This includes ensuring that issues affecting the Gallery, whether identified through risk assessments or internal and external monitoring, are examined, reviewed and addressed effectively.

In addition, the Director and CEO plays an important role in creating a learning environment that promotes continuous improvement in risk management competencies and capacity within the Gallery. Through his/her leadership, the Director and CEO fosters a risk-informed organizational culture that enables dialogue on risk tolerance, focuses on results and facilitates the consideration of both opportunity and innovation.

5.3 Senior Management Committee

The Senior Management Committee (SMC):

- a. Supports the Director and CEO in communicating and promoting an organizational culture that embraces the management of risk as an integral part of all activities;
- b. Ensures that risks to achieving planned objectives and initiatives are identified and assessed, and that appropriate risk-mitigating responses/strategies are articulated as those initiatives/ projects are considered;
- c. Ensures that strategic level risks are monitored and regularly discussed at the SMC meetings;
- d. Provides clear direction on acceptable levels of risk and on expected risk-mitigating actions; and
- e. Ensures that the Gallery has in place the resources to identify, assess, eliminate, minimize or contain risks across the organization.

5.4 Chief, Strategic Planning and Risk Management

Under the direction of the Director, Corporate Secretariat and Ministerial Liaison, the Chief,

Strategic Planning and Risk Management supports the Board of Trustees and SMC in their risk management efforts. The Chief oversees implementation of risk management principles at the Gallery by coordinating activities such as periodic risk assessments and the development of Corporate Risk Profiles and Risk Based Internal Audit Plans.

With respect to internal audit, the Director, Corporate Secretariat and Ministerial Liaison and Chief, Strategic Planning and Risk Management report directly to the Board's Audit and Finance Committee, acting independently of management in reviewing internal controls, governance and management practices.

5.5 Senior Curators and Chiefs

Senior Curators and Chiefs are responsible for identifying operational-level risks associated with programs, services, projects and other activities within their purview, and for integrating risk management practices into their planning, organizing, monitoring and reporting activities.

5.6 All Staff

The Gallery Staff, Interns, Fellows and Volunteers have a significant role in the management of risk, particularly within their own areas of control. Each person will identify and communicate to their supervisor any risks - real or perceived - which they observe or that were brought to their attention.

6. INQUIRIES

Questions related to interpretation of this Policy should be directed to Chief, Strategic Planning and Risk Management.

REFERENCES:

Museums Act
NGC Corporate Risk Profile
NGC Risk Based Internal Audit Plan
TBS Risk Management Framework

APPENDIX: DEFINITIONS

Impact – potential effect that the event would have on the organization if it occurred.

Integrated risk management - a continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective. Integrated risk management supports strategic decision-making and contributes to the achievement of an organization's overall objectives.

Likelihood - probability of the event occurring.

Opportunity - a time, condition, event, or set of circumstances permitting, or favourable, to a particular action or purpose.

Risk - refers to the effect of uncertainty on objectives. It can be characterized as one having a positive or a negative aspect. A positive aspect of risk is commonly referred to as an opportunity, which if not embarked on, could potentially slow down/impede the achievement of strategic objectives. A negative aspect of risk is usually referred to as threat, which, if materialized, may adversely affect the organization or its major activities and processes.

Risk culture - refers to the attitudes and behaviours found within an organization that are associated with risk management. This includes elements such as whether an organization views risk management as an inherent part of good decision-making, or simply as a reporting requirement; whether an organization tends to be risk averse, or views risks as including potential opportunities; and whether risk management is embedded at all levels of an organization, or is a top-down process only.

Risk-informed approach to management - builds risk management into existing governance and organizational structures, including business planning, decision-making and operational processes. It also ensures that the workplace has the capacity and tools to be innovative while protecting the public interest and maintaining public trust.

Risk management - a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, making decisions on and communicating risk issues.

Risk response - refers to the continuum of measures of risk mitigation or control that are developed and implemented to address an identified risk.

Risk tolerance - the willingness of an organization to accept or reject a given level of residual risk (exposure). Risk tolerance may differ across the organization, but must be clearly understood by the individuals making risk-related decisions on a given issue. Clarity on risk tolerance at all levels of the organization is necessary to support risk-informed decision-making and foster risk-informed approaches.

Uncertainty - the state, even partial, of deficiency of information related to understanding or knowledge of an event, its consequence, or likelihood.