

Audit at a glance



Denver Art Museum

JANUARY 2021

ABOUT | The Denver Art Museum, founded in 1923, opened at its current location in downtown Denver in 1971 and maintains over 70,000 works of art.

Accredited by the American Alliance of Museums, the Denver Art Museum is governed by a 35-member board of trustees which oversees nine committees and various community advisory groups. Between October 2017 and September 2019, the museum generated between \$63 million and \$78 million in revenue, including capital improvement funds. Its total expenses ranged from \$34 million to \$37 million annually. The museum receives city funding every year for operational support and for the maintenance of its galleries and buildings.

In the report

FINDING 1: The City's Formal Relationship with the Denver Art Museum, as well as Its Ownership of Some Assets at the Museum, Is Unclear

- In 1932, the City and County of Denver signed its first agreement with the Denver Art Museum to formalize the relationship and responsibilities between the two. Over the years, despite an additional eight agreements, changes in operations and funding have led this relationship to evolve and become unclear.
- The existing agreements between the city and the museum insufficiently document fundamental elements of that relationship — such as expectations, oversight, and property ownership. Additionally, the city has not properly accounted for some of its assets at the museum. Auditors could not complete a full assessment of asset accounting because documentation of asset ownership is vague. For example, we found indications that some art owned by the city is not reported as such. Left unaddressed, this ambiguous arrangement between the city and museum could cause further issues and may have legal ramifications.
- Among our recommendations, the Denver Art Museum and the Mayor's Office should develop a new operating agreement that includes clear rights, responsibilities, and asset ownership and clarifies the museum's role as an "agency" for arts.
- The museum and the Controller's Office should reconcile and document all city-owned assets used by or stored at the Denver Art Museum and annually verify city assets, and the Mayor's Office should assign a city employee as an asset custodian for the city's assets used by or stored at the museum.

FINDING 2: The Denver Art Museum Should Strengthen Its Art Inventory Planning and Practices, as well as Its Emergency Response Plans

- The Denver Art Museum's collections management policy and inventory guidelines lack relevant information on investigating and reporting missing objects, and the museum's collection management system, ARGUS, lacks an audit trail necessary to ensure data integrity and the security of art collections. Auditors found 408 objects or parts of objects labeled as missing for at least three years.

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- The Denver Art Museum should update the inventory guidelines in its collections management policy or create separate procedures to document the museum’s current practices as well as standard steps for investigating and resolving missing objects.
- The museum’s inventory planning could be more strategic by identifying its priorities for physical inventories and establishing a schedule that allows as comprehensive an inventory as possible within a specific time frame. This cyclical inventory planning enables the museum to inventory a different portion of the collection each year. The cumulative effect of these inventories can result in an inventory of all objects in the collection.

FINDING 3: The Denver Art Museum Board of Trustees Should Enhance Its Governance Approach

- The board of trustees’ membership could better reflect the diversity of the Denver metro area. When comparing gender, race, and ethnicity demographics of the seven-county Denver metro area (i.e., Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and

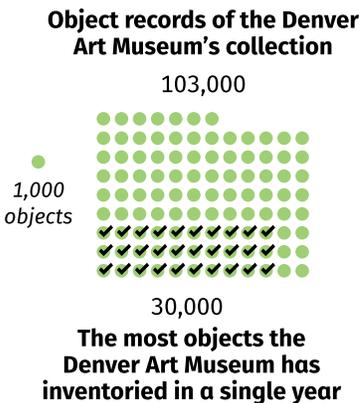
Jefferson counties) against the trustees’ demographic profiles, the board has fewer women and fewer Hispanic and Latinx individuals than the community it serves.

- The Denver Art Museum Board of Trustees also needs formal recruitment, nomination, and renewal policies and procedures. These should include a periodic review of the board’s ideal composition (e.g., skills, experience, and diversity among trustees, officers, and committee members) and an action plan including descriptions of the board’s diversity goals and the steps necessary to achieve these goals.
- Additionally, there are no term limits for trustees and no consequence for members who fail to attend board meetings for significant periods of time. There is also little formal or ongoing training of skill development for members. All these areas should be addressed through updated bylaws.

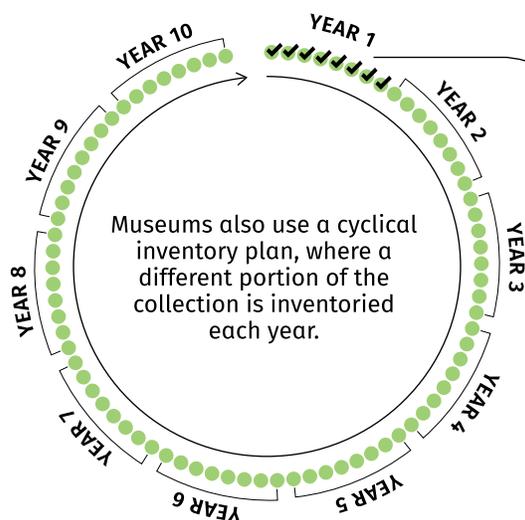
Ten-year Comprehensive Cycle

WALL-TO-WALL INVENTORY

Conducted once every ten years, wall-to-wall inventory involves inventorying every object in a museum’s collection.



CYCLICAL INVENTORY



INVENTORY TYPES

- 1,000 objects
- 100 objects

- Spot-check**
Spot-check inventories are done of objects recently moved to a new permanent location.
- Gallery rotation**
Gallery inventories occur when an exhibition is installed and removed.
- Sectional**
Sectional inventories are large-scale endeavors in a certain collection or storage area.
- Grant-funded project**
Grant-funded inventories are large-scale endeavors of thousands of objects in a collection storage area.

Source: Auditor’s Office analysis of leading practices and museum inventory documentation

