

Audit Highlights



Highlights of Legislative Auditor report on the Division of Museums and History of the Department of Cultural Affairs, issued on February 28, 2006. Report # LA06-13.

Background

The Division's purpose is to collect, preserve, exhibit, and interpret material objects, documents, and records representing Nevada's heritage. The Division includes the Office of the Administrator and seven museums and historical societies.

The Board of Museums and History is comprised of 11 members appointed by the Governor. The Board is responsible to develop, review and make policy for investments, budgets, expenditures, and general control of the Division's dedicated trust funds.

Funding for the Division is provided from several sources, including appropriations, transfers, federal grants, and admission and train ride fees. These funds are designated as state money. The Division also receives funding from the dedicated trust fund, which generates revenues from museum store sales, photography and publication sales, memberships, donations, gifts and bequests, investment income, and other sources. These revenues are designated by statute as private money.

In fiscal year 2004, Division expenditures totaled \$5.6 million. This included \$4.7 million in state money and \$900,000 in private funds.

Purpose of Audit

The purpose of this audit was to evaluate the effectiveness of the Division's strategic planning process. We also determined if the Division's financial and administrative practices complied with applicable laws, regulations, policies, and procedures. Our audit focused on the strategic planning process during fiscal years 2002 to 2005, and financial and administrative activities during fiscal year 2004.

Audit Recommendations

This report contains eight recommendations to improve the Division's strategic planning, and financial and administrative practices. Specifically, the Division should adopt a comprehensive approach to strategic planning. In addition, the Division should ensure Board policies are complete and readily available, Board subcommittee meeting agendas and minutes are prepared and maintained, and statutory reporting requirements are met. Finally, the Division should develop and implement administrative policies and procedures, update existing internal controls, and comply with overtime requirements.

The Division accepted two recommendations, partially accepted four recommendations, and rejected two recommendations.

Status of Recommendations

The Division's 60-day plan for corrective action is due on May 23, 2006. In addition, the six-month report on the status of the audit recommendations is due November 27, 2006.

Division of Museums and History

Department of Cultural Affairs

Results in Brief

The Division of Museums and History needs to improve its strategic planning process. More effective planning could help address declining trends in museum attendance, store sales, and donations. Currently, the Division lacks a comprehensive approach to strategic planning. A more comprehensive approach would better address common issues facing the agency.

The Board of Museums and History, and the Division did not always comply with laws and policies relevant to their financial and administrative activities. Sufficient Board policies governing the management of private money have not been developed. In addition, Board subcommittee meeting agendas and minutes were not always prepared. Furthermore, statutory reporting requirements for private money expenditures and investments were not met. Finally, Division policies and procedures were not sufficient and state and federal overtime laws were not consistently followed.

Principal Findings

Division expenditures supported by Legislative funding increased by 81% from fiscal year 1995 to 2004. During the same period, expenditures supported through funding generated by the museums (i.e., self-generated) declined by 5%. As a result, the Division is more dependent on legislative funding, which increased from 64% in 1995 to 77% in 2004.

The number of museum visitors has declined for several years. According to Division records, total visitors dropped from 218,680 in 2000 to 185,042 in 2005, a decline of 15%.

The Division and each museum prepare a variety of planning documents, including an annual and long-range plan. Based on our review, the process used to develop recent plans was decentralized, focused at the museum level, and lacked a common approach. As a result, strategies were focused on specific museums rather than issues facing the entire Division.

The museums use different formats and issues when preparing their plans. In addition, plans were incomplete, lacking clearly defined goals, objectives, and strategies. Further, issues and strategies identified in long-range plans were not always addressed in annual plans.

As part of the planning process, museum directors are required to prepare annual marketing and fundraising plans. Our review revealed that these activities were not always addressed adequately. Most plans lacked goals and objectives for their listed strategies. In addition, some plans did not clearly identify the groups targeted by their efforts.

Division and museum plans did not always include outcome measures to help staff monitor their progress at achieving goals. Some plans included strategies to increase visitation, education, store sales, collections, or improve the museum's facilities. However, rarely were outcomes identified to measure the success of these strategies.

The Board of Museums and History has not developed sufficient policies governing the management of the museums' private money. Policies are not complete or available in a readily accessible format for use by staff and Board members.

The Board of Museums and History has not established a clearly defined strategy for investing private funds. Although existing policy indicates a conservative strategy, the Board's allocation of funds and investment performance has not been consistent with this approach.

Agendas and minutes for Board subcommittee meetings were not always prepared. The Board's four subcommittees collectively held nine meetings during 2003 and 2004. Review of records from these nine meetings revealed agendas were properly prepared and retained for only six meetings, and minutes properly prepared for two meetings.

The Division and the Board of Museums and History did not always provide the Legislature with complete and accurate information on private money investments, expenditures, and budgets as required by NRS Chapter 381. Specifically, not all required reports were provided, and some information on investments and expenditures was inaccurate.

The Division has not developed sufficient policies and procedures to help the agency guide operations. A policy and procedures manual is needed to address all aspects of the Division's administrative practices. In addition, some existing internal control procedures have not been updated since January 2001 and do not always reflect current practices.