

8-23-2013

Limited Procedures Engagement of the Maine State Museum for the Period July 1, 2012 to April 30, 2013

Maine Office of the State Auditor

Follow this and additional works at: https://digitalmaine.com/audit_docs

Recommended Citation

Maine Office of the State Auditor, "Limited Procedures Engagement of the Maine State Museum for the Period July 1, 2012 to April 30, 2013" (2013). *Auditor's Documents*. 75.
https://digitalmaine.com/audit_docs/75

This Text is brought to you for free and open access by the State Documents at Digital Maine. It has been accepted for inclusion in Auditor's Documents by an authorized administrator of Digital Maine. For more information, please contact statedocs@maine.gov.

STATE OF MAINE
DEPARTMENT OF AUDIT

66 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0066

TEL: (207) 624-6250
FAX: (207) 624-6273

MARY GINGROW-SHAW, CPA
DEPUTY STATE AUDITOR
MICHAEL J. POULIN, CIA
DIRECTOR OF AUDIT and ADMINISTRATION



POLA A. BUCKLEY, CPA, CISA
STATE AUDITOR

August 23, 2013

The Maine State Museum Commission
and Bernard Fishman, Museum Director
Maine State Museum
230 State Street
Augusta, ME 04330

Dear Commissioners and Director Fishman:

The Department of Audit conducted a limited procedures engagement of the Maine State Museum for the period July 1, 2012 to April 30, 2013. We have completed our report and Museum personnel have responded to our concerns in writing. These responses have been incorporated into our report and the report is attached to this letter.

Our report will be available on the Department of Audit website at <http://www.maine.gov/audit/reports.htm>, in the section for Other Reports.

We thank Director Fishman and the Museum staff for their assistance during this engagement.

Sincerely,

A handwritten signature in cursive script that reads "Pola A. Buckley".

Pola A. Buckley, CPA, CISA
State Auditor

**State of Maine
Department of Audit
Report on Limited Procedures Engagement – Maine State Museum
Report Issued on August 23, 2013**

Summary

The Department of Audit performed a limited procedures engagement relating to the Maine State Museum. This limited procedures engagement covered the period July 1, 2012 to April 30, 2013. Our procedures included:

- determining whether controls are in place and operating effectively to ensure that collection items are safeguarded,
- verifying, on a test basis, that collection items are properly accounted for,
- reviewing the cash handling procedures for the Museum Store and the Museum Admissions desk,
- reviewing retail inventory procedures,
- reviewing the handling of endowment funds,
- reviewing the handling of revolving funds, and
- reviewing the insurance practices for collection items.

Our engagement identified the following areas of concern:

- a better system is needed to adequately track all types of collection items,
- not all collection items are tagged or assigned the proper location in the tracking system,
- additional procedure are needed to control cash, and
- an automated system is needed to track the Museum Store inventory.

Background

In 1836, the Maine State Legislature voted to create the Maine State Museum. In 1966, the Maine State Museum Commission was formed to oversee museum policies, prescribe duties of the Museum Director, establish admission fees, and generally supervise museum operations. The Museum has been accredited by the American Alliance of Museums since 1975. The Alliance sets standards of best practice which are followed by the Maine State Museum. The Museum is governed by Title 27, Chapter 2. The Museum holds legal title to over 800,000 items which are divided into three categories: history, archeology, and natural sciences.

Procedures

Test the data in the collections management system

We observed and documented controls over the collections management system. We then selected items from the collections management system listing and traced them to the physical object to ensure existence. We also selected items at all locations and traced them to the collections management system to ensure completeness of the collections management system.

Review cash handling procedures

We observed and documented controls over the cash handling procedures for the Museum Store and the Admissions Desk.

Review retail inventory procedures

We reviewed the procedures for the retail inventory at the Museum Store.

Review of endowment funds

We reviewed the endowment funds to determine if funds are properly valued and accounted for. We reviewed the funds held in trust at the Maine Community Foundation by reviewing their annual audited financial statements and their Return of Organization Exempt from Income Tax (Form 990).

Review of revolving funds

We reviewed the revolving funds to determine if funds are properly valued and accounted for. We prepared analytical procedures of revenues and expenditures to determine if funds are being spent appropriately.

Review of insurance practices

We reviewed the insurance policy that covers the Museum collections and the standards set by the American Alliance for Museums to verify that appropriate levels of insurance were maintained.

Results

We noted the following concerns:

- **Need for updated software** – The items that are a part of the Archeology and Natural Sciences collections are manually tracked. These items cannot be tracked on the current system used for History.
- **Collection items not properly tracked** – Two of 185 items tested did not have an item number attached to the object or group of objects (for archeological items) as required by Museum policy. These items were easily located and identifiable by Museum employees. Additionally, five of 185 items tested did not have the proper location listed in the Collections Management System. Staff was still able to locate all items.
- **Cash not adequately safeguarded at the store** – The deposit bag is kept in an unlocked location until it is brought to the Service Center to be picked up by the courier. Also, during the busy season, the store manager periodically takes cash home at the end of the day to purchase change at the bank in the morning.
- **Store retail inventory is maintained on a manual basis by the Store Manager.**

Conclusions and Recommendations

We recommend the following:

- consider acquiring updated inventory system software that accommodates all types of collection items,
- devote the additional time needed to adequately maintain the collections management system,
- find a secure location for the deposit bag until it can be deposited,
- amend procedures for purchasing change during the busy season so that workers do not need to bring cash home, and
- establish an automated inventory tracking system for the Museum Store.

In conclusion, we find the Maine State Museum to be a well-managed agency. The items mentioned above are suggestions that could assist the Museum in strengthening controls over assets in their custody.

Agency Response

The responses below address the Department of Audit's conclusions and recommendations in the order presented.

- **Consider acquiring updated inventory system software that accommodates all types of collection items** Response: Three years ago, the museum identified a collections management database that will properly accommodate all of the museum's varied collection types. The total software costs and all the required configurations and data transfers for this new system approach \$50,000. The museum has successfully raised \$17,000 in private grant funding and has two grant proposals in the works to help secure the remaining funds. The museum has also sought funding for this new database through state budget requests, but so far without success.
- **Devote the additional time needed to adequately maintain the collections management system** Response: The museum has 1 and $\frac{3}{4}$ positions in the collections management division. The museum fully recognizes that this number is inadequate to fully meet the responsibilities for the management of the museum's large and diverse collections. As a priority, the museum regularly requests additional collections management staff through the biennial budget process and includes additional temporary staff in grant proposals as appropriate. Existing positions are augmented by a strong volunteer corps and adjunct curators who help with organizing records, cataloging, and other collections management work. Still, these staffing resources are inadequate. The museum will continue to place a high priority on augmenting collections management staff, but cannot rely on grants, gifts, or volunteers for on-going solutions. The museum can only permanently address the on-going maintenance of the collections management system with additional state support through the budget process.
- **Find a secure location for the deposit bag until it can be deposited** Response: The museum has immediate plans to install a lock on the drawer that holds the deposit bag.
- **Amend procedures for purchasing change during the busy season so that workers do not need to bring cash home** Response: Cash will no longer be brought home by staff during the busy season. From now forward and at all times, a museum staff member will replenish the change box at a nearby bank during working hours.
- **Establish an automated inventory tracking system for the Museum Store operations** Response: Since point-of-sale systems are prohibitively expensive, museum administration and museum store management will investigate and assess models for a simple, cost effective spreadsheet or database tracking system.