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A Review of the State Preservation Board's Capitol Fund and Bob Bullock Texas State History Museum Project

August 2, 1999

Members of the Legislative Audit Committee and Mr. Rick Crawford, Executive Director, State Preservation Board:

The State Preservation Board's (Board) fiscal year 1998 annual report on the Capitol Fund complies with state regulations and contains reliable information. The Board's 1998 business activities made a profit of more than \$656,000. Moreover, the Board established the procedures needed to manage its \$80 million Bob Bullock Texas State History Museum Project. In addition, the Board made significant progress in implementing processes and procedures discussed in the previous audit report, *A Comprehensive Audit of the State Preservation Board Including a Review of the Capitol Fund* (SAO Report No. 98-058, August 1998).

Here is a summary of our review:

- We found that the *1998 Annual Report on the Capitol Fund* is accurate and complies with regulations. The Board is required to prepare the report, and the State Auditor's Office is required to review it annually.
- The Board's business enterprises earned a profit for fiscal year 1998 of more than \$656,000, which is approximately \$96,000 more than expected.
- The Board has established procedures for managing the Bob Bullock Texas State History Museum Project. These procedures include weekly progress meetings with contractors and the use of

#### The Bob Bullock Texas State History Museum

The Bob Bullock Texas State History Museum is dedicated to former Lieutenant Governor Bob Bullock in recognition of his contribution to the people of Texas. The Museum's purpose is to educate visitors and students about the history of Texas. The Board, with the assistance of an advisory committee, will govern and operate the Museum.

inspectors, budgets, and detailed project schedules.

• The Board has made significant progress in implementing essential procedures and addressing a previous audit recommendation. Some procedures are not yet fully documented and/or implemented; however, this does not significantly affect the Board's ability to accomplish its goals.

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Management's response indicates that the Board concurs with the results of our review. See the attachment for details and management's full responses.

We appreciate the assistance provided by the Board's management and staff during the audit. If you have questions or need additional information, please contact Mary Goehring, Audit Manager, at 479-4700.

Sincerely,	Objective, Scope, Methodology
Lawrence F. Alwin, CPA State Auditor	We performed a statutory review of the State Preservation Board's <i>1998 Annual Report on the</i> <i>Capitol Fund.</i> The review included examining income statements for business enterprises.
cbg	We also reviewed the procedures for managing the Bob Bullock Texas State History Museum Project.
Attachment	In addition, we reviewed the progress on issues reported in <i>A Comprehensive Audit of the State</i> <i>Preservation Board Including a Review of the Capitol</i> <i>Fund</i> (SAO Report No. 98-058, August 1998).
	We conducted this audit in a manner that complies with both generally accepted auditing standards and <i>Government Auditing Standards</i> .

cc: Members of the State Preservation Board

### **Summary of Issues**

# Is the *1998 Annual Report on the Capitol Fund* accurate, and does it comply with regulations?

The Capitol Fund's (Fund) annual report is accurate and complies with state regulations. We found that the Board deposited funds in the correct accounts and used them appropriately. The State Preservation Board (Board) is required to prepare the report, and the State Auditor's Office is required to review it annually.

Our review included the following:

- The Fund's beginning and ending balances
- The Fund's revenues
- The Fund's disbursements
- The Fund's information on donations and disbursements

#### Are the Board's business enterprises making a profit?

As they did in fiscal year 1997, the Board's business enterprises, such as its gift shops and cafeteria, earned a profit for fiscal year 1998. They earned a profit of more than \$656,000, which is approximately \$96,000 more than expected. For fiscal year 1999, the Board expects to earn over \$1 million in profits.

## Has the Board established procedures for managing its museum project?

The Board has established procedures for managing the Bob Bullock Texas State History Museum Project (Project). These procedures include weekly progress meetings with contractors and the use of inspectors, budgets, and detailed project schedules. The \$80 million Project includes constructing the museum building and historical exhibits, obtaining furniture and equipment, and producing media exhibits. Building construction has begun, and the museum is scheduled to open in early 2001. We will continue to monitor the Project's progress during our annual reviews.

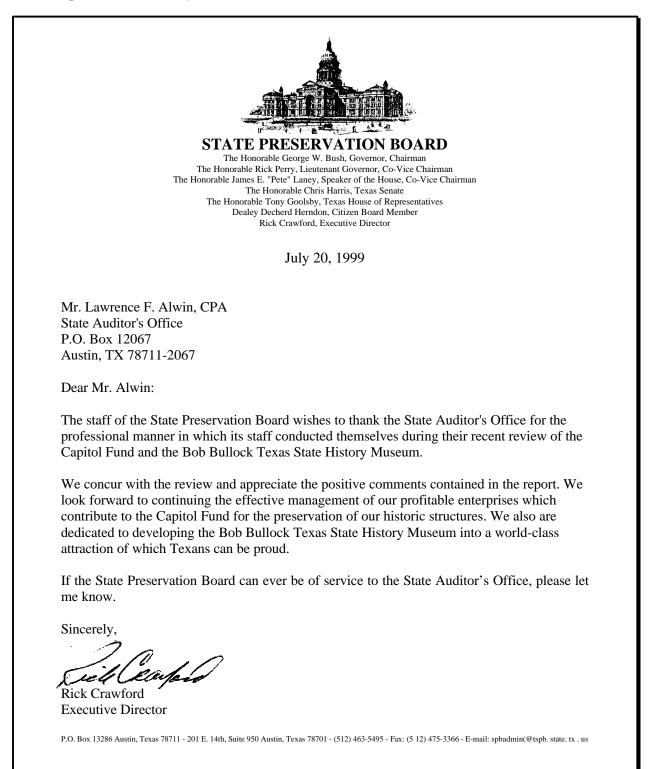
#### Has the Board implemented outstanding audit recommendations?

The Board has made significant progress in implementing essential procedures and addressing previous audit recommendations. Some procedures are not yet fully documented and/or implemented; however, this does not significantly affect the Board's ability to accomplish its goals.

The Board showed progress in implementing processes and procedures as follows:

- Employees are working to develop, formalize, and better document policies and procedures for their personnel, facilities management, curatorial, and accounting functions. Employees plan to complete the majority of the processes and procedures by the end of fiscal year 1999 and the remaining items by the end of fiscal year 2000.
- The Board's staff has developed performance measures, training activities, and tools for facilities management.
- Staff members are depositing business enterprise revenues within three business days of receipt (a previous audit recommendation).

## Management's Response



ATTACHMENT