

**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 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.

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.

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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,

Lawrence F. Alwin, CPA
State Auditor

cbg

Attachment

Objective, Scope, Methodology

We performed a statutory review of the State Preservation Board's *1998 Annual Report on the Capitol Fund*. The review included examining income statements for business enterprises.

We also reviewed the procedures for managing the Bob Bullock Texas State History Museum Project.

In addition, we reviewed the progress on issues reported in *A Comprehensive Audit of the State Preservation Board Including a Review of the Capitol Fund* (SAO Report No. 98-058, August 1998).

We conducted this audit in a manner that complies with both generally accepted auditing standards and *Government Auditing Standards*.

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



STATE PRESERVATION BOARD

The Honorable George W. Bush, Governor, Chairman
The Honorable Rick Perry, Lieutenant Governor, Co-Vice Chairman
The Honorable James E. "Pete" Laney, Speaker of the House, Co-Vice Chairman
The Honorable Chris Harris, Texas Senate
The Honorable Tony Goolsby, Texas House of Representatives
Dealey Decherd Herndon, Citizen Board Member
Rick Crawford, Executive Director

July 20, 1999

Mr. Lawrence F. Alwin, CPA
State Auditor's Office
P.O. Box 12067
Austin, TX 78711-2067

Dear Mr. Alwin:

The staff of the State Preservation Board wishes to thank the State Auditor's Office for the professional manner in which its staff conducted themselves during their recent review of the Capitol Fund and the Bob Bullock Texas State History Museum.

We concur with the review and appreciate the positive comments contained in the report. We look forward to continuing the effective management of our profitable enterprises which contribute to the Capitol Fund for the preservation of our historic structures. We also are dedicated to developing the Bob Bullock Texas State History Museum into a world-class attraction of which Texans can be proud.

If the State Preservation Board can ever be of service to the State Auditor's Office, please let me know.

Sincerely,

A handwritten signature in black ink, which appears to read "Rick Crawford". The signature is written in a cursive, flowing style.

Rick Crawford
Executive Director

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ATTACHMENT