



## **VIRGINIA'S MUSEUMS**

### **REPORT ON AUDIT FOR THE YEARS ENDED JUNE 30, 2010 AND 2011**

## AUDIT SUMMARY

This report discusses the results of our combined audit of Virginia's Museums for the fiscal year periods ending June 30, 2010, and June 30, 2011. The following museums are included in this audit report:

Virginia Museum of Fine Arts\*  
Jamestown-Yorktown Foundation  
Science Museum of Virginia

Virginia Museum of Natural History\*  
Frontier Culture Museum of Virginia  
Gunston Hall

\*Audit period covered by this report is fiscal year 2011 for this agency. Fiscal year 2010 was addressed in a previous report.

Our audit of Virginia's Museums found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- matters involving internal control and its operations necessary to bring to management's attention; and
- instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

Funding for Virginia's Museums remains a critical issue as they all rely on general fund appropriations and non-general fund revenues. Over the past five years, they have undergone repeated rounds of general fund budget reductions; consequently, each has had to rely more on their non-general funds to operate.

Reliance on non-general fund revenues makes accurate projection and collection of the revenues essential for the fiscal health of the Museums. Inaccurate revenue estimates give the General Assembly the impression that the Museums have the ability to support a larger portion of their operating costs than they can and distorts the Museum's true dependence on the general fund appropriations they receive. All of the Museum's non-general fund collections fell significantly below their estimates in 2010. Only two Museums exceeded their estimates in fiscal year 2011.

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## VIRGINIA'S MUSEUMS OVERVIEW

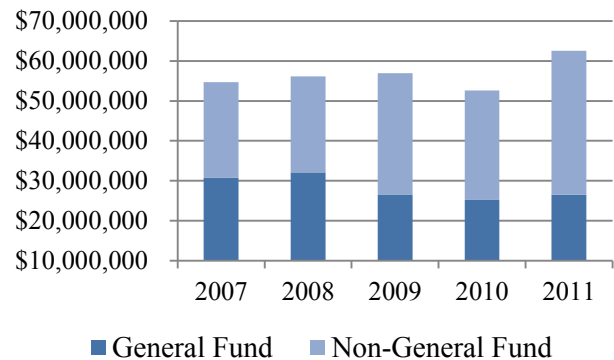
Virginia's Museums (Museums) have the responsibilities of preserving, interpreting, and promoting history, culture, the arts, and sciences within the Commonwealth. Virginia's Museums all have different missions and attract a variety of constituents. In order to accomplish their missions, Museums not only utilize full-time employees, but they also have volunteers who provide significant services to each museum.

With the exception of the Virginia Museum of Natural History, which reports to the Secretary of Natural Resources, the Museums report to the Secretary of Education. Each museum has a Board of Trustees that provides oversight and guidance on the museum's mission, strategic, and financial planning. The Museums also have affiliates that provide substantial financial support. Many of the Museums offer educational classes and programs that directly address Virginia Standards of Learning.

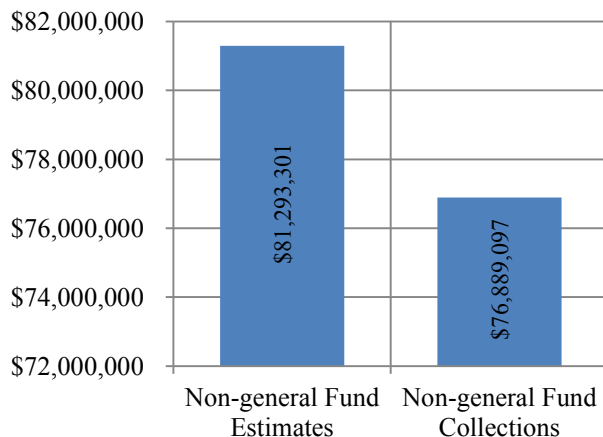
All Museums' operations are supported through general fund appropriations and non-general fund revenues. Over the past five years, they have undergone repeated rounds of general fund budget reductions; consequently, each has had to rely more on their non-general funds to operate.

Non-general fund revenues include, but are not limited to admission fees, membership sales, gift shop and concession sales, funds received from the foundations, educational programs and workshops, federal grants, facility rentals, publication sales and lease payment receipts. Admission fees are the largest and often most volatile non-general fund revenue sources for the Museums; therefore, the Museums look for ways to maximize attendance to exhibits and other events.

**Five Year Trend of  
Total Operating Appropriations**

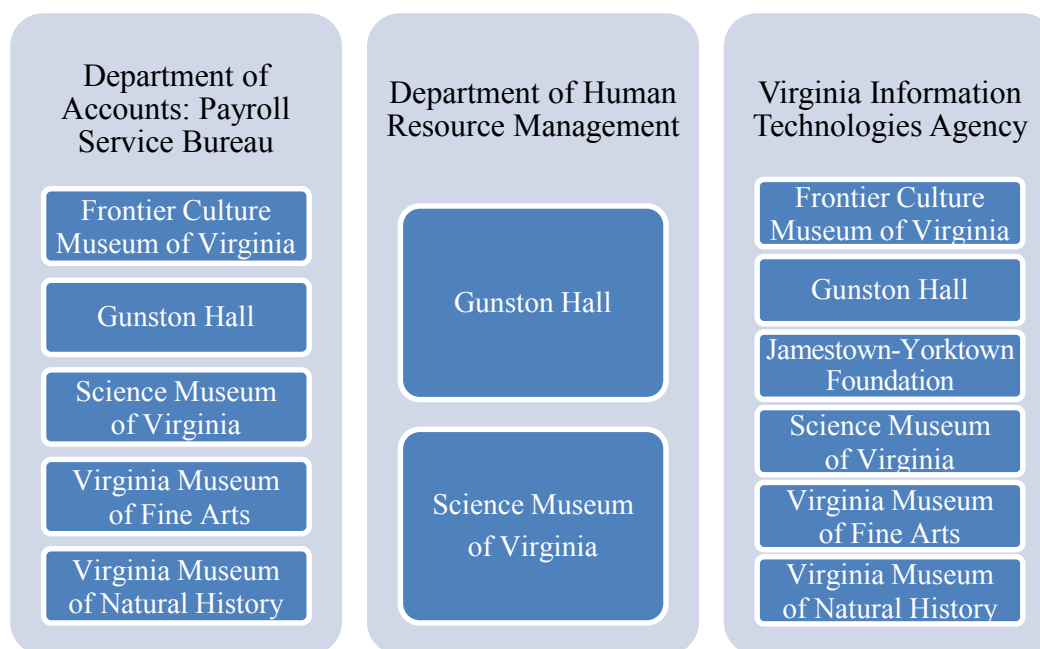


**Estimated vs. Actual Non-General  
Fund Collections Across All  
Museums both Years Combined**



Reliance on non-general fund revenues makes accurate projection and collection of the revenues essential for the fiscal health of the Museums. Inaccurate revenue estimates give the General Assembly the impression that the Museums have the ability to support a larger portion of their operating costs than they actually can. Further, overestimating revenue collections distorts the Museum's dependence on the general fund appropriations they receive to support agency operations. Only two museums exceeded their estimates in fiscal year 2011. All of the museums were significantly below their estimates in 2010. Details on each museum's funding and revenue estimates will be provided within the individual museum's section later in this report.

The Museums perform the majority of their own accounting, procurement, and human resource functions; however, there are some that outsource certain administrative functions to other state agencies. As acknowledged in our October 2009 report on [Service Agency Arrangements](#), this allows the museum to leverage the knowledge, skills, and abilities of the service provider and also provides needed assistance to many of the museums who have a limited number of staff to complete these tasks. The most value-added service agency arrangements clearly define performance expectations within a service agreement which defines and assigns responsibility for specific functions.



During the audit period, the Museums used the Department of Accounts' Payroll Service Bureau (the Bureau) for payroll, benefits and leaving processing, with the exception of the Jamestown-Yorktown Foundation, who did not begin using the Bureau until April 2012. Each museum has service agreements with the Bureau outlining the responsibilities of the museum and the Bureau.

The Museums' use of the Department of Human Resource Management (Human Resource) services has been more limited. Through a service agreement, Human Resources provides human resource consultation and technical assistance to the Science Museum of Virginia. Conversely, Gunston Hall uses Human Resources to enter personnel and benefits data into the Commonwealth's systems; however, there is no service agreement to outline the responsibilities of either agency, potentially impacting the quality and timeliness of these services.

As executive branch agencies, all of the Museums receive information technology support from the Virginia Information Technologies Agency (VITA). However, as a cost saving initiative, as of June 15, 2011, the Frontier Culture Museum of Virginia reduced the services they obtain from VITA, discontinuing use of all but two computers on the VITA network.

## **SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS**

### **Jamestown-Yorktown Foundation (Jamestown-Yorktown)**

#### **Improve Information Security Standard Compliance**

As in the previous year Jamestown-Yorktown continues to not enforce policies and procedures for system access administration. The Commonwealth's Information Security Standard requires agencies to maintain access authorization documentation as well as documentation of their periodic review of user accounts. In addition, the standard requires that access authorization forms be approved by both the supervisor and data/system owner. While Jamestown-Yorktown has approved policies and procedures in place to meet the security standard, they have not consistently placed those policies and procedures into practice. Specifically, Jamestown-Yorktown does not have sufficient documentation supporting access authorizations or the required periodic review of user accounts.

Jamestown-Yorktown's Information Technology Manager position was vacant for more than one year, contributing to the cause of this. Due to the vacancy Jamestown-Yorktown relies heavily on their financial system vendor for application support and does not have a sufficient understanding of the system and its modules to evaluate system access. Jamestown-Yorktown cannot implement an adequate review of the internal accounting system's user access, nor can they ensure that proper access is granted to new users without having an understanding of the modules and menus within the system.

Even though the position remained vacant for an extended period of time, Jamestown-Yorktown was still responsible for enforcing the security standard and implementing the agency's policies and procedures. By not following the security standards or the agency's internal policies and procedures, Jamestown-Yorktown is increasing the risk of system vulnerabilities and unauthorized access to its systems.

Jamestown-Yorktown's Information Technology Manager should ensure their internal policies and procedures are enforced and that documentation is maintained to support implementation of those policies and procedures. Furthermore, the Information Technology Manager should obtain knowledge of the various modules and menus within Jamestown-Yorktown's internal accounting system. This will help Jamestown-Yorktown complete the required periodic system access reviews and ensure that access to the system is appropriate.

#### **Improve Documentation of Reconciliations and Reviews**

Jamestown-Yorktown does not have proper procedures in place to document reconciliations and supervisory reviews performed for their payroll and financial systems. Without adequate documentation and supervisory review, management cannot ensure that reconciliations are performed properly and in a timely manner. Reconciliations assist agencies in identifying processing errors. Improper and untimely reconciliations can allow processing errors in financial records to remain undetected or corrected. Proper documentation and signoff removes doubt of the responsibility for the task and increases accountability in employees for their work. Jamestown-

Yorktown should enhance their reconciliation documentation procedures to definitively show when and by whom the reconciliations and reviews are performed.

### **Improve Payroll Certification Processes**

For two out of five payrolls tested, Jamestown-Yorktown did not comply with the Commonwealth's post certification policy which requires post certification activities to occur one day after certifying payroll. Jamestown-Yorktown was unable to provide an explanation for the cause of the delays, which ranged from one day to almost two weeks. Timely post-certification activities help ensure payroll transactions are processed as requested and unauthorized payroll changes are recognized by management. Jamestown-Yorktown should ensure that post-certification activities are completed timely for every payroll in order to ensure that they are processed accurately.

## **Frontier Culture Museum of Virginia (Frontier Culture)**

### **Improve Revenue Projection Reporting**

Frontier Culture did not complete or submit non-general revenue estimates to the Department of Planning and Budget for fiscal year 2011 as required to be used as a part of the Commonwealth's budget development process. Agencies such as Frontier Culture, who heavily depend on non-general funds, can encounter operating difficulties if they cannot effectively estimate or collect those revenues needed to sustain their operations.

As they significantly rely on non-general fund revenues to support their operations, Frontier Culture should have completed non-general fund revenue estimates to aid their budgetary process. Frontier Culture should evaluate their budgetary development process, including estimating non-general fund revenues, and ensure that they are providing reasonable non-general fund revenue estimates for use in the Commonwealth's and their own budget development process.

### **Improve Small Purchase Charge Card Internal Controls**

A review of the Frontier Culture's fiscal year 2010 and 2011 small purchase charge card activity found that 10 of the 11 cardholders in 2010 and 12 of the 13 cardholders in 2011 had monthly purchasing limits that significantly exceeded their actual purchasing needs. These cardholders utilized less than 30 percent of their purchasing authority and in many instances averaged five percent or less usage. Further, two of these cardholders made five or fewer purchases during the entire two fiscal years audited.

The Commonwealth's policies and procedures and best practice indicate that monthly limits should be set at a level to support the business purpose intended for the cardholder, while minimizing the risk for inappropriate use. Consistently underutilizing purchasing authority suggests that small purchases charge card administrator is not reviewing the amount of purchasing done by cardholders or working with their supervisor to set more appropriate purchasing levels. It also suggests that the administrator is not monitoring and canceling inactive cards.

Frontier Culture's small purchase charge card program administrator should review all cardholder purchasing and adjust the limits as appropriate based on the cardholders' buying needs and responsibilities in accordance with the Commonwealth's policies and procedures. The administrator should also periodically review card usage, cancelling those that are no longer needed, and ensuring the number of cardholders is consistent with the agency's needs.

## **Gunston Hall**

### **Improve Expenditure Review and Documentation**

Gunston Hall maintained insufficient documentation to provide evidence of their review of invoices and that all items billed had been received prior to making payment. While the expenditures were reasonable in purpose, invoices should be properly reviewed and documented to ensure unnecessary payments do not hinder the agency's cash flow and under payments do not damage the museum's or the Commonwealth's reputation with vendors. Further, documentation should be thorough enough and retained in a manner to substantiate expenses and support payments made for amounts other than the amount billed by the vendor. Gunston Hall should improve their expenditure review process and maintain appropriate documentation to support expenditure payments.

### **Improve Non-general Fund Revenue Estimations**

Gunston Hall does not develop estimations for non-general fund revenues using a specific estimation methodology; rather, they are calculated in an attempt to retain the same overall budget for the organization while accommodating general fund budget cuts. The agency has consistently increased their non-general fund revenue estimate since 2009, but those funds have not materialized, impacting museum programs and placing additional demands on the limited funds provided to them by their foundation.

The process for projecting non-general fund revenues is important to both the Gunston Hall's internal budgeting process and the Commonwealth's budget development process. Agencies such as Gunston Hall, with limited resources, can encounter operating difficulties if they cannot effectively project or collect non-general fund revenues to sustain their operations.

Gunston Hall should evaluate their process for estimating non-general fund revenues and ensure that they are providing reasonable non-general fund revenue estimates to support both their own and the Commonwealth's budget development process. This process should include obtaining confirmation of any planned contribution to be provided by their foundation.

### **Establish Memorandum of Agreement for Human Resource Program Assistance**

Gunston Hall relies on the Department of Human Resource Management (Human Resources Management) to enter information in the Commonwealth's Personnel Management Information System and the Benefits Eligibility System; however, there is no documented Memorandum of



Agreement (agreement) between the two agencies regarding these services. A formalized agreement would establish the level and duration of service provided by Human Resource Management and would document and clarify the responsibilities of and controls provided by both agencies.

Currently, Human Resource Management can discontinue services to Gunston Hall without any notification leaving Gunston Hall without access to perform key human resource functions. Additionally, without an agreement, Gunston Hall cannot ensure that Human Resource Management is providing the appropriate level of service and retaining the appropriate documentation, or hold Human Resource Management accountable for not providing adequate service.

Gunston Hall should work with Human Resource Management to establish a formal agreement that outlines the scope of services to be provided by Human Resource Management and the responsibilities of Gunston Hall.

### **Improve Internal Controls over Revenue Collection and Deposit Processes**

Gunston Hall does not have adequate internal controls over their revenue collection and deposit processes. While Gunston Hall has an exception from Commonwealth policies which allows them to make deposits weekly, they do not always comply with this exception, and have made deposits more than one week late. In addition, limited staffing resources caused the agency to have inadequate segregation of duties over collections as the same individual prepared deposits, made deposits, and keyed deposits into the Commonwealth Accounting and Reporting System. Finally, Gunston Hall does not log checks into a check log or register and therefore has no evidence to verify if checks received by the museum were deposited.

Gunston Hall should improve internal controls over the revenue collection and deposit process to ensure that deposits are made in accordance to the exception granted by the Department of the Treasury. Furthermore, Gunston Hall should ensure that there is adequate segregation of duties in relation to the revenue collection and deposit process. Improvements in these areas will help decrease the risk of fraud or theft.

## VIRGINIA'S MUSEUMS INDIVIDUAL HIGHLIGHTS

### Virginia Museum of Fine Arts

The Virginia Museum of Fine Arts (Fine Arts), located in Richmond, collects, preserves, exhibits, and interprets art, as well as encourages the study of the arts. Fine Arts is open 365 days a year, features permanent collections and original masterworks of art. Special temporary exhibits also present views of art from all over the world. Featured performances in the Fine Arts theater provide a full range of concerts, films, theater and dance from classical to contemporary.

Fine Arts acquires their collection of art through direct purchase, direct gift, gift-purchase combination, and in some instances loaned from other institutions or individuals. Fine Arts has the ability to periodically rotate items and each year displays one or more banner exhibitions. The nature of Fine Arts' operations requires conservators, curators, and other specialized staff to assist in handling and preserving the art they exhibit.

The Virginia Museum of Fine Arts Foundation (Foundation) serves as the fund-raising component of the Fine Arts. In fiscal year 2011, the Foundation provided over \$14 million to support Fine Arts' operating and capital expenses. In addition, the Foundation formed the Virginia Museum of Fine Arts Real Estate Foundation for the purpose of managing property for Fine Arts' benefit.

#### Financial Highlights

In fiscal year 2011, 66 percent of Fine Arts' budget came from non-general fund revenues, including monies from the Foundation, admission fees, membership dues, gift shop and concession sales, and federal grants. The remainder came through general fund appropriations. Table 1 below illustrates Fine Arts' original budget, final budget, and actual expenses for fiscal years 2010 and 2011. Financial highlights for fiscal year 2010 are discussed in our Fine Arts audit report for the three year period ending June 30, 2010.

**Table 1**

#### **Budget and Actual Operating Expenses by Funding Source -- Fiscal Years 2010-11**

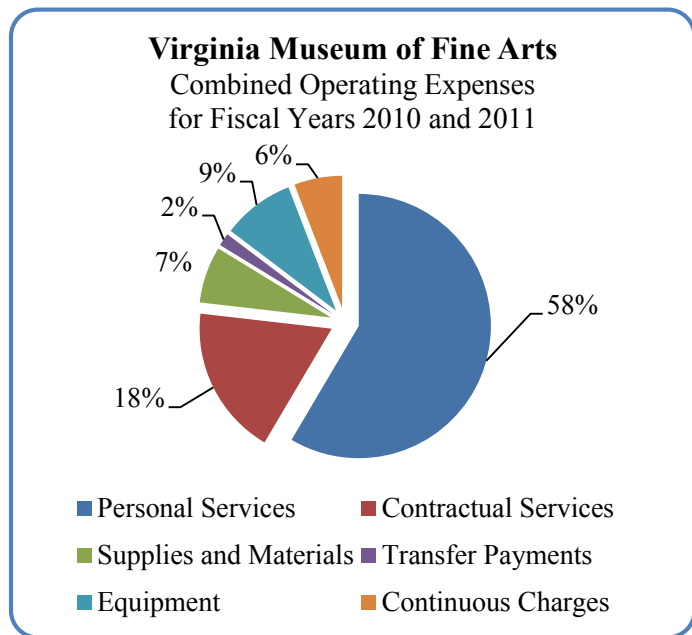
<b>Funding Source</b>	<b>2010</b>			<b>2011</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Expenses</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Expenses</b>
General fund appropriations	\$11,252,169	\$ 9,799,061	\$ 9,799,061	\$ 9,931,301	\$10,188,175	\$10,188,175
Special revenue (admissions, educational programs, membership revenues)	1,717,500	2,243,538	1,305,416	3,717,500	5,217,500	5,213,758
Enterprise revenue (gift shop and food service revenues)	-	-	-	-	3,027,893	1,297,141
Dedicated special revenue (Foundation support)	9,000,030	9,501,432	7,482,272	8,642,376	11,142,376	8,364,589
Federal grants and contracts	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Operating Budget and Expenses	<u>\$22,069,699</u>	<u>\$21,644,031</u>	<u>\$18,686,749</u>	<u>\$22,391,177</u>	<u>\$29,675,944</u>	<u>\$25,163,663</u>

Source: Commonwealth Accounting and Reporting System

Between fiscal years 2010 and 2011, the General Assembly reduced Fine Arts' original general fund budget more than \$1.3 million and increased the special revenue original budget \$2.0 million. The museum addressed the reductions by decreasing discretionary costs, personnel costs, and supplanting general funds with non-general funds. The increased special revenues were projected revenues that Fine Arts anticipated earning as a result of opening a new museum wing.

During fiscal year 2011, Fine Arts' final budget increased more than \$7 million. Four million of the increase is attributable to Fine Arts receiving private donations to cover expenses associated with the Picasso exhibit. The remainder of the increase reflects the museum's gift shop and food services operations becoming a part of the museum's operations beginning January 1, 2011.

Fine Arts has placed significant reliance on non-general fund revenues to support the museum's operations. Fine Arts estimated that they would collect \$40.4 million and \$19.9 million in non-general fund revenues in fiscal years 2010 and 2011 respectively; however, actual collections totaled \$35.6 million and \$22.7 million for each year. Fine Arts is one of only two museums who exceeded their estimated non-general fund revenues in 2011. The additional 13.5 percent in revenues collected were mainly the result of higher than anticipated attendance of the Picasso exhibit and revenues from the gift shop and food service operations.



Fine Arts spent more than \$43 million on operating expenses across fiscal years 2010 and 2011. Personal services, including fringe benefits, represent \$25 million (58 percent) of those expenses during the two year period. The remaining expenses include items such as contractual services, supplies and materials, equipment, and continuous charges. The most significant of these, contractual services, reflects payments to support their renovation and expansion activities as well as other ongoing operational expenses such as information technology services provided by VITA.

Of additional note, Fine Arts had \$19.7 million available in fiscal year 2011 to finance capital projects. Of this appropriation, Fine Arts spent \$8.2 million for the expansion and renovation of the museum. Funds from the Foundation and Virginia Public Building Authority bonds financed 96 percent these projects.

## Jamestown-Yorktown Foundation

The Jamestown-Yorktown Foundation (Jamestown-Yorktown) educates and promotes an understanding and awareness of Virginia's role in the creation of the United States of America. Jamestown administers two living history museums: the Jamestown Settlement located in Williamsburg and the Yorktown Victory Center located in Yorktown. The Jamestown Settlement interprets the cultures of 17th-century colonial Jamestown, America's first permanent English settlement, and the Powhatan Indians. The Yorktown Victory center interprets the impact of the American Revolution on the people of America and the development of the new nation.

Jamestown-Yorktown's collection contains over 67,000 artifacts. Jamestown-Yorktown owns or obtains artifacts through loans from museums around the world and offers a combination of on-site and outreach educational programs. Because of the nature of museum, Jamestown-Yorktown does not have the ability to change or rotate exhibits; therefore, they are less likely to benefit from repeat visitation. In order to provide some variation in the items on exhibit, Jamestown-Yorktown attempts to build their collection by acquiring new artifacts for exhibit at both museums.

Jamestown-Yorktown has two private affiliates that provide financial support to the museum. Jamestown-Yorktown Foundation, Inc. coordinates private fundraising and receives donations from public and private corporations, while the Jamestown-Yorktown Educational Trust, Limited runs the museum's four gift shop locations and the café operations. Jamestown-Yorktown's operations are heavily reliant on revenues from the gift shop and café sales. The two affiliates provided over \$5 million in total to Jamestown-Yorktown in fiscal years 2010 and 2011.

### Financial Highlights

Jamestown-Yorktown receives a combination of general fund appropriations and non-general funds. In fiscal years 2010 and 2011, 57 percent of Jamestown-Yorktown's budget was from non-general fund revenues, which included admission fees, funds from the two affiliates, and educational grants. The remaining 43 percent was from general fund appropriations. Table 2 below illustrates Jamestown Yorktown's original budget, final budget, and actual expenses for fiscal years 2010 and 2011.

**Table 2**

#### **Budget and Actual Operating Expenses by Funding Source -- Fiscal Years 2010-11**

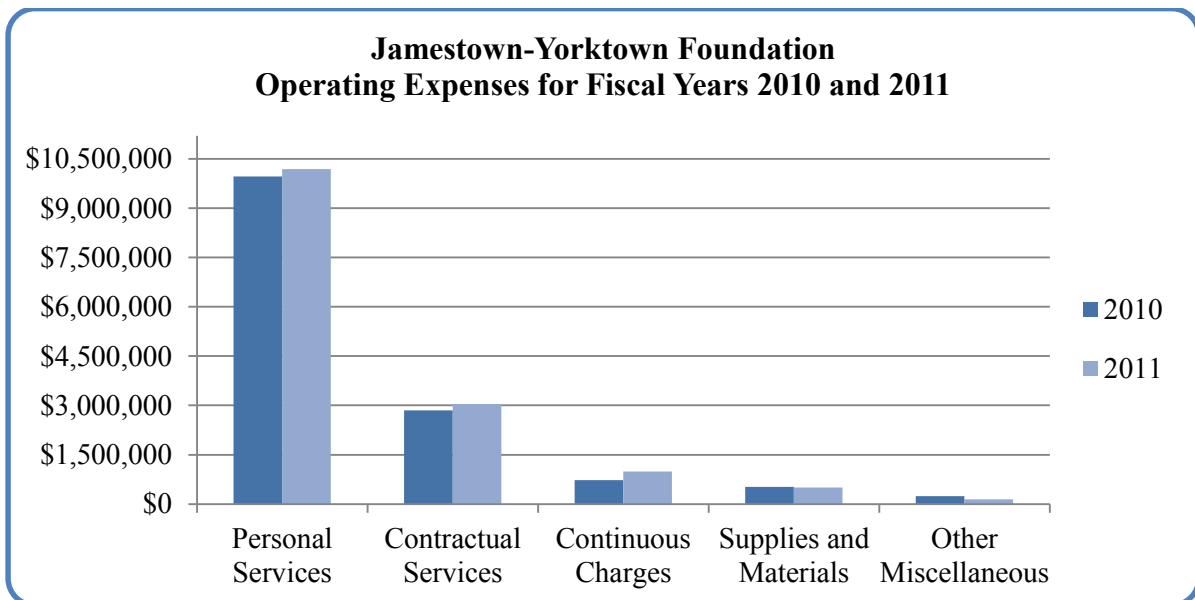
<u>Funding Source</u>	<u>2010</u>			<u>2011</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
General fund appropriations	\$ 7,584,459	\$ 6,489,097	\$ 6,489,097	\$ 6,378,337	\$ 6,554,180	\$ 6,554,180
Special revenue (admissions, educational programs, membership revenues)	<u>8,481,847</u>	<u>8,662,871</u>	<u>7,804,777</u>	<u>8,686,598</u>	<u>8,686,598</u>	<u>8,313,410</u>
Total Operating Budget and Expenses	<u>\$16,066,306</u>	<u>\$15,151,968</u>	<u>\$14,293,874</u>	<u>\$15,064,935</u>	<u>\$15,240,778</u>	<u>\$14,867,590</u>

Source: Commonwealth Accounting and Reporting System

Jamestown-Yorktown's 2010 budget decreased nearly \$1.0 million from where it was in 2009, mainly in the general fund. Their 2011 general fund budget was reduced further by \$1.2 million. These general fund reductions were implemented in a number of ways including limiting outreach education, supporting operations with more non-general fund revenues, deferring facility maintenance and upgrades, reducing discretionary expenses, and curtailing expenses for recruitment, professional development, curatorial and exhibit activities.

These budgetary reductions reflect the increased dependence Jamestown-Yorktown has on non-general fund revenues to support its' operations. Jamestown estimated that they would collect \$7.8 million and \$7.9 million in fiscal years 2010 and 2011, respectively; however \$7.4 million and \$8.0 was collected in each of those fiscal years. Revenue estimate variances occurred mostly as a result of uncertainties in the funding received from its affiliate.

Jamestown-Yorktown spent over \$29 million in operating expenses across fiscal years 2010 and 2011. Personal services including fringe benefits are over \$20 million or 69 percent of those expenses. Contractual services comprised almost \$6 million or 20 percent, and included advertising, architectural and engineering services, telecommunication and information technology services provided by VITA, and custodial services. The remaining 11 percent was for continuous charges, supplies and materials, and other miscellaneous expenses, as reflected below.



In addition to the operational funding discussed above, Jamestown-Yorktown had a total of \$6.1 million in fiscal years 2010 and 2011 to finance capital projects, mostly to support the replacement of the Yorktown Victory Center. Jamestown-Yorktown spent \$3.6 million during this period. Virginia Public Building Authority bonds and non-general funds financed 99 percent of the capital appropriation.

## Science Museum of Virginia

The Science Museum of Virginia (Science Museum), headquartered in Richmond, focuses on Science, Technology, Engineering, and Math (STEM) education and raises public understanding in those areas. It accomplishes this through informal hands-on teaching, learning experiences, and various educational outreach programs. The Science Museum maintains a collection of permanent and temporary exhibits some of which are loaned from other entities.

In addition to the Broad Street Station, the Science Museum operates the Virginia Aviation Museum and the Danville Science Center. The Virginia Aviation Museum's (Aviation) collection features a wide variety of airworthy vintage aircraft, aviation artifacts, and memorabilia donated by others or on loan from the Smithsonian's Air and Space Museum, as well as descriptive exhibits on the history of aviation in Virginia. The Danville Science Center (Science Center) is located in the city's tobacco warehouse district and features a computer lab, butterfly garden, science exhibits, and a natural history collection.

Aviation and Danville Science are not self-supporting. In fiscal years 2010 and 2011, Aviation collected just over \$200,000 in revenues while expenses totaled almost \$325,000; whereas, the Science Center collected almost \$366,000 in revenues, while expenses totaled over \$1,021,000. Their operations are supplemented annually by the Science Museum's earned revenue. The Science Museum had plans of opening the Northern Virginia Science Center at Belmont Bay (SciencePort); however, the project was terminated because of the lack of funding to support the project.

The Science Museum of Virginia Foundation, a nonprofit corporation, supports the activities of the Science Museum, while the Danville Science Center, Inc. supports the activities of the Science Center. Contributions from the affiliates totaled more than \$1.5 million in total during fiscal years 2010 and 2011.

### Financial Highlights

The Science Museum received approximately 55 percent of its operating budget from non-general funds and the remaining 45 percent from the general fund. Table 3 below illustrates Science Museum's original budget, final budget, and actual expenses for fiscal years 2010 and 2011.

**Table 3**

**Budget and Actual Operating Expenses by Funding Source -- Fiscal Years 2010-11**

<u>Funding Source</u>	<u>2010</u>			<u>2011</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
General fund appropriations	\$ 5,286,618	\$ 4,564,380	\$4,564,145	\$ 4,633,555	\$ 4,697,381	\$4,696,604
Special revenue (admissions, Foundation support, facilities rentals, educational programs, publications, gift/concession shop sales)	4,951,366	4,651,366	3,050,015	4,951,366	4,951,366	2,560,534
Trust and agency	300,000	-	-	300,000	300,000	-
Federal grants and contracts	-	600,000	187,981	1,000,000	1,000,000	308,674
Total Operating Budget and Expenses	<u>\$10,537,984</u>	<u>\$ 9,815,746</u>	<u>\$7,802,141</u>	<u>\$10,884,921</u>	<u>\$10,948,747</u>	<u>\$7,565,812</u>

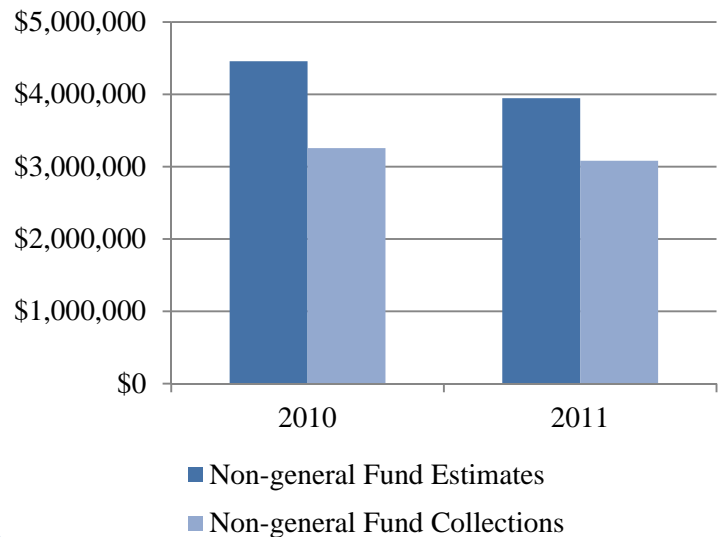
Source: Commonwealth Accounting and Reporting System

In fiscal year 2010, the Science Museum incurred general fund appropriation reductions. Reductions were implemented by decreasing the museum workforce through position eliminations and delayed hiring, reducing the number of days the museum was open to the public, and shrinking educational and outreach programs. Due to further general fund reductions to the Science Museum's fiscal year 2011 original budget, these cost avoidance initiatives were carried forward to fiscal year 2011.

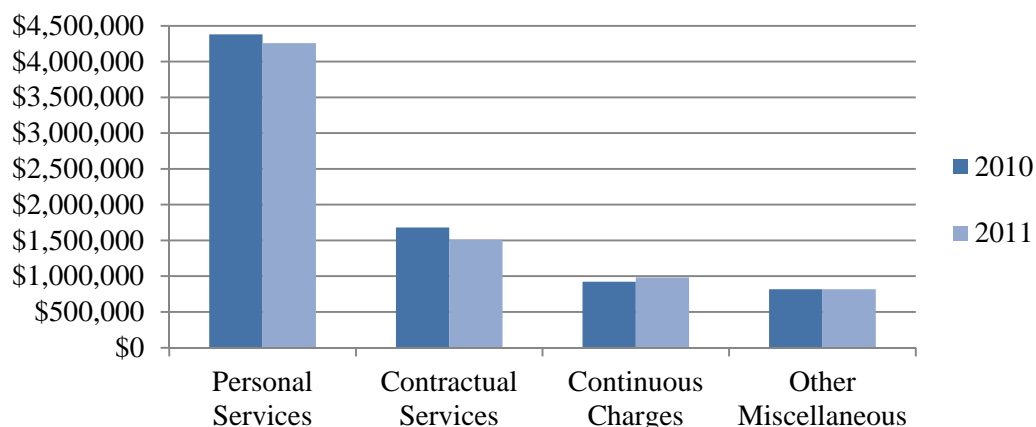
For both fiscal year 2010 and 2011, the Science Museum overestimated the amount of non-general fund revenues that would be collected. Variances between the amounts estimated and actually collected occurred mainly because of discontinued programs and reductions in admissions, membership sales, funding from the Foundations, and facility rental revenue. This significantly decreased the amount of special revenues available for the Science Museum's use. In fact in fiscal year 2011, the Science Museum spent almost \$2.4 million less than their special revenue budget.

Overall, the Science Museum spent \$15.3 million in total operating expenses across fiscal years 2010 and 2011. Payroll costs including fringe benefits made up over \$8.6 million (56 percent), while contractual services and continuous charges make up 21 and 12 percent, respectively, of the Science Museum's expenses. The remaining expenses include items such as supplies and materials, transfer payments, property and improvements and equipment as illustrated below.

**Non-general Fund Estimates vs. Collections for fiscal year 2010 and 2011**



**Science Museum of Virginia  
Operating Expenses for Fiscal Years 2010 and 2011**



In fiscal years 2010 and 2011, the Science Museum received a total of \$16.4 million to finance capital projects. Over \$10 million of the capital appropriation was for the Belmont Bay Science Center, however the project was canceled due to the lack of private funding. The Science Museum spent approximately \$1.9 million during this period on maintenance reserve projects, the Danville Science Center, and restoring the exterior stucco at the Science Museum. Non-general funds, Virginia Public Building Authority bonds, and general obligation bonds funded the Science Museums' capital appropriations.

### **Virginia Museum of Natural History**

The Virginia Museum of Natural History (Natural History), located in Martinsville, preserves, studies, and interprets the Commonwealth's natural heritage by providing research sites, exhibits, and programs for the public. Natural History houses more than 20 million specimens and artifacts reflecting the geological/paleontological history of the Commonwealth. Natural History is the only collections-based science institution in the Commonwealth.

Natural History's exhibits feature the actual specimens and artifacts representing the natural world, and are based upon scientific projects, inquiry, and information. Permanent and special exhibits are displayed at the museum and at remote sites. Natural History acquires their collection through direct purchase, donation, and loan. Natural History staff includes seven Ph.D. level researchers that conduct science level research.

The Virginia Museum of Natural History Foundation is an independently incorporated entity that exists for the sole purpose of soliciting, receiving, investing, and managing private donations for Natural History. Across fiscal years 2010 and 2011, the Foundation provided over \$300,000 in support.

#### **Financial Highlights**

In fiscal years 2010 and 2011, Natural History received approximately 74 percent of its operating budget from general fund appropriations and the remaining 26 percent from non-general funds. Table 4 below illustrates Natural History's original budget, final budget, and actual expenses for fiscal years 2010 and 2011. Financial highlights for fiscal year 2010 are discussed in our Natural History audit report for three year period ending June 30, 2010.

**Table 4**

#### **Budget and Actual Operating Expenses by Funding Source -- Fiscal Years 2010-11**

<b>Funding Source</b>	<b>2010</b>			<b>2011</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Expenses</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Expenses</b>
General fund appropriations	\$2,661,503	\$2,386,588	\$2,386,588	\$2,335,115	\$2,612,965	\$2,612,965
Special revenue (admissions, Foundation support, educational programs, publications, gift shop sales)	765,752	765,753	481,798	765,752	781,900	269,487
Federal grants and contracts	30,000	30,000	22,196	30,000	149,000	108,533
Total Operating Budget and Expenses	<u>\$3,457,255</u>	<u>\$3,182,341</u>	<u>\$2,890,582</u>	<u>\$3,130,867</u>	<u>\$3,543,865</u>	<u>\$2,990,985</u>

Source: Commonwealth Accounting and Reporting System

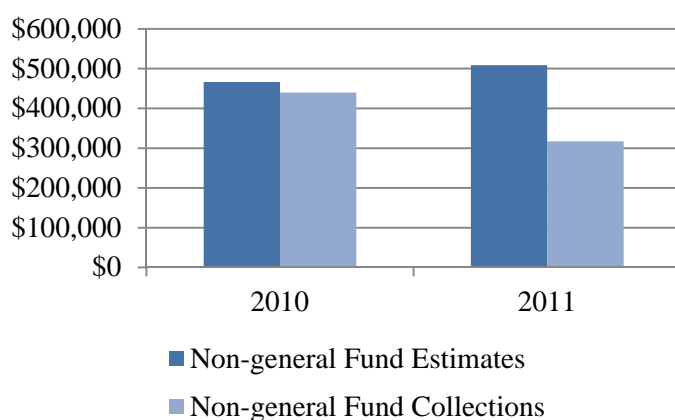


Between fiscal years 2010 and 2011, Natural History incurred general fund budget reductions to their original budget. The 2011 reductions were a reflection of the reductions that the agency experienced during fiscal year 2010. Natural History addressed the fiscal impact of these reductions by eliminating and reclassifying positions, eliminating research, improving efficiencies of agency support services, reducing custodial services, and closing the facilities on holidays and Sundays.

During fiscal year 2011, Natural History's final budget increased over \$400,000 from the original. Additional general fund appropriations funded the new rates for information technology services provided by VITA and federal monies funded two positions, a manager responsible for care and maintenance of the museum's collections and a grant writer to help secure additional non-general funds.

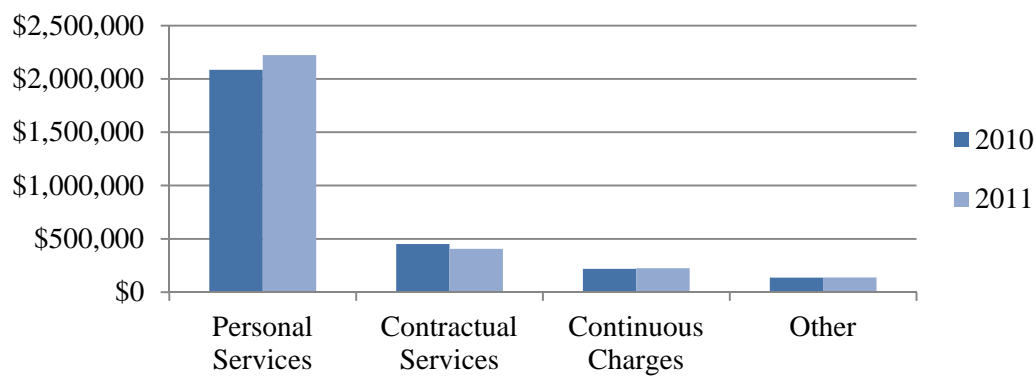
In fiscal years 2010 and 2011, Natural History overestimated the amount of non-general fund revenues that would be collected. In fiscal year 2011, the Foundation did not provide revenues to Natural History because one of the positions partially funded by the Foundation was vacant for part of the fiscal year. In addition, Natural History anticipated receiving \$70,000 in grants in fiscal year 2011, but those funds were not received until fiscal year 2012.

**Non-general Fund Estimates vs. Collections for fiscal year 2010 and 2011**



Natural History spent over \$5.8 million in total operating expenses across fiscal years 2010 and 2011. Personal services including fringe benefits were over \$4.3 million (73 percent) of these dollars. Contractual services and continuous charges were the next most significant expense, with the remaining expenses including items such as supplies and materials, transfer payments, and equipment as shown below.

**Virginia Museum of Natural History  
Operating Expenses for Fiscal Years 2010 and 2011**



In fiscal years 2010 and 2011, Natural History received a total of \$613,000, net of reversions, to finance capital projects and approximately \$195,000 was expended. This was in addition to the operating expenses previously discussed. Natural History is using these funds for maintenance reserve projects and the museum's new facility that opened in 2007. Non-general funds and Virginia Public Building Authority bonds funded Natural History's capital appropriations.

### **Frontier Culture Museum of Virginia**

The Frontier Culture Museum of Virginia (Frontier Culture), located in Staunton, commemorates pioneer culture and educates visitors about its influence on the creation and development of the United States of America. The 220-acre site offers visitors the experience of 17th, 18th and 19th century European and American customs. The site features period furnishings, crops, animals, foods, and costumed interpreters that help create a living illustration of life in Europe before immigration to America and the culture the immigrants built on one of America's first frontiers.

Frontier Culture currently features 10 outdoor exhibits that represent three Old World cultures and American frontier culture from the 1740s to the 1850s. Most of the outdoor exhibits are original buildings that have been dismantled, restored and reconstituted at Frontier Culture. Items in Frontier Culture's collection are acquired through donations or directly purchased.

Frontier Culture requires specialized staff for collection and curatorial services and exhibit maintenance. Due to limited funding there is only one employee in the collection and curatorial services department and two employees responsible for maintenance. Education and interpretative programs, critical to their museums' outreach activities, involve the largest numbers of staff. Limited funding and the skill level required to fill these positions impact Frontier Culture's ability to keep these programs fully staffed, as they require a depth of specific historical knowledge, typically only acquired over the course of years of experience and individual study.

Frontier Culture is affiliated with the American Frontier Culture Foundation (Foundation), an independently incorporated entity that exists for the sole purpose of soliciting, receiving, investing, and managing private donations. Generally, the Foundation provides support for Frontier Culture's exhibits, programs, and operations that are not funded by the General Assembly, with the most critical being the purchase of exhibit items. The Foundation leases and operates Frontier Culture's museum store and two rental facilities.

### **Financial Highlights**

Table 5 on the following page illustrates Frontier Culture's original budget, final budget, and actual expenses for fiscal years 2010 and 2011. In fiscal year 2010, Frontier Culture received 72 percent of its operating budget from the general fund and the remaining 28 percent from non-general funds. In fiscal year 2011, general fund appropriations increased to 81 percent and non-general fund support decreased to 19 percent.

Table 5

**Budget and Actual Operating Expenses by Funding Source -- Fiscal Years 2010-11**

<b>Funding Source</b>	<b>2010</b>			<b>2011</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Expenses</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Expenses</b>
General fund appropriations	\$1,535,892	\$1,346,811	\$1,346,717	\$1,353,923	\$1,925,719	\$1,905,635
Special revenue (admissions, Foundation support, lease receipts)	446,293	536,293	424,806	536,293	446,293	324,016
Total Operating Budget and Expenses	<u>\$1,982,185</u>	<u>\$1,883,104</u>	<u>\$1,771,523</u>	<u>\$1,890,216</u>	<u>\$2,372,012</u>	<u>\$2,229,651</u>

Source: Commonwealth Accounting and Reporting System

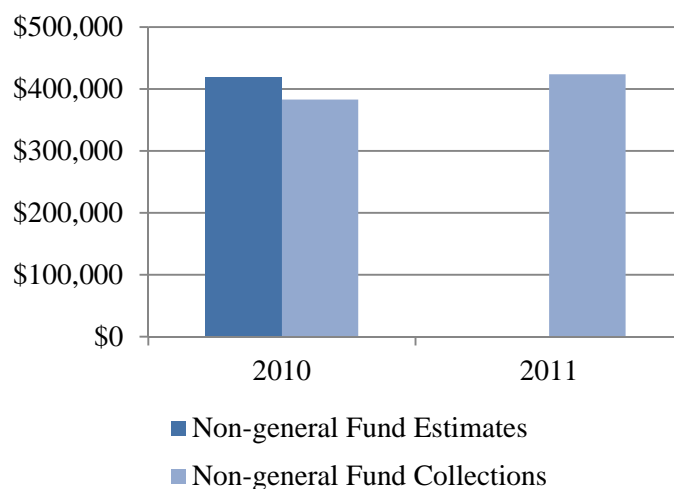
In both fiscal years, Frontier Culture incurred general fund reductions to its original budget that the agency implemented by reducing staff, including education interpretation personnel, postponing or foregoing maintenance projects and equipment replacement, and supplanting general funds with non-general funds.

These reductions were realized with great hardship to the museum, which lead the General Assembly to provide Frontier Culture an additional \$500,000 in general funds in fiscal year 2011 to help ensure its continued operation. Without these funds Frontier Culture would have had to forego paying VITA almost \$200,000 for charges that dated back to 2008 and leave a number of long-standing operational issues unresolved. As a cost saving initiative moving forward, Frontier Culture reduced the services they obtain from VITA, discontinuing use of all but two computers on the VITA network.

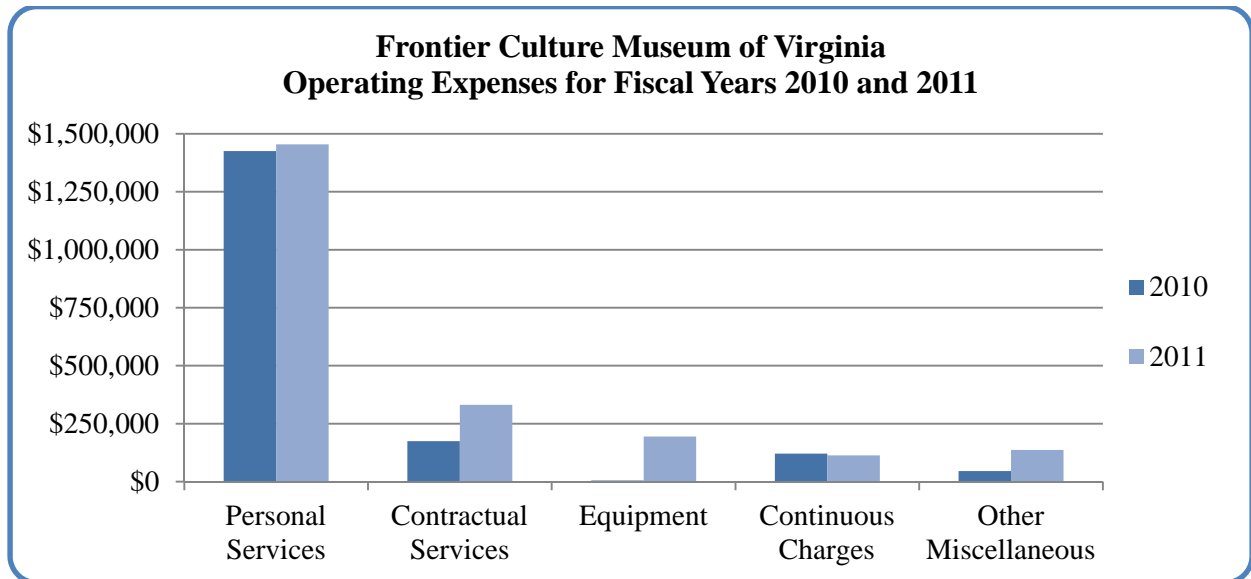
As with the other museums, Frontier Culture overestimated the amount of non-general fund revenues that would be collected for fiscal year 2010. Further, in fiscal year 2011, the agency did not provide any revenue estimates; as such it appears that the agency did not expect to receive any non-general fund revenues. This fact makes the estimate versus actual analysis to the right appear skewed for 2011 in a very favorable way.

However, since they did not submit a projection, Planning and Budget ultimately carried forward their 2010 final budget of \$536,293 to be their 2011 original budget. This budget exceeded actual collections by \$90,000 or 20 percent. Management's lack of attention to this area impacts their internal budgeting, as well as the Commonwealth's, and should be focused on in the future given the state of their finances.

**Non-general Fund Estimates vs.  
Collections for fiscal year 2010 and 2011**



Frontier Culture spent over \$4 million in total operating expenses across fiscal years 2010 and 2011. Personal services including fringe benefits are over \$2 million (72 percent). While significantly less, contractual services, equipment, and continuous charges are the next most significant expense areas. The remaining miscellaneous expenses include items such as supplies and materials and property and improvements. The illustration below reflects how significant personal services were to Frontier Culture in 2010 and 2011.



In addition to the operating expenses discussed above, Frontier Culture received a total of \$1.6 million in fiscal years 2010 and 2011 to finance capital projects with over \$454,000 expended during that period. Frontier Culture is using these funds for maintenance reserve projects and site improvements. Virginia Public Building Authority bonds and special revenues collected by the agency financed these projects.

### Gunston Hall

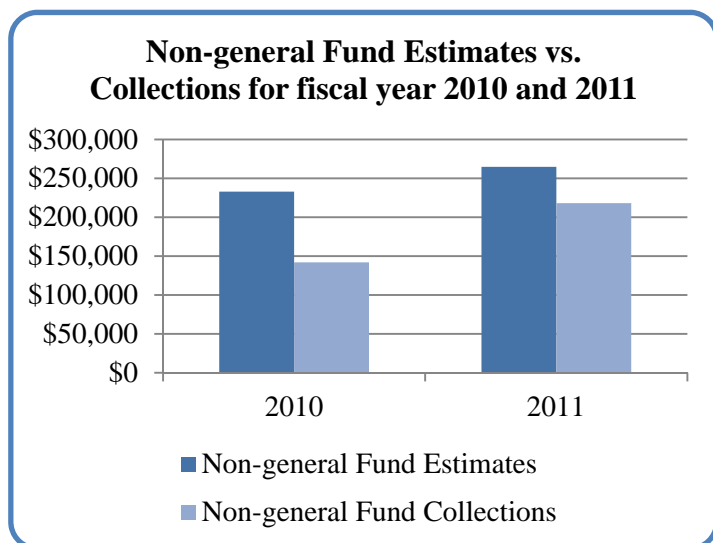
Gunston Hall, located in Lorton, is a 550 acre national historic landmark and the former home of George Mason. Gunston Hall promotes and educates the public about 18<sup>th</sup> century life, as well as the historical significance and contributions of George Mason. Gunston Hall's collection of historical items is purchased, loaned or gifted to the museum. Gunston Hall has a separate account, not in the Commonwealth's accounting system, used solely for acquiring and restoring collection items. As of June 30, 2011, assets in this account totaled \$1 million.

Gunston Hall has affiliations with the Gunston Hall Foundation and the Gunston Hall Regents Fund (Regents Fund). The Gunston Hall Foundation operates as an endowment, managing an investment account from which yearly donations are made to the Regents Fund. While the Regents Fund has its own investments, it primarily functions as an operating account, directly paying for some of Gunston Hall's operational expenses. Both entities exist solely for the benefit of Gunston Hall.

The financial highlights below do not completely reflect the support provided by the affiliates. The majority of their support occurs through the direct payments made for various

museum programs by the Regents Fund. In fiscal years 2010 and 2011, the Regents Fund spent \$724,000 and \$786,000, respectively, to support Gunston Hall's annual operational needs.

### Financial Highlights



In addition to the support from its affiliates discussed above, Gunston Hall receives a combination of general funds and non-general funds to support its operations. In fiscal years 2010 and 2011, approximately 63 percent of Gunston Hall's budget was from general fund appropriations. The remaining 37 percent was from non-general fund revenues which consisted primarily of admission fees and limited donations from the Gunston Hall Foundation and Regents Fund.

2011, provided for through the General Assembly. In both fiscal years, Gunston Hall incurred General fund budget reductions. Gunston Hall planned to implement these reductions by obtaining private funding and increasing admission fees.

**Table 6**

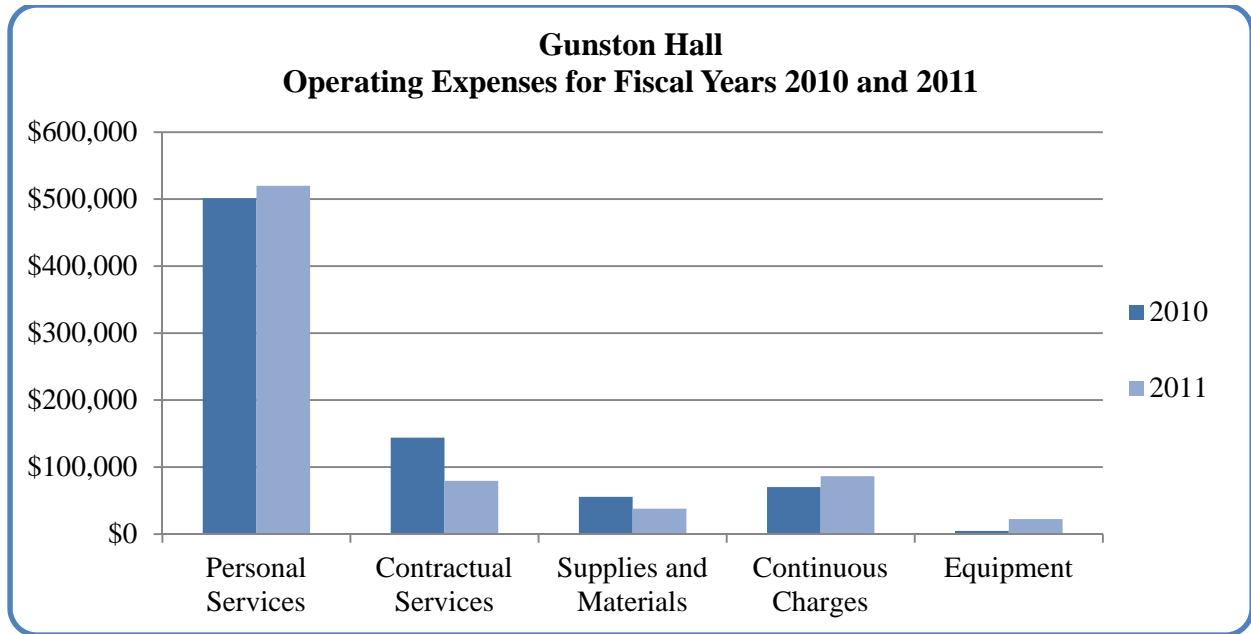
**Budget and Actual Operating Expenses by Funding Source -- Fiscal Years 2010-11**

Funding Source	2010			2011		
	Original Budget	Final Budget	Expenses	Original Budget	Final Budget	Expenses
General fund appropriations	\$ 548,749	\$ 582,478	\$ 570,817	\$ 489,039	\$ 508,882	\$ 506,987
Special revenue (admissions, educational programs, Foundation support)	232,949	320,863	204,296	264,699	293,983	235,645
Federal grants and contracts	-	-	-	-	3,297	3,297
Total Operating Budget and Expenses	<u>\$ 781,698</u>	<u>\$ 903,341</u>	<u>\$ 775,113</u>	<u>\$ 753,738</u>	<u>\$ 806,162</u>	<u>\$ 745,929</u>

Source: Commonwealth Accounting and Reporting System

In fiscal years 2010 and 2011, Gunston Hall significantly overestimated the amount of non-general fund revenues that would be collected. These variances occurred because management developed their non-general fund revenue estimates to balance the budget and accommodate budget cuts, without considering if the estimated amounts were attainable. Specifically, the museum overestimated the amount of support they would receive from the foundation in both fiscal years and made them heavily reliant on the foundation to cover some operating expenses, rather than developing operational strategies to address their reduced funding level.

Gunston Hall spent over \$1.5 million in total operating expenses in fiscal years 2010 and 2011. Payroll costs including fringe benefits are over \$1 million (67 percent) for the two year period. The remaining expenses included items such as contractual services, supplies and materials, continuous charges, and equipment as reflected below.



In addition to the operational activity discussed above, Gunston Hall received a total of \$230,286 during the audit period to finance capital projects and spent \$89,500 of those funds. Funding was for maintenance reserve and a handicap accessibility project. General funds and Virginia Public Building Authority bonds financed these projects.



# Commonwealth of Virginia

## *Auditor of Public Accounts*

Martha S. Mavredes, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

March 29, 2013

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable John M. O'Bannon, III  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of **Virginia's Museums** for the years ended June 30, 2010, and 2011. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System review the adequacy of Virginia's Museums' internal controls, test compliance with applicable laws, regulations, contracts, and grant agreements and review corrective actions of audit findings from prior year reports.

### Audit Scope and Methodology

Virginia's Museums' management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

#### **Virginia Museum of Fine Arts**

Revenues

Expenses, including small purchase charge card and payroll

General System Controls

**Jamestown-Yorktown Foundation**

Revenues

Expenses, including small purchase charge card, payroll, and capital projects

General System Controls

**Science Museum of Virginia**

Revenues

Expenses, including small purchase charge card, payroll

General System Controls

**Virginia Museum of Natural History**

Revenues

Expenses including payroll

Petty Cash

General System Controls

**Frontier Culture Museum of Virginia**

Revenues

Expenses, including payroll

General System Controls

**Gunston Hall**

Revenues

Expenses including payroll

General System Controls

We performed audit tests to determine whether Virginia's Museums' controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, reconciliations, board minutes, and the Code of Virginia and observation of Virginia's Museums' operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

**Conclusions**

We found that Virginia's Museums properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. Virginia's Museums records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts and grant agreements that require management's attention and



corrective action. These matters are described in the section entitled “Summary of Audit Findings and Recommendations.”

Virginia’s Museums has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this letter.

#### Exit Conference and Report Distribution

We discussed this report with management between May 2 and May 17, 2013. Management’s response to the findings identified in our audit is included in the section titled Agency Responses. We did not audit management’s response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

JS/alh



# Jamestown-Yorktown Foundation

P.O. Box 1607, Williamsburg, Virginia 23187-1607  
(757) 253-4838 (757) 253-5299 Fax (757) 253-5110 TDD [www.historyisfun.org](http://www.historyisfun.org)

May 13, 2013

Ms. Martha S. Mavredes, CPA  
Auditor of Public Accounts  
James Monroe Building  
101 North 14<sup>th</sup> Street, 8<sup>th</sup> Floor  
Richmond, VA 23219

Dear Ms. Mavredes,

The Jamestown-Yorktown Foundation appreciates the opportunity to comment on JYF audit findings and recommendations. We agree with the comments recognizing the magnitude of financial pressures engendered by general fund budget reductions, and the necessity of accurate non-general fund forecasts to promote a complete understanding of total museum financial resources and operating needs. This period was doubly challenging as general economic conditions also led to visitation declines, thereby reducing non-general fund revenue collections below expectations. However, I also note that JYF acted promptly to reduce spending to ensure sound financial management.

The Foundation found the recommendations helpful and we implemented new procedures to address the findings.

## Improve Information Security Standard Compliance

The Foundation acknowledges its responsibility to enforce IT security standards and developed a corrective action plan to address this repeat finding. The prolonged information technology manager vacancy (18 months) undermined efforts to fully implement the procedures and ensure completion of the corrective action. In addition, the key departures of the other full-time IT staff member and the software application business owner, two weeks prior to the new IT manager coming on board in January 2012, created continuity and transition issues as well as non-existent opportunity for knowledge transfer. We regret this repeat finding, and believe that it will not re-occur if we are permitted to fill critical vacancies more promptly.

An Agency of the  
Commonwealth of Virginia

Accredited by the  
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of Museums

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Treasurer

Philip G. Emerson  
Executive Director

Ms. Martha S. Mavredes, CPA  
May 13, 2013  
Page 2 of 2

*Improve Documentation of Reconciliations and Reviews*

Procedures have been established to have both preparer and reviewer sign and date reconciliations to document timely review.

*Improve Payroll Certification Processes*

This issue results from the JYF payroll coordinator awaiting the return of her supervisor from scheduled leave to have her reconciliations certified, instead of promptly seeking certification from the finance director. Since the audit period, the Foundation transitioned to the Payroll Services Bureau in April 2012, and to ensure currently assigned staff is meeting standards, we have recently reviewed current staff performance relative to the post-reconciliation process to ensure JYF is following direction and meeting standards.

I will be reviewing the audit findings with our Board of Trustees and discussing your comments with them. I would also like to commend your staff for the professional manner in which the audit was conducted.

Sincerely,

A handwritten signature in black ink, appearing to read "Phil Emerson", with a stylized flourish at the end.

Philip G. Emerson

PGE/jlp

cc: The Honorable H. Benson Dendy III  
The Honorable M. Kirkland Cox  
Mr. J. Jeffrey Lunsford  
Ms. Jean L. Puckett



# COMMONWEALTH of VIRGINIA

*Frontier Culture Museum of Virginia*

P.O. BOX 810

STAUNTON, VIRGINIA 24402-0810

Telephone: (540) 332-7850

FAX: (540) 332-9989

May 9, 2013

Ms. Martha S. Mavredes  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

Dear Ms. Mavredes,

I have reviewed the audit findings by the APA of the Frontier Culture Museum for fiscal years 2010 and 2011 and agree with your results. I recognize there was a lapse in the submission of non-general fund revenue projections to the Department of Planning and Budget for fiscal year 2011 by the agency. In the future, I plan to work closely with the Fiscal Office to insure the timely submission of non-general fund revenue projections to the Department of Planning and Budget.

I offer my thanks for your staff's work during this audit; please let me know if I need to provide any further information.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. John Avoli".

G. John Avoli  
Executive Director



## GUNSTON HALL

Home of George Mason  
Mason Neck, Virginia 22079-3901

Phone (703) 550-9220

Email: [Historic@GunstonHall.org](mailto:Historic@GunstonHall.org)

May 15, 2013

Fax (703) 550-9480

Internet: <http://GunstonHall.org>

The Honorable Martha Mavredes  
Auditor of Public Accounts  
PO Box 1295  
Richmond, VA 23218

Dear Ms. Mavredes:

Thank you for this opportunity to respond to comments on Gunston Hall's financial recording for fiscal years 2010 and 2011. We appreciate your assistance, recommendations and attention to detail.

### Improve Expenditure Review and Documentation

During the initial audit review last year, this issue was addressed at length. While Gunston Hall does not agree with this evaluation, additional safeguards, as documented in the series of emails exchanged in spring and early summer 2012, have been added into the expenditure review and documentation process and we are in compliance.

### Improve Non-general Fund Revenue Estimations

Gunston Hall acknowledges that it has not been able to meet the budgeted non-general fund portion of its appropriation. As indicated in our communications in spring and summer 2012, Gunston Hall is working with its budget analyst and reviewing economic trends to better estimate the amount of non-general funds which can be expected to be received through admissions receipts.

The majority of revenue received from Gunston Hall's private foundations is not deposited with the Treasury of Virginia and is not included in the appropriation, but is reviewed through attachments to the Commonwealth financial statement.

### Establish Memorandum of Agreement for Human Resource Program Assistance

Gunston Hall acknowledges that due to the level of staffing at Gunston Hall we are working with an assigned human resources specialist in DHRM while reviewing the possibility of a signed agreement. The estimated cost of a signed agreement is not cost effective based on agency HR activity and exceeds the ability of Gunston Hall's appropriated funds to cover these services.

An educational agency of the Commonwealth of Virginia governed by  
The Board of Regents of Gunston Hall - The National Society of The Colonial Dames of America





The Honorable Martha Mavredes  
Auditor of Public Accounts  
May 15, 2013  
Page 2

Improve Internal Controls over Revenue Collection and Deposit Processes

Gunston Hall acknowledges that due to the level of current staffing it is not always able to meet the recommended level of segregation of duties recommended by the Commonwealth. However, all revenue is recorded and reconciled by a minimum of two individuals on the staff prior to deposit. Keyed deposits are reviewed by a third staff member. As indicated in the spring/summer 2012 communications, check logs/registers are being kept by two separate individuals and daily paperwork has been revised to provide additional detailed record of the breakdown between cash, check and credit card receipts.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Ladden', with a stylized flourish at the end.

Patrick Ladden  
Interim Director

VIRGINIA MUSEUM OF FINE ARTS

Alex Nyerges, Director and Chief Executive Officer

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FRONTIER CULTURE MUSEUM OF VIRGINIA

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GUNSTON HALL

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