

OFFICE OF STATE MUSEUM

DEPARTMENT OF CULTURE, RECREATION,
AND TOURISM

PERFORMANCE AUDIT SERVICES

Issued March 8, 2023

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March 8, 2023

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

The purpose of this performance audit was to evaluate the Office of State Museum's (OSM) management of its museum system.

OSM – also referred to as the Louisiana State Museum (LSM) – is housed within the Department of Culture, Recreation, and Tourism (CRT), which is led by Louisiana's lieutenant governor. This report is the second in a series of reports on CRT.

We conducted this audit because museums are an important part of preserving and sharing Louisiana's history and because museums were among the organizations most severely affected by the COVID-19 pandemic when travel and indoor activities were limited.

We found that OSM has not had a permanent museum director since May 2016, which has resulted in a pattern of inconsistent leadership. According to multiple stakeholders, the museum director's position has little autonomy and is political in nature due, in part, to the governance structure.

We also found that OSM does not have a comprehensive strategic plan or a detailed budget for the museum system or its exhibits.

In addition, reduced staffing levels over several years has led to low employee morale and may affect museum operations. For example, full-time staff decreased 41.7%, from 108 employees in fiscal year 2009 to 63 in fiscal year 2022.

We found as well that OSM could better use data to manage museum operations. Currently, OSM does not have accurate visitation data for each museum because it lacks a standard process for calculating and tracking admissions and event rentals.



OSM also does not have dedicated resources for museum marketing, including a budget, plan, and specialized staff. That limits its ability to promote the museums to the public.

We found, too, that OSM should work to increase its fundraising efforts. From fiscal year 2018 through fiscal year 2021, support organizations provided \$2.6 million per year, on average, to museums, as well as supporting services.

Additionally, we found that OSM should strengthen its internal controls over the grants and contracts that flow through support organizations. For example, between fiscal years 2020 and 2022, the Jazz Museum expended \$1.5 million in grants and private donations from more than 20 different funding streams, but did not have a clear process to track requirements and deliverables.

This report contains our findings, conclusions, and recommendations. I hope it will benefit you in your legislative decision-making process.

We would like to express our appreciation to OSM for its assistance with this report.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/aa

Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Office of State Museum
Department of Culture, Recreation, and Tourism

March 2023

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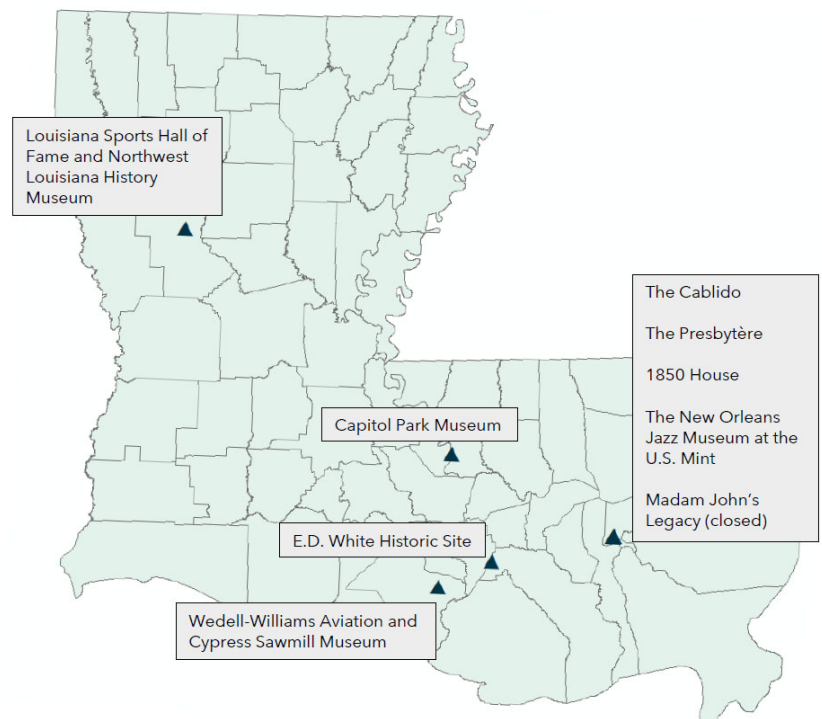
Introduction

We evaluated the Office of State Museum's (OSM), also referred to as the Louisiana State Museum (LSM), management of its museum system. OSM is housed within the Department of Culture, Recreation, and Tourism (CRT), which is led by the Louisiana Lieutenant Governor. We conducted this audit because museums are an important component of preserving and sharing Louisiana's history, and because organizations such as museums were heavily impacted by the COVID-19 pandemic when travel and indoor activities were limited. This report is second in a series of reports on CRT.¹

Overview. OSM oversees nine state museum locations: five in New Orleans, one in Baton Rouge, one in Natchitoches, and two in rural southeast Louisiana.

Exhibit 1 shows a map of the OSM museum locations. OSM has three goals: (1) To collect, preserve, and interpret buildings, artifacts, documents, and other items that reveal the State's history and culture; (2) To educate, enlighten, and provide enjoyment for the people of Louisiana, visitors, and others through the development of exhibits, programs, and presentations of Louisiana's history, culture, and people; and (3) To provide these services with the highest level of professionalism, scholarship, management, and in accordance with the American Alliance of

Exhibit 1
OSM Museums



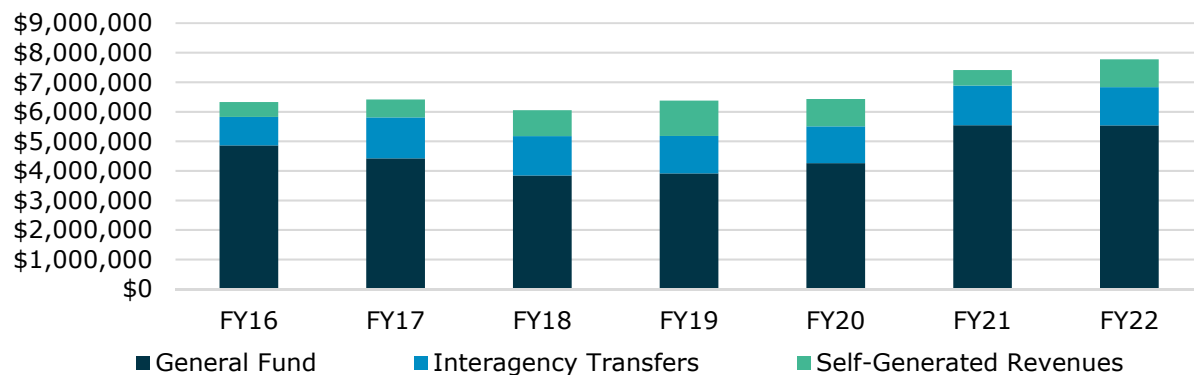
¹ The first performance audit, issued December 7, 2022, was on the [Louisiana Office of Tourism](#).

Museums (AAM). The state museum system is accredited² by AAM until 2025.

OSM museums are also overseen, in part, by the Board of Directors of the Louisiana State Museum (LSM Board), which also serves as the trustees for the William Irby Trust.³

Funding. Between fiscal years 2016 through 2022, OSM's budget was \$6.7 million, on average, per year. OSM is primarily funded through the State General Fund. In fiscal year 2022, 71.2% (\$5.5 million) of OSM's funding came from State General Funds, 16.7% (\$1.3 million) was from interagency transfers,⁴ and 12.1% (\$940,960) was from self-generated revenues. Exhibit 2 shows OSM's revenue sources from fiscal years 2016 through 2022.

Exhibit 2
OSM Revenue Source
Fiscal Years 2016 through 2022



Source: Prepared by legislative auditor's staff using information from LaGov and ISIS/AFS

Impact of COVID-19. Nationwide, the COVID-19 pandemic created serious challenges for museums. As governments issued stay-at-home orders and mask mandates, visitation to indoor organizations, such as museums, significantly decreased. According to a survey conducted by the AAM, museums that have reopened since the pandemic have experienced an average of 62% of their normal, pre-pandemic attendance.⁵

² The Louisiana Sports Hall of Fame opened after the last accreditation date.

³ The William Irby Trust was created by the will of William Ratcliffe Irby, wherein he bequeathed the Lower Pontalba Building in the City of New Orleans to the Louisiana State Museum. Under the terms of the 1926 will, the revenue from this property was to be used "for the upkeep and maintenance of the property and for the general purpose of the Louisiana State Museum."

⁴ Primarily from the Louisiana Office of Tourism, also housed within CRT.

⁵ American Alliance of Museums and Wilkening Consulting, *National Snapshot of COVID-19 Impact on United States Museums*, Fielded December 8, 2021 through January 20, 2022. At the time of the survey, 12% of responding museums were still closed to the public.

To conduct this audit, we conducted interviews of museum staff, current and former museum board members, and support organizations. In addition, we conducted a survey of all museum staff and a survey of current and former LSM Board members. We visited several museums and researched museum best practices and reviewed the AAM accreditation standards. In addition, we reviewed budget documents, visitation records, planning documents, and staffing data.

The objective of this audit was:

To evaluate the Office of State Museum's management of its museum system.

Our results are summarized on the next page and discussed in detail throughout the remainder of the report. Appendix A-1 contains OSM management's response, and Appendix A-2 contains the LSM Board's response. Appendix B includes our scope and methodology, and Appendix C contains an overview of the LSM Board composition.

Objective: To evaluate the Office of State Museum's management of its museum system

Overall, OSM can improve the management of its state museums by building consistent leadership, conducting strategic planning, and proactively budgeting. OSM has been without a full-time permanent director for nearly seven years. The inconsistent leadership since 2016 has had a negative impact on staff morale, funding, exhibits, and exhibit planning, which can ultimately affect visitation levels.

- **OSM has not had a permanent Museum Director since May 2016, resulting in a pattern of inconsistent leadership. According to multiple stakeholders, the Museum Director position holds little autonomy and is political in nature due, in part, to the governance structure. The American Alliance of Museums (AAM) states that effective governance and executive leadership are key components of museum accreditation.** According to OSM staff and current/former LSM Board members, turnover and vacancies in the Museum Director position is one of the major challenges facing the museums.
- **OSM does not have a comprehensive strategic plan or a detailed budget for the museum system or for exhibits.** Effective planning includes budgeting for museum programs and exhibits and communicating those budgets to the appropriate museum staff. However, OSM does not have a comprehensive plan for exhibits, including exhibit start dates and end dates, and it does not have a clear budget for museum programs and exhibits.
- **Low staffing over several years has led to low employee morale and may affect museum operations.** For example, full-time staff decreased 41.7%, from 108 employees in fiscal year 2009 to 63 in fiscal year 2022. According to 65.2% (30 of 46) of staff survey respondents, staffing cuts are a major challenge for the museum system.
- **OSM could better use data to manage museum operations. OSM does not have accurate visitation data for each museum because it lacks a standard process for calculating and tracking museum admissions and event rentals.** As a result, visitation numbers that OSM maintained internally, as well as those provided to the Division of Administration, were inaccurate. Accurately calculating museum visitation and sources of self-generated revenue is important for OSM to make management decisions and determine what museum initiatives are successful.

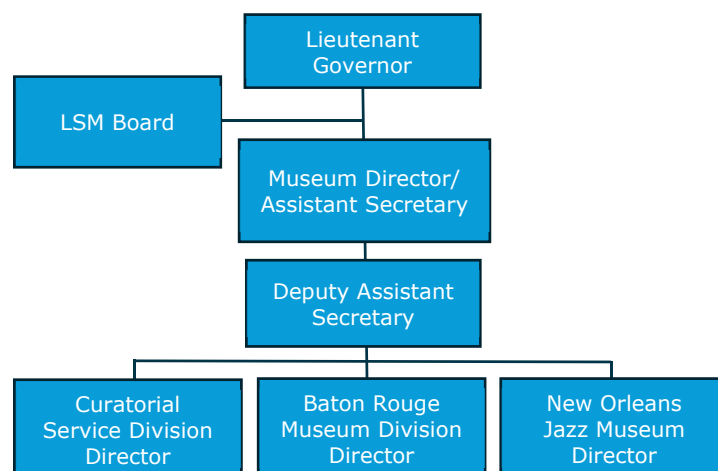
- **OSM does not have dedicated resources for museum marketing, including a budget, plan, and specialized staff, which limits its ability to promote the museums to the public.** OSM does not have a dedicated budget or adequate staff, making it difficult for OSM to create a cohesive plan for marketing and community engagement. Currently, OSM utilizes some marketing resources through the communications staff of CRT and the Lieutenant Governor's office; however, this process functions more as approvals rather than a strategic vision for promoting the museums.
- **OSM should work to increase fundraising efforts. Strengthening relationships with support organizations could help OSM maximize private funding and grants.** From fiscal year 2018 through fiscal year 2021, support organizations provided \$2.6 million, on average, in support per year to museums, as well as providing supporting services.
- **OSM should strengthen its internal controls over grants and contracts that flow through support organizations. For example, between fiscal years 2020 and 2022, the Jazz Museum expended \$1.5 million in grants and private donations from more than 20 different funding streams, but did not have a clear process to track requirements and deliverables.** Developing a systematic mechanism, such as a spreadsheet, to track the agreements, deliverables, and invoices for these agreements could help ensure that contracts are all completed and deliverables are met appropriately.

Our findings and our recommendations are discussed in more detail in the sections below.

OSM has not had a permanent Museum Director since May 2016,⁶ resulting in a pattern of inconsistent leadership. According to multiple stakeholders, the Museum Director position holds little autonomy and is political in nature due, in part, to the governance structure. The American Alliance of Museums (AAM) states that effective governance and executive leadership are key components of museum accreditation.

The Assistant Secretary of OSM also serves as the Museum Director, overseeing all nine museums. The Museum Director role is important because it provides museum-specific leadership and drives the overall direction of the museums. State law⁷ created the LSM Board within CRT, made up of 21 members. In addition to the Lieutenant Governor (or his designee), the LSM Board is made up of at-large individuals and from the various museum support organizations, such as foundations and “friends of” groups, all of which are selected by the Lieutenant Governor. The LSM Board assists OSM in establishing fiscal policies, such as operational budgets, commercial and residential leases in the Pontalba building, and serves as trustees of the William Irby Trust. See Appendix C for the LSM Board composition. Exhibit 3 summarizes the leadership structure of OSM.

**Exhibit 3
CRT/OSM Organizational Chart**



Source: Prepared by legislative auditor’s staff using information provided by OSM.

OSM has not had a permanent Museum Director since May 2016. According to multiple stakeholders, the Museum Director position holds little autonomy and is political in nature due, in part, to the governance structure. The AAM states that effective governance and executive leadership are key components of museum accreditation. State law⁸ specifies that the LSM Board provide three candidates for the Museum Director to the Lieutenant Governor, who has the authority to hire and fire the director. Prior to

⁶ Mark Tullos was confirmed Museum Director in January 2013 and resigned in May 2016.

⁷ Louisiana Revised Statute (R.S.) 25:341

⁸ R.S. 25.343. This statute was amended by Act 908 of the 2008 Regular Legislative Session, which moved the authority to hire the Museum Director from the LSM Board to the Lieutenant Governor, and Act 263 of the 2015 Regular Legislative Session, which required the Lieutenant Governor to appoint the Museum Director from a list of three candidates nominated by the LSM Board.

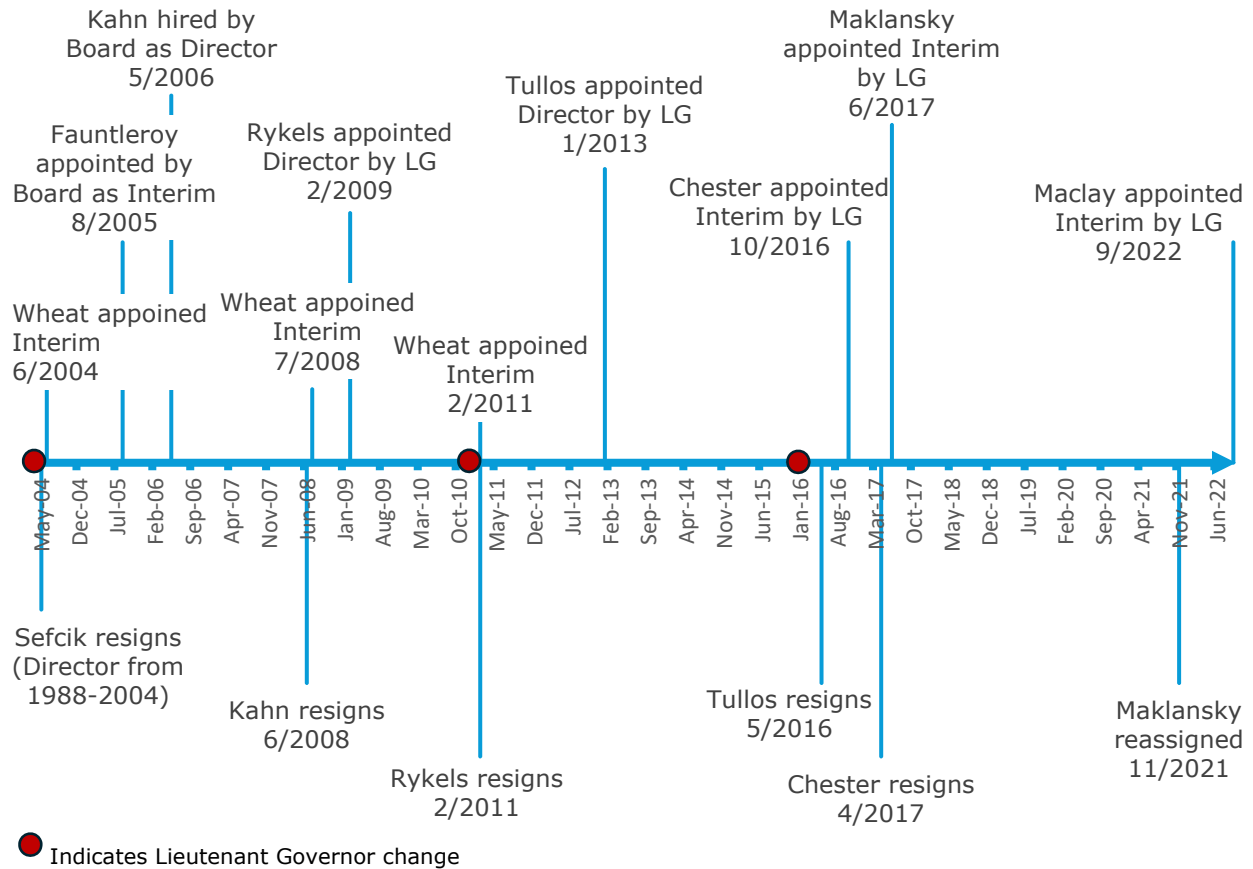
2008, the LSM Board had the authority to hire and fire the director. The director position has seen frequent turnover as lieutenant governors were elected and terms ended. For example, since 2004 there have been 11 Museum Directors, seven of which were interim directors.⁹ The last Museum Director that was officially appointed through the process set in law in January 2013 resigned in May 2016. In a letter from AAM, dated September 2017, the chair of the AAM Accreditation Commission stated that at the next accreditation cycle,¹⁰ the Commission will examine the museums' adherence to the standards for accreditation. The AAM letter goes on to remind OSM that as it seeks a permanent director, to keep in mind the need to establish clear roles and responsibilities for the executive leadership and the governing authorities, and that effective governance and executive leadership are key components of the accreditation standards.

The governance structure of other state museum systems varies; however, we did not identify any with oversight from an elected official. For example, New Mexico has nine divisions, one for its several historical sites and one for each of the eight state museums. Each has its own division director and each director has its own board. Each director reports directly to the cabinet position under the Governor. In Texas, each museum has its own director or site manager, and the two largest museums have their own board; the directors and site managers report to one executive who reports to the Texas Historical Commission. Exhibit 4 shows the timeline of museum directors since 2004.

⁹ Robert Wheat was Interim Director three times.

¹⁰ OSM was reaccredited in 2011, with it expiring in 2025. OSM will start the reaccreditation self-study component in 2024.

Exhibit 4 Museum Director Timeline 2004 through 2022



Source: Prepared by legislative auditor’s staff using information from LaGov.

According to OSM staff and current/former LSM Board members, turnover and vacancies in the Museum Director position is one of the major challenges facing the museums. In our surveys of OSM staff and current/former LSM Board members,¹¹ 56.5% (26 of 46) of staff respondents and 88.9% (16 of 18) of LSM Board respondents stated that turnover and vacancies in the Director position is a challenge for the museums. Stakeholders also noted that the perceived politization of the Museum Director position makes it difficult to recruit and retain quality candidates for the position.

“[The Museum Director turnover/vacancies] is probably the greatest challenge that the museum has faced since 2008, when the constant turnover of directors and interim/acting directors began. Priorities shift constantly, and it is not possible for a constantly changing leadership to advocate effectively for the museum.”

Source: OSM staff survey response

¹¹ We conducted a survey in September 2022 of all OSM staff and a survey in September/October 2022 of former/current LSM Board members to obtain their feedback on museum operations.

In June 2019, OSM engaged an outside consultant, Lord Cultural Resources, to review the governance structure of the museum system.¹²

According to the study, the current governance structure creates political interference and tension, makes fundraising a challenge, and could risk OSM losing accreditation. In addition, according to multiple stakeholders, there is long-standing tension between the LSM Board and OSM, as well as internal tension within the LSM Board. According to the Lord study, most successful state museum systems utilize a mixed governance system that places management for operations under the leadership of a not-for-profit organization that also raises funds while maintaining state ownership, control and funding of the buildings, grounds, and collections. The study recommended creating three independent non-profit organizations and three regional boards, one for New Orleans, one for Baton Rouge, and one for the remaining regional museums. The non-profits would manage and raise operating funds for the museums in its region, and the state would continue to own and be directly responsible for the buildings, grounds, and collections. Each region would appoint its own Executive Director.¹³

Stakeholders are divided in opinion regarding the Lord study's recommendation to split the LSM Board into three regional boards. Numerous stakeholders were concerned that it would create more confusion and potential for political interference, while others welcomed the recommendation. According to LSM Board members, they paused the permanent director search once engaging with Lord for the governance study, as well as due to the COVID-19 pandemic. OSM and the LSM Board stated they are moving forward with implementing Lord study recommendations.

Recommendation 1: The LSM Board should prioritize selecting three candidates for the Lieutenant Governor to consider for the permanent Museum Director position.

Recommendation 2: OSM, in conjunction with the LSM Board, should prioritize hiring a permanent Museum Director.

Recommendation 3: OSM and the LSM Board should determine what governance structure would be the most effective for the success of the museum system.

Recommendation 4: OSM and the LSM Board should work to improve the functionality of their relationship in order to better manage the museum system.

Summary of LSM Board's Response: The LSM Board agrees with these recommendations and stated that it established a Governance Committee to review the Lord study to make recommendations for potential changes to the

¹² CRT paid \$151,480 to Lord Cultural Resources to conduct the study.

¹³ The Lord study also recommended that the OSM museum system absorb the Secretary of State's museum system, which includes the Old Governor's Mansion, the Old State Capitol, and other museums.

governance structure, and it is closely working with OSM to draft proposed legislation. In addition, it has made the hiring of a permanent director a priority by assigning a Museum Director's Search Committee to execute the search and recommend three names to the Lieutenant Governor. See Appendix A.2 for the LSM Board's full response.

Summary of Management's Response: OSM agrees with these recommendations and stated that it is working with the LSM Board to implement a plan based on recommendations from the Lord study, including potential changes to the governance structure. In addition, it is working on possible options to implement legislation based on recommendations from the Lord study. See Appendix A.1 for management's full response.

OSM does not have a comprehensive strategic plan or a detailed budget for the museum system or for exhibits.

The AAM Core Standards for Museums, part of the museum accreditation standards, states that (1) museums should have a clear understanding of its mission and communicate why it exists and who benefits from the results of its efforts; (2) all aspects of the museum's operations are integrated and focused on meeting its mission; (3) the museum's governing authority and staff think and act strategically to acquire, develop, and allocate resources to advance the mission; (4) the museum engages in ongoing and reflective institutional planning that includes involvement of its audiences and community; and (5) the museum establishes measures of success and uses them to evaluate and adjust its activities.

OSM does not have a comprehensive strategic plan for the museum system or for exhibits. While OSM has a five-year strategic plan that includes its mission, overall goals, and performance indicators, it does not include details on how it will meet these goals and who is responsible for them. For example, one objective of the strategic plan is to increase the number of attendees at museum functions, exhibitions, and educational programs by 25% by the year 2025. It then includes various strategies for that objective, such as "continue the practices of utilizing contract curators to create exhibitions; bring in travelling exhibitions; increase rotation of collection items from storage into temporary exhibitions." However, the plan does not indicate who is responsible for this strategy, nor details how it will accomplish this strategy. In addition, OSM staff were not always aware that OSM has a five-year plan or used an existing plan.

OSM does not have a comprehensive plan for exhibits, including exhibit start dates and end dates. According to CRT, a previous Curatorial Director began the process of creating a five-year exhibition plan that included upcoming exhibits for all museums; however, this plan was never completed as the Curatorial Director left employment before it was complete. Stakeholders and OSM staff stated that many exhibits need updating, museums need more interactive exhibits, and there needs to be more rotation in exhibits. An exhibit plan that coordinates all museums in the system could help OSM better manage its collection, plan for future exhibits and updates, and clearly communicate the plan to museum staff. A comprehensive exhibit plan could help OSM have a more unified approach and increase collaboration among the museums.

"We have talented professionals, but suffer from planning and capacity issues. Permanent exhibits have not had updates in over 15 years in some cases. We do not have enough staff to complete exhibit updates and changes in a timely manner, and lack of investment in exhibits, and lack of use of our collection, impacts other programming."

Source: OSM staff survey response

OSM staff indicated that the museums do not have clear direction. In our survey of OSM staff, 43.5% (20 of 46) of respondents disagreed that the museum leadership has a long-term vision for exhibits, and 47.8% (22 of 46) of staff survey respondents disagreed that the museum leadership has a clear plan for exhibits. In addition, 72.2% (13 of 18) of current/former LSM Board members disagreed that museum leadership has a long-term vision for exhibits while 66.7% (12 of 18) disagreed that museum leadership has a clear plan for exhibits.

OSM does not have a detailed budget for museum programs and exhibits. OSM has an overall budget for broad categories, such as salaries, benefits, operating services, supplies, and other services. However, these budgets do not include specifics regarding how the funds will be spent or for what museum. Proactive budgeting could help OSM use its limited funding more strategically. Exhibit 5 shows OSM's fiscal year 2022 budget.

Exhibit 5 OSM Budget Fiscal Year 2022		
Fund	Category	Budget
General Fund	Salaries	\$2,899,938
	Other Compensation	\$0
	Related Benefits	\$1,619,605
	Operating Services	\$0
	Supplies	\$0
	Other Charges	\$308,842
	Interagency Transfer Expense	\$359,781
	Total	\$5,188,166

Self-Generated Funds	Travel	\$5,000
	Operating Services	\$668,907
	Supplies	\$148,961
	Other Charges	\$2,000
	Interagency Transfer Expense	\$371,175
	Total	\$1,196,043
Interagency Transfers (such as from Louisiana Office of Tourism)	Salaries	\$353,088
	Other Compensation	\$4,066
	Related Benefits	\$283,275
	Operating Services	\$350,000
	Other Charges	\$27,322
	Interagency Transfer Expense	\$422,723
	Total	\$1,440,474
Source: Prepared by legislative auditor's staff using information provided by OSM.		

Effective planning includes budgeting for individual museums, programs, and exhibits and then communicating those budgets to the appropriate museum staff. In our survey of OSM staff, 47.8% (22 of 46) of staff disagreed that their department has a clear budget for the fiscal year, while only 15.2% (7) agreed. Museum support organizations often provide funding to support museum exhibits; therefore, strategic budgeting with these groups could further help OSM plan and budget for exhibits accordingly.

Recommendation 5: OSM should develop a comprehensive exhibit plan that includes when exhibits will begin and end.

Recommendation 6: OSM should develop more specific budgets for each museum, including programs and exhibits.

Summary of Management's Response: OSM agrees with these recommendations and stated that it will develop a proposed annual budget for the fiscal year 2025 state budget that pursues the revenue needed to better fund each museum, including programs and exhibits. It will also work to create a three-year exhibition plan, complete with beginning and ending dates. See Appendix A.1 for management's full response.

Low staffing over several years has led to low employee morale and may affect museum operations.

Staffing is integral to the success of museums. According to the AAM, staff structures and processes should effectively advance the mission of the museums, and staff should have a clear and shared understanding of their roles and responsibilities. However, several staff stated that their budgets are unknown, the

museum does not have a strategic plan, the museums are understaffed, and staff morale is low. As a result, the staff structure may not be effectively advancing the mission of the museums. According to CRT management, it has requested increases in funding and the number of positions in the past, but the legislature has not approved those increases.

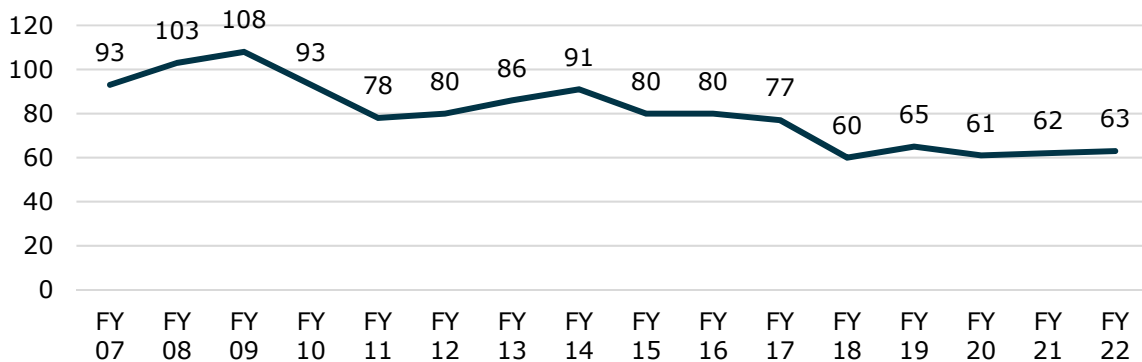
Low staffing is a challenge for museums.

Since fiscal year 2009, full-time museum staff has decreased 41.7%, from 108 employees in fiscal year 2009 to 63 in fiscal year 2022. According to 65.2% (30 of 46) of staff survey respondents, staffing cuts are a major challenge for the museum system. Survey comments also allude to the years of budget cuts at OSM. One respondent noted, “The lack of long-range planning has resulted in huge gaps in our coverage of certain historical topics. And years of budget/staff cuts have taken a huge toll on the institution, collection, and staff.” Exhibit 6 shows the decrease in full-time OSM employees from fiscal years 2007 through 2022.

“We already have an extremely small staff and cannot afford to lose anyone, especially because it takes so long to fill positions (if it happens at all).”

Source: OSM staff survey

**Exhibit 6
Number of Full Time OSM Staff
Fiscal Years 2007 through 2022**



Source: Prepared by legislative auditor's staff using information from ISIS/HR.

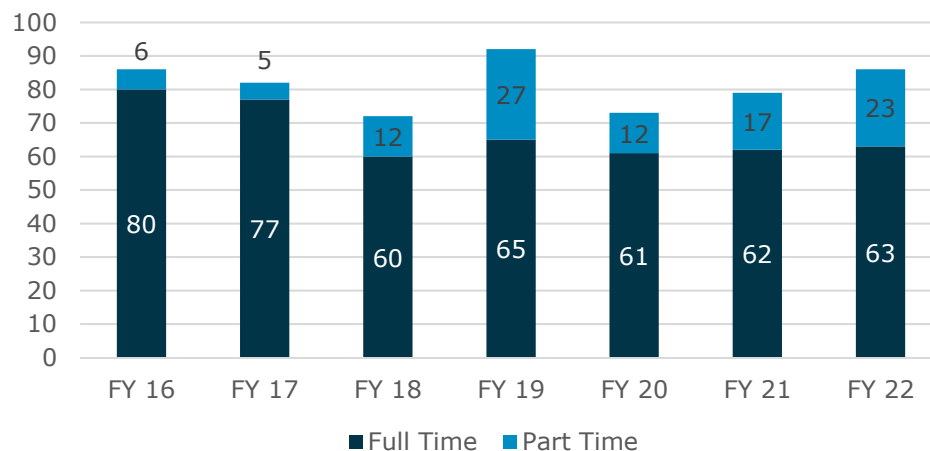
In addition to low staffing levels, key positions have seen cuts, turnover, or vacancies. For example, the Director of Curatorial Services was filled in August 2022, after being vacant for seven months. Prior to that the position was vacant for three and a half years, from August 2016 to December 2020. Curator positions have decreased 43.8% since fiscal year 2007, from 16 positions to nine in fiscal year 2021. Since fiscal year 2016, OSM has had an average of eight curatorial positions filled.

The Lord governance study also found that OSM is “woefully underfunded and understaffed.” The report recommended increasing staffing to 208 full-time employees, which is an increase of nearly 145 full-time employees from current

staffing levels. In comparison to OSM, other museums in the New Orleans area have higher staffing levels for one museum than OSM has for all nine in its system. For example, the National World War II Museum, which is a non-profit organization and governed by a board of trustees, has approximately 200 employees for its single museum. The New Orleans Museum of Art, which is a non-profit organization, affiliated with the City of New Orleans and governed by an unattached board of trustees, employs approximately 85 employees for its museum.

Due to staffing limitations, OSM has relied more heavily on part-time positions, as well as guest curators and other contracted employees. Between fiscal years 2016 through 2022, part-time positions increased 283.3% from six part-time positions in fiscal year 2016 to 23 in fiscal year 2022. Most of the part-time employees are retired and rehired staff. In addition, OSM has utilized guest curators to work on various exhibits. From fiscal years 2016 through 2021, OSM has engaged eight guest curators. The Jazz Museum has also funded some positions through grants or private funds. OSM should work to identify additional grants that could help increase OSM revenues that may potentially be used to increase staffing. Exhibit 7 shows the number of full-time and part-time employees in the museum system since fiscal year 2016.

Exhibit 7
Museum Staffing Full vs Part Time
Fiscal Years 2016 through 2022



Source: Prepared by legislative auditor's staff using information from ISIS/HR.

Low staffing and funding levels and gaps in planning and leadership has led to low staff morale. While staff are proud of the museum collections and exhibits, staff feel overworked and undervalued. Survey responses indicated that staff shortages have led to current employees being stretched thin with unrealistic workload expectations. In addition, multiple staff indicated the lack of key positions, including a permanent director, has contributed to low employee morale. One staff's response summarized many of the others' reported concerns: "Morale amongst staff is at an all-time low. We are under-compensated and overworked."

There is no clear direction in this institution. When staff tries to move forward, we are often sidelined with unrealistic deadlines and spur of the minute changes. The staff is not valued.”

Recommendation 7: OSM should work to identify and secure grants to help increase OSM revenue, which could lead to more resources being dedicated to staffing.

Recommendation 8: OSM should obtain a better understanding of the needs of its staff to address the low staff morale.

Summary of Management’s Response: OSM agrees with these recommendations and stated that it will develop a staffing plan that identifies areas of need to further the OSM’s mission. This staffing plan will be used to request additional positions through the state budget process to increase staffing numbers. See Appendix A.1 for management’s full response.

OSM could better use data to manage museum operations. OSM does not have accurate visitation data for each museum because it lacks a standard process for calculating and tracking museum admissions and event rentals.

Accurately calculating museum visitation and sources of self-generated revenue is important for OSM to make management decisions and determine what museum initiatives are successful. OSM uses a point-of-sale system for museum admission ticket sales. In addition, some museums also offer rental spaces for events, such as weddings or social events. Event attendance and payments are recorded separately at each museum.

OSM does not have accurate visitation data for each museum because it does not have a standard process for calculating and tracking museum admissions and event rentals. Visitation numbers that OSM maintained internally, as well as those provided to the Division of Administration (DOA) were inaccurate. According to OSM, staff were not using a consistent methodology to count museum visitors, which may have inflated visitation counts. For example, we identified the following issues:

- OSM maintains an internal spreadsheet that tracks monthly museum visitation and revenue from ticket sales and event rentals; however, we performed data reliability testing on the spreadsheet and found that it was not always accurate. To populate the spreadsheet, one OSM employee runs reports in the point-of-sale system and provides them to another OSM employee, who then enters the numbers into the spreadsheet. The point-of-sale system reports are currently only available in PDF format, so staff have to manually calculate ticket sales

and visitation using these reports. Staff from other museums also provide event rental information which is then entered into this spreadsheet. According to OSM, the staff that was responsible for maintaining its spreadsheet is no longer employed at OSM, and current OSM staff do not know what methodology this staff used to calculate monthly numbers. OSM should work with its point-of-sale vendor to develop a report to easily and accurately calculate visitation, such as in a spreadsheet.

- OSM staff, at times, included event visitors in museum attendance when they did not purchase museum tickets. For example, staff may have counted individuals attending a festival towards museum admission in addition to the event attendance, and staff may have double counted individuals visiting through a riverboat cruise.
- OSM reports quarterly visitation statistics for some museums¹⁴ to the DOA, through the Louisiana Performance Accountability System. During our data reliability testing, we were not able to verify the numbers submitted because former OSM staff were responsible for calculating and submitting these statistics and current OSM staff do not know how they were calculated. In addition, the numbers reported to DOA do not show the full picture of museum visitation as it does not include all data on all museums.

Inaccurate visitation data prevents OSM from making data-driven management decisions based on attendance and revenue from ticket sales and event rentals. As a result, OSM may not have a clear picture of actual visitation and self-generated revenue amounts or what affects increases or decreases in these numbers. OSM raised museum ticket prices in fiscal year 2020. For example, the price for a regular adult ticket for the Cabildo increased from \$6 to \$10 and from \$6 to \$7 at the Presbytère and Capitol Park. Analyzing visitation by museum would help OSM determine whether ticket prices affect visitation numbers. Accurately and consistently calculating and analyzing visitation levels by museum could help OSM determine how individual museums are performing and make informed management decisions.

Recommendation 9: OSM should develop formal procedures for calculating museum visitation and self-generated revenue figures to ensure that staff are calculating it consistently and accurately.

Recommendation 10: OSM should work with its point-of-sale vendor to create a report that can easily and accurately capture museum attendance.

Recommendation 11: Once it determines a methodology for calculating visitation and self-generated revenues, OSM should use that information in making management decisions about museum operations.

¹⁴ Including New Orleans museums, Capitol Park, and Wedell-Williams Aviation and Sawmill Museum, but not including the Sports Hall of Fame or E.D. White Historic Site.

Summary of Management's Response: OSM agrees with these recommendations and stated that it has already implemented a process to better track museum visitation at all museum sites. It is also in the process of purchasing a new ticketing system with real-time attendance capabilities. See Appendix A.1 for management's full response.

OSM does not have dedicated resources for museum marketing, including a budget, plan, and specialized staff, which limits its ability to promote the museums to the public.

One of OSM's goals is to educate, enlighten, and provide enjoyment for the people of Louisiana, visitors, and others through the development of exhibits, programs, and presentations of Louisiana's history, culture, and people. In addition, one objective of OSM's strategic plan is to increase visitation by 25% by the year 2025. Effectively marketing the museums and what they have to offer can help OSM educate the public about the museums and encourage visitation.

The lack of dedicated resources for museum marketing, including a budget, plan, and specialized staff, limits the ability for OSM to promote the museums to the public. OSM only has one public information officer position filled. Two public information officer positions are vacant. In addition, OSM's Public Information Director position has not been filled since September 2017, and OSM is not planning on filling the position. While one public information officer remains on staff, she does not work exclusively for the museums as CRT administration relies on this staff to create agency-wide public information documentation. In addition, this employee focuses on graphic design rather than marketing, promotion, and community outreach.

OSM does not have a dedicated marketing budget or adequate marketing staff, which makes it difficult for OSM to create a cohesive plan for marketing and community engagement. Currently, OSM utilizes some marketing resources through the communications staff of CRT and the Lieutenant Governor's office; however, this process functions more as approvals rather than a strategic vision for promoting the museums. In addition, OSM, at times, works with the Office of Tourism's advertising contractor, but it does not appear to be a standard practice. Forty-five percent (21 of 46) of staff survey respondents listed marketing limitations as one of OSM's major challenges, and only 39.1% (18 of 46) of respondents agreed that the public knows about the museum(s) they work in. The Lord study noted a need for more marketing planning and resources, as well as collaboration with the Office of Tourism. In addition, the Lord study and LLA audit staff observed poor signage at museums. For example, the Cabildo, Presbytère, and 1850 House are all located in Jackson Square but there is little signage notifying the public of their existence and encouraging visitors to enter. OSM's lack of marketing resources hinders its ability to strategically self-promote via social media, print, television, and radio, as well as engage with the community.

Recommendation 12: OSM should build its marketing abilities, such as creating a marketing plan, working closer with the Office of Tourism, and filling its public information officer positions.

Summary of Management's Response: OSM agrees with this recommendation and stated that it will consider seeking outside assistance from a consulting firm with marketing and events expertise to assess the current structure and staffing levels and to recommend ways to better maximize marketing opportunities. See Appendix A.1 for management's full response.

OSM should work to increase fundraising efforts. Strengthening relationships with support organizations could help OSM maximize private funding and grants.

Across the museum industry, fundraising and private donations are a crucial element for museum success. According to the AAM, as state museums are often reliant on legislative appropriations and may be subject to funding cuts, diversifying income sources can help minimize the impact of funding cuts. Further, by being strongly connected to the community, reaching out to a broad constituency, attracting new sources of funding, garnering positive publicity and being valued by a large number of people, a museum makes itself less vulnerable to cutbacks.¹⁵ A number of non-profit organizations support OSM museums through activities such as fundraising, operating gift shops, providing volunteers, and receiving grant funds on the behalf of museums. In addition, each of OSM's nine museums have at least one support organization such as a foundation or friends group. While the goal of state museums is not to make a profit, increasing private and grant funds could help shield the museums from legislative budget cuts.

Multiple stakeholders expressed concern that support organizations do not actively fundraise for museum purposes. From fiscal year 2018 through fiscal year 2021, support organizations provided \$2.6 million, on average, in support per year to museums, as well as providing supporting services. The Lord governance study identified low levels of fundraising, and multiple stakeholders expressed concern that the support organizations do not actively fundraise and are not always focused on providing support to the museums. For example, between fiscal years 2019 through 2021, 50.9% (\$1 million of \$2 million) of the Louisiana Museum Foundation's direct financial support to OSM was for the Jazz Museum, funds that were raised by the Jazz Museum Director rather than the foundation. However, support organizations noted that it can be difficult to fundraise, in part, due to OSM not having clear exhibit plans that include beginning and ending dates or infrequently launching new exhibits. As a result, support organizations do not always have enough information to conduct focused fundraising campaigns. For

¹⁵ American Alliance of Museums, *Ethics, Standards, and Professional Practices*

example, stakeholders stated that OSM's Rex exhibit was unique in that \$1.2 million was raised for that exhibit, in part, due to having a clear fundraising purpose. According to AAM, each museum should have a fundraising policy that should address the museum's goals for developing and managing financial support and define the sources of income that it may generate or accept.¹⁶ Developing coordinated, targeted fundraising campaigns and building stronger relationships with support organizations could help increase fundraising for museums.

OSM has agreements with eight support organizations, as well as support from the Irby Trust. Agreements generally stipulate the amount of support that the organization must provide each year. For example, the agreement with Friends of the Cabildo states that it must contribute at least \$35,000 each year in direct support, and the agreement with the Louisiana Sports Hall of Fame Foundation states it must contribute at least \$10,000 per year. However, the agreement with the Louisiana Museum Foundation does not include a minimum dollar amount or percentage. In addition to direct financial contributions, support organizations provide other supporting services, such as managing grant funds, providing docent volunteers, etc. For example, after OSM cut the contract/grant writing position, the Louisiana Museum Foundation has provided OSM assistance using foundation employees that work on contracts and grant writing. In addition, the Friends of the Cabildo manages the museum gift shop in New Orleans. Upon expiration, OSM could consider renegotiating the cooperative endeavor agreements to enhance the benefits the organizations are required to provide. Exhibit 8 shows the direct financial support from support organizations from fiscal years 2018 through 2021.

¹⁶ International Council of Museums, *Standards on Fundraising*. AAM uses this document as part of its guidelines for financial stability.

Exhibit 8				
Direct Financial Support from Support Organizations to OSM*				
Fiscal Years 2018 through 2021				
Support Organization	FY18	FY19	FY20	FY21
Irby Trust	\$1,642,063	\$1,697,433	\$2,494,950	\$1,688,036
Louisiana Museum Foundation	\$386,939	\$657,503	\$635,887	\$673,391
Friends of the Cabildo	\$58,607	\$84,781	\$58,146	\$30,240
Wedell-Williams Memorial Foundation, Inc.	\$23,760	\$23,814	\$12,726	\$19,197
Louisiana Sports Hall of Fame Foundation	\$17,500	\$17,500	\$17,500	\$17,500
Friends of the LA Sports Hall of Fame**	\$4,294	\$5,785	\$3,738	\$11,103
Friends of the Edward Douglass White Historic Site	unavailable			
Friends of the Capitol Park Museum	none			
Total	\$2,133,163	\$2,486,816	\$3,222,947	\$2,439,467
*Not including other support services provided, such as staff and volunteers.				
**Expenditures from September to August				
Source: Prepared by legislative auditor's staff using information provided by the support organizations to OSM.				

OSM has only two unclassified positions with the ability to fundraise.

The Museum Director and the Jazz Museum Director are the only two positions in OSM with the ability to actively fundraise. However, a similar position, the Museum Director over all museums outside of New Orleans, is a classified position and cannot fundraise. The support organization for the Capitol Park Museum is not currently actively fundraising, and if the Museum Director over that museum had the ability to fundraise, it could work to increase funding levels. For example, the Jazz Museum Director has raised \$2.3 million for the Jazz Museum specifically through grants and private funds, which are held by the Louisiana Museum Foundation. Because fundraising is crucial to any museum's success, OSM may want to consider creating unclassified positions to allow for more active fundraising where needed.

Recommendation 13: The Museum Director should prioritize fundraising, in conjunction with OSM support organizations.

Recommendation 14: OSM may want to work with Civil Service to create unclassified positions to allow for more active fundraising where needed.

Summary of Management's Response: OSM agrees with these recommendations and stated that it will work with Civil Service regarding the potential creation of unclassified positions to better generate new fundraising opportunities. In addition, OSM will assess hiring a staff position who will be responsible for identifying funding opportunities, and curatorial staff will also be tasked with researching possible grant sources. See Appendix A.1 for management's full response.

OSM should strengthen its internal controls over grants and contracts that flow through support organizations. For example, between fiscal years 2020 and 2022, the Jazz Museum expended \$1.5 million in grants and private donations from more than 20 different funding streams, but did not have a clear process to track requirements and deliverables.

Support organizations, such as foundations, often hold private funds raised for their beneficiaries, such as museums, universities, or non-profits. Strong internal controls are important to maintain transparency and ensure that funds are spent appropriately and in accordance with the parent agency's mission and goals.

OSM needs stronger controls over expenditures, contracts, and other agreements made by support organizations on behalf of OSM, particularly for the Jazz Museum. The Jazz Museum functions differently than the other eight OSM museums, as it has a stand-alone director who conducts extensive fundraising. Between fiscal years 2020 and 2022, the Jazz Museum expended \$1.5 million in grants and private donations from more than 20 different funding streams. The Jazz Museum uses these funds in various ways, such as funding jazz concerts, developing exhibits, and hiring consultants and staff. While we obtained expenditures for each of these funding streams, neither the Louisiana Museum Foundation nor OSM could readily provide copies of all of the contracts or agreements for Jazz Museum purposes because these documents are not stored in a central location. In addition, while the Jazz Museum Director acts as the contract monitor for all Jazz Museum contracts and agreements, he does not have a system to track deliverables and expenditures related to each, such as a tracking spreadsheet.

The Louisiana Museum Foundation, on behalf of the Jazz Museum, enters into a large number of agreements with musicians as the museum holds regular, sometimes daily concerts. It also has agreements with various consultants, as well as a record store/gift shop. Developing a systematic mechanism, such as a spreadsheet, to track the agreements, deliverables, and invoices for these agreements could help ensure that contracts are all completed and deliverables are met appropriately. For example, the Jazz Museum recently placed an ATM in its building, but the contract for the ATM is not yet completed; therefore, the Louisiana Museum Foundation cannot accept ATM-related payments until it is completed. The Jazz Museum functions more independently than the other OSM museums, which allows for more flexibility and a more focused vision; however, another layer of oversight or review could add more transparency and reduce risk.

Recommendation 15: OSM should strengthen internal controls for funds and agreements that flow through support organizations.

Recommendation 16: OSM should maintain copies of all contracts and agreements that the Louisiana Museum Foundation entered into on behalf of the New Orleans Jazz Museum in a central location.

Summary of Management's Response: OSM agrees with these recommendations and stated that it will assess hiring a Contracts and Grants Manager to assist with maintaining these records. OSM will also work to strengthen its internal controls for funds and agreements that flow through support organizations. See Appendix A.1 for management's full response.

APPENDIX A: MANAGEMENT'S RESPONSES



BILLY NUNGESSER
LIEUTENANT GOVERNOR

State of Louisiana
OFFICE OF THE LIEUTENANT GOVERNOR
DEPARTMENT OF CULTURE, RECREATION & TOURISM
OFFICE OF STATE MUSEUM

SUSAN MACLAY
INTERIM ASSISTANT SECRETARY

March 1, 2023

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Audit Title: Office of State Museum
Audit Report Number: 40210034

Dear Mr. Waguespack:

Please accept this letter as our response to the LLA's audit report on the Office of State Museum (OSM). We would like to thank you and your audit team for your work in reviewing OSM over the last several months.

For several years, OSM has operated with a lack of sufficient funding and staffing. Additionally, while funding and staffing levels have diminished, responsibility for additional properties has increased. Less resources with added responsibilities have resulted in many of the issues outlined in the audit report. Recognizing several of these issues facing the museums, OSM hired an outside consulting firm, Lord Cultural Resources, to review the governance structure of the museums and make recommendations for improvements. OSM is currently working in conjunction with the LSM Board to implement several changes to the museum system based on the Lord study, including potential changes to the governance structure. It is our hope that these changes will address many of the issues stated in the audit report.

Additionally, OSM staff has begun corrective actions to address other administrative issues identified, including better defining the methodology for calculating museum visitation, strengthening internal controls over grants and contracts, and developing a more comprehensive plan for exhibits. With that said, I would like to address the specific audit report findings and recommendations for the Office of State Museum:

Finding 1: *OSM has not had a permanent Museum Director since May 2016, resulting in a pattern of inconsistent leadership. According to multiple stakeholders, the Museum Director position holds little autonomy and is political in nature due, in part, to the governance structure. The American Alliance of Museums (AAM) states that effective governance and executive leadership are key components of museum accreditation.*

Recommendation 1: *The LSM Board should prioritize selecting three candidates for the Lieutenant Governor to consider for the permanent Museum Director position.*

Recommendation 2: OSM, in conjunction with the LSM Board, should prioritize hiring a permanent Museum Director.

Recommendation 3: OSM and the LSM Board should determine what governance structure would be the most effective for the success of the museum system.

Recommendation 4: OSM and the LSM Board should work to improve the functionality of their relationship in order to better manage the museum system.

As outlined in the report, OSM hired an outside consultant, Lord Cultural Resources, to review the governance structure of the State Museum and make recommendations for improvement. OSM is currently working closely with the LSM Board to implement a plan based on recommendations from the Lord study, including the potential changes to the governance structure. OSM is also working on possible options to implement legislation based on recommendations from the Lord study.

Finding 2: OSM does not have a comprehensive strategic plan or a detailed budget for the museum system or for exhibits.

Recommendation 5: OSM should develop a comprehensive exhibit plan that includes when exhibits will begin and end.

Recommendation 6: OSM should develop more specific budgets for each museum, including programs and exhibits.

OSM understands that we are competing for discretionary dollars with a multitude of similar state agencies and we must remain diligent listeners to the needs and concerns of visitors. OSM will develop a proposed annual budget for the FY 25 state budget that pursues the revenue needed to better fund each museum, including programs and exhibits. OSM will also develop more specific budgets through innovative partnerships with internal and external stakeholders. The current interim director is committed to working with internal and external stakeholders to create a three-year exhibition plan, complete with beginning and ending deadlines. As part of this process, OSM curatorial and other pertinent staff will be tasked with creating budgets for staff members' projects early in the process and will assist in the identification of possible community and grants funding sources to determine the viability of funding for the project budgets. Partnerships with the pertinent nonprofit museum support groups will also be engaged in the process to help determine the viability of projects and their ensuing budgets and whether community and grant support exists.

Finding 3: *Low staffing over several years has led to low employee morale and may affect museum operations.*

Recommendation 7: *OSM should work to identify and secure grants to help increase OSM revenue, which could lead to more resources being dedicated to staffing.*

Recommendation 8: *OSM should obtain a better understanding of the needs of its staff to address the low staff morale.*

OSM will develop a staffing plan that identifies areas of need to further the OSM's mission. This staffing plan will be used to request additional positions through the state budget process to increase staffing numbers. Currently, due to low staffing numbers, staff members are performing multiple job functions to keep the museums operating. Increased staffing will help to improve organizational productivity and thus presumably improve staff morale.

Finding 4: *OSM could better use data to manage museum operations. OSM does not have accurate visitation data for each museum because it does not have a standard process for calculating and tracking museum admissions and event rentals.*

Recommendation 9: *OSM should develop formal procedures for calculating museum visitation and self-generated revenue figures to ensure that staff are calculating it consistently and accurately.*

Recommendation 10: *OSM should work with its point-of-sale vendor to create a report that can easily and accurately capture museum attendance.*

Recommendation 11: *Once it determines a methodology for calculating visitation and self-generated revenues, OSM should use that information in making management decisions about museum operations.*

OSM has already implemented a process to better track museum visitation at all museum sites. OSM is also in the process of purchasing a new ticketing system with real-time attendance capabilities. Museum visitation statistics can provide a wealth of information about the popularity of a museum, the types of visitors it attracts, and the times of year that are most popular. OSM will analyze these statistics, to better understand our audience, adjust programming, and market accordingly.

Finding 5: *OSM does not have dedicated resources for museum marketing, including a budget, plan, and specialized staff, which limits its ability to promote the museums to the public.*

Recommendation 12: OSM should build its marketing abilities, such as creating a marketing plan, working closer with the Office of Tourism, and filling its public information officer positions.

As OSM staffing was reduced over the years due to a limited budget, personnel from other agencies within DCRT have assisted OSM in its marketing efforts. Specifically, dedicated communications staff in the Office of the Secretary and within the Office of Tourism have assisted OSM in the promotion and marketing for exhibits and other events. OSM understands marketing is essential to OSM's long-term survival and growth. OSM will consider seeking outside assistance from a consulting firm with marketing and events expertise to assess the current structure and staffing levels, and to recommend ways to better maximize marketing opportunities.

Finding 6: OSM should work to increase fundraising efforts. Strengthening relationships with support organizations could help OSM maximize private funding and grants.

Recommendation 13: The Museum Director should prioritize fundraising, in conjunction with OSM support organizations.

Recommendation 14: OSM may want to work with Civil Service to create unclassified positions to allow for more active fundraising where needed.

OSM will work with Louisiana State Civil Service regarding the potential creation of unclassified positions to better generate new fundraising opportunities. The new interim Director has museum fundraising and museum support group background and is making community fundraising, particularly in partnership with the museums' support groups a priority, including the identification of ways to carry out grant-funded projects, despite the low level of program staff who can carry out such projects. OSM will assess hiring a staff position who will be responsible for identifying funding opportunities. Curatorial staff will also be tasked with researching possible grant sources and with providing budget plans and narratives for grants and projects.

Finding 7: OSM should strengthen its internal controls over grants and contracts that flow through support organizations. For example, between fiscal years 2020 and 2022, the Jazz Museum expended \$1.5 million in grants and private donations from over 20 different funding streams, but did not have a clear process to track requirements and deliverables.

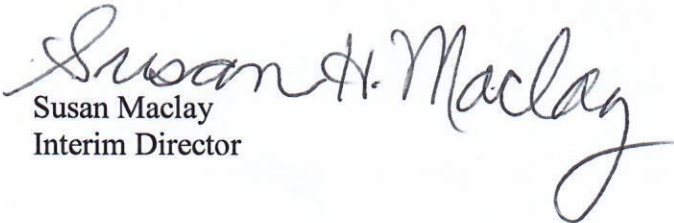
Recommendation 15: OSM should strengthen internal controls for funds and agreements that flow through support organizations.

Recommendation 16: OSM should maintain copies of all contracts and agreements that the Louisiana Museum Foundation entered into on behalf of the New Orleans Jazz Museum in a central location.

OSM will assess hiring a Contracts and Grants Manager to assist with maintaining these important records. In the past, OSM had a designated staff person who was responsible for contracts and who worked closely with the support groups in tracking the contracts for OSM programming resulting from grants and donations. This position was eliminated around 2017 due to budget and staffing cuts and there has been no one who could absorb these duties. OSM will work to strengthen its internal controls for funds and agreements that flow through its support organizations.

We thank the LLA for its efforts to evaluate OSM and make recommendations to further strengthen the management of its museums. Please let us know if we can be of further assistance.

Sincerely,


Susan Maclay
Interim Director

Agency: Department of Culture, Recreation, and Tourism

Audit Title: Office of State Museum

Audit Report Number: 40210034

Instructions to Audited Agency: Please fill in the information below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

Finding 1: OSM has not had a permanent Museum Director since May 2016, resulting in a pattern of inconsistent leadership. According to multiple stakeholders, the Museum Director position holds little autonomy and is political in nature due, in part, to the governance structure. The American Alliance of Museums (AAM) states that effective governance and executive leadership are key components of museum accreditation.
<i>Recommendation 2:</i> OSM, in conjunction with the LSM Board, should prioritize hiring a permanent Museum Director.
Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:
<i>Name/Title: Susan H. Maclay – Interim Director</i>
<i>Address: PO Box 44243</i>
<i>City, State, Zip: Baton Rouge, LA 70804-4243</i>
<i>Phone Number: (504) 568-6967</i>
<i>Email: smaclay@crt.la.gov</i>
<i>Recommendation 3:</i> OSM and the LSM Board should determine what governance structure would be the most effective for the success of the museum system.
Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:
<i>Name/Title: Susan H. Maclay – Interim Director</i>
<i>Address: PO Box 44243</i>
<i>City, State, Zip: Baton Rouge, LA 70804-4243</i>
<i>Phone Number: (504) 568-6967</i>
<i>Email: smaclay@crt.la.gov</i>
<i>Recommendation 4:</i> OSM and the LSM Board should work to improve the functionality of their relationship in order to better manage the museum system.
Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree

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<i>Phone Number: (504) 568-6967</i>
<i>Email: smaclay@crt.la.gov</i>

Finding 2: OSM does not have a comprehensive strategic plan or a detailed budget for the museum system or for exhibits.
<i>Recommendation 5:</i> OSM should develop a comprehensive exhibit plan that includes when exhibits will begin and end.
Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
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<i>Phone Number: (504) 568-6967</i>
<i>Email: smaclay@crt.la.gov</i>
<i>Recommendation 6:</i> OSM should develop more specific budgets for each museum, including programs and exhibits.
Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
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Finding 3: Low staffing over several years has led to low employee morale and may affect museum operations.
<i>Recommendation 7:</i> OSM should work to identify and secure grants to help increase OSM revenue, which could lead to more resources being dedicated to staffing.
Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
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<i>Email: smaclay@crt.la.gov</i>
<i>Recommendation 8:</i> OSM should obtain a better understanding of the needs of its staff to address the low staff morale.
Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree

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Finding 4: OSM could better use data to manage museum operations. OSM does not have accurate visitation data for each museum because it does not have a standard process for calculating and tracking museum admissions and event rentals.

Recommendation 9: OSM should develop formal procedures for calculating museum visitation and self-generated revenue figures to ensure that staff are calculating it consistently and accurately.

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Recommendation 10: OSM should work with its point-of-sale vendor to create a report that can easily and accurately capture museum attendance.

Does Agency Agree with Recommendation? Agree Disagree

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Recommendation 11: Once it determines a methodology for calculating visitation and self-generated revenues, OSM should use that information in making management decisions about museum operations.

Does Agency Agree with Recommendation? Agree Disagree

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Finding 5: OSM does not have dedicated resources for museum marketing, including a budget, plan, and specialized staff, which limits its ability to promote the museums to the public.
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<i>Recommendation 14:</i> OSM may want to work with Civil Service to create unclassified positions to allow for more active fundraising where needed.
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Finding 7: OSM should strengthen its internal controls over grants and contracts that flow through support organizations. For example, between fiscal years 2020 and 2022, the Jazz Museum expended \$1.5 million in grants and private donations from over 20 different funding streams, but did not have a clear process to track requirements and deliverables.
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<i>Name/Title: Susan H. Maclay – Interim Director</i>
<i>Address: PO Box 44243</i>
<i>City, State, Zip: Baton Rouge, LA 70804-4243</i>
<i>Phone Number: (504) 568-6967</i>
<i>Email: smaclay@crt.la.gov</i>
<i>Recommendation 16: OSM should maintain copies of all contracts and agreements that the Louisiana Museum Foundation entered into on behalf of the New Orleans Jazz Museum in a central location.</i>
Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:
<i>Name/Title: Susan H. Maclay – Interim Director</i>
<i>Address: PO Box 44243</i>
<i>City, State, Zip: Baton Rouge, LA 70804-4243</i>
<i>Phone Number: (504) 568-6967</i>
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LOUISIANA STATE MUSEUMS
BOARD OF DIRECTORS

Suzie Terrell
Chair

Jay Batt
Vice Chair

February 24, 2023

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Audit Title: Office of State Museum
Audit Report Number: 40210034

Dear Mr. Waguespack:

Please accept this letter as the LSM Board's response to the LLA's audit report on the Office of State Museum (OSM). We would like to thank you and your audit team for your work in reviewing OSM over the last several months.

The LSM Board has a number of responsibilities as it relates to the Louisiana State Museum including but not limited to ensuring the continuity of the museum's mission, mandate, and purposes. To effectively run a museum there has to be a clear definition of roles and responsibilities of board members, the director, and staff. Each of them need to work together to fulfill the museum's mission and meet the needs of its constituencies. OSM is currently working in conjunction with the LSM Board to implement several changes to the museum system based on the Lord study, including potential changes to the governance structure. It is our hope that these changes will address many of the issues stated in the audit report.

Finding 1: *OSM has not had a permanent Museum Director since May 2016, resulting in a pattern of inconsistent leadership. According to multiple stakeholders, the Museum Director position holds little autonomy and is political in nature due, in part, to the governance structure. The American Alliance of Museums (AAM) states that effective governance and executive leadership are key components of museum accreditation.*

Recommendation 1: *The LSM Board should prioritize selecting three candidates for the Lieutenant Governor to consider for the permanent Museum Director position.*

Recommendation 2: *OSM, in conjunction with the LSM Board, should prioritize hiring a permanent Museum Director.*

Recommendation 3: *OSM and the LSM Board should determine what governance structure would be the most effective for the success of the museum system.*



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Recommendation 4: OSM and the LSM Board should work to improve the functionality of their relationship in order to better manage the museum system.

The LSM Board concurs with this finding and recommendations. As outlined in the report, OSM hired an outside consultant, Lord Cultural Resources, to review the governance structure of the State Museum and make recommendations for improvement. The LSM Board established a Governance Committee to review the Lord Study to make recommendations for potential changes to the governance structure. The LSM Board is closely working with OSM to draft proposed legislation to be considered during the 2023 Legislative Session.

As it relates to the hiring of a permanent director, RS 25:343 states the museum director shall be appointed by the Lieutenant Governor from a list of three candidates nominated by a search committee appointed by the board. In March of 2022 the LSM Board had a change in leadership and shortly thereafter established two ad hoc committees. One of the ad hoc committees is a Museum Director's Search Committee that is developing criteria to hire a new director as well as salary requirements. The LSM Board has made the hiring of a permanent director a priority by assigning this committee to execute the search and to recommend three candidates to the LSM Board to be forwarded to the Lieutenant Governor.

The LSM Board and OSM will continue to work together to cultivate a better working relationship. With the addition of new board members and leadership, OSM and the LSM Board are committed to increased coordination by improving the relationships between all stakeholders. OSM and the LSM Board will form a constructive partnership to become stronger and more effective meaningful and participation and engagement.

Agency: Louisiana State Museum Board

Audit Title: Office of State Museum

Audit Report Number: 40210034

Instructions to Audited Agency: Please fill in the information below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

<p>Finding 1: OSM has not had a permanent Museum Director since May 2016, resulting in a pattern of inconsistent leadership. According to multiple stakeholders, the Museum Director position holds little autonomy and is political in nature due, in part, to the governance structure. The American Alliance of Museums (AAM) states that effective governance and executive leadership are key components of museum accreditation.</p>
<p><i>Recommendation 1:</i> The LSM Board should prioritize selecting three candidates for the Lieutenant Governor to consider for the permanent Museum Director position.</p>
<p>Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree</p>
<p>Agency Contact Responsible for Recommendation: LSM Board</p>
<p>Name/Title: Suzanne Terrell, chair LSM Board</p>
<p>Address: P.O. Box 9427</p>
<p>City, State, Zip: Metairie La. 70055</p>
<p>Phone Number: (504) 952-4252</p>
<p>Email: suzieterrell@gmail.com</p>
<p><i>Recommendation 3:</i> OSM and the LSM Board should determine what governance structure would be the most effective for the success of the museum system.</p>
<p>Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree</p>
<p>Agency Contact Responsible for Recommendation: LSM Board</p>
<p>Name/Title: Suzanne Terrell, chair LSM Board</p>
<p>Address: PO Box 9427</p>
<p>City, State, Zip: Metairie La. 70055</p>
<p>Phone Number: (504) 952-4252</p>
<p>Email: suzieterrell@gmail.com</p>
<p><i>Recommendation 4:</i> OSM and the LSM Board should work to improve the functionality of their relationship in order to better manage the museum system.</p>
<p>Does Agency Agree with Recommendation? <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree</p>

Agency Contact Responsible for Recommendation:	ELSM Board
Name/Title:	Suzanne Terrell, L.S.M. Chair
Address:	PO Box 9427
City, State, Zip:	Metairie La. 70055
Phone Number:	(504) 952-4252
Email:	suzieterrell@gmail.com

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APPENDIX B: SCOPE AND METHODOLOGY

This report provides the results of our performance audit of the Office of State Museum (OSM). We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This audit covered fiscal years 2016 through 2022, with some information from prior fiscal years. Our audit objective was:

To evaluate the Office of State Museum’s management of its museum system.

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We obtained an understanding of internal control that is significant to the audit objective and assessed the design and implementation of such internal control to the extent necessary to address our audit objective. We also obtained an understanding of legal provisions that are significant within the context of the audit objective, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

To answer our objective, we performed the following audit steps:

- Reviewed Louisiana state laws regarding state museums.
- Interviewed OSM management and staff to understand museum operations, and visited New Orleans and Baton Rouge museums.
- Interviewed former and current LSM Board members about museum operations and the LSM Board’s role.
- Interviewed staff from museum support organizations, including the Louisiana Museum Foundation, the Friends of the Cabildo, the Louisiana Sports Hall of Fame Foundation, and Friends of the Capitol Park Museum.
- Obtained and reviewed OSM policies and procedures, strategic plan, the Lord Cultural Resources study, and other relevant museum documents.

- Conducted a staff survey in September 2022 of all museum employees to gather their feedback and concerns. We had a 54% response rate of 46 responses out of 85 potential respondents.
- Conducted a LSM Board survey in September/October 2022 of former and current board members to gather their feedback and concerns. We had a 51% response rate of 18 responses out of 35 potential responses.
- Obtained and analyzed OSM expenditures and revenue information from LaGov and ISIS/AFS.
- Obtained and analyzed OSM's internal spreadsheet for tracking museum visitation and self-generated revenue.
 - We conducted reliability testing on this spreadsheet using supporting documentation and found that it was unreliable.
- Obtained and analyzed OSM staffing information from ISIS/HR for fiscal years 2007 through 2022.
- Obtained from museum support organizations the amount of direct financial support they provided to museums from fiscal years 2018 through 2021.
- Obtained and analyzed contracts and expenditures for agreements and grants made for the New Orleans Jazz Museum through the Louisiana Museum Foundation.
- Conducted best practices research on state museum governance and operations, including reviewing the American Alliance of Museums core standards and guidance.
- Contacted other states to gather information on their state museum operations. We received responses from Alabama, Florida, Georgia, Mississippi, New Mexico, and Texas.
- Provided our results to OSM to review for accuracy and reasonableness.

APPENDIX C: LSM BOARD COMPOSITION

State law outlines the LSM Board composition.¹⁷ The secretary of the Department of Culture, Recreation and Tourism, or his designee, shall serve as a member of the board. Each of the following shall submit a list of four names, and the lieutenant governor shall appoint the following:

- Two members nominated by the Friends of the Cabildo.
- One member nominated by the Louisiana Historical Society.
- One member nominated by the Louisiana Historical Association.
- One member nominated by the Foundation for Historical Louisiana.
- One member nominated by the Wedell-Williams Memorial Foundation of the Wedell-Williams Aviation and Cypress Sawmill Foundation in Patterson.
- Two members nominated by the Louisiana Museum Foundation.
- One member nominated by the Friends of the Edward Douglass White Historic Site.
- One member nominated by the Louisiana Sports Hall of Fame Foundation.
- One member nominated by the Louisiana Civil Rights Museum Advisory Board.
- Two members nominated by the Friends of Capitol Park Museum.
- Seven members shall be appointed from the state at large in such manner as to provide that membership on the board will reflect the ethnic and cultural diversity of the population of the state and encourage statewide representation on the board.

Members of the board shall have a knowledge of and interest in art, history, and cultural restoration. In addition, each member nominee shall have experience in at least one of the following subject areas: marketing, law, historic preservation, museum sciences, finance, accounting, business administration, fundraising for nonprofits, facility management, community or consumer advocacy, or other pertinent disciplines.

¹⁷ R.S. 25:341