



# MICHIGAN

OFFICE OF THE AUDITOR GENERAL

## AUDIT REPORT



THOMAS H. MCTAVISH, C.P.A.  
AUDITOR GENERAL

“...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.”

– Article IV, Section 53 of the Michigan Constitution

Audit report information may be accessed at:

*<http://audgen.michigan.gov>*



Michigan  
*Office of the Auditor General*  
**REPORT SUMMARY**

*Performance Audit*

*Museum Artifacts and Archival Records*

*Michigan Historical Center*

*Department of History, Arts and Libraries*

Report Number:  
25-231-05

Released:  
August 2006

*The Michigan Historical Center's (MHC's) mission is to build programs and alliances that preserve and interpret Michigan's past and to help people discover, enjoy, and find inspiration in their heritage. MHC accomplishes its mission through the activities of its six organizational units: the Michigan Historical Museum, the State Historic Preservation Office, the State Archives, the Publications Section, the Archaeology Section, and the Records Management Section.*

***Audit Objective:***

To assess the effectiveness of MHC's efforts in accounting for and safeguarding museum artifacts and archival records and in making these artifacts and records accessible to the public.

***Conclusion:***

MHC's efforts were moderately effective in accounting for and safeguarding museum artifacts and archival records and in making these artifacts and records accessible to the public.

***Material Condition:***

MHC had not completed a physical inventory of all museum artifacts in its possession. Also, MHC had not created and maintained a central recordkeeping system for its museum artifacts or periodically tested artifact records for completeness and accuracy. (Finding 1)

***Reportable Conditions:***

Our audit also disclosed reportable conditions regarding museum storage space, archival and artifact records,

museum artifact and archival record storage area access, and museum artifact loans (Findings 2 through 5).

***Noteworthy Accomplishments:***

The Michigan Historical Museum was granted accreditation by the American Association of Museums (AAM) in 2004. The entire Michigan Historical Museum system is one of only a handful of "museum systems" in the United States that have been accredited by the AAM.

During the audit period, the State Archives improved the public's access to both government records and private manuscripts through the use of private grant funds. The improved access included cataloging on-line 600 collections relating to genealogy and local history and indexing and imaging the State's 56,000 land patent records. In addition, over 1,500 photographic images of Civil War soldiers and the governors of the State of Michigan were also made available on-line.

**Agency Response:**

Our audit report contains 5 findings and 7 corresponding recommendations. MHC indicated that it agrees with all 7 recommendations.

~ ~ ~ ~ ~

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General  
201 N. Washington Square  
Lansing, Michigan 48913

**Thomas H. McTavish, C.P.A.**  
Auditor General

**Scott M. Strong, C.P.A., C.I.A.**  
Deputy Auditor General



STATE OF MICHIGAN  
OFFICE OF THE AUDITOR GENERAL  
201 N. WASHINGTON SQUARE  
LANSING, MICHIGAN 48913  
(517) 334-8050  
FAX (517) 334-8079

THOMAS H. MCTAVISH, C.P.A.  
AUDITOR GENERAL

August 18, 2006

Dr. William M. Anderson, Director  
Department of History, Arts and Libraries  
702 West Kalamazoo Street  
Lansing, Michigan

Dear Dr. Anderson:

This is our report on the performance audit of Museum Artifacts and Archival Records, Michigan Historical Center, Department of History, Arts and Libraries.

This report contains our report summary; description of agency; audit objective, scope, and methodology and agency responses and prior audit follow-up; comment, findings, recommendations, and agency preliminary responses; six exhibits, presented as supplemental information; and a glossary of acronyms and terms.

The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL



## TABLE OF CONTENTS

### **MUSEUM ARTIFACTS AND ARCHIVAL RECORDS MICHIGAN HISTORICAL CENTER DEPARTMENT OF HISTORY, ARTS AND LIBRARIES**

	<u>Page</u>
INTRODUCTION	
Report Summary	1
Report Letter	3
Description of Agency	7
Audit Objective, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up	8
COMMENT, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES	
Museum Artifacts and Archival Records	11
1. Controls Over Museum Artifacts	12
2. Museum Storage Space	14
3. Archival and Artifact Records	16
4. Museum Artifact and Archival Record Storage Area Access	18
5. Museum Artifact Loans	19
SUPPLEMENTAL INFORMATION	
Exhibit 1 - Leased Warehouse Storage Facility (5,000 Square Feet)	22
Exhibit 2 - Leased Warehouse Storage Facility (17,000 Square Feet)	22
Exhibit 3 - Boxed and Cataloged Museum Artifacts Stored at 17,000-Square-Foot Warehouse Storage Facility	23
Exhibit 4 - Water Damage at 17,000-Square-Foot Warehouse Storage Facility	23

Exhibit 5 - Museum Artifacts Stored at 5,000-Square-Foot Warehouse Storage Facility	24
Exhibit 6 - Museum Artifacts Stored in Walkways at 17,000-Square-Foot Warehouse Storage Facility	24

## GLOSSARY

Glossary of Acronyms and Terms	26
--------------------------------	----

## Description of Agency

The Michigan Historical Center's (MHC's) mission\* is to build programs and alliances that preserve and interpret Michigan's past and to help people discover, enjoy, and find inspiration in their heritage. MHC accomplishes its mission through the activities of its six organizational units: the Michigan Historical Museum, the State Historic Preservation Office, the State Archives, the Publications Section, the Archaeology Section, and the Records Management Section.

MHC was transferred to the Department of History, Arts and Libraries from the Department of State by Act 66, P.A. 2001 (Sections 399.1 - 399.10 of the *Michigan Compiled Laws*). The Department of History, Arts and Libraries was created in August 2001 by Act 63, P.A. 2001 (Sections 399.701 - 399.722 of the *Michigan Compiled Laws*).

The scope of this audit focused primarily on two of MHC's units, the Michigan Historical Museum and the State Archives:

1. The Michigan Historical Museum's mission is to collect, preserve, and interpret the history of Michigan. The Museum estimates that it has more than 200,000 artifacts\* in its possession. The Museum accomplishes its mission through its flagship museum located within the Michigan Library and Historical Center building in Lansing, 10 field museums, and one historic site. The American Association of Museums granted accreditation to the Museum in spring 2004.

The Museum had 31.5 full-time equated employees and 25 temporary employees as of August 31, 2005.

2. The State Archives' mission is to identify, preserve, and provide public access to government records with historical value. In doing so, the State Archives fosters the public's trust in democratic processes and promotes the effective and efficient operation of government activities. The State Archives is responsible for approximately 80 million State and local government records and private papers; over 300,000 photographs; and over 500,000 maps.

The State Archives had 8 full-time equated employees and 1 temporary employee as of August 31, 2005.

\* See glossary at end of report for definition.

## Audit Objective, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

### Audit Objective

The objective of our performance audit\* of Museum Artifacts and Archival Records, Michigan Historical Center (MHC), Department of History, Arts and Libraries, was to assess the effectiveness of MHC's efforts in accounting for and safeguarding museum artifacts and archival records and in making these artifacts and records accessible to the public.

### Audit Scope

Our audit scope was to examine the program and other records of the Michigan Historical Center. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

### Audit Methodology

Our audit procedures, conducted during the period May through October 2005, included examination of MHC records and activities for the period January 1, 2003 through August 31, 2005.

We conducted a preliminary review of MHC's operations to formulate a basis for developing our audit objective and defining our audit scope. Our review included interviewing MHC personnel, reviewing MHC policies and procedures, reviewing applicable legislation, and analyzing available data.

To accomplish our objective, we reviewed the Michigan Historical Museum's and State Archives' mission statements. We met with Museum and State Archives staff as well as Department of Management and Budget (DMB) personnel and reviewed records provided to us by DMB. We reviewed applicable MHC policies and procedures and observed both Museum and State Archives storage areas. We tested MHC's records by tracing a sample to the physical artifact or to the archived document. We performed additional testing by tracing a sample of physical artifacts and archived documents to

\* See glossary at end of report for definition.

Museum and State Archives records maintained by MHC. We also tested and evaluated MHC records associated with artifacts that were on loan to other entities.

#### Agency Responses and Prior Audit Follow-Up

Our audit report contains 5 findings and 7 corresponding recommendations. MHC indicated that it agrees with all 7 recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and DMB Administrative Guide procedure 1280.02 require the Department of History, Arts and Libraries to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

We released our prior performance audit of the Michigan Historical Center, Department of State (#2323199), in February 2000. Within the scope of this audit, we followed up 6 of the 10 prior audit recommendations. MHC complied with 3 of the 6 prior audit recommendations. We repeated 2 prior audit recommendations and rewrote 1 for inclusion in this audit report.

COMMENT, FINDINGS, RECOMMENDATIONS,  
AND AGENCY PRELIMINARY RESPONSES

# MUSEUM ARTIFACTS AND ARCHIVAL RECORDS

## COMMENT

**Audit Objective:** To assess the effectiveness of the Michigan Historical Center's (MHC's) efforts in accounting for and safeguarding museum artifacts and archival records and in making these artifacts and records accessible to the public.

**Conclusion:** **MHC's efforts were moderately effective in accounting for and safeguarding museum artifacts and archival records and in making these artifacts and records accessible to the public.** Our audit disclosed one material condition\*. MHC had not completed a physical inventory of all museum artifacts in its possession. Also, MHC had not created and maintained a central recordkeeping system for its museum artifacts or periodically tested artifact records for completeness and accuracy. (Finding 1)

Our audit also disclosed reportable conditions\* regarding museum storage space, archival and artifact records, museum artifact and archival record storage area access, and museum artifact loans (Findings 2 through 5).

**Noteworthy Accomplishments:** The Michigan Historical Museum was granted accreditation by the American Association of Museums (AAM) in 2004. The entire Michigan Historical Museum system is one of only a handful of "museum systems" in the United States that have been accredited by the AAM.

During the audit period, the State Archives improved the public's access to both government records and private manuscripts through the use of private grant funds. The improved access included cataloging\* on-line 600 collections relating to genealogy and local history and indexing and imaging the State's 56,000 land patent records. In addition, over 1,500 photographic images of Civil War soldiers and the governors of the State of Michigan were also made available on-line.

\* See glossary at end of report for definition.

## **FINDING**

### **1. Controls Over Museum Artifacts**

MHC had not completed a physical inventory of all museum artifacts in its possession. Also, MHC had not created and maintained a central recordkeeping system for its museum artifacts or periodically tested artifact records for completeness and accuracy. As a result, MHC could not ensure that museum artifacts were properly accounted for and safeguarded against loss or theft or that its collections included only those artifacts determined to be of appropriate value to the State.

In accordance with MHC's Collections Policies and Procedures Manual, Michigan Historical Museum staff are responsible for the care, safety, preservation, and physical location of all artifacts in MHC's collections.

Our review disclosed that, instead of maintaining a central recordkeeping system for the artifacts, Museum staff relied on an assortment of records from numerous sources having different formats, some of which date back to the 1800s, as the official record of museum artifacts. In many instances, we found multiple records for the same artifact. In other instances, we could not locate any record for individual artifacts among the official records used by the Museum. We also determined that Museum staff had not taken a complete baseline inventory of the artifacts to establish a benchmark that could be used to determine whether the Museum has custody and control of all artifacts in MHC's collections. Such an inventory could assist MHC management in evaluating an artifact's value to MHC's collections and to make judgments regarding whether an individual artifact should be kept or deaccessioned\* (see Finding 2). We further determined that during our audit period, Museum staff did not perform periodic testing of the artifact records that it did possess to attempt to ensure the completeness and accuracy of those records.

From the official records of museum artifacts, we judgmentally selected 117 artifacts to locate. With assistance from Museum staff, we were successful in locating 107 (91%) of the 117 artifacts sampled within MHC's collections. We determined that for 9 of the 10 artifacts that we could not locate, the official records that we used to select our sampled items were received by the Museum over

\* See glossary at end of report for definition.

60 years ago. We also determined from our testing that records of only 76 (65%) of the 117 artifacts sampled accurately disclosed the artifact's physical location.

From MHC's storage areas as well as its public exhibits at the Michigan Library and Historical Center in Lansing, we judgmentally selected 120 artifacts and attempted to locate these items within the official records of museum artifacts. We were successful in identifying 114 (95%) of the 120 artifacts sampled. However, using other records possessed by the Museum, Museum staff were able to identify 3 of the 6 artifacts not found in the official Museum records. We also determined from our testing that only 79 records (68%) related to the 117 identified artifacts accurately disclosed the artifact's location.

We noted a similar condition in our prior audit. In response to that audit, MHC stated that it would contract for inventories of older portions of the collections as resources permitted and that it would continue the monthly random inventory of 10 artifacts.

## **RECOMMENDATIONS**

WE AGAIN RECOMMEND THAT MHC COMPLETE A PHYSICAL INVENTORY OF ALL MUSEUM ARTIFACTS IN ITS POSSESSION.

We also recommend that MHC create and maintain a central recordkeeping system for its museum artifacts and periodically test artifact records for completeness and accuracy.

## **AGENCY PRELIMINARY RESPONSE**

MHC agrees with the audit recommendations; however, MHC does not agree that this finding constitutes a material weakness.

MHC agrees that it has not completed the last portion of a physical inventory. MHC responded that it has a centralized records system but has not completed consolidation of legacy records and that it recognizes the need to improve its periodic testing of artifact records.

MHC also responded that, since the prior audit, the State has invested \$300,000 in obtaining a basic inventory of all of the objects in the large leased storage facility and placing all of the smaller items in appropriate acid-free containers, packed so they are ready to move. The primary goals of this effort were to identify and deaccession objects in that facility that should not remain in the State of Michigan's collections because of either their provenance or their condition, to create an inventory that could be used in moving the collections, and to improve the storage of the items that have been boxed. MHC indicated that it met those goals and, in doing so, greatly improved the management of its collections.

In addition, MHC responded that the 2004 granting of accreditation by the AAM signified peer review of all of MHC's museum practices and that it believed that such accreditation would not have been granted had its legacy recordkeeping systems been determined to be materially flawed.

MHC further responded that it has reinstated its practice of conducting periodic random checks of artifacts against records, that it is reviewing randomly selected new catalog entries for completeness and accuracy, and that it will continue to inventory collections as resources become available. However, MHC added that, at current resource levels, it believes that the recommended goal of having complete catalog information for every artifact in a single system will not be accomplished for decades.

## **FINDING**

### **2. Museum Storage Space**

MHC did not have adequate storage space for its museum artifacts. Also, MHC did not have procedures to routinely monitor the environmental conditions under which many of its museum artifacts were stored. As a result, museum artifacts stored in warehouse type facilities are deteriorating more rapidly than artifacts stored in environmentally controlled storage facilities.

MHC estimates that it has more than 200,000 artifacts in its possession. The AAM deems stewardship to be the careful, sound, and responsible management of artifacts entrusted to a museum's care. The AAM considers museum management to have a legal, social, and ethical obligation to provide proper physical storage and care for its collections. The AAM expects museums to regularly monitor

environmental conditions and take proactive measures to mitigate the effects of ultraviolet light, fluctuations in temperature and humidity, air pollution, damage, pests, and natural disasters on collections.

MHC uses three separate facilities located in Lansing to store its museum artifacts, the Michigan Library and Historical Center and two warehouse facilities. In total, these three facilities provide MHC with approximately 28,000 square feet of storage space:

- a. The Michigan Library and Historical Center has approximately 6,000 square feet of museum storage space. This space had highly regulated temperature and humidity controls monitored by the building staff.
- b. MHC's first warehouse has approximately 5,000 square feet of storage space (see Exhibit 1). This facility had very few environmental controls beyond heating and a sprinkler system. Museum staff had no means to control or monitor conditions there except for the observations made by Museum staff during occasional visits, which were usually unscheduled and not documented.
- c. MHC's second warehouse has approximately 17,000 square feet of storage space (see Exhibit 2). MHC's monitoring was limited to the observation of current conditions made by Museum staff during their occasional visits. Non-recording thermometers were located at this location to assess current conditions. However, these instruments did not have any transmitting functions that could be used to alert off-site Museum staff of any changing conditions. This facility did have a heat detection system but lacked smoke detectors and a sprinkler system. The facility also lacked high-water monitoring and alarm capability in case of broken pipes or backed up drains.

A conservation assessment survey was conducted for the Museum during October 1999 under a Conservation Assessment Program grant administered by Heritage Preservation under the Institute of Museum and Library Services (a federal agency). This survey included reviewing MHC's collections and its collection management policies. The survey concluded that artifacts in the collections that are maintained in warehouse storage facilities are deteriorating at a two-fold rate compared with artifacts stored in environmentally controlled storage facilities. Although some museum artifacts have been boxed and cataloged, our assessment

of both warehouse facilities disclosed that museum artifacts are at risk of smoke, fire, and water damage (see Exhibits 3, 4, and 5).

Based on our observations and discussions with MHC staff, 28,000 square feet of storage space was not sufficient to store all of MHC's museum artifacts. Because of the lack of sufficient storage space, it was necessary for the Museum to temporarily store some artifacts in the walkways at its larger warehouse facility (see Exhibit 6). This situation resulted in those artifacts having to be moved each time Museum staff needed access to the particular walkway where the artifacts were being temporarily stored, exposing the artifacts to unnecessary risk of damage. In addition, Museum staff were highly selective when appraising artifacts for possible inclusion in the collections because of the lack of storage space. Further, in some instances, artifacts that were already cataloged remained in the processing area because of the lack of permanent storage space.

## **RECOMMENDATIONS**

We recommend that MHC secure adequate storage space for its museum artifacts.

We also recommend that MHC implement procedures to routinely monitor the environmental conditions under which its museum artifacts are stored.

## **AGENCY PRELIMINARY RESPONSE**

MHC agrees with the recommendations. MHC responded that it has sought to remedy the situation for many years, but it has been hampered by funding constraints. MHC added that it is working with the Office of Facilities and the Office of the State Budget, within the Department of Management and Budget (DMB), to obtain an appropriate collections storage facility with the needed environmental controls and monitoring.

## **FINDING**

### **3. Archival and Artifact Records**

MHC did not ensure that archival records were processed\* and that museum artifacts were cataloged on a timely basis. As a result, some archival records and museum artifacts were not readily accessible to the public.

\* See glossary at end of report for definition.

The maintenance of archival and museum records is a two-step process. The first step involves the creation of records of accession\* that identify and record the location of each record series or artifact as MHC takes physical control. The second step, which involves processing records and cataloging artifacts, makes the records and collections readily available to staff and other researchers. This second step also involves researching and describing the records and artifact collections and electronically entering them into their respective inventory systems.

Our review of MHC records and reports disclosed:

- a. As of August 2005, the State Archives housed approximately 55,100 cubic feet of records, of which approximately 16,650 cubic feet (30%) had not been processed and, thus, were not readily available for research. Of the 16,650 cubic feet of unprocessed records, we determined that the earliest unprocessed records were received by the State Archives during 1986. We also determined that, on average, the unprocessed records population grew by approximately 60 cubic feet every month during our audit period.
- b. As of August 2005, there were approximately 6,050 artifacts in MHC's collections that had been accessioned but not yet cataloged and, thus, were not readily available for public exhibit. Of the 6,050 artifacts not cataloged, we determined that the Museum received approximately 430 (7%) before calendar year 1995 and approximately 2,440 (40%) before calendar year 2000. Museum staff stated that they are responsible for approximately 200,000 historical artifacts depicting the history of Michigan. Many of the artifacts in MHC's collections are of considerable value, one of a kind, and/or irreplaceable.

MHC's Collections Policies and Procedures Manual states that its primary responsibility is to collect and manage historical objects in a manner that allows the maximum public access and use consistent with preservation stewardship. The State Archives' mission is to identify, preserve, and provide public access to government records with historical value.

MHC management told us that reductions in staffing levels played a considerable role in MHC's inability to process archival records and to catalog museum artifacts

\* See glossary at end of report for definition.

on a timely basis. Our prior audit, which was completed in 1999, reported this same issue as a reportable condition. In response to that audit, MHC stated that it had and would continue to request the additional resources needed to eliminate the backlogs. During the prior audit, the State Archives had 12 full-time equated (FTE) employees and the Museum had 35 FTE employees. As of August 31, 2005, the State Archives had 8 FTE employees and the Museum had 31.5 FTE employees.

### **RECOMMENDATION**

WE AGAIN RECOMMEND THAT MHC ENSURE THAT ARCHIVAL RECORDS ARE PROCESSED AND THAT MUSEUM ARTIFACTS ARE CATALOGED ON A TIMELY BASIS.

### **AGENCY PRELIMINARY RESPONSE**

MHC responded that, while it agrees, it cannot substantially address the recommendation at current funding levels. MHC added that the decisions as to which archival collections to process and which museum collections to catalog first are based on predicted use rather than time received.

### **FINDING**

#### **4. Museum Artifact and Archival Record Storage Area Access**

MHC did not effectively limit access to museum artifact and archival record storage areas to only authorized personnel.

As a result, unauthorized persons having no affiliation with MHC had access to the museum artifact and archival record storage areas during our audit period. Limiting access to only authorized personnel is an essential control to help ensure that museum artifacts and archival records are safeguarded against loss, theft, or damage. Many of these artifacts and records are of considerable value, one of a kind, and/or irreplaceable.

MHC storage facilities located at the Michigan Library and Historical Center use a computerized electronic system operated by DMB that requires an authorized access card to gain entry.

Our review disclosed that 10 individuals had access to these storage areas during our audit period who had no responsibilities related to museum artifacts or archival

records. These included 3 former State employees, 1 former private sector employee, and 6 current State employees who were working for other State agencies.

MHC management informed us that the 3 former State employees and the private sector employee had returned their access cards to their MHC supervisors at the time they ended their affiliation with the State. However, because MHC lacked a verifiable process for monitoring, tracking, and safeguarding authorized access cards for its storage areas, we could not identify who had custody of these 4 authorized access cards during our audit period or substantiate the representations made to us by MHC management.

### **RECOMMENDATION**

We recommend that MHC limit access to its museum artifact and archival record storage areas to only authorized personnel.

### **AGENCY PRELIMINARY RESPONSE**

MHC agrees with the audit recommendation and reported that it has taken corrective action. MHC added that all inappropriate access cards have been disabled and all the keys in question have been located and returned to DMB's Office of Facilities. MHC indicated that it has strengthened procedures concerning returning keys and access cards and instituted periodic review of DMB access records by archives and museum management.

In addition, MHC responded that it will continue to work with DMB and the Department of History, Arts and Libraries administration to ensure that vendors or others do not have access to MHC storage areas without a professional staff member present.

### **FINDING**

#### **5. Museum Artifact Loans**

MHC did not maintain valid loan agreements and insurance documentation for some museum artifacts on loan to other institutions. Valid loan agreements and insurance documentation are necessary to ensure that loaned museum artifacts are properly safeguarded against loss, theft, or damage.

In accordance with internal policy and procedures, MHC may loan artifacts from its collections to other institutions with a comparable purpose. Requests for the loan of museum artifacts are generally received by the Museum's curator of collections. Approval is based on the proposed use, condition, availability, and appropriateness of requested artifacts, and the requesting institution's ability and willingness to provide appropriate security and environmental controls. MHC procedures require that an outgoing loan agreement form be signed by the borrower acknowledging compliance with loan conditions. Loan conditions include a specified duration for the loan, as well as the borrower's agreement to insure the loaned object against all casualties resulting from theft, pilferage, vandalism, and acts of God and to provide proof of such insurance.

From our review of 24 loan case files, we identified 3 (13%) loan files that did not contain a valid up-to-date loan agreement, 8 (33%) loan files that did not contain valid up-to-date insurance documentation, and 1 (4%) loan file that contained no insurance documentation.

### **RECOMMENDATION**

We recommend that MHC maintain valid loan agreements and insurance documentation for all museum artifacts on loan to other institutions.

### **AGENCY PRELIMINARY RESPONSE**

MHC agrees with the recommendation and responded that all but three renewal agreements have been signed and returned. MHC continues to seek the three outstanding renewal agreements.

# SUPPLEMENTAL INFORMATION

Exhibit 1

Leased Warehouse Storage Facility (5,000 Square Feet)



Exhibit 2

Leased Warehouse Storage Facility (17,000 Square Feet)



Exhibit 3

Boxed and Cataloged Museum Artifacts Stored at  
17,000-Square-Foot Warehouse Storage Facility



Exhibit 4

Water Damage at 17,000-Square-Foot  
Warehouse Storage Facility

Museum Artifacts Stored at 5,000-Square-Foot Warehouse Storage Facility



Museum Artifacts Stored in Walkways at 17,000-Square-Foot Warehouse Storage Facility



# GLOSSARY

## Glossary of Acronyms and Terms

AAM	American Association of Museums.
accession	The acceptance by the State Archives of the transfer of the legal and physical custody of permanent records or the acceptance by the Michigan Historical Museum of artifacts for MHC's collections and the recording of the records' or artifacts' origin and current location.
artifact	An object showing human workmanship. In a museum collection, the items legally owned by the museum and philosophically held in trust for the public.
catalog	To record detailed information about an artifact based on research and information provided by the donor as well as an image (digital or photographic) of the artifact.
deaccession	To remove from the Michigan Historical Museum's collections any object that it legally owns which, upon examination, is deemed inappropriate for further retention. The same degree of careful examination should go into making decisions regarding the deaccessioning of objects as is given the evaluation of potential acquisitions.
DMB	Department of Management and Budget.
FTE	full-time equated.
material condition	A reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.

MHC	Michigan Historical Center.
mission	The agency's main purpose or the reason that the agency was established.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
process	To arrange and describe archival records in a manner that makes them accessible to researchers.
reportable condition	A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.





