

**Historical Commission and
Related Historical Entities**

September 1997

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September 2, 1997

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Speaker of the House of Representatives
The Honorable Kenneth N. (Pete) Springer, Chair
Senate Committee on Government Operations
The Honorable Mike Kernell, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the Tennessee Historical Commission and related historic entities. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether these entities should be continued, abolished, or restructured.

Very truly yours,

W. R. Snodgrass
Comptroller of the Treasury

WRS/tp
96/156

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
Tennessee Historical Commission
Advisory Council on the Cordell Hull Birthplace
Board of Trustees for the Sam Davis Memorial Association
Cragfont Restoration Advisory Commission
Presidential Landmark Commission
Tennessee Wars Commission
September 1997

AUDIT OBJECTIVES

The objectives of this audit were to review the commission's and the other entities' legislative mandates and the extent to which they have carried out those mandates efficiently and effectively, and to make recommendations that might result in more efficient and effective operation of the commission and the other entities.

FINDINGS

Oversight of State-Owned Historic Sites Should Be Improved

Additional oversight is needed to ensure the 16 historic sites the state owns are operated and maintained properly. Although the commission receives useful information from most of the sites, it needs additional information to assess all the sites' performance (page 8).

Operating Grants Not Usually Based on Need

Operating grant amounts are primarily based on what historic sites have received in the past; the last assessment to determine grant amounts was in 1991. In addition, some historic sites receive money directly from the legislature (page 12).

Ownership of Sites' Artifacts and Other Contents Unclear

Ownership information is necessary to determine who is to care for, inventory, and insure items at historic sites owned by the state. The commission does not have procedures detailing how each site is to maintain an inventory showing ownership or what to do when accepting donations (page 13).

Changes to Member Attendance and Qualifications Should Be Considered

Changes in member attendance and qualification requirements could improve the commission's effectiveness. The percentage of appointed commission members attending four meetings from June 1995 through

June 1996 ranged from 59 percent to 75 percent. In addition, requiring members to have experience or expertise in history or historic preservation could benefit the commission (page 14).

Commission Lacks Resources to Replace or Repair Historical Markers

The commission is aware of 68 missing and nine damaged historical markers out of the 1,410 it has erected, but lacks resources for timely replacement (page 15).

Clement Birthplace Site Is Not Open

The Frank Clement Birthplace/Halbroom Hotel site has not been opened for visitors because its restoration is not complete. Although the Historical Commission oversees the site, the authority to grant money for completing restoration lies with the State Building Commission. The state needs to decide what should be done with the site so that the money already spent is not lost and the site does not deteriorate (page 16).

Cragfont Restoration Advisory Commission Not Needed

The restoration of Cragfont Mansion was completed in 1957. The Cragfont Restoration Advisory Commission no longer advises the Historical Commission (page 17).

Presidential Landmark Commission Never Met

The Presidential Landmark Commission was created in 1981 to acquire, construct, and/or relocate landmarks to commemorate presidents of the United States. The commission has never met and is apparently not needed (page 18).

OBSERVATIONS AND COMMENTS

Although no findings were warranted, the activities of the following were discussed: the Tennessee Wars Commission, the Advisory Council on the Cordell Hull Birthplace, and the Board of Trustees for the Sam Davis Memorial Association (page 6).

ISSUES FOR LEGISLATIVE CONSIDERATION

The General Assembly may wish to consider (1) appropriating additional money for operating grants to the Historical Commission and giving the commission responsibility for allocating the money to historic sites that need it (if the General Assembly determines additional operating funds are necessary), (2) amending state law to require some commission members to have a background in history or historic preservation, (3) terminating the Cragfont Restoration Advisory Commission, and (4) terminating the Presidential Landmark Commission (page 19).

“Audit Highlights” is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

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**Performance Audit
Tennessee Historical Commission
Advisory Council on the Cordell Hull Birthplace
Board Of Trustees for the Sam Davis Memorial Association
Cragfont Restoration Advisory Commission
Presidential Landmark Commission
Tennessee Wars Commission**

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**Performance Audit
Tennessee Historical Commission
Advisory Council On The Cordell Hull Birthplace
Board Of Trustees For The Sam Davis Memorial Association
Cragfont Restoration Advisory Commission
Presidential Landmark Commission
Tennessee Wars Commission**

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Historical Commission and related entities was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. The entities and their termination dates are listed below.

<u>Entity</u>	<i>Tennessee Code</i> <u>Annotated</u>	<u>Termination Date</u>
Tennessee Wars Commission	Section 4-29-218	June 30, 1997
Presidential Landmark Commission	Section 4-29-218	June 30, 1997
Cragfont Restoration Advisory Commission	Section 4-29-219	June 30, 1998
Board of Trustees for the Sam Davis Memorial Association	Section 4-29-219	June 30, 1998
Tennessee Historical Commission	Section 4-29-220	June 30, 1999
Advisory Council on the Cordell Hull Birthplace	Section 4-29-223	June 30, 2002

The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of these entities and to report to the Joint Government Operations Committee of the General Assembly. The performance audit is intended to aid the committee in determining whether the Historical Commission and other entities should be abolished, continued, or restructured.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to determine the authority and responsibility mandated to these entities by the General Assembly;

2. to determine the extent to which these entities have met their legislative mandates;
3. to evaluate the efficiency and effectiveness of these entities; and
4. to recommend possible alternatives for legislative or administrative action that may result in more efficient and effective operation of the entities.

SCOPE AND METHODOLOGY OF THE AUDIT

The entities' activities and procedures were reviewed, with the focus on procedures in effect at the time of field work (August through November 1996). The audit was conducted in accordance with generally accepted government auditing standards and included

1. review of applicable legislation, policies, minutes, bylaws, and plans of the entities;
2. examination of the Historical Commission's files and records and a program review by the National Park Service;
3. review of performance audit reports from other states;
4. mail surveys of members of the entities;
5. site visits to five historic sites; and
6. interviews with members and staff of the Historical Commission; members of the other entities; and staff of the National Park Service, Tennessee and West Tennessee Historical Societies, Tennessee Historical Commission Foundation, Department of Finance and Administration, Department of Environment and Conservation, Tennessee State Museum, Department of Tourist Development, Department of Transportation, Department of Economic and Community Development, and the Metro Historical Commission.

ORGANIZATION AND RESPONSIBILITIES

Historical Commission

The Historical Commission was created by Chapter 98 of the Public Acts of 1969, codified as Section 4-11-102 et seq., *Tennessee Code Annotated*. (The commission is administratively attached to the Department of Environment and Conservation.) The law gives the commission responsibility for administering funds made available from public sources for historical purposes, developing criteria for the evaluation of state historic sites which should be acquired by the state, operating historical properties owned by the state, reviewing changes to

historical properties of other state agencies, and maintaining the Tennessee Register of Historic Places.

The mission of the Historical Commission is to

- encourage the inclusive diverse study of Tennessee's history for the benefit of future generations;
- protect, preserve, interpret, operate, maintain, and administer historic sites;
- mark important locations, persons, and events in Tennessee's history;
- assist in worthy publication projects;
- review, comment on, and identify projects that will potentially affect state-owned and nonstate-owned historic properties;
- locate, identify, record, and nominate to the National Register of Historic Places properties which meet the National Register criteria, and to implement other programs of the National Historic Preservation Act of 1966 as amended; and
- preserve and conserve the legacies of the American Revolution and War Between the States in Tennessee in its capacity as the Tennessee Wars Commission.

The commission is composed of 24 citizen members and five *ex officio* members: the Governor, State Historian, State Archaeologist, Commissioner of Environment and Conservation, and State Librarian and Archivist. Members are appointed to five-year terms.

The commission has 15 staff and had expenditures of \$3,653,074 for the year ended June 30, 1995. The State Programs include historical markers, publications, state-owned site assistance and grant monitoring. (See Exhibit 1.)

The Federal Programs, resulting from the National Historic Preservation Act, include surveying the state for historic buildings, nominating properties to the National and Tennessee Registers of Historic Places (all properties on the Tennessee Register are on the National Register), reviewing federal projects that could have an adverse affect on historic sites, working with owners of property on the National Register to get tax incentives, and providing technical assistance to certified local governments. In its 1995 review of the federal programs, the National Park Service stated that Tennessee had met all minimum requirements and had an excellent historic preservation program.

Besides the Historical Commission, other state agencies are involved in the promotion and preservation of the state's history and historic sites. The Division of Archaeology in the Department of Environment and Conservation identifies, surveys, and excavates archaeological sites. The Tennessee State Library and Archives collects and preserves books and records of historical

value. The Tennessee State Museum houses historical artifacts, interprets state history, and provides technical assistance to historic sites. The Department of Tourist Development promotes historic sites and helps communities develop new historic attractions. The Department of Economic and Community Development facilitates downtown revitalization using historic preservation as a tool through the Mainstreet Program.

Tennessee Wars Commission

The Tennessee Wars Commission was created by Chapter 824 of Public Acts of 1994 to coordinate planning, preservation, and promotion of the structures, buildings, sites, and battlefields of Tennessee associated with the American Revolution and the War Between the States. The Historical Commission has been designated by the General Assembly to be the Wars Commission. One staff person works with the Wars Commission.

Board of Trustees for the Sam Davis Memorial Association

The Board of Trustees for the Sam Davis Memorial Association was created by Chapter 92 of the Public Acts of 1931 to permit and encourage the Sam Davis Memorial Association to improve and beautify the Sam Davis home in Smyrna. The state conveyed the home in trust to the association and can revoke the trust at will. The board is to have nine members appointed by the Governor to four-year terms.

Cragfont Restoration Advisory Commission

The Cragfont Restoration Advisory Commission was created by Chapter 268 of the Public Acts of 1957 to advise the Historical Commission in its renovation and restoration of Cragfont Mansion in Sumner County. Members are appointed by the Governor to permanent positions.

Advisory Council on the Cordell Hull Birthplace

The Advisory Council on the Cordell Hull Birthplace was created by Chapter 584 of the Public Acts of 1989 to advise the Historical Commission on matters concerning the Cordell Hull birthplace in Byrdstown. The council is to be composed of not less than three nor more than five members to be appointed by the Governor to permanent positions. Members must be residents of Pickett County.

Presidential Landmark Commission

The Presidential Landmark Commission was created by Chapter 54 of the Public Acts of 1981 to acquire, construct, develop, restore, and/or relocate fitting landmarks to commemorate

presidents of the United States. The 11-member commission is to be composed of a representative of the Governor's Office, the Speaker of the House of Representatives, and the Speaker of the Senate, the State Architect, the chair of the legislative delegation of the county where the State Capitol is located, the county executive of the county where the state capitol is located, the regent of the Hermitage Association, the president of the James K. Polk Memorial Association, the chair of the Tennessee Historical Commission, the president of the Polk Auxiliary, and the executive director of the local historical commission.

OBSERVATIONS AND COMMENTS

The issues discussed below did not warrant findings but are included in this report because of their effect or potential effect on the operations of the entities and on the citizens of Tennessee.

Tennessee Wars Commission

The Tennessee Wars Commission, created in 1994, has begun to fulfill its statutory duties. It is charged with the task of coordinating the planning, preservation, and promotion of the structures, buildings, and battlefield sites of Tennessee associated with the American Revolution and the War Between the States. By law, the Historical Commission is designated as the Wars Commission. The Wars Commission's expenses were absorbed by the Historical Commission until August 1996 when a separate cost code was assigned.

The Wars Commission met five times between February 1995 and June 1996. (The Wars Commission is an agenda item during the Historical Commission meetings.) Based on meeting minutes, the commission has been active in many projects relating to the preservation and promotion of civil war battlefields. It has (1) appointed a Wars Commission Committee and a Wars Commission Advisory Committee, (2) worked with other agencies in creating a Civil War Heritage Trail brochure, *A Path Divided*, (3) approved a proposal to pursue a \$75,000 budget request for fiscal year 1996-1997, (4) requested the Governor make April Civil War Heritage Month, (5) discussed efforts to set up a statewide not-for-profit Civil War organization to accept donations of money and property, and (6) began compiling a comprehensive Civil War site preservation list. Also, the Wars Commission publishes a newsletter, *The Tennessee Wars Commission Gazette*, about commission activities and other state and national Civil War events, which is sent to about 300 people.

The Wars Commission has not filed an annual report with the Governor and the Speakers of House and Senate of the General Assembly as required by Section 4-11-505, *Tennessee Code Annotated*. This report is supposed to contain a summary of the commission's accomplishments during the preceding year and the commission's plans for the following year. The commission was created in July 1994, and the Wars Commission Committee was formed in February 1995.

Since the Wars Commission has been active for more than a year, it should prepare an annual report.

Advisory Council on the Cordell Hull Birthplace

The council has advised the commission on the Cordell Hull birthplace. It met once in 1993, twice in 1995, and once in 1996 (as of August 1996); it apparently did not meet in 1994. The council has three members, although state law allows it to have up to five members. Section 4-13-601, *Tennessee Code Annotated*, requires the council to advise the Historical Commission on matters concerning the Cordell Hull Birthplace. The advisory council's minutes document the following activities: (1) discussion of the addition of the Cordell Hull Museum with the contractor and (2) review of the final inspection report of the Cordell Hull Museum construction project. On a Division of State Audit survey, the Historical Commission members rated the advisory council's effectiveness in advising the commission an 8.3 on a scale of 1 to 10 with 10 being the best.

Board of Trustees for the Sam Davis Memorial Association

The Board of Trustees has participated in the operations of the Sam Davis Memorial Association; it met six times between October 1994 and July 1996. Board minutes document the following decisions: (1) to volunteer assistance to the association in the efforts to solicit grants from various appropriate foundations, (2) to set a regular monthly meeting time, (3) to use the 1994 \$75,000 legislative appropriation for safety and security improvements to the house and collections and for improvements to the museum, (4) to raise money for the building of a new museum, (5) to serve as the official fundraising committee, and (6) to approve the association's new bylaws. The board also reviewed the association's budget. According to the association, the Board of Trustees provides the association advice and fundraising assistance.

The association does not have a long-range plan, but a committee is developing one. The home's attendance was 11,255 for the year ended June 30, 1996. The association's total expenditures for the Sam Davis Home were \$117,174 for that year.

According to Section 4-13-301, *Tennessee Code Annotated*, the Governor shall appoint, upon the recommendation of the association, nine trustee members. As of May 1997, there were eight trustee members and one vacancy.

A mail survey was conducted of board members to determine their opinions of the board's effectiveness. Responses were received from all members. They gave an average rating of 6 (on a scale of 1 to 10 with 10 being the best) for their effectiveness in overseeing the association. Six of the eight board members believed that the Board of Trustees and the Sam Davis Memorial Association were both needed because the association handles the day-to-day operations for the site and the board oversees long-range plans. Five of the seven board members who answered the question would like the Board of Trustees for the Sam Davis Memorial Association continued.

FINDINGS AND RECOMMENDATIONS

Tennessee Historical Commission

1. Additional oversight of state-owned historic sites needed

Finding

Additional oversight is needed to ensure the 16 historic sites the state owns are operated and maintained properly. Although the Historical Commission receives useful information from most of the sites, additional information is needed to assess all the sites' performance. Also, the commission has identified the sites' maintenance needs, but could not document which projects were completed in fiscal year 1996.

All the state-owned sites are on the National Register of Historic Places. Besides their historic value, the sites are a valuable real estate asset. (See Exhibit 2 for their estimated replacement cost value.) The commission gives grants to nonprofit groups which maintain and operate the sites, supplementing funds raised by those groups. The sites vary in size, number of visitors, expenditures, and staff. (See Exhibit 3.)

Exhibit 2

Tennessee Historical Commission Value for State-Owned Sites Estimated for Insurance

<u>State-Owned Historic Sites</u>	<u>Replacement Cost Value</u>
Wynnewood, Castalian Springs	\$1,156,300
Cragfont, Gallatin	1,166,200
Carter House, Franklin	566,500
Rock Castle, Hendersonville	1,135,800
Rocky Mount, Piney Flats	1,781,300
Tipton-Haynes Farm, Johnson City	385,800
Sam Houston Schoolhouse, Maryville	178,200
James K. Polk Home, Columbia	784,400
Sparta Rock House, Sparta	57,500
Marble Springs, Knoxville	101,500
Alex Haley Museum, Henning	169,000
Sam Davis Memorial Museum, Pulaski	86,800
Burra Burra Copper Mine, Ducktown	1,895,900
Chester Inn, Jonesborough	428,300
Frank G. Clement Birthplace, Dickson	165,400
Cordell Hull Birthplace, Byrdstown	300,400
Total	<u>\$10,358,300</u>

Source: Office of the State Treasurer, Division of Risk Management.

Exhibit 3
Tennessee Historical Commission
Operating Grants, Expenditures, and Number of Visitors
State-Owned Historic Sites
Fiscal Year 1996

<u>Grantee(Site)</u>	<u>Expenditures</u>	<u>Grant</u>	<u>Grants as Percent of Expenditures</u>	<u>Number of Visitors</u>
Carter House Association (Carter House)	\$181,538	\$14,834	8%	36,803
Bledsoe's Lick Hist. Association (Wynnewood)	\$34,580	\$14,928	43%	3,084
Alex Haley Museum Association (Alex Haley House Museum)	\$45,680	\$28,182	62%	5,910
Sam Houston Memorial Assoc. (Sam Houston Schoolhouse)	\$21,104	\$11,003	52%	3,777
J. K. Polk Memorial Assoc. (James K. Polk Home)	\$176,654	\$20,265	11%	12,369
Tipton-Haynes Hist. Assoc. (Tipton Haynes)	\$55,911	\$12,619	23%	12,579
Daughters of the Amer. Rev. (Sparta Rock House)	\$6,251	\$7,248	116%	1,834
John Sevier Memorial Assoc. (Marble Springs)	\$58,657	\$24,494	42%	24,102
Frank Clement Foundation (Clement Birthplace)	\$24,975	\$5,720	23%	closed
Friends of Cordell Hull (Hull Birthplace Museum)	\$23,734	\$25,000	105%	museum under construction
Historic Cragfont (Cragfont)	\$48,502	\$14,530	30%	1,983
Friends of Rock Castle (Rock Castle)	\$44,610	\$17,552	39%	1,762
Rocky Mount Hist. Assoc. (Rocky Mount Museum)	\$303,214	\$64,586	21%	40,218
<i>Chester Inn</i>	does not receive an operating grant			restoration not complete
<i>Ducktown Basin Museum</i>	does not receive an operating grant			4,607
<i>Sam Davis Museum</i>	does not receive an operating grant			189

Source: Grantee reports to the commission and interviews with the directors of Chester Inn, Ducktown Basin Museum, and Sam Davis Museum.

Site Operations

Although it requires and regularly receives valuable information about site operations, the commission does not always use this information to assess the performance, and improve the operation of the sites. In addition, the commission could require other information to aid in its oversight. Nonprofit groups receiving operating grants must submit quarterly, mid-year, and year-end reports, and those groups receiving more than \$25,000 must also submit financial audits. These reports contain expenditure, activity, and attendance data. The commission, however, does not routinely compile or analyze the attendance data. Analyzing trends in visitation and comparing visitation between sites could identify those sites needing encouragement and assistance to promote visitation. In addition, the commission does not require visitor satisfaction information from the sites. This information could also help the commission assess the performance of the sites.

The commission gets little information from two state-owned sites (Sam Davis Museum and Ducktown Basin Museum) with which to assess the sites' operations. These sites do not receive grants, and thus, the commission does not require any expenditure, attendance, or activity data from them. Chester Inn does not submit attendance or activity data because the restoration of the site is not complete and the site is not open for visitors.

In 1990, the commission was concerned about long-range planning and adopted policies and procedures requiring each site to submit a long-range plan and annual revisions to that plan. However, the commission did not follow up to determine which sites submitted plans and what information those plans contained. According to *Shaping the Museum: The MAP Institutional Guide*, by the American Association of Museums,

The planning process and resulting plan help a museum reaffirm its statement of purpose; assure that resources are used effectively and efficiently, demonstrate its credibility to funding agencies and the public by clearly communicating its purpose, mission, and goals; provide clear direction to trustees and staff on how to build on strengths and address weaknesses identified through the planning process; and allow progress to be measured systematically.

For example, although the state purchased the Burra Burra Mine (location of the Ducktown Basin Museum) in 1988, no long-range plan has been developed. A long-range plan would help staff at this site decide which buildings should be opened to the public and how to arrange funding for their restoration and interpretation.

Analyzing visitation, long-range plans, and other performance information could help the commission identify sites with problems and provide or direct them to technical assistance. According to the commission, the grant recipients were last assessed in 1991 to determine the amount of their grant for the coming year.

In August and December 1995 and in March 1996, the commission distributed a newsletter to the state-owned sites which informed them about activities at the other sites, and offered advice on such things as fundraising and publicity. This newsletter could also help improve operations of the sites. The commission might consider restarting this newsletter.

Site Maintenance

The commission identifies maintenance needs for the historic sites yearly; however, not all priority-one projects for fiscal year 1995-96 appear to have been completed. A priority-one project could be replacing a roof or repairing electrical wiring. (Projects are ranked one, two, or three, with one being the most needed.) The commission could not provide documentation about whether priority-one projects for fiscal year 1995-96 had been completed. By reviewing fiscal year 1995-96 and fiscal year 1996-97 maintenance requests auditors determined that 22% of priority-one requests for 1995-96 were repeated in the 1996-97 request; presumably then, 78% of priority-one requests were completed in fiscal year 1995-96. This analysis does not include emergency projects that arise during the year and are quickly fixed.

For fiscal year 1996-97, the commission had \$320,200 available for maintenance—\$114,400 carried forward from fiscal year 1995-96 and \$163,200 in current-year appropriations. The commission cites staffing and organizational changes in the Division of State Parks as part of the cause projects were not completed. (The commission works with the division to identify maintenance needs and schedule maintenance work.) The Division of State Parks and staff of some of the groups operating the sites see a need to clarify the maintenance process with regard to whom the site calls to get projects done, who makes the decision to start a project, and who deals with problem contractors.

Recommendation

To improve its oversight of the operation and maintenance of state-owned historic sites, the commission should (1) review sites' long-range plans and their revisions, analyze attendance, and collect visitor satisfaction data, (2) require long-range plans, budgets, and visitation and activity data from the Sam Davis Memorial Museum and Ducktown Basin Museum (and from the Chester Inn when it is open), (3) monitor and document the completion of maintenance projects, and (4) discuss the roles and responsibilities of the Division of State Parks and the commission in the maintenance process with the division and then determine the best way to meet the maintenance needs of the historic sites.

Management's Comment

We concur. To improve its oversight of the operations and maintenance of state-owned historic sites, the commission will implement the following strategies beginning with fiscal year 1997-1998: (1) Staff will determine how many sites have long-range plans. (2) Time standards

(as in five- or ten-year plans) will be set for long-range plans. (3) All state-owned historic sites will be instructed to submit such plans according to the prescribed time standard to the commission by the end of the fiscal year. (4) When plans are submitted, sites will be monitored to determine if they are following the plans. (5) All sites will be instructed to submit attendance records and to implement and collect visitor satisfaction data. (6) Attendance and visitor satisfaction data at all state-owned sites will be collected and analyzed.

In November 1996, the commission hired a staff member whose responsibilities include the monitoring of maintenance projects at state-owned historic sites. In addition to his monitoring of maintenance projects, this staff member will keep a log of and document all maintenance projects completed at the state-owned historic sites. All site managers will be instructed to notify the Tennessee Historical Commission to discuss maintenance needs, the initiation of projects, and concerns regarding problem contractors. The commission realizes that it must work with the Division of State Parks to identify maintenance needs and schedule maintenance work. The maintenance needs of the historic sites are being met with the resources that the commission has at its disposal.

2. Operating grants not usually based on need

Finding

Operating grant amounts are primarily based on what historic sites have received in the past, not on current need. The commission's executive director said that the commission last reviewed the sites in 1991 to determine their grant amounts, but no documentation of this assessment was available. The criteria used at that time included number of visitors, number and type of staff (professional versus nonprofessional), and number of months and days per week open. This criteria would be useful in prioritizing the needs of the sites. Although most grants are based on what the site received the year before, the commission did reduce the amount of the 1996-97 grant to the Clement Birthplace/Halbrook Hotel site to \$500 (from \$5,720 in 1995-96) since the site is closed.

In addition to the grants awarded by the commission, some sites receive appropriations from the legislature either directly or through the commission. Staff of some sites ask legislators for individual appropriations. As the overseer of the sites, the commission would seem to be an appropriate body to determine the best way to allocate limited funds. For fiscal year 1996-97, the commission awarded \$281,240 in operating grants to state-owned historic sites. In that year the General Assembly appropriated a total of \$28,000 directly to three sites for operating expenses - Cragfont, Wynnewood, and Rock Castle. In previous years, these sites and other state-owned sites have received such appropriations. A Division of State Audit survey of commission members indicated that some of the members believe the legislature is undermining their role by appropriating money to specific sites.

Recommendation

The commission should ensure that it regularly reviews the grants given to historic sites so that limited resources are used most effectively. Visitation, visitor satisfaction, long-range plans, and number and type of staff are among the factors to consider.

If additional operating funds for state-owned historic sites are necessary, the General Assembly may wish to consider appropriating the additional money to the commission and giving it the responsibility for allocating the money to the sites that need it.

Management's Comment

We concur that the commission should reinstitute its practice of reviewing grants to grantees based on the sites' visitation, visitor satisfaction, long-range plans, type and number of staff (professional versus nonprofessional), number of months and days per week opened. This practice will begin in fiscal year 1998-1999. While the Tennessee Historical Commission is the state agency responsible for the built historical resource and is in a position to assess the operating needs of the sites, the commission's staff realizes that it is within the General Assembly's authority and prerogative to appropriate additional operating funds to specific state-owned and nonstate-owned historic sites. Items included in the improvement budget and subsequently appropriated by the General Assembly are generally done with the understanding that those grantees who receive operating grants share equally in the improvement dollars appropriated. The commission does not want to be in a position of preempting the legislature's authority or intent.

3. Ownership of sites' artifacts and other contents unclear

Finding

The ownership of some of the artifacts and other contents of state-owned historic sites is not certain. Ownership information is necessary to determine who is to care for, inventory, and insure items at historic sites owned by the state. The commission's executive director believes most items are owned by the state, whereas some site staff believe the group operating the site owns the contents, especially in the case of donations. If a donor gives an item to the site, it is unclear whether the association operating the site or the state owns the item. Some sites receive a donation on behalf of the site or the group running the site, not the state. The commission does not have procedures detailing how each site is to maintain an inventory showing ownership or what to do when accepting donations.

In addition, clear ownership records show who has the right to remove items from the site. For example, Historic Cragfont, Inc. (the group that operates Cragfont Historic Site) is being sued by the Association for the Preservation of Tennessee Antiquities (APTA) over the ownership of the contents of Cragfont Mansion, which includes donations of furnishings and money. (The

Sumner County Chapter of the APTA had previously operated the site.) The state has filed a motion to intervene in the suit; both APTA and the state claim ownership.

Recommendation

The commission should require state-owned sites to determine the ownership, when possible, of their contents. It should require the sites to require donors to state in writing who the donee is (the state or the nonprofit group). The commission should periodically review the inventory to ensure that donations are properly recorded.

Management's Comment

We concur. Beginning in the current fiscal year, the commission will require state-owned sites to determine ownership, when possible, of their contents. It will require the sites to adopt a policy of having their donors state in writing whether the donee is the State of Tennessee or the operating organization. Additionally, two months after the close of each fiscal year, commission staff will review the sites' inventory listing to ensure that donations are properly recorded. The lawsuit referred to in the finding was settled with the understanding and agreement between parties that the furnishings at Cragfont are the property of the State of Tennessee.

4. Changes to member attendance and qualifications requirements may be needed

Finding

Changes in member attendance and qualification requirements could improve the commission's effectiveness. According to survey results, some commission members are concerned about members' missing meetings. The percentage of appointed commission members attending the four commission meetings from June 1995 through June 1996 ranged from 59% to 75%. From June 1994 through June 1996 (eight meetings), one appointed member and one *ex officio* member did not attend any meetings. Another member only attended two meetings during this period. Although the commission had a quorum at each meeting, higher attendance could improve the commission members' effectiveness.

According to the commission's bylaws, members who are unable to attend the meetings are expected to explain to the chairman in writing why they are unable to attend. Three consecutive unexplained absences may be considered a basis for the chairman to request the Governor to replace the member. However, three consecutive absences when the commission only meets three times a year would hinder that member's usefulness to the commission. The importance of regular attendance was discussed by the commission at its October 1995 meeting. In February 1996, the executive committee decided to contact commission members who had missed more than three consecutive meetings to determine whether they wanted to continue on the commission.

According to survey results, some commission members think members should have a background or interest in history. Experience or expertise in history or historic preservation could benefit the commission when making decisions on such things as historical markers, publications, state-owned historic sites, and grants to other historical groups. Although some current members have a background in history, formal membership requirements would ensure this is always the case. Other state commissions have membership requirements. For example, four of the ten members on the Archaeological Advisory Council must be anthropologists, and one must be a representative of an archaeological association. Members of the Arts Commission must demonstrate a vital interest in the performing, visual, or literary arts.

Recommendation

The commission should consider amending its bylaws to provide that three consecutive absences, whether explained or unexplained, may be considered a basis for the chairman to request the Governor to replace the member.

The General Assembly may wish to consider amending Section 4-11-102, *Tennessee Code Annotated*, to require some of the commission members to have a background in history or historic preservation.

Management's Comment

We concur. Qualifications requirements should be changed for members of the Historical Commission. Members should have an educational background in history and/or historic preservation (at least a bachelor's degree, master's degree preferably with emphasis on Tennessee history) or at a minimum, a demonstrated working interest in history and historic preservation. Such qualifications should be formalized and codified legislatively for at least one-fourth of the members. It must be remembered that the appointment of members to the commission is at the discretion of the Governor. Additionally, the commission's bylaws should be strictly adhered to with reference to member attendance. Beginning with the October 1997 meeting of the Historical Commission, a written notification from the chairman, executive director, or their appointed designee, will be forwarded to all members asking that they submit in writing if they are not able to attend meetings. According to the bylaws, unexplained absences may be considered as a basis for the chairman to make a request to the Governor that a member be replaced. Therefore, it is within the chairman's discretion to make such a request to the Governor.

5. Lack of resources to replace or repair historical markers

Finding

The historical marker program, one of the commission's most visible programs, needs financial assistance. The commission is aware of 68 missing and nine damaged historical markers

out of the 1,410 it has erected since 1950. The estimated cost to replace the missing markers is \$84,320 and the cost to repair the damaged markers is \$4,950—more than the commission has available in one year. The commission’s budget to purchase new markers and repair or replace old ones is usually \$10,000 although the commission received an additional \$25,000 appropriation from the legislature for fiscal year 1995-96. Assuming the commission gets \$10,000 in future years and prices remain the same, replacing and repairing the markers would take about nine years.

New markers are sometimes paid for by sponsors. By making local groups or individuals aware of the need to replace or repair old markers, the commission may be able to repair and replace them sooner.

Recommendation

The commission should seek sponsors to help replace and repair historical markers. One method of promoting the sponsorship of missing or damaged markers would be through the commission’s newsletter, *The Courier*.

Management’s Comment

We concur. The commission’s marker program is one of its most visible and under-funded programs. The \$25,000 appropriated in fiscal year 1995-96 was for the specific purpose of repairing and replacing damaged and missing markers. In fiscal year 1996-97, the legislature appropriated funds to replace/repair a number of markers in Memphis. The commission has three methods of funding new markers: (1) fully state funded, (2) fully sponsor funded, and (3) 50 percent state and 50 percent sponsor funded. These methods have been successful; and in most cases, sponsored supported markers have outnumbered state-funded markers. During the fiscal year 1996-97, sponsors paid for the majority of new markers erected (example—during the last meeting of the commission, sponsors paid for all four which were approved by the commission for placement). In fairness to the historical marker constituency, there have been occasions when sponsors have paid for the replacement or repair of missing and damaged markers.

6. Clement Birthplace site not open

Finding

The Frank Clement Birthplace/Halbrook Hotel site, donated to the state in 1989 by the Frank Clement Foundation, has not been opened for visitors because its restoration is not complete. Although the Historical Commission oversees the site, the authority to grant money for completing the restoration is with the State Building Commission. The state needs to decide what should be done with the site so that the money already spent is not lost and the site does not deteriorate.

A 1989 study recommended that the site, the birthplace of former governor Frank G. Clement, be used to interpret his legacy as well as the importance of the railroad industry in the development of Dickson County. The Halbroke Hotel, built in 1913, is one of the few remaining examples of a railroad hotel. After the study, the state spent \$171,383 for capital projects to restore the site, but the Department of Finance and Administration estimates that an additional \$300,000 to \$400,000 is needed to complete the project. Staff of the Historical Commission and the Department of Finance and Administration say that the site lacks the local help needed to operate it.

Recommendation

The Historical Commission should work with the State Building Commission to determine whether the state will restore and oversee the site. If the state decides not to restore the site and open it for visitors, the state should consider giving the property back to the Clement Foundation. If the state does intend to open the site, the restoration should be completed and a group, such as the Frank Clement Foundation, should be found to operate the site.

Management's Comment

We concur in part. There is no problem with the Historical Commission working with the State Building Commission to determine whether the state will restore and oversee the site. If the state determines that the site should be restored, funding for the restoration is a major problem. As noted in the finding, it has been estimated that an outlay of \$300,000 to \$400,000 is needed. If this quote is based on today's cost and that cost remained constant (which is unlikely), funds would have to be appropriated by the General Assembly. It would be two years before any restoration work could begin. However, prior to this step being taken, it should be determined (1) if the local citizens are desirous of the site being opened and (2) if a local group can be found to operate and promote the site. If local citizens are not desirous of having the site opened, then the state should seek a buyer for the property.

Cragfont Restoration Advisory Commission

7. Cragfont Restoration Advisory Commission not needed

Finding

The Cragfont Restoration Advisory Commission was created in 1957 to advise the Historical Commission during the renovation and restoration of Cragfont Mansion. The restoration was completed in 1962, and the advisory commission no longer advises the Historical Commission. Members of the advisory commission act as a board of trustees for Historic Cragfont,

Inc., the nonprofit group that operates Cragfont. They advise Historic Cragfont on major projects, but do not meet as a separate body and do not keep minutes.

Recommendation

The General Assembly should consider terminating the Cragfont Restoration Advisory Commission since the restoration and renovation work has been completed.

Management's Comment

The Historical Commission concurs. The General Assembly should consider sunsetting the Cragfont Restoration Advisory Commission. Its statutory termination date is June 30, 1998.

Presidential Landmark Commission

8. Presidential Landmark Commission never met

Finding

The Presidential Landmark Commission, created in 1981, was to acquire, construct, develop, restore, and/or relocate fitting landmarks to commemorate presidents of the United States. The commission was to be established as a division of the Historical Commission and composed entirely of *ex officio* members. The commission has never met and apparently is not necessary.

Recommendation

The General Assembly should consider amending Section 4-11-301, *Tennessee Code Annotated*, to terminate the Presidential Landmark Commission.

Management's Comment

We concur. *Tennessee Code Annotated*, Section 4-29-218, terminates the Presidential Landmark Commission effective June 30, 1997.

RECOMMENDATIONS

LEGISLATIVE

This performance audit identified areas in which the General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of the Historical Commission and the other historical entities.

1. If additional operating funds for state-owned historic sites are necessary, the General Assembly may wish to consider appropriating the additional money to the commission and giving it the responsibility for allocating the money to the sites that need it.
2. The General Assembly may wish to consider amending Section 4-11-102, *Tennessee Code Annotated*, to require some of the commission members to have a background in history or historic preservation.
3. The General Assembly may wish to consider terminating the Cragfont Restoration Advisory Commission since the restoration and renovation work has been completed.
4. The General Assembly may wish to consider amending Section 4-11-302, *Tennessee Code Annotated*, to terminate the Presidential Landmark Commission.

ADMINISTRATIVE

The Historical Commission and the other historical entities should address the following areas to improve the efficiency and effectiveness of their operations.

1. To improve its oversight of the operations and maintenance of state-owned historic sites, the Historical Commission should (1) review sites' long-range plans and their revisions, analyze attendance, and collect visitor satisfaction data, (2) require long-range plans, budgets, and visitation and activity data from the Sam Davis Museum and Ducktown Basin Museum (and from the Chester Inn when it is open), (3) monitor and document the completion of maintenance projects, and (4) discuss the roles and responsibilities of the Division of State Parks and the commission in the maintenance process and then determine the best way to meet the maintenance needs of the historic sites.
2. The commission should ensure that it regularly reviews the grants given to historic sites so that limited resources are used most effectively. Visitation, visitor satisfaction, long-range plans, and number and type of staff are among the factors to consider.

3. The commission should require state-owned sites to determine the ownership, where possible, of their contents. It should require the sites to require donors to state in writing who (the state or the non-profit group) a donation is for. The commission should periodically review the inventory to ensure that donations are properly recorded.
4. The commission should consider amending its bylaws to require that three consecutive absences, whether explained or unexplained, may be considered a basis for the chairman to request the Governor to replace the member.
5. The commission should seek sponsors to help replace and repair historical markers. One method of promoting the sponsorship of missing or damaged markers would be through the commission's newsletter, *The Courier*.
6. The Historical Commission should work with the State Building Commission to determine whether the state will restore and oversee the site. If the state decides not to restore the site and open it for visitors, the state should consider giving the property back to the Clement Foundation. If the state does intend to open the site, the restoration should be completed and a group, such as the Frank Clement Foundation, should be found to operate the site.

Appendix

Results of a Mail Survey

A mail survey was conducted of Historical Commission members to determine their opinions on the commission's effectiveness. Responses were received from 22 of the 29 members. However, one of the 22 survey responses was blank because the member was new and did not feel qualified to respond. Some of the results are discussed in the Observations and Comments section and in finding 4, and some are summarized in this appendix.

The members were asked to rate on a scale from 1 to 10 the commission's effectiveness in five activities (one being the worst and ten being the best). The activities and average ranking are listed below.

	<u>Rating</u>
• Providing oversight to state-owned sites	8.0
• Providing technical assistance to state-owned sites	7.8
• Identifying historic properties	8.9
• Selecting property that needs to be preserved by the state	8.1
• Coordinating historical preservation activities in the state	8.6

The survey also asked for opinions regarding the commission's effectiveness, changes needed in the commission, and the decision to continue, restructure, or terminate the commission. All members responding want the commission to continue. Several had suggestions for restructuring or changing the commission. The suggestions mentioned most often were more funding, changing the bylaws, better communication with staff, need for more meetings, and less interference from the legislature. For example, some members said that the commission had little discretionary funding for preserving new sites, publications, and historic markers, and some wanted the bylaws changed regarding the hiring of the executive director.