

PERFORMANCE AUDIT

Montana Heritage Commission: Managing
Virginia City, Nevada City, and Reeder's
Alley Historic Properties

Montana Heritage Commission

APRIL 2017

16P-05

REPORT SUMMARY

Montana Heritage Commission earned revenues have increased every year since 2012, from \$335,442 to \$515,212 in 2016. Since 2011, MHC has reduced staff by 60 percent and staff expenditures by more than \$400,000 by cutting six positions. MHC manages its properties in a manner that both preserves the properties and encourages economic stability as required by law. We found opportunities for MHC to adopt a more business-oriented approach through engaging commissioners more fully, improving organizational planning processes, and gathering additional information to support its business plan.

Context

The buildings and artifacts making up the attractions in Virginia and Nevada Cities were purchased by the state for \$6.5 million in 1997. The purchase included 148 buildings, 160 acres of land, and 1 million artifacts that are currently estimated at a value, for insurance purposes, of nearly \$50 million. In order to manage the properties, the Legislature also established the Montana Heritage Commission (MHC) in 1997, tasking it with hiring staff and running day-to-day operations in Virginia and Nevada Cities. MHC properties expanded in 2000 with the addition of Reeder's Alley, including Pioneer Cabin, in Helena.

Results

Audit work included analyzing financial documents to determine trends from fiscal years 2012 through 2016, including private and public funding levels. Audit work also included reviewing governance documents from fiscal years 2012 through 2016, researching meeting notes from 1997 through 2016, attending MHC meetings, interviewing

commissioners and MHC staff, and observing visitor activities at MHC historic locations.

Compared to peer organizations, we found MHC to be a sustainable historic preservation organization. Our audit work determined MHC manages its properties in a manner that both preserves the properties and encourages economic stability as required by law. However, there is room for improvement in the areas of commissioner engagement, organizational planning, and information collection. This audit makes the following three recommendations to MHC.

- ◆ Strengthen and improve commission engagement by providing training, developing a commissioner's job description, and providing specific materials to new commissioners.
- ◆ Expand its information collection practice to include gathering and documenting assumptions and other background data used to develop business plans, and demographic

and other detailed data regarding visitors and their MHC attraction preferences.

- ◆ Strengthen its organizational planning processes by expanding its business and strategic planning to include other information such as timelines, assessment of current resources, and strategic analysis.

Recommendation Concurrence	
Concur	3
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

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