

Office of Internal Audit



Program Review

**Stewardship of University of Wisconsin
Art, Science, and Special Library Collections**

September 2002

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EXECUTIVE SUMMARY

UW institutions own a wide variety of collections, which are used for teaching, research, and display. Collections represent a valuable resource, often supporting the teaching mission, and must be adequately protected. We reviewed: types of collections at University of Wisconsin System institutions; approaches for protecting collections; collections documentation; insurance; disposal of collections objects; relevant UW Board of Regents and System policies; and activities that could enhance the protection of UW collections.

Types of Collections

Collections included in the review were artwork, historical documents, rare books, natural history collections, anthropology collections and digital collections. Examples include: UW-Green Bay's natural history collection, which includes the tenth largest egg set in North America; UW-Madison's Elvehjem Museum of Art, which holds the largest art collection in the UW System; UW-Milwaukee's American Geographical Society collection, which includes a rare map of the world from 1452; and UW-Superior's large collection of ship records, charts and maps.

Protecting Collections

Most objects in university collections are irreplaceable, which makes preventing losses and repairing damaged collections objects essential. We found a range of conservation, preservation and theft-prevention activities at UW System institutions. To enhance current efforts, we have recommended collections managers meet with campus security and risk managers, consider applying Association of College and Research Libraries security guidelines, and review efforts to screen and train students and employees who work with collections. Enhanced training in preservation methods and in appropriate methods for responding to flooding or other disasters also could improve collections care. Adequate space with appropriate environmental controls is also essential for preventing deterioration of the collections.

Documenting Collections Objects

We examined approaches for estimating the value of collections objects for insurance purposes. We found that documentation varies significantly among UW collections. Lack of sufficient staffing was the most common reason given for not being able to fully document a collection. Also, unlike business equipment and furniture, for which values can be determined using depreciation schedules, the market values of items in collections fluctuate. Nevertheless, various methods are available for estimating insurance values. We have recommended UW departments fully document their collections and record the value of collections objects to help assure compensation in the event of loss.

Insuring the Collections

UW collections are insured through the state of Wisconsin's self-funded property program. Instances of damaged, lost and stolen items were identified during the review, most of which the state property program did not cover because the losses fell under the program's exclusions. We

found that collections managers often were uncertain about the extent of insurance coverage. We have recommended that additional information about state property program coverage and exclusions be provided in UW System risk management policies.

While deductibles, exclusions and policy limits are necessary in order to make coverage affordable, these limitations can be a hindrance to UW institutions' ability to borrow valuable objects from other institutions. Specialized all-risk coverage for valuable collections may be advantageous for some collections and in certain instances. We have recommended that the UW System Office of Safety and Loss Prevention work to identify cost-effective approaches for insuring collections.

Disposal of Collections Objects

Regent Policy Document (RPD) 73-15 outlines a process for selling or exchanging works of art that UW System institution art centers and galleries no longer need. The policy anticipates that centers and galleries will have an art accessions committee, and it includes such requirements as obtaining an independent appraisal of artwork before disposal. Some of RPD 73-15's requirements may be unduly burdensome. Also, the policy applies only to artwork. We have recommended that RPD 73-15 be revised to give UW institutions greater flexibility in disposing of artwork and possibly be expanded to cover other types of collections.

UW Policies

UW System Financial and Administrative Policy G2 requires UW System institutions to report to UW System Administration gifts-in-kind from all sources. Our review suggests that not all donations to UW collections are being reported. We have recommended that UW departments review their procedures to assure the proper reporting process is followed.

Recently-revised Governmental Accounting Standards Board reporting requirements affect organizations' decisions about how to report the value of collections. To assure full compliance, UW institutions must establish policies that address permissible uses for proceeds from the sale of collections objects and UW System Administration's financial statement must include a footnote that describes the collections.

Future of UW Collections

While collections preservation must be balanced against other institutional priorities, care is needed to preserve the collections for future generations. We identified several long-term opportunities for UW institutions to enhance collections care. Collections councils, which provide oversight, guidance and advice, can help to increase awareness of university collections' needs, particularly for institutions with a large number of collections. Establishing formal museums or meeting accreditation requirements can also help ensure collections meet high standards of care. The necessary investment of resources would need to be evaluated in relation to the likely benefits, such as increased financial support for collections, increased public outreach, or enhanced educational opportunities.

SCOPE

This review describes the implementation of policies and procedures used to manage and protect collections owned, borrowed and loaned by University of Wisconsin institutions. To conduct the review, Office of Internal Audit staff made site visits to UW-Madison, Milwaukee, Eau Claire, La Crosse, Superior and Whitewater to collect information from risk managers and staff who manage collections. Information also was collected from UW System institutions that were not visited, as well as from the UW System Office of Safety and Loss Prevention. We reviewed: the types of collections at UW institutions, how the collections are preserved and protected, the insurance coverage available for collections, and how the care of UW collections could be enhanced. We compared program practices with Board of Regents and UW System Administration policies, practices at institutions of higher education in other states, and national guidelines.

BACKGROUND

UW System institutions own a wide variety of collections, including artwork, natural history specimens, anthropological collections, historical documents, maps and rare books. The collections include donated items, items the institutions purchased, and items faculty and students collected as part of UW teaching and research activities. These collections represent significant educational, research and financial assets to the UW System. For example, at UW-Madison alone, the value of collections listed with the risk management office exceeded \$200 million in 1999, and this amount understated the total value because it excluded collections that had not been assigned values or were not listed with that office.

The American Association of Museums (AAM) defines a collection as “objects both animate and inanimate that have intrinsic value to science, history, art or culture.” According to the AAM, “possession of collections incurs legal, social and ethical obligations to provide proper physical storage, management and care for the collections and associated documentation...”. The AAM notes that proper stewardship of collections presumes that the institution rightfully owns the objects, the collections are considered to be permanent, the items are documented, and proper disposal procedures are followed.

Collections must have proper care and management, according to the American Association of Museums.

University collections are important to many educational disciplines, such as biology, art and anthropology. These collections are used for display, interpretation, teaching and research. Teaching collections are typically small collections that professors and instructors use in a classroom setting. Often the items are common, easily replaced and lack the documentation necessary to make them valuable research objects. Research collections, on the other hand, generally contain valuable and irreplaceable objects that are used for the investigation of scientific, historical, and cultural issues. They require the highest level of documentation and care. Access to these collections is often restricted to serious researchers.

University collections face special challenges. Universities must balance the need to use collections for teaching and research against the obligation to preserve the collection. Since collecting is not the primary function of a university, funding for collections care is often secondary to other needs, particularly in times of scarce resources. Nevertheless, universities are permanent institutions, dedicated to education and research. As such, universities are viewed as ideal depositories for cultural and scientific items. Universities are frequently entrusted with collections of significant state, national and international importance. As with other collecting organizations, universities have an ethical duty to follow professional standards and provide responsible stewardship to those collections.

Collections are valuable for teaching and research.

During the 1990s, the Australian Vice-Chancellor's Committee conducted an extensive assessment of the condition of university collections and museums in that country. The review resulted in a 1996 report that presented a series of findings and recommendations to improve the care of Australia's university collections. The report provided a comprehensive description of the status of university collections and museums that is relevant to all university collections, regardless of their location. The review found, for example, that:

- universities own a wide range of collections, from “well established, well resourced units comparable in size and professional standing with the best of the regional museums and galleries” to small collections that receive minimal care;
- most university administrators were not aware of the number and range of collections and museums that existed within their institution, particularly of smaller, specialized collections held by departments for teaching and research purposes; and
- some very important collections were not “managed at an acceptable professional standard” because of inadequate collections space, insufficient financial resources and a lack of professional staff.

As with the institutions cited in the Australian report, UW institutions' collections provide a valuable resource. This review assessed the level of care provided to UW collections and identified strategies for improving the care of UW collections.

DISCUSSION AND RECOMMENDATIONS

To identify minimum standards and best practice approaches used to protect and care for collections, we reviewed standards professional organizations had developed, as well as the practices of higher education institutions in other states and other collecting organizations. The professional standards reviewed included those from the American Association of Museums (AAM), the Society for the Preservation of Natural History Collections, and the Association of College and Research Libraries (ACRL), among others. The review:

- describes UW collections;

- identifies approaches UW institutions use to protect the collections through proper security, preservation services, adequate collections space and staffing;
- reviews policies and procedures for insuring UW collections, including procedures for documenting and placing values on items in collections;
- assesses Board of Regents policies that address collections care; and
- identifies future activities that could further enhance the protection of UW collections.

UW COLLECTIONS

Administrators from each UW institution identified collections to be included in the review. For UW-Madison, we worked with the risk management office to identify the collections. UW institutions, particularly UW-Madison, hold an extensive number of collections. As a result, while the review included a variety of collections, not all collections could be included in the review. The collections we reviewed are in several categories: artwork, special library collections, natural history collections, anthropology collections, digital collections, and other collections. A list of the collections included in the review appears in the Appendix.

UW institution administrators identified the collections to be included in the review.

Artwork

Several UW institutions own more than one art collection, with libraries and student unions frequently holding separate collections. UW-Madison’s Elvehjem Museum holds the largest art collection in UW System, with over 17,000 objects valued at over \$47 million. UW-Madison’s Wisconsin Union Galleries have one of the largest regional artwork collections in the state, with over 1,700 objects. UW-Milwaukee’s collection consists of approximately 2,500 items. Other UW art collections range in size from a few hundred to several thousand objects.

Art collections are typically used for educational and display purposes, with objects from many UW art collections also used to decorate university buildings. We found that only a few collections were restricted solely to educational use.

UW art collections are used for educational and display purposes.

Some university art collections include objects from the State of Wisconsin’s Percent for Art program and Works Progress Administration (WPA). Percent for Art and WPA objects carry certain contractual and legal obligations for their care and disposal:

- The Percent for Art program provides two-tenths of one percent of the total construction costs of new state buildings or renovation projects for the commission or purchase of

artwork. The program is one of the largest sources of artwork for UW institutions, providing UW campuses with over 220 objects with a total acquisition value of approximately \$1.5 million. Among the objects funded through the program is the hand blown glass sculpture, “Mendota Wall,” created by world-renowned sculptor Dale Chihuly, in UW-Madison’s Kohl Center. Percent for Art objects belong to the Percent for Art program in the Department of Administration, but agencies are required to provide maintenance for the objects.

- The WPA program began during the depression as a means to help unemployed artists. Many pieces of WPA art were given to UW institutions, with the Wisconsin Union holding the largest collection of WPA art in UW System. The Paul Bunyan murals in UW-Madison’s Memorial Union were created as part of the WPA program, for example. The federal government maintains legal title to WPA artwork, and institutions cannot sell these objects. The General Services Administration (GSA) recently established an initiative to document and catalog all WPA artwork, to educate and inform people of the ownership issues regarding WPA art, and to encourage public institutions to return these works to the GSA if the organization is no longer going to use them.

Special Library Collections

UW libraries hold a wide range of special collections that consist of rare books, photographs, maps, and archives. UW-Madison’s Memorial Library has an extensive rare book collection that includes English and American literature, with many first editions; European political pamphlets from 1661 to 1900; History of Science collections; and Philosophy and Theology collections, including many Dutch works. At least 75 special library collections are kept at UW-Madison. UW-Milwaukee holds the American Geographical Society collection, including a rare map of the world from 1452. UW-Superior recently received a large donation from the Marine Museum Association of Duluth, Minnesota. The donation included archival materials such as ship records, charts and maps, and photographs from Lake Superior. UW-La Crosse has one of the nation's largest photographic collections of steamboats.

UW library collections include rare books, photographs, maps and archives.

Most UW libraries also participate in the State Historical Society’s Area Research Centers (ARC) network. There are 14 regions in the statewide ARC network. Each ARC holds archival records for its geographical area that include official documents from local governments, land records, and collections of papers and records from local organizations and individuals.

Natural History Collections

Natural history collections include insect, geology, zoology, herbaria, egg sets, and taxidermy collections. Our review included UW-Madison’s Geology Museum, Insect Research Collection, Wisconsin State Herbarium, and Zoological Museum. UW-Madison’s natural history collections are extensive. Many of these collections were first established in the 1840s. Some of the collections, such as the Herbarium and the insect collection, include over a million specimens each.

Several other UW institutions have natural history collections. UW-Green Bay's Richter Museum of Natural History collection includes all of the locally breeding bird species, 95 percent of the mammal species, 80 percent of reptile and amphibian species, and 80 percent of the local fish species. The museum also has the tenth largest egg set in North America, with a collection of over 60,000 eggs collected in the 1870s to 1880s. UW-Stevens Point's natural history museum includes several hundred specimens of birds and mammals from North America. UW-Eau Claire's James Newman Clark collection has approximately 530 bird specimens that date back to the 1870s.

UW natural history collections include geology, zoology, taxidermy and other collections.

Many of UW System's natural history collections include type and voucher specimens. Type specimens are used to identify a new species. Voucher specimens are used as the basis for published research. Type and voucher specimens are valuable research specimens that are especially important to document and preserve.

Anthropology Collections

Among the anthropology collections in our review were UW-Madison's anthropology department collections, which consist of an ethnographic collection, a biological anthropology collection, and an archaeology collection. The archaeology collection is the largest of these, and it includes artifacts students and faculty collected. The biological collection includes casts of ancient hominid skeletons and some human and animal bones that are used for teaching and study.

UW-La Crosse and Stevens Point also have archeology collections. UW-La Crosse's Mississippi Valley Archaeology Center includes approximately 500 cubic feet of artifacts that include stone tools, pottery, copper and other materials collected from the region. UW-Stevens Point owns a collection of Native American artifacts, including approximately 20 fire-clay pre-Columbian figures from the Great Lakes and Plains region.

Anthropology collections include casts of ancient skeletons and artifacts.

Anthropology collections must comply with the Native American Graves and Repatriation Act (NAGPRA) of 1990 (Public Law No. 101-601) and the associated NAGPRA Regulations (43 CFR Part 10). NAGPRA establishes a process for determining tribal descendants' rights to certain Native American human remains, funerary objects, sacred objects or objects that have ongoing historical, traditional or cultural importance to the tribal community. At the time of the review, UW-Madison faculty indicated that the institution was in compliance with NAGPRA, while UW-LaCrosse was engaged in a process to assure compliance. UW-Stevens Point developed a separate collections management policy in response to NAGPRA that describes how the institution planned to manage Native American objects in its possession.

Digital Collections

A digital collection presents photographs, slides, audio recordings and even the full text of books on the World Wide Web or CD-Rom. Digitization allows researchers to access information about rare and fragile objects without handling them and without traveling to the institution. Some examples of digital projects developed at UW institutions include: 1) The Wisconsin Pioneer Experience, a digital collection of diaries, letters, reminiscences, speeches and other writings of people who settled and built Wisconsin during the 19th century, developed through a partnership with the UW campus libraries and the Wisconsin Historical Society; 2) the Belgian-American Research Collection, an audiotape and photographic collection based on UW-Green Bay Library's special collection, representing the culture and social flavor of one of the country's largest concentrations of Walloon-speaking Belgians; and 3) a multi-media, three-dimensional digital presentation of UW-Stevens Point's permanent exhibit describing Menominee culture and history.

**Some collections are being
"digitized."**

UW-Madison's library system established a campus-wide digital collection initiative several years ago. The initiative created numerous digital resources. The UW Digital Collections initiative was recently established to provide support for new digital projects throughout the UW system. Because each UW institution cannot support the infrastructure necessary to create digital collections, UW-Madison's digital production operations were expanded to handle materials from other UW institutions. UW-Madison's institutional initiative is funded at \$550,000 annually, while UW System is contributing \$250,000 annually to support the system-wide initiative.

Other Collections

Also included in the review were UW-Madison's Arboretum, the Helen Louise Allen Textile Collection, and the Space Place. The Arboretum includes collections of living plants that serve as outdoor teaching and research laboratories for researchers from around the world. The Helen Louise Allen Textile Collection is one of the largest university textile collections in the United States that, according to one description, features "12,000 textiles and costumes representing countless eras, places and techniques." The Space Place is an education center that houses the engineering model of the Orbiting Astronomical Observatory and the Wisconsin Ultraviolet Photo-Polarimeter Experiment (WUPPE). WUPPE is a telescope that was used on Space Shuttle missions. A UW-Madison scientist was the principle investigator for the projects that created these objects.

PROTECTING THE COLLECTIONS

Most objects in university collections cannot be replaced at any cost. Preventing losses and repairing damaged collections objects are the best methods for protecting them for future generations. We reviewed threats to collections and the extent to which institutions protect

collections, including providing adequate security, access to preservation and conservation services, adequate collections space, and adequate staffing levels.

Threats to Collections

Many collections include rare and valuable objects, making theft or damage a concern. For example, a former curator was recently convicted of stealing Native American artifacts, valued at up to \$170,000, from the collections of the State Historical Society of Wisconsin. This followed a 1989 incident in which two employees took more than 150 items with a value of more than \$100,000 from the museum's collections. University collections also have been the target of theft. In 1991 an Iowa man was convicted of stealing more than 20,000 books and 10,000 manuscripts with a value of more than \$20 million from university libraries across the country.

While theft is a serious concern, many threats to university collections are less visible. Inadequate storage space, mishandling of items by untrained staff, improper environmental controls, and lack of proper documentation of borrowed and loaned items can also result in losses. Weather-related destruction, fire damage, and water damage are also serious threats. In 1999, for example, UW-Milwaukee's art collection, which consists of 3,000 pieces conservatively valued at \$2.5 million, was damaged from flooding, moisture and mildew while in storage.

Collections Security

We interviewed staff to determine the extent to which institutions are securing university collections. Few instances of theft were identified during the review, although staff reported that some publicly displayed objects have been stolen. According to a National Park Service publication, many collections have "low inherent risks (of theft) because they are of low value, commonly available and have low demand by the general public as collectibles." Other collections require greater security. Controversial artwork and library materials, for example, are particularly susceptible to theft and vandalism.

The ACRL developed a comprehensive set of guidelines for preventing and handling thefts of special library collections. The guidelines include recommendations such as marking objects to identify the institution's ownership, controlling access to the collection, and using proper monitoring techniques. ACRL further recommends that libraries appoint a security officer, establish a security planning group, establish good working relationships with local law enforcement, work with the institution's public relations office so that timely and accurate announcements can be made to the press when a theft is discovered, and establish a relationship with local dealers who might be approached with stolen items.

Employee theft also can be a concern because employees often have complete access to collections and may be aware of security measures designed to prevent theft. ACRL guidelines identify some theft-prevention approaches. These include: providing close supervision of staff; choosing staff, students and volunteers carefully; conducting background checks to the extent allowable under statutes and institutional policies; bonding employees who work with special collections; periodically verifying the inventory; and training staff about security issues.

Given the irreplaceable nature of the items in some UW collections and an increased insurance deductible for unsecured items, special care should be taken to assure that items are properly secured. Most collections managers in our review reported that they have established some level of security to prevent theft. Security approaches included monitoring use of the collections by a staff person or a video camera, assuring that users are not left alone with items, having users sign in and show proof of identity before using a collection, and requiring that collections be used only in a specific monitored area. Library collections and art galleries appeared to have the highest levels of security. At the time of the review, staff from at least two collections were working with campus security to fully assess the security of objects in the collections. As a prevention measure, *we recommend that collections managers work with UW institution security staff and risk managers to assure that collections are properly secured; consider applying ACRL security guidelines; and review efforts to screen and train employees and students who work with collections.* In addition, risk managers could provide staff with information describing strategies to meet the necessary standards for securing items under the state property program.

Collections staff have taken security precautions.

Preserving the Collections

We reviewed UW collections staffs' preservation and conservation practices, using American Institute for Conservation of Historic and Artistic Works standards as a guide. The primary goal of preservation is to prolong the existence of cultural property; preservation includes protecting objects from light, extremes in temperature and humidity, and pests. Conservation activities include examination, documentation, treatment, and preventive care, supported by research and education. Treatment may consist of stabilization and restoration services. A professional conservator usually performs conservation activities, while anyone can practice good preservation activities.

Conservation and preservation help prevent or minimize damage to collections.

We found a range of conservation and preservation activities at UW institutions. UW-Madison's Memorial Library has a preservation and conservation unit that assesses the condition of books and repairs and reformats them for the institution's libraries. Some collections, such as UW-Madison's Elvehjem Museum and the Helen Louise Allen Textile collection, belong to the Upper Midwest Conservation Association. This non-profit organization provides conservation and preservation services; members receive services such as free pre-treatment exams and condition reports, discounts in treatment rates, 24-hour disaster recovery assistance, and discounted rates for training.

We found that professional conservation assessments were completed for some UW collections. An assessment was completed at UW-Madison's Geology Museum; however, at the time of the review, the Geology Museum's conservation plan had not been funded. In addition, the Percent for Art program recently completed a conservation assessment of the condition of the program's most valuable objects. The second phase of this initiative is preservation and conservation of damaged objects; UW institutions may be expected to provide matching funds for this project.

During 2000, the Elvehjem Museum received grants to complete a detailed conservation survey of the entire paintings collection.

Since most objects in UW collections cannot be replaced, preventing damage is the best approach for preserving the objects. Several approaches were identified during the review that could improve collections preservation and conservation care:

- *Training for collections staff:* Training could assure that collections staff use appropriate methods to protect UW collections. Professional organizations, such as the Upper Midwest Conservation Association, offer workshops and training in preservation and conservation techniques. Another option could be for UW System Administration to organize a training conference in preservation techniques.
- *Training for facility managers and staff:* Since staff responsible for facilities may be the first to respond to a serious issue such as flooding, these staff should be familiar with the appropriate response for protecting valuable objects. Percent for Art staff also noted that some of that program's objects on UW campuses have been damaged because facility workers were unaware of proper cleaning and handling techniques and methods for preventing further harm. Even if formal training cannot be provided, informational brochures and other methods of communicating appropriate handling procedures could be developed.
- *Disaster planning:* Professional standards discuss the importance of disaster planning. According to a Southeastern Library Network, Inc. publication, a disaster plan should address: home and office numbers of emergency contacts, the order in which people should be contacted, pre-disaster actions that can be taken in cases where there is advanced warning of a disaster such as a tornado or a hurricane, instructions for response and recovery, plans for salvage and recovery efforts, copies of building plans, and insurance information. While disaster plans were in place for several UW collections, most collections we reviewed did not have a disaster plan.

Therefore, opportunities exist for enhancing preservation efforts. Several organizations offer grants for conservation services, particularly for conservation assessments. UW-Superior recently applied for grants to help preserve the Lake Superior Maritime collection. Other institutions and departments could explore such options. Membership in professional conservation organizations could increase access to preservation and conservation services and training. Also, collections staff at each institution could work together to develop a basic disaster plan for all collections at the institution.

Collections Space

Adequate collections space is necessary to protect collections while in storage, to assure access to the collections for research purposes and to allow for display of objects. Proper environmental controls are essential for preventing the deterioration of fragile collections.

Display and Storage

Most all collections staff we interviewed indicated that they are concerned about a lack of appropriate space to house and maintain collections. Space for artwork and scientific collections, in particular, was described as limited or inadequate. One staff person described how an expensive copper statue was stored in a garage next to salt and lawnmowers. Some staff described storage areas where collections are exposed to extremes in temperature and humidity. Few UW collections we visited are kept in space where the environment is monitored and controlled to museum standards. We observed instances where items from valuable collections were stored in cabinets in hallways. We also found several instances where artwork had been damaged due to flooding in storage spaces.

Assessments of the UW's space needs have been conducted in some cases. A 1988 analysis of university entomology collections found that while UW-Madison's collection ranked ninth in size among the 15 institutions included in the analysis, it was ranked next to last in collections space. Only the University of Kentucky had less space, and that institution had half as many specimens as UW-Madison.

Space for some collections is limited.

Since the analysis, UW-Madison's collection has doubled in size, with no subsequent increase in space.

A recent assessment also found that UW-Madison's Elvehjem Art Museum is severely lacking in space. In a 2003-09 planning document, the director noted that when the museum was built in 1970 it had 3,893 square feet of storage space to house 1,230 works. More than 900 objects were displayed in the gallery in a space where the optimal number of items is no more than 500 to 600. In addition, the museum lacks an adequate loading dock and does not have large freight doors leading to the building; crates have to be pushed up a ramp and through a window. The report noted that this may expose borrowed items to unfavorable weather conditions. In 2002, the museum reportedly has 2,413 square feet to house over 17,000 objects, with the collection continuing to grow.

The Elvehjem planning document indicated that space concerns could threaten donations. Several donors, including an individual who reportedly planned to donate a collection valued at \$10 million, were concerned that the Elvehjem could not properly store and display the collections. Managers from other types of collections at UW-Madison also reported that they have had to reject donations of significant research and educational value because they had no place to store and care for the collections. UW-Superior staff indicated that lack of space will make it difficult for them to accept additional donations to the Lake Superior Maritime collection.

Cabinets and appropriate shelving are also necessary for proper storage of items. Museum quality cabinets are required for optimal protection of the collections, but some staff noted a need for more of these cabinets, which they indicated cost between \$600 and \$2,500 each. Compact storage shelves can maximize limited storage space, but buildings must meet certain engineering standards to support the storage systems' weight.

Research Space

Insufficient research space was also identified as a concern at several institutions. The National Park Service's (NPS) conservation publication, "Planning a Research Space," defines research space as a workspace where researchers may access, examine and study collections. According to the publication, this space, among other things, should not include other functions within the same area, should provide ample security and environmental controls, and should be large enough to accommodate the needs of researchers. NPS indicates that research space for large collections may occupy between 10 and 25 percent of the combined storage and work space. All of the library collections we reviewed had a dedicated space for patrons to use materials, while most other collections had very little research space.

Collections Staff

We reviewed staffing levels for UW collections. For some types of collections, accreditation standards serve as a useful guideline. To achieve accreditation from the AAM, a museum is required to have at least "one full-time paid professional staff person who has museum knowledge and experience, and is delegated authority and allocated financial resources sufficient to operate the museum." This person would serve as curator. Additional staff are usually required, however, to provide adequate care for collections, to develop exhibitions, and to conduct outreach activities. UW collections are managed by a combination of professional staff, faculty who serve as curators in addition to performing their teaching and research responsibilities, and student employees.

We found that individual UW department collections typically have few staff to care for the collections. One faculty member noted that, ideally, for large collections there should be one curator for each major area of a collection. The University of Michigan's zoology collection, for example, has separate curators for each of the following areas: birds, fish, amphibians and reptiles, mammals, and mollusks. The staff directory for University of Minnesota's Bell Museum of Natural History lists 19 professional museum staff members and nine professors who provide curatorial services to that collection. North Carolina's State Museum of Natural Sciences has a collection of 1.1 million vertebrate, invertebrate, rock, mineral and fossil specimens and has 21 full-time and 11 part-time research curators and technicians.

None of the UW non-library collections in our review were similarly staffed. As of November 2000, there were a total of 10.3 FTE professional curator positions for the 23 non-library collections included in the review. Only one curator staffs UW-Madison's Insect Research Collection, which includes over 2.5 million specimens. The Geology Museum, which provides extensive outreach services, has a director and only recently added an assistant director to do outreach services.

While UW library collections generally reported having adequate staff, other collections did not.

Special collections librarians, archivists and student employees manage library collections. Staffing levels for library collections were generally described as adequate. Some smaller libraries, however, noted that one staff person was in charge of special collections and that person often had multiple duties. At least one institution also reported that its archival staff was recently reduced, resulting in a reduction in public access to records and a lack of records management activities. Another institution reported that a shortage of staff to provide preservation services has resulted in a backlog of deteriorated material requiring repair, photocopying and microfilming.

Current staffing levels have restricted the ability of some departments to fully document the objects in their collection, to provide outreach and educational services, or to provide sufficient oversight to allow more researchers access to the collections. Staffing levels do not need to match those of other institutions to address these concerns. Collections staff indicated that in most cases, even small increases in staff support could be useful. For example, faculty and staff from one collection indicated that one FTE to assist with preparing specimens could free professional staff time to provide curatorial duties. Efforts to make staff assignments to address these needs could improve the care of UW collections.

DOCUMENTING THE COLLECTIONS

Inventory systems are used to provide proof of loss for insurance purposes, to track loaned and borrowed items, and to document the contents of a collection for research purposes. UW System Administration policies note that accurate property records are essential to safeguard assets, assure financial accountability and assure that adequate insurance coverage is provided. We reviewed efforts to document and place values on UW collections.

Tracking Inventory

Verifying a collection's inventory can help to identify lost and damaged items. To verify an inventory, items on the inventory list are located and, in some cases, the condition of the item is assessed. The AAM recommends that collections managers make a commitment to keeping and periodically verifying inventories.

In reviewing UW collections inventory policies, we found that artwork and libraries are specifically addressed. These approaches also can provide a useful model for verifying the inventories of other types of collections:

- *Artwork:* UW System Administration risk management policy applies to artwork. It requires that “annually, campus risk management should send an art inventory form to each department. All owned art should be listed on this form each year. If the art is to be exhibited off campus, it is to be listed as movable property.” This requirement to list artwork for insurance purposes is different from a physical inventory, which would include verifying the location of the artwork.

- *Libraries:* UW System Financial and Administrative Policy 47, “Financial Reporting of Library Holdings” (F47), outlines a process for verifying library inventories. F47, for example, requires a physical inventory of library materials performed on a sample basis every two years. This process determines whether the items listed on an inventory record can be located and are available for use. The policy requires the inventory to be verified by the institution's internal auditors or by other personnel who have no direct responsibility for managing the library.

We found that documentation varies significantly among UW collections. Most UW institutions have established art inventories, although inventories are not usually updated annually and not all artwork has been documented. Several UW institution audits that verified library and artwork inventories were completed over the past few years. Some departments rely on students to verify the inventory. A few large collections have a staff person specifically assigned to maintain information about the collection. At UW-Madison, the Elvehjem and the Zoology Museum each have a registrar and the Wisconsin State Herbarium has a database manager to perform this function.

Inventory documentation varies considerably among UW collections.

On the other hand, a lack of sufficient staffing was the most common reason given for not being able to fully document a collection. Scientific collections, in particular, are rarely verified. One large scientific collection in our review includes only newly acquired items in a database because of a lack of staff time to document the full collection. For scientific collections, the level of documentation can determine the research value.

In addition, UW departments use a variety of technologies for recording objects in their inventories, ranging from lists on paper to sophisticated museum software programs. Certain software, designed specifically for museums, can be helpful for documenting artwork and similar collections. Scientific collections have different needs for data and may require more specialized software. A system that could allow researchers to access information about each collection or to research related objects across collections could be particularly useful.

Estimating the Value of Collections

We examined approaches used to estimate the value of collections objects for insurance purposes. Collections values are used to determine insurance premiums and adjust insurance claims. Unlike business equipment and furniture, for which values can be determined using depreciation schedules, the market values of items in collections fluctuates. Some collections, such as scientific collections, may not have any market value at all and are often irreplaceable. Nevertheless, if such a collection were lost, an insurance payment could help establish a new collection.

Until recently, insurance premiums for most building contents were determined using a square footage factor that estimated the value of the contents in an average building. This approach eliminated the time required to inventory and place values on building contents. UW System’s risk management policy stated that fine arts that remained in a facility on a permanent basis were

included in this contents rate. The rate, however, was only designed to account for decorative artwork displayed in a building and did not account for the value of most university collections. Effective August 1, 2002, the state of Wisconsin's property coverage changed this approach to one that requires that each building location be listed and valued, including the value of its contents and special collections.

Various UW System policies pertain to placing values on collections for insurance purposes. These include: 1) the UW System Risk Management Policy and Procedure Manual for Art Exhibits, which has required an appraisal for artwork worth over \$10,000 upon acquisition and indicates that art objects that are a permanent part of campus property may be listed with the risk management office on the annual art inventory at their appraised, acquisition, or donation value; 2) UW System policy F47, which requires libraries to report an estimated current market value of library collections to risk management; and 3) UW System Financial and Administrative Policy G2, "Extramural Support Administration," which requires that the fair market value of gifts-in-kind be established on the date of the gift and that an insurance value be determined in compliance with risk management procedures. Policy G2 and Internal Revenue Service regulations prohibit institutions from participating in establishing the monetary value of gifts for donors. G2 further prohibits reporting the value of gifts as part of the annual gifts-in-kind summary.

Various policies pertain to placing values on collections for insurance purposes.

Individual institutions also have policies and practices in place. For example, UW-Madison's risk management office requires UW-Madison's departments to list a value for the collections they manage for the objects to be covered by the state property insurance program. UW collections staff use a variety of approaches to estimate the value of collections, including: 1) consulting publications, such as those that list values from recent auctions; 2) requesting that donors share appraisal information; 3) placing a value on a sample of items from the collection and using that information to extrapolate the total value of the collection; 4) documenting the purchase price of the object or of similar objects and adjusting it for inflation; 5) estimating the cost of collecting and preparing scientific specimens; or 6) relying on a colleague from another institution to assign values to items in the collection and doing the same in return.

Using reasonable approaches to estimate the value of collections objects for insurance purposes can help ensure fair compensation in the event of loss.

Our review of art inventories found that many objects have not had a value assigned. Where values were assigned, they usually did not reflect current market rates. Staff noted that assigning, and especially updating, values is a substantial administrative burden. The Elvehjem Museum, for example, has over 17,000 objects; maintaining a current market value for each object would be impossible. While professional appraisals are considered to be the most reliable and objective method for identifying the value of an object, appraisals are typically reserved only for the most valuable items. Also, professional appraisals are expensive, and it can be difficult to locate a professional who specializes in appraising certain objects. To reduce the burden of acquiring professional appraisals, OSLP staff have indicated that they would consider raising the

value at which a professional appraisal would be required from the current level of \$10,000 to \$50,000.

Further research is almost always necessary to determine the current replacement value at the time of a loss. However, even outdated values, such as the original purchase price of an object or a previous appraisal, can provide a useful source of information for adjusting claims in the event of a loss. *We recommend UW departments use reasonable approaches to estimate and record the value of collections objects, to help assure compensation in the event of loss.* This is particularly important for valuable objects that institutions want to have insured.

INSURING THE COLLECTIONS

UW collections represent a significant financial and educational asset to the University of Wisconsin. Insurance provides one way to protect the financial value of this asset against loss. To determine whether UW collections are properly insured, we reviewed coverage provided by Wisconsin's self-funded property program, as well as other insurance alternatives.

Wisconsin's Self-Funded Property Program

University collections are covered by Wisconsin's self-funded property program, which is administered by the Department of Administration (DOA). Wisconsin's State Self-Funded Property Program provides coverage for either the repair or replacement value of objects, whichever is less. Determining the value of a collection can be difficult. Despite its name, the state self-funded property program actually consists of a combination of self-insurance and excess insurance coverage provided by a private company. Through self-insurance an organization retains a certain level of risk by establishing a fund to pay for losses in lieu of purchasing private insurance. The state property program provided \$302.5 million in insurance to cover claims filed for all of the state's estimated \$13 billion worth of property through fiscal year 2002. The first \$2.5 million of coverage for UW property for fiscal year 2002 comes from a self-insurance fund, while the balance is covered through excess insurance. The level of coverage may be reduced in fiscal year 2003.

The UW System paid \$2.5 million in premiums for self-insurance for all of its property, including collections, for fiscal year 2002.

While DOA administers the state property program, it has delegated authority to UW System Administration and institutional risk managers to administer the program for the UW. The Department of Administration determines insurance rates, provides general policy guidance and administers the funds for the program. UW System Administration's Office of Safety and Loss Prevention determines specific policy coverage for UW System institutions' property, on behalf of DOA. Institutional risk managers process individual claims and file them with UW System Administration.

Uniqueness of Collections

Some faculty and staff reported that a few large claims were denied at the institutional level because the losses fell under the state property program's exclusions for mysterious disappearance or shortages disclosed on taking inventory. A mysterious disappearance is described as "any disappearance that occurs under unknown, puzzling or baffling circumstances which arouse wonder, curiosity or speculation or circumstances that are difficult to understand or explain."

The property program also excludes losses for items discovered missing during routine audits of inventories.

In addition, the program excludes living crops, trees, shrubs and lawns; as a result, arboretum and botanical collections are not covered.

Collections can be dissimilar from other state property.

The state self-funded property program's exclusions are particularly problematic for collections, which include a large number of objects held in storage. Unlike computer or other business equipment that staff can see each day, objects in a collection may not be observed for months, or even years. An object may not be discovered as missing until long after it is lost or stolen, thus falling under the mysterious disappearance clause. Distinguishing between a "mysterious disappearance" and theft of an unsecured item is difficult. If a loss is not discovered immediately, and there is no direct evidence of force being used, the loss would likely be considered a mysterious disappearance and would not be covered.

Some UW collections also may be subject to damage or loss while on loan to or from other institutions. At least one collection manager reported that other organizations require the collection to purchase additional insurance to cover borrowed objects because the lending institutions view Wisconsin's coverage as inadequate. Staff noted that the UW could lose its borrowing privileges if adequate coverage is not provided for borrowed objects.

The Elvehjem Museum has an informal agreement with state risk management to provide coverage for mysterious disappearance. The agreement requires the Elvehjem staff to conduct an extensive annual inventory; the agreement also was feasible because the Elvehjem staff provide a high level of documentation, security, and care for the museum's collections. The UW System Office of Safety and Loss Prevention recently began efforts to formalize the 1996 agreement. Meanwhile, the Elvehjem recently had to purchase \$350 in additional insurance before borrowing 12 Rodin sculptures, because the lender rejected the mysterious disappearance exclusion in the state property program. The UW System Office of Safety and Loss Prevention could explore the possibility of expanding the Elvehjem agreement to other collections that require a similar type of coverage and that meet similar documentation standards and standards of care. At a minimum, efforts to provide access to specialized all-risk collections insurance for objects on loan from other institutions could help preserve the UW's ability to borrow objects.

A lack of coverage for mysterious disappearance can cause concern among institutions that lend collections objects to UW institutions.

Deductibles

In reviewing insurance coverage for collections, we found that faculty and staff were concerned that the state property program has high deductibles. The state property program has a \$500 deductible for each loss of a secured item and a \$2,500 deductible for each occurrence for items not secured against theft. The higher deductible also applies to cases where the object was secured but force was not needed to take the item, such as when someone with a key removes an item from a locked room.

We found that Wisconsin's deductibles are consistent with and even lower than those that apply to institutions in some other states. The University of North Carolina's insurance program, for example, has a deductible of \$5,000 per incident. The University of Virginia has a deductible of \$1,000 per incident. Nevertheless, faculty and staff with whom we spoke at UW institutions reported that their department budgets are not sufficient to meet the Wisconsin program's deductibles, should a loss occur.

UW collections staff are concerned that they would be unable to meet deductibles in case of losses.

Losses and Claims

We interviewed faculty and staff responsible for managing UW collections to determine the extent to which the state property program covered past losses to the collections. Several instances of damaged, lost and stolen items were identified. For example, three institutions reported that they found artwork missing during routine audits, some Percent for Art objects have been damaged or stolen, some art collections were damaged in flooded storage, and at least one expensive piece of borrowed art was lost.

Our interviews with collections managers and staff indicated that claim denials often seemed unreasonable to them. This may be because the program exclusions are not well understood. When a claim is denied, it would be useful to provide departments with a written statement that specifically cites the policy provision that supports the denial. Departments could be given the opportunity to appeal claims that are denied at the institutional level. A review of these appeals by UW System's Office of Safety and Loss Prevention could assure that institutions uniformly interpret the coverage under the insurance program.

Collections managers need more information about property insurance coverage.

Some of the uncertainty about the coverage may be due in part to UW System's risk management policy, which describes coverage for building contents. Specific information about collections coverage, such as valuation methods for determining insurance premiums, a clear and complete description of deductibles and exclusions, filing deadlines, policy limits, and the process for filing a claim in the event of a loss could be particularly informative to collections staff. *We recommend the Office of Safety and Loss Prevention add to its policies a description of insurance coverage for university collections.*

Other Insurance Options

With limited budgets to cover losses, features such as deductibles, exclusions, policy limits and other risk management approaches are necessary to make insurance more affordable. Simply not replacing lost or damaged objects may be a cost-effective approach in some cases, but it is not an option for borrowed objects. Given the concerns about the adequacy of the self-funded property program, we explored alternative coverage options.

Blanket Coverage

Blanket insurance coverage is one option for minimizing the burden of updating values on individual collection objects. Insurance companies that specialize in fine arts risk management offer blanket coverage to museums. Advocates of blanket coverage suggest that it can be disadvantageous to have a policy that lists a dollar amount next to each item on an inventory because of the time and effort it takes to keep records current. Also, there is a risk that if an item is not listed, a claim will not be paid. A blanket policy provides broad coverage, up to a certain limit, without particular regard to the estimated value of each individual object. However, adequate documentation would still need to be maintained so that a value could be determined in the event of a loss.

All-Risk Coverage

We found that insurance literature and museum insurance policies we reviewed recommend “all-risk” insurance coverage for collections. For example, the publication, Insurance and Risk Management for Museums and Historical Societies, notes that “the best museum policies insure against ‘all risks’ of physical loss and have a few specified exclusions,” such as war and nuclear activity; wear, tear and gradual deterioration; and moths, vermin and inherent vice (the natural deterioration of an item). The ACRL notes that most institutions that regularly borrow objects maintain specialized all-risk fine arts insurance.

While all-risk policies still have deductibles, exclusions and overall policy limits, these policies provide broad coverage against a wide range of perils. Specialized all-risk coverage for collections typically covers mysterious disappearances. Unlike other insurance policies, all-risk policies assume that losses are covered, and the insurer has the burden to prove that a loss is not covered, rather than the insured having the burden to prove that the loss is covered. Staff from the UW System Office of Safety and Loss Prevention indicated that the state property program also presumes that losses are covered, provided institutions have reported values on an annual basis. However, the program’s exclusions for mysterious disappearance and shortages taken on inventory are not consistent with the specialized all-risk coverage experts recommend for valuable collections.

One option to address this concern is to purchase specialized insurance coverage from a private company. Since collections insurance is considered to be low-risk, the literature indicates that there is competition among insurance companies to gain this business. To compete for business, some insurance companies also provide additional services to prevent loss and protect the collections, such as assistance with managing inventory, security assessments and conservation

services. Rates are reportedly competitive, although recent declines in the stock market and concerns in the insurance industry about losses incurred during the events of September 11, 2001 may have increased the cost of this insurance.

According to the UW System Office of Safety and Loss Prevention staff, another option could be to develop a specialized collections insurance policy under the "Inland Marine" portion of the current state self-funded property program. They believe that this option would be more cost-effective than purchasing a private policy. This coverage would result in fewer exclusions and better coverage for collections. However, it also would be more expensive than current coverage provided under the policy for building contents. The rates for building contents coverage in a fire resistive structure were .0168 per \$100, while the inland marine rate was .1008 per \$100 for fiscal year 2002. Some options that could be considered to keep these insurance costs affordable include limiting this coverage to only those collections that are of significant value and that are properly documented and secured or limiting insurance coverage to the largest loss likely to occur. A single all-risk policy for all collections in the UW System, individual policies for each institution, or a policy for each individual collection could be developed. While an individual policy for each collection would require careful record keeping to track the level of coverage for each collection, Office of Safety and Loss Prevention staff agreed that it may be possible to structure coverage in this way. *We recommend that the UW System Office of Safety and Loss Prevention continue to work with the Department of Administration, faculty and staff responsible for managing collections, and institutional risk managers to identify cost-effective approaches for insuring collections.*

DISPOSAL OF COLLECTIONS OBJECTS

We reviewed UW policies that address collections issues to determine the extent to which existing policies regulate the care and protection of collections. Regent Policy Document (RPD) 73-15, "Disposal of Works of Art," outlines a process for selling or exchanging works of art that UW institution art centers and galleries no longer need. Deaccessioning, or permanent removal from a collection, is done to remove duplicate materials or objects that have deteriorated and are not salvageable, that do not fit with the scope of the collection, or for which an organization can no longer provide proper care. Among its provisions, RPD 73-15:

- grants authority to the art center's or gallery's art accessions committee to dispose by sale or exchange of works of art that are no longer needed or useful for the art collection;
- requires that works to be disposed of be independently appraised prior to sale and sold for at least the appraised value and encourages an appraisal when artwork is exchanged with another institution;
- requires that all dispositions under this policy be regularly reported to the Board for its review and ratification; and

RPD 73-15 delineates guidelines for UW institution art centers and galleries to use when selling or exchanging artwork.

- requires that funds from the disposed works of art be used to acquire other works in the name of the donor of the disposed artwork.

Deaccessioning is a necessary part of managing a collection, but it can be controversial because it challenges the presumption that organizations will permanently protect and care for objects. Appropriate policies and procedures can help ensure that deaccessioning practices meet the highest ethical standards. A review of approaches used by institutions in other states indicates, for example, that committees, rather than one person, are usually expected to approve most deaccessioning decisions. Also, objects are often offered to other public institutions for exchange or transfer and, if objects are to be sold, they are sold at public auction. Professional standards, including Governmental Accounting Standards Board standards for certain collections, require that funds from the sale of objects be used for the acquisition of new items for the collection or for care of existing items.

In addition to meeting ethical standards, collections may need to meet state surplus program requirements. DOA enforces laws and regulations that address disposal of state property, including s. 16.72, Wis. Stats., and ch. Adm. 11, Wis. Adm. Code. Agencies have the authority to dispose of any items with an original value up to \$10,000. A few of the acceptable methods for disposing of items include: transfer or sale to state agencies or municipalities, sale to the public using methods approved by DOA, trade for replacement, and scrap for no value. Also, s. 16.72, Wis. Stats., gives the State Historical Society of Wisconsin the right to inspect and obtain any historically significant surplus materials for its collections before disposal.

Although objects are rarely removed from UW art collections, clear and appropriate policies are needed.

Although UW institutions rarely remove items from art collections, collections staff identified some concerns that they would have if they had to remove a piece of artwork from a collection. Among these is the high cost of professional appraisals compared to the relatively low market value of artwork that might be deaccessioned. Collections managers also suggested that a permanent, ongoing committee might not be practical for some smaller collections.

Based on our review of professional guidelines, policies and practices used by other institutions, and concerns expressed by UW collections managers, *we recommend that RPD 73-15: 1) be revised to give institutions more flexibility in deaccessioning artwork objects, and possibly 2) be expanded to cover other types of collections.* Some options for revising the policy include:

- *Institution-level policies:* The Board of Regents could delegate responsibility for establishing deaccessioning policies and practices to UW institutions. The University of Minnesota's Board of Regents policy on museums, for example, gives the authority for adding and removing objects to the director of the museum or gallery, subject to institutional approval. Each museum and gallery is responsible for establishing an accessioning and deaccessioning policy. The Board of Regents approves these policies, along with any amendments. Institutional policies need to meet professional standards.

- *More limited expectations for appraisals and committees:* The policy could be revised to address collections managers' concerns about selling artwork. The policy could be modified to allow institutions to remove artwork below a certain value without an appraisal, for example, to permit objects to be sold at public auction or to allow for ad-hoc, rather than standing, committees.
- *Expansion to other types of collections:* Board policy could be expanded to require deaccessioning policies for collections beyond artwork housed in centers and galleries. UW-Madison's Geology Museum, for example, has a policy that requires consultation with the institution's Natural History Council before deaccessioning items. The Helen Louise Allen Textile collection at UW-Madison has developed a draft deaccessioning policy that outlines criteria and a process for removing objects from the collection.

REPORTING REQUIREMENTS

We identified two types of reporting requirements that apply to UW collections. UW System financial policy requires that all gifts be reported to UW System Administration, and federal requirements dictate how collections are to be reported on institutions' financial statements. We reviewed UW System institutions' compliance with these requirements.

Reporting Gifts to the Board of Regents

We reviewed compliance with the gift acceptance policy outlined in UW System Financial and Administrative Policy G2, "Extramural Support Administration." According to G2, recipients of gifts-in-kind from all sources, including private donors, foundations, and corporations, are required to route the item through their institutional review process for approval. Also, G2 requires each institution to provide a report to the Vice President for Finance at the close of each fiscal year. The Vice President provides a summary to the Board of Regents and, in accordance with s. 20.907, Wis. Stats., to the Legislative Joint Finance Committee and the Department of Administration.

A review of the most recent UW System Administration gift acceptance report suggests that institutions may not be reporting some donated items as required. For example, departments frequently receive donations of geological, animal and plant specimens for scientific collections. However, very few of these items are included on the list of gifts we reviewed. In addition, we found at least one institution had a collections policy that stated only items of significant value were required to be reported to the Board. Finally, some library donations may not currently be reported as required. According to UW System policy, all donated items, regardless of value, should go through the institution's review process to determine if objects will be received and used by the institution. A general description of the types of objects that are accepted by the institution should be included on the institutions' summary reports of gifts-in-kind. ***We recommend UW departments review their procedures to ensure that donated objects are reported, as required by Financial and Administrative Policy G2 and Wisconsin Statutes.***

Financial Reporting

Financial statements represent another reporting requirement related to collections. In June 1999 the Governmental Accounting Standards Board (GASB) issued GASB Statements 34 and 35, which substantially revised financial reporting procedures for state and local governments. GASB 34 includes procedures for reporting the values of artwork, historical treasures and similar collections as part of an organization's annual financial statement. Under the standards, which go into effect at the end of state fiscal year 2002, government organizations are encouraged, but not required, to report the value of collections. If organizations choose to report these values, the collections may be recorded at their historical cost or fair market value. GASB 35 requires public higher educational institutions to follow GASB 34 requirements.

Governmental accounting standards allow institutions to exclude the value of collections from financial statements.

GASB 34 allows organizations to exclude collections from the financial report if the organizations meet all of the following criteria: 1) the items are held for public exhibition, education, or research in furtherance of public service rather than financial gain; 2) the items are protected, kept unencumbered, cared for, and preserved; and 3) the items are subject to an organizational policy that requires the proceeds from sales of collections items to be used to acquire other items for collections. The standards further require that if a collection is excluded, a descriptive footnote should be included on the financial statement describing the excluded collections.

We found several reasons that organizations in other states are choosing not to report the value of collections on the financial statement. First, collections values are, at best, rough estimates and may not accurately reflect the actual values of items. Including these values on the financial statement could unrealistically represent the value of assets held by an institution. Second, many techniques for estimating values impose a significant administrative burden. Finally, although some professional standards make an exception for internal administrative purposes, some museum professionals believe that ethical standards make it a conflict of interest for them to assign values to the collections they are responsible for managing.

As of February 2002 UW System policy and a proposed State Controller's Office policy for implementing GASB 34 called for excluding the value of art, historic treasures and similar collections from annual financial statements. Under the State Controller's proposed policy, agencies would be responsible for identifying the collections to be excluded. The policy requires agencies to continue to report the values of collections, along with additions to collections, that were already capitalized on June 30, 1999. The value of library holdings also would continue to be reported on the annual financial statement.

Some UW System policies currently reflect the GASB standards. Financial and Administrative Policy F47, "Financial Reporting of Library Holdings," instructs institutions that they may exclude art, rare books and collections of unusual value held by libraries from the annual reporting statement if they meet the GASB criteria for exclusion. This policy covers catalogued collections of materials that are supervised by professional librarians. Attachment D of Financial and Administrative Policy F33, "Accountability for Capital Equipment," also allows institutions

to exclude artwork from financial reporting if they meet the GASB criteria for exclusion. "Capital equipment" is defined by the policy as any single asset that has "an acquisition cost of \$5,000 or more and a useful life of more than one year, whether purchased outright, acquired through a capital lease or through donation." This part of F33 applies to artwork and does not include other types of collections covered by GASB 34, such as historical treasures.

We identified two areas that need to be addressed to allow collections to be excluded from financial statements and to assure full compliance with GASB requirements:

- *Collections sale proceeds:* To be excluded from reporting under GASB 34, collections must be subject to an organizational policy that mandates that proceeds from sales are used for acquiring new objects for the collection. RPD 73-15 begins to address this issue by requiring proceeds from sales to be used for the benefit of the art center or gallery. However, the policy does not specifically require that proceeds be used for acquisitions and therefore does not meet GASB requirements. Also, under F47 and F33, institutions have the responsibility for establishing policies governing the use of proceeds from the sale of the objects these policies cover.

Some individual collections policies already meet the GASB requirement. For example, both the Elvehjem's accession policy and the draft management policy of the Helen Louise Allen Textile Collection include provisions that all funds generated by sales of deaccessioned objects be used for new acquisitions. However, not all UW collections are covered by a similar policy.

- *Footnote in financial statements:* GASB 34 requires that the annual financial report include a footnote describing the content of excluded collections, along with the reasons that the collections were excluded from the report. During the review, UW System Financial Administration staff indicated that they plan to develop a new footnote to meet GASB requirements.

Appropriate policies are needed for all collections that institutions plan to exclude from the financial report, including collections not held by libraries and non-artwork collections. To comply with GASB 34, ***we recommend that UW institutions ensure that collections they plan to exclude from financial reporting are covered by policies requiring the proceeds from the sale of collections objects to be used to acquire other items for those collections.*** Policies must be consistent with statutory- and administrative-law restrictions on the disposal of state property.

PLANNING FOR THE FUTURE OF UW COLLECTIONS

Collections preservation must be balanced against other institutional priorities, but care is needed to preserve collections for future generations. During the review, we found that art and science collections in particular faced several challenges. These collections were most likely to have limited funding support, inadequate storage, and limited staffing. We identified approaches that could be used as part of a long-term strategy to guide future resource and management decisions for improving the care of UW collections.

Collections Councils

Collections councils provide oversight, guidance and advice to collections, as well as increasing awareness of the needs of university collections. Examples of collections councils already exist within the UW System. The Council of University of Wisconsin Libraries (CUWL), the UW Digital Collections Advisory Council, and the UW System Archives Council provide system-wide forums for library and information planning. The Natural History Council at UW-Madison was established in 1975 as a means for faculty and staff to provide oversight of and outreach for UW-Madison's natural history collections. These UW councils address the concerns of specific collections.

Institutional collections councils or a system-wide council could serve as a consultative resource to collections managers.

Another option would be to develop a collections council to serve as a single umbrella organization to address the needs of all UW collections. Michigan State University, for example, established the University Collections Council to provide oversight and direction for the university's collections. The Council serves as an advisory group to the Provost and is charged with protecting and preserving the collections. Some of the council's specific duties include: 1) providing advice and consultation to central administration on the use and preservation of university collections, including allocation of space and funds; 2) clarifying the university's legal ownership of collections; 3) encouraging the achievement of accreditation by national organizations, where possible; 4) enhancing the visibility and promoting the use of collections within the university; and 5) encouraging appropriate deaccessioning practices.

UW councils could serve any or all of these functions, as well as serving as a resource to individual departments and UW institutions that are responsible for small collections or individual items that may be of value. For example, the Geological Survey owns pamphlets that may be of historical value; staff indicated that advice about how to care for these items would be useful. UW System Risk Management suggested that a council that includes risk management staff could also serve as a resource to help collections managers establish realistic insurance values for collections. ***We recommend that UW institutions, particularly those with a large number of collections, such as UW-Madison and UW-Milwaukee, consider establishing collections councils.*** In addition to institution-level councils, a system-wide council could also be helpful for sharing information among institutions. A system-wide council could provide a forum for reviewing insurance coverage, for developing training opportunities in preservation techniques, and for enhancing communication among UW System collections managers.

University Museums

In some instances, establishing a formal museum may be an alternative for enhancing the care of UW collections. According to the American Association of Museums (AAM), museums may take many forms, ranging from a small, single-site museum to a system with multiple sites and a complex organizational structure. Museums include such diverse organizations as art museums, history museums, planetariums, and zoological parks. A common trait of museums is that they

provide "formal and appropriate documentation, care, and use of collections and tangible objects."

Scientific Collections

UW-Madison's scientific collections may provide an opportunity for creating museums. These collections have significant historical value because they document Wisconsin's natural and scientific history, as well as the university's research activities. Several of the natural history collections were first established in the 1840s and include more than one million specimens each.

Our review of information from higher education institutions in other states found that others have established recognized museums to care for similar scientific collections. Some of these institutions consolidated several collections under the care of one museum. Michigan State University Museum and the University of Minnesota's Bell Museum of Natural History, for example, provide care for those institutions' cultural objects and natural history specimens. Several higher education institutions, such as the University of Iowa and the University of Florida, are custodians of their states' natural history museums. State natural history museums are established by state legislatures to collect, document and preserve the state's natural history. Several of UW-Madison's natural history collections provide a similar role, but only the State Herbarium of Wisconsin has been formally recognized by the Wisconsin legislature.

Efforts to establish a single science museum at UW-Madison date back at least as far as 1959, with funding identified as the greatest barrier to achieving this goal. Meanwhile, several UW-Madison departments have established museums on their own. The Geology Museum, for example, provides extensive outreach. The Zoological Museum is an important resource for researchers. A comprehensive, cooperative effort to establish a natural history and science museum at UW-Madison could: 1) increase the visibility of the institution's science collections and attract private donations, admissions fees, and grants to cover staffing costs; 2) provide a forum for UW scientists to share their research with the community; 3) increase opportunities for students to study museum techniques, which are important in art, anthropology and the biological sciences; and 4) facilitate efforts to improve documentation and preservation practices.

Organizations typically begin the process of creating a museum by seeking an outside consultant to conduct a feasibility study. Study topics include: 1) options for organizing the museum, including administrative structure, staffing, and governance issues; 2) market analyses to identify the number and preferences of potential visitors, the experiences of similar museums elsewhere, and methods to maximize attendance; 3) an assessment of space needs; 4) an evaluation of options for locating a museum; and 5) detailed assessments of potential funding sources, operating expenses and capital costs.

There are several options for establishing a natural history and science museum at UW-Madison. The most cost-effective option could be to maintain the current system of care, with collections held by individual departments. Under this model, the institution could formally recognize the collections as a museum and provide an overall administrative structure to promote the care and use of the collections. A more ambitious option could be to establish a single-site museum, with collections consolidated into one facility. A feasibility study could assess the available options.

Accreditation

Some organizations also encourage accreditation for museums as a means for improving the care of their collections. According to the AAM, accreditation can: 1) "foster the development of clearly articulated policies and procedures" for efficient and effective operations; 2) help institutions identify needed improvements in care; and 3) enhance the credibility of the organization, create a positive public image, and provide museum staff with a clear sense of purpose. Meeting accreditation standards is a long-term process that can involve a significant investment of staff time and resources; however, this process helps ensure that collections are provided with the highest level of care. Also, some important grant sources require that collections meet minimum standards of care to qualify for funding.

We found that several higher education institutions in other states have more than one accredited museum. The University of Michigan and Michigan State University each have two accredited museums. The University Museums at Iowa State University are accredited, as are Indiana University's art museum and museum of world cultures. By contrast, UW-Madison's Elvehjem Art Museum is the only AAM accredited museum in the UW System.

Even when achieving accreditation is not possible, UW institutions could use accreditation standards to guide improvement efforts and to help identify resource needs for the care of art and science collections. The AAM offers publications and services to assist institutions, including self-assessment programs, peer review programs, and best-practice information, in addition to accreditation services. ***We recommend that UW System institutions seek opportunities to pursue professional accreditation for the care of collections, wherever practical. Where accreditation is not feasible, we recommend that institutions use accreditation standards to identify ways to improve collections care.***

CONCLUSION

UW institutions own a wide variety of collections, including artwork, natural history specimens, and historical documents. The collections represent a significant resource to the UW System. Special care is necessary to preserve and protect UW collections.

This review found variation in the extent to which UW collections are protected, differences in documentation practices, and a need for clarification of insurance coverage. UW libraries consistently have written collection management policies, cataloging systems that assure proper documentation, security measures, and adequate staff to maintain the collections. UW art and science collections, on the other hand, face challenges in documenting collections items and maintaining sufficient space and staff to ensure adequate care for the collections.

We have offered the following recommendations for UW institutions:

- that collections managers work with campus security and UW institution risk managers to assure that collections are properly secured;

- that UW departments use reasonable approaches to estimate and document the value of collections objects, to help assure compensation in the event of loss;
- that UW departments review their procedures to ensure that donated objects are reported, as required by UW System Financial Administration Policy G2 and Wisconsin Statutes;
- that UW institutions ensure that collections they plan to exclude from financial reporting are covered by policies requiring the proceeds from the sale of collections objects to be used to acquire other items for those collections;
- that UW institutions, particularly those with a large number of collections, such as UW-Madison and UW-Milwaukee, consider establishing collections councils; and
- that UW institutions seek opportunities to pursue professional accreditation for the care of collections, wherever practical, and where accreditation is not feasible, use accreditation standards to identify ways to improve collections care.

We have recommended the following for UW System Administration:

- that the Office of Safety and Loss Prevention add to risk management policies a description of insurance coverage for university collections;
- that the Office of Safety and Loss Prevention work with the Department of Administration, faculty and staff responsible for managing collections, and institutional risk managers to identify cost-effective approaches for insuring collections; and
- that RPD 73-15 be revised to give institutions more flexibility in deaccessioning artwork objects and to cover other types of collections.

Appendix

UW Collections Included in the Review

UW Institution	Description of Included Collections
ARTWORK	
Eau Claire	714 pieces of artwork, including work by students and local artists. Includes some Japanese woodcuts from the mid-1800s. Total value estimated at \$550,000.
Green Bay	This permanent collection consists of 489 objects, the majority of which are 2-dimensional works, and includes 20 works by Native American artists. At any one time, as much as two-thirds of the collection is installed in offices throughout the campus.
Madison	<ul style="list-style-type: none"> • Elvehjem Museum of Art holds more than 17,000 objects, including paintings, sculpture, ceramics, architectural decoration, glass, beadwork, metalwork, baskets, ancient coins, furniture, Renaissance medals, prints, drawings and photographs. The collection holds approximately 4,000 Japanese prints of which 2,200 are from the renowned artist Utagawa Hiroshige. The Elvehjem's Hiroshige collection is considered to be among the most significant in the world. • Wisconsin Union houses more than 1,700 regional artwork objects in several galleries.
Milwaukee	Approximately 2,500 items with a total value of \$3 million. The collection consists of a large number of prints, with a few works on canvas.
Parkside	A small collection of prints is displayed on campus.
Platteville	More than 400 pieces, including sculptures, wood bowls, watercolor prints, silk screens, oil paintings and oriental rugs.
River Falls	150 to 200 items, focused on regional art.
Stout	Approximately 400 artwork pieces, with a few items valued at over \$10,000.
Whitewater	More than 1,700 items of contemporary American art, folk art, and work by students.
Colleges (Waukesha)	232 pieces displayed in public areas and offices.
SPECIAL LIBRARY COLLECTIONS	
Eau Claire	Rare book collection of approximately 2,500 books, including a book signed by Samuel Clemens (Mark Twain). Area Research Center, holding regional documents related to Eau Claire and five surrounding counties.
Green Bay	Photographs, oral histories, unique maps, publications, and research materials pertaining to Belgian-Americans. Area Research Center, holding archival materials related to Northeast Wisconsin businesses and 11 northeastern Wisconsin counties. Approximately 1,500 rare books.

UW Institution	Description of Included Collections
La Crosse	Collection of over 12,000 volumes in rare book collection, including a large collection of midwestern contemporary poetry. Over 5,000 volumes of non-fiction works about Wisconsin, as well as a large collection of Wisconsin maps dating back to 1830. Approximately 130,000 photographs, with over 44,000 of river steamboats and river scenes, one of the nation's largest photographic collections of steamboats. The Area Research Center holds over 3,000 hours of taped oral histories describing local history.
Madison	Memorial Library has extensive holdings of rare books, manuscripts and archives, pictorial materials, and a significant reference collection.
Milwaukee	Golda Meir Library's collections include rare books, maps and archives. The rare book collection includes Frank Lloyd Wright-related items, American nursing history from the mid-nineteenth century to the 1950s, Civil War regimental histories, aviation history; and Native American and Irish literature. American Geographical Society collection includes over one million items, such as maps, charts, atlases, and photographs; also includes a map of the world from 1452, one of only three known world maps signed and dated by fifteenth-century Venetian cartographer, Giovanni Leardo.
Oshkosh	Rare book collection emphasizes astronomy and special printings of popular literature. Area Research Center holds local government records, personal and business papers from Dodge, Fond du Lac, Green Lake, Marquette and Winnebago counties. Pare Lorentz Collection contains film history books, photographs, audio interviews and 16 mm prints of numerous films collected or directed by Lorentz, a pioneer documentary filmmaker.
Parkside	Signed first edition books from Irving Wallace. Area Research Center, holding personal manuscripts and documents from Kenosha and Racine Counties.
Platteville	Collection dates back to the 1840s and includes a large photographic collection and thousands of negatives of historical photographs from the Platteville area. Large collection of local government documents.
Stout	Approximately 4,000 linear feet of archival material. Area Research Center, maintaining city and county historical records. Records for genealogical research, cemetery records, and records from the lumbering industry. Recently-acquired abolitionist records from the late 19 th century.
Superior	Lake Superior Marine Museum Association in Duluth, Minnesota recently donated a large number of archival items, including vessel data from ships that traveled Lake Superior; ship blueprints; charts and maps; dredging ledgers; photographs; ship record books; and other documents, books, periodicals and newsletters relating to maritime travel on Lake Superior.
Whitewater	Large collection of books about Custer, donated by a retired professor of economics who was nominated for a Pulitzer prize for a Custer book. Collection of approximately 300 19 th and early 20 th century schoolbooks. Collection of signed books from Stephen Ambrose, who was originally from the Whitewater area. Area Research Center holding archival materials.

UW Institution	Description of Included Collections
NATURAL HISTORY COLLECTIONS	
Eau Claire	Approximately 530 bird specimens, including owls, eagles, cranes and three passenger pigeons. James Clark developed the collection between 1870 and World War I.
Green Bay	Richter Museum of Natural History collection includes all of the locally breeding bird species, 95 percent of the mammal species, 80 percent of the reptile and amphibian species, and 80 percent of the fish species. Collection includes 60,000 eggs collected in the 1870s to 1880s. According to the American Ornithological Union, collection is the 10 th largest egg set in North America.
Madison	<ul style="list-style-type: none"> • Insect Research Collection includes over 2.5 million pinned and preserved specimens, primarily from Wisconsin and the Great Lakes Region. According to an entomology department publication, "...the only collection in the state of Wisconsin [with a] mission of representing the insect fauna of Wisconsin and Great Lakes region." Includes specimens from as early as 1840. Primary mission of the collection is to support systematic research within the department, nationally and internationally. Over 9,000 people a year participate in outreach activities of the collection. • Wisconsin State Herbarium, established in 1849, holds the world's largest collection of Wisconsin plants. Over one-third of the one million specimens included in the collection come from Wisconsin. Serves as a depository for specimens from research projects. Recognized as the official "Wisconsin State Herbarium" in 1995 by the Wisconsin legislature and governor. • Zoological Museum supports research within the Zoology department, as well as researchers throughout the state, region, nation and world. Over 400,000 specimens, including ornithology, mammalogy, osteology, ichthyology, and herpetology specimens. Includes a salvage collection from the Galapagos Islands, Ecuador. The only research facility in the United States with permission to collect these specimens. • Geology Museum holds collections of fossils and minerals, as well as several dinosaur skeletons and a simulated cave. A favorite destination for young students, with over 17,000 visitors in 2000.
Stevens Point	<ul style="list-style-type: none"> • Natural History Museum includes specimens of several hundred birds and mammals from North America, with a few specimens from Africa and Australia. Includes a 20 foot fully articulated skeleton of an Allosaurus and approximately 430 clutches of bird eggs dating back to around 1900. • Biology department teaching collection includes approximately 70,000 specimens of mammals, birds, lower vertebrates, fossils and insects. Also includes approximately 200,000 herbarium specimens.

UW Institution	Description of Included Collections
ANTHROPOLOGY COLLECTIONS	
La Crosse	Mississippi Valley Archaeology Center has approximately 500 cubic feet of artifacts, most from archaeology work completed at UW-LaCrosse. Collections include stone tools, pottery, copper and other materials collected from the region. Among the exhibits are large painted murals depicting the lifestyles of four different cultures from the region; a 6,000- to 10,000-year-old bison skull from Buffalo County (the oldest item in the center); and pottery from the Oneota culture, circa 1500.
Madison	Anthropology department has three types of collections, including an ethnographic collection, a biological anthropology collection and an archaeological collection. Biological collection includes valuable casts of ancient hominid skeletons. Archaeological collection includes artifacts from sites and comparative study collections.
Stevens Point	Approximately 20 fire clay pre-Columbian figures from the Great Lakes and Plains region and over 100 objects that are part of a permanent exhibit. Two large exhibits of the Menomonee clan story, including 25 hand-carved figures. The Native American carvings are one of a kind and irreplaceable. The items have an estimated value of \$8,000 to \$14,000 for each piece.
OTHER COLLECTIONS	
Madison	<ul style="list-style-type: none"> • Helen Louise Allen Textile collection features “12,000 textiles and costumes representing countless eras, places, and techniques, making it one of the largest university textile collections in the United States.” Includes 19th century American and European coverlets, quilts, and needlework; and ethnographic textiles from South and Southeast Asia, Latin America and Turkey. • Arboretum contains vast collections of living plants. Serves as outdoor research and teaching laboratory. • The Space Place, sponsored by the astronomy department, has an engineering model of the Orbiting Astronomical Observatory. Also has the Wisconsin Ultraviolet Photo-Polarimeter Experiment telescope, used on space shuttle missions.
Extension	Wisconsin Geological and Natural History Survey has historical photographs that are being deaccessioned to the State Historical Society of Wisconsin. Also has pamphlets that may have historical value.

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