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The Museums Association of Montana (MAM) promotes professionalism and cooperation among the Museums of Montana. MAM is an organization for all types of museums—art, history, science and general—and individuals who are interested in improving and strengthening Montana’s museums.

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THE DEADLINE FOR SUBMISSION OF ARTICLES FOR THE NEXT ISSUE IS February 10, 2008

The MAM Newsletter is published quarterly by the Museums Association of Montana, a nonprofit organization of institutions and businesses, dedicated to promoting communication among all types of museums in Montana. MAM is an all volunteer organization whose support comes from its membership and from occasional public and private grants.

As a forum for exchange of information and ideas, the MAM Newsletter needs your contributions. Deadlines for submitting articles and announcements are: February 10, 2008. Please send information to:

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Newsletter

President’s Message—

Paul Shea, President, Museums Association of Montana

It is time to start thinking about the upcoming Annual MAM Conference, to be held in Livingston, March 6-8. Once again the conference will be an opportunity for you and your organization to increase its knowledge of museum practices. It is important for you to know the basics as well as more detailed knowledge so that you can make sure your organization performs to the highest standards achievable.

Very few museums in Montana can afford to hire qualified professionals to do the work. In light of this it is imperative for you to take advantage of the training opportunities that MAM offers at its annual conference. Not only staff but board members should be encouraged to attend. The more your board members know about museum operations the more value they bring to board meetings and ultimately how your organization is managed.

The MAM board spends time putting together the best possible sessions to bring you information that will make you a better museum professional. The conference is one of the best ways that MAM can make a difference in Montana's museums. By working together we can raise the standards of all of our members.

That brings me to the next point. We have made some changes in our staff. Our full time coordinator was let go due to budgets constraints. We have replaced that position with a one day a week secretary to manage our membership lists. Due to the change over we were late in getting out our membership renewals for the coming year. If you have not renewed your membership please take the time to do so today. You received a membership renewal form in the mail and it is also included in this newsletter.

Along with grants, membership dues are one of the major ways that we fund our projects, and our part time employee. It is an important way for you and your organization to help make MAM a great organization. The return on your dues through the conference and museum advocacy is well worth the investment.

The Federal Formula Grants Coalition is moving forward with its efforts to secure federal funding for museums in the up-coming 2009 re-appropriation of the Institute of Museum and Library Services. I hope that you have taken the time to study the work being done, and have written your congressional delegates in support of this issue. Take the time to look at the AASLH web site concerning the FFG program, www.aaslh.org/FederalFormulaGrant2.htm.

Thanksgiving is past, Christmas and the New Year are on their way. I hope that all of you will enjoy the time with family and friends. For those of you with museums open it is a time to share your facilities and collections with your communities as well. For those of us who are closed for the winter it is a time for rest and thinking about the coming year for our museums.

Happy Holidays to all.



2007-2008

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**INSTITUTE FOR MUSEUM AND LIBRARY
SERVICES SURVEY**

Dear Colleague,

I would like to take this time to encourage each of you to participate in an important survey that is being undertaken by our agency in cooperation with the Urban Institute. The survey will provide a detailed look at the size and scope of public support for museums from federal, state, and local governments. The 30-minute confidential survey is being conducted as part of a larger study which will examine how public funding impacts museum services in the United States. To fill out the survey, please go to <http://www.museumpublicfinance.org> by December 21, 2007, 5 p.m. EST.

Please see this link on the IMLS Web site at <http://www.imls.gov/news/2007/112607.shtm> for a full announcement.

Thank you,

Marsha L. Semmel

Deputy Director for Museums and Director for Strategic Partnerships

► **MAM NEWS**

◆ *Dee Seitel*, former Museums Association of Montana Board member, has retired from the Museum of the Rockies in Bozeman where she served as Volunteer Coordinator since 1989. Congratulations, Dee!

◆ Several people have joined the staff of the Montana Historical Society in the Museum Program.

Amanda Trum is now Collections Manager — she has experience at the National Museum of American History at the Smithsonian, Williamstown Historical Society and Shelburne Museum in VT, the Centennial Museum in El Paso, TX; and several museums in Florida. *Kendra Derrer* is full time Assistant Registrar — she has experience at the Far West Heritage Assoc in Chico, CA; Andersonville National Historic Site in Andersonville, GA; and the Freeport Arts Center in Illinois. *Rowena Harrington* is part-time Assistant Registrar — she has experience at Kaaupapa National Historic Park, HA; Nez Perce National Historic Park, ID and Nez Perce County Historical Society, ID. Rowena was also the first-ever St. Labre Native American Fellow at the Western Heritage Center in Billings.

◆ *Jennifer Bottomly-o'looney*, former Museum Collections Manager at the Montana Historical Society, has been appointed Curator of Collections. She can now be reached at 444-4711.

Northwest Digital Archives Completes NEH and NHPRC grants; Joins the Orbis Cascade Alliance

By Jodi Allison-Bunnell

The Northwest Digital Archives (NWDA), a program that provides enhanced access to archival collections and facilitates collaboration among archives, libraries, and museums in Washington, Oregon, Idaho, Montana, and Alaska, has reached a major milestone in its quest for stability beyond its funding from the National Endowment for the Humanities (NEH) and the National Historical Publications and Records Commission (NHPRC), which ended September 2007. The NWDA, which began in 2002 with support from the NEH and NHPRC, is now a program of the Orbis Cascade Alliance, an academic library consortium with 34 member institutions in Washington and Oregon.

As an Alliance program, NWDA will continue to pursue its goals of creating great information services through collaboration. The merger allows NWDA to create a robust future that will include both sustaining its current database of more than 4,500 finding aids for archival collections, building a regional digital content program, and continuing active involvement with national-level conversations on the present and future of access to archival materials across diverse institutions.

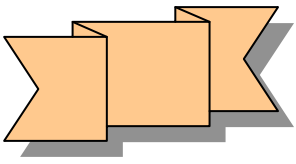
The NWDA website is located at <http://nwda.wsulibs.wsu.edu/>. There, researchers can find information about archival collections through keyword, subject, repository, and genre searches. The database offers researchers the ability to find information about collections across institutions, at a greater level of detail than is available through any other tool. The collection information is also exposed to search engines.

Participating institutions have agreed to pay member fees to sustain the program beyond grant funding and continue open and free access for researchers. Member institutions are the Eastern Washington State Historical Society, Gonzaga University, Idaho State Historical Society, Seattle Museum of History & Industry, Whitman College, Montana Historical Society, University of Montana, Oregon Historical Society, Oregon State University, University of Oregon, the Center for Pacific Northwest Studies at Western Washington University, Pacific Lutheran University, University of Washington, Washington State University, Lane Community College, University of Alaska Fairbanks, the Alaska State Library's Historical Collections, Whitworth University, Lewis & Clark College, the University of Idaho, Portland State University, the Washington State Historical Society, the Seattle Municipal Archives, Central Washington University, Eastern Washington University, Willamette University, Western Oregon University, Portland Community College, Oregon Health & Sciences University, Central Oregon Community College, and Oregon Institute of Technology.

For more information contact:

Jodi Allison-Bunnell, NWDA Program Manager, Orbis Cascade Alliance

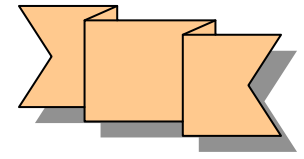
E-mail: jodiab@uoregon.edu; Phone: 406.829.6528



CALL FOR NOMINATIONS

FOR THE

Museums Association of Montana's



PETER YEGEN JR. AWARD

For excellence and distinction in fostering the collection, preservation and interpretation of our heritage and culture, and for outstanding contributions toward the advancement of Montana's museums.

The Peter Yegen Jr. Award was first conferred in 1987 to Peter and Zella Yegen for their years of service to the museum system of Yellowstone County, their interest in heritage and history, and their contributions to MAM as founding and long-term members. This is the only award given for work in Montana's museums.

Nominees will show exceptional dedication, commitment, leadership, and/or service within the museum community of Montana. This might include work in funding, publications, establishment of professional standards, work with volunteers, preservation of sites or objects, service on committees, advocacy, or many other areas. Nominators are asked to provide information that will be evaluated by the MAM Board of Directors. The award is conferred at the annual MAM meeting.

If you know of an individual or institution that you feel meets these criteria, please contact the Yegen Award coordinator at the address, phone, or email address below. *Do not contact the nominee.* Please provide the following information by February 11, 2008:

Your name _____ **Your institution** _____

Phone & email _____

Address _____

Nominee's name _____ **Institution and title** _____

Phone & email _____

Address _____

Attach an explanation of the achievements and contributions by this person or institution, and send the completed form and explanation to:

Pat Roath, MAM Award Coordinator, Museum of the Rockies, 600 W. Kagy Blvd., Bozeman, MT, 59717-2730, proath@montana.edu

**The American Association for State and Local History
and the Historical Museum at Fort Missoula
Invite Nominations for 2008 Leadership in History Awards Program**

NASHVILLE, TN—November 2007—The American Association for State and Local History (AASLH) invites nominations for the 2008 Leadership in History Awards. Now in its 63rd year, the Awards Program is the most prestigious national recognition for achievement in the preservation and interpretation of local, state, and regional history. AASLH initiated the Awards Program in 1945 to establish and encourage standards of excellence in the collection, preservation, and interpretation of state and local history throughout America.

The AASLH Leadership in History Awards Program recognizes exemplary work completed by state or federal historical societies, institutions, or agencies; regional, county, or local historical societies, institutions, or agencies; specialized subject societies in related fields such as oral history, genealogy, folklore, archaeology, business history, railroad history, etc.; junior historical societies; privately owned museums or foundations; individuals; and organizations outside the field of traditional historical agencies. Awards are given for general excellence, exhibits, public and educational programming, special projects, publications, multimedia, individual achievement, and preservation or restoration projects. Nominees need not be members of AASLH to qualify.

Nomination forms may be obtained by visiting the AASLH website, www.aaslh.org, or by contacting the AASLH office by phone: (615) 320-3203 or email: hawkins@aslh.org.

Nominations are due to the Montana AASLH State Award Chair, Dr. Robert M. Brown, Historical Museum at Fort Missoula, Building #322- Fort Missoula, Missoula, MT, 59804, on March 1, 2008. Dr. Brown can be reached at 406-728-3476 or ftmslamuseum@montana.com. Nominations are then reviewed by a national committee in the summer of 2008 with formal presentation of the awards made during the AASLH Annual Meeting, September 9-12, 2008, in Rochester, New York.

The American Association for State and Local History is a not-for-profit professional organization of individuals and institutions working to preserve and promote history. From its headquarters in Nashville, Tennessee, AASLH provides leadership and support for its members who preserve and interpret state and local history in order to make the past more meaningful to all Americans. AASLH publishes books, technical publications, a quarterly magazine, and monthly newsletter. The association also sponsors regional and national training workshops and an annual meeting. For more information about the Awards Program, contact Bethany Hawkins in the AASLH office at (615) 320-3203.

LOCAL CONTACT: Robert M. Brown, 728-3476/Fax: 543-6277; ftmslamuseum@montana.com

Lesley van der Lee Scholarships Available for SMAC Conference

2008 Small Museum Association Annual Conference—February 24-26, 2008, Ocean City, MD

The SMA Annual Conference Scholarship has been established to offer funding for ten first time SMA Conference attendees. Lesley van der Lee is an important part of the history of the SMA. She was responsible for planning the SMA Conference during many of its formative years. Lesley designed legislation that provided for the Maryland Historical and Cultural Museum Assistance Program and taught up-and-coming museum professionals as part of the Museum Studies program at the George Washington University. The scholarship, named in her honor, will cover the cost of the conference registration, room, meals and a one-year membership in the SMA.

Eligibility: Anyone affiliated with a museum or historical society may apply. This includes students, interns, full-time or part-time employees, or volunteers. Scholarship recipients will be asked to assist the conference staff for four hours during the conference. Information on specific expectations will be communicated after the selection process is complete.

To receive a copy of the scholarship application by email, please email John Pentangelo at jpentangelo@constellation.org.

Application Deadline: postmarked December 1, 2007.



2008 CurCom Fellowship Award Announcement for AAM Meeting

The Curators' Committee is pleased to announce the availability of two fellowships for curators who have never attended an AAM Annual Meeting before and whose major job responsibilities are the care and interpretation of their museums' collections. The two \$1000 fellowships are intended to help defray the cost of attending the Annual Meeting in Denver, CO in 2008.

Application Eligibility:

To qualify the applicant must never have attended an AAM Annual meeting.

To qualify the applicant's major (75%) job responsibility must be the care and interpretation of their institution's collection.

To apply, please send:

a) cover letter expressing how participation in the AAM annual meeting would benefit the applicant and their institution, how professional development is important to the applicant's career and to furthering the mission of their institution, a brief description of how collections are significant to their work and an explanation of the museum's financial need for him/her to receive this fellowship; b) a letter of recommendation from the immediate supervisor, emphasizing his/her contribution to the profession; and c) resume.

Send originals, plus two sets of photocopies to: James Burns, Curator of History, Tempe Historical Museum, 809 E. Soutehrnr Ave. Tempe, AZ 85282.

Due Date: postmarked on or before January 25, 2008.

For further information contact James Burns at (480) 350-5110 or via email at James_burns@tempe.gov. Results will be announced in time for recipients to register for the conference before the early bird deadline.

UPCOMING CONFERENCES

Museums Association of Montana

March 6–8, 2008—Livingston, Montana

www.montanamuseums.org

406-646-7461, Paul Shea

Montana Governors Conference on Tourism

April 17-18, 2008—West Yellowstone, Montana

www.visitmt.com

406-841-2795, Victor Bjornberg

American Association of Museums

Annual Meeting and MuseumExpo™2007

April 27–May 1, 2008—Denver, Colorado

www.aam-us.org

202-289-1818

American Association for State and Local History Annual Meeting

October 8–11, 2008

Rochester, New York

www.aaslh.org

615-320-3203

A Call for Proposals

The University of Oklahoma, Fairfield University, and Northern Illinois University, in collaboration with Jane Addams Hull-House Museum, Chicago, cordially invite you to participate in *Educating Women: A Conference on the Status of Research on Girls and Women in Education*, May 29-31, 2008, Jane Addams Hull-House Museum, 800 Halstead Street, Chicago, Illinois. Proposal deadline: Feb. 1, 2008. For details, visit www.educatingwomen.net/

THANK YOU !!!

Thanks to all of the contributors to the MAM Silent Auction held in October at the Montana History Conference. Thanks also to the purchasers who supported the auction. Over \$1,000 was raised which will help fund the 2008 MAM conference & scholarships.

PastPerfect Software for Museum Collections

Introducing PastPerfect-Online, the first easy, affordable way to share your collection on the World Wide Web

PastPerfect-Online, powered by MWeb®, gives you the power to touch the world!

⇔ Works with PastPerfect 4 to create a true online catalog of your collections. Simply select the records, information, and images you want to share and PastPerfect Online does the rest.

⇔ PastPerfect-Online provides web-based searchability for your catalog database, including key word search, advanced search, and click & explore.

⇔ PastPerfect-Online Software, powered by MWeb, provides instant access to your collections via the internet. No Web programming or online database management skills are required. We do it all for you!

⇔ Security to protect your online images is built in by using PastPerfect 4's watermark capabilities. We've got you covered.

Call 800-562-6080 for more information

Special AASLH Organizational Members price:
Software \$199 Hosting starting at \$28 per month (paid annually).

For FREE PastPerfect Evaluation Software and more information, visit our web site at www.MuseumSoftware.com



PASTIME museum collection management
software tools & products **SOFTWARE**
AASLH Organizational Members receive a 20% Discount on all PastPerfect Products

2007-2008 Federal Grant Deadlines

National Endowment for the Humanities – NEH

Planning and Implementation Grants

Deadline: January 23, 2008 and August 27, 2008

Questions? Contact: 800-NEH-1121 or 202-606-8269, publicpgms@neh.gov, or www.neh.gov

Institute for Museum and Library Services – IMLS

Coining Up Taller

Deadline: January 30, 2008

21st Century Museum Professionals

Deadline: March 15, 2008

IMLS/NEH Digital Partnership

Deadline: March 27, 2008

Questions? Contact: 202-653-IMLS, imlsinfo@imls.gov or www.imls.gov/grants

National Park Service

The American Battlefield Protection Program (ABPP)

Deadline: January 18, 2008

Go to: www.cr.nps.gov/abpp or www.cr.nps.gov

Preserve America

Four application cycles per year: September 1, December 1, March 1, and June 1.

Go to: www.preserveamerica.gov

See www.grants.gov for more grant opportunities

Note: All Federal Grant applicants are required to provide a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number when applying for Federal grants or cooperative agreements.

The Getty Leadership Institute presents:

MLI: THE MUSEUM LEADERSHIP INSTITUTE 2008
July, 13 - August 1, 2008 at the Getty Center in Los Angeles, California

Closing Date: January 8, 2008

Over three-weeks this residential leadership program is designed both to enhance the leadership of experienced museum executives and to strengthen their institutions' capabilities. Candidates should be museum directors and/or senior staff in a position to influence policy and effect change. Held every summer, this will be the 30th year of MLI.

Admission is competitive. Tuition: \$5,500 per participant. GLI will consider need-based requests for reduced tuition fees from eligible museum professionals.

For further information on MLI 2008 and to apply visit <http://www.getty.edu/leadership/mli.html>

Major Funding Awards \$475,000 for C.M. Russell Museum

The Bison Exhibition

The C.M. Russell Museum in Great Falls was awarded \$100,000 from The Annenberg Foundation and \$375,400 from the National Endowment for the Humanities (NEH) in August 2007 to help support the museum's planned new permanent exhibition, *The Bison: American Icon, Heart of the Plains Indian Culture*, scheduled to open in late 2008.

The structure of the NEH award dictates that the museum will receive \$275,000 directly, plus an additional \$100,000 as a match to the grant from the Annenberg Foundation—a remarkable example of the power of partnership. “We are all celebrating! With only one year until we open this major exhibition, the good news is right on time,” said Lynne Spriggs, exhibition curator and project manager.

The funding will be used for the fabrication and installation of *The Bison: American Icon, Heart of Plains Indian Culture*, including the creation of a brand new gallery space on the lower level. Construction will begin in January 2008 when a large storage area will be converted into one of the four galleries devoted to *The Bison*.

Advertise in the Museums Association of Montana Quarterly Newsletter

The Museums Association of Montana has great opportunities for advertising in our Quarterly Newsletter, great rates and an expanding subscription base. Our newsletter goes out to all members; over 100 at this time. With your support we can increase that to over 300 quarterly issues. Our advertising rates below can be received at a discount if you are a MAM member at the Benefactor and Corporate levels!

<u>Advertisement Size</u>	<u>Dimensions - H X W</u>	<u>Cost</u>	<u>MAM Benefactor/Corporate Member Rate</u>
½ page (horizontal)	4 ½” X 7 ½”	\$100.	\$90. / \$80.
¼ page (vertical)	4 ½” X 3 ½”	\$ 50.	\$45. / \$40.
1/8 page (horizontal)	2 ½” X 3 ½”	\$ 25.	\$22.50 / \$ 20.

For more information regarding membership and newsletter advertisement opportunities! Call Deb Mitchell at 406-443-8219 or 444-4789, or email: dmitchell@mt.gov.



MEMBERSHIP FORM

(Membership Year July 1, 2007–June 30, 2008)

MEMBERSHIP FEES:

Institutional Member

- Newsletter
- Membership decal
- Listing on the MAM map (2008 map)
- Listing on the MAM website
- One vote at annual membership meeting

Annual Operating Budget

Below \$50,000	\$ 25	_____
\$50,000 - \$100,000	\$ 35	_____
\$100,000 - \$200,000	\$ 45	_____
Above \$200,000	\$ 55	_____

Extra Newsletter \$ 10 _____

Benefactor \$100 _____

- Newsletter
- 10% advertising discount in Newsletter
- Listing on the MAM website

Corporate (for profit) \$300 _____

- 3 Newsletters
- Membership decal
- 20% advertising discount in Newsletter
- Listing on the MAM website

Individual Member \$ 20 _____

- Newsletter (published quarterly)



Join MAM Today for 2007-2008

If you haven't renewed your MAM membership for 2007–2008 — It's not too late! Membership runs through June 30, 2008. Use this convenient membership form or download the form at our website:

<http://www.montanamuseums.org>

By joining MAM you will have access to all of our museum resources—the annual conference, quarterly newsletter, technical workshops, annual awards, conference scholarships, and a network of support and promotion of museum issues. With your membership or donation we can continue to bring professionalism to and cooperation among all of Montana's museums.

THANKS TO OUR RENEWING MEMBERS!

So that we can better serve you, please fill in all information and return form and payment to address below.

Organization (you are associated with): _____

Individual/Contact (year round contact): _____

Title: _____

Mailing Address (City/State/Zip): _____

Street Address (City/State/Zip—need for map): _____

Phone Number (year round contact number): _____ Fax: _____

(Circle One) Tourist Country Region — **Custer Glacier Gold West Missouri River Russell Yellowstone**

Email Address: _____

Seasons/Hours of Operation: _____

Make checks payable to: Museums Association of Montana

Send above form and check to:

P.O. Box 1451, Helena, Montana, 59624

New Auditing Standards and How They May Impact Your Organization

By Ernie Paszkiewicz, CPA
Gross, Mendelsohn & Associates

In early 2006, the American Institute of Certified Public Accountants (AICPA) issued a series of new auditing standards, most of which are commonly known as the risk assessment standards (RAS). These new standards are effective for audits of financial statements for periods beginning on or after December 15, 2006 (or in some cases periods beginning on or after December 15, 2007). These new standards are designed to improve the audit process by requiring auditors to perform specific risk assessments for each client and then tailor audit procedures to address those specific identified risks.

As you might expect with a number of significant new standards, there will be major changes to how CPA's perform your audit and how certain things are reported in your financial statements or in management letters. Not only must new procedures be performed, but many procedures we have always performed will be expanded. In addition, the auditor's documentation of their work is expected to dramatically increase.

One of the new standards, SAS 103, requires a change in how the audit report on your financial statements is dated. This standard is effective for audits of financial statements for periods ending after December 15, 2006. Even if your audit goes exactly as it has in prior years the audit opinion will be dated later. This is because standards now require the opinion letter to be dated very close to the release date of the financials as opposed to the last day of fieldwork as under the old standards. To an uninformed user this may look like something was wrong compared to prior years and raise issues that don't really exist. Since the auditor must perform certain procedures up to a date very close to the release date it also requires a fast turnaround in the approval of the financials once a draft is issued otherwise additional fees may be incurred for expanded audit procedures for the extended period waiting for release approval.

The AICPA also issued a new auditing standard SAS 112, *Communicating Internal Control Related Matters Identified in an Audit*. This standard is also effective for audits of financial statements for periods ending after December 15, 2006.

Although SAS 112 replaces SAS 60, it made some significant changes that will most probably have a major impact on your organization. Some of these changes are as follows:

1. SAS 112 segregates deficiencies into three categories - control deficiencies, significant deficiencies and material weaknesses. Significant deficiencies replaces the old term we previously used "reportable conditions." And the term "material weakness" has been redefined.
2. The auditor is now required to evaluate your organization's internal control deficiencies and to determine which deficiencies rise to the level of a significant deficiency or a material weakness. Although an audit is not designed to identify internal control deficiencies, the auditor will be required to evaluate the design and implementation of your internal controls and deficiencies may be noted.
3. The auditor MUST communicate in writing to management and those charged with governance both significant deficiencies and material weaknesses, including those already communicated to you in prior periods, even if you choose not to correct them. However, they will not be expressing an opinion on the effectiveness of your internal control. This will significantly increase the number of management letters issued compared to the past. The irony is controls may have actually improved but the requirement to issue the letter every year for recurring items where an issue has been addressed in the past will have the appearance of a deterioration in controls.

New Auditing Standards—con't

Due to the way the standard has defined a significant deficiency and a material weakness, it is expected that there will be more control deficiencies that will be included in the SAS 112 report. For example:

- If your auditor has typically drafted your financial statements, they must now evaluate whether your personnel are capable of preparing the financial statements on their own or have the skills to review them carefully, fully understand them, and take responsibility for them, including whether disclosures are complete. If not, this must be included in the SAS 112 report. Remember, your independent auditor cannot be part of your internal controls without impairing their independence. They can assist in preparing the financial statements but if you only have a bookkeeper and no CPA on staff or on your board it's likely you will have a significant deficiency under the new standards.
- If your auditor identifies a material misstatement in the audit that was not discovered by your personnel, this is at least a significant deficiency and may even be considered a material weakness, even if you subsequently correct the misstatement. Again this is a major change compared to the old standards.
- If your previously issued financial statements have to be restated, this is at least a significant deficiency and is very likely to be classified as a material weakness.

Since reporting internal control deficiencies can impact how funding sources view your organization and, if receiving federal funds your qualification as a low risk auditee. You need to understand the new standards and how to discuss the issues with the users of your financial statements. Some other changes that you should see as the other new standards are implemented are:

1. More thorough information must be assembled on the nature of your organization and its industry and environment in order to identify risks.
2. Significantly more work will need to be performed on internal control. In the past, our professional standards permitted auditors to obtain a basic knowledge of your organizations internal control and then to decide not to rely on internal control. Now, auditors are required to obtain a thorough knowledge of five elements of internal control (control environment, risk assessment, control activities, information and communication, and monitoring), evaluate if controls are designed appropriately, and determine if controls are implemented. Once this is done, the auditor then has an option as to whether they want to perform specific tests of internal control or to perform substantive tests. However, they are required to test controls if substantive procedures alone are not adequate enough to reduce risk. They must also test controls if they would ordinarily deem an area a significant risk and decide not to do so due to the quality of the controls.
3. Risk assessment procedures must now be performed not only by account balance or class of transactions (revenue or expenses) but also by assertion. This is beyond the fraud risk assessment that is currently required.
4. The auditor must now identify significant risks. For these areas, they will generally be required to perform more work, as analytical procedures by themselves will no longer be adequate.
5. The auditor must examine material journal entries and other adjustments made while financial statements are being prepared. This too goes beyond what is required as part of the fraud risk assessment.
6. More time will need to be spent to insure that disclosures have been adequately audited.
7. The auditor will need to categorize and evaluate separately known and likely misstatements, as well as the effect of prior period passed adjustments on the current period. Because you will be expected to record all known and likely misstatements that are more than trivial, including the effect of prior period misstatements, these will have to be communicated to you on an ongoing basis during the audit. If you do not correct these misstatements, it could have an impact on your audit report.

New Auditing Standards—con't

Naturally, these changes will take additional time and will impact your audit fee. It would be beneficial to meet to discuss specifically how these changes will impact your audit and how you and your auditor can both work together to minimize the additional cost to your organization.

Some suggestions of what you can do that may reduce the extra time follow:

1. Provide your auditor with complete information on how your organization operates, including industry, environmental, regulatory and economic conditions. When you meet, they can review with you the exact information that they will need for their risk assessment.
2. Summarize the organization's objectives, strategies and related business risks.
3. Identify what the organization does to measure and review financial performance. This should include names and frequency of reports generated by the organization, ratios calculated by the organization, use of forecasts and budgets, and whether the organization has used outside benchmarks such as information from trade associations. Copies of these tools should also be provided.
4. Explain how the organization selects and applies accounting principles. Documentation of this process would be helpful.
5. Provide the auditor with detailed information and documentation of internal control.
6. Designate one person to be responsible on a timely basis for:
 - Reviewing misstatements discovered during our test procedures
 - Discussing control deficiencies and whether they rise to the level of significant deficiencies or material weaknesses
 - Approving the draft financial statements and notes

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The new auditing standards in place for financial statements beginning on or after Dec. 15, 2006, have significant changes that may be confusing for museums. This article from the *Standards for Excellence Institute* website, dissects the standards, explaining what has changed and how museums can most efficiently address them.

Issued last year by the [American Institute of Certified Public Accountants](#), the revamped standards require auditors to perform specific risk assessments for each client and then tailor audit procedures to address those risks. For more information on auditing, including how to prepare for an audit and the board's role, visit the [AAM Information Center](#) if you are an AAM member, or contact Susan Near at snear@mt.gov; or 444-4713.

Visit the MAM Website at
www.montanamuseums.org

c/o MHS
P.O. Box 201201
Helena, MT 59620-1201



Museums Association of Montana Annual Conference

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Today’s museums must compete with a multiplicity of entertainment venues, and at the same time uphold their nonprofit mandate of education and responsibility of object preservation.

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