

**NATIONAL ENDOWMENT FOR THE HUMANITIES**  
WASHINGTON, D.C. 20506

**OFFICE OF INSPECTOR GENERAL**

**SEMIANNUAL REPORT  
OF THE INSPECTOR GENERAL  
TO THE CONGRESS**

**APRIL 1, 1994 TO SEPTEMBER 30, 1994**

**REPORT NUMBER 11**

*"Democracy demands wisdom and vision in its citizens"*  
*- National Foundation on the Arts and the Humanities Act of 1965*

October 27, 1994

The Honorable Sheldon Hackney  
Chairman  
National Endowment for the Humanities  
Washington, DC 20506

Dear Chairman Hackney:

I am pleased to submit the eleventh Semiannual Report on the activities of the Endowment's Office of Inspector General (OIG) for the six-month period ending September 30, 1994. Submission of the report is in accordance with section 5 of the Inspector General Act of 1978 (Public Law 95-452), as amended. The Act requires that you transmit the report, along with any comments you may wish to make, to the appropriate congressional committees and subcommittees within thirty days from receipt of this letter.

We have developed a five-year strategic plan taking into consideration the National Performance Review (NPR) Report and the United States General Accounting Office Report on Offices of Inspectors General. During this period, we have strengthened our commitment to working with all levels of staff within the agency.

We appreciate that the deputy chairman appointed three members of the OIG to NEH task forces. This partnership is important because it allows the OIG to provide advice concerning management controls before action is taken, and helps build a solid working relationship with program managers to achieve the agency's mission. We are still very committed to our responsibilities of preventing and detecting fraud, waste, abuse, and mismanagement in NEH programs and activities.

My staff and I appreciate your support and the cooperation of NEH staff. I look forward to this joint commitment to make the Endowment's programs more efficient and effective for the American public.

Sincerely,

Sheldon L. Bernstein  
Inspector General

Enclosure

**TABLE OF CONTENTS**

LETTER TO THE CHAIRMAN

EXECUTIVE SUMMARY.....1

ESTABLISHMENT OF THE OFFICE OF INSPECTOR GENERAL.....2

REPORTING REQUIREMENTS OF THE SEMIANNUAL REPORT  
OF THE OFFICE OF INSPECTOR GENERAL.....4

THE ENDOWMENT'S ORGANIZATION CHART .....6

AUDITS AND SURVEYS.....7

    Significant Problems, Abuses, and Deficiencies.....7

    Summary of Audits Report.....7

INVESTIGATIONS .....10

OTHER ACTIVITIES.....13

    OMB Circular A-133 Desk Reviews.....13

    Cognizant Audit Agency Reviews.....13

    Peer Review .....13

    Indirect Cost Rate Negotiations/Reviews.....14

    Audit Resolution and Follow-up.....14

    Strategic Planning for the OIG.....15

    State Humanities Councils.....15

    Total Quality Management.....15

    Participation on the Executive Council on  
    Integrity and Efficiency.....16

    Regulatory and Legislative Reviews.....16

    Training.....16

REPORTS WITH OUTSTANDING MANAGEMENT DECISIONS.....17

SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS  
SEMIANNUAL REPORTS.....17

AGENCY REFUSAL TO PROVIDE INFORMATION OR ASSISTANCE.....17

SIGNIFICANT REVISED MANAGEMENT DECISIONS.....18

INSPECTOR GENERAL'S DISAGREEMENT WITH  
SIGNIFICANT MANAGEMENT DECISIONS.....18

LIST OF AUDIT REPORTS.....	19
External Audit/Survey Reports Issued.....	19
Internal Audit Reports Issued.....	19
Indirect Cost Rate Desk Review Reports Issued.....	20
Desk Review of Nonprofit Grantees' A-133 Report....	20
Cognizant Audit Agency Review Reports Issued.....	21
TABLE I - INSPECTOR GENERAL-ISSUED REPORTS WITH QUESTIONED COSTS.....	27
TABLE II - INSPECTOR GENERAL-ISSUED REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE.....	27
GLOSSARY OF AUDIT TERMINOLOGY.....	28
APPENDIX I.....	29
Overview of the National Endowment for the Humanities	

## EXECUTIVE SUMMARY

This is the eleventh semiannual report issued by the Office of Inspector General (OIG) of the National Endowment for the Humanities (NEH) pursuant to the Inspector General Act of 1978, as amended. The report summarizes the major activities and accomplishments of the office from April 1, 1994 to September 30, 1994.

We issued four internal reports this period. Our review of the Endowment's Budget Execution System disclosed that it is well run. In our reviews of the Endowment's training program, the Performance Appraisal System and Employee Recognition/Incentive Award Programs, we made several recommendations to enhance these programs. The unannounced petty cash count, a follow-up to an audit, showed that the procedures are in place; we made one recommendation to improve the internal controls.

We are very disappointed that no action has been taken to enclose the office of the inspector general and the Hotline area. We continue to be seriously hampered in our investigative activities because of this problem.

We issued 227 reports this period:

Audits/Surveys of Grantees	2
Internal Audits/Reviews/Inspections	4
Indirect Cost Rate Desk Reviews	20
Desk Reviews of Nonprofit Grantees'	
A-133 Audit reports	28
Cognizant Audit Agency Reviews	<u>173</u>
 Total	 <u>227</u>

## **ESTABLISHMENT OF THE OFFICE OF INSPECTOR GENERAL**

On October 18, 1988, former President Reagan signed into law the Inspector General Act Amendments of 1988, Public Law 100-504. In this legislation, Congress established Offices of Inspector General in several departments and in thirty-three agencies, including NEH. The NEH Inspector General (IG) is appointed by the Chairman. The independence of the IG is an important aspect of the Act. For example, the IG:

- cannot be prevented from initiating, carrying out, or completing an audit or investigation, or from issuing any subpoena;
- has access to all records of the agency;
- reports directly to the Chairman, and can only be removed by the Chairman, who must promptly advise Congress of the reasons for the removal; and
- reports directly to Congress.

The OIG has the responsibility and authority to:

- conduct audits and investigations;
- provide leadership and coordination, and recommend policies to promote efficiency and effectiveness and to prevent fraud;
- keep the Chairman and Congress fully and currently informed of problems and deficiencies; and
- comply with governmental auditing standards.

The Act requires the IG to report semiannually to the Chairman and Congress. The report is provided to the Chairman, who may comment on the report. The report must be forwarded to Congress within thirty days. Serious or flagrant problems can be reported anytime to the Chairman, who may comment but must transmit the report intact to Congress within seven days of receipt.

The OIG staff consists of the Inspector General (IG), a Deputy IG, an auditor/investigator, two auditors, a secretary, and a clerk-typist. In addition, through a "memorandum of understanding," the deputy general counsel provides legal services for our office.

Over 88 percent of the agency's funding is for grants. These grants are to colleges, universities, nonprofit organizations, state and local governmental organizations, and individuals. Our audit plan for the fiscal year ending September 30, 1995 calls for 50 percent of our effort to be devoted to external audits, surveys, inspections, cognizant audit agency reviews of single audits, desk reviews of single audits, and indirect cost rate negotiations. This is similar to the fiscal year 1994 work plan.

Considering administration, the actual review, and supervisory review, we spend one man-year or 25 percent of our resources on negotiating indirect cost rates. We have brought this matter to the attention of agency senior staff and have discussed the transfer of this function to the Grants Office. In a small agency, we believe this position is appropriate for the OIG because we have the expertise on board. The major problem is that since the prior audit office was formed into the OIG, we have not received any new resources.

# **REPORTING REQUIREMENTS OF THE SEMIANNUAL REPORT OF THE OFFICE OF INSPECTOR GENERAL**

Indexed below are the specific reporting requirements prescribed by the Inspector General Act of 1978, as amended (Public Law 100-504).

Section 4(a)(2) -- Review of legislation and regulations .....	Page 16
Section 5(a)(1) -- Significant problems, abuses, and deficiencies .....	Page 7
Section 5(a)(2) -- Recommendations with respect to significant problems, abuses, and deficiencies .....	Page 7
Section 5(a)(3) -- Prior significant recommendations not yet implemented .....	Page 17
Section 5(a)(4) -- Matters referred to prosecutive authorities .....	*
Section 5(a)(5) and 6(b)(2) -- Summary of instances where information was refused .....	Page 17
Section 5(a)(6) -- Listing of audit reports showing number of reports and dollar value of questioned costs .....	Page 19-26
Section 5(a)(7) -- Summary of each particularly significant report .....	Page 7



Section 5(a)(8) -- Statistical table showing number of reports and dollar value of questioned costs ..... Page 27

Section 5(a)(9) -- Statistical table showing number of reports and dollar value of recommendations that funds be put to better use ..... Page 27

Section 5(a)(10) -- Summary of each audit issued before this reporting period for which no management decision was made by end of the reporting period ..... Page 17

Section 5(a)(11) -- Significant revised management decisions ..... Page 18

Section 5(a)(12) -- Significant management decisions with which the Inspector General disagrees ..... Page 18

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\* None.

**NATIONAL ENDOWMENT FOR THE HUMANITIES**

**ORGANIZATION CHART WAS NOT INCLUDED IN THE  
ELECTRONIC EDITION OF THIS SEMIANNUAL REPORT**

## **AUDITS AND SURVEYS**

### ***SIGNIFICANT PROBLEMS, ABUSES, AND DEFICIENCIES***

We issued one report with significant findings and recommendations relating to the administration of the programs or operations.

#### ***Audit of the Gift Certification Letters From State Humanities Councils [94-03 (A)]***

We conducted desk audits of eighteen state humanities councils gift certification letters. During the past several years in our on-site audits of state councils we found many problems with the councils' procedures for documenting gifts that are matched with federal funds. We found that the problems are continuing. We examined gifts totaling \$1,140,281 and found ineligible gifts of \$176,545. Thirteen councils submitted to our office inadequate documentation. Eventually, all provided adequate documentation or new gifts were used to replace those questioned. Our recommendation was for the Endowment to revise its guidelines to provide additional guidance to the councils.

### ***SUMMARY OF AUDIT REPORTS***

#### ***Unannounced Count of NEH's Imprest Fund [94-08 (I)]***

We performed a surprise cash count in the agency's accounting office. We found the cash intact and made only one minor recommendation for improvement. The recommendation has been implemented.

**Inspection of the Endowment's Training Programs [94-09 (I)]**

We inspected the agency's training program to determine the economy, efficiency and effectiveness of the program. While we noted progress in managing the program in the past year, we made several recommendations for improvement. We found that the agency was not requiring staff and supervisors to complete an evaluation of training taken. Thus, the agency did not have data available to make informed decisions about the effectiveness of training organizations and courses. The agency agreed to implement several recommendations and set up task forces to further explore the training issue.

**NEH Performance Appraisal System and NEH Employee Recognition Program/Incentive Award Program [94-10 (I)]**

Our inspection disclosed that while both of the programs are well run, employee perception of unfairness in the systems is a major concern to staff. We made several recommendations to improve the programs: 1) that all supervisors take an annual refresher course concerning the annual rating system; 2) that supervisors provide written statements to employees to assist the employees improve; 3) that awards based on tangible benefits provide adequate documentation that eventually can be audited; and 4) that annual evaluations of the programs be made. Management has not responded to the report as of the end of the semiannual reporting period. However, management has formed a task force team to further explore each program.

**NEH's Budget Execution System [94-11 (IA)]**

Our audit of the Endowment's Budget Execution System disclosed that the program is well-run. We had one finding and the Endowment's accounting office has agreed to implement our recommendations. We are currently monitoring the steps taken by the accounting office to correct the problem.

**Pre-award Survey of the American Jewish Historical Society [94-02 (S)]**

The Endowment's Grants Office requested a pre-award accounting system survey for this grantee. The amount of the award was small so we performed a survey by letter and telephone. The Society provided us with information which we reviewed in our office. We found that the Society would be able to account and manage the federal funds if an award were made after the Society agreed to implement several recommendations that we made. We have informed the Endowment that if the Society receives a substantial grant, we should perform an on-site audit early in the project.

## INVESTIGATIONS

The Inspector General Act of 1978, as amended, provides that the Inspector General may receive and investigate complaints or information concerning the possible existence of an activity constituting a violation of law, rules, or regulations; mismanagement; gross waste of funds; or abuse of authority. The OIG does not employ special investigators. Should the need arise, either the matter would be referred to the Federal Bureau of Investigation or assistance would be contracted with another federal Office of Inspector General. The results of investigations may be referred to the appropriate federal, state, or local prosecutive authorities for action.

As of April 1, 1994 we had two files open; one has been closed and one remains open as of September 30, 1994. The open one concerns a state humanities council. The situation is being handled by the Division of State Programs and the OIG is monitoring the progress.

During the just completed six-month period April 1, 1994 to September 30, 1994, eleven matters were brought to our attention. Two involved personnel issues of NEH employees, two are internal administrative issues and the other seven concerned grantees.

The two NEH staff personnel issues were referred to other NEH offices for action; we informed the employees that they could revisit our office if it were necessary. One of the internal matters has been reviewed and closed and the other is on-going. The open case involves obligating funds without first going through the agency's requisition system. We are waiting for information from the general counsel's office before we take any further steps. The deputy chairman of the Endowment issued a memorandum as a measure to prevent future problems.

Two separate complaints involved the same group of individuals who were fraudulently obtaining fellowships from NEH grantees. We investigated these with some assistance from the Federal Bureau of Investigation and the U.S. Postal Inspection Service. We were able to assist in the recovery of some of the funds from the grantees. Two other allegations concerned fellowship matters and they are being handled by the program division for follow-up. These matters are still open.

We also received three complaints related to state humanities councils. One concerned the fear that the councils would be using federal funds to lobby. We reissued a memorandum to all of the executive directors and chairs of the state humanities councils reminding them of the lobbying regulations. All three of these issues are now closed.

As of September 30, 1994, five matters remain open.

#### **HOTLINE AND PREVENTION ACTIVITIES**

We are currently reviewing the feasibility of maintaining our 800 number and local hotline numbers and a rented post office box that we have had since January 1993. We obtained all three to provide additional confidentiality for those persons bringing matters to the attention of the OIG. We announced our hotline number to NEH employees by inserting a message on the employee pay stub, thus ensuring that all NEH staff would be aware of this OIG function. A poster notice concerning waste, fraud, abuse, and mismanagement is posted in all offices/divisions and by the elevators in the building where NEH is located. We have also included on several NEH employee pay stubs different OIG awareness messages. In addition, brochures have been provided to NEH grantees. However, most matters are brought to our attention through regular postal delivery and our normal telephone lines.

We issued one memorandum through the agency E-mail system. It addressed the problem of computer security. We intend to use the E-mail on a regular basis for prevention notices.

It is expected that the OIG will be on the Internet by November 1994. We are exploring the use of this as a means to promote prevention activities and to use it as a "Hotline."

### Summary of Investigations

#### Investigative Workload

Pending at beginning of period	2
Matters brought to the OIG	<u>11</u>
Total Investigations	13
Closed during reporting period	<u>8</u>
Pending at end of period	<u>5</u>



## **OTHER ACTIVITIES**

### ***OMB CIRCULAR A-133 DESK REVIEWS***

During this period we performed twenty-eight desk reviews on audit reports prepared by certified public accountants for grantees for whom we are the oversight agency. We have modified for use on A-133 audits the President's Council on Integrity and Efficiency Standards Subcommittee's "Uniform Desk Review Guide for A-128 Single Audits." We continue to modify our procedures so we now perform the reviews more efficiently and economically. Following the lead of the PCIE single audit task force recommendations we are currently reviewing audit reports only if the grantee received over \$250,000 in Endowment funds during the audit period.

### ***COGNIZANT AUDIT AGENCY REVIEWS***

We receive audit reports on NEH grantee organizations from other federal agencies, state and local government auditors, and independent public accountants. These reports generally are the result of A-128 or A-133 audits. In most instances, the cognizant agency is the Department of Health and Human Services, the federal agency with the predominant financial interest. The reports are reviewed by the OIG staff and the results of the review are submitted to NEH management for action, if needed, or for information purposes. During this period we reviewed 173 reports.

### ***PEER REVIEW***

The Inspectors General Act of 1978, as amended, requires all OIGs to have a peer review every three years. The Executive Council on INTEGRITY and EFFICIENCY's (ECIE) committee on Peer Review assigned the NEH OIG the responsibility of conducting a review of the Legal Services Corporation (LSC). During this period we performed the review and issued a draft report to LSC.

***INDIRECT COST RATE NEGOTIATIONS/REVIEWS***

Grantees are entitled to recover for total project costs, both direct and indirect. Indirect costs are those costs of an organization or institution that are not readily identifiable with a particular project or activity but are nevertheless necessary to the general operation of the organization or institution and the conduct of the activities it performs.

The cost of office supplies, general telephone, postage, accounting, and administrative salaries are types of expenses usually considered as indirect costs. In theory, all such costs might be charged directly; practical difficulties, however, preclude such an approach. Therefore, they are usually grouped into a common pool(s) and distributed to those organizational or institutional activities that benefit from them through the expedient of an indirect cost rate(s).

Cognizant federal agencies approve the rates after reviewing cost allocation plans submitted by grantees. The approved rate will generally be recognized by other federal agencies.

During this period, we negotiated indirect cost rates with twenty grantees.

***AUDIT RESOLUTION AND FOLLOW-UP***

When the former audit office became part of the OIG, resolution and follow-up duties of the audit office stayed in the OIG. NEH management was reluctant to transfer these duties to another office because many of the auditors' recommendations concern accounting system improvements at the grantee level. The OIG auditors are the only staff in the agency qualified to review and reply to grantees. While we have

requested that these functions be transferred, a positive response has not been received. During the current period, we have made a concerted effort to resolve these open audit/survey reports. We are very pleased to report that all prior periods reports are now closed. (See page 17.)

### ***STRATEGIC PLANNING FOR THE OIG***

We have developed a strategic plan following guidelines established by the United States General Accounting Office (GAO). In January 1994 GAO issued its report entitled "INSPECTORS GENERAL - Action Needed to Strengthen OIGs at Designated Federal Entities." GAO stated that the IGs at the thirty-four designated federal entities did not have effective strategic plans for their audit activities.

### ***STATE HUMANITIES COUNCILS***

We performed desk-reviews of OMB Circular A-133 audit reports and performed a desk audit of eighteen councils (see page 7).

During the fiscal year ending September 30, 1994, we did not perform any on-site audits. For fiscal year 1995, we are planning to perform three or four on-site audits of the councils operations, quality reviews of several independent public accountants whom do the A-133 audits, and we will continue doing desk reviews of the audit reports.

### ***TOTAL QUALITY MANAGEMENT***

During June 1992 the Endowment became involved in total quality management. The IG is a working partner in the agency's strategic planning effort and both the IG and the deputy IG are on the agency's management steering committee. The IG finds this to be an effective way to work with agency management in an effort to strengthen the operations of the agency. The IG, the deputy, and an auditor are on teams that are working to make the agency more efficient.

***PARTICIPATION ON THE EXECUTIVE COUNCIL ON  
INTEGRITY AND EFFICIENCY***

The Executive Council on Integrity and Efficiency (ECIE) was established by the President in 1992 to coordinate and implement governmentwide activities to combat fraud and waste in federal programs and operations. The IG is a member of the Law Enforcement Committee and attends the monthly ECIE meetings.

***REGULATORY AND LEGISLATIVE REVIEWS***

The Inspector General Act of 1978, as amended, requires the Office of Inspector General to review proposed legislation and regulations. The reviews are made to assess whether the proposed legislation or regulation (1) impacts on the economy and efficiency of Endowment programs and operations, and (2) contains adequate internal controls to prevent and detect fraud and abuse. During this period we responded to Congressmen John Conyers and John Spratt concerning H.R. 4679, the "Inspector General Reform Act of 1994", and H.R. 4680, the "Whistleblower Protection Enhancement Act of 1994." We also provided comments to the Endowment's Grants Office on their revised General Grant Provisions.

***TRAINING***

The OIG is complying with the continuing education requirements of the General Accounting Office's Government Auditing Standards. For the year ended December 31, 1994, all auditors received at least forty hours of training as required. Our new emphasis will be on performance type auditing.

## **REPORTS WITH OUTSTANDING MANAGEMENT DECISIONS**

Section 5(a)(3) of the Inspector General Act, as amended, requires an identification of audit recommendations disclosed in previous semiannual reports on which corrective actions are still in process. All reports have final management decisions and have been closed out.

## **SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS**

All significant recommendations from previous semiannual reports have been resolved.

## **AGENCY REFUSAL TO PROVIDE INFORMATION OR ASSISTANCE**

There were no reports made to the Chairman of the National Endowment for the Humanities where information or assistance, requested under section 6(b)(2) of the Inspector General Act of 1978, as amended, was unreasonably refused or not provided.

## **SIGNIFICANT REVISED MANAGEMENT DECISIONS**

No significant management decisions were revised during this reporting period.

## **INSPECTOR GENERAL'S DISAGREEMENT WITH SIGNIFICANT MANAGEMENT DECISIONS**

The Inspector General has no disagreement with significant management decisions made during the reporting period.

## LIST OF AUDIT REPORTS

The following is a list of audit/survey reports issued by the OIG during the reporting period. For each audit report where applicable the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) is provided. The Act also requires us to report on "the dollar value of recommendations that funds be put to better use." We have no amounts to report and therefore have omitted the column.

### EXTERNAL AUDIT/SURVEY REPORTS ISSUED

	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>
Pre-award Survey of the American Jewish Historical Society	94-02(S)	07-27-94		
Audit of the Gift Certification Letters From State Humanities Councils	94-03(A)	09-29-94	\$176,545	\$176,545

### INTERNAL AUDIT/SURVEY OR INSPECTION REPORTS ISSUED

	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>
Unannounced Count of NEH's Imprest Fund	94-08(I)	04-11-94		
Inspection of the Endowment's Training Programs	94-09(I)	06-29-94		
NEH Performance Appraisal System & NEH Employee Recognition Program/Incentive Award Prog.	94-10(I)	08-18-94		
NEH's Budget Execution System	94-11(IA)	08-09-94		

INDIRECT COST RATE DESK REVIEW REPORTS ISSUED

<u>Grantee</u>	<u>Report Number</u>	<u>Date</u>	<u>Questioned</u>	<u>Unsupported</u>
		<u>Issued</u>	<u>Cost</u>	<u>Cost</u>
American Library Association	94-23(IDC)	04-11-94		
Japanese American National Museum	94-24(IDC)	04-26-94		
Northern State University	94-25(IDC)	05-11-94		
Garrett-Evang Theological Sem.	94-26(IDC)	05-11-94		
Buffalo Bill Historical Center	94-27(IDC)	05-26-94		
AMIGOS Bibliographic Council	94-28(IDC)	05-11-94		
Pacific School of Religion	94-29(IDC)	05-17-94		
Aston Magna Foundation for Music and the Humanities, Inc.	94-30(IDC)	06-21-94		
Samford University Foundation	94-31(IDC)	06-22-94		
ETV Endowment of South Carolina	94-32(IDC)	06-28-94		
Please Touch Museum	94-33(IDC)	06-21-94		
New York Public Library	94-34(IDC)	06-21-94		
Baltimore Museum of Industry	94-35(IDC)	07-12-94		
GWETA, Inc.	94-36(IDC)	08-09-94		
Franklin Pierce College	94-37(IDC)	07-18-94		
New England Fnd. f/the Humanities	94-38(IDC)	08-04-94		
Modern Language Assn. of America	94-39(IDC)	08-25-94		
New York Center for Visual History	94-40(IDC)	09-13-94		
Missouri Historical Society	94-41(IDC)	09-21-94		
Walters Art Gallery	94-42(IDC)	09-29-94		

DESK REVIEW OF NONPROFIT GRANTEES' A-133 AUDIT REPORTS

<u>Grantee</u>	<u>Report Number</u>	<u>Date</u>	<u>Questioned</u>	<u>Unsupported</u>
		<u>Issued</u>	<u>Cost</u>	<u>Cost</u>
Minnesota Humanities Committee	94-97(DR)	05-10-94		
Washington Commission f/the Human.	94-98(DR)	05-10-94		
Pennsylvania Humanities Council	94-99(DR)	05-10-94		
Idaho Humanities Council	94-100(DR)	05-10-94		
Mississippi Humanities Council	94-101(DR)	05-10-94		
Louisiana Endowment f/the Human.	94-102(DR)	05-10-94		
Alaska Humanities Forum	94-103(DR)	05-10-94		
Great Plains Chautauqua Society	94-104(DR)	05-16-94		



DESK REVIEW OF NONPROFIT GRANTEES' A-133 AUDIT REPORTS

<u>Grantee</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>
Utah Humanities Council	94-105(DR)	05-16-94		
Society of American Archivists	94-106(DR)	05-16-94		
Concert Society at Maryland	94-107(DR)	07-14-94		
Association of Research Libraries	94-108(DR)	07-14-94		
Ways of Knowing, Inc.	94-109(DR)	07-14-94		
Minnesota Humanities Commission	94-110(DR)	07-22-94		
Michigan Humanities Council	94-111(DR)	08-01-94		
Bostonian Society	94-112(DR)	08-04-94		
RI Committee f/the Humani.	94-113(DR)	08-17-94		
New York Council f/the Humanities	94-114(DR)	08-18-94		
Hudson River Museum of Westchester	94-115(DR)	08-18-94		
Asia Society	94-116(DR)	08-18-94		
Indiana Humanities Council	94-117(DR)	08-18-94		
American Philosophical Assn.	94-118(DR)	08-18-94		
Chicago Historical Society	94-119(DR)	08-18-94		
Mariners' Museum	94-120(DR)	09-21-94		
Huntington Theatre Company	94-121(DR)	09-21-94		
American Philological Association	94-122(DR)	09-29-94		
Oakland Museum/Museum of California Foundation	94-123(DR)	09-29-94		
Montana Committee for the Human.	94-124(DR)	09-29-94		

COGNIZANT AUDIT AGENCY REVIEW REPORTS ISSUED

<u>Grantee</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>
City of Austin, Texas	94-172(CAA)	04-11-94		
City of Puerto Rico-System, PR	94-173(CAA)	04-11-94		
Univ. of Georgia Research Fnd.	94-174(CAA)	04-11-94		
University of Puerto Rico-System	94-175(CAA)	04-11-94		
University of Puerto Rico-System	94-176(CAA)	04-11-94		
Onondaga County, New York	94-177(CAA)	04-11-94		
City of Prescott, Arizona	94-178(CAA)	04-11-94		
State of Ohio	94-179(CAA)	04-11-94		

COGNIZANT AUDIT AGENCY REVIEW REPORTS ISSUED

<u>Grantee</u>	<u>Report Number</u>	<u>Date</u>	<u>Questioned</u>	<u>Unsupported</u>
		<u>Issued</u>	<u>Cost</u>	<u>Cost</u>
County of Albemarle, Virginia	94-180(CAA)	04-11-94		
YIVO Inst. for Jewish Res., NY	94-181(CAA)	04-11-94		
Johnson County Community College	94-182(CAA)	04-13-94		
Mississippi State University, MS	94-183(CAA)	04-13-94		
Department of Commerce, WY	94-184(CAA)	04-13-94		
University of North Carolina	94-185(CAA)	04-13-94		
Historic Hudson Valley, NY	94-186(CAA)	04-13-94		
Montgomery County Pub. Schools	94-187(CAA)	04-13-94		
Santa Fe Indian School, NM	94-188(CAA)	04-13-94		
Worcester Art Museum, MA	94-189(CAA)	04-13-94		
Stanford University, CA	94-190(CAA)	04-13-94		
Marquette University, WI	94-191(CAA)	04-13-94		
City of Tucson, AZ	94-192(CAA)	04-15-94		
Cherokee Nation, OK	94-193(CAA)	04-15-94		
Bishop Museum, HI	94-194(CAA)	04-15-94		
Peninsula Library System, CA	94-195(CAA)	04-15-94		
Illinois State Museum Society	94-196(CAA)	04-15-94		
Williams College, MA	94-197(CAA)	04-15-94		
State of West Virginia	94-198(CAA)	04-15-94		
Natrona County School District	94-199(CAA)	04-15-94		
State of Kansas	94-200(CAA)	04-15-94		
Town of Concord, MA	94-201(CAA)	04-15-94		
American Association of Community Colleges, DC	94-202(CAA)	04-20-94		
University of Delaware	94-203(CAA)	04-20-94		
Wayne State College, NE	94-204(CAA)	04-20-94		
Town of Brookline, MA	94-205(CAA)	04-20-94		
State of New Jersey	94-206(CAA)	04-20-94		
City of North Miami, FL	94-207(CAA)	04-20-94		
City of Baltimore, MD	94-208(CAA)	04-20-94		
Milwaukee County, WI	94-209(CAA)	04-20-94		
State of Arizona	94-210(CAA)	04-20-94		
Pueblo of Zuni, NM	94-211(CAA)	04-20-94		
State of Wisconsin	94-212(CAA)	04-22-94		
New Hanover County, NC	94-213(CAA)	04-22-94		
City of San Buenaventura, CA	94-214(CAA)	04-22-94		
State of South Dakota	94-215(CAA)	04-22-94		
City of Portland, ME	94-216(CAA)	04-22-94		
County of Allegheny, PA	94-217(CAA)	04-22-94		

COGNIZANT AUDIT AGENCY REVIEW REPORTS ISSUED

<u>Grantee</u>	<u>Report Number</u>	<u>Date</u>	<u>Questioned</u>	<u>Unsupported</u>
		<u>Issued</u>	<u>Cost</u>	<u>Cost</u>
School District of Pittsburgh	94-218(CAA)	04-22-94		
City of Alexandria, VA	94-219(CAA)	04-22-94		
Chesterfield County, VA	94-220(CAA)	04-22-94		
State of Iowa	94-221(CAA)	04-22-94		
Foundation for New Media, Inc.	94-222(CAA)	05-09-94		
Commonwealth of Massachusetts	94-223(CAA)	05-09-94		
State of North Dakota	94-224(CAA)	05-09-94		
State of North Carolina	94-225(CAA)	05-09-94		
State of Maine	94-226(CAA)	05-09-94		
County of Fairfax, VA	94-227(CAA)	05-12-94		
State of Georgia	94-228(CAA)	05-12-94		
State of Delaware	94-229(CAA)	05-12-94		
Hillsborough County, FL	94-230(CAA)	05-12-94		
State of Missouri	94-231(CAA)	05-12-94		
Siena College, NY	94-232(CAA)	05-18-94		
American Film Institute, DC	94-233(CAA)	05-18-94		
University of Chicago, IL	94-234(CAA)	05-18-94		
State of Utah	94-235(CAA)	05-18-94		
State of Tennessee	94-236(CAA)	05-18-94		
State System of Higher Educ.	94-237(CAA)	05-20-94		
State of Ohio	94-238(CAA)	05-20-94		
Commonwealth of Kentucky	94-239(CAA)	05-20-94		
State of Mississippi	94-240(CAA)	05-20-94		
Commonwealth of Pennsylvania	94-241(CAA)	05-20-94		
Commonwealth of Virginia	94-242(CAA)	05-25-94		
State of South Carolina	94-243(CAA)	05-25-94		
State of Colorado	94-244(CAA)	06-06-94		
Commonwealth of Massachusetts	94-245(CAA)	06-06-94		
State of California	94-246(CAA)	06-06-94		
Milwaukee Public Museum, WI	94-247(CAA)	06-06-94		
Historical Assn. of South Florida	94-248(CAA)	06-06-94		
Amer. Res. Inst. in Turkey, PA	94-249(CAA)	06-06-94		
Ohio University, OH	94-250(CAA)	06-06-94		
Science Museum of Minnesota, MN	94-251(CAA)	06-06-94		
American University, DC	94-252(CAA)	06-06-94		
Loyola University, Chicago, IL	94-253(CAA)	06-06-94		
Clark University, MA	94-254(CAA)	06-06-94		
University of Cincinnati, OH	94-255(CAA)	06-06-94		
New York University, NY	94-256(CAA)	06-06-94		

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		<u>Issued</u>	<u>Cost</u>	<u>Cost</u>
Oberlin College, OH	94-257(CAA)	06-06-94		
La Salle University, PA	94-258(CAA)	06-06-94		
Duke University, NC	94-259(CAA)	06-06-94		
State of New York	94-260(CAA)	06-22-94		
County of San Joaquin, CA	94-261(CAA)	06-22-94		
State of Louisiana	94-262(CAA)	06-22-94		
Natrona County Sch. Dist. No. 1	94-263(CAA)	06-22-94		
State of Alaska	94-264(CAA)	06-22-94		
Commonwealth of Massachusetts	94-265(CAA)	06-22-94		
Univ. of Nebraska System, NE	94-266(CAA)	06-22-94		
Gallaudet University, DC	94-267(CAA)	06-22-94		
University of Maryland System	94-268(CAA)	08-16-94		
Dickinson College, PA	94-269(CAA)	08-16-94		
Temple University, PA	94-270(CAA)	08-16-94		
University and Community College System of Nevada	94-271(CAA)	08-16-94		
Univ. of Arkansas at Fayetteville	94-272(CAA)	08-16-94		
State of Rhode Island & Providence Plantations	94-273(CAA)	08-16-94		
Univ. of Georgia Res. Fdn., Inc.	94-274(CAA)	08-16-94		
Illinois State University	94-275(CAA)	08-16-94		
Ithaca College, NY	94-276(CAA)	08-16-94		
Sarah Lawrence College, NY	94-277(CAA)	08-16-94		
Agnes Scott College, GA	94-278(CAA)	08-17-94		
Calumet Col. of Saint Joseph, IN	94-279(CAA)	08-17-94		
Saint Joseph College, IN	94-280(CAA)	08-17-94		
State of Iowa	94-281(CAA)	08-17-94		
City of San Diego, CA	94-282(CAA)	08-17-94		
Queens College, NC	94-283(CAA)	08-17-94		
Gettysburg College, PA	94-284(CAA)	08-17-94		
University of Illinois	94-285(CAA)	08-17-94		
Maricopa County Community College District, AZ	94-286(CAA)	08-17-94		
University of Southern California	94-287(CAA)	08-17-94		
Amer. Mus. of Natural Hist., WY	94-288(CAA)	08-18-94		
University of Michigan	94-289(CAA)	08-18-94		
University of California	94-290(CAA)	08-18-94		
Loyola University at Chicago, IL	94-291(CAA)	08-18-94		
Simmons College, MA	94-292(CAA)	08-18-94		

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		<u>Issued</u>	<u>Cost</u>	<u>Cost</u>
Wellesley College, MA	94-293(CAA)	08-18-94		
Rutgers, the State University, NJ	94-294(CAA)	08-18-94		
Tufts University, MA	94-295(CAA)	08-18-94		
Museum of Modern Art, NY	94-296(CAA)	08-18-94		
University of California	94-297(CAA)	08-18-94		
Studio Museum in Harlem, Inc., NY	94-298(CAA)	08-30-94		
Studio Museum in Harlem, Inc., NY	94-299(CAA)	08-30-94		
Salt Lake County, UT	94-300(CAA)	08-30-94		
State of Ohio	94-301(CAA)	08-30-94		
Connecticut College, CT	94-302(CAA)	08-30-94		
Vanderbilt University, TN	94-303(CAA)	08-30-94		
Boston University, MA	94-304(CAA)	08-30-94		
National Trust for Hist. Preserv.	94-305(CAA)	08-30-94		
State of Oregon	94-306(CAA)	08-30-94		
Commonwealth of Virginia	94-307(CAA)	08-31-94		
State of Wisconsin	94-308(CAA)	09-01-94		
Clark University, MA	94-309(CAA)	09-01-94		
Southwest Museum, CA	94-310(CAA)	09-01-94		
Ramapo College of New Jersey	94-311(CAA)	09-01-94		
American Hist. Assn., DC	94-312(CAA)	09-01-94		
Johnson County, KS	94-313(CAA)	09-01-94		
Case Western Reserve Univ. OH	94-314(CAA)	09-01-94		
Amherst College, MA	94-315(CAA)	09-01-94		
Commonwealth of Kentucky	94-316(CAA)	09-01-94		
State of South Dakota	94-317(CAA)	09-01-94		
Pennsylvania State University	94-318(CAA)	09-02-94		
University of Toledo	94-319(CAA)	09-02-94		
Spelman College, GA	94-320(CAA)	09-02-94		
Brown University, RI	94-321(CAA)	09-02-94		
Eastern Michigan University, MI	94-322(CAA)	09-02-94		
Ohio Wesleyan University, OH	94-323(CAA)	09-02-94		
University of Pennsylvania	94-324(CAA)	09-02-94		
George Washington University	94-325(CAA)	09-02-94		
Univ. of Vermont & State Agricultural College	94-326(CAA)	09-02-94		
Davidson College, NC	94-327(CAA)	09-02-94		
Five Colleges, Inc., MA	94-328(CAA)	09-29-94		
Shoshone Tribe, WY	94-329(CAA)	09-29-94		
Wittenberg University, OH	94-330(CAA)	09-29-94		

COGNIZANT AUDIT AGENCY REVIEW REPORTS ISSUED

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		<u>Issued</u>	<u>Cost</u>	<u>Cost</u>
Wayne State University, MI	94-331(CAA)	09-29-94		
Founders Soc. Detroit				
Inst. of Arts, MI	94-332(CAA)	09-29-94		
Pomona College, CA	94-333(CAA)	09-29-94		
Hiram College, OH	94-334(CAA)	09-29-94		
Duquesne University, PA	94-335(CAA)	09-29-94		
City of Detroit Michigan	94-336(CAA)	09-29-94		
Alamo Navajo School Board, Inc.	94-337(CAA)	09-29-94		
Amon Carter Museum of Western Art	94-338(CAA)	09-30-94		
College Board, NY	94-339(CAA)	09-30-94		
Denver Museum of Natural History	94-340(CAA)	09-30-94		
Isabella Stewart Gardner Museum	94-341(CAA)	09-30-94		
Modern Language Assoc. of America	94-342(CAA)	09-30-94		
State of Arizona	94-343(CAA)	09-30-94		
State of South Carolina	94-344(CAA)	09-30-94		

**TABLE I**  
**INSPECTOR GENERAL-ISSUED REPORTS**  
**WITH QUESTIONED COSTS**

	DOLLAR VALUE		
	Number	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement for the reporting period	1	\$ 9,941	\$ 9,941
B. Which were issued during the reporting	<u>1</u>	<u>176,545</u>	<u>\$ 176,545</u>
Subtotals (A+B)	2	\$ 186,486	186,486
C. For which a management decision was made during the reporting period	2	\$ 186,486	186,486
(i) dollar value of disallowed costs	-0-	\$ 9,941	9,941
(ii) dollar value of costs not disallowed (grantee subsequently supported all costs)	1	\$ 176,545	176,545
D. For which no management decision has been made by the end of the reporting period	0	\$ -0-	-0-
Reports for which no management decision was made within six months of issuance	-0-	\$ -0-	-0-

**TABLE II**  
**INSPECTOR GENERAL-ISSUED REPORTS**  
**WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

During this period, we did not issue any audit reports with recommendations that funds be used more efficiently.

## **GLOSSARY OF AUDIT TERMINOLOGY**

**Questioned Cost** - A cost that is questioned by the OIG because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; because such cost is not supported by adequate documentation; or because the expenditure of funds for the intended purpose is unnecessary or unreasonable.

**Unsupported Cost** - A cost that is questioned because of the lack of adequate documentation at the time of the audit.

**Disallowed Cost** - A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the government.

**Funds Be Put To Better Use** - Funds, which the OIG has disclosed in an audit report, that could be used more efficiently by reducing outlays, deobligating program or operational funds, avoiding unnecessary expenditures, or taking other efficiency measures.

**Management Decision** - The evaluation by management of the audit findings and recommendations and the issuance of a final decision by management concerning its response to such findings and recommendations.

**Final Action** - The completion of all management actions, as described in a management decision, with respect to audit findings and recommendations. When management concludes no action is necessary, final action occurs when a management decision is made.

Source: Excerpt from Section 106(d) of the Inspector General Act Amendments of 1988 (P.L. 100-504).



APPENDIX 1

**OVERVIEW OF  
THE NATIONAL ENDOWMENT FOR THE HUMANITIES**

In order "to promote progress and scholarship in the humanities and the arts in the United States," Congress enacted the National Foundation on the Arts and the Humanities Act of 1965. This act established the National Endowment for the Humanities as an independent grant-making agency of the federal government to support research, education, and public programs in the humanities. Grants are made through six divisions--Education Programs, Fellowships and Seminars, Preservation and Access, Public Programs, Research Programs, and State Programs.

**THE HUMANITIES**

The act that established the National Endowment for the Humanities says "The term `humanities' includes, but is not limited to, the study of the following: language, both modern and classical; linguistics; literature; history; jurisprudence; philosophy; archaeology; comparative religion; ethics; the history, criticism, and theory of the arts; those aspects of social sciences which have humanistic content and employ humanistic methods; and the study and application of the humanities to the human environment with particular attention to reflecting our diverse heritage, traditions, and history and to the relevance of the humanities to the current conditions of national life."

## **WHAT THE ENDOWMENT SUPPORTS**

The National Endowment for the Humanities supports exemplary work to advance and disseminate knowledge in all the disciplines of the humanities. Endowment support is intended to complement and assist private and local efforts and to serve as a catalyst to increase nonfederal support for projects of high quality.

Although the activities funded by the Endowment vary greatly in cost, in the numbers of people involved, and in their specific intents and benefits, they all have in common two requirements for funding: significance to learning in the humanities, and excellence in conception. In the most general terms, NEH-supported projects aid scholarship and research in the humanities, help improve humanities education, and foster in the American people a greater curiosity about and understanding of the humanities.

SOURCE: Overview of Endowment Programs, 1994, National Endowment for the Humanities booklet.

## **THE OFFICE OF INSPECTOR GENERAL**

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Office of Inspector General  
National Endowment for the Humanities  
P.O. Box 14242  
Washington, DC 20044

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his or her identity held in confidence,  
unless the Inspector General determines  
that such disclosure is unavoidable.***