

NATIONAL ENDOWMENT FOR THE HUMANITIES

OFFICE OF INSPECTOR GENERAL

**SEMIANNUAL REPORT
TO THE CONGRESS**

NUMBER 16

OCTOBER 1, 1996 TO MARCH 31, 1997

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

NATIONAL ENDOWMENT FOR THE HUMANITIES MISSION STATEMENT

As a leader in the nation's cultural and intellectual life, the National Endowment for the Humanities promotes knowledge of human history, thought, and culture and enhances the role of the humanities throughout the nation.

The Endowment, an independent federal agency,

- supports significant and innovative scholarship in all humanities disciplines;**
- fosters effective teaching and life-long learning in the humanities;**
- encourages thoughtful public participation in and enjoyment of the humanities;**
- preserves cultural and intellectual resources essential to the people of the United States.**

OIG MISSION STATEMENT

The Office of Inspector General provides professional audit, review, investigative, inspection, and advisory services to the National Endowment for the Humanities, its community of grant recipients, other federal agencies, and the Congress.

These services engage the agency in a continual process of enhancing the quality and effectiveness of its grant programs and operations.

OIG VISION STATEMENT

The Office of Inspector General aspires to maintain a reputation for professional competence, leadership, and integrity.

We strive to achieve our goal through self-examination and a teamwork environment that fosters professional development, open communication, and creativity.

OIG VALUE STATEMENT

We have a commitment to independence and excellence in the quality of our services. This commitment is characterized by integrity, fairness, cooperation, creativity, and respect both within and outside the OIG.

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April 28, 1997

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

Dear Chairman Hackney:

Enclosed is the Semiannual Report for the Office of Inspector General (OIG) for the period October 1, 1996 - March 31, 1997. The report, which is required by the Inspector General Act as amended, provides an overview of the activities of the Office during this six-month period. The Act requires that you transmit this report, along with any comments you may wish to make and the report of final actions taken, to the appropriate Congressional committees within 30 days of its receipt.

On April 21, 1997, you told NEH staff that President Clinton was notified of your decision to return to the University of Pennsylvania in August 1997. We in the OIG appreciate your efforts in helping the agency become stronger in many ways -- both programmatically and administratively - especially during the period of significant budget cuts.

I appreciate the continued cooperation of all NEH employees in the conduct of the OIG activities.

Sincerely,

Sheldon L. Bernstein
Inspector General

Enclosure

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EXECUTIVE SUMMARY

During the reporting period, our planned efforts were interrupted by the number of hotline calls received. Previously, the OIG had an auditor who had been trained in investigative methods. Since the departure of the person, the IG has been responsible for handling the hotline and following up through on activity generated by these calls and letters. We plan to provide basic administrative investigator training to two other staff members.

No significant problems, abuses and deficiencies came to our attention during this reporting period.

INTERNAL AUDITS/INSPECTIONS

We issued two reports during this period. These are: (1) Fiscal Year End September 30, 1996 Consolidated Review of the Federal Manager's Financial Integrity Act (FMFIA) and (2) Review of the Small Purchase and Travel Credit Cards.

EXTERNAL/GRANTEE AUDITS/SURVEYS

We performed one follow-up review of a grantee after performing a quality review on its Certified Public Accountants report and documentation. The purpose of the review was to determine if the grantee corrected a significant weakness in complying with a grant provision.

QUALITY REVIEWS

We performed two on-site quality reviews of Certified Public Accounting (CPA) firms that audited our grantees, and issued reports on each one. Both reviews noted deficiencies in the CPAs working papers and reports.

INVESTIGATION ACTIVITY

During this period, we received twelve *Hotline* contacts regarding grantees and internal matters.

At the beginning of the reporting period three matters were open; all are now closed. Of the twelve new contacts, three remain open as of March 31, 1997.

AUDITS AND SURVEYS

SIGNIFICANT PROBLEMS, ABUSES, AND DEFICIENCIES

No reports were issued this period that disclosed significant problems.

SUMMARY OF AUDIT REPORTS

INTERNAL ACTIVITY

Federal Manager's Financial Integrity Act (OIG-97-01, December 20, 1996)

We conducted a review of the Endowment's Federal Manager's Financial Integrity Act (FMFIA) questionnaire completed by all offices and divisions and the resulting annual assurance statement. In complying with OMB's Circular A-123, Management Accountability and Control, and A-127 Financial Management Systems, the agency issued a questionnaire to all offices and divisions. Our reviews disclosed no reported major weaknesses in NEH's internal controls for fiscal year 1996.

Review of the Small Purchase and Travel Credit Cards (OIG-97-02, March 31, 1997)

Our review was conducted in conjunction with the President's Council on Integrity and Efficiency Reviews on Government-wide Procurement Activities. The objective of these reviews are to assist the General Services Administration in establishing new methodologies for credit card use. We concluded that NEH's management controls and procedures applicable to the use of credit cards were adequate. In addition, we found that the Administrative Services Office was using the cards as intended.

EXTERNAL ACTIVITY

Follow-up Review at Newberry Library (OIG 97-01 External Review)

During our quality review of Newberry Library's independent public accountant we learned that the Library failed to obtain the debarment and suspension certifications as required. We determined that the Library was making a concerted effort to correct their finding; and, informed the Library that if the finding appears again it will lead to serious consequences.

SINGLE AUDIT ACT 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. These single audits report on financial activities, compliance with laws and regulations, and the grantee's management (internal) controls over federal expenditures. 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 OIG staff and the results of the reviews are submitted to NEH management for action, if needed, or for information purposes. During this period we reviewed 298 reports.

QUALITY REVIEWS

The two reviews that were performed revealed that some problems continue to exist concerning the quality of the CPAs work. While accounting firms receive "clean opinions" on Peer Reviews performed by other CPAs, federal auditors are still finding problems in reports and workpapers. Although not perfect, the single audit is useful for providing assurance that government funds are spent as intended. With the increased dollar threshold imposed by OMB Circular A-133, a significant amount of NEHs nonprofit grantees will not be receiving adequate oversight.

While preparing for an on-site quality review of a media grantee's CPA we learned that the grantee had terminated its operations. We informed NEH and we and other NEH offices are following-up.

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 October 1, 1996, we had three files open; all are now closed.

During the six-month period October 1, 1996 to March 31, 1997, we received twelve "Hotline" contacts. Two dealt with NEH employees issues, nine concerned grantees, and one was referred to another OIG.

As of March 31, 1997, three cases involving grantees remain open.

MATTERS REFERRED TO PROSECUTION AUTHORITIES

None.

HOTLINE AND PREVENTION ACTIVITIES

We maintain a local hotline phone number, agency E-mail address, and an Internet address. We maintain all three to provide additional confidentiality for those persons bringing matters to the attention of the OIG.

We issued two agencywide E-mail messages to NEH staff. One informed staff of what violations should be reported to the OIG and the second was issued because we received information concerning a chain letter that was being distributed inside the agency. We plan on using E-mail messages to inform NEH staff about the OIG operations three times a year.

Summary of Investigations

Investigative Workload

Open at beginning of period	3
Matters brought to the OIG	<u>12</u>
Total Investigative contacts	15
Closed or referred during reporting period	<u>12</u>
Open at end of period	<u>3</u>

Presently, the IG is performing all investigation work since the auditor/investigator retired in February 1996. Assistance is obtained from other OIG's on an as-needed basis.

OTHER ACTIVITIES

INDIRECT COST RATE NEGOTIATIONS/REVIEWS

Grantees are entitled to recover 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 ten grantees.

INTRA-AGENCY COOPERATION

In this period OIG staff attended and engaged in various NEH meetings - panel meetings (where grant applications are reviewed by outside consultants), pre-council meetings (where the program divisions discuss the panel review results with the Chairman and his immediate staff), and the National Council meetings. In addition, the IG attended the Chairman's weekly meetings; the Deputy Chairman's bi-weekly meeting, and a monthly travel policy meeting. The Deputy Inspector General partakes in the Deputy Chairman's bi-weekly meeting and is an active member on the NEH Internal Technology Committee. Two OIG staff attended monthly NEH Employee Association Meetings; one is on the executive committee.

The Office of Inspector General contributes to the discussions; however, the office does not participate in the policy making.

STRATEGIC PLANNING FOR THE OIG

We developed a strategic plan following guidelines established by the United States General Accounting Office (GAO). This is a continuous effort. With the downsizing of the NEH and the elimination of certain programs, our audit universe has changed and this has had a significant effect on our plan. We are developing a strategy to work with grantees early in the grant period to avoid future problems. We anticipate that we will need more agency support of computer hardware and software. Due to the staffing constraints, we will continue to use various reporting structures such as surveys, memorandums, and management alerts to speed up the reporting process. The evidence and supporting documentation will continue to support our opinions. We expect to have a revised strategic plan prior to the next semiannual reporting period end. The OIG will focus our resources on programs and operations considered the most vulnerable to waste, fraud, and abuse. In addition, we will take into consideration the fact that the Single Audit Act as amended, and the revised OMB Circular A-133 raised the audit threshold from \$25,000 to \$300,000. The improvements to the Single Audit Act and the OMB Circular will mainly benefit large federal agencies with large dollar amounts above the new dollar threshold. A significant amount of the grantees that NEH is the cognizant agency for will fall below this dollar limit. Therefore, a significant monitoring activity of NEH grantees, the single audit, will disappear.

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. OIG staff regularly attend ECIE meetings. During this period, the IG attended the Annual Joint Conference of the PCIE/ECIE. In addition, the IG served on a selection panel with two other IG's to assist in the selection of an IG at another government entity.

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 commented on several OMB circulars. We also reviewed several documents for NEH grantees and staff. In addition, we reviewed several internal administrative directives for NEH.

TRAINING

The OIG is complying with the continuing education requirements of the General Accounting Office's Government Auditing Standards. All auditors are receiving at least forty hours of training per year as required.

AUDIT RESOLUTION AND FOLLOW-UP

Budgetary restraints at NEH have forced the OIG to assume the dominant role in the audit follow-up process. Fortunately, the procedures used by NEH make the process efficient. Many of the auditors' recommendations concern accounting system improvements by our grantees. Our auditors are the only staff in the agency qualified to review and reply to grantees. In addition, since we are aware of time frames, we are generally able to meet the 180-day deadline. In this small agency, we find this procedure to be efficient and effective.

Some of our grantees are taking longer than the 180-day deadline to implement procedural recommendations and in responding to questioned costs. These delays are understandable because of the grantees' small staffs.

***SEMIANNUAL REPORTS ON THE
WORLD WIDE WEB (WWW)***

The OIG has portions of several semiannual reports on the www. The reports have been accessible through the Inspector's General homepage (<http://www.sbaonline.sba.gov/ignet/ig.html>). Now it links up with the NEH homepage (<http://www.neh.fed.us>). To access the semiannual reports, enter the URL "<http://www.sbaonline.sba.gov/ignet/internal/neh.neh.html>."

SPECIFIC REPORTING REQUIREMENTS OF THE INSPECTOR GENERAL ACT

PRIOR SIGNIFICANT RECOMMENDATIONS NOT YET IMPLEMENTED

Section 5(a)(3) of the Inspector General Act, as amended, requires an identification of audit recommendations disclosed in previous semiannual reports which corrective actions are still in process. The following is a list of all OIG audit reports, discussed in prior semiannual reports, for which final management actions have not been completed and closed out.

<u>Report Issued</u>	<u>Grantee</u>	<u>Report No.</u>
05-09-95	Audit of Gift Certification Letters from State Humanities Councils	OIG-95-03 (EA) ¹

Our approach is to be aggressive in meeting the deadlines--including recommending that the agency suspend grants in progress and hold in abeyance new grant applications. However, we believe the above are working diligently to implement the findings.

1/ One council is required to provide documentation for \$20,000. See below.

SUMMARY OF AUDIT REPORTS ISSUED BEFORE THE COMMENCEMENT OF THE REPORTING PERIOD FOR WHICH NO MANAGEMENT DECISION HAS BEEN MADE

Audit of Gift Certificate Letters from State Humanities Councils OIG-95-03 (EA)

We reviewed eighteen state humanities councils' records and documentation supporting gift certification letters. We originally questioned \$534,847 of gifts certified to release federal matching funds. Of this amount \$20,000 remains open. The Endowment's grants office is allowing the grantee until the end of the grant period (10/31/98) to find substitute gifts or refund the money the NEH. A final decision therefore cannot be made until the end of the grant period.

***SUMMARY OF INSTANCES WHERE INFORMATION
WAS REFUSED OR NOT PROVIDED***

There were no reports made to the Chairman of the National Endowment for the Humanities where information or assistance, requested under section 5(a)(5) 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.

***SIGNIFICANT MANAGEMENT DECISIONS WHICH
THE INSPECTOR GENERAL DISAGREED***

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

LISTING 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."

INTERNAL AUDIT/SURVEY/INSPECTION REPORTS ISSUED

	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>	<u>Funds Put to Better Use</u>
Fiscal Year End September 30, 1996 Consolidated Review of the Federal Manager's Financial Integrity Act (FMFIA)	97-01	12-20-96	\$	\$	\$
Review of the Small Purchase and Travel Credit Cards	97-02	03-31-97			

EXTERNAL AUDIT/SURVEY/REPORTS ISSUED

	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>	<u>Funds Put to Better Use</u>
The Newberry Library - Follow-up Review	97-01	02-27-97	\$	\$	

INDIRECT COST RATE DESK REVIEW REPORTS ISSUED

<u>Grantee</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>	<u>Funds Put to Better Use</u>
Modern Language Association of American	97-01	10-03-96	\$	\$	\$
The Westfield Center for Early Keyboard Studies, Inc.	97-02	10-08-96			
Rochester Museum and Science Center	97-03	10-28-96			
School of American Research	97-04	11-21-96			
Conservation Center for Art and Historic Artifacts	97-05	12-16-96			
Missouri Historical Society	97-06	12-18-96			
The Walters Art Gallery	97-07	02-03-97			
The Valentine Museum	97-08	02-05-97			
The Shelburne Museum	97-09	03-17-97			
Virginia Historical Society	97-10	03-31-97			

ON-SITE QUALITY REVIEW

<u>Grantees</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>	<u>Funds Put to Better Use</u>
The Newberry Library	97-101	12-12-96	\$	\$	\$
Film Odyssey, Inc.	97-102	01-29-97	\$	\$	\$

SINGLE AUDIT ACT REVIEWS

<u>Grantee</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>
Steeplechase Films	97-001 (CAA)	10/09/96	\$	\$
Steeplechase Films	97-002 (CAA)	10/09/96		
Louisiana Endowment for the Humanities	97-003 (CAA)	10/09/96		
Denver Art Museum	97-004 (CAA)	10/09/96		
City of North Miami	97-005 (CAA)	10/09/96		
State of Maryland	97-006 (CAA)	10/09/96		
State of Delaware	97-007 (CAA)	10/09/96		
City of Portsmouth	97-008 (CAA)	10/30/96		
State of Rhode Island	97-009 (CAA)	10/30/96		
State of Missouri	97-010 (CAA)	10/30/96		
State of Utah	97-011 (CAA)	10/30/96		
State of Texas				
- University of Texas at Arlington				
- University of Texas at Austin				
- University of Texas at Dallas				
- University of Texas at El Paso				
- University of Texas at San Antonio				
- University of Houston				
- University of North Texas				
- Texas Southern University				
- Texas A&M Univ. System Research Found.				
- Sam Houston State University				
- Southwest Texas State University				
- Texas Tech University				
- Prarie View A&M University				
- Texas A&M University - Kingsville	97-012 (CAA)	10/30/96		
State of Florida				
- State University System				
- State Community College System	97-013 (CAA)	10/30/96		
State of Iowa				
- State University of Iowa				
- University of Northern Iowa				
- Iowa State University				
- Iowa Department of Cultural Affairs	97-014 (CAA)	11/12/96		
State of North Carolina				
- North Carolina Dept. of Cultural Resources				
- Fayetteville State University				
- North Carolina State University				
- University of North Carolina at Asheville				
- University of North Carolina at Chapel Hill	97-015 (CAA)	11/12/96		
State of California	97-016 (CAA)	11/12/96		
State of Arizona				
- Arizona Historical Society	97-017 (CAA)	11/12/96		
State of Arizona				
- Arizona Historical Society				
- University of Arizona				
- Arizona State University				
- Northern Arizona University	97-018 (CAA)	11/12/96		
City of Newport News	97-019 (CAA)	11/12/96		
Bradford County School Board	97-020 (CAA)	11/12/96		
Natrona County Schools	97-021 (CAA)	11/12/96		
State of South Carolina				
- University of South Carolina	97-022 (CAA)	11/12/96		
State of Alaska	97-023 (CAA)	11/12/96		
Commonwealth of Kentucky				
- Kentucky Educational Television Foundation	97-024 (CAA)	11/14/96		
City of Los Angeles, CA	97-025 (CAA)	11/14/96		
City of Lynchburg, VA	97-026 (CAA)	11/14/96		
City of Fairfax, VA	97-027 (CAA)	11/14/96		
City of Tucson, AZ	97-028 (CAA)	11/14/96		
City of Alexandria, VA	97-029 (CAA)	11/14/96		
County of Allegheny	97-030 (CAA)	11/14/96		
Stanford University	97-031 (CAA)	11/14/96		
Middlebury College	97-032 (CAA)	11/05/96		
Long Island University	97-033 (CAA)	11/05/96		
Social Science Research Council	97-034 (CAA)	11/05/96		
Hofstra University	97-035 (CAA)	11/05/96		
American Music Center	97-036 (CAA)	11/05/96		

<u>Grantee</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>
University of Delaware	97-037 (CAA)	11/05/96	\$	\$
Fordham University	97-038 (CAA)	11/05/96		
Pomona College	97-039 (CAA)	11/05/96		
San Diego State University Foundation	97-040 (CAA)	11/05/96		
San Diego State University Foundation	97-041 (CAA)	11/05/96		
San Diego State University Foundation	97-042 (CAA)	11/05/96		
San Diego State University Foundation	97-043 (CAA)	11/05/96		
San Diego State University Foundation	97-044 (CAA)	11/05/96		
Hope College	97-045 (CAA)	11/05/96		
University of Pittsburgh	97-046 (CAA)	11/05/96		
Vanderbilt University	97-047 (CAA)	11/05/96		
George Washington University	97-048 (CAA)	11/05/96		
Johns Hopkins University	97-049 (CAA)	11/05/96		
Dickinson College	97-050 (CAA)	11/05/96		
Georgetown University	97-051 (CAA)	11/05/96		
Tufts University	97-052 (CAA)	11/05/96		
University of California	97-053 (CAA)	11/05/96		
Southern Illinois University	97-054 (CAA)	11/05/96		
Wilkes University	97-055 (CAA)	11/05/96		
The University of Chicago	97-056 (CAA)	11/05/96		
Duquesne University	97-057 (CAA)	11/05/96		
University of Hawaii	97-058 (CAA)	11/05/96		
University of Southern Mississippi	97-059 (CAA)	11/05/96		
Temple University	97-060 (CAA)	11/05/96		
University of Michigan	97-061 (CAA)	11/05/96		
Maricopa County Community College District	97-062 (CAA)	11/05/96		
University of Notre Dame	97-063 (CAA)	11/05/96		
College of the Holy Cross	97-064 (CAA)	11/05/96		
University of Rochester	97-065 (CAA)	11/18/96		
The State University of New Jersey, (Rutgers)	97-066 (CAA)	11/18/96		
New Mexico State University	97-067 (CAA)	11/18/96		
Pennsylvania State University	97-068 (CAA)	11/18/96		
University of Minnesota	97-069 (CAA)	11/18/96		
Northwestern University	97-070 (CAA)	11/18/96		
Mount Holyoke College	97-071 (CAA)	11/18/96		
Ramapo College of New Jersey	97-072 (CAA)	11/18/96		
Claremont University Center	97-073 (CAA)	11/18/96		
Rochester Institute of Technology	97-074 (CAA)	11/18/96		
Emory University	97-075 (CAA)	11/20/96		
Cornell University	97-076 (CAA)	11/20/96		
Cooper Union for the Advancement of Science and Art	97-077 (CAA)	11/20/96		
Wheaton College	97-078 (CAA)	11/20/96		
Eastern Michigan University	97-079 (CAA)	11/20/96		
Ohio University	97-080 (CAA)	11/20/96		
University of Illinois	97-081 (CAA)	11/20/96		
University of Vermont	97-082 (CAA)	11/20/96		
Harvard University	97-083 (CAA)	11/20/96		
Dartmouth College	97-084 (CAA)	11/20/96		
Williams College	97-085 (CAA)	11/20/96		
University of Cincinnati	97-086 (CAA)	11/20/96		
Columbia University	97-087 (CAA)	11/20/96		
Springfield Library	97-088 (CAA)	11/20/96		
Research Foundation of the City University of New York	97-089 (CAA)	11/20/96		
Georgia State University	97-090 (CAA)	11/20/96		
Rollins College	97-091 (CAA)	11/20/96		
Syracuse University	97-092 (CAA)	11/20/96		
Saint Mary's College, Notre Dame	97-093 (CAA)	11/20/96		
Southern Methodist University	97-094 (CAA)	11/20/96		
University of Alabama	97-095 (CAA)	11/20/96		
Santa Barbara Museum of Natural History	97-096 (CAA)	02/03/97		
Santa Barbara Museum of Natural History	97-097 (CAA)	02/03/97		
The College Board	97-098 (CAA)	02/03/97		
George Eastman House	97-099 (CAA)	02/03/97		
Research Foundation of the City University of New York	97-100 (CAA)	02/03/97		
American Institute of Physics	97-101 (CAA)	02/03/97		
American Repertory Theatre Company, Inc.	97-102 (CAA)	02/03/97		
Museum of Fine Arts	97-103 (CAA)	02/03/97		

<u>Grantee</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>
Philadelphia Museum of Art	97-104 (CAA)	02/03/97	\$	\$
Science Museum of Minnesota	97-105 (CAA)	02/03/97		
American Association of Community Colleges	97-106 (CAA)	02/03/97		
American Institute of Indian Studies	97-107 (CAA)	02/03/97		
The Field Museum of Natural History	97-108 (CAA)	02/03/97		
New School for Social Research	97-109 (CAA)	02/03/97		
ETV Endowment of South Carolina, Inc.	97-110 (CAA)	02/03/97		
International Documentary Association	97-111 (CAA)	02/03/97		
Historical Society of Cheshire County	97-112 (CAA)	02/03/97		
Hawaii Humanities Council	97-113 (CAA)	02/03/97		
Indiana Humanities Council	97-114 (CAA)	02/03/97		
Indiana Humanities Council	97-115 (CAA)	02/03/97		
Idaho Humanities Council	97-116 (CAA)	02/04/97		
Idaho Humanities Council	97-117 (CAA)	02/04/97		
Wyoming Council for the Humanities	97-118 (CAA)	02/04/97		
Utah Humanities Council	97-119 (CAA)	02/04/97		
Voorheesville Central School District	97-120 (CAA)	02/04/97		
Association of Research Libraries	97-121 (CAA)	02/04/97		
Ventura County Museum of History and Art	97-122 (CAA)	02/04/97		
Louisiana Endowment for the Humanities	97-123 (CAA)	02/04/97		
State of Alabama	97-124 (CAA)	02/04/97		
Elon College	97-125 (CAA)	02/04/97		
San Jose State University Foundation	97-126 (CAA)	02/13/97		
City of Riverside, CA	97-127 (CAA)	02/13/97		
State of Wisconsin				
- State Historical Society of Wisconsin	97-128 (CAA)	02/13/97		
Chesterfield County, VA	97-129 (CAA)	02/13/97		
State of Tennessee (Nashville)				
- University of Tennessee				
- Memphis State University	97-130 (CAA)	02/13/97		
Town of Concord, Massachusetts	97-131 (CAA)	02/13/97		
State System of Higher Education, Commonwealth of Pennsylvania	97-132 (CAA)	02/13/97		
County College of Morris, NJ	97-133 (CAA)	02/13/97		
Wellesley College	97-134 (CAA)	02/13/97		
University of Maine System	97-135 (CAA)	02/13/97		
Atlanta-Fulton Public Library Foundation, Inc.	97-136 (CAA)	02/13/97		
Atlanta-Fulton Public Library Foundation, Inc.	97-137 (CAA)	02/13/97		
Atlanta-Fulton Public Library Foundation, Inc.	97-138 (CAA)	02/13/97		
Atlanta-Fulton Public Library Foundation, Inc.	97-139 (CAA)	02/13/97		
Atlanta-Fulton Public Library Foundation, Inc.	97-140 (CAA)	02/13/97		
Atlanta-Fulton Public Library Foundation, Inc.	97-141 (CAA)	02/13/97		
Atlanta-Fulton Public Library Foundation, Inc.	97-143 (CAA)	02/13/97		
State of Maine				
- Maine State Archives	97-144 (CAA)	02/13/97		
Kirkwood Community College	97-145 (CAA)	02/13/97		
Kean College	97-146 (CAA)	02/13/97		
State of Kansas				
- Kansas State University				
- University of Kansas	97-147 (CAA)	02/13/97		
State of Washington				
- Washington State University				
- Western Washington University				
- University of Washington	97-148 (CAA)	02/13/97		
State of New Jersey	97-149 (CAA)	02/13/97		
State of New York	97-150 (CAA)	02/13/97		
Museum of African Art	97-151 (CAA)	02/13/97		
Community College Humanities Association	97-152 (CAA)	02/13/97		
Community College Humanities Association	97-153 (CAA)	02/13/97		
Currier Gallery of Art	97-154 (CAA)	02/13/97		
Council for Basic Education	97-155 (CAA)	02/13/97		
The Colonial Williamsburg Foundation	97-156 (CAA)	03/03/97		
University of Missouri System	97-157 (CAA)	03/03/97		
New York University	97-158 (CAA)	03/03/97		
University of Maine System	97-159 (CAA)	03/03/97		
University of Southern California	97-160 (CAA)	03/03/97		
University of Southern California	97-161 (CAA)	03/03/97		
New York University	97-162 (CAA)	03/03/97		
State of Kansas	97-163 (CAA)	03/03/97		

<u>Grantee</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>
Eckerd College	97-164 (CAA)	03/03/97	\$	\$
Eckerd College	97-165 (CAA)	03/03/97		
Maryland Humanities Council	97-166 (CAA)	03/17/97		
Massachusetts Foundation for the Humanities	97-167 (CAA)	03/17/97		
New York Historical Society	97-168 (CAA)	03/17/97		
California Council for the Humanities	97-169 (CAA)	03/17/97		
State of South Dakota	97-170 (CAA)	03/17/97		
The Newberry Library	97-171 (CAA)	03/17/97		
The Newberry Library	97-172 (CAA)	03/17/97		
The Newberry Library	97-173 (CAA)	03/17/97		
The Newberry Library	97-174 (CAA)	03/17/97		
The Newberry Library	97-175 (CAA)	03/17/97		
Arkansas Dept. of Higher Education	97-176 (CAA)	03/03/97		
Center for American Archeology	97-177 (CAA)	03/03/97		
State of Oklahoma	97-178 (CAA)	03/03/97		
Arkansas Dept. of Education, General Division	97-179 (CAA)	03/03/97		
Pueblo of Zuni	97-180 (CAA)	03/03/97		
Illinois Institute of Technology	97-181 (CAA)	03/03/97		
Medical College of Pennsylvania	97-182 (CAA)	03/03/97		
Educational Film Center	97-183 (CAA)	03/03/97		
Northwestern University	97-184 (CAA)	03/03/97		
State of Utah	97-185 (CAA)	03/03/97		
Tufts University	97-186 (CAA)	03/03/97		
New Hampshire Humanities Council	97-187 (CAA)	03/03/97		
Auburn University	97-188 (CAA)	03/03/97		
Medical College of Pennsylvania	97-189 (CAA)	03/03/97		
Worthington City School District	97-190 (CAA)	03/03/97		
New Mexico State University	97-191 (CAA)	03/03/97		
Rutgers, The State Univ. of New Jersey	97-192 (CAA)	03/03/97		
State of Ohio	97-193 (CAA)	03/03/97		
City of New York, New York	97-194 (CAA)	03/03/97		
State of Nebraska	97-195 (CAA)	03/17/97		
State of Connecticut	97-196 (CAA)	03/17/97		
State of Colorado	97-197 (CAA)	03/17/97		
Brown University	97-198 (CAA)	03/17/97		
University of Maine System	97-199 (CAA)	03/17/97		
University of Alabama Tuscaloosa	97-200 (CAA)	03/17/97		
The Children's Museum, MA	97-201 (CAA)	03/17/97		
The Jewish Museum	97-202 (CAA)	03/17/97		
Boston Symphony Orchestra	97-203 (CAA)	03/18/97		
University of Wyoming	97-204 (CAA)	03/18/97		
Peabody Essex Museum	97-205 (CAA)	03/18/97		
North Dakota Humanities Council	97-206 (CAA)	03/18/97		
Georgia Humanities Council	97-207 (CAA)	03/18/97		
Rochester Institute of Technology	97-208 (CAA)	03/18/97		
Commonwealth of the Northern Mariana Islands Council for the Humanities	97-209 (CAA)	03/18/97		
Kentucky Humanities Council	97-210 (CAA)	03/18/97		
Kentucky Humanities Council	97-211 (CAA)	03/18/97		
Pennsylvania Humanities Council	97-212 (CAA)	03/18/97		
Association of Research Libraries	97-213 (CAA)	03/18/97		
Fundacion Puertorriquena Humanidades	97-214 (CAA)	03/18/97		
Fundacion Puertorriquena Humanidades	97-215 (CAA)	03/18/97		
Museum of Fine Arts, Boston	97-216 (CAA)	03/18/97		
Virginia Historical Society	97-217 (CAA)	03/18/97		
Guam Humanities Council	97-218 (CAA)	03/18/97		
Illinois State Historical Society	97-219 (CAA)	03/18/97		
The Research Libraries Group, Inc.	97-220 (CAA)	03/18/97		
The Research Libraries Group, Inc.	97-221 (CAA)	03/18/97		
The Art Institute of Chicago	97-222 (CAA)	03/18/97		
Utah Humanities Council	97-223 (CAA)	03/18/97		
City Lore, Inc.	97-224 (CAA)	03/18/97		
Historic Deerfield, Inc.	97-225 (CAA)	03/18/97		
Kurt Weill Foundation for Music, Inc.	97-226 (CAA)	03/18/97		
Connecticut Humanities Council	97-227 (CAA)	03/18/97		
Judah L. Magnes Museum	97-228 (CAA)	03/18/97		
Massachusetts Found. for the Humanities, Inc.	97-229 (CAA)	03/18/97		
New York Council for the Humanities	97-230 (CAA)	03/18/97		
Dixie College	97-231 (CAA)	03/18/97		
Nevada Humanities Committee	97-232 (CAA)	03/18/97		

<u>Grantee</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Questioned Cost</u>	<u>Unsupported Cost</u>
Alaska Humanities Forum	97-233 (CAA)	03/18/97	\$	\$
Philadelphia Maritime Museum	97-234 (CAA)	03/18/97		
New York Public Library	97-235 (CAA)	03/25/97		
Society of Biblical Literature	97-236 (CAA)	03/25/97		
Facing History and Ourselves Nat. Foundation	97-237 (CAA)	03/25/97		
Facing History and Ourselves Nat. Foundation	97-238 (CAA)	03/25/97		
YIVO Institute for Jewish Research	97-239 (CAA)	03/25/97		
Florida Humanities Council	97-240 (CAA)	03/25/97		
Delaware County Historical Association	97-241 (CAA)	03/25/97		
Folger Shakespeare Memorial Library	97-242 (CAA)	03/25/97		
Commonwealth of the Northern Mariana Islands	97-243 (CAA)	03/25/97		
Washington Commission for the Humanities	97-244 (CAA)	03/25/97		
Five Colleges Inc.	97-245 (CAA)	03/25/97		
Rhode Island Commission for the Humanities	97-246 (CAA)	03/25/97		
Rhode Island Commission for the Humanities	97-247 (CAA)	03/25/97		
The Westfield Center	97-248 (CAA)	03/25/97		
New England Foundation for the Humanities, Inc.	97-249 (CAA)	03/25/97		
The Huntington	97-250 (CAA)	03/25/97		
Bay State Historical League	97-251 (CAA)	03/25/97		
National Public Radio	97-252 (CAA)	03/25/97		
New Hampshire Humanities Council	97-253 (CAA)	03/25/97		
North Dakota Humanities Council, Inc.	97-254 (CAA)	03/25/97		
Great Plains Chautauqua Society	97-255 (CAA)	03/25/97		
Queens Museum of Art	97-256 (CAA)	03/25/97		
Ohio Historical Society	97-257 (CAA)	03/25/97		
Filmmakers Collaborative	97-258 (CAA)	03/25/97		
Minnesota Humanities Council	97-259 (CAA)	03/25/97		
Stone Lantern Films	97-260 (CAA)	03/25/97		
The Brooklyn Historical Society	97-261 (CAA)	03/25/97		
Shelburne Museum, Inc.	97-262 (CAA)	03/25/97		
Chicago Historical Society	97-263 (CAA)	03/25/97		
Plimoth Plantation, Inc.	97-264 (CAA)	03/25/97		
Historic Deerfield, Inc.	97-265 (CAA)	03/25/97		
State of Wyoming	97-266 (CAA)	03/25/97		
Univ. of Georgia Research Foundation, Inc.	97-267 (CAA)	03/25/97		
University of Kentucky	97-268 (CAA)	03/25/97		
Oklahoma State University	97-269 (CAA)	03/27/97		
Rice University	97-270 (CAA)	03/25/97		
Amon Carter Museum	97-271 (CAA)	03/25/97		
Association of American College and Universities	97-272 (CAA)	03/25/97		
American Musicological Society	97-273 (CAA)	03/25/97		
Missouri Humanities Council	97-274 (CAA)	03/25/97		
Oklahoma Foundation for the Humanities	97-275 (CAA)	03/31/97		
New York Council for the Humanities	97-276 (CAA)	03/31/97		
Arkansas Humanities Council	97-277 (CAA)	03/31/97		
Vermont Folklife Center	97-278 (CAA)	03/31/97		
The Pierpont Morgan Library	97-279 (CAA)	03/31/97		
Conservation Center for Art and Historic Artifacts	97-280 (CAA)	03/31/97		
Community Television of Southern California	97-281 (CAA)	03/31/97		
Mississippi Humanities Council	97-282 (CAA)	03/31/97		
Missouri Historical Society	97-283 (CAA)	03/31/97		
Foundation for New Media, Inc.	97-284 (CAA)	03/31/97		
Indiana University	97-285 (CAA)	03/31/97		
Washington University	97-286 (CAA)	03/31/97		
University of Pennsylvania	97-287 (CAA)	03/31/97		
University of Mississippi	97-288 (CAA)	03/31/97		
City and County of Denver Colorado	97-289 (CAA)	03/31/97		
City of Ukiah	97-290 (CAA)	03/31/97		
BJC Health System	97-291 (CAA)	03/31/97		
Boston Symphony Orchestra	97-292 (CAA)	03/31/97		
Asian Art Museum of San Francisco	97-293 (CAA)	03/31/97		
Asia Society	97-294 (CAA)	03/31/97		
American University	97-295 (CAA)	03/31/97		
American Film Institute	97-296 (CAA)	03/31/97		
American Research Institute in Turkey	97-297 (CAA)	03/31/97		
Auburn University	97-298 (CAA)	03/31/97		

TABLE I
INSPECTOR GENERAL-ISSUED REPORTS
WITH QUESTIONED COSTS DOLLAR VALUE

	<u>Number of Reports</u>	<u>Questioned Cost</u>	<u>Unsupported Costs</u>
A. For which no management decision has been made by the commencement of the reporting period	1	\$ 74,500	\$ 74,500
B. Which were issued during the reporting period	<u>0</u>	<u>\$ -</u>	<u>\$ -</u>
Subtotals (A+B)	<u>1</u>	<u>\$ 74,500</u>	<u>\$ 74,500</u>
C. For which a management decision was made during the reporting period			
(i) dollar value of disallowed costs	1	\$ 54,500	\$ 54,500
(ii) dollar value of costs not disallowed (grantee subsequently supported all costs)		\$	\$
D. For which no management decision has been made by the end of the reporting period	1	\$ 20,000	\$ 20,000
Reports for which no management decision was made within six months of issuance	1	\$ 20,000	\$ 20,000

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

	<u>Number of Reports</u>	<u>Dollar Value</u>
A. For which no management decision has been made by the commence- ment of the reporting period	1	\$ 16,000
B. Which were issued during the reporting period	0	\$ 0
C. For which a management decision was made during the reporting period		
(i) dollar value of recommendations that were agreed to by management	1	\$ 16,000
(ii) dollar value of recommendations that were not agreed to by management	0	\$ 0
D. For which no management decision was made by the end of the reporting period	0	\$ 0

REPORTING REQUIREMENTS

The Inspector General Act of 1978, as amended (Public Law 100-504), specifies reporting requirements for semiannual reports. The requirements are listed and cross-referenced to the applicable pages in this report.

<u>Citation</u>	<u>Reporting Requirements</u>	page
Section 4(a)(2)	Review of Legislation and Regulations	6
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies.....	2
Section 5(a)(2)	Recommendations for Corrective Action with Respect to Significant Problems, Abuses, and Deficiencies.....	2-3
Section 5(a)(3)	Prior Significant Recommendations Not Yet Implemented .	8
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	4
Section 5(a)(5) and 6(b)(2)	Summary of Instances Where Information Was Refused or Not Provided	9
Section 5(a)(6)	Listing of Audit Reports ..	10-15
Section 5(a)(7)	Summary of Significant Reports..	2-3
Section 5(a)(8)	Audit Reports - Questioned Costs.....	10-15
Section 5(a)(9)	Audit Reports - Funds Be Put to Better Use	10-15
Section 5(a)(10)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	8
Section 5(a)(11)	Significant Revised Management Decisions	9
Section 5(a)(12)	Significant Management Decisions with which the Inspector General Disagreed	9

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, de-obligating 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).

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 three divisions--Education and Research Programs, Preservation and Access, and Public Programs -- and three offices -- Challenge Grants, Enterprise, and Federal State Partnership.

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."

ESTABLISHMENT OF THE OFFICE OF INSPECTOR GENERAL

On October 18, 1988, the Inspector General Act Amendments of 1988, Public Law 100-504 was signed into law. 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 consists of the Inspector General, three professional staff, and a secretary. The OIG and the Office of General Counsel have a Memorandum of Understanding detailing the procedures for the OIG to be provided with OGC legal services.

THE OFFICE OF INSPECTOR GENERAL

**serves American taxpayers
by investigating reports of waste, fraud,
mismanagement, or abuse
involving federal funds.**

**To report any suspected activity
Involving NEH programs, operations, or employees**

Please Call

(202) 606-8423

or,

Write

**Office of Inspector General-HotLine
National Endowment for the Humanities
1100 Pennsylvania Ave. N.W., Room 419
Washington, DC 20506**

FAX: (202) 606-8329

**ELECTRONIC MAIL HOTLINE
OIG@neh.fed.us**

- **Government employees are protected from reprisal**
- **Caller can remain anonymous**
- **Information is confidential**