

NATIONAL ENDOWMENT FOR THE HUMANITIES
OFFICE OF INSPECTOR GENERAL

**SEMIANNUAL REPORT
TO THE CONGRESS**

NUMBER 17

APRIL 1, 1997 TO SEPTEMBER 30, 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.

October 31, 1997

Honorable Bruce A. Lehman
Acting Chairman
National Endowment for the Humanities
Washington, DC 20506

Dear Acting Chairman Lehman:

Enclosed is the Semiannual Report for the Office of Inspector General (OIG) for the period April 1, 1997 - September 30, 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, with your Report of Final Action, to the appropriate Congressional committees within 30 days of its receipt.

I look forward to continuing to work with senior management and 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, we expended significant effort to matters that were initiated by Hotline contacts. The IG is currently handling the Hotline and following up through on activity generated by these calls and letters. We began basic administrative investigator training for two other staff members; this will alleviate some effort for the IG, but could seriously impact the overall audit effort of the office.

INTERNAL AUDITS/INSPECTIONS

We reviewed the billing methodology that NEH uses to charge the Institute for Museum and Library Services (IMLS) for administrative services performed. We also issued a draft report to the Office of General Counsel for review. The audit concerned the Schock Fund is a gift and a significant amount of the monies disbursed are for reception and representation.

EXTERNAL/GRANTEE AUDITS/SURVEYS

We completed a limited scope desk review of eight grantees to determine if they were complying with the NEH grant condition regarding participant certification on disbarment and suspensions. Six of the eight obtained the required certification.

QUALITY REVIEWS

We performed one on-site quality review of a Certified Public Accounting (CPA) firm that audited one of our grantees, and issued our report. The review noted deficiencies in the CPAs working papers and reports.

INVESTIGATION ACTIVITY

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

At the beginning of the reporting period three matters pertaining to grantees were open; two remain open. Of the seven new contacts, all are closed as of September 30, 1997. On one matter, we are working with the NEH Office of General Counsel and an Assistant United States Attorney in New York City.

AUDITS AND SURVEYS

SIGNIFICANT PROBLEMS, ABUSES, AND DEFICIENCIES

No reports were issued this period that disclosed significant problems.

SUMMARY OF AUDIT REPORTS

INTERNAL ACTIVITY

Billing the Institute for Museum and Library Services (IMLS) - Management Information Alert

The OIG reviewed the billing methodology NEH uses to invoice IMLS for services rendered. We concentrated our efforts on the practice of the method used by the NEH Office of Human Resources; however, we looked at the methodology used by all other NEH administrative offices. We learned that the billing methodology for billing the Institute of Museum Service (IMS) was developed over ten years ago. We made several recommendations to NEH including: 1) review the methodology to take into account that the Library Services is now part of IMS, and 2) change the method that the Office of Human Resources bills IMLS. NEH management agreed to the recommendations.

EXTERNAL ACTIVITY

Review of Grantee Compliance - Participant Certification (OIG-97-02 External Review)

We performed a limited scope desk review of eight grantees to determine if they were complying with the NEH grant condition regarding participant certification on disbarment and suspension. According to the grant condition, grantee organizations must obtain certification on disbarment and suspension from applicants who apply to the NEH-supported fellowship project funded under grants awarded in the "Centers for Advanced Study" program.

Our review revealed that six grantees had obtained the required certifications. One grantee learned about this condition from the OIG and it will be obtaining the certifications before disbursing any federal funds to the fellows. The second grantee stated they were unaware of the requirement due to a change in the institutional grant administrator position. The OIG made recommendations to NEH including that NEH have the grantee obtain the required certifications from the fellows.

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 352 reports with less than 30 disclosing any findings. Because the revised OMB Circular A-133 became effective for the grantees fiscal year being July 1, 1996, we anticipate a significant decrease in single audit act reviews for NEH's non-profit grantees in the future.

QUALITY REVIEWS

The review that was performed revealed that some problems continue to exist concerning the quality of the CPAs work. While accounting firms receive "clean opinions" on Quality Reviews performed by other CPAs, federal auditors are still finding problems in the CPAs reports and work papers. 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.

In the review, we learned that the CPA did not;

- test for compliance with special terms and conditions set forth in the grant award document, and,
- perform testing procedures with respect to an NEH challenge grant. The OIG will be writing to grantees that have been awarded challenge grants and their CPAs informing them of required auditing procedures. We also are planning on placing these procedures on the Internet.

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, 1997, we had three files open pertaining to grantees; One concerns a grantee that "temporarily" ceased operations with two NEH grants projects not completed. In addition, program income and financial reports are long outstanding. The other matter was opened after the OIG received a letter stating the grantee filed false reports.

During the six-month period April 1, 1997 to September 30, 1997, we received seven "Hotline" contacts. Of the seven, two concerned employee matters that were referred to the agency's office of Human Resources, the others were referred to other NEH offices or divisions or outside the agency. None of the complaints received this period required investigative action.

As of September 30, 1997, two cases involving grantees remain open.

MATTERS REFERRED TO PROSECUTION AUTHORITIES

None. However, we are working with the Assistant United States Attorney of New York City on one case.

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. Posters informing staff to contact the OIG were posted throughout the agency building.

Summary of Investigations

Investigative Workload

| | |
|--|----------|
| Open at beginning of period | 3 |
| Matters brought to the OIG | <u>7</u> |
| Total Investigative contacts | 10 |
| | |
| Closed or referred during reporting period | <u>8</u> |
| Open at end of period | <u>2</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 eleven 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 and a monthly travel policy meeting. The Deputy Inspector General is a member of 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.

SECTION 504/ADA PROGRAM ACCESSIBILITY INVESTIGATION

The OIG received a Hotline complaint alleging that a grantee's (a museum and library located in Pennsylvania) buildings and programs were not accessible to persons in wheelchairs. The OIG and the NEH General Counsel conducted an investigation to determine if the grantee has complied with the law, 45 C.F.R. § 1110.7(c). We determined that the museum and library had not achieved full compliance at the time of our site visit. We issued a report of our findings and an agreement for remedial action. The agreement was signed by the grantee and has begun to take corrective action.

DISCUSSION LEADERS AT ANNUAL MEETING

The Inspector General and the Deputy Inspector General made a presentation at the Federation of State Humanities Conference held in Washington, D.C. They discussed the topic, Basic Fiscal Management for State Humanities Councils, examining some of the unique characteristics of accounting and managing federal funds received by state humanities councils.

STRATEGIC PLANNING FOR THE OIG

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, has ceased. New grantees will be contacted and we will perform a desk review of their accounting systems and provide accounting management guidance concerning federal funds.

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.

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 OMB circulars and reviewed several documents for NEH grantees and staff. We also reviewed internal administrative directives for NEH.

A-133 WAIVER ISSUED BY NEH

NEH has waived the A-133 audit requirement for grants awarded in the Centers program and the International Programs. The reasons for dropping the A-133 requirement for Centers grants ".... was the fact that our support of these projects was limited to publicity, selection costs, and the actual fellowship stipends, with the majority of funding going to stipends. Since we know who are selected as fellows, what their projects are, and how much they receive in the way of NEH support, we saw no reason to insist on an audit of these grants. We are now recommending the same approach for the International Program because, except for a small amount of funding for administrative costs, the use of NEH funds is limited to publicity, selection costs and stipends." ^{1/}

OMB Circular A-133 is guidance on how to implement The Single Audit Act Amendments of 1996. It is the OIG's position that NEH does not have any provision in its reauthorizing legislation or its annual appropriation that gives it authority to waive A-133. We have requested that the NEH Office of General Counsel provide the OIG with an opinion on the propriety of the waiver of A-133.

^{1/} Memorandum of Director of Grants Office to Deputy Chairman.

AUDIT RESOLUTION AND FOLLOW-UP

One matter containing an audit recommendation from reports issued in prior period is open (see page 9 of this report). Audit resolution occurs when the OIG and NEH management reach agreement on what actions need to be taken.

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 for 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> |
|---|--------------------------|------------------------|----------------------------|-----------------------------|--|
| Billing the Institute for Museum and Library Services | MIA | 09-30-97 | \$ | \$ | \$ |

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> |
|---|--------------------------|------------------------|----------------------------|-----------------------------|--|
| Review of Grantee Compliance with NEH Grant Condition Regarding Participant Certification on Debarment and Suspension | 97-02 (ER) | 09-15-97 | \$ | \$ | \$ |

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> |
|---|--------------------------|------------------------|----------------------------|-----------------------------|--|
| Saint Mary's College | 97-11 | 04-21-97 | \$ | \$ | \$ |
| The Filmmakers Collaborative | 97-12 | 04-28-97 | | | |
| Educational Film Center | 97-13 | 05-01-97 | | | |
| Aston Magna Foundation for Music and the Humanities, Inc. | 97-14 | 05-14-97 | | | |
| Saint John's College | 97-15 | 06-03-97 | | | |
| Council for Basic Education | 97-16 | 06-09-97 | | | |
| National Humanities Center | 97-17 | 07-02-97 | | | |
| AMIGOS Bibliographic Council, Inc. | 97-18 | 07-22-97 | | | |
| Film Arts Foundation | 97-19 | 07-28-97 | | | |
| Association of Research Libraries | 97-20 | 08-08-97 | | | |
| The Museums at Stony Brook | 97-21 | 09-22-97 | | | |

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> |
|----------------------------|--------------------------|------------------------|----------------------------|-----------------------------|--|
| National Humanities Center | 97-103 | 06-04-97 | \$ | \$ | \$ |

SINGLE AUDIT ACT REVIEWS

We issued 352 reports during this period. If you would like to obtain a copy of the listing, please contact our office.

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 | \$ 20,000 | \$ 20,000 |
| B. Which were issued during the reporting period | <u>0</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |
| Subtotals (A+B) | <u>1</u> | <u>\$ 20,000</u> | <u>\$ 20,000</u> |
| C. For which a management decision was made during the reporting period | | | |
| (i) dollar value of disallowed costs | 1 | \$ | \$ |
| (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 ^{1/} | \$ 20,000 |

^{1/} See page 7 of this report.

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 commencement of the reporting period | 0 | \$ 0 |
| 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 | | \$ 0 |
| (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
<mailto:OIG@neh.gov>

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