



NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF INSPECTOR GENERAL

February 1, 2011

RETURN RECEIPT REQUESTED

Board of Directors
Minnesota Humanities Center
987 Ivy Avenue East
St. Paul, MN 55106-2046

Audit Report: OIG-11-08 (DR)

Dear Board Members:

We have completed our desk review of the single audit report prepared by HLB Tautges Redpath, Ltd., which includes the Federal assistance programs administered by the Minnesota Humanities Center (the "Center"), for the year ended October 31, 2009. The independent auditors (IPA) previously furnished a copy of their audit report to the Center and submitted the related reporting package to the Federal Audit Clearinghouse. The IPA issued an unqualified opinion (both GAAP and single audit) with one reportable current year finding.

Our review was limited to an examination of the IPA's audit report. We did not examine the underlying audit documentation to evaluate the adequacy of the audit work performed; rather, the single audit desk review guide, issued by the Council of Inspectors General on Integrity and Efficiency (CIGIE), was used to determine whether the audit report meets the core reporting requirements stipulated by OMB Circular A-133. Audit reports determined to be *technically deficient* or *unacceptable* require corrective action.

Our work determined that the audit report meets Federal reporting requirements as evidenced by the lack of any definitive exceptions. However, please review the following comments for future consideration.

Although not a requirement under the current prescribed rules, we ask that the IPA voluntarily follow-up and report on all prior year audit findings in the *Schedule of Findings and Questioned Costs* moving forward. Currently, OMB Circular A-133.315(b) only mandates written updates for prior year findings that specifically relate to Federal awards. Due to this rule, the four financial reporting internal control findings (not specifically tied to individual Federal grant awards) identified in the October 31, 2008 audit were not addressed in the current year audit report.

Additionally, OMB Circular A-133.310(b)(5) states that pass-through entities, to the extent practical, should identify the total amount of funding provided to subrecipients from each Federal program. NEH's "We The People" awards (████████████████████) include specific funding for regrants, which represent subrecipient awards made by the Council. In fact, according to the audited statement of functional expenses, the Council issued (██████████) in regrants during the fiscal year ended October 31, 2009. Based upon these facts, we find it highly unusual that the Schedule of Expenditures of Federal Awards (SEFA) did not disclose any subrecipient awards for this Federal program.

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Please note that we are sending this letter to the IPA to inform them of the results of our review.

If you have any questions concerning this letter or need accounting assistance, please contact Mr. Steve Elsberg at (202) 606-8353 or via email at selsberg@neh.gov.

Sincerely,



Laura Davis
Deputy Inspector General

Distribution List:

National Endowment for the Arts (Single Audit Officer)

U.S. Department of Education (Single Audit Officer)

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