

NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF INSPECTOR GENERAL

May 31, 2011

**RETURN RECEIPT REQUESTED**

Board of Directors  
Mississippi Humanities Council  
3825 Ridgewood Road, Room 311  
Jackson, MS 39211-6497  
Attn: Dr. Rod A. Risley (Chair)

Audit Report: OIG-11-15 (DR)

Dear Board Members:

We have completed our desk review of the single audit report prepared by Carr, Riggs & Ingram LLP, which includes the Federal assistance programs administered by the Mississippi Humanities Council (the "Council"), for the year ended October 31, 2009. The independent auditors (IPA) previously furnished a copy of their audit report to the Council and submitted the related reporting package to the Federal Audit Clearinghouse. The IPA issued an unqualified opinion (both GAAP and single audit) with two reportable current year findings.

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.

We determined that the audit report generally meets Federal reporting requirements, with the following exceptions:

- OMB Circular A-133.310(b) requires the Schedule of Expenditures of Federal Awards (SEFA) to be factually correct and free of mistakes. Due to a clerical error, the Federal expenditures related to NEH grant number BC-50327-06 were overstated by \$7,950.

The fact that this error was missed by both the Council's management and the IPA is troubling. Nevertheless, the above error was not material enough to impact the core single audit testing (to include major program selection) performed by the IPA. Accordingly, we will accept this single audit report on the condition that both the Council and the IPA strengthen internal controls associated with the preparation of the SEFA. Future A-133 audit reports that include improperly prepared SEFA's will be deemed unacceptable submissions by the NEH Office of Inspector General.

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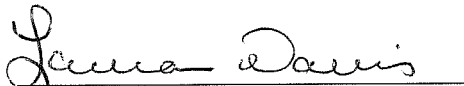
- Section 4.28(l) of the AICPA Audit Guide entitled "*Government Auditing Standards and Circular A-133 Audits*" stipulates that the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards ("RICFR") include a statement alerting the reader when additional matters have been communicated to the auditee in a separate management letter. Since the related management letter contained a finding that was not disclosed within the body of the A-133 audit report (issue concerning donor statements), the clause should have been incorporated into the RICFR.

Moving forward, please ensure the RICFR incorporates this required disclosure in future audits when applicable.

Please note that we are sending this letter to the auditors 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](mailto:selsberg@neh.gov).

Sincerely,



Laura Davis  
Acting Inspector General

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