

OFFICE OF INSPECTOR GENERAL

May 25, 2011

**RETURN RECEIPT REQUESTED**

Board of Directors  
North Dakota Humanities Council  
418 E. Broadway, Suite 8  
Bismarck, ND 58501  
Attn: Tami S. Carmichael (Chair)

Audit Report: OIG-11-14 (DR)

Dear Board Members:

We have completed our desk review of the single audit report prepared by Widmer Roel PC, which includes the Federal assistance programs administered by the North Dakota Humanities Council (the "Council"), for the year ended October 31, 2010. 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 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.

Due to the significant error identified below, involving the Data Collection Form (Form SF-SAC), we deem the October 31, 2010 reporting package to be technically deficient.

- OMB Circular A-133.320(b) requires the Data Collection Form to be factually correct and free of mistakes. The October 31, 2010 submission contradicts the audited Schedule of Findings and Questioned Costs and incorrectly identifies the Federal grants treated as major programs for single audit testing purposes. The Federal Audit Clearinghouse (FAC), which is queried by both Federal agency oversight bodies and the general public, populates the single audit database using the Data Collection Form therefore the integrity of this data is paramount. Accordingly, the Data Collection Form must be corrected and resubmitted to the FAC in a timely manner. Specifically, CFDA #45.129 (Federal/State Partnership) should be identified as the only major program on the revised Data Collection Form.

Please contact the FAC support staff for assistance (800-253-0696 or [govs.fac@census.gov](mailto:govs.fac@census.gov)) with this process since special procedures must be followed when resubmitting a reporting package.

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In a separate matter we identified one other Federal reporting deficiency, not deemed to be material in nature, that must be corrected in future audit reports as noted below.

- OMB Circular A-133 requires the issuance of a separate audit opinion regarding the presentation of the Schedule of Expenditures of Federal Awards (SEFA). Due to an apparent administrative glitch, the related audit opinion was erroneously stated twice (within the same paragraph) in the IPA's audit report combining both current and superseded boilerplate language. Moving forward, the IPA must implement new internal review procedures to safeguard against these types of errors and utilize the standard audit opinion wording articulated by the American Institute of Certified Public Accountants (AICPA) <sup>1</sup>.

Please note that we corresponded with the audit firm's engagement team concerning the above issues during the course of our desk review. We are sending this letter to the auditors to inform them of the final 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

Distribution List:

*Widmer Roel, PC*

Certified Public Accountants and Business Advisors

3000 North 14<sup>th</sup> Street, Suite 3C

Bismarck, ND 58503

Attn: Michael T. Schmitz, CPA

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<sup>1</sup> The AICPA's audit guide entitled "Government Auditing Standards and Circular A-133 Audits" provides specific guidance to audit practitioners performing single audits of non-profit organizations.