



NATIONAL ENDOWMENT FOR THE  
**Humanities**

OFFICE OF INSPECTOR GENERAL

December 17, 2014

**RETURN RECEIPT REQUESTED**

Board of Directors  
Humanities Tennessee  
306 Gay Street, Suite 306  
Nashville, TN 37201  
Attn: [REDACTED], Board Chair

OIG Report Number: OIG-15-01 (DR)

Dear Board Members:

We have completed our desk review of the single audit report prepared by Frasier, Dean & Howard, CPAs, which includes the Federal assistance programs administered by Humanities Tennessee (the "Council"), for the year ended December 31, 2013. The independent auditors (IPA) previously furnished a copy of their audit report (dated March 21, 2014) to the Council and submitted the related reporting package to the Federal Audit Clearinghouse. The IPA issued unmodified opinions<sup>1</sup> regarding the financial statements and Federal compliance. Furthermore, no reportable findings were identified.

Our review was limited to an examination of the audit report and limited email correspondence with the IPA and the Council's Executive Director. We did not examine the underlying audit documentation to evaluate the adequacy of the audit work performed; rather, the *Guide for Desk Reviews of OMB Circular A-133 Audit Reports (2010 Edition)*, 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 Office of Management and Budget (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<sup>2</sup>, with the following exceptions:

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<sup>1</sup> An unmodified opinion represents the IPA's highest level of assurance, indicating that the audited entity's financial statement presentation (to include Federal grant activity) materially complies with applicable auditing standards and Federal requirements stipulated in OMB Circular A-133: *Audits of States, Local Governments, and Non-Profit Organizations*.

<sup>2</sup> Of the four possible conclusions applicable to a single audit desk review, the NEH-OIG has concluded that the Council's FY2013 audit report met the *Acceptable with Deficiencies* criteria, [i.e. the report contains quality deficiencies that should be brought to the attention of the auditor (and auditee) for correction in future audits]."

**Schedule of Expenditures of Federal Awards (SEFA):**

1. Section .310(b) of OMB Circular A-133 states that the SEFA should disclose total expenditures associated with each individual Federal program or program cluster, document the related Catalog of Federal Domestic Assistance (CFDA) number<sup>3</sup>, and sort program expenditures by Federal agency. We noted that the Council's FY2013 SEFA presentation included two sections: a) Federal awards and b) state/local government awards.

The SEFA misclassified the award made by the National Endowment for the Arts (NEA), an independent Federal agency, as a state/local government program and failed to disclose the corresponding CFDA number. Furthermore, this Federal program was omitted from the Data Collection Form (DCF) submitted to the Federal Audit Clearinghouse.

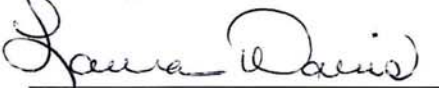
Fortunately, total FY2013 grant expenditures associated with the NEA award did not exceed the major program threshold.<sup>4</sup> Accordingly, there is no need to reopen the audit and expand testing to include this Federal award.

Moving forward, please ensure the SEFA and DCF incorporate all required disclosures. Be advised that there is no need to revise the FY2013 audit report and/or resubmit the single audit reporting package to the Federal Audit Clearinghouse. However, future audit reports with similar deficiencies may be deemed unacceptable submissions by the NEH Office of Inspector General.

Please note that we are sending this letter to the audit partner at Frasier, Dean & Howard to inform him 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  
Inspector General

**Distribution List:**

Auditor:

██████████, CPA

Audit Partner  
Frasier, Dean & Howard, CPAs  
3310 West End Ave., Suite 550  
Nashville, TN 37203

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<sup>3</sup> The Catalog of Federal Domestic Assistance is a government-wide compendium of Federal programs, projects, services, and activities that provide assistance or benefits to the American public. It contains financial and nonfinancial assistance programs administered by departments and establishments of the Federal government. As the basic reference source of Federal programs, the primary purpose of the Catalog is to assist users in identifying programs that meet specific objectives of the potential applicant, and to obtain general information on Federal assistance programs.

<sup>4</sup> All Federal programs with annual expenditures exceeding this threshold must be evaluated by the IPA and may be subject to detailed Single Audit testing.