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SEMIANNUAL REPORT TO THE CONGRESS

NATIONAL ENDOWMENT FOR THE
HUMANITIES

OCTOBER 1, 2000 TO MARCH 31, 2001

"Democracy demands wisdom and vision in its citizens"
National Foundation on the Arts and the Humanities Act of 1965



NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D.C. 20506

Phone 202/606-8350 Fax 202/606-8329 E-mail oig@neh.gov

April 30, 2001

Honorable William R. Ferris
Chairman
National Endowment for the Humanities
Washington, DC 20506

Dear Chairman Ferris:

Enclosed is the Semiannual Report for the Office of Inspector General (OIG) for the period October 1, 2000 – March 31, 2001. The report, which is required by the Inspector General Act as amended, provides an overview of the activities of the OIG 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 receipt.

I look forward to continue working with you and agency managers, the NEH employees Union, Congress, and NEH's various stakeholders to help ensure that NEH delivers grant awards in an economical and efficient manner.

I appreciate your continued support for our office's work.

Respectfully,

Sheldon L. Bernstein
Inspector General

Enclosure

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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>IG Act Reference</u>	<u>Reporting Requirements</u>	<u>Page</u>
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Section 5(a)(12)	Significant Management Decisions with which OIG Disagreed.....	*

* None this period

INTRODUCTION

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 four divisions - Research Programs, Education Programs, Preservation and Access, and Public Programs -- and three offices -- Challenge Grants, Enterprise, and Federal-State Partnership.

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."

THE OFFICE OF INSPECTOR GENERAL

The NEH Office of Inspector General was established on April 9, 1989, in accordance with the Inspector General Act Amendments of 1988, (Public Law 100-504). 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 Act states that the Office of Inspector General is responsible for (1) conducting audits and investigations; (2) reviewing legislation; (3) recommending policies to promote efficiency and effectiveness; and (4) preventing and detecting fraud, waste, and abuse in the operations of the agency. The Inspector General is also responsible for keeping the Chairman and Congress fully and currently informed of problems and deficiencies in the programs and operations.

The OIG staff consists of the Inspector General, a Deputy Inspector General for Audits, two auditors, and a secretary. The OIG and the Office of General Counsel (OGC) have a Memorandum of Understanding detailing the procedures for the OIG to be provided with OGC legal services. Investigations are handled by the Inspector General, an auditor and as required by the agency's Assistant General Counsel.

AUDIT, SURVEY, AND INSPECTION ACTIVITIES

This office is responsible for external and internal audits. External auditing includes grants, pre-award accounting system surveys, review of OMB Circular A-133 reports, and on-site quality assurance reviews of CPA work papers. Internal efforts consist of audits, inspections, and

reviews/evaluations of the NEH administrative, programmatic, and financial operations.

During this reporting period, the OIG received and processed 132 OMB Circular A-133 audit reports and issued six memorandum reports containing findings (see Single Audit Act Reviews).

LIST OF AUDIT REPORTS ISSUED

The following is a list of audit/survey reports issued by the OIG during the reporting period. The Act requires us to report on the "Dollar Value of Recommendations that Funds Be Put to Better Use," and the "Total

Dollar Value of Questioned Costs (including a separate category for the dollar value of unsupported costs)." None are reported during this period.

INTERNAL AUDITS/REVIEW	Report Number	Date Issued
Review of NEH Annual Performance Plan Prepared Under the Government Performance Results Act (The Results Act)	OIG-00-01(IR)	11/03/00 ¹
Review of the Process and Controls of the NEH "My History is America's History" Project	OIG-00-02 (IR)	12/05/00 ²
Interim Report on the Use of Cookies	OIG-01-01 (IR)	03/01/01 ³
Review of the OIRM Strategic Information Technology Plan	OIG-01-02 (IR)	03/29/01 ⁴
EXTERNAL AUDITS/REVIEWS		
Amerika Samoa Humanities Council	OIG-01-01 (ER)	10/30/00 ⁴
Children's Museum of Rhode Island	OIG-01-01 (EA)	01/24/01
James Agee Film Project - Follow-up And Additional Review	-	01/23/01
SINGLE AUDIT ACT REVIEWS		
Newberry Library	OIG-01-01 (CAA)	03/30/01
Spokane Tribe of Indians	OIG-01-02 (CAA)	03/30/01
West Virginia Humanities Council	OIG-01-03 (CAA)	03/30/01
Nevada Humanities Council, Inc.	OIG-01-04 (CAA)	03/30/01
Minnesota Humanities Commission	OIG-01-05 (CAA)	03/30/01
Virgin Islands Humanities Council	OIG-01-06 (CAA)	03/30/01

¹ Draft report was issued on 09/29/00.

² Draft report was issued on 08/29/00.

³ Final Report

⁴ Draft Report

SUMMARY OF REPORTS ISSUED

INTERNAL AUDITS

PROCUREMENT OF PRINTING SERVICES FROM GPO NEEDS IMPROVEMENT

Review of the Process and Controls of The NEH "My History is America's History" Project
August 29, 2000 **OIG-00-02 (IR)**

The objectives of the review were to 1) ascertain policies and procedures pertaining to procurement of printing services for the "My History is America's History" project, and 2) ascertain and evaluate management controls over budget and accounting information for the project.

Our review revealed instances where procurement of printing services from the Government Printing Office was not being entered in the NEH's official requisition system. In addition, we noted that budget information maintained by the technical representative was not reconciled to the official NEH accounting records.

We made several recommendations to strengthen management controls applicable to the process of procuring printing services from GPO.

NEH NEEDS TO STRENGTHEN VALIDATION AND VERIFICATION PROCESS

Review of the NEH Annual Performance Plan Prepared Under the Government Performance Results Act (The Results Act)
September 30, 2000 **OIG-00-01 (IR)**

The objective of our review of the NEH annual performance plan was to assess the agency's progress towards meeting the expectations of the Results Act and to identify opportunities for the agency to refine and clarify the plan.

As a framework for our review, we referred to the guide entitled, *The Results Act - An Evaluator's Guide to Assessing Agency Annual Performance Plans*, developed by the Advanced Studies and Evaluation Methodology group in the General Government Division of the General Accounting Office.

To accomplish our objective we reviewed the FY 2001 Performance Plan, reviewed the NEH Strategic Plan for FY 1998 - FY 2002, and interviewed agency officials and staff involved with the development of the FY 2001 Performance Plan. In order to assess the extent to which the FY 2001 Performance Plan

met the requirements of the Results Act and related expectations, we designed our review to address three core areas:

1. Annual Performance Goals and Measures
2. Strategies and Resources
3. Validation and Verification

We concluded that the FY 2000 Annual Performance Plan generally met the requirements of the Results Act and related expectations. The plan generally outlined intended performance across the agency, briefly mentioned strategies and resources the agency will use to achieve its performance goals, and provided some assurance that its performance information would be credible.

We made numerous recommendations for the NEH Office of Strategic Planning to consider. A major concern of ours is the validation process since most of the performance information is obtained from grantees. We believe this initial review will be beneficial in moving NEH towards an improved plan that will showcase NEH's work.

NEH PLACES COOKIES ON VISITORS' COMPUTERS

Interim Report On The Use of Cookies March 1, 2001 OIG-01-01 (IR)

On December 21, 2000, Congress passed legislation that required the IGs from each department and agency to report to Congress on any collection of personally identifiable information on Internet sites. Such information could be collected either on agency web sites or through third party agreements.

The Office of Inspector General performed a review of Internet Privacy and NEH's use of cookies on its web sites. A cookie is a short string of text - not a program - that is sent to your browser when you access a web site. The use of cookies allows the server to recognize returning users. There are two types of cookies "persistent cookies" and "session cookies." Persistent cookies is a more permanent line of text that tract information over time and remains stored on the users computers until the specified expiration date. Session cookies are used only during a single browsing session and do not collect information in ways that raise privacy concerns. Session cookies are stored temporarily in the computer's ram.

NEH has three web sites [NEH, EDSITEment, & My History is America's History (My History)] available for public access. The objectives

of the OIG review were to determine 1) if NEH places "persistent cookies" on visitors' computers, 2) whether NEH tracks information obtained from the cookies, and 3) the adequacy of the privacy statements included on each web site. To test the placement of cookies, we accessed the home pages for the three NEH web sites using a computer outside of the .gov and .neh domain.

Our review disclosed that persistent cookies are placed on visiting computer hard drive's when the NEH and My History web sites are accessed. The EDSITEment web site places no cookies on visiting computer hard drives. Privacy statements on both the NEH and My History web sites states that "if you do nothing during your visit but browse through the website, ... we will gather and store information about your visit automatically...that the information does not identify you personally." The statement does not indicate that NEH will place cookies on visiting computer hard drives to identify visitors.

Our recommendation was for NEH to discontinue the use of the "cookies" in order to comply with government regulations. Our final report will be issued when NEH has implemented the recommendation.

COMPUTER PLANS NEED TO BE INCLUDED IN AGENCY'S STRATEGIC PLAN

Review of the OIRM Strategic Information Technology Plan March 29, 2001 OIG-01-02 (IR)

The OIG performed a review of the Office of Information Resources Management (OIRM) Strategic Information Technology Plan and the process used to develop the plan. The purpose of the review was to determine whether OIRM was doing strategic planning and the adequacy of the documentation of the planning process.

Our review disclosed that 1) there is no procedure in place at NEH to ensure that issues and opportunities identified in the

information technology long-range strategic plan are reflected in NEH's strategic plan, 2) OIRM is not in compliance with NEH Administrative Directive M-600 to develop annual plans (the Directive was issued in 1985 and it does not reflect the client/server environment in which NEH currently operates).

The NEH Chief Information Officer concurred with our recommendation that NEH develop a written Strategic Plan for OIRM based on the NEH Strategic Plan and the OIRM plan should be incorporated in the NEH Strategic Plan. We agreed to provide assistance as required to implement the recommendations.

EXTERNAL AUDITS/REVIEWS

GRANTEE NEEDS TO IMPROVE THE MONITORING AND CONTROLLING OF GRANT FUNDS

**America Samoa Humanities Council
October 30, 2000 OIG-01-01 (ER)**

The objective of the review was to determine the adequacy and extent of the Amerika Samoa Humanities Council's (Council) resolution of audit findings contained in A-133 audit reports for the fiscal years ended October 31, 1995 and 1996. The independent public accountant (IPA) reported several findings with some have a major impact on the accountability for the NEH grant. The IPA noted that 1) inadequate and sometimes no financial reports were prepared for the executive director and Board of Directors, 2) the disbursement functions had improper or unclear segregation of duties/functions, and 3) no supervisory review of accounting transactions had taken place.

Our review revealed that 1) monthly financial reports to management and the Board of Directors were being prepared, 2) procedures were in place to eliminate the segregation of duties concern, and 3) the executive director was performing a proper review of the accounting transactions. Also, we determined the monthly financial reports still contained weaknesses. In addition, we found that the Council's procedures for controlling and monitoring regrant funds were inadequate.

We made several recommendations to improve the sufficiency of the monthly financial reports and for improving the procedures for monitoring and controlling regrant funds. In addition, we recommended improvements to the travel policy, the General Operations and Procedures Manual, and the Fiscal Agent Procedures Manual.

GRANTEE'S CLAIM REQUIRES SUPPORTING DOCUMENTATION

**Children's Museum of Rhode Island
October 26, 2000 IG-01-01 (EA)
Interim Report**

The objective of our audit was to determine if the amounts certified by the Museum on an NEH challenge grant were allowable. The audit was requested by NEH management because the Museum did not submit final financial and narrative reports. We issued an interim report to immediately advise NEH management of our findings and to provide the Museum an opportunity to provide the missing documents prior to the release of our final report.

Our review revealed that the Museum was 1) not in compliance with the Davis-Bacon Act (wages paid by a contractor were not monitored to determine if prevailing wages were paid), 2) donor letters supporting gifts totaling \$444,000 were in on the corporation's or foundation's letter head and did not clearly indicate that the gift was in support of the NEH challenge grant, and, 3) \$4,000 in donations were pledges not received or pledges honored after the grant period ended.

We made recommendations concerning the specific actions that the Museum must take to provide the OIG with adequate documentation. If the documentation is not received, we will question \$105,878.

GRANTEE MISSING DOCUMENTATION

James Agee Film Project - Follow-up and Additional Review January 23, 2001 Memo Report

The objective of our review was to determine what action the grantee had taken since we issued our report OIG-99-23 (CAA) on September 29, 2000.

In our report we noted that the Independent Public Accountant (IPA), who performed an OMB Circular A-133 audit for the fiscal year 1994 reported questioned costs. Another objective was to review the IPA's audit report for the fiscal year 1995 to find out if that report had any costs questioned.

Our review revealed that the grantee was able to provide documentation to reduce the questioned costs reported in the 1994 audit to

\$5,791. We also found that the IPA's report for 1995 contained question costs. The grantee provided adequate documentation to support most of the questioned costs; however, will still have questioned \$6,669. The total for the two years amounts to \$12,460.

We recommended that NEH recover the \$12,460. The NEH's Division of Public Programs and the Office of Grants Management have notified the OIG that the OIG should not seek recovery because they have determined the grantee completed the project and NEH has received "value for the funds expended." We are waiting for a response from the Deputy Chairman and General Counsel. Therefore, we are not reporting the \$12,460 as questioned costs at this time.

INVESTIGATION ACTIVITY

BACKGROUND

The Inspector General Act provides the authority for the Office of Inspector General to investigate possible violations of criminal or civil laws, administrative regulations, and agency policies, which relate to the programs and operations of the NEH. The OIG Hotline, e-mail address, and regular mail are efficient and effective means of receiving allegations or complaints from employees, grantees, contractors, and the general public. The OIG has obtained assistance from other OIGs, the Federal Bureau of Investigation, the Postal Inspection Service, and other investigative entities as applicable.

When the OIG receives a complaint or allegation of a criminal or administrative violation, we make a determination of the appropriate action to take. This can be an audit, an investigation, a referral to another NEH office or division, or a referral to another federal agency.

As of October 1, 2000, we did not have any active complaints. During the six months ending March 31, 2001, we received 14 "Hotline" contacts. Two cases were open at March 31, 2001.

CONTACTS DURING THIS PERIOD

We received eight internal (NEH staff) contacts this period.

- Two allegations involved violations of merit selection principles. We found no basis for the allegations in either case.
- Four allegations concerned unwanted e-mail and we referred these to the Federal Trade Commission.
- One allegation concerned the Combined Federal Campaign and a possible privacy violation. Our review found no basis for the allegation.
- One anonymous e-mail complaint that concerned the security of confidential information from visitors to the NEH Accounting Office. We spoke with the appropriate personnel in the Accounting Office and corrective action was taken.

We received three allegations concerning grantees and applicants for NEH grants.

- One allegation concerning the use of a vehicle by a Board member of a grantee. In response to this allegation, we opened an investigation. We are continuing to work on this case.

- One allegation that an applicant for an NEH grant was being investigated by the OIG of the Corporation for National Service (CNS). We contacted the CNS and learned they and other federal agencies are working on an investigation concerning misuse of funds. This investigation is on going. We instructed the NEH to hold off making the award until this matter is resolved.
- One allegation that a university, acting as the sponsoring organization for a project, had no right to submit an application involving the project to NEH for a grant. The allegation was made by a principal on the project. We opened an investigation and worked with the attorney for the individual who made the allegation and the attorney for the university acting as the sponsoring organization. We agreed to let the attorneys resolve the issue. We advised the NEH, should the subject application be approved for funding, not to make an award until the matter is resolved.

Three other matters were brought to our attention and we determined that they had no basis to open an investigation.

As of March 31, 2001, the two matters concerning grantees were open.

MATTERS REFERRED TO PROSECUTIVE AUTHORITIES

No new cases were referred for criminal prosecution.

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 continue to issue agency-wide e-mail messages to NEH staff informing them of the violations that should be reported to the OIG. We use e-mail messages to inform NEH staff about the OIG operations several times during the year. Posters advising staff to contact the OIG are posted throughout the agency building.

ANONYMOUS E-MAIL

We now have on the NEH Intranet and the Internet a system for staff, grantees, contractors, etc., to report waste, fraud, abuse,

and mismanagement in an anonymous manner. Two contacts were received this period via this system.

INVESTIGATION ACTIVITY

Open at beginning of period	0
Matters brought to the OIG during the reporting period	15
Total Investigative contacts	15
Closed or referred during reporting period	13
Open at end of Period	2

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 five grantees.

INDIRECT COST RATE DESK REVIEW REPORTS ISSUED

<u>Grantee</u>	<u>Report Number</u>	<u>Date Issued</u>
American Antiquarian Society	OIG-01-01 (IDC)	10-04-2000
Albany Institute of History and Art	OIG-01-02 (IDC)	10-04-2000
American Library Association	OIG-01-03 (IDC)	10-05-2000
The Center for Research Libraries	OIG-01-04 (IDC)	10-06-2000
National Video Resources	OIG-01-05 (IDC)	03-30-2001

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 are the result of OMB Circular A-133 audits. The single audits report on financial activities, compliance with laws and regulations, and grantee 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).

During this period we received and processed 132 audit reports. Six reports contained findings related to NEH grants. We are continuing our follow-up work on these. In

addition, we expended considerable effort in determining which grantees have not submitted OMB Circular A-133 audit reports. We have discovered that several organizations do not have sufficient funds for audits by independent public accountants.

The OIG is working with these organizations and their independent public accountants to develop an appropriate cost-effective audit approach.

To ensure that we receive OMB Circular A-133 audit reports from the state humanities councils in a timely manner, we sent an e-mail message to all of the executive directors and Board chairpersons. We will continue to send reminders to the state councils.

A-133 COMPLIANCE SUPPLEMENT

State humanities councils that receive at least \$300,000 per year are subject to Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". We have worked

with OMB updating the compliance supplement for the NEH Federal/State Partnership program, (CFDA 45.129) which is included in the OMB Circular A-133 Compliance Supplement.

PEER REVIEWS

The U.S. International Trade Commission OIG completed a peer review of our audit operations.

The ITC concluded that our system of quality control for audits in effect for the year ended September 30, 2000, generally complied with quality standards established by the

President's Council on Integrity and Efficiency. We have made several office policy and procedure changes based on the peer reviewer's comments.

In addition, we completed a peer review of the Commodity Futures Trading Corporation OIG audit operations.

FEDERAL MANAGER'S FINANCIAL INTEGRITY ACT REVIEW

The Federal Managers' Financial Integrity Act (FMFIA), Section 2 requires NEH management to provide assurance to the President and Congress that agency resources are protected from fraud, waste, mismanagement, and misappropriation.

Each year, we review the Agency's FMFIA process to assess its completeness in reporting weaknesses and deficiencies. This year, we advised management of follow-up actions necessary to resolve issues identified by the Division directors and office heads.

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 meeting. In addition, the IG attended the chairman's monthly policy group meetings. An

OIG staffperson attended monthly NEH Employee Association Meetings. The staff were also involved in the review of NEH administrative directives.

The Office of Inspector General contributes to the discussions; however, the office does not participate in policy making.

CONGRESSIONAL REQUESTS

We received and responded to several requests from both Senators and Congressmen.

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 government-wide activities to combat fraud

and waste in federal programs and operations. OIG staff regularly attend ECIE meetings and provide information to the ECIE.

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 agency programs and operations, and (2) contains adequate internal controls to prevent and detect fraud and abuse. During this period we provided the ECIE with comments on various matters affecting the OIG community.

OIG INTERNET AND INTRANET

The OIG has listed several semiannual reports on the Internet. The reports are accessible through the Inspectors General homepage (<http://www.ignet.gov/ignet/internal/neh/html>). The reports link to the NEH homepage (<http://www.neh.gov/html/oig/>). To access the semiannual reports from outside the NEH, enter the URL <http://www.ignet.gov>.

To enhance the NEH staff's recognition of the OIG mission and responsibilities, we provide links to several other federal agencies such as the Office of Management and Budget, the General Accounting Office, the Office of Government Ethics, and the IGNET.

A-133 WAIVER ISSUED BY NEH

NEH has waived the A-133 audit requirement for grants awarded in the Centers Program and the International Program. The justification for waiving the A-133 audit 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 provides 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 audit requirements. We requested that the NEH Office of General Counsel provide the OIG with a written opinion on the propriety of the A-133 waiver by the end of May 1999.

A draft opinion was received in September 2000, recognizing that NEH did not have the authority to waive the A-133 audit requirements for particular grantees or organizations.

1/ Memorandum from Director of Grants Office to Deputy Chairman.

**TABLE I
INSPECTOR GENERAL-ISSUED REPORTS
WITH QUESTIONED COSTS**

	Number Of Reports	Questioned Cost	Unsupported Cost
A. For which no management decision has been made by the commencement of the reporting period.	- 0 -	\$ - 0 -	\$ - 0 -
B. Which were issued during the reporting period.	- 0 -	- 0 -	- 0 -
Subtotals (A+B)	- 0 -	\$ - 0 -	\$ - 0 -
C. For which a management decision was made during the reporting period.			
<i>i.</i> Dollar value of disallowed costs.	- 0 -	\$ - 0 -	\$ - 0 -
<i>ii.</i> Dollar value of costs not disallowed (grantee subsequently supported all costs).	- 0 -	\$ - 0 -	\$ - 0 -
D. For which no management decision has been made by the end of the reporting period.	- 0 -	\$ - 0 -	\$ - 0 -
E. Reports for which no management decision was made within six months of issuance.	- 0 -	\$ - 0 -	\$ - 0 -

**TABLE II
INSPECTOR GENERAL-ISSUED REPORTS
WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

	Number of Reports	Dollar Value
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.	- 0 -	\$ - 0 -
<i>i.</i> Dollar value of recommendations that were agreed to by management.	- 0 -	\$ - 0 -
<i>ii.</i> 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 -

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).

THE OFFICE OF INSPECTOR GENERAL

**serves American taxpayers
by investigating reports of waste, fraud,
mismanagement, abuse, integrity violations or
unethical conduct 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
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