

# **NATIONAL ENDOWMENT** for the **ARTS**

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## **NATIONAL ENDOWMENT FOR THE ARTS OFFICE OF INSPECTOR GENERAL**

### **Limited Scope Audit Report on Selected Awards to Ohio Arts Council Columbus, Ohio**

**Report No. LS-19-03**

**March 18, 2019**

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# INTRODUCTION

## AGENCY BACKGROUND

The Ohio Arts Council (OAC) is a state agency created in 1965 to foster and encourage the development of the arts and assist the preservation of Ohio's cultural heritage. It is overseen by a Board composed of 15 voting members appointed by the governor and four non-voting members from the Ohio State Congress. Its mission is to fund and support quality arts experiences to strengthen Ohio communities culturally, educationally, and economically. This is accomplished by providing grant funding for artists and activities, as well as by providing services to enhance growth of the arts. The agency operates with annual funding from Ohio state appropriations and National Endowment for the Arts (NEA) awards.

## OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted a limited scope audit of the OAC for the period of July 1, 2015 through June 30, 2018. This type of audit involves a limited review of financial and non-financial information of NEA award recipients to ensure validity and accuracy of reported information, and compliance with Federal requirements. The objectives of this audit were to determine whether:

- The OAC's financial management system and recordkeeping comply with the requirements established by the Office of Management and Budget (OMB) and NEA's *General Terms and Conditions for Partnership Agreements (General Terms)*;
- The OAC fulfilled the financial and compliance requirements, including cost share/matching, set forth in the award; and
- Total project costs reported under the awards were reasonable, allocable, and allowable.

The limited scope audit was conducted in accordance with applicable U.S. Government Accountability Office *Government Auditing Standards (2011), as revised (Standards)*. The *Standards* require that we obtain sufficient, competent, and relevant evidence to afford a reasonable basis for our findings and conclusions. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances.

We reviewed the OAC's system of internal controls and conducted a risk assessment to determine the areas with moderate to high risk, and the level of transaction testing necessary to provide a reasonable basis for our findings and conclusions.

The OAC had three NEA awards with activity during the audit scope period, which were included in our limited scope audit (see table below). For cost testing purposes, we selected the two NEA awards that were closed at the start of the audit and had Federal Financial Reports (FFRs) submitted to the NEA. We did not test the third award because it was still open at the start of the audit and no costs had been reported to NEA. The following table lists the three awards with activity during the audit scope period.

<b>Award No.</b>	<b>Period of Performance</b>	<b>Award Amount</b>	<b>Total Reported Costs</b>
15-6100-2037	7/1/15 – 12/31/16	\$ 952,000	\$ 1,904,000
16-6100-2044	7/1/16 – 12/31/17	983,200	1,966,400
17-6100-2045	7/1/17 – 12/31/18	965,500	*
<b>TOTAL</b>		<b>\$2,900,700</b>	<b>\$ 3,870,400</b>

\*This award was still open with no costs reported when the audit started.

The three awards were Partnership grants requiring a one-to-one cost share/match with state appropriated funds. Awards were issued to support the OAC’s funding of arts programs and projects throughout the state. Funding included the following targeted components: General Partnerships, including Poetry Out Loud; Arts Education; and Underserved Communities. Award 16-6100-2044 included \$6,000 in funding for the Creativity Connects Roundtables program that was not subject to cost share/match requirements.

### **PRIOR AUDIT COVERAGE**

The NEA Office of Inspector General had not issued any audit reports on the OAC in the past five years. As of our site visit on August 13, 2018, the most recent issued audit report for the OAC was the Single Audit for the State of Ohio for the fiscal year ended June 30, 2017. Though the OAC was included in this audit, it was not selected for review as a major program. The audit resulted in an unmodified opinion on the financial statements for the State of Ohio.

The OAC was also included in the State financial statement audit for the year ended June 30, 2016. This audit disclosed internal control deficiencies regarding the OAC's revenue and payroll operations, and account reconciliations. The report stated that the revenue process was not properly segregated; internal controls over payroll were not consistently applied; and account reconciliations were not performed consistently, reconciled to internal documentation, or properly maintained. We considered these findings in conducting our audit.

## **AUDIT RESULTS**

### **SUMMARY**

Based on our limited scope audit, we concluded that the OAC generally did not comply with the financial management system and recordkeeping requirements established by the OMB and NEA. Following is a summary of our findings:

- The OAC included unallowable costs on the Federal Financial Report (FFR) for award No. 15-6100-2037;
- The OAC included unsupported costs on the FFRs for award Nos. 15-6100-2037 and 16-6100-2044;
- The OAC included costs incurred outside the period of performance on the FFRs for award Nos. 15-6100-2037 and 16-6100-2044;

- The OAC did not provide accurate, current, and complete disclosure of the financial results of award Nos. 15-6100-2037 and 16-6100-2044;
- The OAC did not provide notice of Federal award participation to subrecipients of awards used to meet the Federal cost share/match; and
- The OAC generally did not administer NEA awards in compliance with NEA and Federal regulations.

The following sections present a more detailed discussion of the findings.

## **UNALLOWABLE COSTS**

The OAC included unallowable costs on its FFR for award No. 15-6100-2037. Partnership awards issued by the NEA are subject to the following requirements:

- **NEA Partnership Agreements - Poetry Out Loud Component: Awards: 1. State awards:** All awards are paid directly by the Poetry Foundation. Poetry Out Loud funding as part of the NEA Partnership Agreement grant may not be used to supplement the awards.
- **NEA Partnership Agreements - Poetry Out Loud Component: 4. How may the funds be spent?** NEA grant funds and state matching funds may not be used for receptions, parties, additional monetary or merchandise prizes, or any other items of costs that are noted as unallowable in 2 CFR Part 200 – Subpart E.
- **NEA Instructions for Completing the Federal Financial Report:** All project expenditures must meet Federal requirements even if paid with your own funds (cost share/match). As such, exclude all unallowable expenditures from the FFR.

The OAC issued a subaward to a local partner for the management of the annual Poetry Out Loud (POL) program. During our review of the subaward, we identified a monetary payment of \$100 to a competitor in the state-wide competition. The payment was made with NEA award funds and included in costs reported on the FFR. We determined the \$100 cost is unallowable per NEA POL requirements. OAC officials advised us that they did not discover this discrepancy because they only review high level financial information of subawards. Including unallowable costs on the FFR could result in failure to meet the required cost share/match amount, resulting in a potential refund due back to the NEA (see Appendix A).

We recommend that the OAC establish written policies and implement procedures that ensure unallowable costs are excluded from award FFRs.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC's response).*

We recommend that the NEA disallow \$100 in unallowable award costs for award No. 15-6100-2037, with a potential refund due to the NEA.

## **UNSUPPORTED COSTS**

The OAC included unsupported costs on the FFRs for award Nos. 15-6100-2037 and 16-6100-2044. Awards issued by the NEA are subject to the following requirements:

- **2 CFR 200.403. *Factors Affecting Allowability of Costs (g)*:** In order to be allowable, costs must be adequately documented.
- **NEA *Instructions for Completing the Federal Financial Report*:** For the FFR you must report actual expenditures that you assigned to the approved NEA project, based on supporting documentation such as invoices, contracts, receipts, checks, transaction reports, and bank statements.

During our review, we identified subaward costs that were not supported by subrecipient documentation. For award No. 15-6100-2037, three transactions totaling \$3,680 were included in subaward costs that were not supported by required documentation. For award No. 16-6100-2044, three transactions totaling \$9,300 were included in subaward costs that were not supported by required documentation. We are questioning these unsupported costs. OAC officials advised us that they did not discover this discrepancy because they only review high level financial information of subawards. Including unsupported costs on the FFR could result in failure to meet the required cost share/match amount, resulting in a potential refund due back to the NEA (see Appendix A).

We recommend that the OAC establish written policies and implement procedures that ensure costs reported on the FFRs are adequately documented. We also recommend that the OAC provide to the NEA any additional supporting documentation for questioned unsupported costs -- \$3,680 for award No.15-6100-2037 and \$9,300 for award No. 16-6100-2044.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC's response).*

We recommend that the NEA review the requested additional supporting documentation of \$3,680 for award No.15-6100-2037 and \$9,300 for award No. 16-6100-2044 and determine allowability.

## **COSTS OUTSIDE THE PERIOD**

The OAC included costs incurred outside the period of performance on the FFRs for award Nos. 15-6100-2037 and 16-6100-2044. Awards issued by the NEA are subject to the following requirements:

- **2 CFR 200.309. *Period of Performance*:** A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the awarding agency or pass-through entity.

For award No. 15-6100-2037, five transactions totaling \$4,861 were incurred outside the award period. For award No. 16-6100-2044, 15 transactions totaling \$49,388 were incurred outside the award period. We are questioning these costs incurred outside the period. OAC officials advised us that they did not discover these discrepancies because they only review high level financial information of subawards. Including costs incurred outside the award period could result in failure to meet the required cost share/match amount, resulting in funds due back to the NEA (see Appendix A).

We recommend that the OAC establish written policies and implement procedures that ensure costs incurred outside the award period are excluded from award FFRs. We also recommend that the OAC provide to the NEA any additional supporting documentation for the questioned costs outside the period of performance -- \$4,861 for award No.15-6100-2037 and \$49,388 for award No. 16-6100-2044.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC's response).*

We recommend that the NEA review any additional supporting documentation provided for the \$4,861 for award No.15-6100-2037 and \$49,388 for award No. 16-6100-2044 and determine allowability.

## **INACCURATE COSTS REPORTED**

The OAC did not provide accurate, current, and complete disclosure of the financial results of award Nos. 15-6100-2037 and 16-6100-2044. Awards issued by the NEA are subject to the following requirements:

- **2 CFR 200.302. Financial Management (b)(2):** The financial management system for Federal award recipients must provide accurate, current, and complete disclosure of the financial results of each Federal award in accordance with reporting requirements established in 2 CFR 200.327.
- **NEA General Terms. 9 Financial Management (2 CFR 200.302) and Internal Controls 9.1:** Your financial management systems must meet standards described in sections 200.302(b)(1) through (b)(7), including: (a) accurate identification of Federal award data, financial results, and the ability to provide source documentation upon request.
- **NEA Instructions for Completing the Federal Financial Report:** Review your accounting and support documentation and report only actual, documented costs on the FFR.

Based on our review of the OAC's financial system, we determined that reported costs were overstated on the FFRs. We identified \$134,659 in overstated costs for award No.15-6100-2037 and \$106,157 in overstated costs for award No. 16-6100-2044. We are questioning these overstated costs. OAC officials advised us they reviewed FFR totals against the end-of-year budget report rather than actual cost allocations. This was done because the OAC did not have written procedures that ensure costs reported on the FFR were accurate and complete. Not

reporting actual costs on the FFR could result in failure to meet the required cost share/match amount, resulting in a potential refund due back to the NEA (see Appendix A).

We recommend that the OAC establish written policy and implement procedures that ensure actual costs are reported on the FFRs. We also recommend that the OAC provide to the NEA any additional supporting documentation for the questioned overstated costs -- \$134,659 for award No.15-6100-2037 and \$106,157 for award No. 16-6100-2044.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC's response).*

We recommend that the NEA review any additional supporting documentation provided to support the \$134,659 for award No.15-6100-2037 and \$106,157 for award No. 16-6100-2044 and determine allowability.

## **SUBAWARD NOTICES**

The OAC did not provide notice of Federal award participation to subrecipients of awards used to meet the Federal cost share/match. Awards issued by the NEA are subject to the following requirements:

- **2 CFR 200.331 Requirements for Pass-through Entities states in part:** All pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and sub award. Required information includes:
  - (2) All requirements imposed by the pass-through entity onto the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
- **NEA General Terms. Appendix B, Required Data Elements for Subaward Notices states in part:**
  - Pass-through entities are required to provide subrecipients with the following information any time a subaward is made with Federal funds or funds that are used to meet the Federal grant's required match.
    - In the case of subawards that are being made with only matching funds, you would list the Federal amount as zero but include all other required data elements, so that the recipient understands this award cannot be used to match another Federal grant.
    - Note: for items (vi), (vii), and (viii), if you have not determined the allocation of Federal/matching funds at the time the subaward is made,

you must make provisions to convey this information to the subrecipient at the time that Federal or matching funds are obligated to their award.

The OAC established a written policy and implemented procedures that ensure recipients of subawards made with NEA portion of the funds receive the required notices. However, OAC officials advised us they did not realize notification requirements extended to the subawards made with cost share/match funds. As a result, OAC did not notify subrecipients of subawards made with cost share/matching funds that the subawards were subject to Federal requirements. Failure to provide notification could result in subrecipients not managing the awards according to Federal requirements.

Additionally, the OAC's procedures for allocating state-funded subawards to the Federal award did not allow for timely notification of Federal requirements. The OAC's current procedure is to select state-funded subawards as a cost share/match of a Federal award when the FFR is prepared. However, the FFR is prepared after all subaward activity is complete and subrecipients have reported costs to the OAC. As a result, notification at this time would not allow the subrecipients time to meet Federal award management requirements, such as acknowledging the NEA on subaward marketing material or only reporting costs that are in compliance with 2 CFR 200 Subpart E.

We recommend that the OAC update the policy and implement procedures to notify subrecipients at the time of subaward issuance that their subaward was used as part of the cost share/match of a Federal award.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC's response).*

## **MANAGEMENT OF FEDERAL AWARDS**

The OAC generally did not administer NEA awards in compliance with NEA and Federal requirements. We identified issues with internal controls, record retention, and suspension and debarment.

### *Internal Controls*

The OAC did not comply with NEA and Federal regulations for establishing and maintaining internal controls over Federal awards. Awards issued by the NEA are subject to the following requirements:

- **2 CFR 200.303 Internal Controls (c):** The non-Federal entity must: Evaluate and monitor the non-Federal entity's compliance with statutes, regulations, and the terms and conditions of Federal awards.
- **NEA General Terms. 9. Financial Management (2 CFR 200.302) and Internal Controls: 9.2:** You must establish and maintain effective internal control over your award that provides reasonable assurance that you are managing the award in compliance

with Federal statutes, regulations, and the terms and conditions of the award. See recommended compliance documentation (2 CFR 200.303).

During our review, we identified internal control issues related to Transparency Act reporting requirements and commingling of Federal funds.

**Transparency Act Reporting** – The OAC did not ensure internal procedures established for meeting Transparency Act reporting requirements were followed. Awards issued by the NEA are subject to the following requirements:

- **NEA *The Transparency Act and Sub-Granting Reporting Requirements*:**
  - **(1) *What is the Transparency Act? states in part:*** Prime awards are reported to USASpending.gov by Federal agencies; sub-awards made under these prime awards are then reported by the prime award recipient, further enhancing the transparency of federal spending.
  - **(3) *What Federal awards are subject to these reporting requirements? states in part:*** Only those sub-awards that include \$25,000 or more in NEA funds must be reported.
  - **(4) *How and where is this information reported? states in part:*** As the “Prime Awardee”, you will report on sub-awards that meet the reporting threshold using the FFATA Sub-award Reporting System (FSRS) at [www.fsr.gov](http://www.fsr.gov). . . . Please note that only you can submit FSRS data; your sub-awardees do not report their own information.
  - **(6) *What is the deadline for reporting this information? states in part:*** You have until the end of the month plus one additional month after a sub-award is obligated (again, this is the date that your agency/organization uses for the official award date, and can vary depending on your internal policies) to fulfill the reporting requirement.

The OAC has written internal procedures for meeting the reporting requirement and notifying the subrecipient. However, there are no internal controls to ensure the procedures were followed and the reporting requirements were met. We identified sixteen subawards issued during the audit period that were subject to the reporting requirement. We tested ten subawards to determine if they had been reported to USASpending.gov, as required. Based on our review, we determined that none of the ten were present on USASpending.gov. Failure to ensure subawards are reported to USASpending.gov could result in the public receiving incomplete information on where Federal dollars are spent.

We recommend that the OAC strengthen its internal controls to ensure that established procedures are enforced.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC’s response).*

**Commingled Funds** – Federal funds were commingled for award Nos. 15-6100-2037, 16-6100-2044, and 17-1600-2045. Awards issued by the NEA are subject to the following requirements:

- **2 CFR 200.302 *Financial Management* (b):** The financial management system of each non-Federal entity must provide for the following:
  - **(1), in part:** Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
  - **(3):** Records that identify adequately the source and application of funds for Federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.

The OAC’s financial management system allows for separate identification of NEA funds by award, as required. Internal procedures for recording subaward expenditures require the Finance Department to identify the fund source (state or Federal) and, for a Federal fund source, the Federal grant number. However, the Finance Department did not identify the grant number when recording a Federal fund source and internal controls were not enforced to ensure procedures were followed. OAC officials advised us they thought that identifying a fund source as Federal was sufficient because the OAC only receives Federal funds from the NEA. However, we determined that NEA award periods overlapped, therefore, it is necessary to identify the grant number to ensure expenditures are applied to the proper award. Failure to properly identify the funding sources of expenditures could result in the improper application of NEA funds.

We recommend that the OAC enforces written internal procedures over Federal award expenditures.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC’s response).*

### *Record Retention*

The OAC’s record retention policies does not meet Federal retention requirements. Awards issued by the NEA are subject to the following requirements:

- **2 CFR 200.333. *Retention Requirements for Records:*** Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report.

The OAC has not specified a retention period for electronic records that meets minimum Federal requirements. Additionally, the policies for paper records do not meet minimum Federal requirements. The OAC believed that the Ohio Department of Administrative Services review and approval of the policies meant that it was in compliance with Federal regulations. Failure to establish record retention policies and procedures in accordance with Federal requirements could

result in the destruction of pertinent award documents prior to the end of the Federal retention period.

We recommend that the OAC revise its written record retention policies and implement procedures that meet Federal award requirements.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC's response).*

### *Suspension and Debarment*

The OAC does not conduct suspension and debarment reviews for subrecipients who are awarded less than \$25,000 in Federal funds. Awards issued by the NEA are subject to the following requirements:

- **2 CFR 180.300. *What must I do before I enter into a covered transaction with another person on the next lower tier?*** When you enter into a covered transaction with another person at the next lower tier you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:
  - a. Checking SAM exclusions; or
  - b. Collecting a certification from that person; or
  - c. Adding a clause or condition to the covered transaction with that person.
- **NEA General Terms. *Appendix A: National Policy and Other Legal Requirements, Statutes, and Regulations that Govern Your Award 3. Debarment and Suspension.*** You must comply with requirements regarding debarment and suspension in Subpart C of 2 CFR 180, as adopted by the Arts Endowment in 2 CFR 32.3254.

OAC officials advised us they were not aware that the suspension and debarment requirement applied to all recipients of Federal funds. The OAC had established policy and procedures to conduct reviews on subrecipients who are awarded \$25,000 or more in Federal funds. However, that review was not documented and we were unable to verify that it was conducted during the period under review. We conducted a review of suspension and debarment and determined that none of the 12 selected subrecipients were suspended or debarred from receiving Federal funds.

We recommend that the OAC update its policies and implement procedures to ensure it verifies that all potential subrecipients are not excluded or disqualified from receiving Federal funds prior to entering into agreements. We also recommend that the OAC reviews current subaward recipients to ensure that the parties are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC's response).*

## *Training*

OAC employees are not familiar with NEA and Federal award requirements. Awards issued by the NEA are subject to the following requirements:

- **NEA General Terms.**

**1 *Applicability 1.3:*** The Partnership General Terms and Conditions (GTCs) are also based on the NEA's legislation and established policies, along with other Federal statutes, regulations, and Executive Orders that apply to grants and cooperative agreements. Award recipients must be familiar with and comply with these requirements.

During our review, OAC officials advised us that they did not fully understand Federal regulations. The OAC's lack of familiarity with Federal regulations resulted in issues with record retention, internal controls, suspension and debarment, reporting requirements, and notification of subrecipients' participation in a Federal award.

We recommend that the OAC establish a written policy and implement procedures that ensure all employees working with NEA awards are trained on the management of Federal awards.

*The OAC concurs with this finding and recommendation (see Appendix B for the OAC's response).*

## RECOMMENDATIONS

We recommend that the OAC:

1. Establish written policies and implement procedures that ensure unallowable costs are excluded from award FFRs.
2. Establish written policies and implement procedures that ensure costs reported on the FFRs are adequately documented.
3. Provide to the NEA any additional supporting documentation for questioned unsupported costs -- \$3,680 for award No.15-6100-2037 and \$9,300 for award No. 16-6100-2044.
4. Establish written policies and implement procedures that ensure costs incurred outside the award period are excluded from award FFRs.
5. Provide to the NEA any additional supporting documentation for questioned costs outside the period -- \$4,861 for award No.15-6100-2037 and \$49,388 for award No. 16-6100-2044.
6. Establish a written policy and implement procedures that ensure actual costs are reported on the FFRs.
7. Provide to the NEA any additional supporting documentation for the questioned overstated costs -- \$134,659 for award No.15-6100-2037 and \$106,157 for award No. 16-6100-2044.
8. Update the policy and implement procedures to notify subrecipients at the time of subaward issuance that their subaward was used as part of the cost share/match of a Federal award.
9. Strengthen its internal controls to ensure that established procedures are enforced.
10. Enforces written internal procedures over Federal award expenditures.
11. Revise its written record retention policies and implement procedures that meet Federal award requirements.
12. Update its policies and implement procedures to ensure it verifies that all potential subrecipients are not excluded or disqualified from receiving Federal funds prior to entering into agreements.
13. Review current subaward recipients to ensure that the parties are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.
14. Establish a written policy and implement procedures that ensure all employees working with NEA awards are trained on the management of Federal awards.

We recommend that the NEA:

1. Disallow \$100 in unallowable award costs for award No. 15-6100-2037, with a potential refund due to the NEA.
2. Review the requested additional supporting documentation of \$3,680 for award No.15-6100-2037 and \$9,300 for award No. 16-6100-2044 and determine allowability.
3. Review the requested additional supporting documentation of \$4,861 for award No.15-6100-2037 and \$49,388 for award No. 16-6100-2044 and determine allowability.
4. Review the requested additional supporting documentation of \$134,659 for award No.15-6100-2037 and \$106,157 for award No. 16-6100-2044 and determine allowability.

## BREAKDOWN OF AWARD CALCULATIONS

### *Award No. 15-6100-2037*

Total Reported Costs	\$ 1,904,000
Less Questioned Costs	
Unallowable Costs	(100)
Unsupported Costs	(3,680)
Costs Incurred Outside the Period	(4,861)
Overstated Costs	(134,659)
Adjusted Allowable Reported Costs	\$ 1,760,700
Adjusted Allowable Reported Costs	\$ 1,760,700
Less NEA Share of Costs*	(880,350)
OAC Cost Share/Match	\$ 880,350
OAC Cost Share/Match	\$ 880,350
Less NEA Disbursement	(952,000)
<b>Potential Refund Identified</b>	<b>\$ (71,650)</b>

*\*NEA share is half of the Adjusted Allowable Reported Costs.*

### *Award No. 16-6100-2044*

Total Reported Costs	\$ 1,966,400
Less Non-Match Amendment Costs	(6,000)
Adjusted Reported Costs	\$ 1,960,400
Less Questioned Costs	
Unsupported Costs	(9,300)
Costs Incurred Outside the Period	(49,388)
Overstated Costs	(106,157)
Adjusted Allowable Reported Costs	\$ 1,795,555
Adjusted Allowable Reported Costs	\$ 1,795,555
Less NEA Share of Costs*	(897,777)
OAC Cost Share/Match	\$ 897,778
OAC Cost Share/Match	\$ 897,778
Non-Match Amendment Costs	6,000
Less NEA Disbursement	(983,200)
<b>Potential Refund Identified</b>	<b>\$ (79,422)</b>

*\*NEA share is half of the Adjusted Allowable Reported Costs.*

March 15, 2019

Ron Stith  
Inspector General  
National Endowment for the Arts  
400 7<sup>th</sup> Street, SW  
Washington, DC 20506

RE: Limited Scope Audit Report on Selected Awards to Ohio Arts Council, Columbus, OH, Report No. LS- 19-XX

Dear Mr. Stith,

The Ohio Arts Council (OAC) has always strived to model the best possible practices for award management and the related administration of all funds with which we are entrusted. In the months ahead we will continue to work to fully comply with all applicable financial management and recordkeeping requirements of the National Endowment for the Arts. Please see the OAC's responses to the report as issued below:

Finding #1: UNALLOWABLE COSTS

*OAC concurs with all findings and will implement associated recommendation(s) as described.*

Finding #2: UNSUPPORTED COSTS

*OAC concurs with all findings and will implement associated recommendation(s) as described.*

Finding #3: COSTS OUTSIDE THE PERIOD

*OAC concurs with all findings and will implement associated recommendation(s) as described.*

Finding #4: INACCURATE COSTS REPORTED

*OAC concurs with all findings and will implement associated recommendation(s) as described.*

Finding #5: SUBAWARD NOTICES

*OAC concurs with all findings and will implement associated recommendation(s) as described.*

Finding #6: MANAGEMENT OF FEDERAL AWARDS

*OAC concurs with all findings and will implement associated recommendation(s) as described.*

Our staff appreciates the attention devoted to our work during the audit process and looks forward to next steps. If you have any questions please feel free to contact me.

Sincerely,



Donna S. Collins  
Executive Director