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NATIONAL ENDOWMENT FOR THE ARTS OFFICE OF INSPECTOR GENERAL

Performance Audit Report on Selected Awards to The Writer's Center Bethesda, MD

Report No. OIG-20-01

February 27, 2020

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SUMMARY

We conducted a performance audit of The Writer's Center (Center) for the period of February 1, 2016 through January 31, 2019. Awards selected for review were Award Nos. DCA 2015-03, DCA 2016-02, and DCA 2017-15.

Based on our audit, we concluded that the Center generally complied with financial management system and recordkeeping requirements established by the Office of Management and Budget (OMB) and the National Endowment for the Arts (Arts Endowment). However, we identified some areas requiring improvement. A summary of our findings is as follows. The Center:

- Did not meet Federal requirements for allocating employee compensation costs to Arts Endowment awards.
- Included unallowable costs on its Federal Financial Report (FFR) for Award No. DCA 2016-02.
- Included unallowable travel costs on its FFRs for Award Nos. DCA 2016-02 and DCA 2017-15.
- Included excess travel costs on its FFRs for Award Nos. DCA 2015-03 and DCA 2017-15.
- Did not verify debarment and suspension eligibility of potential recipients of Federal funds.
- Did not maintain a Section 504 Self-Evaluation on file during the audit period.
- Did not fully comply with financial management award requirements.

INTRODUCTION

AUDITEE BACKGROUND

The Center is a non-profit organization dedicated to empowering writers, and those who want to write, through workshops, events, and creative collaborations. It achieves its mission by hosting writing workshops and literary events, and promoting local art scenes with partner organizations. During the audit period, the Center operated with financial support from the Arts Endowment, state and local agencies, foundations, corporations, and individual donors.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted a performance audit of the Center for the period of February 1, 2016 through January 31, 2019. This type of audit involves a limited review of financial and non-financial information of Arts Endowment 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 Center's financial management system and recordkeeping complied with the requirements established by the Office of Management and Budget (OMB) and the Arts Endowment's *General Terms and Conditions for Grant and Cooperative Agreements to Organizations (General Terms)*;
- The Center 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 performance 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 Center'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 audit scope period was from February 1, 2016 through January 31, 2019. The Center had three Arts Endowment awards that were closed during the audit scope period. We included all three awards in our audit scope. The following table lists the three awards:

| Arts Endowment Award No. | Original Award Amount | Amendment Amount | De-obligated Amount | Adjusted Award Amount | Total Reported Costs |
|---------------------------------|------------------------------|-------------------------|----------------------------|------------------------------|-----------------------------|
| DCA 2015-03 | \$ 400,000 | \$ 80,000 | \$ 41,800 | \$ 438,200 | \$ 438,200 |
| DCA 2016-02 | 680,000 | 136,000 | 0 | 816,000 | 816,000 |
| DCA 2017-15 | 548,000 | 0 | 221,000 | 327,000 | 327,000 |
| TOTAL | \$1,628,000 | \$216,000 | \$262,800 | \$1,581,200 | \$1,581,200 |

Award No. DCA 2015-03 was awarded to support the Arts Endowment/Walter Reed Healing Arts Partnership, managing weekly creative writing sessions and a creative arts therapy program at the Walter Reed National Military Medical Center (Walter Reed) and Fort Belvoir Community Hospital (Fort Belvoir). The award period of performance (award period) was January 1, 2015 through December 31, 2015. The award totaled \$480,000; the original amount of \$400,000 and an \$80,000 amendment to expand the program to the Navy Special Warfare Group/SEALS in Virginia Beach. The award did not have a cost share/match requirement and the Center de-obligated \$41,800 from the award, leaving an adjusted award amount of \$438,200. The Center incurred \$773 in costs over the total reported costs of \$438,200. We included the additional costs in our audit.

Award No. DCA 2016-02 was awarded to support management of the Healing Arts Partnership at Walter Reed, Fort Belvoir, Virginia Beach, and across the Walter Reed campus. The original award period was January 1, 2016 through December 31, 2016. The award totaled \$816,000; the original amount of \$680,000 and a \$136,000 amendment to support planning for nationwide expansion of the Partnership. The Center received a second amendment extending the award period from December 31, 2016 to February 28, 2017. The Center received a third amendment extending the final reporting deadline from May 29, 2017 to June 30, 2017. The award did not have a cost share/match requirement. The Center incurred \$6,033 in costs over the total reported costs of \$816,000. We included the additional costs in our audit.

Award No. DCA 2017-15 was awarded to support components of Creative Forces, formerly the Healing Arts Partnership. The award provided support to create and maintain a digital National Resource Center, as well as sustain and expand the creative writing program. The award period was March 1, 2017 through December 31, 2017. The Center received an original award of \$548,000. The award agreement was amended to extend the final reporting deadline from March 31, 2018 to May 31, 2018. The award did not have a cost share/match requirement. The Center de-obligated \$221,000, leaving an adjusted award amount of \$327,000. The Center incurred \$1,155 in costs over the total reported costs of \$327,000. We included the additional costs in our audit.

PRIOR AUDIT COVERAGE

The Arts Endowment Office of Inspector General had not issued any audit reports on the Center in the past five years. As of our site visit on April 1, 2019, the Center's most recent published audit report was the financial statement audit for fiscal year ended June 30, 2018, issued by Mullins, P.C. The audit was conducted in accordance with generally accepted accounting principles. The auditors concluded that the statements presented fairly, in all material respects, the Center's financial position as of June 30, 2018.

AUDIT RESULTS

QUESTIONED PERSONNEL COSTS

The Center's method for allocating employee compensation costs to Arts Endowment awards did not meet Federal requirements. During our audit, we determined that the Center used estimates when allocating salary and fringe benefit (compensation) costs to the awards: \$83,500 for Award No. DCA 2015-03, \$136,537 for Award No. DCA 2016-02, and \$76,875 for Award No. DCA 2017-15. The Center did not make adjustments to ensure final amounts recorded on the FFRs were accurate, allowable and properly allocated.

The awards were subject to Federal and Arts Endowment award requirements, including the following:

- **2 CFR 200.430(a)(3):** Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in 200.431 Compensation - Fringe Benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: is determined and supported as provided in paragraph (i) of this section, *Standards for Documentation of Personnel Expenses*, when applicable.
- **2 CFR 200.430(i)(1)(viii)(C):** Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes provided that: the non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to Federal awards based on budget estimates. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
- **2 CFR 200.430(i)(6):** Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.

Center officials stated they used estimated compensation costs because they relied on the Arts Endowment for instruction and were not aware of Federal requirements. During our audit, the Center developed written procedures to ensure compensation costs recorded to Federal awards are accurate and supported. Also, the Center provided support for the salary costs based on an alternative proposal, which will be forwarded to the Arts Endowment for consideration per 2 CFR 200. 430. Allowability of the alternative proposal will be determined by the Arts Endowment's management during the audit follow-up process. Including estimated costs on FFRs could result in potential refunds due back to the Arts Endowment. Based on the questioned costs stated above, we reduced the allowable expenditures of each award (see Appendix A).

During our audit, the Center developed written procedures to ensure compensation costs recorded to Federal awards are accurate and supported. Also, the Center provided support for the salary costs based on an alternative proposal, which will be forwarded to the Arts Endowment for consideration per 2 CFR 200. 430. Allowability of the alternative proposal will be determined by the Arts Endowment's management during the audit follow-up process.

We recommend the Arts Endowment review the supporting documentation for compensation costs in the amount of \$83,500 for Award No. DCA 2015-03, \$136,537 for Award No. DCA 2016-02, and \$76,875 for Award No. DCA 2017-15 and determine if any refund is due.

The Center's response did not state whether or not it concurred with this finding (see Appendix B).

COSTS NOT ASSOCIATED WITH THE AWARD

The Center included unrelated costs totaling \$978 on its FFR for Award No. DCA 2016-02. During our audit, we identified one transaction which was unrelated to the award and should not have been included in reported costs. Center officials stated the payment was to a writing instructor for leading a workshop related to normal business operations, not award activities.

This award was subject to Federal and Arts Endowment award requirements, including the following:

- **2 CFR 200.403(a):** Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- **Arts Endowment Handbook for Recipients of Grants and Cooperative Agreements to Organizations, Part 1.6.2.b states in part:** Final reports must not include activities or expenditure that are not consistent with the approved project or budget.
- **Arts Endowment FFR Instructions:** 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.

Center officials stated the error occurred when the payment was voided then improperly recorded to the award when re-entered. During the audit period, the Center developed and implemented new controls over disbursements, voids, and bank reconciliations. However, documented policies and procedures were not updated to reflect the new controls. The correcting entry occurred during this period of transition in accounting procedures, which is why the miscoding was not identified. Failure to update documented policies and procedures could result in inconsistent application of new processes, further resulting in improper recording of unallowable costs. Including unallowable costs in award FFRs could result in a potential refund due back to the Arts Endowment. Based on the unallowable costs stated above, we reduced the allowable expenditures for Award No. DCA 2016-02 (see Appendix A).

We recommend the Center update its documented policies and procedures to include the new controls. We also recommend that the Center follow its updated controls to ensure costs are properly recorded.

We recommend the Arts Endowment disallow \$978 in unrelated costs charged to Award No. DCA 2016-02. We also recommend the Arts Endowment determine if any refund is due.

The Center's response did not state whether or not it concurred with this finding or recommendations (see Appendix B).

UNALLOWABLE TRAVEL COSTS

The Center included unallowable travel costs totaling \$864 on its FFRs for Award Nos. DCA 2016-02 and DCA 2017-15. During our audit of Award No. DCA 2016-02, we identified one transaction that included \$453 in personal travel costs. During our audit of Award No. DCA 2017-15, we identified two transactions that included \$411 in personal and duplicate travel costs.

This award was subject to Federal and Arts Endowment award requirements, including the following:

- **2 CFR 200.403(b):** Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- **2 CFR 200.53(b):** Improper payment includes any payment to an ineligible party, any payment of an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.
- **Arts Endowment FFR Instructions:** 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 Center adopted the Federal Travel Regulation (FTR) as its travel policies for Arts Endowment awards. The FTR is codified under 41 CFR, which states:

- **41 CFR 301-2.2, in part:** Your agency may pay only those expenses essential to the transaction of official business.
- **41 CFR 301-2.4, in part:** Your agency will not pay for excess costs resulting from circuitous routes, delays, or luxury accommodations or services unnecessary or unjustified in the performance of official business.

The Center has documented procedures for travel reimbursements; however, these procedures were not followed when employees were reimbursed for travel costs. Center officials stated the reviewer must not have noticed the personal costs when approving the invoices for payment. Including unallowable costs in award FFRs could result in potential refunds due back to the Arts Endowment. Based on the finding above, we reduced the allowable expenditures of the two awards (see Appendix A).

We recommend the Center follow its established travel reimbursement procedures to ensure unallowable travel costs are excluded from reported costs.

We recommend the Arts Endowment disallow \$864 in unallowable travel costs: \$453 from Award No. DCA 2016-02 and \$411 from Award No. DCA 2017-15. We also recommend the Arts Endowment determine if any refund is due.

The Center's response did not state whether or not it concurred with this finding or recommendation (see Appendix B).

EXCESS TRAVEL COSTS

The Center included excess travel (per diem) costs totaling \$268 on its FFRs for Award Nos. DCA 2015-03 and DCA 2017-15. During our audit, we identified \$36 in excess per diem costs under Award No. DCA 2015-03, and \$232 in excess per diem costs under Award No. DCA 2017-15. The transactions did not include explanations for why costs exceeded standard per diem rates.

The Center followed the FTR when employees or contractors traveled under the awards. The FTR includes the following:

- **41 CFR 301-2.2(b):** Your agency may pay only those expenses essential to the transaction of official business, which include: Per diem expenses as provided in Part 301-11 of this chapter.
- **41 CFR 301-11.7, in part:** Your tour of duty location determines your maximum per diem reimbursement rate.
- **41 CFR 301-11.300, in part:** When is actual expense reimbursement warranted?
 - (b) Costs have escalated because of special events; lodging and meal expenses within prescribed allowances cannot be obtained nearby; and costs to commute

to/from the nearby location consume most or all of the savings achieved from occupying less expensive lodging;

- (e) Any other reason approved within your agency.
- **41 CFR 301-11.303, in part:** Request for authorization for reimbursement under actual expense should be made in advance of travel. However, subject to your agency's policy, after the fact approvals may be granted when supported by an explanation acceptable to your agency. Also, your agency can issue a blanket actual expense authorization under 41 CFR 301-70.201.

The Center has documented procedures for travel reimbursements; however, these procedures were not followed when employees were reimbursed for travel costs. Center officials stated the reviewer must not have noticed the excess costs when approving the invoices for payment. Including excess per diem costs in award FFRs could result in potential refunds due back to the Arts Endowment. Based on the questioned costs stated above, we reduced the allowable expenditures of the two awards (see Appendix A).

We recommend the Center follow its established travel reimbursement procedures to ensure excess per diem costs are excluded from reported costs. We also recommend that the Center provide to the Arts Endowment any additional supporting documentation for the questioned per diem costs.

We recommend the Arts Endowment review the requested additional supporting documentation for excess per diem costs and determine whether to disallow the costs: \$36 for Award No. DCA 2015-03 and \$232 for Award No. DCA 2017-15. We also recommend that the Arts Endowment determine if any refund is due.

The Center's response did not state whether or not it concurred with this finding or recommendations (see Appendix B).

DEBARMENT AND SUSPENSION

The Center did not have procedures for conducting debarment and suspension reviews of potential recipients of Federal awards.

The awards were subject to Federal and Arts Endowment award requirements, including the following:

- **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.

- **Arts Endowment *General Terms*. Appendix A.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.

Center officials stated that they were not aware of these award requirements. Failure to conduct reviews for debarment and suspension could result in Federal funds issued to ineligible recipients.

We recommend the Center establish and implement written policy and procedures that ensure potential recipients of Federal funds are not debarred or suspended from receiving Federal assistance.

The Center's response did not state whether or not it concurred with this finding or recommendation (see Appendix B).

SECTION 504 SELF-EVALUATION

The Center did not maintain a Section 504 Self-Evaluation on file during the audit period.

The awards were subject to Federal and Arts Endowment requirements, including the following:

- **NEA *General Terms*, Appendix A.1. *Nondiscrimination Policies*:**
 - **1.f states in part:** Section 504 of the Rehabilitation Act of 1973, as amended, provides that no otherwise qualified individual with a disability in the United States shall, solely by reason of his/her disability, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance (29 USC 794).
 - **1.f.i *Self-Evaluation and Additional Resources* states in part:** A Section 504 Self-Evaluation must be on file at your organization.

Center officials stated that they were not aware of these award requirements. Failure to maintain a Section 504 Self-Evaluation could result in program participants being denied required accommodations.

We recommend the Center complete a Section 504 Self-Evaluation to ensure compliance with the Rehabilitation Act of 1973, as amended, and submit a copy to the Arts Endowment.

The Center's response did not state whether or not it concurred with this finding or recommendation (see Appendix B).

MANAGEMENT OF FEDERAL AWARDS

The Center did not adhere to Federal award financial management requirements. During our review, we determined the Center did not have written procedures for implementing Federal payment requirements or determining cost allowability. Additionally, Center officials stated they were not aware of multiple award requirements.

The awards were subject to Federal and Arts Endowment award requirements, including the following:

- **2 CFR 200.302(b):** The financial management system of each non-Federal entity must provide for the following:
 - (6) Written procedures to implement the requirements of 200.305 Payment; and
 - (7) Written procedures for determining the allowability of costs in accordance with Subpart E - Cost Principles of this part and the terms and conditions of the Federal award.
- **Arts Endowment *General Terms*, Section 1.3, in part:** The *General Terms* are also based on the National Endowment for the Arts 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.

Center officials stated that they were not aware of these award requirements. According to Center officials, they relied on one employee to ensure Federal awards were properly managed. That employee worked closely with the Arts Endowment, but was not trained in Federal award requirements. Center officials also stated they did not have the resources to provide Federal award training to employees responsible for management or oversight of Federal awards. The Center's lack of documented procedures or familiarity with Federal award requirements resulted in issues with cost allowability and allocation, suspension and debarment review, and accessibility for disable individuals.

We recommend the Center establish and implement written procedures for requesting Federal funds and determining cost allowability. We also recommend the Center establish and implement written procedures that meet Federal financial management requirements. Furthermore, we recommend that the Center establish and implement written policies and procedures that ensure employees responsible for Federal award management or oversight are familiar with Federal and Arts Endowment award requirements.

The Center's response did not state whether or not it concurred with this finding or recommendations (see Appendix B).

RECOMMENDATIONS

We recommend the Center:

1. Update its documented policies and procedures to include the new controls.
2. Follow its updated controls to ensure costs are properly recorded.
3. Follow its established travel reimbursement procedures to ensure unallowable travel costs are excluded from reported costs.
4. Follow its established travel reimbursement procedures to ensure excess per diem costs are excluded from reported costs.

5. Provide to the Arts Endowment any additional supporting documentation for the questioned per diem costs.
6. Establish and implement written policy and procedures that ensure potential recipients of Federal funds are not debarred or suspended from receiving Federal assistance.
7. Complete a Section 504 Self-Evaluation to ensure compliance with the Rehabilitation Act of 1973, as amended, and submit a copy to the Arts Endowment.
8. Establish and implement written procedures for requesting Federal funds and determining cost allowability.
9. Establish and implement written procedures that meet Federal financial management requirements.
10. Establish and implement policies and procedures that ensure employees responsible for Federal award management or oversight are familiar with Federal and Arts Endowment award requirements.

We recommend the Arts Endowment:

1. Review the supporting documentation for compensation costs in the amount of \$83,500 for Award No. DCA 2015-03, \$136,537 for Award No. DCA 2016-02, and \$76,875 for Award No. DCA 2017-15 and determine if any refund is due.
2. Disallow \$978 in unrelated costs charged to Award No. DCA 2016-02. Determine if any refund is due.
3. Disallow \$864 in unallowable travel costs: \$453 from Award No. DCA 2016-02 and \$411 from Award No. DCA 2017-15. Determine if any refund is due.
4. Review the requested additional supporting documentation for excess per diem costs and determine whether to disallow the costs: \$36 for Award No. DCA 2015-03 and \$232 for Award No. DCA 2017-15. Determine if any refund is due.

BREAKDOWN OF AWARD CALCULATIONS

| <i>Arts Endowment Award No. DCA 2015-03</i> | |
|---|----------------------------|
| Total Reported Costs | \$ 438,200 |
| Add Understated FFR Costs | <u>773</u> |
| Adjusted Costs | \$ 438,973 |
| Less Questioned Costs | |
| Estimated Allocations | (83,500) |
| Excess Per Diem | <u>(36)</u> |
| Potential Adjusted Allowable Costs | \$ 355,437 |
| Less Arts Endowment Award Disbursement | <u>(438,200)</u> |
| Potential Refund Identified | <u><u>\$ (82,763)</u></u> |
| <i>Arts Endowment Award No. DCA 2016-02</i> | |
| Total Reported Costs | \$ 816,000 |
| Add Understated FFR Costs | <u>6,033</u> |
| Adjusted Costs | \$ 822,033 |
| Less Unallowable Costs | |
| Unrelated | (978) |
| Travel | (453) |
| Less Questioned Costs | |
| Estimated Allocations | <u>(136,537)</u> |
| Potential Adjusted Allowable Costs | \$ 684,065 |
| Less Arts Endowment Award Disbursement | <u>(816,000)</u> |
| Potential Refund Identified | <u><u>\$ (131,935)</u></u> |
| <i>Arts Endowment Award No. DCA 2017-15</i> | |
| Total Reported Costs | \$ 327,000 |
| Add Understated FFR Costs | <u>1,155</u> |
| Adjusted Costs | \$ 328,155 |
| Less Unallowable Costs | |
| Travel | (411) |
| Less Questioned Costs | |
| Estimated Allocations | (76,875) |
| Excess Per Diem | <u>(232)</u> |
| Potential Adjusted Allowable Costs | \$ 250,637 |
| Less Arts Endowment Award Disbursement | <u>(327,000)</u> |
| Potential Refund Identified | <u><u>\$ (76,363)</u></u> |



February 24, 2020

Office of the Inspector General
National Endowment for the Arts
400 7th Street SW
Washington DC, 20506

Attn: Katie Weisner, Auditor

Re: Report No. OIG-20-0X

Dear Ms. Weisner,

I am writing on behalf of The Writer's Center to respond and provide comments to the Inspector General's draft Report No. IG-20-0X, Performance Audit Report on Selected Awards to The Writer's Center, Bethesda, MD. The Writer's Center appreciates the opportunity to comment on the report.

The Writer's Center's role in the awards significantly, and highly successfully, expanded the National Endowment for the Arts Military Healing Arts Partnership. Under this Partnership, the NEA collaborated with the Department of Defense on novel programs that provided arts education as therapy for servicemen returning from combat operations with physical injuries or emotional trauma. Among the first programs to arise from this partnership were creative and expressive writing classes for the National Intrepid Center of Excellence (NICoE) at Walter Reed National Military Medical Center at Bethesda, a research and treatment facility for active-duty service members with both traumatic brain injury and psychological health conditions.

NICoE and the DoD were encouraged by the initial results of the Healing Arts Partnership and began exploring ways to expand the programs, including the creative writing programs. When approached by NICoE, The Writer's Center agreed to participate and for three years collaborated with NEA, DoD, the Department of Veterans Affairs, and state agencies to develop creative writing programs at Walter Reed and other military bases. Professional writers, most of whom had military backgrounds and had written about their military experiences, toured military bases to lead creative writing workshops, which proved highly successful in improving the mental health of the participants. Both the participants and hosting military officers praised The Writer's Center's programs:

- "Art makes a difference in the quality of life for our wounded warriors and those around them." Rear Admiral Alton L. Stocks, Commander of Walter Reed National Military Medical Center.

USE YOUR WORDS.

The Writer's Center is a 501(c)3 literary arts nonprofit.
writer.org | 4508 Walsh St, Bethesda, MD 20815 |
301.654.8664

POET LORE
poetlore.com

- "I think expressive writing is a powerful tool for self-reflection, supported by research (e.g. Pennebaker), and it is accessible for service members to continue beyond the therapeutic environment. Several service members have continued to do writing projects after completing the IOP." Survey Response from Joint Base Lewis-McChord.
- "The clinic feels that the more diverse options available to help reach soldiers the better and the creative arts therapies opens up unique options for therapeutic treatment." Survey Response from Fort Carson.

The program proved so successful that it expanded into a national program, with classes at 33 different bases, that grew beyond the capacity of The Writer's Center to administer.

At the request of NICoE, The Writer's Center agreed to administer the awards for the convenience of NEA. At the time, The Writer's Center had six employees and a budget of less than \$1 million. Most of the award funds were passed through to instructors and others working with the veterans. In response to the proposed finding that The Writer's Center did not maintain time records, we provided the auditors with substantial alternative documentation showing that our employees more than fulfilled their obligations under the awards, as NEA directly observed working with us. The Writer's Center worked closely with the NEA to ensure that the awards were properly applied. Throughout the project, The Writer's Center followed the NEA's instructions on the conduct and administration of the project. The Writer's Center provided budgets to the NEA each year, discussed those budgets with NEA officials, and provided any support that NEA requested to support those budgets. The Writer's Center also submitted invoices to the NEA, which the NEA accepted for three years. At no time did the NEA seek additional support for the budgets or the invoices, including time records for the employees who were devoted to the project. The Writer's Center appreciates the IG listening to The Writer's Center's concerns during the exit conference. During that conference, you stated that you would consider edits to the report, which we suggest in our attachment.

Thank you, and please feel free to contact me if you would like to discuss this further.

Sincerely,


Margaret Melaney

Executive Director

cc: Mark A. Cymrot
Chairman

Paul Calabrese