



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

**FINANCIAL MANAGEMENT SYSTEM &
COMPLIANCE EVALUATION**

OF THE

**ARTS AND CULTURAL AFFAIRS
DEPARTMENT**

TAMPA, FL

REPORT NO. SCE-09-06

September 23, 2009

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INTRODUCTION

BACKGROUND

The Arts and Cultural Affairs Department, Tampa (Arts and Cultural Affairs), under the direction of the Neighborhood Services Administrator provides oversight to the Tampa Museum of Art and the Public Art Program. The Department is also a liaison to all arts and cultural facilities in the city of Tampa.

OBJECTIVE AND SCOPE

The objective of this financial management system and compliance evaluation by the National Endowment for the Arts (NEA) Office of Inspector General (OIG) is to determine whether the organization's financial management system and recordkeeping complies with the requirements established by the Office of Management and Budget (OMB) and NEA's *General Terms and Conditions for Grants and Cooperative Agreements to Organizations (General Terms)*. The evaluation was conducted in accordance with the President's Council on Integrity and Efficiency Quality Standards for Inspections, as applicable.

PRIOR AUDIT COVERAGE

During the past five years, the NEA Office of Inspector General has not issued any audit reports on Federal grants awarded to the Arts and Cultural Affairs. However, Arts and Cultural Affairs was included in the city of Tampa's OMB Circular A-133 Audit for the year ended September 30, 2008. There were no findings indicated in the State's A-133 audit report that were applicable to Arts and Cultural Affairs.

As of our site visit on July 31, 2009, the most recent issued independent auditor's report on the Arts and Cultural Affairs is as of September 30, 2008. The audit was conducted by Ernst & Young, an independent CPA firm, which issued an unqualified (clean) opinion.

RESULTS OF EVALUATION

Our evaluation concluded that the Arts and Cultural Affairs did not accurately report expenditures. Arts and Cultural Affairs did not maintain adequate support for some of the costs included in its total reported outlay, which resulted in questioned costs of \$1,000. We also found that the Arts and Cultural Affairs did not maintain adequate support for in-kind costs, which resulted in additional questioned costs of \$3,500. Details are presented in the following narrative.

REPORTED EXPENDITURES

For selected Grant No. 05-6200-7038, Arts and Cultural Affairs inaccurately reported expenditures. During our review we found a discrepancy between the amount of an invoice and the amount recorded in the accounting records. The invoice was in the amount of \$980 however, \$1000 was recorded in the accounting records and reported as part of the total outlays.

The *General Terms* refers to the *Financial Management Guide for Non-Profit Organizations*, which states in part:

Recipients must have accounting structures that provide accurate and complete information about all financial transactions related to each Federally-supported project.

We are recommending that the Arts and Cultural Affairs develop and implement procedures to ensure that expenses are accurately reported.

INADEQUATE DOCUMENTATION

Arts and Cultural Affairs did not maintain adequate support for some of the costs included in its reported total outlays. Award letters for stipends paid to artists, totaling \$1,000, did not include the award amounts.

We are recommending that Arts and Cultural Affairs develop and implement procedures to ensure supporting documentation is complete and accurate for all expenses.

IN-KIND COSTS

In-kind costs in the amount of \$3,500 were not adequately supported. The supporting documentation did not indicate the value for the services donated.

The *General Terms* refers to the *Financial Management Guide for Non-Profit Organizations*, which states:

Contributions such as property, space, or services that are donated to a project shall be valued in accordance with Federal cost principles.

We are recommending Arts and Cultural Affairs develop and implement procedures to ensure that the value of in-kind contributions is included in the supporting documentation.

Based on the findings above, we are questioning and reducing costs claimed under the grant by \$4,500. However, since Arts and Cultural Affairs has more than exceeded its

matching requirements even if the above questioned costs are disallowed, we are not requiring any additional action to support costs for this grant.

EXIT CONFERENCE

An exit conference was held with the Arts and Culture Affairs officials on July 31, 2009, with a follow-up telephone call on September 23, 2009. The officials concurred with our findings and recommendations.

RECOMMENDATIONS

We recommend that Arts and Cultural Affairs:

1. Develop and implement procedures to ensure accurate expenses are reported.
2. Develop and implement procedures to ensure that supporting documentation is complete and accurate for all expenses.
3. Develop and implement procedures to ensure that the value of in-kind contributions is included in the supporting documentation.