



NATIONAL
ENDOWMENT
FOR THE
HUMANITIES

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FACSIMILE ONLY

[REDACTED]
[REDACTED]

API ARTS & OUTREACH, INC.
18 West 21st St. #803
New York, NY 10010

OIG-10-02 (TS)

Dear [REDACTED]

We have completed our Accounting System/Internal Control Telephone Survey. This survey was conducted in order to obtain information to determine the adequacy of the organization's accounting system, management controls, and policies and procedures designed to administer NEH grant funds. The API ARTS & OUTREACH, Inc. (API) received a grant for the project that was awarded to the New York Foundation for the Arts (Foundation). The Foundation produces media projects and also receives grants for other media organizations that do not have Internal Revenue Service 501 (c) (3) statuses as a non-profit organization.

The award to the Foundation ended when [REDACTED] applied for IRS 501 (c) (3) statuses. Since API is a new corporation and does not have any history of accounting and managing federal funds, the OIG was requested to perform a Preaward Accounting and Management System survey to determine if API has the staff and capabilities to receive the NEH grant.

Scope

Our review was limited to telephone discussions with you, a review of documentation responding to our request made via emails. This included policies on handling costs, the most recent independent audit report, minutes of the Board meetings, and other information pertaining to the organization's accounting system including the financial and administrative controls.


Conclusion

Based on the information provided to the Office of Inspector General, we find the accounting system, management controls, and administrative policies and procedures that have been or will be implemented by the API ARTS are adequate to manage and account for NEH grant funds. However, we would like to stress that the following conditions should be monitored to ensure complete accountability and compliance:

1. Unallowable costs should be segregated in the accounting system and excluded in reports provided to NEH.
2. Cost-sharing (non-NEH funds) must be recorded in the general ledger, and must be adequately documented.
3. Time and effort reports as explained in OMB Circular A-122, must account for 100 percent of a person's time and salary for any person engaged in more than one project or in a project and corporate administration. At this time all of the organizations activity is for the NEH project. Please inform the Endowment's Office of Grant Management, Division of Public Programs, and the OIG if this changes.

In addition, we have received written assurance that the API ARTS will:

1. Maintain supporting documentation in accordance with NEH and OMB regulations;
2. Comply with all of the specific terms and conditions of the NEH award;
3. Comply with the Cost Principles for Nonprofit Organization of OMB Circular A-122;
4. Comply with the Uniform Administrative Requirements of OMB Circular A-123.
5. Comply with NEH General Grant Provision for Organization; and
6. Comply with the audit requirement of OMB Circular A-133, if applicable.


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The OIG audit staff will perform an incurred-cost audit within the next six months. Please contact the appropriate NEH office –The Office of Grant Management, the Division of Public Programs or the OIG if you have any questions that you have while working on this grant project..

We greatly appreciate the cooperation and assistance extended by you and your staff.

Sincerely,

Sheldon L. Bernstein

Sheldon L. Bernstein
Inspector General

NEH--Opening Minds to Great Ideas

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