



NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF INSPECTOR GENERAL

January 27, 2012

RETURN RECEIPT REQUESTED

Board of Directors
Hawaii Council for the Humanities
3599 Waialae Avenue, Room 2
Honolulu, HI 96816

Audit Report: OIG-12-11 (DR)

Dear Board Members:

We have completed our desk review of the single audit report prepared by Wikoff Combs & Co., LLC, which includes the Federal assistance programs administered by the Hawaii Council for the Humanities (the "Council"), for the year ended October 31, 2009. The independent auditors (IPA) previously furnished a copy of their audit report to the Council and submitted the related reporting package to the Federal Audit Clearinghouse. The IPA issued an unqualified opinion (both GAAP and single audit) with no reportable current year findings.

Our review was limited to an examination of the IPA's audit report. We did not examine the underlying audit documentation to evaluate the adequacy of the audit work performed; rather, the single audit desk review guide, issued by the Council of Inspectors General on Integrity and Efficiency (CIGIE), was used to determine whether the audit report meets the core reporting requirements stipulated by OMB Circular A-133. Audit reports determined to be *technically deficient* or *unacceptable* require corrective action.

We determined that the audit report generally meets Federal reporting requirements, with the following exception:

- OMB Circular A-133.310(b)(5) states that pass-through entities, to the extent practical, should identify the total amount of funding provided to subrecipients from each Federal program. NEH's Federal/State Partnership grants (CFDA #45.129, "SO" prefix) include specific funding for regrants, which are awarded by the Council to subrecipients on an annual basis. In fact, according to the audited schedule of functional expenses, the Council issued over \$ [REDACTED] in regrants during the fiscal year ended October 31, 2009. However, we noted that the Schedule of Expenditures of Federal Awards (SEFA) did not include any disclosure concerning Federally-funded subrecipient awards.

Moving forward, please ensure the above deficiency is addressed and corrected in the Council's upcoming fiscal year 2011 audit. Future audit reports that include improperly prepared single audit schedules may be deemed unacceptable submissions by the NEH Office of Inspector General.

Letter to the Board of Directors
January 27, 2012
Page 2

Please note that we are sending this letter to the auditors to inform them of the results of our review.

If you have any questions concerning this letter or need accounting assistance, please contact Mr. Steve Elsberg at (202) 606-8353 or via email at selsberg@neh.gov.

Sincerely,



Laura Davis
Acting Inspector General

Distribution List:

Wikoff Combs & Company, CPA's
ASB Tower, Suite 2760
1001 Bishop Street
Honolulu, HI 96813
Attn: [REDACTED]