



NATIONAL
ENDOWMENT
FOR THE
HUMANITIES


OFFICE OF INSPECTOR GENERAL

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August 28, 2008

MEMORANDUM

TO: Bruce Cole, Chairman
Thomas Lindsay, Deputy Chairman
Jeff Thomas, Assistant Chairman for Planning and Operations
Adam Wolfson, Assistant Chairman for Programs
Susan Daisey, Director ~ Office of Grant Management
Nadina Gardner, Director ~ Division of Preservation and Access

FROM: Sheldon Bernstein, Inspector General 

SUBJECT: Results of the Office of Inspector General (OIG) Desk Review
of the Time and Effort Accounting Policies and Procedures Implemented
by the Iraq Memory Foundation [OIG-08-04 (DR)]

We have completed a desk review of the time and effort accounting policies and procedures implemented by the Iraq Memory Foundation (IMF). The objective of our review was to assess the adequacy of the organization's procedures to ensure compliance with OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. Attached is a copy of the subject memorandum report.

Based on the results of our review and our understanding of the organization's time and effort accounting policies and procedures, we have concluded that the organization's policies and procedures are adequate to ensure compliance with the requirements set forth in OMB Circular A-122 concerning support of salaries and wages. However, we have recommended to the IMF that established procedures are routinely executed in a manner to ensure that errors in the completion of employee timesheets are detected and addressed timely. Also, the timesheet approval process should be strengthened to ensure that all timesheets are reviewed for completeness and accuracy and approved by the appropriate official. These efforts would ultimately enhance the integrity of salary distributions to final cost objectives, which includes any projects supported by NEH grants.

If you have any questions, please call Ms. Laura Davis at (202) 606-8574.

Attachment

- Memorandum Report OIG-08-04 (DR) to the Iraq Memory Foundation



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August 28, 2008

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Iraq Memory Foundation
1701 K Street, N.W.; Suite 550
Washington, DC 20006

OIG-08-04 (DR)

Dear ██████████

We have completed our desk review of the time and effort accounting policies and procedures implemented by the Iraq Memory Foundation (IMF). The objective of our review was to assess the adequacy of the organization's procedures to ensure compliance with OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. Our review included employee timesheets, labor distribution schedules, and general ledger postings related to the period February 1, 2008 thru April 30, 2008.

Based on the results of our review and our understanding of the organization's time and effort accounting policies and procedures, we conclude that the procedures are adequate to ensure compliance with the requirements set forth in OMB Circular A-122 concerning support of salaries and wages. However, we recommend that established procedures are routinely executed in a manner to ensure that errors in the completion of employee timesheets are detected and addressed timely. Otherwise, errors will be carried-forward during the subsequent processing of time and effort data. Also, the timesheet approval process should be strengthened to ensure that all timesheets are reviewed for completeness and accuracy and approved by the appropriate official. The approving official's signature should be documented on each timesheet prior to processing. These efforts would ultimately enhance the integrity of salary distributions to final cost objectives.

It is our understanding that timesheets are completed by employees on a monthly basis. Each timesheet must be signed by the respective employee's supervisor or his/her designee. The monthly timesheets are submitted to the accountant for processing. All timesheets received for the month are reviewed and checked for accuracy and the presence of appropriate signatures.

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The accountant prepares the labor distribution based on the timesheets submitted. The total amount of each employee's compensation for the month is divided by the total number of hours accounted for in the month, (including compensated leave). The accountant prepares a journal entry to transfer salary out of the holding account and distribute it to the final cost center based on the labor distribution. A copy of the labor distribution, supporting timesheets and payroll stubs are filed with the journal entry.

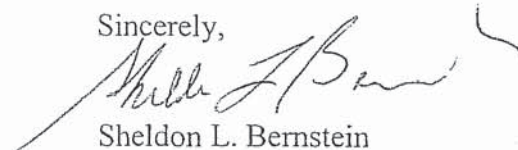
During our desk review, we observed the following:

1. There were errors in the column totals in two timesheets submitted by an employee. The timesheets were not signed by an approving official. Consequently, these errors were carried-forward to the labor distribution schedules uncorrected.
2. The timesheets appear to account for the total activity of employees for the period represented by each timesheet. However, compensated leave is not clearly documented in timesheets included in our desk review. The respective employee indicated compensated leave on the timesheets by marking an "X" in the column representing the type of compensated leave. The number of hours is not recorded. Consequently, compensated leave was not included in the corresponding labor distribution.

Please provide your written response to the Office of Inspector General within thirty (30) calendar days. Your written response should describe the actions your organization will be taking concerning our observations. Also, if applicable, please provide a timetable noting a planned implementation date.

If you have any questions, you may call Mrs. Laura Davis at (202) 606-8574 or email at ldavis@neh.gov.

Sincerely,



Sheldon L. Bernstein
Inspector General

Copy Furnished:

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