



NATIONAL  
ENDOWMENT  
FOR THE  
HUMANITIES  
(NEH)

OFFICE OF INSPECTOR GENERAL

1100 PENNSYLVANIA AVE., NW  
ROOM 419  
WASHINGTON, D.C. 20506  
(202) 606-8350 (PHONE)  
(202) 606-8329 (FAX)  
[WWW.NEH.GOV](http://WWW.NEH.GOV)  
HOTLINE 877-786-7598

October 19, 2010

**RETURN RECEIPT REQUESTED**

Board of Directors  
La Fundacion Puertorriquena de las Humanidades, Inc.  
PO Box 9023920  
San Juan, Puerto Rico 00902-3920

Audit Report: OIG-11-01 (DR)

Dear Board Members:

We have completed our desk review of the single audit report prepared by Zayas, Morazzani & Co., which includes the Federal assistance programs administered by La Fundacion Puertorriquena de las Humanidades, Inc. (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) and did not report any findings or recommendations.

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 met the core reporting requirements stipulated by OMB Circular A-133. Audit reports determined to be *technically deficient* or *substandard* will require corrective action.

We determined that the audit report generally met Federal reporting requirements, with the following exceptions:

- OMB Circular A-133.310(b)(3) requires the Schedule of Expenditures of Federal Awards (SEFA) to separately identify each individual Federal program along with the related Catalog of Federal Domestic Assistance (CFDA) number. The October 31, 2009 SEFA reported the incorrect CFDA number for five of the seven grants listed. Specifically, the NEH grants beginning with the "BC" prefix represent "We The People" special initiative awards which are assigned CFDA number 45.168. Proper identification and classification of the grant awards on the SEFA is critical since a) each CFDA class has its own unique set of compliance and programmatic rules and b) the major program determination process for single audit testing is driven by the CFDA numbers.

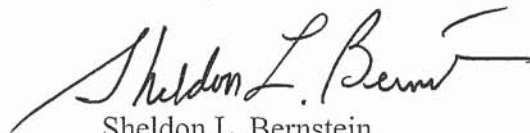
- OMB Circular A-133.310(b)(4) requires the inclusion of notes in the SEFA that describe the significant accounting policies used to prepare the schedule. We noted that this required disclosure was not incorporated into the SEFA.
- OMB Circular A-133.310(b)(5) states that pass-through entities, to the 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 awards) include specific funding for regrants which are awarded by the Council to subrecipients on an annual basis. We noted that the SEFA did not include any disclosure concerning these Federally funded subrecipient awards.

We will accept this single audit report on the condition that the above deficiencies are addressed and corrected in the Council's next audit (i.e. October 31, 2010). Future audit reports that include improperly prepared SEFA's will be deemed an unacceptable submission by the NEH Office of Inspector General.

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](mailto:selsberg@neh.gov).

Sincerely,



Sheldon L. Bernstein  
Inspector General

Distribution List:

*Zayas, Morazzani & Co., CPA's*  
PO Box 366225  
San Juan, Puerto Rico 00936-6225