



NATIONAL ENDOWMENT FOR THE  
**Humanities**

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December 30, 2010

**RETURN RECEIPT REQUESTED**

Board of Directors  
Pennsylvania Humanities Council  
Constitution Place  
325 Chestnut Street, Suite 715  
Philadelphia, PA 19106-2607

Audit Report: OIG-11-07 (DR)

Dear Board Members:

We have completed our desk review of the single audit report prepared by Tait, Weller & Baker LLP, which includes the Federal assistance programs administered by the Pennsylvania Humanities Council (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 (██████████ prefix) include specific funding for regrants, which are awarded by the Council to subrecipients on an annual basis. Similarly, the approved grant budget for the current "We The People" award (██████████) includes pass-thru funding. In fact, according to the audited statement of functional expenses, the Council issued ██████████ in regrants using NEH funds 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 these Federally funded subrecipient awards.

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We will accept this single audit report on the condition that the above deficiency is addressed and corrected on the Council's next audit (i.e. October 31, 2010). Future audit reports that include improperly prepared SEFAs will be deemed unacceptable submissions 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

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