



NATIONAL ENDOWMENT FOR THE
Humanities

OFFICE OF INSPECTOR GENERAL

LIMITED AUDIT REPORT

NEH GRANT AWARD

TO

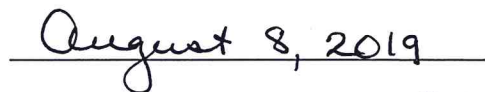
VIRGINIA UNION UNIVERSITY

(AB-226623-15)

OIG-19-01 (EA)



Laura Davis, Inspector General



Date

LIMITED AUDIT REPORT
NATIONAL ENDOWMENT FOR THE HUMANITIES (NEH)
GRANT AWARD TO
VIRGINIA UNION UNIVERSITY

I. INTRODUCTION

The Office of Inspector General (OIG) has completed a limited audit of records maintained by Virginia Union University (herein referred to as “the University”) related to the following NEH grant award.

<u>Grant Number</u>	<u>Grant Period</u>	<u>Amount Awarded</u>
AB-226623-15	01/1/2015 – 06/30/2017	\$98,456

Grant Expenditures: The intent of the grant award is to support the establishment of an interdisciplinary Learning Community Program (LCP) in the humanities at Virginia Union University, centered on African-American heritage. The University submitted the final financial report on January 29, 2018 and has conveyed that the related expenditures conform to the intended grant purpose, as stipulated in the individual NEH grant award.

II. BACKGROUND

In January 2015, the NEH awarded grant AB-226623-15 to support the establishment of an interdisciplinary Learning Community Program (LCP) in the humanities at Virginia Union University, centered on African-American heritage. The mission of the LCP is to create an educational environment where students acquire and expand their intellectual and academic skills through an interdisciplinary core of courses, with a group of faculty achieving a coordinated effort to deliver the best academic preparation in the humanities. The University envisions that the LCP will promote student ownership of their learning experience, gain a deeper appreciation of the African-American heritage, and encourage life-long study through high quality educational experiences.

The general theme of the LCP is *Teaching African-American Heritage*, which is divided into four topics that would be engaged throughout four full-time semesters. The University anticipated that implementation would take place in two phases. During the first year of the grant period, the University would set up the LCP; design and employ professional development workshops that focus on teaching “*The Facts and the Fiction of the Civil Rights Era*” and “*In Pursuit of Freedom: Slavery and the Civil War*”; design the Learning Community Cluster¹ (LCC) syllabi; organize one model LCC for an academic semester; select the appropriate courses and faculty teams; advertise the LCP and establish an advisory panel; and develop procedures for registration, marketing, scheduling, and counseling issues. During the second year of the grant period, the University would fully implement the LCP; continue professional development

¹ Learning Community Clusters are groups of content-related courses that enable students to take two or more courses together and address diverse needs and preparation levels.

workshops that focus on teaching, “*Claiming the Heritage: From Emancipation to Harlem Renaissance*”; and “*For the Country: African-Americans in the Twentieth Century International Conflagrations*”; select key courses and participating faculty; and rotate course offerings. The University anticipated that approximately twenty-four faculty would be trained throughout the grant period.

III. LIMITED AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The principle objectives of this limited audit were to determine whether (1) grant expenditures were made in accordance with applicable provisions of NEH’s *General Terms and Conditions for Awards* and the specific terms of the grant award; and (2) proper controls over administration of Federal awards exist in accordance with minimum standards prescribed in Office of Management and Budget (OMB) Uniform Guidance.

To accomplish the audit objectives, we reconciled the final Federal Financial Report (SF-425) to the General Ledger (G/L) detail for the grant project. We judgmentally selected twelve (12) non-payroll transactions recorded in the project G/L for testing, totaling, \$37,606 (which represents approximately 38 percent of the total expenditures charged to the grant award). Additionally, we tested 100 percent of the payroll transactions charged to the grant award, totaling \$46,905. We reviewed supporting documentation provided by the University for the selected transactions to determine whether the expenditures are allowable, allocable, and reasonable, as prescribed by OMB Uniform Guidance. We also gained an understanding of applicable accounting procedures and internal controls.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS), as promulgated by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

IV. RESULTS OF LIMITED AUDIT

According to the final Performance Report submitted by the University, the project supported by NEH grant AB-226623-15 was successfully completed. The University certified total Federal expenditures related to the project in the amount of \$98,373. The University did not report any cost-sharing in the final Federal Financial Report. Our limited audit identified questioned costs totaling \$59,447 and another matter that we consider a deficiency concerning the administration of the NEH grant award.

A. Questioned Costs

The Inspector General Act of 1978 (as amended) defines questioned costs as:

- Costs that are questioned because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or document governing expenditure of funds;

- A finding that, at the time of the audit, such cost is not supported by adequate documentation; or
- A finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

During the course of our audit, we identified questioned costs as follows:

1. **Salary Charges (\$18,898).** The University charged “salaries” to the NEH grant award totaling \$46,905. The NEH-OIG takes exception to “salary” charges to the NEH grant award in the amount of \$18,898 due to the following conditions:

- “Salary” charges for which no supporting documentation was provided to the NEH-OIG, (\$11,378); and
- “Salary” charges that are not substantiated by the employee time and effort reports provided to the NEH-OIG, (\$7,520). Specifically, we identified several instances where the effort documented in an employee’s time and effort report would be valued at an amount less than the corresponding salary allocation to the NEH award.

OMB Uniform Guidance stipulates that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.² These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity;
- Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity’s written policy;
- Comply with the established accounting policies and practices of the non-Federal entity; and
- Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

2. **Fringe Benefit Charges (\$1,733).** The NEH-OIG determined that, of the \$46,905 charged to the NEH grant award as “salaries”, at least \$1,950 represents stipends paid to

² 2 CFR section 200.430 (h)(8)(i)(1), *Standards for Documentation of Personnel Expenses*

faculty participants³ and \$3,200 represents costs associated with services rendered pursuant to a professional services arrangement, (i.e., video recording of the seminars). Consequently, the associated fringe expenses were included in the total fringe benefit charges to the NEH grant award, which are calculated as 7.65 percent of the corresponding “salary” charges.

According to the NEH-approved budget for the project, participation stipends for faculty and the “Student Intern” stipend are classified as “Other Costs” and are not included in the calculation of fringe benefits allocable to the NEH-supported project. Also, video recording of the seminars is classified in the project budget as “Services”, and is not included in the calculation of fringe benefits allocable to the NEH-supported project.

The NEH-OIG does not take exception to the faculty stipend transactions that are properly substantiated; however, we conclude that faculty stipends should not be included in the “salary” charges and the associated fringe expenses should not be charged to the NEH grant award. Likewise, the NEH-OIG does not take exception to the charges related to the video recordings; however, video recording fees should not be included in the “salary” charges and the associated fringe expenses should not be charged to the NEH grant award. Our conclusion is consistent with the treatment of these costs in the NEH-approved budget for the project.

The NEH-OIG questions fringe benefit charges to the NEH grant award in the amount of \$1,733, which is computed as follows:

Salary charges for which no supporting documentation was provided to the NEH-OIG (excluding student intern stipends identified by the University totaling \$1,400)	\$ 9,978	
Salary charges that are not substantiated by employee time and effort reports	7,520	
Participant stipends sufficiently substantiated	1,950	
Charge for services rendered pursuant to a professional services arrangement	3,200	
Total	\$ 22,648	(a)
Fringe rate utilized by the University	7.65%	(b)
Fringe benefit charges questioned by the NEH-OIG	\$ 1,733	(a * b)

³ This amount was determined based on our review of payroll transactions for which sufficient supporting documentation was provided to the NEH-OIG. Also, the University identified transactions that represent student intern stipends in the amount of \$1,400, which are included in the “salary” charges to the NEH award; however, no supporting documentation was provided to the NEH-OIG concerning the transactions identified. We determined that fringe benefit charges to the NEH award do not include expenses associated with the student intern stipends, as identified by the University.

3. **Learning Community Books (\$17,805)**. This transaction represents the purchase of “Learning Community Books”. The receipt for the purchase is dated March 28, 2017⁴. The purchase was approved by the ‘Sponsored Program’ official on May 24, 2017 and was recorded in the University’s accounting system as a charge to the NEH grant award on June 12, 2017. This purchase includes fifteen titles (5 – 50 copies of each title). None of the titles are identified as “Key Texts” in the project narrative included in the University’s application submission. The total for the purchase is \$17,805 (430 books).

On December 8, 2016, the University advised the NEH that the primary initiative of the grant award would be completed in December 2016 with approximately \$17,000 remaining in the budget. The University requested guidance as to whether it would be possible to use some of the funds remaining on the grant to purchase program-related books, DVDs, P-cast, e-resources, and books for faculty participants (selected titles), as delineated in the grant budget.⁵ On December 22, 2016, the NEH responded to the University and approved the request to use remaining NEH grant funds to buy some of the books, DVDs, etc. mentioned in the original proposal. The NEH further suggested that the University request an extension of the grant period by either 6 months or 12 months to allow for the purchases. On January 13, 2017, the University requested a six month, no-cost extension of the grant period and asserted that the remaining grant funds⁶ would be used to purchase program-related books, DVDs, P-cast, and e-resources for faculty participants, as delineated in the grant budget.

The NEH-OIG takes exception to this transaction due to the lack of clear evidence to substantiate the allocability of this purchase to the NEH grant award. It appears, based on documentation supporting this transaction, that the nature, size, and timing of this acquisition is inconsistent with the NEH-approved budget for the grant project and the original intent of the NEH support through the grant award.

4. **Instructional Supplies (\$491)**. This transaction represents the purchase of supplies for the Project Director. The University substantiated this transaction with a copy of the requisition and order. The total for the purchase is \$491.

The NEH-OIG takes exception to this transaction due to the lack of sufficient documentation to substantiate this charge to the NEH grant award. The University did not provide documentation to fully substantiate execution of the purchase.

5. **Books (\$1,053)**. This transaction represents the purchase of 110 copies of the book, *Damn the Alligators, Full Speed Ahead*, (\$26.50/copy). The books were purchased to be given to students. The total for the purchase is \$1,398.

This acquisition is not fully anticipated in the NEH-approved budget for the grant project. The book title, *Damn the Alligators, Full Speed Ahead*, is identified as a key text in the project narrative included in the University’s application submission; however, the only book

⁴ The grant award period ended June 30, 2017.

⁵ The NEH-approved project budget includes a line item labeled “Project related books, DVD, Pcast” totaling \$6,000 over the two-year grant period.

⁶ According to the University’s Accounting Department, remaining grant funds as of the date of the extension request were \$29,148. This amount is approximately \$12,000 more than the amount of remaining funds disclosed in the December 8, 2016 communication to the NEH.

purchases reflected in the NEH-approved project budget are books for faculty participants. The OIG identified thirteen (13) individuals that were involved in the grant project that would have utilized the text as anticipated by the project plan, (i.e., the Project Director, the Project Coordinator, and 11 faculty participants). Accordingly, the NEH-OIG deems \$345 to be allocable to the NEH grant award.

6. **Books (\$938)**. This transaction represents the purchase of faculty instructional materials. The University substantiated this transaction with a copy of an email from the Project Director requesting funds for the purchase. The total for the purchase is \$938.

The NEH-OIG takes exception to this transaction due to the lack of sufficient documentation to substantiate this charge to the NEH grant award. The University did not provide documentation to fully substantiate execution of the purchase.

7. **Books (\$780)**. This transaction represents the purchase of books for the Project Director. The University substantiated this transaction with a copy of the requisition and the related “Check Disbursement Voucher”, (which does not bear the signature of the appropriate “approving” officials). The total for the purchase is \$780.

The NEH-OIG takes exception to this transaction due to the lack of sufficient documentation to substantiate this charge to the NEH grant award. The University did not provide documentation to fully substantiate execution of the purchase.

8. **Learning Community Books (\$11,260)**. This transaction represents the purchase of “Learning Community Books”. The receipt for the purchase is dated March 28, 2017. The purchase was approved by the ‘Sponsored Program’ official on May 24, 2017 and was recorded in the University’s accounting system as a charge to the NEH grant award on June 12, 2017. This purchase includes fifteen titles (20 – 50 copies of each title). None of the titles are identified as “Key Texts” in the project narrative included in the University’s application submission. The total for the purchase is \$11,260 (507 books).

On December 8, 2016, the University advised the NEH that the primary initiative of the grant award would be completed in December 2016 with approximately \$17,000 remaining in the budget. The University requested guidance as to whether it would be possible to use some of the funds remaining on the grant to purchase program-related books, DVDs, P-cast, e-resources, and books for faculty participants (selected titles), as delineated in the grant budget.⁷ On December 22, 2016, the NEH responded to the University and approved the request to use remaining NEH grant funds to buy some of the books, DVDs, etc. mentioned in the original proposal. On January 13, 2017, the University requested a six month, no-cost extension of the grant period and asserted that the remaining grant funds⁸ would be used to purchase program-related books, DVDs, P-cast, and e-resources for faculty participants, as delineated in the grant budget.

⁷ The NEH-approved project budget includes a line item labeled “Project related books, DVD, Pcast” totaling \$6,000 over the two-year grant period.

⁸ According to the University’s Accounting Department, remaining grant funds as of the date of the extension request were \$29,148. This amount is approximately \$12,000 more than the amount of remaining funds disclosed in the December 8, 2016 communication to the NEH.

The NEH-OIG takes exception to this transaction due to the lack of clear evidence to substantiate the allocability of this purchase to the NEH grant award. It appears, based on documentation supporting this transaction, that the nature, size, and timing of this acquisition is inconsistent with the NEH-approved budget for the grant project and the original intent of the NEH support through the grant award.

9. **Indirect Costs (\$6,489⁹)**. The University charged \$8,950 as indirect costs to the NEH grant award. This amount represents 10 percent of total direct costs charged to the grant award. According to the specific terms applicable to the grant award, allocable indirect costs should be computed as 10 percent of total direct salaries and wages, including all fringe benefits.

The NEH-OIG computed indirect costs allocable to the NEH grant award as follows:

Total Salary and Fringe expenses charged to the grant award	\$ 50,386	
Less: Salary and Fringe charges questioned by the OIG	20,631	
Less: Participant stipends included in "Salaries" charged to the grant award, which are sufficiently substantiated	1,950	
Less: Charge for services rendered pursuant to a professional service arrangement, which is included in "Salaries" charged to the grant award	3,200	
OIG-adjusted Salaries and Fringe expenses	<u>\$ 24,605</u>	(a)
Indirect Cost Rate approved for the NEH grant award	10%	(b)
OIG-adjusted Indirect Costs allocable to the NEH grant award	<u>\$ 2,461</u>	(a * b)

Recommendation A

We recommend that the University return \$59,447 to the NEH.

SUMMARY OF THE UNIVERSITY'S RESPONSE

On July 9, 2019, the University transmitted a formal response to the NEH-OIG limited audit report. The University's response provides additional information to address the questioned cost findings identified by the NEH-OIG. A complete copy of this correspondence is attached.

⁹ Questioned Indirect Costs = \$8,950 - \$2,461.

OIG EVALUATION OF THE UNIVERSITY'S RESPONSE

We requested a copy of the supporting documentation referenced in the University's response. Based on our review of the documentation provided, we report the following adjustments to the questioned costs identified as a result of our audit.

1. **Salary Charges (\$17,965).** The NEH-OIG takes exception to "salary" charges to the NEH grant award in the amount of \$17,965 due to the following conditions:
 - "Salary" charges for which no supporting documentation was provided to the NEH-OIG, (\$10,176); and
 - "Salary" charges that are not substantiated by the employee time and effort reports provided to the NEH-OIG, (\$7,789).

2. **Fringe Benefit Charges (\$1,661).** The NEH-OIG questions fringe benefit charges to the NEH grant award in the amount of \$1,661, which is computed as follows:

Salary charges for which no supporting documentation was provided to the NEH-OIG (excluding student intern stipends identified by the University totaling \$1,400)	\$ 8,776	
Salary charges that are not substantiated by employee time and effort reports	7,789	
Participant stipends sufficiently substantiated	1,950	
Charge for services rendered pursuant to a professional services arrangement	3,200	
Total	\$ 21,715	(a)
Fringe rate utilized by the University	7.65%	(b)
Fringe benefit charges questioned by the NEH-OIG	\$ 1,661	(a * b)

3. **Indirect Costs (\$6,389¹⁰)**. The NEH-OIG computed indirect costs allocable to the NEH grant award as follows:

Total Salary and Fringe expenses charged to the grant award	\$ 50,386	
Less: Salary and Fringe charges questioned by the OIG	19,626	
Less: Participant stipends included in "Salaries" charged to the grant award, which are sufficiently substantiated	1,950	
Less: Charge for services rendered pursuant to a professional service arrangement, which is included in "Salaries" charged to the grant award	3,200	
OIG-adjusted Salaries and Fringe expenses	<u>\$ 25,610</u>	(a)
Indirect Cost Rate approved for the NEH grant award	10%	(b)
OIG-adjusted Indirect Costs allocable to the NEH grant award	<u>\$ 2,561</u>	(a *b)

We found that the University's response is not sufficient to support adjustments to the remaining questioned cost findings.

1. **Learning Community Books (\$17,805)**
2. **Instructional Supplies (\$491)**
3. **Books (\$1,053)**
4. **Books (\$938)**
5. **Books (\$780)**
6. **Learning Community Books (\$11,260)**

**Revised Recommendation A
(Based on the OIG Evaluation of the University's Response)**

We recommend that the University return \$58,342 to the NEH. We further recommend that the University implement procedures to ensure that disbursements to personnel for purchases related to federally-sponsored projects are substantiated by receipts evidencing that the funds were used for the intended purposes.

¹⁰ Questioned Indirect Costs = \$8,950 - \$2,561.

B. Lack of Written Service Agreements

During the course of our audit testing, we noted charges to the NEH grant award for professional and consultant services, for which the University provided no related service agreements. Agreements for professional services should be documented in writing. Written agreements facilitate mutual understanding of expectations and enforcement of performance. According to Uniform Guidance, an adequate written agreement for professional services addresses, at a minimum, a description of the service to be provided, an estimate of time required, rate of compensation, and termination provisions.¹¹

Recommendation B

We recommend that the University implement policies and procedures to ensure that professional service agreements are properly drafted and executed prior to approval and disbursement of related payments.

V. EXIT CONFERENCE

The results of our limited audit were shared with Ms. Linda Jackson - Director of Sponsored Research and Programs, and Ms. Cheryl Richardson - Grants Post-Award Coordinator on May 29, 2019.

¹¹ 2 CFR section 200.459(b)(8), *Professional services costs*

ATTACHMENT

**UNIVERSITY'S RESPONSE TO
AUDIT REPORT**

From: Jackson, Linda R <LRJackson@VUU.EDU>
Sent: Tuesday, July 9, 2019 8:44 AM
To: Davis, Laura
Cc: Stratton, Brian; Richardson, Cheryl R.; Jackson, Linda R
Subject: NEH-OIG-19-01 Limited Audit Report: #AB-226623-15
Attachments: VUU NEH-OIG-19-01 Limited Audit Report #AB-226623-15.docx

Greetings,

As requested, please note the attachment, which provides Virginia Union University's NEH-OIG-19-01 Limited Audit Report: #AB-226623-15 response.

The report is in response to NEH-OIG limited audit report concerning Virginia Union University grant award in January 2015 to support the establishment of an interdisciplinary Learning Community Program centered on African-American heritage.

At your convenience, please let me know that you are in receipt of the attachment via this email message.

In the meantime, if you have any questions or concerns, please do not hesitate to contact me.

Have a delightful day...

Linda R. Jackson

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VIRGINIA UNION UNIVERSITY
NEH-OIG-19-01 Limited Audit Report
Grant: Teaching African American Heritage LCP (#AB-226623-15)
Submitted: Tuesday, July 9, 2019

1. Salary Charges (\$18,898)

The University charged "salaries" to the NEH grant award totaling 46,905. The NEH-OIG takes exception to "salary" charges to the NEH grant award in the amount of \$18,898 due to the following conditions:

- "Salary" charges for which no supporting documentation was provided to the NEH-OIG, (\$11,378); and
- "Salary" charges that are not substantiated by the employee time and effort reports provided to the NEH-OIG, (\$7,520). Specifically, we identified several instances where the effort documented in an employee's time and effort report would be valued at an amount less than the corresponding salary allocation to the NEH award.

VUU's Response

Documentation is on file with Sponsored Research that shows project personnel completed Time and Effort Reports. It is the policy, procedure, and practice of the University's Business Affairs Division that those who receive stipends on grants are not required to complete Time and Effort Reports. Faculty and one student received a stipend.

2. Fringe Benefit Charges (\$1,733)

The NEH-OIG determined that, of the \$46,905 charged to the NEH grant award as "salaries", at least \$1,950 represents stipends paid to faculty participants and \$3,200 represents costs associated with services rendered pursuant to a professional services arrangement, (i.e. video recording of the seminars). Consequently, the associated fringe expenses were included in the total fringe benefit charges to the NEH grant award. The fringe benefit charges are calculated as 7.65 percent of the corresponding "salary" charges.

According to the NEH-approved budget for the project, participation stipends for faculty and the "Student Intern" stipend are classified as "Other Costs" and are not included in the calculation of fringe benefits allocable to the NEH-supported project. Also, video recording of the seminars is classified in the project budget as "Services", and is not included in the calculation of fringe benefits allocable to the NEH-supported project.

VUU's Response

It is the policy, procedures, and practice of the University's Business Affairs Division to process all employees receiving any form of compensation from a grant through payroll; whether it is salaries, stipends, or services.

3. **Learning Community Books (\$17,805)**

This transaction represents the purchase of "Learning Community Books." The receipt for the purchase is dated March 28, 2017. The purchase was approved by the Sponsored Program official on May 24, 2017 and was recorded in the University's accounting system as a charge to the NEH grant award on June 12, 2017. This purchase includes fifteen titles (5-50 copies of each title). None of the titles are identified as "Key Texts" in the project narrative included in the University's application submission. The total for the purchase is \$17,805 (430 books).

VUU's Response

Documentation in the Office of Sponsored Research shows that an invoice, not a receipt, was generated on March 28, 2017. Because of the volume of purchases, an invoice had to be generated from the University Bookstore so that the order could be placed. The Project Director completed and signed off on the requisition on May 22, 2017 and had to obtain the necessary approvals before it reached the Office of Sponsored Research for final approval. Although the titles were not identified as "Key Texts" in the University's application, the titles were approved by the Dean of the School of Fine Arts and Humanities and the Vice President for Academic Affairs (VPAA), because they kept with the theme of the grant Teaching African American Heritage.

4. **Instructional Supplies (\$491)**

5. **Books (\$1,053)**

This transaction represents the purchase of 110 copies of the book, Damn the Alligators, Full Speed Ahead, (\$26.50/coy). The books were purchased to be given to students. The total for the purchase is \$1,398.

VUU's Response

This transaction was a result of the author, Dr. Porcher L. Taylor; accepting an invitation from the Project Director, Dean of the School of Fine Arts and Humanities, and the VPAA to the University to engage with both faculty and students about his autobiography, Damn the Alligators, Full Speed Ahead. His book is listed in the grant as one of the Key Texts. During his visit, he talked about being an African American serving in World War II, the Korean War as well as the Vietnam War while in the Navy and Army. He took many questions from students about his time serving his country. This was an amazing experience for our students to interact with such a notable African American who generously autographed their books. This dialogue between Dr. Taylor and our students kept with the theme of the grant Teaching African American Heritage.

6. **Books (\$938)**

This transaction represents the purchase of faculty instructional materials. The University substantiated this transaction with a copy of an email from the Project Director requesting funds for the purchase. The total for the purchase is \$938.

VUU's Response

The Project Director requested to purchase these books from Amazon.com. Amazon.com is not a vendor for the University. Therefore; the Office of Sponsored Research, with approval from the University's Office of Business Affairs allowed the Project Director to print out the list of books needed as documentation along with the email. After moving through the accounting process a check was cut for the Project Director to purchase the books. The Office of Business Affairs, Dean of the School of Fine Arts and Humanities, the VPAA, and Sponsored Research allowed this action so the Project Director would not have to make this large purchase for the books with her personal credit card and get reimbursed by the grant.

7. **Books (\$780)**

This transaction represents the purchase of books for the Project Director. The University substantiated this transaction with a copy of the requisition and the related "Check Disbursement Voucher," (which does not bear signature of the appropriate "approving" officials). The total for the purchase is \$780.

VUU's Response

At the time of the request from Mr. Brian Stratton, Auditor, National Endowment for the Humanities – Office of Inspector General, the Office of Sponsored Research had only the copy of the Check Disbursement Voucher with all of the approval signatures. Sponsored Research was able to show Mr. Stratton the requestor copy. This was the copy that was submitted to Mr. Stratton prior to the Check Disbursement Voucher being moved on from the Grant Accountant to the Comptroller. It is noted that the document inadvertently was forwarded to the University's accounting department from the VPAA office in lieu of submitting it directly to Sponsored Research for processing. After troubleshooting, Sponsored Research was able to secure the document with all the approval signatures/date. The Office of Sponsored Research requested a copy of the document from the University's Grant Accountant and it is on file.

8. **Learning Community Books (\$11,260)**

This transaction represents the purchase of "Learning Community Books." The receipt for the purchase is dated March 28, 2017. The purchase was approved by the Sponsored Program official on May 24, 2017 and was recorded in the University's accounting system as a charge to the NEH grant award on June 12, 2017. This purchase includes 15 titles (20-50 copies of each title). None of the titles are identified as "Key Texts" in the project narrative included in the University's application submission. The total for the purchase is \$11,260 (507 books).

VUU's Response

*Documentation shows that an **invoice**, not a receipt, was generated on March 28, 2017. Because of the volume of purchases, an invoice had to be generated from the University Bookstore so that the order could be placed. The Project Director completed and signed off on the requisition on May 22, 2017 and had to obtain the necessary approvals before it reached the Office of Sponsored Research for final approval. Although the titles were not identified as "Key Texts" in the University's application, the titles were approved by the Dean of the School of Fine Arts and Humanities, and the VPAA, because they kept with the theme of the grant Teaching African American Heritage LCP. The purchases allowed the University to acquire the books for use by faculty, staff as well as students. As to the timing of the transaction, the University was granted a six-month no-cost extension and the purchases were made within that timeframe.*

9. Indirect Costs (\$6,489)

The University charged \$8,950 as indirect costs to the NEH grant award. This amount represents 10 percent of total direct costs charged to the grant award. According to the specific terms applicable to the grant award, allocable indirect costs should be computed as 10 percent of total direct salaries and wages, including all fringe benefits.

VUU's Response

The \$8,950 IDC as referenced in #9 was approved by the grantor. Documentation is on file.