

EXECUTIVE DIGEST

ARTS AND CULTURAL PROJECTS PROGRAM - CITIES, TOWNSHIPS, AND VILLAGES

INTRODUCTION

This report, issued in March 1998, contains the results of our performance audit* of the Arts and Cultural Projects Program - Cities, Townships, and Villages* (ACP-CTV), Department of Consumer and Industry Services.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General and pursuant to the requirement in the Department of Consumer and Industry Services' appropriations act which requires that a representative sample of grant agreements be audited.

BACKGROUND

The Legislature previously appropriated funds for cultural activities to the Department's Michigan Equity Program to provide grants to cities, townships, and villages based on their population levels. For fiscal year 1994-95, the Legislature appropriated \$8,040,300 for this program.

However, for fiscal year 1995-96, there was no distinction regarding the size of the community in the funding of grants. All cities, townships, and villages that submitted applications competed in the same selection process. In fiscal year 1995-96, the Department provided grants totaling \$1,012,500 to 25 cities, townships, and villages

for 37 regional cultural projects. The Michigan Council for Arts and Cultural Affairs* (MCACA) administered the fiscal year 1995-96 ACP-CTV grants.

MCACA's mission* is to advise the Governor and the director of the Department on matters relating to arts and cultural affairs and to award, fund, and disburse grants to public and private arts and cultural entities.

As of August 31, 1997, MCACA had 7 employees.

**AUDIT OBJECTIVE
AND CONCLUSION**

Audit Objective: To assess the effectiveness* and efficiency* of the Department's administration of ACP-CTV.

Conclusion: The Department was generally effective and efficient in administering the awarding and distribution of ACP-CTV grants. However, we noted reportable conditions* related to application and application fee controls, grantee financial statements, and project monitoring (Findings 1 through 3).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Arts and Cultural Projects Program - Cities, Townships, and Villages. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included assessing the internal control structure* applicable to our audit objective. Our assessment consisted of analysis of statutes and rules

and discussion with Department personnel to obtain an understanding of the internal control structure.

Our methodology included examinations of ACP-CTV's records and activities for the period October 1, 1995 through August 31, 1997.

We analyzed a sample of funded and nonfunded grant applications and assessed the Department's application scoring and grant awarding process to determine if grants were awarded fairly and equitably. Also, we examined a sample of funded projects and assessed the adequacy of the Department's monitoring efforts. In addition, we assessed the Department's efforts to evaluate the effectiveness of ACP-CTV in meeting its mission. Further, we verified the Department's compliance with annual appropriations act requirements for ACP-CTV.

**AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our report contains 3 findings and 3 corresponding recommendations. The agency preliminary response indicates that the Department agrees with all 3 recommendations and has taken or will take action to comply with the recommendations.

The Department complied or substantially complied with all 5 prior audit recommendations.