

EXECUTIVE DIGEST

MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

INTRODUCTION

This report, issued in June 2000, contains the results of our performance audit* of the Michigan Council for Arts and Cultural Affairs (MCACA), 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. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

MCACA, a State agency within the Department of Consumer and Industry Services, was established in September 1991 by Executive Order 1991-21. MCACA consists of 15 bipartisan members appointed by the Governor. MCACA was created to advise the Governor on matters relating to arts and cultural affairs, to disburse funds and make grants, to accept gifts, to make and execute contracts, and to develop and implement long-range plans to accomplish MCACA objectives* .

MCACA's mission* is to serve to encourage, develop, and facilitate an enriched environment of artistic, creative, and

cultural activity in Michigan. In fiscal year 1998-99, MCACA awarded 237 arts and cultural grants totaling \$21,304,864. As of August 31, 1999, MCACA had 9 employees.

AUDIT OBJECTIVE,
CONCLUSION, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the effectiveness and efficiency of MCACA's administration of the arts and cultural grants program.

Conclusion: We concluded that MCACA was generally effective and efficient in administering the arts and cultural grants program. However, we noted reportable conditions* related to grant awards, disclosure of affiliations, performance monitoring, contract provisions, contract monitoring, and State Administrative Board approvals (Findings 1 through 6).

Noteworthy Accomplishments: The National Endowment for the Arts performed a peer evaluation of MCACA's program, reviewing its various activities/processes, including its planning process, as well as assessment methods used in awarding arts and cultural grants. The evaluation is the result of MCACA's Partnership Agreement application to the National Endowment for the Arts, which allows approved agencies to share federal resources and take part in collaborations aimed at broadening the impact of art nationally. MCACA formed new partnerships with other State departments, including the Department of Education and the Family Independence Agency. MCACA received recognition for its level of volunteerism and planning processes, and for successfully bringing arts and cultural activities to previously underserved communities. The council also

received recognition for its methods used to assess and award arts and cultural grants and for its services being customer oriented.

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the program and other records of the Michigan Council for Arts and Cultural Affairs. 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 audit procedures included examining MCACA's records and activities principally for the period October 1, 1996 through September 30, 1999. Our methodology included assessing internal control* applicable to our audit objective. Our assessment consisted of an analysis of statutes, rules, policies, and procedures and discussion with MCACA and Department personnel to obtain an understanding of internal control.

We analyzed a sample of funded and nonfunded grant applications and assessed MCACA's application scoring and grant awarding processes to determine if grants were awarded fairly, independently, and equitably. We examined a sample of funded projects and assessed the adequacy of MCACA's monitoring efforts. Also, we conducted on-site visits of selected grantees. We assessed MCACA's efforts to evaluate the effectiveness and efficiency of the arts and cultural grants program. Also, we examined MCACA's compliance with annual appropriations act requirements for the arts and cultural grants program.

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

Our audit report contains 6 findings and 7 corresponding recommendations. The Department indicated that it agrees with the recommendations.

MCACA complied with both of the prior audit recommendations included within the scope of this audit.