

**NATIONAL
ENDOWMENT** for the **ARTS**

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**Office of the Inspector General
Semiannual Report to Congress
April 1, 2020 – September 30, 2020**

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MESSAGE FROM THE INSPECTOR GENERAL

During this semiannual reporting period, we issued five audit reports, one risk assessment report, and one investigative report. These reports included \$375,688 in questioned costs and 34 recommendations to improve agency operations and award recipient's stewardship of Federal funds. Through our audit follow-up process, we assisted the National Endowment for the Arts (Arts Endowment) staff and award recipients in clearing 29 recommendations based on corrective actions taken. In addition, we addressed eight new hotline complaints, with one from this period and two from a prior reporting period remaining open.

During this reporting period, we also focused internally to improve our operations by updating our Strategic Plan and initiating updates to our website. The website is being updated to make it easier to navigate and to ensure it includes links to the most current awards management resources. The updates to the website are designed to help award recipients comply with requirements and the Arts Endowment improve their programs and operations.

The value-added work that my staff accomplished this period is due to their commitment to excellence, continued growth, and dedicated work effort, along with the support of the Arts Endowment Chairman and her staff. I look forward to continuously working with my staff, the Chairman, and her staff in promoting economy, efficiency, and effectiveness while helping to ensure integrity, excellence, and value in the delivery of the Arts Endowment mission.

RK Stith

Ron Stith, CPA
Inspector General

NATIONAL ENDOWMENT FOR THE ARTS

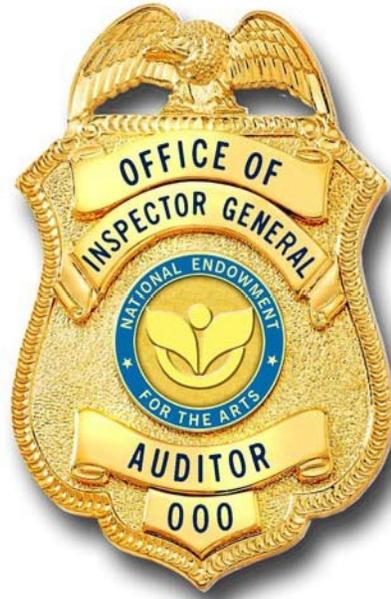
Established by Congress in 1965, the National Endowment for the Arts (Arts Endowment) is an independent Federal Agency that funds, promotes, and strengthens the creative capacity of our communities by providing all Americans with diverse opportunities for arts participation. The Arts Endowment partners with state arts agencies, local leaders, other Federal agencies, and the philanthropic sector to help deliver its mission. As part of its mission, the Arts Endowment supports arts learning, affirms and celebrates America's rich and diverse cultural heritage, and extends its work to promote equal access to the arts in every community across America.

OFFICE OF THE INSPECTOR GENERAL

The Inspector General Act of 1978, as amended (IG Act), established Offices of Inspectors General (OIG) within 74 departments and agencies. On October 14, 2008, Congress passed the Inspector General Reform Act of 2008 -- enhancing the independence of Inspectors General and creating a Council of Inspectors General on Integrity and Efficiency (CIGIE) to support continuing professional education of OIG staff and collaboration between the IGs.

Each Inspector General is required to prepare a semiannual report summarizing the activities of their office for the preceding six-month period. The report by this office is sent to the Arts Endowment Chairman, the National Council on the Arts, and Arts Endowment appropriating and authorizing Congressional committees.

During this six-month period, we had a Memorandum of Understanding (MOU) with the Department of Education OIG to provide investigative services for our office on a reimbursable basis. We also had a MOU with the U.S. Postal Service OIG for legal counsel support.



AUDITS AND RELATED ACTIVITIES

Completed Reports

Reviews completed during this period identified improvements needed in awardee stewardship, including financial reporting accuracy and completeness. Following are summary results of the completed reviews.

Limited Scope Audit on Selected Awards to New Jersey State Council on the Arts, Trenton, NJ, Report No. OIG-20-02

Based on our limited scope audit, we concluded that the New Jersey State Council on the Arts (NJSCA) did not fully comply with financial management system and recordkeeping requirements established by the U.S. Office of Management and Budget (OMB) and the Arts Endowment. We identified the following areas requiring improvement. NJSCA:

1. Did not report actual costs on its Federal Financial Reports (FFRs).
2. Reported unallowable subawards and alcohol costs on its FFRs.
3. Reported costs outside of the award period on its FFRs.
4. Did not submit its revised FFR on time.
5. Did not have debarment and suspension policies and procedures.
6. Did not have policies and procedures for the management of Federal awards.

We also identified \$330,042 in questioned costs, and the report included seven recommendations to help the NJSCA improve its compliance with Federal award management requirements. The report also included three recommendations to the Arts Endowment regarding allowability of costs.

Performance Audit Report on Selected Awards to Tennessee Arts Commission, Nashville, TN, Report No. OIG-20-03

Based on our performance audit, we concluded that the Tennessee Arts Commission (Commission) generally complied with financial management system and recordkeeping requirements established by OMB and the Arts Endowment. However, we identified the following areas requiring improvement. The Commission:

1. Did not report actual costs on its award FFRs.
2. Included costs incurred outside the award period on FFRs.
3. Did not verify that vendors were eligible to receive Federal funds.

We also identified \$15,646 in questioned costs, and the report included three recommendations to help the Commission improve its compliance with Federal award management requirements. The report also included one recommendation to the Arts Endowment regarding allowability of costs.

Performance Audit on Selected Awards to North Carolina Arts Council, Raleigh, NC, Report No. OIG-20-04

Based on our performance audit, we concluded that the North Carolina Arts Council (NCAC) generally complied with financial management system and recordkeeping requirements established by OMB and the Arts Endowment. However, we identified the following areas requiring improvement. NCAC:

1. Reported unallowable subaward costs on its FFR.
2. Did not maintain current policies and procedures for subawards.
3. Did not have debarment and suspension policies and procedures.
4. Did not have policies and procedures for the management of Federal awards.

We also identified \$30,000 in questioned costs, and the report included four recommendations to help NCAC improve its compliance with Federal award management requirements. The report also included one recommendation to the Arts Endowment regarding allowability of costs.

Government Charge Card Audit, Report No. A-20-05

We contracted with RMA Associates, LLC to conduct sample testing on Arts Endowment issued charge cards (purchase charge cards and travel charge cards) to determine whether transactions followed requirements outlined in the Government Charge Card Abuse Prevention Act of 2012. The audit resulted in a report issued July 30, 2020. The audit determined seven of 30 total Arts Endowment charge cards samples did not comply with applicable laws, regulations, and policies and procedures. The report includes six recommendations to address these findings. Arts Endowment management concurred with the recommendations and has established a corrective action plan for implementation of the following improvements:

1. Purchase card training certificates were not maintained for all card holders.

2. Purchase card billing statements were not signed by all required approving officials.
3. The Arts Endowment did not provide evidence to demonstrate a periodic review is being conducted to determine whether each purchase card holder requires a purchase card.
4. The Arts Endowment did not provide evidence to demonstrate a periodic review is being conducted to determine whether each travel card holder requires a travel card.
5. The Arts Endowment did not ensure travel vouchers are provided, as required, for all travel.
6. The Arts Endowment did not ensure accuracy of amounts submitted on all travel vouchers.

Improper Payments Risk Assessment, Report No. A-20-06

We contracted with RMA Associates, LLC to conduct an improper payments risk assessment for the Arts Endowment in compliance with the Improper Payments Elimination and Recovery Act. The assessment identified four areas of risk and resulted in a report issued July 30, 2020. Arts Endowment management concurred with the four recommendations to address the risk areas, and has established a corrective action plan. The four areas of risk are as follows:

1. Nine percent of the population of transactions were sourced from manual invoice entries.
2. Five percent of the population of transactions were held for the following reasons:
 - a. Payment file rejected at Treasury;
 - b. Invalid banking information; or
 - c. No SAM information.
3. Ninety percent of the population of transactions were created with the same authorized user code.
4. Seven percent of the population of transactions were flagged as “suspicious” payments based on Benford’s Law Analysis distribution of dollar amounts.

Performance Audit of Information System Contracts, Report No. A-20-07

We contracted with RMA Associates, LLC to conduct reviews of five Arts Endowment information system (IS) contracts to assess:

1. Eligibility of contracts for award.
2. Correlation of deliverables received with contract deliverable requirements.
3. Correlation of contract disbursements timing to deliverables received (e.g., advanced payments) and the degree to which deliverable requirements were met (e.g., incomplete deliverables).

The review resulted in a report issued July 31, 2020. The review identified three potential areas of risk, and Arts Endowment management concurred with the three recommendations and has established a corrective action plan for implementation. The three potential areas of risk are as follows:

1. Arts Endowment did not have a deliverables approval or rejection process defined in their policies or procedures.

2. Documentation was not provided to demonstrate that all deliverables satisfied content requirements for two contracts.
3. Documentation was not provided that indicates whether the deliverables were submitted by contractors in a timely manner.

Audit Resolution and Corrective Actions

At the beginning of the reporting period, there were 74 open recommendations from prior audit reports. During this reporting period, we issued 34 new recommendations and closed 29 recommendations, leaving 79 open recommendations at the end of this reporting period -- September 30, 2020. Corrective actions are in process.

Reports Issued with Questioned Costs

There were three reports issued with \$375,688 in questioned costs during the reporting period (see Table 3, page 10).

Reports Issued with Recommendations that Funds Be Put to Better Use

There were no reports issued with recommendations that funds be put to better use during the reporting period (see Table 2, page 9).

Reports Issued with Recommendations Open for More Than 180 days

As of September 30, 2020, there were nine reports with 49 recommendations open for more than 180 days. Corrective actions for these recommendations are in process (see Table 4, page 11).

Audits and Other Activities Planned or In-Process

In March 2020, we completed a risk-based analysis of Arts Endowment awardees and solicited input from Agency employees to develop a strategic plan of audits for calendar year 2020. The resulting plan included 11 awardees to audit, with a total award value of \$28,431,522.

As of September 30, 2020, we had three award audits in process that we expect to complete during the six-month period ending March 31, 2021. In addition, we have initiated two legislatively mandated audits that we expect to complete by November 30, 2020. Following is a summary of the objectives of the mandatory audits.

Audit of the National Endowment for the Arts' Financial Statements

The OIG oversees the annual financial statement audit required under the Accountability of Tax Dollars Act of 2002. We contracted with Williams Adley to perform the audit. The purpose of the audit is to express an opinion on the accuracy and completeness of the Arts Endowment financial statements for the fiscal year ended September 30, 2020. The audit also tests the internal controls over financial reporting and assesses compliance with selected laws and regulations.

Audit of the National Endowment for the Arts' Compliance with the Federal Information Security Modernization Act of 2014 (FISMA)

The FISMA requires the OIG to conduct an annual audit of its Agency's information security program and practices. We contracted with Williams Adley to conduct the FISMA audit, which includes evaluating the adequacy of the Arts Endowment's information security program and practices for its major systems. The FISMA report will be submitted to OMB by October 31, 2020.

INVESTIGATIVE ACTIVITIES

The IG Act authorizes the OIG to receive and investigate allegations of employee misconduct, fraud, waste and abuse occurring within the Arts Endowment's programs and operations. Investigative activities tend to be reactive and initiated based on reports of possible fraud, ethics violations, and other issues of integrity, including possible wrongdoing referred by Arts Endowment employees, other government agency employees, and the public. During this period, our investigative needs were met through a MOU with the Department of Education OIG.

Criminal, Civil and Administrative Actions

Reported incidents of possible fraud, ethics violations, and other integrity issues can give rise to criminal, civil or administrative investigations. The IG Act requires the OIG to refer matters to the U.S. Department of Justice whenever there are reasonable grounds to believe there has been a violation of Federal criminal law. We had one administrative action during this semiannual period, and we referred this matter to the U.S. Department of Justice to consider for prosecution. Following is a summary of this completed review.

Report of Investigation, Report No. I-1-20

The Department of Education OIG, on behalf of the Arts Endowment OIG, completed an investigation of a former Arts Endowment employee based on a referral alleging potential wrongdoing by the employee. The investigation found evidence that the employee potentially violated criminal statutes related to time and attendance, Federal regulations, ethics standards, and Agency policies and procedures related to outside employment activities.

Because there was evidence of a potential criminal violation, as required by the IG Act, the facts of the investigation were presented to the Assistant United States Attorney for the District of Columbia, who advised that their office would not pursue the matter criminally. The OIG provided a copy of the Report of Investigation for Agency resolution and action as required by 5 USC 3322. The OIG issued the following two recommendations to the Arts Endowment General Counsel.

1. Coordinate with the former employee's supervisor and employee relations to determine if there is an adverse finding that needs to be notated in the employees personnel file, in

accordance with 5 USC 3322, and based on the facts and evidence provided in the Report of Investigation.

2. Require that all new Arts Endowment employees receive ethics training with the first 30 days of employment and receive annual ethics refresher training.

Hotline

During this reporting period, the OIG received and evaluated eight hotline complaints. The evaluations enabled us to close seven complaints and to primarily assist complainants to avoid being defrauded by individuals fraudulently claiming to represent the Arts Endowment. One complaint, as well as two other complaints from the previous reporting period, remain open and are being evaluated for appropriate action.

OTHER ACTIVITIES

Activities within the Inspector General Community

Activities that affect the IG community are typically coordinated by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). CIGIE also develops and delivers training for the IG community, and each OIG contributes a portion of its budget to support CIGIE operations. Furthermore, CIGIE holds monthly meetings to discuss and vote on matters impacting the IG community, with each IG being a voting member.

CIGIE continues to populate Oversight.gov, a website that provides a “one stop shop” to follow the ongoing oversight work of all OIGs that publicly post reports. With the launch of Oversight.gov, users can now sort, search, and filter the site’s database across agencies to find reports covering their areas of interest.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Pandemic Response Accountability Committee (PRAC) within CIGIE, with the mission of:

- Promoting transparency to the public on the government’s coronavirus spending and the coronavirus response.
- Preventing and detecting fraud, waste, abuse, and mismanagement of that spending.
- Mitigating major risks that cut across programs and agencies.

The government’s coronavirus response includes \$2.6 trillion in economic relief to individual citizens, loans for businesses, and support for hospitals and other medical providers, as well as economic relief for impacted businesses, industries, and state, local and tribal governments. The PRAC membership includes all OIGs that received funding to oversee their agencies spending of funding from the CARES Act. The PRAC uses data, along with other law enforcement partners, to detect and combat fraud, waste, abuse, and mismanagement. This coordinated, comprehensive approach to oversight helps CIGIE fulfill its pandemic response accountability mission.

In addition, the CARES Act established the Special Inspector General for Pandemic Recovery to oversee spending of government funds in response to the COVID-19 pandemic in the United States.

Significant Management Decisions

Section 5(a)(11) of the IG Act requires that OIG disagreements with significant management decisions be reported in the semiannual report to Congress. Section 5(a)(12) of the IG Act also requires that any management decision changing their response to a significant resolved audit finding must be disclosed in the semiannual report. For this reporting period, there were no OIG disagreements with management decisions, and management did not revise any earlier decisions on our audit recommendations.

Access to Information

Section 6(b)(2) of the IG Act requires the IG to report to the Agency head, without delay, if the IG believes that access to required information, records or assistance has been unreasonably refused, or has not been provided. Section 5(a)(5) of the IG Act requires that reports to the Agency head about any refusal or delay in accessing records be summarized in the semiannual report. During this reporting period, the OIG did not have a problem obtaining assistance or access to Agency records.

Review of Legislation and Regulations

Section 4(a)(2) of the IG Act requires that the OIG review and comment on proposed legislation or regulations relating to the Agency or, affecting our operations. During this reporting period, we did not review any proposed legislation.

Peer Review Activity

Section 989C of the Dodd-Frank Act contains additional semiannual reporting requirements pertaining to peer review reports. Federal IGs are required to engage in peer review activities related to both their audit and investigative operations. Peer reviews are conducted on a three-year cycle and evaluate an OIG audit organization's systems of quality control, in accordance with the CIGIE's *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*.

These guidelines are based on requirements in the Government Accountability Office's *Government Auditing Standards*. Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail. Conforming to Section 989C, we are reporting the following information related to our peer review activities.

The U.S. Commodity Futures Trading Commission OIG conducted our most recent peer review for the three-year period ending March 31, 2019. The audit peer review report was issued August 2019, and concluded that our audit organization's system of quality control complied with Government Auditing Standards. We received a peer review rating of "pass." The report is posted at www.arts.gov/oig/reports/external-peer-reviews.

We provided copies of the peer review report to the Chairman, National Council on the Arts, the Inspector General Council Chairman, and Audit Committee Chair. We also posted the report on our website at www.arts.gov/oig. Our next peer review is scheduled to be conducted by the National Labor Relations Board OIG, covering the three-year period ending March 31, 2022.

OUTREACH AND AWARENESS

Website

We maintain an ongoing internet presence at <https://www.arts.gov/oig> to inform Arts Endowment employees, awardees, and the public of our mission and to post the results of our work as required by the IG Act. During this semiannual reporting period, we updated our website content to ensure we included resources to assist the Arts Endowment and its awardees in achieving excellence in delivery of the Arts Endowment mission, in particular through high quality stewardship of Federal award funding.

Consultations with the National Council on the Arts and Congress

The IG Act directs IGs to keep the Head of the Establishment and Congress fully and currently informed. For purposes of the IG Act, the National Council on the Arts (the Council) is the Head of the Establishment. To address this requirement, the IG has biweekly meetings with the Council Chairman and attends Council meetings as necessary. Also, we provide semiannual reports summarizing OIG work to the Council Chairman and its members and to the Congress.

ARTS ENDOWMENT TOP MANAGEMENT CHALLENGES

The Consolidated Reports Act of 2000 and OMB Circular A-136, *Financial Reporting Requirements*, require that the Office of Inspector General provide the Agency head with a summary of the top management and performance challenges facing the agency. The CARES Act provided an additional \$75,000,000, to remain available until September 30, 2021, to prevent, prepare for, and respond to coronavirus, domestically or internationally, to be distributed in grants. This is an update of the Top Management Challenges provided to the Agency in November 2019, including a summary of how the challenges may affect the management of the additional funding provided by the CARES Act.

It is our assessment that the areas of financial management, human capital, information technology, and awardee accountability represent the top management and performance challenges for the Arts Endowment. Following is a discussion of each challenge area.

Financial Management. This is one of the key areas where the Arts Endowments works to continuously improve each year. Thus, it remains one of the top challenges for FY 2020. The challenge is continuous because the Agency is required to keep pace with government-wide financial systems modernization efforts and regulatory changes. At the same time the agency focuses on continuously improving efficiency and effectiveness of its accounting and finance policy and procedures, systems, and staff cross-training. While this is a top challenge area, a positive indicator in the financial management area is that the agency

consistently receives unmodified opinions on its financial statement audits and has a high level of compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act) requirements.

During 2020 and beyond, under the CARES Act, the Agency will be challenged with timely review of grantees' reimbursement requests and the processing of disbursements of CARES Act funds. To date, the Arts Endowment has reported success in timely disbursing and reporting the funds provided by the CARES Act. In addition, there is increased monthly reporting required for the DATA Act.

Human Capital. The Arts Endowment considers its people to be its most valuable asset in achieving its mission. Thus, it works to continuously improve its human resources program policies and procedures consistent with its human capital strategy. The top human capital challenges include: 1) maintaining a safe work environment during this pandemic for employees; 2) providing employees with the tools needed to successfully accomplish the Agency mission; 3) ensuring an effective strategy to attract and retain high quality candidates with the right skills, ability and knowledge to fill vacant positions due to normal attrition and retiring employees; and 4) maintaining high quality service in other human capital areas, such as training and development, and performance management and recognition.

In 2019, the agency filled a number of key leadership and staff positions, including the Senior Deputy Chairman, to help address mission delivery challenges. For 2020, the agency continued to fill key leadership and staff positions, including the Chief Information Officer, Chief Information Security Officer, Director, Office of Administrative Services and Contracts, Director for Civil Rights, as well as other key program and administrative positions to strengthen program and financial management within the Arts Endowment. CARES Act funding required a significant increase in the number of staff required to assist with the application review panels and also reassignment of duties for some staff to assist with the award of CARES Act funding. Going forward, there will be continued increased workload to oversee the reimbursement requests for awarded CARES Act grants.

Information Technology. The Arts Endowment began addressing this area by transitioning to a new, more robust electronic grants management system (eGMS) in FY 2018. This new system was built on a more flexible, operationally efficient platform. The initial version of the eGMS was fully connected to the Grants.gov site. In 2018 and 2019, the agency worked to fully integrate eGMS operations with its internal systems and the systems operated by external service providers. These updates should prove helpful, yet still challenging due to the significant increase in the volume of transactions and additional data elements resulting from the CARES Act awards required for monthly reporting.

Another challenge for the Arts Endowment is the FISMA that requires each Federal agency to develop, document, and implement an agency-wide information security program to provide information security over the operations and assets of the Agency. Through our annual reviews of the Arts Endowment's compliance with FISMA, we continuously identify ways for the agency to enhance security, and the agency continually makes progress each

year in complying with increasing information system security requirements. The Pandemic requirement to telework has made it much more challenging for the Agency to continue on the planned schedule of information security improvements. During this period, information technology staff have shifted their focus to keeping the network secure and operating for all teleworking staff and ensuring the systems integrated with the grant awards management system are maintained in top condition to process the increased volume of awards under the Cares Act.

Awardee Accountability. The Arts Endowment Grants and Program Management Offices face the challenge, along with the rest of the Federal community, to help awardees fully implement and comply with the requirements of 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). This challenge includes helping awardees comply with agency General Terms and Conditions for grant awards.

Our audits continue to identify awardees that have not complied with all applicable Federal award requirements. These awardees are typically identified through our risk based annual audits, hotline allegations/complaints, and referrals from the Arts Endowment. Based on audits of these awardees, the following are the four most common findings:

1. Failing to ensure that contractors and sub-award recipients have not been debarred or suspended from receiving Federal assistance prior to paying or awarding them Federal funds;
2. Incomplete or no written policies and procedures for managing Federal awards;
3. Reporting inaccurate and unallowable costs on the Federal Financial Report; and
4. Not maintaining supporting documentation for all costs charged to agency grants.

We acknowledge and encourage the Arts Endowment's continuous efforts to identify ways to improve awardee compliance with Federal requirements. In our opinion, continued development and implementation of web-based tools and technical assistance efforts by the agency, and the results of our audits, will help to improve awardee compliance. This area will continue to be an important challenge as grant making is the primary mission of the Arts Endowment.

We have experienced strong support from Arts Endowment management in identifying and tracking these top management challenges. We look forward to continuing our work to help the agency deliver its mission with excellence and integrity.

TABLE 1: SUMMARY OF REPORTS ISSUED DURING THE REPORTING PERIOD

REPORT NO.	REPORT DATE	REPORT TITLE	QUESTIONED COSTS	FUNDS PUT TO A BETTER USE
OIG-20-02	April 22, 2020	Limited Scope Audit on Selected Awards to New Jersey State Council on the Arts	\$330,042	\$0
OIG-20-03	April 23, 2020	Performance Audit Report on Selected Awards to Tennessee Arts Commission	15,646	0
OIG-20-04	June 16, 2020	Performance Audit Report on Selected Awards to North Carolina Arts Council	30,000	0
A-20-05	July 30, 2020	Government Charge Card Audit	0	0
A-20-06	July 30, 2020	Improper Payments Risk Assessment	0	0
A-20-07	July 31, 2020	Performance Audit of Information System Contracts	0	0
TOTAL			\$375,688	\$0

**TABLE 2: INSPECTOR GENERAL ISSUED REPORTS WITH RECOMMENDATION
THAT FUNDS BE PUT TO BETTER USE**

		NO. OF REPORTS	DOLLAR VALUE
A.	For which no management decision has been made by the commencement of the reporting period	0	\$0
B.	Which were issued during this reporting period	0	\$0
C.	For which a management decision was made during the reporting period	0	\$0
	i. Dollar value of recommendations that were agreed to by management	0	\$0
	- Based on proposed management actions	0	\$0
	- Based on proposed legislative action	0	\$0
	ii. Dollar value of recommendations that were not agreed to by management	0	\$0
D.	For which no management decision has been made by the end of the reporting period	0	\$0
E.	Reports for which no management decision was made within six months of issuance	0	\$0

TABLE 3: INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS

		NO. OF REPORTS	DOLLAR VALUE	
			QUESTIONED COSTS	POTENTIAL REFUNDS
A.	For which no management decision has been made by the commencement of the reporting period	3	\$1,178,750	\$601,108
B.	Which were issued during the reporting period	3	375,688	14,976
	Subtotals (A+B)	6	\$1,554,438	\$616,084
C.	For which a management decision was made during the reporting period	3	\$419,336	\$337,236
	i. Dollar value of the disallowed costs	3	419,336	337,236
	ii. Dollar value of the cost not disallowed	0	0	0
D.	For which no management decision was made by the end of the reporting period	3	\$1,135,102	\$278,848
E.	Reports for which no management decision was made within six months of issuance	1	\$775,060	\$263,872

TABLE 4: REPORT RECOMMENDATIONS WITH CORRECTIVE ACTIONS NOT COMPLETED WITHIN 180 DAYS

REPORT NO.	REPORT DATE	REPORT TITLE	OPEN RECOMMENDATIONS
LS-13-02	March 1, 2013	Limited Scope Audit Report on Selected NEA Grants to Music Theatre Group	5
LS-18-02	August 2, 2018	Limited Scope Audit Report on Selected Awards to The American Architectural Foundation	18
LS-19-01	October 18, 2018	Limited Scope Audit on Selected Awards to Mainstreet Uptown Butte, Inc.	3
A-19-01	October 31, 2018	FY2018 Evaluation of NEA Compliance with the Federal Information Security Modernization Act of 2014	3
A-20-01	October 31, 2019	FY2019 Evaluation of NEA Compliance with the Federal Information Security Modernization Act of 2014	10
A-20-02	November 8, 2019	Report on NEA's Compliance with the Digital Accountability Transparency Act of 2014 for First Quarter FY2019	2
A-20-03	November 14, 2019	FY2019 Financial Statement Audit of NEA	1
Revised Memo 20-02	January 10, 2020	Alleged Deletion of Emails	2
A-20-04	February 19, 2020	Information System Security Review	5
TOTAL OPEN RECOMMENDATIONS FOR MORE THAN 180 DAYS			49

TABLE 5: INVESTIGATIVE AND ADMINISTRATIVE ACTION DATA

CIVIL/CRIMINAL INVESTIGATIVE/ADMINISTRATIVE ACTIVITIES	NO. OF ACTIONS
Referrals to Prosecutors	1
Civil Settlements	0
Investigative Recoveries	0
Debarments/Suspensions	0
Administrative Actions	0
HOTLINE CONTACTS	NO. OF ACTIONS
Telephone Calls	0
Email	7
Standard Mail	0
Referred by Other Sources	1
Referred to Other Sources	1
In Assessment Process for Possible Action	0
Closed	7
Total Hotline Contacts	8
FREEDOM OF INFORMATION ACT REQUESTS	NO. OF ACTIONS
Requests Received	1
Requests Processed or Referred	1
Total Freedom of Information Act Requests	1

TABLE 6: SUMMARY OF INSPECTOR GENERAL REPORTING REQUIREMENTS

IG ACT REFERENCE	REPORTING REQUIREMENT	PAGE(S)
Section 4(a)(2)	Review of legislation and regulations	7
Section 5(a)(1)	Significant problems, abuses, and deficiencies	2-5
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	2-5
Section 5(a)(3)	Prior significant recommendations on which corrective actions have not been completed	5&14
Section 5(a)(4)	Matters referred to prosecutive authorities	5
Section 5(a)(5)	Summary of instances where information was refused	5
Section 5(a)(6)	List of audit reports by subject matter, showing dollar value of questioned costs and funds put to better use	11
Section 5(a)(7)	Summary of each particularly significant report	2-4
Section 5(a)(8)	Statistical tables showing number of reports and dollar value of questioned costs	12
Section 5(a)(9)	Statistical tables showing number of reports and dollar value of recommendations that funds be put to better use	13
Section 5(a)(10)	Summary of each audit report issued before this reporting period for which no management decision was made by the end of the reporting period	13
Section 5(a)(11)	Significant management decisions	5
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	5
Section 6(b)(2)	Access to information	5
Section 989C	Peer Review – Sec. 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) requires Inspectors General to include the results of any peer review conducted by another OIG during the reporting period; or if no peer review was conducted, a statement identifying the date of the last peer review.	6

OIG FUNCTIONS

WE PERFORM THE FOLLOWING FUNCTIONS:

Performance Audits are used to assess the efficiency, effectiveness, and economy of Arts Endowment programs, activities, and functions; provide information to responsible parties to improve public accountability; facilitate oversight and decision making; and initiate corrective actions as needed. These audits also consider compliance with applicable laws and regulations, and soundness of the internal organizational and operational controls.

Financial Audits provide an independent assessment of whether an entity's reported financial condition, results, and use of resources are presented fairly and in accordance with generally accepted accounting principles.

Limited Scope Audits involve a limited review of financial and non-financial information of award recipients to ensure validity and accuracy of reported information, and compliance with state and Federal requirements.

Investigations are conducted based on alleged or suspected fraud, waste, abuse or gross mismanagement, employee and contractor misconduct, and criminal and civil violations of law that have an impact on Arts Endowment programs and operations. The OIG refers matters to the U.S. Department of Justice whenever there are reasonable grounds to believe there has been a violation of Federal criminal law. The OIG also identifies fraud indicators and recommends measures to management to improve the Agency's ability to protect itself against fraud and other wrongdoing.

Awareness Briefings and Bulletins are presented to Arts Endowment management, staff, and awardees to promote greater knowledge and understanding of potential or actual conditions, vulnerabilities, opportunities for improvement, or loss prevention. Briefings may be used internally or with stakeholders in lieu of formal reports.

**HELP PROMOTE INTEGRITY, ECONOMY AND EFFICIENCY
REPORT SUSPECTED FRAUD, WASTE, ABUSE OR MISMANAGEMENT**

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Complaints may be made anonymously. However, we would have no way of contacting you. Any information you provide will be held in confidence unless disclosure is required by law. Providing your name and means of communicating with you may increase our ability to investigate your complaint.