Office of the Inspector General
Semiannual Report to Congress
for the Period Ended March 31, 2026

PREFACE

Specific requirements for semiannual report contents are enacted in Title 5, Chapter 4 of the United States Code, also known as the Inspector General Act of 1978, as amended, (IG Act). We have listed the requirements in the table below and cross-referenced to the applicable sections in this report. The table contains the following acronyms:

- NEA National Endowment for the Arts
- IG Inspector General
- OIG Office of Inspector General
- FFMIA Federal Financial Management Improvement Act of 1996
- N/A Not applicable, none in this reporting period and/or none carried over

IG Act Reference	Reporting Requirement	Report Section	Report Page
§404(a)(2)	Recommendations on relevant existing or proposed legislation and regulations.	Review of Legislation and Regulations	7
§405(b)(1)	Description of significant auditee problems, abuses, and deficiencies reported during the period.	Completed Reports	3
§405(b)(2)	Description of recommendations addressing the above significant problems, abuses, and deficiencies.	Completed Reports	3
§405(b)(3)	Identify each open significant recommendation from prior reporting periods.	Audit Resolution and Corrective Actions	4
§405(b)(4)	Summary of prosecutive referrals and results.	Investigative Activities	6
§405(b)(5)	Summary of reports alleging unreasonable refusal of OIG requests.	N/A	N/A
§405(b)(6)	Listing of issued audit reports with information on questioned and unsupported costs, and funds put to better use.	Completed Reports	3
§405(b)(6)	Listing of issued evaluation reports with information on questioned and unsupported costs, and funds put to better use.	N/A	N/A
§405(b)(6)	Listing of issued inspection reports with information on questioned and unsupported costs, and funds put to better use.	N/A	N/A
§405(b)(7)	Summary of each particularly significant report.	Completed Reports	3
§405(b)(8)	Statistical table: audit reports with questioned costs & unsupported costs.	Appendix B	B:1
	Statistical table: evaluation or inspection reports with questioned costs & unsupported costs .	N/A	N/A
§405(b)(9)	Statistical table: audit, evaluation, or inspection reports recommending funds be put to better use.	N/A	N/A
§405(b)(10)	Summary of each unresolved audit report from a prior reporting period.	Audit Resolution and Corrective Actions	4

IG Act Reference	Reporting Requirement	Report Section	Report Page
§405(b)(11)	Description & explanation for any significant revised management decisions during the period.	N/A	N/A
§405(b)(12)	Information on any significant management decisions the NEA IG disagreed with.	N/A	N/A
§405(b)(13)	Information on instances of NEA noncompliance with FFMIA remediation requirements, if applicable.	N/A	N/A
§405(b)(14)	Appendix of most recent peer review results of the NEA OIG, if conducted during the period. If not applicable, an appendix containing a statement identifying most recent peer review's date.	Appendix A	A:1
§405(b)(15)	List of unresolved peer review recommendations to the NEA OIG, with explanations.	Appendix A	A:1
§405(b)(16)	List of peer reviews conducted by the NEA OIG during the period, with any unresolved recommendations to other OIGs.	Appendix A	A:1
§405(b)(17)	Statistical tables: investigative reports and results.	Appendix B	B:2
§405(b)(18)	Description of investigative results tables' data metrics.	Appendix B	B:2
§405(b)(19)	Report on investigations with substantiated allegations against senior government employees.	N/A	N/A
§405(b)(20)	Detailed descriptions of whistleblower retaliations, and any consequences to retaliator.	N/A	N/A
§405(b)(21)	Detailed descriptions of NEA threats to OIG independence.	N/A	N/A
§405(b)(22)	Detailed descriptions of circumstances where NEA OIG did not disclose to the public that it closed an audit, evaluation, or inspection.	N/A	N/A
§405(b)(22)	Detailed descriptions of circumstances where NEA OIG did not disclose to the public that it closed an investigation of a senior government employee.	N/A	N/A

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NATIONAL ENDOWMENT FOR THE ARTS

Established by Congress in 1965, the National Endowment for the Arts (NEA) 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. As part of its mission, the NEA 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. The NEA partners with state arts agencies, regional arts organizations, local leaders, other Federal agencies, and the philanthropic sector to help deliver its mission.

The NEA's FY 2026 appropriation was $207 million, with approximately $165 million (80%) of that funding allocated for grantmaking and program support across the country. Current grantmaking priorities focus on celebrating contributions to American history as part of America's upcoming 250th birthday, supporting the health and well-being of people and communities through the arts, and improving the arts sector's overall capacity and capabilities.

The NEA is also a national leader in the arts field, and a convener on issues important to the arts community and people working at the intersections of arts and other fields such as health, community development, and education. Successful NEA initiatives include programs serving high school students (Poetry Out Loud and the Musical Theater Songwriting Challenge) as well as active-duty service members, veterans, and their families (Creative Forces and Blue Star Museums). The NEA also works to recognize and honor artists through the Jazz Masters Fellowships, National Heritage Fellowships, and National Medal of Arts.

Finally, the NEA serves as a valuable resource for research on the value and importance of the arts and disseminates this information to stakeholders and the public.

OFFICE OF THE INSPECTOR GENERAL

The Inspector General Act of 1978, as amended (IG Act), established Offices of Inspectors General (OIGs) across the Federal government, including the NEA. The mission of the NEA OIG is to promote the efficiency, effectiveness, economy, and integrity of the NEA's programs and operations. In pursuit of its mission, the NEA OIG conducts or oversees audits of NEA and award recipient programs and operations, reviews and responds to existing or proposed legislation and regulations affecting the NEA and maintains open communication with NEA Heads and Congress.

When fully staffed, the NEA OIG consists of the Inspector General (IG), the Assistant Inspector General for Audits, an Audit Manager, and two Auditors. These staff are focused on maintaining operations, meeting mandated oversight requirements, and identifying opportunities for streamlining processes and increasing efficiencies. To that end, the NEA OIG also utilizes its funding to procure mission-related services as needed, including investigative support services through a Memorandum of Understanding (MOU) with the Department of Education OIG.

The NEA OIG has operated with a staff of two since September 2025, the Assistant Inspector General for Audits and the Audit Manager. As a result, the NEA OIG paused all audit activity planned for internal staff and instead focused its resources on meeting mandated requirements. This included responding to hotline complaints, monitoring open recommendations, responding

to NEA and public inquiries, revising operational and audit processes to meet new regulations, and monitoring mandated audits contracted out to independent public accounting firms (IPAs).

SEMIANNUAL REPORTING

The IG Act requires semiannual reporting of OIG activities during six-month periods ending March 31 and September 30 each year, and the agency head's responses to those activities. The agency head must then submit both the OIG and agency reports to the NEA's appropriating and authorizing Congressional committees by May 30 and November 30, respectively. According to definitions in the IG Act, the head of the NEA is the National Council on the Arts (NCA), which is led by the NEA Chair. Therefore, we submit each semiannual report to the NEA Chair and NCA members by April 30 and October 31 of each year.

This report satisfies the semiannual reporting requirements for the period of October 1, 2025 through March 31, 2026.

AUDITS AND RELATED ACTIVITIES

We conduct performance and financial audits in service to our mission.

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

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

Completed Reports

We issued two reports during the reporting period. These audits were federally mandated audits of the NEA's financial systems and did not result in any questioned/unsupported costs, findings, or recommendations.

Table 1: Summary of audit reports issued during the reporting period

Report No.	Report Date	Auditee	Questioned Costs	Unsupported Costs	Funds Put to Better Use
A-26-01	October 29, 2025	NEA	$0	$0	$0
A-26-02	November 13, 2025	NEA	0	0	0
TOTAL			**$0**	**$0**	**$0**

See a summary of each audit below.

A-26-01: Report on the National Endowment for the Arts' Compliance with the Digital Accountability Transparency Act of 2014 for Third Quarter, Fiscal Year 2024

Public Law (P.L.) 113-101 established the Digital Accountability and Transparency Act of 2014 (DATA Act), which mandates bi-annual reporting on agency compliance with DATA Act requirements. As required, we issued a report on the NEA's DATA Act compliance for FY 2024's third quarter. We contracted with Williams, Adley & Company-DC, LLC (Williams Adley), an IPA, to conduct the performance audit in accordance with the *Federal Audit Executive Council - Inspectors General Guide to Compliance Under the DATA Act*, as revised on December 4, 2020, and *Government Auditing Standards* (GAS) issued by the Government Accountability Office.

Williams Adley concluded that the NEA's FY 2024 third quarter submission was complete, timely, accurate, and of excellent quality. Additionally, Williams Adley found that the NEA had properly implemented and used the government-wide data standards to successfully submit data to the Treasury's DATA Act Broker.

A-26-02: Auditors' Report on National Endowment for the Arts Financial Statements for the Year Ended September 30, 2025

P.L 107-289 established the Accountability of Tax Dollars Act of 2002, which mandates an annual financial statement audit of Federal agencies. As required, we issued a report on the NEA's audited financial statements for FY 2025. We contracted with Williams Adley to conduct the audit in accordance with GAS and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

In the *Independent Auditors' Report*, Williams Adley concluded that the NEA's financial statements were fairly presented, in all material respects, and thereby issued an unmodified opinion on those statements. In the *Report on Internal Control*, Williams Adley did not identify any deficiencies in internal control over financial reporting that they considered to be material weaknesses or significant deficiencies. In the *Report on Compliance*, Williams Adley concluded that there were no instances of noncompliance by the NEA with applicable laws and regulations that have a material effect on the financial statements insofar as they relate to accounting matters.

Audit Resolution and Corrective Actions

At the start of the reporting period, there were 32 open audit recommendations. During the reporting period, we issued 0 new recommendations and were able to close 25. See a breakdown in the table below.

Table 2: Status of Open Recommendations (Recs) from Prior Reporting Periods

Audit Report			Recommendation Status		
Number: Title	**Issuance Date**	**Number of Recs**	**Open: Period Start**	**Closed During Period**	**Open: Period End**
A-23-02: Performance Audit Report on the NEA's Compliance with FISMA Requirements for FY 2023	09/27/23	3	1	0	1
A-24-03: Performance Audit Report on the NEA's Compliance with FISMA Requirements for FY 2024	07/31/24	5	1	0	1
OIG-25-02: Performance Audit of the Michigan Arts and Culture Council	08/18/25	12	12	(8)	4
OIG-25-03: Performance Audit of the Maryland State Arts Council	09/23/25	18	18	(17)	1
		Totals	**32**	**(25)**	**7**

Corrective actions are in process by the auditees and agency to address the seven open audit recommendations. See a status summary of each corrective action below.

A-23-02: Performance Audit Report on the NEA's Compliance with FISMA Requirements for FY 2023

- Issuance Date: September 27, 2023
- Open Recommendations: 1
- Findings and Recommendations Summary: We are not providing a summary of the open finding and recommendation due to cybersecurity concerns.
- Status of Management's Response: In progress; limitations due to priorities and resources caused this to fall outside the expected remediation timeframe. Current implementation is planned for FY 2026, and subject to auditor review during the FY 2026 FISMA audit scheduled for April through July 2026. A final management decision will be issued upon completion.
- Questioned Costs: There are no questioned costs associated with this finding.
- Potential Refund Due: None

A-24-03: Performance Audit Report on the NEA's Compliance with FISMA Requirements for FY 2024

- Issuance Date: July 31, 2024
- Open Recommendations: 1
- Findings and Recommendations Summary: We are not providing a summary of the open finding and recommendation due to cybersecurity concerns.
- Status of Management's Response: In progress; limitations due to priorities and resources caused this to fall outside the expected remediation timeframe. Current implementation is planned for FY 2026, and subject to auditor review during the FY 2026 FISMA audit scheduled for April through July 2026. A final management decision will be issued upon completion.
- Questioned Costs: There are no questioned costs associated with this finding.
- Potential Refund Due: None

OIG-25-02: Performance Audit of the Michigan Arts and Culture Council

- Issuance Date: August 18, 2025
- Open Recommendations: 4
- Findings and Recommendations Summary: Open findings are related to providing accurate financial reports that only include allowable costs, and meeting subrecipient notification requirements. Recommendations to address these findings are focused on establishing procedures to meet requirements and controls to ensure procedures are followed.
- Status of Management's Response: In progress; corrective action plan was submitted and is under review. Current implementation is planned for FY 2026, with a final management decision issued upon completion.
- Questioned Costs: There are no questioned costs associated with these findings.
- Potential Refund Due: None, the auditee generally complied with Federal award requirements and exceeded the cost share minimum for all awards under review.

OIG-25-03: Performance Audit of the Maryland State Arts Council

- Issuance Date: September 23, 2025
- Open Recommendations: 1
- Findings and Recommendations Summary: The open finding is related to a subaward the Council made with American Rescue Plan (ARP) funds. We determined the subaward's stated purpose did not meet ARP restrictions and recommended the NEA disallow the cost and request a refund.
- Status of Management's Response: In progress; corrective action plan was implemented and a refund is pending. A final management decision will be issued upon completion.
- Questioned Costs: $50,000
- Potential Refund Due: $50,000

Audits and Other Engagements Planned or In-Process

In January 2026 we completed a risk-based analysis of NEA awardees and solicited input from NEA employees to develop an audit plan for calendar year 2026. The resulting plan included four mandated audits and five risk-based audits, representing over $18.8 million in NEA grant awards from calendar years 2023 through 2025. We have contracted with, or are in the process of procuring, IPAs to conduct the mandated audits as required. We have paused our risk-based audit activities until vacant OIG positions are filled; we anticipate being back to full staff by the end of the fiscal year.

INVESTIGATIVE ACTIVITIES

The IG Act authorizes the NEA OIG to receive and investigate allegations of employee misconduct, fraud, waste, and abuse occurring within the NEA'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 NEA employees, other government agency employees, and the public. These reports can give rise to criminal, civil, or administrative investigations.

The IG Act requires the NEA OIG to refer matters to the U.S. Department of Justice (DOJ) whenever there are reasonable grounds to believe there has been a violation of Federal criminal law.

Criminal, Civil and Administrative Actions

There was one open investigation at the start of the reporting period. That investigation remains ongoing.

Hotline Activity

During this reporting period, the NEA OIG received and evaluated seven hotline complaints. Four hotline complaints were received via email (oig@arts.gov), and three were received via voicemail. Our evaluation of each hotline complaint enabled us to close six complaints during the period.

OTHER ACTIVITIES

Freedom of Information Act Actions

We received one Freedom of Information Act requests during the reporting period that pertained to closed investigations. There are no outstanding FOIA requests carried over from the prior reporting period.

Review of Legislation and Regulations

The IG Act requires the NEA OIG to review and provide recommendations on current or proposed legislation or regulations relating to the NEA, or which would affect our operations. There have been many new legislative actions, and revisions to current regulations, during this and the previous reporting period. We are reviewing all changes and new statements for impact, but have not submitted any recommendations to date.

Operational Activities

During the reporting period we focused our resources on meeting mandated changes and responsibilities with significantly reduced staff of two.

- We reviewed and revised our documented audit procedures to meet new government auditing standards (Yellow Book) that went into effect December 2025.
- We established and documented a comprehensive quality control process that meets new internal control requirements established in the May 2025 *Standards for Internal Control in the Federal Government* (Green Book). This included designing and documenting a detailed risk assessment process for conducting annual and on-the-spot risk assessments. Our prior quality control process met requirements established in previous versions of both the Yellow and Green Book.
- We initiated four separate procurements to obtain IPAs to complete audits or engagements this calendar year.
- We worked with the NEA and Council of Inspectors General on Integrity and Efficiency (CIGIE) to establish a hiring process that meets new Federal hiring requirements, then initiated the hiring process to fill the two vacant Auditor positions.
- We participated in a peer review of our audit activities and started our own peer review of another OIG's audit activities. See more information on these topics in Appendix A.

Website

We maintain an ongoing internet presence at https://www.arts.gov/about/inspector-general to inform NEA 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 reviewed our website content to ensure we included resources to assist the NEA and its awardees in achieving excellence in delivery of the NEA mission, in particular through high quality stewardship of Federal award funding.

PEER REVIEW ACTIVITIES

The IG Act requires Federal IG to provide information on their peer review activities in an appendix to the semiannual reports. Peer reviews are conducted on a three-year cycle and evaluate an OIG audit organization's system of quality control, in accordance with CIGIE's *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*.

The AmeriCorps OIG completed a peer review of our office during the reporting period, and the report was issued March 17, 2026. The review covered the three-year period ending March 31, 2025, and included review of our audit procedures, compliance with Yellow Book requirements, and monitoring of IPA contracted services. We received a rating of *Pass*, with no new recommendations. However, the reviewers determined we did not fully comply with one recommendation from the prior peer review. Though we disagreed with their interpretation of the recommendation, we are currently working on actions to address the remaining open portion of the prior recommendation.

After receiving the passing rating, we initiated our own peer review of the Peace Corps OIG. That review covers the three-year period ending September 30, 2025, and includes review of their audit procedures, compliance with Yellow Book requirements, and monitoring of IPA contracted services. We anticipate that report will be issued by June 30, 2026.

TABLE 1: QUESTIONED & UNSUPPORTED AUDIT COSTS

Audit Reports		No. of Reports	Dollar Value	
			Total Questioned Costs	Unsupported Costs
A.	For which no management decision has been made by the commencement of the reporting period	2	$13,528,300	$857,151
B.	Which were issued during the reporting period	2	$0	$0
	Subtotals (A+B)	4	$13,528,300	$857,151
C.	For which a management decision was made during the reporting period	2	$13,528,300	$857,151
	i. Dollar value of the disallowed costs	2	$13,528,300	$857,151
	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	0	$0	$0

TABLE 2: LIST OF INVESTIGATIVE REPORTS & RESULTS

	Investigative Activity During the Period	Response*
A.	Investigative reports issued	0
B.	Total number of persons referred to DOJ for criminal prosecution	0
C.	Total number of persons referred to State and local prosecuting authorities for criminal prosecution	0
D.	Total number of indictments and criminal information resulting from prior referrals	0
E.	Total number of active investigations	1

*We completed this table using data from internal records tracking NEA OIG investigative activities. We did not need to adjust or process the data to obtain table results.

TABLE 3: HOTLINE ACTIVITY DATA

Hotline Contacts	No. Of Actions
Telephone Calls	3
Email	4
Website	0
Standard Mail	0
Referred by Other Sources	0
Total Hotline Contacts During the Period	**7**
Referred to Other Sources	0
Included in the Audit Plan	0
Closed	(6)
Total Unresolved Hotline Contacts from the Period	**1**

TABLE 4: FOIA ACTIVITY DATA

Freedom of Information Act	No. of Actions
Requests Received	1
Requests Processed or Referred	1
Total Freedom of Information Act Requests	**1**

HELP PROMOTE INTEGRITY, ECONOMY, AND EFFICIENCY
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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.