

NATIONAL ENDOWMENT for the ARTS

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National Endowment for the Arts
Office of Inspector General
Strategic Plan
2020-2024

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INTRODUCTION

Foreword

The National Endowment for the Arts (Arts Endowment) Office of Inspector General (OIG) was established in 1989 pursuant to Public Law 100-504, "The Inspector General Act Amendments of 1988" (IG Act). On October 14, 2008, the President signed the Inspector General Reform Act of 2008 (2008 Act) (Public Law 110-409), which amends the previous IG Act to primarily enhance the independence of the Inspectors General and create a Council of the Inspectors General on Integrity and Efficiency. This document describes the plan of Arts Endowment OIG for discharging its ongoing responsibilities under the IG Act, and for meeting its operational objectives for the period from fiscal year 2020 through fiscal year 2024.

This strategic plan is also a response to the General Accounting Office Report No. B-244053, "Inspectors General: Action Needed to Strengthen OIGs at Designated Federal Entities." That report recommended that OIGs develop strategic plans, prepare annual work plans for each year of a five-year period, and report the plans to their entity heads and, in their semiannual reports, to the Office of Management and Budget (OMB) and the Congress.

OIG Mission Statement

Our mission is to: promote economy, efficiency and effectiveness in Arts Endowment activities; prevent and detect fraud, waste and abuse; advocate ethics in government; and keep the Chairman and the Congress fully and currently informed about problems and deficiencies relating to Arts Endowment programs and operations. The Arts Endowment OIG is a team of skilled personnel dedicated to helping the Arts Endowment deliver its mission as economically, efficiently, and effectively as practical and with integrity. To this end, the OIG independently conducts activities such as audits, investigations, and special reviews in accordance with applicable professional standards to ensure our work is accurate, balanced and objective, and focused on adding value. To this end the OIG is open to working with Arts Endowment management and staff to help avoid problems before they occur.

OIG Vision

In achieving our mission, OIG staff will be fair and equitable, performing our duties with honesty and integrity. We will strive to be leaders and innovators in our field of expertise and work to become "Partners" with all Arts Endowment components, giving proper recognition to the rights, authorities and duties of Arts Endowment employees and the public it serves.

Duties and Responsibilities of the Inspector General

The Inspector General (IG) shall:

- Provide policy direction for, and conduct, supervise, and coordinate audits (including evaluations and other reviews that are conducted in accordance with applicable government standards) and investigations relating to the programs and operations of the Arts Endowment;
- Review existing and proposed legislation and regulations to determine their impact on economy and efficiency in the administration of, and the prevention and detection of fraud, waste and abuse in Arts Endowment programs and operations;
- Recommend policies and conduct, supervise, or coordinate activities both internal and external to Arts Endowment, for the promotion of economy and efficiency, and the prevention and detection of fraud, waste and abuse in NEA programs and operations;
- Keep the Chairman and the Congress fully and currently informed concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations financed by the Arts Endowment, or the identification and prosecution of participants committing such fraud or abuse;
- Comply with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities and functions (Government Auditing Standards);
- Give particular regard to the activities of the Comptroller General of the United States with a view toward avoiding duplication and ensuring effective coordination and cooperation;
- Establish guidelines for determining when it shall be appropriate to use non-Federal auditors, and give due regard to assuring that any work performed by non-Federal auditors complies with the Comptroller General's standards; and
- Report expeditiously to the Attorney General whenever the IG has reasonable grounds to believe there has been a violation of Federal criminal law.

Authority of the Inspector General

To carry out these responsibilities, the Congress has given the IG authority to:

- Access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to The Arts Endowment programs and operations;
- Conduct such investigations and reviews that are, in the judgment of the Inspector General, necessary or desirable;
- Request information or assistance from any Federal, state or local government agency or unit thereof, as may be necessary for carrying out the duties and responsibilities of the Inspector General Act;
- Issue subpoenas;
- Administer and take an oath, affirmation or affidavit from any person when necessary;
- Have direct and prompt access to the Arts Endowment Chairman as the Chairman of the Council on the Arts;
- Select, appoint and employ such officers and employees as may be necessary for carrying out the functions, powers and duties of the OIG; and
- Contract for audits, studies, analyses and other services within the limits of the established OIG budget

Jurisdiction of the Inspector General

The OIG consolidates audit and investigative capabilities under the direction of a single official, the IG, who in turn reports directly to the Council on the Arts and its Chairman, and the Congress. Three important features characterize the OIG: Independence, Objectivity and Integrity.

Although under the Chairman's general supervision, the Chairman may not prevent or prohibit the IG from initiating, performing, or completing any audit or investigation. The IG is also vested with special authorities that facilitate the performance of his or her mandate, and it is from these provisions that the element of independence derives.

The IG legislation states that there should be no conflicting policy responsibilities between the IG and the Agency, thereby ensuring objectivity and independence. The IG's sole responsibility is auditing, investigating, and initiating other activities designed to promote economy, efficiency, and effectiveness; and detect and prevent fraud, waste and abuse.

The investigative jurisdiction of the OIG includes all allegations of fraud, abuse and mismanagement, and any apparent or suspected violations of statute, order, regulation or directive in connection with any Arts Endowment program or operation.

The audit jurisdiction of OIG encompasses a wide range of audit services, including audits and special reviews. Audits are characterized as: financial or performance; full-scope or limited- scope; and external (focusing on the records of recipients of NEA funding) or internal (focusing on operations and activities carried on within NEA). Special reviews are used to appraise and provide information about particular programs or projects. They include evaluations (commonly focused on assessments of grantees' financial management systems and grantee compliance), and electronic data processing reviews (focused on information security, data centers, application systems or telecommunication systems). As part of the OIG audit and review process, we examine audit reports issued by other Federal agencies, state auditors, and independent public accountants to determine whether the results of audits have either a past, current or potential effect on Arts Endowment awards and what action, if any, may be required by the Arts Endowment. In addition, reviews may be conducted of individual awards to ensure proper reporting of expenditures.

The Inspector General's jurisdiction also includes the review of existing and proposed legislation and regulations relating to NEA programs and activities. This is essentially a reactive activity, limited to commenting on and making recommendations about the impact of the legislation or regulation on economy and efficiency or the prevention of fraud, waste and abuse. As an adjunct to the legal requirement, the Inspector General is consulted as a matter of Arts Endowment policy prior to issuance of internal directives and other significant pronouncements.

The IG Act provides broad jurisdiction to the OIG and as such the IG's jurisdiction is not limited to the areas listed above. The IG may, as circumstances dictate, perform other work in areas beyond those discussed above.

Strategic Planning Approach

The planning methodology that we have adopted is built around the concept of strategic issue areas. Issue areas are broad categories of prime importance. They highlight the priorities of our customers, including Arts Endowment management, the Congress, and the American people -- and contain a number of narrower topics or individual issues. The individual issues, expressed as questions, represent an assessment of the most significant concerns facing the Arts Endowment.

This approach includes formulating annual audit work plans. Annual plans define the work to be done by: identifying individual audits; assigning priorities; and linking audits to the strategic issue areas; allocating staff among issue areas; and serving as a means of communicating with Arts Endowment officials. Any OIG plans will, of course remain flexible, and subject to periodic updates to reflect shifts in issue area emphasis and changes in audit resources.

It is expected that issue area planning will:

- Establish multi-year audit objectives considering Arts Endowment and congressional needs;
- Focus OIG's resources on issues that represent the greatest risk to the Arts Endowment and those that offer the most opportunity for adding value;
- Reflect OIG's budget requests and resource allocation decisions; and
- Provide a basis for measuring results and ensuring accountability.

OIG Resource Requirements

OIG staff currently consists of five full-time positions -- the IG and four Auditors. There is no investigator or general counsel on staff. To provide a reactive investigative capability, we have a Memorandum of Understanding with other medium to large OIG's that agree to provide investigative coverage for us on a reimbursable basis as needed. We also have a Memorandum of Understanding with the other OIGs that details procedures to be used for providing us with legal services pursuant to the new requirements reflected in the 2008 Act.

It is possible that the resources provided for the OIG may, at some time, need to be changed. Any such adjustment may consider periodic evaluations of OIG resources as gauged by OIG actual performance compared to this strategic plan.

STRATEGIC ISSUE AREAS

Issue Area 1: NEA Program Activities

Major functions include:

- Grant award process
- Project monitoring to ensure grantees comply with the Arts Endowment's general grant terms and conditions and Federal Grant requirements
- Audit follow-up

Issue 1.1: Does the Arts Endowment evaluate completed projects to assess the benefits and accomplishments attributable to NEA funding?

Strategy: OIG will work with Arts Endowment management to assess the effectiveness of practices for reviewing the results obtained by grant recipients' projects as well as Arts Endowment's program initiatives.

Issue 1.2: Does NEA ensure that the recipients of funding are held accountable for meeting their particular reporting requirements and for complying with the terms and conditions applicable to their awards?

Strategy: OIG will conduct audits and special reviews to verify grantee accountability, allowability, and compliance with terms and conditions. In addition, OIG will continue to review the implementation of corrective actions and advise management as to the effectiveness of the actions and whether the desired results were achieved. Furthermore, OIG will provide technical assistance to grantees on how to maintain a financial management system and on how to comply with the financial aspects of the terms and conditions.

Issue 1.3: Are Arts Endowment standards for determining grantee eligibility consistent with the Agency's mission and legislated objectives?

Strategy: OIG will survey these measures to assess compliance and evaluate the extent to which stated purposes are being achieved.

Issue 1.4: Does the Arts Endowment provide potential applicants with information that is both appropriate and adequate regarding its funding initiatives?

Strategy: OIG will survey this function to assess timeliness, adequacy of content, and effectiveness in reaching potential applicants.

Issue 1.5: Does the Arts Endowment ensure that applications are processed and evaluated in accordance with Federal and agency requirements?

Issue 1.6: Do the Arts Endowment policies and procedures for its Access Ability program adequately provide a framework consistent with legislative requirements?

Strategy: OIG will conduct surveys and analyses as warranted to assess policies and initiatives for promoting Access Ability's goals and objectives.

Issue Area 2: Arts Endowment Administrative Operations

Major functions include:

- Information systems
- Financial management
- Budget administration
- Procurement and facilities
- Human resources
- Internal controls
- Freedom of Information and Privacy Acts

Issue 2.1: Is the Arts Endowment efficiently and effectively addressing the need to modernize its information management systems, and in a manner that allows it to continue meeting current operational needs while maintaining consistency with provisions of the Computer Security Act, OMB Circular No. A-130 and the Federal Information Security Management Act of 2002?

Strategy: OIG will continue to assist management by: participating in task groups; periodically reviewing and commenting on implementation issues; and performing internal control reviews on new systems with a focus on security and problem prevention.

Issue 2.2: Does the Arts Endowment's financial management system provide the management information needed for: (1) budget planning and formulation, budget allocation, and budget review and follow up; and (2) monitoring costs and expenditures in accordance with the requirements and initiatives of Congress, OMB, the Department of the Treasury, and the Accountability of Tax Dollars Act of 2002?

Strategy: OIG will conduct, through an independent auditor, financial related audits to verify the integrity of budget execution, the propriety of transactions, the validity of account balances, and the accuracy of financial reports.

Issue 2.3: Does the Arts Endowment effectively assure that procurement actions comply with Federal and its requirements?

Strategy: OIG will periodically review NEA's procurement activities in accordance with Federal and Agency requirements.

Issue 2.4: Do the Arts Endowment's policies and procedures provide a framework for the efficient and effective use of human resources that are consistent with Equal Employment Opportunity (EEO) goals and objectives?

Strategy: OIG will conduct surveys and analyses as warranted to:(1) identify patterns and trends; (2) evaluate the Arts Endowment's responsiveness to employee complaints or grievances; and (3) assess management initiatives for promoting EEO goals and objectives.

Issue 2.5: Are the Arts Endowment's internal controls adequate to deter and detect fraud, waste, abuse, and mismanagement?

Strategy: OIG will conduct audits and other reviews to uncover any weaknesses in internal controls and will prepare management reports with recommendations for corrective action, if applicable.

Issue 2.6: Do the Arts Endowment's policies and procedures on Freedom of Information Act (FOIA) and the Privacy Act adhere to Federal laws and regulations?

Strategy: OIG will periodically review the Arts Endowment's policies and procedures for adherence to the Federal laws and regulations on FOIA and the Privacy Act.

Issue Area 3: OIG Administration

Major Functions Include:

- Audit universe
- Lines of communication
- Allegations' review
- Staff professionalism
- Regulatory review

Issue 3.1: Does OIG maintain an up-to-date audit universe, complete with weighted criteria for assessing audit priorities?

Strategy: OIG will update its universe of discrete auditable areas, revising and prioritizing the criteria as appropriate.

Issue 3.2: Does OIG promote open relations and positive interaction with Arts Endowment officials and others?

Strategy: OIG will: seek frequent feedback from the Chairman, senior staff and Arts Endowment managers as appropriate; actively participate on Arts Endowment committees or task forces when opportunities exist to add value. In addition, OIG, when appropriate, will establish relations with Congressional committees, GAO, the Department of Justice and other law enforcement agencies, and the OIG community.

Issue 3.3: Does OIG maintain an investigative capability that is appropriate for the Arts Endowment?

Strategy: OIG will continue to maintain a formal memorandum of understanding with another OIG to provide for the temporary assignment of professional criminal investigators as needed. OIG auditors will screen allegations and other indications of possible misconduct to determine whether there is a sufficient basis for investigation. If so, OIG will, as appropriate, either refer the case to another investigative authority, request the temporary assignment of a criminal investigator from another OIG, or investigate the case as a civil matter with the expectation that, after the necessary evidence is gathered and evaluated, the matter will be referred to Arts Endowment management for administrative action.

Issue 3.4: Does OIG foster the professional growth of its staff?

Strategy: OIG will establish a staff feedback process to encourage the open exchange of information and ideas, and will continue to budget training funds adequately to satisfy the continuing education standards established by the Comptroller General.

Issue 3.5: Does OIG review existing and proposed legislation and regulations to determine their effect on the programs and operations of the Arts Endowment?

Strategy: OIG will continue to work with management, devising a process for ensuring that legislative and regulatory proposals are evaluated for their impact on the Arts Endowment.

PERFORMANCE MEASURES

These measures are expected to help OIG recognize and measure value added by its work, document achievements, evaluate progress toward goals, and identify needs for improvement. The measures are structured along the requirements of the IG Act and are intended to allow comparisons to previous periods.

- Feedback from customers on the value added by audit reports and other reviews of programs and operations;
- Assessment of the significance of recommendations implemented to correct deficiencies, which should lead to improved operations and funds put to better use;
- The number of technical and advisory activities that benefited from OIG participation;
- The number of laws and regulations reviewed.

FIVE-YEAR AUDIT PLAN 2020 - 2024

Each year the OIG creates a flexible plan to conduct audits of the Arts Endowments programs and operations, and recipients of its grant and cooperative agreement funding. However, OIG resources are limited. Thus, in order to use its resources in the most effective way to support the Arts Endowment and its mission delivery, the OIG uses a risk-based approach to decide the audits to be conducted each year. The plan is flexible to allow for unanticipated efforts that may arise during the year from sources such as complaints we receive through our hotline, from the Congress, and agency officials, etc.

The OIG believes that Arts Endowments employees and contractors are on the front lines delivering the mission and are most likely to be familiar with programs and operations and funding recipients that might warrant OIG attention and audit support. Thus, the OIG begins its planning process each year with a memorandum to the agency requesting suggested audits from Arts Endowment employees and contractors. We also consider planned and ongoing audits that will carry over from the prior year as part of the planning process. After gathering this initial data, we consider the following risk factors in deciding the audits to include in the annual plan:

- Carryover audits continuing from the prior period and audits in the prior year plan that have not been initiated
- Audits and reviews mandated by statute and the Congress,
- Requests from Arts Endowment Council on the Arts, employees, and contractors,
- Importance of the activity to the Art's Endowment's mission;
- Extent of Arts Endowment resources committed to the activity;
- Potential for fraud and other unlawful or improper acts;
- Extent of audit coverage provided by auditors other than those within the OIG, e.g. single audits, state audits, financial audits, etc.
- Availability of audit staff with needed expertise; and
- Results of prior audits/reviews.

Our goal is to complete 4 to 6 audits per semiannual period ending March 31 and September 30 each year. The plans are flexible considering that higher priority audits may be requested of or identified by the OIG during the semiannual periods that may require a change in the audit plan. Our plans will include two or more mandatory audits a year and up to 10 audits of grant and cooperative agreement recipients. For purposes of our audit plans, "grantee" refers to Arts Endowment grantees, cooperators, or contractors.

AUDIT PLAN - FY 2020 Thru 2024

Following is a description of the various types of audits we conduct to implement the audit plan.

Grantee Audits. These types of audits involve a limited review of financial and nonfinancial information to ensure validity and accuracy of award recipients' reported information, and compliance with state and Federal requirements. (Issue 1.2) The objectives of these audit are to determine whether:

- The grantee's financial management system and recordkeeping complies with the requirements established by the Office of Management and Budget (OMB) and Arts Endowment *General Terms and Conditions for Grants and Cooperative Agreements to Organizations (General Terms)*;
- The grantee fulfilled the financial and compliance requirements, including cost share/matching, set forth in Arts Endowment awards; and
- Total project costs reported under the awards are reasonable, allocable, and allowable.

Audit Follow-up. During audit follow-up we work with agency officials to track the status of recommendations for corrective action, and provide the Audit Follow-up Official and other Arts Endowment managers with technical assistance in resolving audit findings. This activity will be ongoing throughout the year. (Issue 1.2)

Information & Technology Management (ITM) and Privacy Management Review. This is a mandated audit that we conduct to determine whether The Arts Endowment ITM policies, procedures, and practices are adequate for meeting its operational and security needs, and whether they conform to accepted standards and requirements. Review of security matters will be undertaken in accordance with the Federal Information Security Management Act of 2002. Privacy review will be done in accordance with OMB guidance. (Issue 2.1) (Issue 2.6)

Financial Statement Audit. This is a mandated audit that we conduct to provide oversight of the independent CPA firm conducting the financial statement audit of the Arts Endowment. (Issue 2.2)

Improper Payments Elimination and Recovery Act. The Arts Endowment falls below the threshold for this to be a mandatory audit. However, we periodically Review NEA's compliance with the *Improper Payments Elimination and Recovery Act of 2010*. (Issue 2.3)

Purchase and Travel Card. The Arts Endowment falls below the threshold for this to be a mandatory audit. However, we periodically consider performing a risk assessment of this area to ensure Review Arts Endowment's controls over government charge card purchases. (Issue 2.5)

REPORTING WRONGFUL ACTS



Anyone, including Arts Endowment employees, who learns about or has reason to suspect the occurrence of any unlawful or improper activity related to Arts Endowment operations or programs, should contact the OIG immediately. A complaint/referral may be reported using any of the following methods:

Toll-free Arts Endowment OIG Hotline:
1-877-535-7448 Local Calls: 202-682-5479
Fax: 202-682-5649
Email: oig@arts.gov
Website: www.arts.gov/about/oig/fraud.html

You may also visit or write us at the National Endowment for the Arts, Office of Inspector General, 400 7th Street, NW, Washington, DC 20506.

When contacting the OIG, it will help if you have answers to the following questions:

- Who are the parties involved (names, addresses and phone numbers if possible);
- What is the suspected activity (specific facts of the wrongdoing);
- When and where did the wrongdoing occur;
- How did you learn about the activity (from a third party, actual observation, conclusion drawn from observing or performing different activities, etc.); and
- Where can you be contacted or when will you contact us again.

While anonymous complaints are welcome, please understand that a lack of sufficient and specific information may mean that our office is unable to investigate the allegation. NEA OIG will not disclose the identity of a complainant or informant without consent, unless the Inspector General determines that such disclosure is unavoidable during the course of the investigation.

Federal employees are protected against reprisal for disclosing information to the Inspector General unless such disclosure was knowingly false.