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**National
Endowment
for the Arts**

arts.gov

**Office of Inspector General
Semiannual Report to Congress**

April 1, 2017 - September 30, 2017

TABLE OF CONTENTS

PAGE

MESSAGE FROM THE INSPECTOR GENERAL

NATIONAL ENDOWMENT FOR THE ARTS	1
OFFICE OF INSPECTOR GENERAL	1

AUDITS, EVALUATIONS AND RELATED ACTIVITIES 2

COMPLETED AUDIT REPORTS	2
COMPLETED SPECIAL REVIEWS, EVALUATIONS AND REPORTS	3
AUDIT RESOLUTION AND CORRECTIVE ACTIONS	3
REPORTS ISSUED WITH QUESTIONED COSTS	3
REPORTS ISSUED WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE	4
REPORTS ISSUED WITH RECOMMENDATIONS OPEN FOR MORE THAN 180 DAYS	4
AUDITS AND OTHER ACTIVITIES PLANNED OR IN-PROCESS	4

OTHER PLANNED REVIEWS 5

INVESTIGATIVE ACTIVITIES 5

CRIMINAL, CIVIL AND ADMINISTRATIVE ACTIONS	5
HOTLINE ACTIVITY	6

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
OTHER ACTIVITIES	6
ACTIVITIES WITHIN THE INSPECTOR GENERAL COMMUNITY	6
SIGNIFICANT MANAGEMENT DECISIONS	6
ACCESS TO INFORMATION	6
REVIEW OF LEGISLATION AND REGULATIONS	7
PEER REVIEW ACTIVITY	7
OUTREACH AND AWARENESS	7
WEBSITE	7
CONSULTATIONS WITH THE NATIONAL COUNCIL ON THE ARTS AND CONGRESS	8
NEA TOP MANAGEMENT CHALLENGES	8
TABLES	
TABLE 1: SUMMARY OF REPORTS ISSUED DURING THE REPORTING PERIOD	11
TABLE 2: INSPECTOR GENERAL ISSUED REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE	12
TABLE 3: INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS	13
TABLE 4: REPORTS WITH RECOMMENDATIONS ON WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED	14
TABLE 5: INVESTIGATIVE AND ADMINISTRATIVE ACTION DATA	15
TABLE 6: SUMMARY OF INSPECTOR GENERAL REPORTING REQUIREMENTS	16
DEFINITIONS	17
CONTACTING THE OFFICE OF INSPECTOR GENERAL	18

MESSAGE FROM THE INSPECTOR GENERAL

This Semiannual Report presents the accomplishments and activities of the Office of Inspector General (OIG) from April 1, 2017 to September 30, 2017. My vision is to continue to strengthen the OIG by employing more strategic and risk based planning and partnering with the National Endowment for the Arts (NEA) leadership and staff to increase the value of OIG work in support of the NEA mission.

During this reporting period, to support this vision, I changed the structure of the OIG to enhance performance management, training and development, and productivity. Also during this period, the OIG issued audit reports of grantees with questioned cost of \$618,577. In addition we received and addressed 20 hotline complaints. By addressing some of these complaints, we helped citizens avoid scams by individuals fraudulently representing NEA.

Through the audit follow-up process, we collaborated with NEA managers to clear eleven recommendations resulting in better stewardship of NEA funds by putting in place stronger financial controls, policies, and procedures for awardees subject to OIG recommendations. Furthermore, based on a 2016 financial statement audit report recommendation, NEA put in place a process to more timely identify funds available for de-obligation, resulting in \$517,218 in funds put to better use during FY 2017.

I appreciate the support of the OIG staff, the Chairman and her staff, and the National Council on the Arts during the semiannual period. I look forward to continuously working with NEA's leadership and staff -- promoting economy, efficiency, effectiveness and integrity - - to help ensure excellence and value in NEA's mission delivery.

Ronald K. Stith, CPA
Inspector General

NATIONAL ENDOWMENT FOR THE ARTS

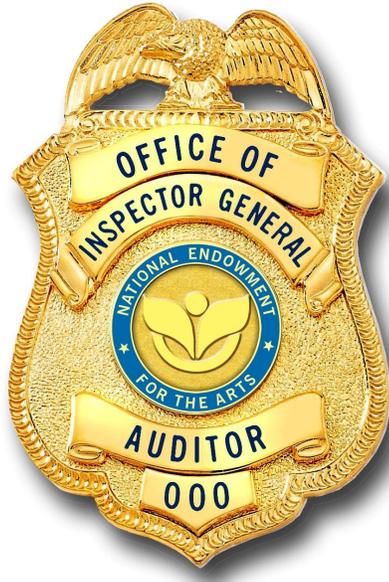
Established by Congress in 1965, the NEA is the independent federal agency whose funding and support gives Americans the opportunity to participate in the arts, exercise their imaginations, and develop their creative capacities. Through partnerships with state arts agencies, local leaders, other federal agencies, and the philanthropic sector, 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.

OFFICE OF INSPECTOR GENERAL

The Inspector General Act of 1978 (IG Act), as amended, established the Office of Inspector General (OIG) within various 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.

NEA OIG is required by the IG Act to prepare a semiannual report summarizing the activities of the office during the preceding six-month period. The report is sent to NEA Chairman, the National Council on the Arts, and NEA's appropriating and authorizing Congressional committees.

NEA OIG is composed of the Inspector General and four auditors. To provide an investigative capability, we have a Memorandum of Understanding (MOU) with the National Science Foundation's OIG to provide coverage on a reimbursable basis, as needed. We also have a MOU with the Postal Service OIG for independent general counsel legal services.



AUDITS, EVALUATIONS AND RELATED ACTIVITIES

Audits completed by OIG during the current and prior periods have disclosed deficiencies in awardee operations in the following areas:

- Ensuring that contractors and recipients are not debarred or suspended from receiving Federal assistance prior to the award or payment of Federal funds;
- Written policies and procedures for managing Federal awards;
- Reporting accurate and allowable costs;
- Maintaining a Section 504 self-evaluation at the organization;
- Maintaining supporting documentation for costs charged to the grants; and
- Ensuring the proper accounting for and eligibility of in-kind matching funds.

The OIG continuously works with agency management to implement OIG recommendations, resulting in improved awardee operations in the areas listed above.

Completed Audit Reports

Limited Scope Audit Report on Selected Awards to The John F. Kennedy Center for Performing Arts, Report No. LS-17-01

The audit concluded that the Kennedy Center generally complied with the financial management system and recordkeeping requirements established by the Office of Management and Budget (OMB) and NEA. However, we found two deficiencies resulting in recommendations to improve the Kennedy Center's management of Federal awards.

Specifically, we found that the Kennedy Center's Federal Financial Report (FFR) review process did not ensure accurate, current, and complete disclosure of financial results in accordance with reporting requirements. This resulted in \$239 in underreported costs and \$9,270 in unsupported costs reported on NEA grant FFRs.

We also found that the Kennedy Center did not adhere to federal requirements when reporting costs to NEA. This resulted in \$94,443 of unallowable costs reported on NEA grant FFRs.

We recommended that the Kennedy Center (1) establish written review policies and implement procedures that ensure accurate, current, and complete disclosure of financial results in accordance with reporting requirements, and (2) establish written policies and implement procedures to ensure that unallowable costs are not included in costs reported under NEA awards.

Completed Special Reviews, Evaluations and Reports

Financial Management System & Compliance Evaluation on Selected NEA Grants to Art 21

The evaluation concluded that Art 21 generally complied with the financial management system and recordkeeping requirements established by OMB and NEA. However, we found six deficiencies resulting in seven recommendations to improve Art 21's management of NEA grant awards.

We concluded that NEA awards were not separately identified in Art 21's financial system; the FFRs were not accurately completed; written documentation that states the method used to allocate costs were not established; personnel activity reports were not maintained; policies and procedures for debarred or suspended contractors or award recipients were not established; and the Section 504 self-evaluation workbook was not on file.

The recommendations made to Art 21 were to (1) develop written policies and implement procedures that ensure each Federal award is separately identified in its financial system; (2) develop written policies and implement procedures for financial officials to review and follow instructions for completing the FFR to ensure the form is completed accurately; (3) clarify the policy to require written documentation of the method used to allocate costs to each grant; (4) develop written policies and implement procedures for maintaining support for salary and wage expenses that adheres to 2 CFR 200;

(5) provide additional documentation for Grant No. 12-3446-7103 to support the salary and wages charged to the award. Without additional support, a potential refund of \$47,465 could be due to the NEA; (6) develop written policies and implement procedures to ensure that contractors and recipients are not debarred or suspended from receiving Federal assistance prior to the payment or award of Federal funds and (7) complete a Section 504 self-evaluation to ensure compliance with the Rehabilitation Act of 1973, as amended.

We also recommended that NEA review the supporting documentation of \$524,134 of questioned costs for three grants.

Audit Resolution and Corrective Actions

At the beginning of the reporting period, there were 38 open recommendations from prior reports. During the reporting period, we received documentation to support implementation of corrective actions that closed eleven recommendations. And ten new recommendations were issued during the period. As a result, there were 37 open recommendations as of September 30, 2017. Corrective actions for these recommendations are in process.

Reports Issued with Questioned Costs

There were two reports issued with questioned costs during the reporting period. Table 3 (page 13) provides a summary of issued reports with recommendations that included \$618,577 in questioned costs.

Reports Issued with Recommendations that Funds Be Put to a Better Use

The FY 2016 Audit of the NEA Financial Statements included a recommendation that resulted in \$517,218 in funds put to better use during FY 2017.

Reports Issued with Recommendations Open for More than 180 days

As of September 30, 2017, there were 27 recommendations from three reports open for more than 180 days. Corrective action on these recommendations is in process.

Table 4 (page 14) provides a summary of the reports with recommendations open 180 days or more.

Audits and Other Activities Planned or In-Process

We have five audits in process, including three mandatory audits that will be completed by November 2017. Following is a summary of the purpose and approach to conducting these audits.

Audit of the NEA Financial Statements

The OIG oversees the NEA annual financial statement audit required under the Accountability of Tax Dollars Act of 2002. We contracted with Williams, Adley & Company, LLP, an independent public accounting firm, to perform the audit. The purpose of the audit is to express an opinion on the accuracy and completeness of NEA's

financial statements for the fiscal year ending September 30, 2017. The audit also tests the internal controls over financial reporting and assesses compliance with selected laws and regulations.

Audit of NEA's Compliance with the DATA Act of 2014

The DATA Act effective May 9, 2014, requires Federal agencies to annually report financial and payment data in accordance with data standards established by the Department of Treasury and OMB. The OIG contracted with Williams, Adley & Company, LLP to include the NEA DATA Act audit requirement as part of the financial statement audit. The objective of the audit is to assess the completeness, timeliness, quality, and accuracy of the data sampled and the implementation and use of Treasury and OMB data standards by NEA in reporting financial data.

Evaluation of NEA's Compliance with the Federal Information Security Modernization Act of 2014 (FISMA)

The FISMA requires an annual OIG evaluation of each agency's information security program and practices. The OIG contracted Williams, Adley & Company, LLP to conduct the FISMA audit. The audit includes evaluating the adequacy of NEA's information security program and practices for its major systems. The FISMA report will be submitted to the OMB by October 31, 2017.

*Limited Scope Audit Report on Selected Awards to
The California Arts Council*

The OIG has initiated a limited scope audit of the California Arts Council (CAC). The objectives include review of CACs' financial management system and compliance with the terms and conditions relating to grants awarded by the NEA totaling \$3,309,150.

*Limited Scope Audit Report on Selected Awards to
The American Architectural Foundation*

The OIG has initiated a limited scope audit of the American Architectural Foundation (AAF). Audit objectives include a review of AAFs' financial management system and compliance with the terms and conditions relating to awards by the NEA totaling \$1,247,000.

OTHER PLANNED REVIEWS

NEA annually awards over 2,000 grants and cooperative agreements exceeding \$100 million. These awards fund the arts in all 50 states and six U.S. jurisdictions, including urban and rural areas, and reach civilian and military populations. Therefore, award management and oversight is crucial to the NEA mission.

We conducted a risk based analysis of NEA programs and operations, and solicited input from agency employees to plan more strategic audits and reviews. Based on the risk analysis, we selected fifteen awardees to audit with an NEA award value of \$27,949,980.

INVESTIGATIVE ACTIVITIES

The IG Act authorizes the OIG to receive and investigate allegations of employee misconduct as well as fraud, waste and abuse occurring within NEA programs and operations. Investigative activities tend to be reactive and initiated based on reports of possible fraud, waste, and abuse. Matters of possible wrongdoing are referred to the OIG as allegations or complaints from a variety of sources, including NEA employees, other government agencies and the public. Reported incidents of possible fraud, waste and abuse 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 is reasonable grounds to believe there has been a violation of Federal criminal law. Our investigative needs are met through a memorandum of understanding with the National Science Foundation OIG on an as needed basis.

Criminal, Civil and Administrative Actions

There were no criminal, civil or administrative actions initiated, completed, or ongoing during this semiannual period. There were no matters referred to the U.S. Department of Justice for prosecution.

Hotline Activity

During this reporting period, the OIG received and evaluated 20 hotline complaints. Six hotline complaints not related to NEA were referred to other agencies for action. We retained 14 of the complaints -- taking actions that enabled us to close nine and assist complainants reporting scams to avoid being defrauded by individuals fraudulently representing NEA. We are taking the appropriate steps to address the five remaining complaints.

OTHER ACTIVITIES

Activities Within the Inspector General Community

Activities that affect the OIG community are typically coordinated by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). CIGIE also develops and delivers training for the Inspector General 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. Each IG is a voting member of CIGIE.

During this reporting period, CIGIE coordinated an initiative that developed and launched Oversight.gov, a website that provides a “one stop shop” to follow the ongoing oversight work of all IGs that publicly post reports. Inspectors General previously only posted reports to their individual websites. But 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.

Significant Management Decisions

Section 5(a)(12) of the IG Act requires that OIG disagreements with significant management decisions be reported in the semiannual report to Congress. Section 5(a)(11) 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

The IG shall be provided with ready access to all agency records, information, or assistance when conducting an investigation or audit. 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. A summary of each report submitted to the agency head about any refusal must be provided in the semiannual report. During this reporting period, we 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. We conducted a review of 5 CFR Part 630, Rev. *Administrative Leave, Investigative Leave Notice Leave, and Weather and Safety Leave*. We did not propose any changes to the draft 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. These activities cover our role as both the reviewed and the reviewing OIG.

Peer reviews are conducted on a 3-year cycle of OIG audit organizations' 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. In keeping with Section 989C, we are reporting the following information related to NEA OIG peer review activities.

The Federal Election Commission OIG conducted our most recent audit peer review and issued its report on January 27, 2017. The peer review determined that our audit

organizations system of quality control, for the year ended March 31, 2016, complied with *Government Auditing Standards*. We received a peer review rating of "pass with a deficiency."

The deficiency in the peer review report contained a recommendation to strengthen our system of quality control. We have completed the corrective action for the recommendation. The report is posted on our Website at <https://www.arts.gov/oig/reports/external-peer-reviews>. Our next peer review is scheduled for December 2019.

We conducted a peer review of the Equal Employment Opportunity Commission (EEOC) during the reporting period. Based on our review, EEOCs' policies and procedures for the audit function for the year ended March 31, 2017, were current and consistent with applicable professional standards. We found no deficiencies and assigned EEOC a rating of "pass."

OUTREACH AND AWARENESS

Website

We maintain an ongoing Internet presence at <https://www.arts.gov/oig> to inform NEA employees, grantees, and the Public of our work. During the semiannual period, the OIG increased its visibility to the public and NEA employees by participating in the Oversight.gov web page developed by the CIGIE for the entire Inspectors General Community. This web site allows the public and other stakeholders to access reports and recommendations from all Inspectors General.

Consultations with the National Council on the Arts and Congress

The IG Act directs Inspectors General 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 (NCA) is the Head of the Establishment. To address this requirement, the Inspector General has biweekly meetings with the NCA Chairman. The Inspector General also attends NCA public meetings. Furthermore, we provide OIG *Semiannual Report to Congress* for to the NCA and to Congress.

NEA TOP MANAGEMENT CHALLENGES

The Consolidated Reports Act of 2000 and Office of Management and Budget (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. It is our assessment that the areas of financial management, human capital, information technology, administrative services, and awardee accountability represent the top management and performance challenges for the National Endowment for the Arts (NEA). Following is a discussion of each challenge area.

Financial Management. NEA's top financial management challenge for FY 2017 and beyond includes keeping pace with government-wide modernization efforts and regulatory changes, while improving efficiency and effectiveness of NEA

accounting and finance work procedures, systems, and staff cross-training.

During FY 2016, NEA filled key positions in the Finance office, including the Finance Director position. More than a year later, the Finance office has made good progress learning existing systems, planning improvements to these systems and processes, and implementing key procedural and control enhancements. For example, the Finance office established routine reviews to identify funds that could be de-obligated and made available for use by the agency. They also continue to assist in developing and implementing NEA's new electronic grants management system that requires an interface with the financial system..

Notwithstanding this progress, the Finance office continues to be challenged to comply with regulatory changes and modernization requirements -- the most recent being the Digital Accountability and Transparency Act (Public Law No. 113-101) that established new financial reporting requirements for all Federal agencies.

Human Capital. NEA's top human capital challenge includes ensuring an effective human capital strategy to work with hiring managers to attract candidates with the right skills, ability and knowledge to replace retiring employees. This should be done while maintaining high quality service in other human capital areas, such as training and development, and performance management. This challenge is even greater now and for the foreseeable future as the Human Capital team has had two staff members leave the agency in the past six months, and all agencies are

facing a budget climate focused on shrinking government employment.

Information Technology. NEA's top information technology management challenge includes the transition to a new, more robust electronic grants management system (eGMS). This need is being addressed through an OMB-approved partnership with the National Endowment for the Humanities to jointly develop a new shared system. Built on a more flexible, operationally efficient platform, the eGMS should be fully integrated with NEA business processes and connected to both Grants.gov and NEA's financial system. NEA has made significant progress to transition to this system during FY 2017, and it expects efforts to fully implement the new system will continue into FY 2018.

Another challenge for NEA is the Federal Information Security Modernization Act of 2014 (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 NEA compliance with FISMA, we continuously identify ways to enhance security and NEA continually makes progress in complying with the ever increasing information system security requirements.

Yet another challenge for NEA is the E-Government Act and Privacy Act that provide legislative guidance for the control and dissemination of personal information and personally identifiable information. In light of data theft at several Federal agencies, a review

of agency protection of Privacy Act data has been included as part of the FISMA evaluation and reporting process. This area will require NEA's ongoing attention as information security requirements are ever changing and increasingly important.

Administrative Services. NEA's top administrative services management challenge is inventory. The challenge is for the Administrative Services team to ensure all accountable property is included in the automated inventory system and to develop policy and procedures to maintain an accurate and complete inventory system. During FY 2017, Administrative Services became responsible for maintaining all inventory and developing related policy and procedures. Since receiving responsibility for inventory management, Administrative Services has made good progress identifying missing information. The challenge to ensure accurate and complete inventory records will continue into FY 2018.

Awardee Accountability. Our audits continue to identify awardees that have not complied with all applicable Federal award requirements. These awardees are typically identified through our annual planning, hotline allegations, or referrals from the NEA's Office of Grants and Contracts. Based on audits of these awardees, we continue to identify improvements needed in awardee compliance with Federal award regulations as well as NEA *General Terms and Conditions*. We acknowledge and encourage NEA's continuous efforts to identify awardee compliance with Federal

requirements. Continued development and implementation of web-based tools and technical assistance efforts by NEA, and the results of our audits will, in our opinion, help to improve awardee compliance. As grant making is the primary mission of the NEA, this area will continue to be an important challenge.

NEA employees have been responsive to our audit reports related to the management challenges, and they continue to be proactive in seeking ways to address the challenges.

TABLE 1: SUMMARY OF REPORTS ISSUED DURING THE REPORTING PERIOD

Report No.	Report Date	Report Title	Questioned Costs	Unsupported Costs	Funds Put To A Better Use
SCE-17-01	July 27, 2017	Financial Management System & Compliance Evaluation on Selected NEA Grants to Art 21	524,134	0	0
LS-17-01	Sep 13, 2017	Limited Scope Audit Report on Selected Awards to The John F. Kennedy	94,443	9,270	0
TOTAL			\$618,577	\$9,270	0

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

		Number 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

		Dollar Value			
		Number of Reports	Questioned Costs	Unsupported Costs	Potential Refunds
A.	For which no management decision has been made by the commencement of the reporting period	-			
B.	Which were issued during the reporting period	2	618,577	9,270	47,465
	Subtotals (A+B)				
C.	For which a management decision was made during the reporting period	-			
	(i) dollar value of the disallowed costs				
	(ii) dollar value of the cost not disallowed				
D.	For which no management decision was made by the end of the reporting period	2	618,577	9,270	47,465
E.	Reports for which no management decision was made within six months of issuance	-			

TABLE 4: REPORTS WITH RECOMMENDATIONS ON WHICH CORRECTIVE ACTIONS HAVE NOT BEEN COMPLETED

Report Number	Report Date	Report Title	Recommendations
LS-13-02	Mar 1, 2013	Limited Scope Audit Report on selected NEA Grants to Music-Theatre Group	The report includes eleven recommendations with five remaining open. Music-Theatre Group is repaying \$135,000 in questioned costs and has provided written policies and procedures.
A-17-01	Oct 31, 2016	FY 2016 NEA Audit of Financial Statements	The report includes fifteen open recommendations. Corrective actions are in process.
ER-17-01	Jan 10, 2017	The Federal Information Security Modernization Act of 2014	The report includes seven open recommendations, including a repeat recommendation from the 2012 report. Corrective actions are in process.
SCE-17-01	July 27, 2017	Financial Management System & Compliance Evaluation on Selected NEA Grants to Art 21	The report includes eight open recommendations -- seven to the grantee and one to NEA. Corrective actions are in process.
LS-17-01	Sep 13, 2017	Limited Scope Audit Report on Selected Awards to The John F. Kennedy Center for Performing Arts	The report includes two open recommendations. Corrective actions are in process.

TABLE 5: INVESTIGATIVE AND ADMINISTRATIVE ACTION DATA

Civil/Criminal Investigative/Administrative Activities	Number of Actions
Referrals to Prosecutors	0
Civil Settlements	0
Investigative Recoveries	0
Debarments/Suspensions	0
Administrative Actions	0
Hotline Contacts	
Telephone Calls	3
Email	16
Standard Mail	1
Referred by Other Sources	0
Referred to Other Sources	6
In Assessment Process for Possible Action	5
Closed with Recommended Action	9
Total	20
Freedom of Information Act Requests	
Requests Received	1
Requests Processed or Referred	1
Total	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	6-7
Section 5(a)(1)	Significant problems, abuses and deficiencies	2-3
Section 5(a)(2)	Recommendations with respect to significant problems, abuses and deficiencies	2-3
Section 5(a)(3)	Prior significant recommendations on which corrective actions have not been completed	4 and 14
Section 5(a)(4)	Matters referred to prosecutive authorities	5
Section 5(a)(5)	Summary of instances where information was refused	6
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	2-3
Section 5(a)(8)	Statistical tables showing number of reports and dollar value of questioned costs	13
Section 5(a)(9)	Statistical tables showing number of reports and dollar value of recommendations that funds be put to better use	12
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	14
Section 5(a)(11)	Significant management decisions	6
Section 5(a)(12)	Significant management decisions with which the inspector general disagrees	6
Section 6(b)(2)	Access to information	6
Section 989(c)	<i>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 Office of Inspector General during the reporting period; or if no peer review was conducted, a statement identifying the date of the last peer review.</i>	7

DEFINITIONS

WE PERFORM THE FOLLOWING SERVICES:

PERFORMANCE AUDITS are used to assess the efficiency, effectiveness, and economy of NEA's 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. Reporting on financial audits in accordance with Government Auditing Standards also includes reports on internal controls and compliance with provisions of laws, regulations, and contracts as they relate to financial transactions, systems and processes.

LIMITED SCOPE AUDITS involve a limited review of financial and non-financial information of grant 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 NEA's programs and operations. The OIG refers matters to the U.S. Department of Justice whenever there is 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.

INSPECTIONS AND EVALUATIONS are short term limited scope reviews generally conducted to obtain facts, answer a specific question or address an immediate urgent issue. They may also be conducted to identify trends and patterns or to obtain a broad perspective of potential issues or opportunities for recommended improvement.

AWARENESS BRIEFINGS AND BULLETINS are presented to NEA management, staff, and grantees 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.

CONTACTING THE OFFICE OF INSPECTOR GENERAL

HELP PROMOTE INTEGRITY, ECONOMY AND EFFICIENCY

REPORT SUSPECTED FRAUD, WASTE, ABUSE OR MISMANAGEMENT

OFFICE OF INSPECTOR GENERAL

400 7TH STREET, SW

WASHINGTON, D.C. 20506

TOLL-FREE HOTLINE: 1 (877) 535-7448

LOCAL CALLS: (202) 682-5479

FAX: (202) 682-5649

EMAIL: OIG@ARTS.GOV

COMPLAINTS MAY BE MADE ANONYMOUSLY. HOWEVER, WE WOULD HAVE NO WAY OF CONTACTING YOU. ANY INFORMATION YOU PROVIDE WILL BE HELD IN CONFIDENCE AND PROVIDING YOUR NAME AND MEANS OF COMMUNICATING WITH YOU MAY ENHANCE OUR ABILITY TO INVESTIGATE YOUR COMPLAINT.