

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

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**Office of the Inspector General
Semiannual Report to Congress
April 1, 2022 – September 30, 2022**

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MESSAGE FROM THE INSPECTOR GENERAL

During this semiannual reporting period, the National Endowment for the Arts (NEA) Office of Inspector General (OIG) completed two audits – one focused on the NEA’s compliance with Federal information security requirements and the other an audit of three NEA grants awarded to a state arts agency. From these audits, we issued two reports that include questioned costs of \$36,483, and seven recommendations to help improve NEA information security operations and awardees’ stewardship of grant funds.

We also worked with the NEA on the follow-up process, required by the Office of Management and Budget, that resulted in the NEA and awardees taking corrective actions on 22 OIG recommendations – one third of open recommendations for the semiannual period. In addition, we resolved nine hotline complaints – 90 percent of the complaints received during the semiannual period.

Finally, we analyzed the top management challenges facing the NEA as it works to deliver its mission to the Nation. We noted that the NEA continues to make progress each year in addressing these challenges, and is quick and strategic in responding to new challenges as they occur. The results of our analysis are included in this report.

I applaud the NEA and Office of Inspector General (OIG) staff for continuing to press forward and effectively working together virtually during the Pandemic. This enabled staff to continue delivering the missions of the Agency and OIG in a high quality and timely manner despite COVID-19 operating restrictions.

The value-added work that the OIG accomplished this period is due to my staff’s commitment to excellence, continued growth, and dedicated work effort; along with the support of the NEA Chair and her staff. We will continue to work with the NEA Chair and staff to promote economy, efficiency, and effectiveness while helping to ensure integrity, excellence, and value in the delivery of NEA’s mission.

Ron Stith
Ron Stith, CPA
Inspector General

NATIONAL ENDOWMENT FOR THE ARTS

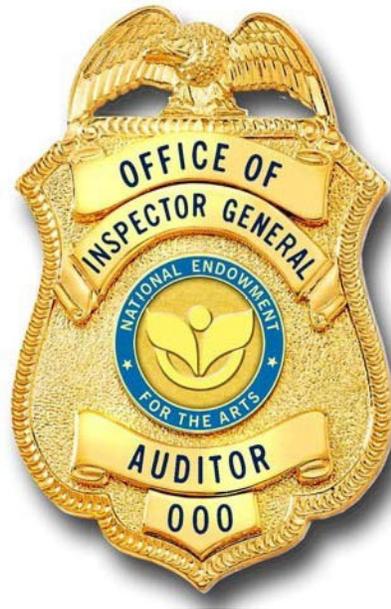
Established by Congress in 1965, the National Endowment for the Arts (NEA) is an independent Federal Agency that funds, promotes, and strengthens the creative capacity of our communities by providing all Americans with diverse opportunities for arts participation. The NEA partners with state arts agencies, regional arts organizations, local leaders, other Federal agencies, and the philanthropic sector to help deliver its mission. 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.

OFFICE OF THE INSPECTOR GENERAL

The Inspector General Act of 1978, as amended (IG Act), established 75 Offices of Inspectors General (OIGs) across the Federal government, including the NEA. The NEA OIG's mission is to help ensure the efficiency, effectiveness, integrity, and equity of Federal Government 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 the Congress. To accomplish our objectives for these audits, the NEA OIG consists of the Inspector General (IG), the Assistant Inspector General for Audit, an Audit Manager, and two Auditors (vacant). The NEA OIG also receives investigative and legal support services through Memorandums of Understanding (MOUs) with the Department of Education OIG and the U.S. Postal Service OIG, respectively.

On October 14, 2008, Congress passed the IG Reform Act of 2008, which enhanced the independence of IGs and created the Council of Inspectors General on Integrity and Efficiency (CIGIE). CIGIE's mission is to support continuing professional education of OIG staff, collaborate between the IGs to address overarching issues, and report the results of our work collectively to American taxpayers, Agency Heads, and the Congress.

Each OIG is required to prepare a semiannual report summarizing the activities of its office for the six-month period ending March 31 and September 30 each year. We send each semiannual report to the NEA Chair and members of the National Council on the Arts. The NEA Chair is required to prepare a Final Report of Action responding to the semiannual report. Finally, the NEA is required to send both reports to its appropriating and authorizing Congressional committees by May 31, and November 30 of each year.



AUDITS AND RELATED ACTIVITIES

Completed Reports

Audits completed during this semiannual period identified improvements needed in NEA's information security and in awardee stewardship, including financial reporting accuracy and completeness. Following are summary results of the completed audits.

Federal Information Security Modernization Act of 2014 (FISMA), Independent Auditor Report of the National Endowment for the Arts, Information Security Program and Practices, Fiscal Year 2022, A-22-04

As required by FISMA, we completed the annual audit of the NEA's information security program and practices for its major systems; and, as required, submitted the results of the audit to the NEA, the Office of Management and Budget (OMB), and the Department of Homeland Security. We contracted with Castro & Company, LLC to perform the FISMA audit, which disclosed that the NEA had made some improvement in its information security, but still had recommendations from past FISMA audits to implement. The audit report, issued on September 28, 2022, also contained two new recommendations to improve information security. The NEA has prepared an action plan to implement the recommendations.

Performance Audit on Selected Awards to the Arizona Commission on the Arts, Report No. OIG-22-03

We conducted a performance audit of three NEA awards issued to the Arizona Commission on the Arts (Commission) – Awards No. 17-6100-2062 (2017 award), 180989-61-18 (2018 award), and 1855979-61-19 (2019 award). Based on our review, we determined that the Commission

generally met the financial and compliance requirements established in the award documents. However, we identified the following issues that indicate opportunities for improvement. The Commission:

- Reported \$36,483 in costs incurred outside the award period on its Federal Financial Reports (FFRs) - \$4,272 for the 2018 award and \$32,211 for the 2019 award;
- Did not report a subaward that met the Federal Financial Accountability and Transparency Act reporting requirement; and
- Did not verify potential contractors were eligible to participate in Federal awards.

We believe the evidence obtained during the audit provides a reasonable basis for our findings and conclusions based on our audit objectives. We questioned \$36,483 in costs incurred outside the award period that were included on the 2018 and 2019 award FFRs. The report includes five recommendations to address the audit findings – three to the Commission and two to the NEA. The Commission and the NEA agreed with all of the findings and recommendations in the report and prepared corrective action plans to implement the recommendations.

Audit Resolution and Corrective Actions

At the beginning of the reporting period, there were 61 open recommendations from the prior semiannual report. During this reporting period, we issued 7 new recommendations and closed 22 recommendations, leaving 46 open recommendations at the end of this reporting period – September 30, 2022. Corrective actions are in process by the NEA and its awardees to address these open recommendations.

Reports Issued with Questioned Costs

There was one report issued with \$36,483 in questioned costs during the reporting period (see Table 1 page 12).

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 13).

Reports Issued with Recommendations Open for More Than 180 days

As of September 30, 2022, there were seven reports with 39 recommendations open for more than 180 days. The NEA and its awardees have submitted corrective action plans to implement these recommendations (see Table 4, page 15).

Audits and Other Activities Planned or In-Process

In January 2022, we completed a risk-based analysis of NEA awardees and solicited input from NEA employees to develop an audit plan for calendar year 2022. The resulting plan includes

eight awardees to audit, with a total award value of \$40,483,246 and three audits mandated by the Congress. As of September 30, 2022, we completed two award recipient audits and one mandated audit, and there was one award recipient and one legislatively mandated audit in process that we expect to complete by the end of calendar year 2022. Following is a summary of the objectives of the two audits in process.

Performance Audit on Selected Awards to the Western States Arts Federation (Federation)

The objective of this audit is to determine whether:

- The Federation’s financial management system and recordkeeping comply with the requirements established by OMB and the NEA;
- The Federation fulfilled the financial and compliance requirements, including any required cost share/match, set forth in the award documents; and
- Total project costs reported under the awards were reasonable, allocable, and allowable.

Audit of the NEA’s 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 & Company-DC, LLP to perform the audit. The objective of the audit is to express an opinion on the accuracy and completeness of the NEA financial statements for the fiscal year ended September 30, 2022. The audit also tests the internal controls over financial reporting and assesses compliance with applicable Federal laws and regulations.

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. During FY 2022, we entered into a MOU with the Department of Education OIG to obtain investigative support when needed.

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 NEA 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 did not initiate any investigations nor did we refer any matters to the Department of Justice during this semiannual period.

Hotline

During this reporting period, the NEA OIG received and evaluated 10 hotline complaints. The evaluations enabled us to close nine complaints and we are in the assessment process for the one remaining complaint (see Table 5, page 16).

OTHER ACTIVITIES

Activities within the Inspector General Community

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

CIGIE and each OIG updates Oversight.gov – a website that provides a “one stop shop” – to report the ongoing oversight work of all. Oversight.gov allows users to 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 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 uses data, along with other law enforcement partners, to detect and combat fraud, waste, abuse, and mismanagement. The PRAC also hosts monthly meetings with OIGs of agencies that received CARES Act funding. These meetings facilitate collaboration and coordination among the OIGs, NEA OIG included, to provide more efficient and effective oversight. The PRAC’s coordinated, comprehensive approach to oversight helps the NEA OIG fulfill its Pandemic response accountability mission.

In addition, the CARES Act established the Special Inspector General for Pandemic Recovery to oversee spending of all government funds issued 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. During this reporting period, the NEA OIG did not disagree with any 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 NEA OIG did not have a problem obtaining assistance or access to NEA 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 the NEA OIG 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 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 National Labor Relations Board OIG conducted our most recent peer review for the three-year period ending March 31, 2022. The audit peer review report was issued September 16, 2022, and concluded that our audit organization's system of quality control complied with Government Auditing Standards. We received a peer review rating of "pass with deficiencies".

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/reports/external-peer-reviews. Our next peer review will be conducted by AmeriCorps OIG for the three-year period ending March 31, 2025.

OUTREACH AND AWARENESS

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.

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. The NEA IG provides periodic updates of NEA OIG operations affecting the NEA as deemed necessary to the Council Chair and other Council members. Also, we provide semiannual reports summarizing NEA OIG work to the Council Chair, Council members, and to the Congress.

NEA TOP MANAGEMENT CHALLENGES

The Consolidated Reports Act of 2000 and OMB Circular A-136, Financial Reporting Requirements, require that the Office of Inspector General (OIG) provide the NEA Chair with an annual summary of the top management and performance challenges facing the NEA. We have experienced strong support from NEA management in identifying and tracking these top management challenges. We look forward to continuing our work to help the NEA improve in these challenge areas and deliver its mission with excellence and integrity. The following is an update of the Top Management Challenges provided to the NEA in November 2021.

At the end of FY 2022, we identified the areas of Awardee Stewardship; Financial Management; Human Capital; Information Technology; and Diversity, Equity, Inclusion, and Accessibility as the top management and performance challenges for the NEA. Following is a discussion of each challenge area.

Awardee Stewardship. The NEA Grants and Program Management Offices face the challenge, along with the rest of the Federal government grant making community, to issue grants and 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 NEA General Terms and Conditions for awards.

This challenge area has increased in significance because, in March 2021, President Biden signed into law the American Rescue Plan (ARP), which provided an additional \$135 million in grant funding to the NEA. This funding followed on the heels of \$75 million in

additional grant funding to the NEA through the Coronavirus Aid, Relief and Economic Security (CARES) Act in 2020 to preserve jobs and help support organizations forced to close operations due to the spread of COVID-19. The NEA completed remaining awards of ARP funding during this fiscal year.

Notwithstanding the NEA's success in awarding grants in a timely manner and in responding to our recommendations to improve awardee compliance with regulations, our audits continue to identify awardees that have not fully complied with Federal award requirements. These awardees are typically identified for audit through our risk based annual audit planning process, hotline allegations/complaints, and referrals from the NEA offices. OIG audits continue to identify findings that awardees are failing to:

1. Ensure that contractors and sub-award recipients have not been debarred or suspended from receiving Federal assistance prior to awarding them Federal funds;
2. Put in place complete written policies and procedures for managing Federal awards;
3. Report actual, allowable, and allocable costs on FFRs; and
4. Maintain supporting documentation for all costs charged to NEA grants.

We acknowledge and encourage the NEA's continuous efforts to identify ways to improve awardee compliance with Federal requirements. For instance, in FY 2021 the NEA Grants Office and the OIG participated in a webinar for State Arts Agencies and Regional Arts Organizations, designed to help them better understand the grant audit process and how to increase compliance with Federal grant management requirements. In FY 2022, the Grants Office offered webinars specific to the use of ARP funding for subgrantees. Technical assistance webinars were also conducted for direct ARP awardees and Local Arts Agencies that received ARP funding for subgranting activity. During FY 2022, the NEA Grants Office began providing annual refresher training on allowable costs to NEA staff and awardees, and began developing web-based tools to assist awardees in complying with grant management requirements.

Continued refresher training, development and implementation of web-based tools and technical assistance by the NEA, and the results of our audits will help to improve awardee compliance with grant requirements. As grantmaking is a major part of the NEA mission, this area will continue to be an important challenge, particularly as NEA grant funding continues to be increased thereby increasing the number of awards; and Presidential Executive Orders continue to assign leading roles to the NEA and the National Endowment for Humanities to partner with other Federal, public, and private entities increasing the focus of NEA support and initiatives to help respond to the Nation's challenges.

Financial Management. This is one of the areas where the NEA works to continuously improve each year. The NEA is required to keep pace with government-wide financial systems modernization efforts and regulatory changes. The NEA also focuses continuously on improving efficiency and effectiveness of its accounting and finance policies 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 NEA consistently receives unmodified

opinions on its annual financial statement audits and has a high level of compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act) requirements. Evidence of continuous improvement in this area are the “Clean” financial statement audit opinions that NEA has received the past two years – meaning that auditors have not identified any major issues with NEA financial statements and no financial management areas needing significant improvements.

Notwithstanding these positive indicators, the importance of this challenge area has been increased due to the additional funding and reporting requirements associated with the CARES Act and ARP. For instance, the NEA will be challenged with timely review of grantees’ increasing number of reimbursement requests and NEA’s processing and disbursement of CARES Act and ARP funds. To date, the NEA has reported success in timely disbursing and reporting the funds provided by the CARES Act. The additional funding came with increased monthly reporting required under the DATA Act. In 2023, my office will begin to audit awardees of these grant funds and NEA will begin to see how well these funds have been stewarded.

Human Capital. The NEA considers its people to be its most valuable resource – not just assets – but instead as colleagues in achieving the agency mission. We have noted NEA’s work to continuously improve its human resource programs, policies, and procedures consistent with its human capital strategy. The NEA has demonstrated strong ability to deal with this challenge area during the continuing Pandemic – specifically the challenges of: 1) maintaining a safe work environment during this Pandemic for employees and contractors; 2) providing employees with the tools needed to successfully accomplish the NEA 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.

Additional challenges in this area facing NEA in 2023 and beyond is addressing balance of work issues that continues to increase due to increasing budgets, increasing number of applications and awards, and assignments through executive orders. To address these issues, NEA will need to be limber and strategic in filling and retaining key leadership and staff positions, considering changes in its organizational structure, and changes in tools and processes to help address mission delivery challenges. This challenge area affects not only NEA, but the entire Federal government.

In this regard, the Office of Personnel Management (OPM) has begun to provide feedback and guidance to all Agency Heads encouraging them to consider the feedback provided by their respective employees to understand the strengths, challenges and opportunities you face in driving workplace improvements across their organization. While OPM typically provides this feedback each year, for the first time, OPM will soon release a public summary of topline OPM viewpoint measurements, and the full government-wide report of the survey results. Furthermore, while this has already been provided to the Agency, we are providing links to OPM’s websites and survey related information and reports to OPM as they encourage Agency Heads to use this information to help plan and implement a way forward

that is supportive of their mission as well as the health and well-being, and work-life balance of their employees. We have attached a copy of the memorandum to Agency Heads here as it includes OPM's specific suggestions on the value of this information and how Agency heads may access and use this information to improve their organizations:



OPM-FEVS-Results-
Agency-Heads-Mem

Prior year survey results on this topic can be found at this [LINK](#).

Information Technology. The NEA 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 eGMS was fully connected to the Grants.gov site. In 2018 and 2019, the NEA worked to fully integrate eGMS operations with its internal systems and the systems operated by external service providers. These updates are continuous and should prove helpful, yet still challenging due to the significant increase in the volume of transactions and additional data elements required for monthly reporting of grant award activity through the NEA secure financial systems.

Another challenge in this area for the NEA 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 review of the NEA's compliance with FISMA, we continuously identify and assess progress in complying with FISMA. We have found that the NEA continually makes progress each year in complying with increasing information system security requirements.

Despite this continuous progress, the Pandemic requirement to telework has made it much more challenging for the NEA to continue on the planned schedule of information security improvements. Beginning in FY 2021, NEA information technology staff shifted their focus to keeping the network secure and operating for all teleworking staff and ensuring the financial systems are secure and more fully integrated with the grant awards management system to insure accurate reporting and secure processing of the increased volume of grant awards under the CARES Act and ARP. Progress in this area continued through FY 2022, and is expected to be continuous as the NEA works to respond to ever-changing and increased Federal information security requirements.

Based on the NEA OIG FY 2022 FISMA audit, the independent auditor noted information security improvements in three areas of NEA's information network security. However, the NEA continues to miss opportunities for improvement because of staffing and resource challenges, and untimely implementation of security software policies and procedures. To its credit, the NEA appears poised to continue improving FISMA compliance in FY 2023. In addition to improving information technology security, the NEA will be challenged to

identify IT tools to help streamline efforts to award grants, partner with other agencies, and to track key metrics related to diversity, equity and inclusion, and accessibility in the process of awarding grants.

Diversity, Equity, Inclusion, and Accessibility. Diversity, Equity, Inclusion, and Accessibility (DEIA) has been added to the list of the top management challenges as the President has issued executive orders requiring all Federal agencies to establish DEIA as integral to its internal (employee) and external equity action (customer/supplier) focused programs. The NEA has moved quickly to address this area and its new requirements establishing both an internal DEIA Strategic Plan and external Equity Action Plan. NEA established a DEIA initiative by including it in its strategic plan as a cross-cutting initiative for all its programs and operations. The NEA has completed its required internal focused DEIA assessment report and strategic plan, and submitted it to OMB. The NEA has also already begun to evaluate and consider structural changes to its organization to implement its enhanced DEIA strategic focus. The OIG will continue to monitor the NEA efforts in these areas with the expectation that the DEIA initiative will require continuous effort and time to fully implement.

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-22-03	April 27, 2022	Performance Audit Report on Selected Awards to the Arizona Commission on the Arts	\$36,483	\$0
A-22-01	September 28, 2022	Fiscal Year 2022 Evaluation of National Endowment for the Arts' Compliance with the Federal Information Security Modernization Act of 2014	0	0
TOTAL			\$36,483	\$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	\$508,508	\$14,466
B.	Which were issued during the reporting period	1	36,483	2,136
	Subtotals (A+B)	4	\$544,991	\$16,602
C.	For which a management decision was made during the reporting period	1	\$133,438	\$14,466
	i. Dollar value of the disallowed costs	1	\$119,870	\$7,682
	ii. Dollar value of the cost not disallowed	0	\$13,568	\$6,784
D.	For which no management decision was made by the end of the reporting period	3	\$411,553	\$2,136
E.	Reports for which no management decision was made within six months of issuance	2	\$375,070	\$0

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

REPORT NO.	REPORT DATE	REPORT TITLE	OPEN RECOMMENDATIONS
A-19-01	October 31, 2018	Federal Information Security Modernization Act of 2014, Independent Auditor Report of the National Endowment for the Arts Information Security Program and Practices, Fiscal Year 2018	2
A-20-01	October 30, 2019	Federal Information Security Modernization Act of 2014, Independent Auditor Report of the National Endowment for the Arts Information Security Program and Practices, Fiscal Year 2019	5
OIG-20-02	April 22, 2020	Limited Scope Audit on Selected Awards to New Jersey State Council on the Arts	10
A-21-01	November 2, 2020	Federal Information Security Modernization Act of 2014, Independent Auditor Report of the National Endowment for the Arts Information Security Program and Practices, Fiscal Year 2020	6
A-22-01	October 29, 2021	Federal Information Security Modernization Act of 2014, Independent Auditor Report of the National Endowment for the Arts Information Security Program and Practices, Fiscal Year 2021	2
FDR-22-01	December 22, 2021	Financial Desk Review Report of the Gray Area Foundation for the Arts, Inc.	1
OIG-22-02	March 15, 2022	Performance Audit Report on Selected Awards to South Carolina Arts Commission	13
TOTAL OPEN RECOMMENDATIONS FOR MORE THAN 180 DAYS			39

TABLE 5: INVESTIGATIVE AND ADMINISTRATIVE ACTION DATA

CIVIL/CRIMINAL INVESTIGATIVE/ADMINISTRATIVE ACTIVITIES	NO. OF ACTIONS
Referrals to Prosecutors	0
Civil Settlements	0
Investigative Recoveries	0
Debarments/Suspensions	0
Administrative Actions	0
HOTLINE CONTACTS	NO. OF ACTIONS
Telephone Calls	5
Email	4
Standard Mail	0
Referred by Other Sources	1
Referred to Other Sources	0
In Assessment Process for Possible Action	1
Closed	9
Total Hotline Contacts	10
FREEDOM OF INFORMATION ACT REQUESTS	NO. OF ACTIONS
Requests Received	0
Requests Processed or Referred	0
Total Freedom of Information Act Requests	0

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
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	3&15
Section 5(a)(4)	Matters referred to prosecutive authorities	4
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	8
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	12-14
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	14
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	6
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 conducted to assess the efficiency, effectiveness, economy, and now equity of NEA 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.

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 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 NEA 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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