

**STRATEGIC PLAN  
&  
FIVE-YEAR AUDIT PLAN  
2010 - 2014**

National Endowment for the Arts  
Office of Inspector General  
October 2009

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# INTRODUCTION

## Foreword

The Office of Inspector General (OIG) of the National Endowment for the Arts (NEA) 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, Public Law 110-409, which amends the previous IG Act to enhance the independence of the Inspectors General, to create a Council of the Inspectors General on Integrity and Efficiency, and other purposes. This document describes the plan of the OIG for discharging its ongoing responsibilities under the Act, and for meeting its operational objectives for the period from fiscal year 2010 through fiscal year 2014.

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 the 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 and the Congress.

## OIG Mission Statement

The Office of Inspector General, National Endowment for the Arts, is a team of skilled personnel dedicated to helping the Agency reach its essential goals and objectives. To this end, the Office of Inspector General independently conducts activities such as audits, evaluations, investigations and special reviews with accuracy, balance and objectivity. Working with management to help avoid problems before they occur, our mission is to: promote economy, efficiency and effectiveness in NEA 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 the administration of NEA programs and operations.

In achieving our mission, the staff of the Office of Inspector General 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 will be accountable for meeting our responsibilities. We will cooperate with all components of the NEA, giving proper recognition to the rights, authorities and duties of its employees and the public it serves.

## **Duties and Responsibilities of the Inspector General**

The Inspector General 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 NEA;
- 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, the NEA programs and operations;
- Recommend policies and conduct, supervise, or coordinate activities both internal and external to the NEA, for the promotion of economy and efficiency, and the prevention and detection of fraud, waste and abuse in NEA programs and operations.
- Keep the NEA 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 NEA, 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 (the 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 Inspector General 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 Inspector General:

- Access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to the NEA which relate to its programs and operations;
- Authority to conduct such investigations and reviews that are, in the judgment of the Inspector General, necessary or desirable;
- Authority to 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;
- Authority to issue subpoenas;
- Authority to administer and take an oath, affirmation or affidavit from any person when necessary;
- Direct and prompt access to the Chairman;
- Authority to select, appoint and employ such officers and employees as may be necessary for carrying out the functions, powers and duties of the OIG; and
- Within the limits of the established budget, authority to contract for audits, studies, analyses and other services.

## **Jurisdiction of the Inspector General**

The OIG consolidates audit and investigative capabilities under the direction of a single official, the Inspector General, who in turn reports directly to the 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 and efficiency, 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 program or operation of the NEA.

The audit jurisdiction of the OIG encompasses a wide range of audit services, including audits, special reviews, and oversight audit agency (OAA) 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 the NEA). Special reviews are used to appraise and provide information about particular programs or projects. They include inspections (typically focused on compliance issues), evaluations (commonly focused on assessments of grantees' financial management systems and grantee compliance), and electronic data processing reviews (focused on data centers, application systems or telecommunication systems). OAA reviews are examinations of 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 NEA awards and what action, if any, is required by the NEA. 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 agency policy prior to issuance of internal directives and other significant pronouncements.

The Inspector General's jurisdiction is not always limited to the areas listed above. The IG may, as circumstances dictate, be given special assignments by the Chairman.

## **Planning Methodology**

The planning methodology that we have adopted is built around the concepts of issue areas and issues. Issue areas are broad categories of prime importance: they highlight the priorities of our customers -- Agency 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 NEA.

The methodology also includes the formulation of annual audit work plans. The annual plan defines the work to be done by: identifying individual jobs; assigning priorities; linking jobs to the strategic issue areas; allocating staff among issue areas and issues; and serving as a device for communicating with NEA officials. The work plans will, of course, require periodic updates to reflect shifts in issue emphasis as well as changes in audit resources.

It is expected that issue area planning will:

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

## OIG Resource Requirements

The OIG staff consists of four full-time positions, namely, the IG and three other auditors. For the first six months of the year, the office staff consisted of two auditors as a result of the retirement of the IG. In June 2009, a new auditor was hired to focus on oversight of the Agency's Recovery Act activities. A new IG should be on board by December 2009. However, it is possible that the resources provided for the OIG may, at some time, need to be changed. Any such adjustment should be based on periodic evaluations of the OIG as gauged by the performance measures identified in this strategic plan and available resources.

## STRATEGIC ISSUE AREAS

### Issue Area 1: NEA Program Activities

Major functions include:

- Project monitoring; allowable costs; and compliance with reporting requirements, and general terms and conditions
- Audit followup
- Indirect cost rates
- Grant award process

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

**Strategy:** The OIG will work with management to assess the effectiveness of Agency practices for reviewing the results obtained by recipients' projects as well as NEA's program initiatives.

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

**Strategy:** The OIG will conduct audits, special reviews (such as evaluations) and OAA reviews to verify accountability, allowability, and compliance with terms and conditions. In addition, the 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, the 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:** Do grantees whose awards are based partly on indirect costs, adhere to the applicable Federal directives in preparing their rate proposals?

**Strategy:** The OIG will provide technical assistance in evaluating indirect cost rate proposals submitted for NEA approval.

**Issue 1.4:** Are NEA's standards for determining grantee eligibility consistent with the Agency's mission and legislated objectives?

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

**Issue 1.5:** Does NEA provide potential applicants with information that is both appropriate and adequate regarding its funding initiatives?

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

**Issue 1.6:** Does the NEA ensure that applications are processed and evaluated in accordance with legislative requirements and Agency policies?

**Strategy:** The OIG will survey and document the existing policies and procedures at the Agency program level, Panel level and the Council level. Subsequent efforts will focus on areas in which compliance may be improved.

**Issue 1.7:** Do NEA's policies and procedures for its AccessAbility program adequately provide a framework consistent with legislative requirements?

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



## Issue Area 2: NEA 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 Agency 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:** The 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 Agency'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:** The 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 Agency effectively assure that procurement actions comply with Federal and Agency requirements?

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

**Issue 2.4:** Do NEA's policies and procedures provide a framework for the efficient and effective use of human resources that are consistent with EEO goals and objectives?

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

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

**Strategy:** The 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 Agency's policies and procedures on FOIA and the Privacy Act adhere to Federal laws and regulations?

**Strategy:** The OIG will periodically review the Agency's policies and procedures for adherence to the Federal laws and regulations.

### **Issue Area 3: OIG Administration and Investigations**

Major Functions Include:

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

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

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

**Issue 3.2:** Does the OIG promote open relations and positive interaction with Agency officials and others?

**Strategy:** The OIG will: seek frequent feedback from the Chairman, senior staff and Agency managers as appropriate; actively participate on NEA committees or task forces when opportunities exist to add value. In addition, the 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 the OIG maintain an investigative capability that is appropriate for the NEA?

**Strategy:** The OIG will continue to maintain a formal memorandum of understanding with the General Services Administration's (GSA) 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, the OIG will, as appropriate, either refer the case to another investigative authority, request the temporary assignment of a criminal investigator from GSA's 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 NEA management for administrative action.

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

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

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

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

# PERFORMANCE MEASURES

These measures are expected to help the OIG recognize successes, 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;
- The number of technical and advisory activities that benefited from OIG participation;
- The number of laws and regulations reviewed.

# FIVE-YEAR AUDIT PLAN

## 2010 - 2014

The following list of audits and audit-related efforts show how the OIG plans to use its available audit resources to implement the strategies previously discussed. The objectives of each project have been identified along with a short description of the work to be performed. While the plan is flexible and subject to revision based on management's input and changing conditions, it reflects our current assessment of relative risks and the most effective use of limited audit resources.

Criteria for selection include:

- Statutory requirements and recommendations from other sources of Federal authority such as OMB or GAO;
- Requests from the Chairman or other high authority;
- Importance of the activity to the NEA's mission;
- Extent of NEA resources committed to the activity;
- Potential for fraud and other unlawful or improper acts;
- Agency needs as identified through consultation with representatives of management;
- Extent of audit coverage provided by GAO, consultants or other outside sources;
- Newness, changed conditions, or sensitivity of the activity;
- Adequacy of the existing internal control systems for the activity;
- Availability of audit staff with needed expertise; and
- Extent and results of prior reviews by the OIG.

Note: The following pages reflect each year's audit plan. In addition, on the very last page there is a list of audits, evaluations or reviews that may be added at any time to one of the upcoming years. For purposes of our audit plans, "grantee" refers to NEA grantees, cooperators or contractors.

## AUDIT PLAN - FY 2010

**Grantee Audits.** Conduct audits and other reviews to: 1) determine the adequacy of grantees' financial systems for managing and accounting for Federal funds, 2) evaluate the current financial condition of grantee organizations, and 3) verify compliance with the terms and conditions of NEA awards. The number of on-site audits to be conducted will depend on the availability of auditors and travel funds. Grantee audits will also be impacted the review and reporting requirements of the American Recovery and Reinvestment Act of 2009 (ARRA), under which NEA received an additional \$50 million. However, we anticipate the number is expected to increase over the number in FY 2009. (Issue 1.2)

**Evaluations.** Conduct evaluations of grantees to determine the adequacy of financial management systems and ensure that recordkeeping complies with the requirements established by OMB and NEA's General Terms and Conditions. Evaluations will be limited to reviewing records of one to two awards. The availability of auditors, travel funds and the review and reporting requirements for ARRA, will dictate the number of evaluations. Anticipate more than 20 evaluations this year. (Issue 1.2)

**ARRA Reviews.** Conduct evaluations and audits to determine whether (1) the Agency's use of ARRA funds and program activities are in compliance with ARRA guidelines; and (2) recipients are in compliance with NEA and ARRA guidelines. The availability of auditors, travel funds and ARRA review and reporting requirements will dictate the number of evaluations and audits.

**OAA Reviews.** Conduct desk reviews of audit reports and other materials related to grantees that have had A-133 audits performed by independent outside auditors to: 1) determine compliance with relevant OMB circulars, 2) evaluate the audit findings for past, current or potential effect on NEA grants, and 3) recommend what action, if any, is required by NEA. An indeterminate number of non-OIG audit reports (probably five or more) will be examined throughout the year. (Issue 1.2)

**Audit Followup.** Track the status of recommendations for corrective action and provide the Audit Followup Official and other NEA managers with technical assistance in resolving audit findings. This activity will be ongoing throughout the year. (Issue 1.2)

**Indirect Cost Rate Negotiations.** Evaluate rate proposals submitted by grantees/contractors for compliance with OMB Circulars A-21, A-87, A-122 or the Federal Acquisition Regulation, as appropriate. Estimate nine proposals will be evaluated during the year. (Issue 1.3)

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether the Agency's 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 Memorandum M-06-20 (Issue 2.1) (Issue 2.6)

**Financial Statement Audit.** Provide oversight of the independent CPA firm conducting the financial statement audit of the Agency. (Issue 2.2)

**Investigations.** Investigate all allegations of fraud, waste, abuse, mismanagement, employee misconduct or any apparent or suspected violation of law or official regulations. Although the number of investigative reviews to be conducted cannot be predicted with confidence, in recent years the annual rate of new cases opened is two to three. (Issue 3.3)

**Regulatory Review.** Review existing and proposed legislation and regulations for effect on Agency programs and operations. This activity will be ongoing throughout the year. (Issue 3.5)

## AUDIT PLAN - FY 2011

**Grantee Audits.** Conduct audits and other reviews to: 1) determine the adequacy of grantees' financial systems for managing and accounting for Federal funds, 2) evaluate the current financial condition of grantee organizations, and 3) verify compliance with the terms and conditions of NEA grants. The number of on-site audits to be conducted will depend on the availability of auditors and travel funds. (Issue 1.2)

**Evaluations.** Conduct evaluations of grantees to determine the adequacy of financial management systems and ensure that recordkeeping complies with the requirements established by OMB and NEA's General Terms and Conditions. Evaluations will be limited to reviewing the records of one to two grants. The availability of auditors, travel funds and the work requirements for ARRA will dictate the number of evaluations. Anticipate more than 13 evaluations this year. (Issue 1.2)

**ARRA Reviews.** Conduct evaluations and audits to (1) determine whether ARRA recipients are in compliance with NEA and ARRA guidelines, and (2) compare grantees' reported versus projected data concerning numbers, types, and locations of jobs preserved with NEA's ARRA grants. The availability of auditors, travel funds and ARRA review and reporting requirements will dictate the number of evaluations and audits.

**OAA Reviews.** Conduct desk reviews of audit reports and other materials related to grantees that have had A-133 audits performed by independent outside auditors to: 1) determine compliance with relevant OMB circulars, 2) evaluate the audit findings for past, current or potential effect on NEA grants, and 3) recommend what action, if any, is required by NEA. An indeterminate number of non-OIG audit reports (probably five or more) will be examined throughout the year. (Issue 1.2)

**Audit Followup.** Track the status of recommendations for corrective action, and provide the Audit Followup Official and other NEA managers with technical assistance in resolving audit findings. This activity will be ongoing throughout the year. (Issue 1.2)

**Indirect Cost Rate Negotiations.** Evaluate rate proposals submitted by grantees/contractors for compliance with OMB Circulars A-21, A-87, A-122 or the Federal Acquisition Regulation, as appropriate. Estimate nine proposals will be evaluated during the year. (Issue 1.3)

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether Agency's 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 Memorandum M-06-20 (Issue 2.1) (Issue 2.6)

**Financial Statement Audit.** Provide oversight of the independent CPA firm conducting the financial statement audit of the Agency. (Issue 2.2)

**Investigations.** Investigate all allegations of fraud, waste, abuse, mismanagement, employee misconduct or any apparent or suspected violation of law or official regulations. Although the number of investigative reviews to be conducted cannot be predicted with confidence, in recent years the annual rate of new cases opened is two or three. (Issue 3.3)

**Regulatory Review.** Review existing and proposed legislation and regulations for effect on Agency programs and operations. This activity will be ongoing throughout the year. (Issue 3.5)

## AUDIT PLAN - FY 2012

**Grantee Audits.** Conduct audits and other reviews to: 1) determine the adequacy of grantees' financial systems for managing and accounting for Federal funds, 2) evaluate the current financial condition of grantee organizations, and 3) verify compliance with the terms and conditions of NEA grants. The number of on-site audits to be conducted will depend on the availability of auditors and travel funds. (Issue 1.2)

**Evaluations.** Conduct evaluations of grantees to determine the adequacy of financial management systems and ensure that recordkeeping complies with the requirements established by OMB and NEA's General Terms and Conditions. Evaluations will be limited to reviewing the records of one to two grants. The availability of auditors and travel funds will dictate the number of evaluations. Anticipate more than 13 evaluations this year. (Issue 1.2)

**ARRA Reviews.** Conduct evaluations and audits to (1) determine whether ARRA recipients are in compliance with NEA and ARRA guidelines, and (2) compare grantees' reported versus projected data concerning numbers, types, and locations of jobs preserved with NEA's ARRA grants. The availability of auditors, travel funds and ARRA review and reporting requirements will dictate the number of evaluations and audits.

**OAA Reviews.** Conduct desk reviews of audit reports and other materials related to grantees that have had A-133 audits performed by independent outside auditors to: 1) determine compliance with relevant OMB circulars, 2) evaluate the audit findings for past, current or potential effect on NEA grants, and 3) recommend what action, if any, is required by NEA. An indeterminate number of non-OIG audit reports (probably five or more) will be examined throughout the year. (Issue 1.2)

**Audit Followup.** Track the status of recommendations for corrective action, and provide the Audit Followup Official and other NEA managers with technical assistance in resolving audit findings. This activity will be ongoing throughout the year. (Issue 1.2)

**Indirect Cost Rate Negotiations.** Evaluate rate proposals submitted by grantees/contractors for compliance with OMB Circulars A-21, A-87, A-122 or the Federal Acquisition Regulation, as appropriate. Estimate nine proposals will be evaluated during the year. (Issue 1.3)

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether Agency's 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 Memorandum M-06-20 (Issue 2.1) (Issue 2.6)

**Financial Statement Audit.** Provide oversight of the independent CPA firm conducting the financial statement audit of the Agency. (Issue 2.2)

**Investigations.** Investigate all allegations of fraud, waste, abuse, mismanagement, employee misconduct or any apparent or suspected violation of law or official regulations. Although the number of investigative reviews to be conducted cannot be predicted with confidence, in recent years the annual rate of new cases opened is two or three. (Issue 3.3)

**Regulatory Review.** Review existing and proposed legislation and regulations for effect on Agency programs and operations. This activity will be ongoing throughout the year. (Issue 3.5)



## AUDIT PLAN - FY 2013

**Grantee Audits.** Conduct audits and other reviews to: 1) determine the adequacy of grantees' financial systems for managing and accounting for Federal funds, 2) evaluate the current financial condition of grantee organizations, and 3) verify compliance with the terms and conditions of NEA grants. The number of on-site audits to be conducted will depend on the availability of auditors and travel funds. (Issue 1.2)

**Evaluations.** Conduct evaluations of grantees to determine the adequacy of financial management systems and ensure that recordkeeping complies with the requirements established by OMB and NEA's General Terms and Conditions. Evaluations will be limited to reviewing the records of one to two grants. The availability of auditors and travel funds will dictate the number of evaluations. Anticipate more than 20 evaluations this year. (Issue 1.2)

**OAA Reviews.** Conduct desk reviews of audit reports and other materials related to grantees that have had A-133 audits performed by independent outside auditors to: 1) determine compliance with relevant OMB circulars, 2) evaluate the audit findings for past, current or potential effect on NEA grants, and 3) recommend what action, if any, is required by NEA. An indeterminate number of non-OIG audit reports (probably five or more) will be examined throughout the year. (Issue 1.2)

**Audit Followup.** Track the status of recommendations for corrective action, and provide the Audit Followup Official and other NEA managers with technical assistance in resolving audit findings. This activity will be ongoing throughout the year. (Issue 1.2)

**Indirect Cost Rate Negotiations.** Evaluate rate proposals submitted by grantees/contractors for compliance with OMB Circulars A-21, A-87, A-122 or the Federal Acquisition Regulation, as appropriate. Estimate nine proposals will be evaluated during the year. (Issue 1.3)

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether Agency's 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 Memorandum M-06-20 (Issue 2.1) (Issue 2.6)

**Financial Statement Audit.** Provide oversight of the independent CPA firm conducting the financial statement audit of the Agency. (Issue 2.2)

**Investigations.** Investigate all allegations of fraud, waste, abuse, mismanagement, employee misconduct or any apparent or suspected violation of law or official regulations. Although the number of investigative reviews to be conducted cannot be predicted with confidence, in recent years the annual rate of new cases opened is two or three. (Issue 3.3)

**Regulatory Review.** Review existing and proposed legislation and regulations for effect on Agency programs and operations. This activity will be ongoing throughout the year. (Issue 3.5)

## AUDIT PLAN - FY 2014

**Grantee Audits.** Conduct audits and other reviews to: 1) determine the adequacy of grantees' financial systems for managing and accounting for Federal funds, 2) evaluate the current financial condition of grantee organizations, and 3) verify compliance with the terms and conditions of NEA grants. The number of on-site audits to be conducted will depend on the availability of auditors and travel funds. (Issue 1.2)

**Evaluations.** Conduct evaluations of grantees to determine the adequacy of financial management systems and ensure that recordkeeping complies with the requirements established by OMB and NEA's General Terms and Conditions. Evaluations will be limited to reviewing the records of one to two grants. The availability of auditors and travel funds will dictate the number of evaluations. Anticipate 20 or more evaluations this year. (Issue 1.2)

**OAA Reviews.** Conduct desk reviews of audit reports and other materials related to grantees that have had A-133 audits performed by independent outside auditors to: 1) determine compliance with relevant OMB circulars, 2) evaluate the audit findings for past, current or potential effect on NEA grants, and 3) recommend what action, if any, is required by NEA. An indeterminate number of non-OIG audit reports (probably eight or more) will be examined throughout the year. (Issue 1.2)

**Audit Followup.** Track the status of recommendations for corrective action, and provide the Audit Followup Official and other NEA managers with technical assistance in resolving audit findings. This activity will be ongoing throughout the year. (Issue 1.2)

**Indirect Cost Rate Negotiations.** Evaluate rate proposals submitted by grantees/contractors for compliance with OMB Circulars A-21, A-87, A-122 or the Federal Acquisition Regulation, as appropriate. Estimate that nine proposals will be evaluated during the year. (Issue 1.3)

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether Agency's 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 Memorandum M-06-20 (Issue 2.1) (Issue 2.6)

**Financial Statement Audit.** Provide oversight of the independent CPA firm conducting the financial statement audit of the Agency. (Issue 2.2)

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**Regulatory Review.** Review existing and proposed legislation and regulations for effect on Agency programs and operations. This activity will be ongoing throughout the year. (Issue 3.5)

## OTHER ACTIVITIES \*

**Accessibility.** Review the Agency's policies and procedures for compliance with laws and regulations governing accessibility. (Issue 1.7)

**EEO.** Review the Agency's policies and procedures for compliance with laws and regulations governing equal employment opportunities and the civil rights of NEA employees. (Issue 2.4)

**FOIA.** Review the Agency's policies and procedures for adherence to Federal laws and regulations. (Issue 2.6)

**Grant Award Process.** Review the Agency's policies and procedures for providing potential applicants with information that is appropriate and accurate. The review also will assess timeliness, adequacy of content, and effectiveness in reaching potential applicants. (Issue 1.5) Review the Agency's policies and procedures employed by NEA staff, advisory panelists and Council Operations in the screening of grant applications and the awarding of grants to ensure there is fair and equitable treatment along with proper enforcement of the eligibility rules. (Issues 1.4 and 1.6)

**Procurement.** Review the Agency's procurement activities for compliance with Federal regulations and Agency policies. (Issue 2.3)

**Supply Management.** Review policies and procedures to uncover any weaknesses in administrative controls. (Issue 2.5)

**Transit Benefits.** Review and test for adequacy of controls over Agency's transit benefits program. (Issue 2.5)

**Travel.** Review NEA's controls related to approving and monitoring the travel of Agency employees. In addition, ensure that travel's purpose is both reasonable and appropriate to Agency's mission. (Issue 2.5)

\* The above areas may be considered at any time for an audit, evaluation or review based on the discretion of the OIG.