

**STRATEGIC PLAN  
&  
FIVE-YEAR AUDIT PLAN  
2015 - 2019**

National Endowment for the Arts  
Office of Inspector General

October 2014

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# INTRODUCTION

## Foreword

The National Endowment for the Arts (NEA) Office of Inspector General (OIG) was established in 1989 pursuant to Public Law 100-504, "The Inspector General Act Amendments of 1988" (IG Act). On October 14, 2008, the President signed the Inspector General Reform Act of 2008 (2008 Act) (Public Law 110-409), which amends the previous IG Act to 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 NEA OIG for discharging its ongoing responsibilities under the IG Act, and for meeting its operational objectives for the period from fiscal year 2015 through fiscal year 2019.

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

## OIG Mission Statement

NEA OIG is a team of skilled personnel dedicated to helping NEA reach its essential goals and objectives. To this end, NEA OIG 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 NEA OIG 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 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 (IG) shall:

- Provide policy direction for, and conduct, supervise, and coordinate audits (including evaluations and other reviews that are conducted in accordance with applicable government standards) and investigations relating to the programs and operations of 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 NEA programs and operations;

- Recommend policies and conduct, supervise, or coordinate activities both internal and external to 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 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 (Government Auditing Standards);
- Give particular regard to the activities of the Comptroller General of the United States with a view toward avoiding duplication and ensuring effective coordination and cooperation;
- Establish guidelines for determining when it shall be appropriate to use non-Federal auditors, and give due regard to assuring that any work performed by non-Federal auditors complies with the Comptroller General's standards; and
- Report expeditiously to the Attorney General whenever the IG has reasonable grounds to believe there has been a violation of Federal criminal law.

## **Authority of the Inspector General**

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

- Access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to 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 NEA Chairman;
- Authority to select, appoint and employ such officers and employees as may be necessary for carrying out the functions, powers and duties of NEA OIG; and
- Within the limits of the established budget, authority to contract for audits, studies, analyses and other services.

## **Jurisdiction of the Inspector General**

NEA OIG consolidates audit and investigative capabilities under the direction of a single official, the IG, who in turn reports directly to the NEA Chairman and the Congress. Three important features characterize NEA 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 NEA 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 NEA.

The audit jurisdiction of NEA OIG encompasses a wide range of audit services, including audits and special reviews. Audits are characterized as: financial or performance; full-scope or limited-scope; and external (focusing on the records of recipients of NEA funding) or internal (focusing on operations and activities carried on within NEA). Special reviews are used to appraise and provide information about particular programs or projects. They include 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). As part of our audit and review process, we examine audit reports issued by other Federal agencies, state auditors, and independent public accountants to determine whether the results of audits have either a past, current or potential effect on NEA awards and what action, if any, is required by 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 NEA 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 NEA 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 -- NEA 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 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 NEA and congressional needs;
- Focus NEA OIG's resources on issues that represent the greatest risk to NEA and those that offer the most opportunity for adding value;
- Reflect NEA OIG's budget requests and resource allocation decisions; and
- Provide a basis for measuring results and ensuring accountability.

## **OIG Resource Requirements**

NEA OIG staff currently consists of five full-time positions, namely, the IG, three Auditors and an Administrative Assistant. There is no investigator or general counsel on staff. To provide a reactive investigative capability, we have a Memorandum of Understanding with the National Science Foundation's Office of Inspector General (NSF OIG) whereby NSF OIG agrees to provide investigative coverage for us on a reimbursable basis as needed. We have a Memorandum of Understanding with the National Credit Union Administration's Office of Inspector General that details procedures to be used for providing NEA OIG with legal services pursuant to the new requirements reflected in the 2008 Act. We also have a Memorandum of Understanding with the US International Trade Commission's Office of Inspector General to provide technical assistance for our evaluation of NEA's compliance with the Federal Information Security Management Act of 2002.

It is possible that the resources provided for NEA OIG may, at some time, need to be changed. Any such adjustment should be based on periodic evaluations of NEA 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
- Grant award process

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

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

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

**Strategy:** NEA OIG will conduct audits and special reviews (such as evaluations) to verify accountability, allowability, and compliance with terms and conditions. In addition, NEA 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, NEA OIG will provide technical assistance to grantees on how to maintain a financial management system and on how to comply with the financial aspects of the terms and conditions.

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

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

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

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

**Issue 1.5:** Does NEA ensure that applications are processed and evaluated in accordance with legislative requirements and NEA policies?

**Strategy:** NEA OIG will survey and document the existing policies and procedures at the NEA program level, Advisory Panel (Panel) level and the National Council on the Arts (Council) level. Subsequent efforts will focus on areas in which compliance may be improved.

**Issue 1.6:** Do NEA's policies and procedures for its AccessAbility program adequately provide a framework consistent with legislative requirements?

**Strategy:** NEA 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 NEA 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:** NEA 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 NEA'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:** NEA 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 NEA effectively assure that procurement actions comply with Federal and its requirements?

**Strategy:** NEA 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 Equal Employment Opportunity (EEO) goals and objectives?



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

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

**Strategy:** NEA 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 NEA's policies and procedures on Freedom of Information Act (FOIA) and the Privacy Act adhere to Federal laws and regulations?

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

### **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 NEA OIG maintain an up-to-date audit universe, complete with weighted criteria for assessing audit priorities?

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

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

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

**Strategy:** NEA OIG will continue to maintain a formal memorandum of understanding with the NSF 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, NEA OIG will, as appropriate, either refer the case to another investigative authority, request the temporary assignment of a criminal investigator from NSF 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 NEA OIG foster the professional growth of its staff?

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

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

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

## PERFORMANCE MEASURES

These measures are expected to help NEA 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 2015 - 2019

The following list of audits and audit-related efforts show how NEA 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 US Government Accountability Office (GAO);
- Requests from NEA Chairman, Council, or other high authority;
- Importance of the activity to NEA's mission;
- Extent of NEA resources committed to the activity;
- Potential for fraud and other unlawful or improper acts;
- NEA 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 NEA 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 anytime to one of the upcoming years. For purposes of our audit plans, "grantee" refers to NEA grantees, cooperators or contractors.

## AUDIT PLAN - FY 2015

**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. (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 mandated review and reporting requirements, will dictate the number of evaluations. Anticipate more than 10 evaluations this year. (Issue 1.2)

**Special Reviews.** Conduct reviews of grantees' financial information, audit reports and other materials to: 1) determine compliance with relevant OMB circulars, 2) evaluate audit findings to determine effect on NEA grants, and 3) make recommendations, if any, is required by the grantees or NEA. An indeterminate number of reports 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)

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether NEA'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 guidance. (Issue 2.1) (Issue 2.6)

**Financial Statement Audit.** Provide oversight of the independent CPA firm conducting the financial statement audit of NEA. (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 one or two. (Issue 3.3)

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

## AUDIT PLAN - FY 2016

**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 mandated review and reporting requirements, will dictate the number of evaluations. Anticipate more than 10 evaluations this year. (Issue 1.2)

**Special Reviews.** Conduct reviews of grantees' financial information, audit reports and other materials to: 1) determine compliance with relevant OMB circulars, 2) evaluate audit findings to determine effect on NEA grants, and 3) make recommendations, if any, is required by the grantees or NEA. An indeterminate number of reports 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)

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether NEA'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 guidance. (Issue 2.1) (Issue 2.6)

**Financial Statement Audit.** Provide oversight of the independent CPA firm conducting the financial statement audit of NEA. (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 one or two. (Issue 3.3)

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

## AUDIT PLAN - FY 2017

**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)

**Special Reviews.** Conduct reviews of grantees' financial information, audit reports and other materials to: 1) determine compliance with relevant OMB circulars, 2) evaluate audit findings to determine effect on NEA grants, and 3) make recommendations, if any, is required by the grantees or NEA. An indeterminate number of reports 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)

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether NEA'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 guidance. (Issue 2.1) (Issue 2.6)

**Financial Statement Audit.** Provide oversight of the independent CPA firm conducting the financial statement audit of NEA. (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 one or two. (Issue 3.3)

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

## AUDIT PLAN - FY 2018

**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)

**Special Reviews.** Conduct reviews of grantees' financial information, audit reports and other materials to: 1) determine compliance with relevant OMB circulars, 2) evaluate audit findings to determine effect on NEA grants, and 3) make recommendations, if any, is required by the grantees or NEA. An indeterminate number of reports 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)

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether NEA'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 guidance. (Issue 2.1) (Issue 2.6)

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

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



## AUDIT PLAN - FY 2019

**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)

**Special Reviews.** Conduct reviews of grantees' financial information, audit reports and other materials to: 1) determine compliance with relevant OMB circulars, 2) evaluate audit findings to determine effect on NEA grants, and 3) make recommendations, if any, is required by the grantees or NEA. An indeterminate number of reports will be examined throughout the year. (Issue 1.2)

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

**Information & Technology Management (ITM) and Privacy Management Review.** Determine whether NEA'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 guidance. (Issue 2.1) (Issue 2.6)

**Financial Statement Audit.** Provide oversight of the independent CPA firm conducting the financial statement audit of NEA. (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 one or two. (Issue 3.3)

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

## OTHER ACTIVITIES \*

**Accessibility.** Review NEA's policies and procedures for compliance with laws and regulations governing accessibility. (Issue 1.6)

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

**Freedom Of Information Act.** Review NEA's policies and procedures for adherence to Federal laws and regulations. (Issue 2.6)

**Grant Award Process.** Review NEA'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 1.4) Review NEA's policies and procedures employed by 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 1.3 and 1.5)

**Improper Payments Elimination and Recovery Act.** Review NEA's compliance with the *Improper Payments Elimination and Recovery Act of 2010*. (Issue 2.3)

**Procurement.** Review NEA'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 NEA's transit benefits program. (Issue 2.5)

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

**Purchase and Travel Card.** Review NEA's controls over government charge card purchases. (Issue 2.5)

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

## REPORTING WRONGFUL ACTS

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

Toll-free NEA OIG Hotline: 1-877-535-7448

Local Calls: 202-682-5479

Fax: 202-682-5649

Email: [oig@arts.gov](mailto:oig@arts.gov)

Website: [www.arts.gov/about/oig/fraud.html](http://www.arts.gov/about/oig/fraud.html)

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

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

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

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

