

# NATIONAL ENDOWMENT FOR THE ARTS

## OFFICE OF INSPECTOR GENERAL



## SEMIANNUAL REPORT TO THE CONGRESS

OCTOBER 1, 2011 – MARCH 31, 2012

**SEMIANNUAL REPORT TO THE CONGRESS**

**OCTOBER 1, 2011 – MARCH 31, 2012**

**OFFICE OF INSPECTOR GENERAL**

**NATIONAL ENDOWMENT FOR THE ARTS**

April 30, 2011

## MEMORANDUM

TO: Rocco Landesman  
Chairman

FROM: Tonie Jones  
Inspector General

SUBJECT: **Semiannual Report to the Congress: October 1, 2011 – March 31, 2012**

The Inspector General Act of 1978 (IG Act), as amended (5 U.S.C. App.), calls for the preparation of semiannual reports to the Congress summarizing the activities of the Office of Inspector General (OIG) for the six-month periods ending each March 31 and September 30. I am pleased to enclose the report for the period from October 1, 2011 to March 31, 2012.

The Inspector General's report is intended to cover audits, inspections, evaluations, investigations and other reviews conducted by the OIG as well as our review of the OMB Circular A-133 audits conducted by independent auditors. The report also indicates the status of management decisions whether to implement or not to implement recommendations made by the OIG. The former President's Council on Integrity and Efficiency developed the reporting formats for Tables I and II to ensure consistent presentation by the Federal agencies. The tables provide only summary totals and do not include a breakdown by auditee.

The Act requires that you transmit this report to the appropriate committees of the Congress within 30 days of receipt, together with any comments you may wish to make. Comments that you might offer should be included in your "Report on Final Action," a management report that is required to be submitted along with the Inspector General's report. We will work closely with your staff to assist in the preparation of the management report. The due date for submission of both reports is May 30, 2012.

I appreciate the continuing support we have received from the Chairman's Office and your managers throughout the Agency. Working together, I believe we have taken positive steps to improve Agency programs and operations. We look forward to continuing these efforts.

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## **NATIONAL ENDOWMENT FOR THE ARTS**

Founded in 1965, the National Endowment for the Arts (NEA) offers assistance to a wide range of non-profit organizations and individuals that carry out arts programming, as well as to State Arts Agencies and Regional Arts Organizations. The NEA supports exemplary projects of excellence in the artistic disciplines of artist communities, dance, design, folk and traditional arts, literature, media arts, museums, music, musical theater, opera, presenting, theater, and visual arts, as well as for arts education projects and local arts agencies. Grants are awarded for specific projects rather than for general operating or seasonal support. Most NEA grants are matched dollar for dollar with non-federal funds. The NEA received \$146.021 million, net a rescission of .16%, through the Consolidated Appropriations Act, 2012.

## **OFFICE OF INSPECTOR GENERAL**

The Inspector General Act of 1978 (IG Act), as amended (5 U.S.C. App.), established independent, objective units within Federal agencies for oversight purposes. In 1988, the Congress amended the IG Act (P.L. No. 100-504) to establish statutory Inspectors General at additional departments and agencies, as well at designated Federal entities and establishments, including the National Endowment for the Arts. The mission of the Office of Inspector General (OIG) is to:

- Conduct and supervise independent and objective audits, inspections and evaluations relating to NEA programs and operations;
- Promote economy, effectiveness, and efficiency within the NEA;
- Prevent and detect fraud, waste, and abuse in NEA programs and operations;
- Review and make recommendations regarding existing and proposed legislation and regulations relating to NEA programs and operations; and
- Keep the NEA Chairman and the Congress fully and currently informed of problems in Agency programs and operations.

On October 14, 2008, the President signed the Inspector General Reform Act of 2008, Public Law 110-409. The 2008 Act amends the previous IG Act of 1978 by enhancing the independence of the Inspectors General and creating a Council of the Inspectors General on Integrity and Efficiency.

This semiannual report summarizes the OIG's major activities, initiatives, and results for the six-month period ending March 31, 2012. The OIG consists of four full-time positions, the Inspector General and three auditors. Currently, the OIG is fully staffed. There is no investigator or general counsel on the staff. To provide a reactive investigative capability, we have a Memorandum of Understanding with the General Services Administration's Office of Inspector General (GSA-OIG) to provide investigative coverage for us on a reimbursable basis as needed. (No investigative coverage from GSA-OIG was needed during the recent six-month period.) We also have a Memorandum of Understanding with the National Credit Union Administration's Office of Inspector General (NCUA-OIG) that details procedures to be used for providing the NEA-OIG with legal services pursuant to the new requirements reflected in the 2008 Act. An NCUA-OIG staff member has been assigned to provide such services on an as-needed basis.

## **SUMMARY OF WORK COMPLETED BY THE OIG**

During the six-month period ending March 31, 2012, the OIG conducted the following audits, inspections, evaluations, reviews, investigations, and other activities.

### **Audits/Inspections/Evaluations/Reviews**

During the recent semiannual period, the OIG issued two reports which contained twelve recommendations based on evaluations performed by OIG personnel. Eleven recommendations were related to systems deficiencies at the NEA. Corrective actions for the eleven recommendations to the NEA are in process. One recommendation was related to an NEA grantee which was cleared during this reporting period.

### **Audit Resolution**

At the beginning of the six-month period, there were two reports awaiting management decisions to allow or disallow questioned costs of \$172,931 with potential refunds of \$93,485. One of the organizations submitted documentation to support the questioned costs. A management decision was made to allow all of the questioned costs in the amount of \$90,898, which eliminated potential refunds of \$45,449. The OIG has requested additional documentation from the remaining organization with remaining questioned costs. A management decision cannot be made until the review has been completed. (See Table I)

During the period, none of the newly issued reports or memoranda identified any questioned costs or potential refunds. Therefore, at the end of the period, one report remained outstanding with questioned costs of \$82,033 and potential refunds of \$48,036. (See Table I)

### **Inspections**

The OIG did not conduct any inspections during the recent six-month period.

### **Investigations**

The OIG did not open any new allegation cases during the recent six-month period. The one case opened prior to the start of the period remained open at the end of the period.

### **Audit of the NEA Fiscal Year 2011 Financial Statements**

The *Accountability of Tax Dollars Act of 2002* requires the NEA Office of Inspector General or an independent external auditor, as determined by the Inspector General, to audit the agency financial statements. Under a competitively awarded contract monitored by the OIG, Leon Snead & Company, an independent certified public accounting and management consulting firm received a one-year contract, with four option years to audit the NEA's financial statements. The audits are conducted following Generally Accepted Government Auditing Standards (GAGAS) and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as revised. In addition, the firm provides reports on internal controls and compliance with laws and regulations for matters relevant to the financial statement audit. The 2011 Financial Statement Audit Report was issued November 8, 2011 and resulted in an unqualified (clean) opinion.

The entrance conference for the 2012 Financial Statement Audit is scheduled for April 2012.

## **NEA's Compliance with the Federal Information Security Management Act of 2002 (FISMA)**

FISMA requires that each federal agency develop, document, and implement an agency-wide program for providing security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source.

The OIG completed a full FISMA evaluation in FY 2011 using the most recent applicable FISMA requirements and guidelines published by the OMB and the National Institute of Standards and Technology. The assessment found that although NEA made progress in complying with FISMA, some additional improvements were needed. The OIG made eleven recommendations. Corrective actions for all of the recommendations are in process.

### **Review of Legislation, Rules, Regulations and Other Issuances**

The OIG is required to review and comment on proposed legislation and regulations for their potential impact on the Agency and its operations. During this reporting period, the OIG provided analyses and written commentaries on Agency and other government publications/reports and regulations.

### **Technical Assistance**

The OIG provided technical assistance to NEA grantees and their independent auditors. Our efforts included, for example, clarifying and interpreting the audit requirements of OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*," and advising some of the first-time and smaller organizations on implementing practical accounting systems and internal controls sufficient to assure compliance with their grant agreements.

The OIG also assisted Agency staff with technical issues related to auditing, accounting, and audit followup.

### **Web Site**

The OIG maintains an ongoing Internet presence ([www.arts.gov/about/OIG/Contents.html](http://www.arts.gov/about/OIG/Contents.html)) to assist and inform NEA grantees and Agency employees. The site includes pages for *Reports*; *Recovery Act* including a section for *Training and Resources*; *Reporting Fraud, Waste and Abuse*; *Career Opportunities*; *External Peer Reviews* of the OIG and *Other Resources*.

### **Other Activities**

During this period, the OIG took part in the activities of the Council on Inspectors General for Integrity and Efficiency (Council), and allocated resources for responding to information requests from and for the Congress and other agencies. We have also participated in various efforts by the Council and other federal agencies to develop effective oversight strategies for Recovery Act activities. We continued our proactive oversight of NEA's management of its Recovery Act funds with an emphasis on the evaluation of recipients' management of Recovery Act funds.



The Government Accountability Office's *Government Auditing Standards* requires audit organizations that perform audits or attestation engagements to have an appropriate system of quality control and to undergo external peer reviews at least once every 3 years. We conducted an external peer review control review of another Office of Inspector General during this period.

The *Improper Payments Information Act (IPIA) of 2002*<sup>3</sup> and the Office of Management and Budget (OMB) Circular A-123, Appendix C, *Management's Responsibility for Internal Control: Requirements for Effective Measurement and Remediation of Improper Payments*, require agencies to review all programs and activities, identify those that are susceptible to significant erroneous payments, and determine an annual estimated amount of erroneous payments made in those payments. The IPIA was followed by the *Improper Payments Elimination and Recovery Act (IPERA)* in 2010 and a series of OMB memoranda which included requirements for inspectors general to annually review and report on their agency's compliance with IPERA. The first annual report was due by March 15, 2012 to the head of the agency, Congress, OMB and the General Accountability Office. We issued our first annual report March 5, 2012.

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<sup>3</sup> P.L. 111-204.

## SECTIONS OF REPORT

The following sections of this report discuss the 12 areas specifically required to be included according to Section 5(a) of the IG Act of 1978, as amended. Table I shows Inspector General issued reports with questioned costs and Table II shows that there were no Inspector General issued reports with recommendations that funds be put to better use.

### **SECTION 1 – Significant Problems, Abuses and Deficiencies**

Audits, evaluations and other reviews conducted by OIG personnel during the current and prior periods have disclosed a few instances of deficient financial management practices in some organizations that received NEA grants. Among these were:

- Reported grant project costs did not agree with the accounting records, e.g., financial status reports were not always prepared directly from the general ledger, subsidiary ledgers or worksheets reconciled to the accounts;
- Personnel costs charged to grant projects were not supported by adequate documentation, e.g., personnel activity reports were not maintained to support allocations of personnel costs to NEA projects;
- The amount allocated to grant projects for common (indirect) costs which benefited all projects and activities of the organization was not supported by adequate documentation; and
- Grantees needed to improve internal controls, such as ensuring proper separation of duties to safeguard resources and developing written policies and procedures for the management of Federal awards.

### **SECTION 2 – Recommendations for Corrective Action**

To assist grantees in correcting or avoiding the deficiencies identified in Section 1, the OIG utilizes two “*Financial Management Guides*,” one for non-profit organizations and the other for state and local governments. The guides are not offered as complete manuals of procedures; rather, they are intended to provide practical information on what is expected from grantees in terms of fiscal accountability. The guides are available at [www.arts.gov/about/OIG/Guidance.html](http://www.arts.gov/about/OIG/Guidance.html).

The guides discuss accountability standards in the areas of financial management, internal controls, audit, and reporting. The guides also contain sections on unallowable costs and shortcomings to avoid. In addition, the guides include short lists of useful references and some sample documentation forms.

### **SECTION 3 – Recommendations in Previous Reports on Which Corrective Action Has Not Been Implemented**

There were no significant recommendations in previous reports on which corrective action has not been implemented.

### **SECTION 4 – Matters Referred to Prosecuting Authorities**

No matters were referred to prosecuting authorities during this reporting period.

### **SECTION 5 – Denials of Access to Records**

No denials of access to records occurred during this reporting period.

**SECTION 6 – Listing of Reports Issued and OIG Hotline Contacts**

<b><u>REPORT NUMBER</u></b>	<b><u>TITLE</u></b>	<b><u>DATE OF REPORT</u></b>
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***Audit Report***

A-12-01	Audit of NEA's Financial Statements.....	11/08/11
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***Financial Management System & Compliance Evaluations***

SCE-12-01	National Building Museum (DC).....	10/24/11
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***Special Reports***

R-12-01	FY 2011 Evaluation of NEA's Compliance with FISMA .....	11/15/11
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L-12-03	NEA's Compliance under IPERA .....	03/05/12
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**TOTAL REPORTS – 4**

***Contacts***

Telephone Calls.....	1
Email .....	0
Standard Mail.....	0
Referred by Other Sources.....	0
Fax.....	0

**TOTAL CONTACTS – 1**

**SECTION 7 – Listing of Particularly Significant Reports**

There were no particularly significant reports during the reporting period.

**SECTION 8 – Statistical Tables Showing Total Number of Audit Reports, Inspection Reports, and Evaluation Reports and the Dollar Value of Questioned Costs**

Table I of this report presents the statistical information showing the total number of audit reports, inspection reports, and evaluation reports and the total dollar value of questioned costs.

**SECTION 9 – Statistical Tables Showing Total Number of Audit Reports, Inspection Reports, and Evaluation Reports and the Dollar Value of Recommendations that Funds be Put to Better Use by Management**

As shown on Table II, there were no audit reports, inspection reports and evaluation reports with recommendations that funds be put to better use by management.

**SECTION 10 – Audit Reports, Inspection Reports, and Evaluation Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made by the End of the Reporting Period**

As shown on Table I, there were two audit reports issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period.

**SECTION 11 – Significant Revised Management Decisions Made During the Period**

No significant revised management decisions were made during the reporting period.

**SECTION 12 – Significant Management Decisions With Which the Inspector General Disagrees**

There were no significant management decisions that the Inspector General disagreed with during the reporting period.

**TABLE I**

**INSPECTOR GENERAL ISSUED REPORTS  
WITH QUESTIONED COSTS**

	<u>NUMBER</u>	<u>QUESTIONED COSTS</u>	<u>UNSUPPORTED COSTS</u>	<u>POTENTIAL REFUNDS<sup>1</sup></u>
A. For which no management decision has been made by the commencement of the reporting period	<u>2</u>	<u>172,931</u>	<u>(172,931)</u>	<u>93,485</u>
B. Which were issued during the reporting period	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>
Subtotals (A + B)	<u>2</u>	<u>172,931</u>	<u>(172,931)</u>	<u>93,485</u>
C. For which a management decision was made during the reporting period	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>
(i) Dollar value of disallowed costs	<u>0</u>	<u>0</u>	<u>(0)</u>	<u>0</u>
(ii) Dollar value of costs not disallowed	<u>1</u>	<u>90,898</u>	<u>(90,898)</u>	<u>45,449</u>
D. For which no management decision has been made by the end of the reporting period	<u>1</u>	<u>82,033</u>	<u>(82,033)</u>	<u>48,036</u>
Reports for which no management decision was made within six months of issuance	<u>1</u>	<u>82,033</u>	<u>(82,033)</u>	<u>48,036</u>

<sup>1/</sup> The potential refund amount usually will not equal the questioned cost amount because matching requirements must be considered and the grantee may be either under or over matched. In addition, historically, the potential refund generally is reduced significantly as a result of the audit followup process, which includes examination of documentation submitted by the grantee.

**TABLE II**

**INSPECTOR GENERAL ISSUED REPORTS  
WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

	<b><u>NUMBER</u></b>	<b><u>DOLLAR VALUE</u></b>
A. For which no management decision has been made by the commencement of the reporting period	0	0
B. Which were issued during the reporting period	0	0
Subtotals (A + B)	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 action	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
Reports for which no management decision was made within six months of issuance	0	0

## DEFINITIONS OF TERMS USED

The following definitions apply to terms used in reporting audit statistics:

<b>Questioned Cost</b>	A cost that the Office of Inspector General (OIG) questioned because of alleged violation with a provision of a law, regulation, contract, or other agreement or document governing the expenditure of funds; such cost is not supported by adequate documentation; or the expenditure of funds for the intended purpose is unnecessary or unreasonable.
<b>Unsupported Cost</b>	A cost which the OIG questioned because the cost was not supported by adequate documentation at the time of the audit.
<b>Disallowed Cost</b>	A questioned cost that management has sustained or agreed should not be charged to the NEA grant or cooperative agreement.
<b>Funds Be Put To Better Use</b>	A recommendation made by the OIG that funds could be used more efficiently if management took actions to implement and complete the recommendation.
<b>Management Decision</b>	Management's evaluation of the findings and recommendations contained in the audit report and the issuance of management's final decision, including actions to be taken. Interim decisions and actions are not considered final management decisions for the purpose of the tables in this report.
<b>Final Action</b>	The completion of all actions that management has concluded in its management decision with respect to audit findings and recommendations. If management concluded that no actions were necessary, final action occurs when a management decision was made.

## REPORTING WRONGFUL ACTS

Anyone, including Agency 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 the OIG immediately. A complaint/referral may be reported using any of the following methods:

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

Local Calls: 202-682-5479

Fax: 202-682-5649

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

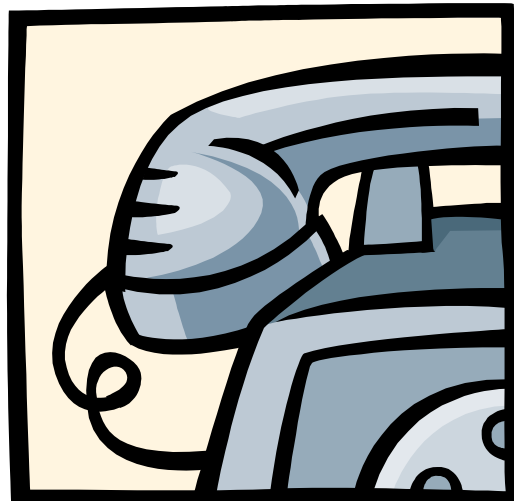
Website: [www.arts.gov/about/oig/fraud.html](http://www.arts.gov/about/oig/fraud.html)

You may also visit or write us at the National Endowment for the Arts, Office of Inspector General, Room 601, 1100 Pennsylvania Avenue, NW, Washington, DC 20506.

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

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

The 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. You may remain anonymous, if you choose. Federal employees are protected against reprisal for disclosing information to the Inspector General unless such disclosure was knowingly false.







**ART WORKS.**

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NATIONAL ENDOWMENT FOR THE ARTS

CHAIRMAN'S SEMIANNUAL REPORT  
ON FINAL ACTION  
RESULTING FROM AUDIT REPORTS, INSPECTION  
REPORTS, AND EVALUATION REPORTS

October 1, 2011 through March 31, 2012

Submitted  
May 2012

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## INTRODUCTION

The Inspector General Act of 1978, as amended by the Inspector General Act Amendments of 1988 (Public Law 100-504), established independent, objective units within Federal agencies for the following purposes:

- To supervise and conduct audits and investigations of agency programs and operations;
- To lead, coordinate, and recommend policies for promoting economy, efficiency, and effectiveness in the administration of programs and operations, and to prevent and detect fraud and abuse therein; and
- To keep the agency head and the Congress informed about related problems and deficiencies and associated corrective action.

On October 14, 2008, the President signed the Inspector General Reform Act of 2008 (Public Law 110-409). The 2008 Act amends the previous IG Act of 1978 to enhance the independence of the Inspectors General, to create a Council of the Inspectors General on Integrity and Efficiency, and for other purposes.

Section 106(a) of P.L. 100-504 requires the Inspector General to report semiannually on the office's activities for the preceding six-month periods ending March 31<sup>st</sup> and September 30<sup>th</sup>. The report must (1) address significant problems, abuses, and deficiencies in the management of agency programs and operations identified during the reporting period, and (2) identify recommendations for corrective action. Section 106(b) directs the Inspector General to furnish this report within 30 days to the agency head, who is required to prepare a separate report on management decisions resulting from audit reports, inspection reports, evaluation reports, the status of disallowed costs, and final actions taken during the corresponding period, including any comments deemed appropriate. The agency head must transmit both reports to the Congress within the ensuing 30 days.

Accordingly, the Chairman presents the Arts Endowment's management report for the period October 1, 2011 through March 31, 2012.

# REPORT ON FINAL ACTION RESULTING FROM AUDIT REPORTS, INSPECTION REPORTS, AND EVALUATION REPORTS

## Section 1. Comments Relating to the Inspector General's Report

### A. Comments on OIG's Summary Section

Audits/Inspections/Evaluations/Reviews. As reported in the Inspector General's *Semiannual Report to the Congress*, at the end of the reporting period there was one outstanding report with questioned costs and potential refunds; management continues to work with the auditee to resolve the outstanding audit issues.

When the Audit Followup Official disallows questioned costs, it is typically because the grantee or cooperator has responded inadequately to the Arts Endowment's request for supporting documentation, such as canceled checks, invoices, contracts, personnel activity reports, or testimonial evidence. Agency funds may represent only a small portion of an awardee's total project costs. Deficiencies normally are resolved through the Agency's audit resolution process, and refunds are infrequent.

Technical Assistance: Improved Oversight. The Arts Endowment places a high priority on ensuring that employees are well informed about policies, procedures, and requirements related to grants administration and audits. The Grants & Contracts Office routinely conducts training on various topics for Agency staff, including targeted one-on-one training as necessary. During the period, the Grants & Contracts Office and the OIG continued to provide technical assistance and compliance evaluations for grantees. The Grants & Contracts Office also updated internal directives and guidance documents.

Web Site. The Arts Endowment continues to provide its "My Grant at a Glance" feature on the Agency Web site. In addition to tracking the status of payment requests online, grantees can obtain historical reports of their grants back to at least 1988. The reports include the amount of the grant, the period of support, and a brief project description. The Arts Endowment continues to require electronic application submission through Grants.gov across all Arts Endowment programs; applicants unable to apply electronically through Grants.gov must request permission from the Agency to submit applications through an alternative method.

In addition, the Agency launched a new online reporting tool, required for direct organizational grantees, that significantly enhances the Agency's ability to track the geographic location of supported project activities. Finally, the Arts Endowment now requires all grantee final reports to be submitted electronically.

Other Activities. Arts Endowment staff continued to work closely with the OIG on issues of mutual interest, such as the independent audit of the Agency's financial statements for fiscal year 2011, and Recovery Act activities. As mentioned in the *Semiannual Report*, the OIG is now fully staffed.

## **B. Comments on OIG's Sections 1 and 2**

OIG audit, inspection, and evaluation reports on Arts Endowment awardees are based upon reviews conducted by the OIG itself or upon OIG analysis of audits completed by outside auditors. The outside audits may be performed by State audit agencies, by other Federal agencies (generally the agency providing the greatest amount of Federal funding to an organization also supported by the Arts Endowment), or by independent public accountants engaged by awardees.

### **Section 2. Management Report on Final Action on Audits, Inspections, and Evaluations with Disallowed Costs for the Six-Month Period Ending March 31, 2012 (Section 8 of the OIG Report)**

There were no audit, inspection, or evaluation reports with management decisions made that were awaiting final action at the beginning of the period. (See Table A).

### **Section 3. Management Report on Final Action on Audits, Inspections, and Evaluations with Recommendations to Put Funds to Better Use for the Six-Month Period Ending March 31, 2012 (Section 9 of the OIG report)**

There were no audits, inspections, and evaluations with recommendations to put funds to better use awaiting final action as of March 31, 2012 (see Table B).

### **Section 4. Audit Reports, Inspection Reports, and Evaluation Reports for Which a Management Decision Was Made Prior to April 1, 2012, but on Which Final Action Has Not Occurred**

There were no audit, inspection, or evaluation reports for which a management decision was made prior to April 1, 2012, on which final action has not yet occurred.

TABLE A

MANAGEMENT REPORT ON FINAL ACTION  
ON AUDITS, INSPECTIONS, AND EVALUATIONS WITH DISALLOWED COSTS  
FOR THE SIX-MONTH PERIOD ENDING MARCH 31, 2012

ITEM	# OF REPORTS	DISALLOWED COSTS	POTENTIAL REFUNDS
A. Audit/inspection/evaluation reports with management decisions on which final action had not been completed at the beginning of the reporting period. See Note 1.	0	\$0	\$0
B. Audit/inspection/evaluation reports on which management decisions were made during the reporting period. See Note 2.	0	0	0
<b>Subtotal (A+B)</b>	0	<b>\$0</b>	<b>\$0</b>
C. Audit/inspection/evaluation reports on which final action was taken during the reporting period, including:			
i. The dollar value of disallowed costs that were recovered by management through:			
a. Collection & offsets	0	\$0	\$0
b. Property	0	0	0
c. Other	0	0	0
ii. The dollar value of disallowed costs that were written off by management.	0	0	0
<b>Subtotal (i + ii) See Note 3</b>	0	<b>\$0</b>	<b>\$0</b>
D. Audit/inspection/evaluation reports for which no final action has been taken by the end of the reporting period. <b>(A+B-C)</b> See Note 4.	0	\$0	\$0

Notes:

1. Reports in which management has made a decision to disallow costs; however, final actions (e.g., collection, write-offs) were not completed by the beginning of the reporting period.
2. Reports in which management has made a decision, during the reporting period, to disallow costs.
3. Reports in which final actions were completed during the reporting period.
4. Reports in which management has made a decision to disallow costs; however, final action was not completed by the end of the reporting period.

TABLE B

MANAGEMENT REPORT ON FINAL ACTION ON AUDITS, INSPECTIONS,  
AND EVALUATIONS WITH RECOMMENDATIONS TO PUT FUNDS TO BETTER USE  
FOR THE SIX-MONTH PERIOD ENDING MARCH 31, 2012

ITEM	# OF REPORTS	FUNDS TO BE PUT TO BETTER USE
A. Audit/inspection/evaluation reports with management decisions on which final action had not been taken at the beginning of the reporting period.	0	\$0
B. Audit/inspection/evaluation reports on which management decisions were made during the period.	0	0
<b>Subtotal (A+B)</b>	<b>0</b>	<b>0</b>
C. Audit/inspection/evaluation reports on which final action was taken during the period:		
i. Dollar value of recommendations implemented:		
a. Based on management action	0	0
b. Based on proposed legislative action	0	0
ii. Dollar value of recommendations not implemented	0	0
<b>Subtotal (i+ii)</b>	<b>0</b>	<b>0</b>
D. Audit/inspection/evaluation reports needing final action at end of the period. <b>(A+B-C)</b>	0	\$0