

# **National Endowment for the Arts Office of Inspector General**

## **NASAA Conference Handout**

### ***Audit Plan and Selection***

The National Endowment for the Arts Office of Inspector General (NEA OIG) conducts an annual audit risk assessment of the universe of grants and cooperative agreements. The risk factors:

- award amount
- previous audits of awardees
- referrals

### ***Requested Documents***

- Organization Chart
- List of board members (current and active during the audit period)
- Most recent audited financial statements, reports, and management letters
- Current budget
- Accounting Policies and Procedures
- Expenditure reports and general ledgers from the financial system to support total outlays for each program selected for review
- Payroll ledgers for each program selected for review
- Charts of Accounts
- Board meeting minutes for the past two years
- Section 504 Self-Evaluation
- Policies and Procedures for the Management of Federal Audits
- Supporting documentation of selected costs transactions
- Supporting documentation of selected sub-grantees, if applicable

### ***Audit Process***

- Planning
  - Establish objective & scope
  - Awards selection
  - Audit notification
  - Reconcile costs
  - Select transaction
  - Review prior year audit
  - Document internal controls
  - Assess risks

- Fieldwork
  - Conduct entrance conference
  - Test internal controls
  - Test costs transactions
  - Test performance
  - Test sub-recipient monitoring
  - Conduct preliminary exit conference
- Reporting
  - Issue draft report
  - Transmit report to NEA for comments (10 business days)
  - Conduct exit conference
  - Transmit report to awardee for response (10 business days)
  - Issue final report
  - Post report on NEA OIG website and oversight.gov within 3 days
- Follow-Up
  - Corrective Action Plan is submitted to NEA within 30 days

### *Common Findings*

- Not reporting accurate costs or including unallowable costs.
- Not having written policies and procedures for the management of Federal awards.
  - Procuring property and services (procurement transactions);
  - Determining the allowability of costs and for managing payments;
  - Ensuring that contractors or recipients are not debarred or suspended prior to the award or payment of Federal funds; and
  - Minimizing the time elapsing between the receipt and the disbursement of award funds to avoid having excessive Federal funds on hand.
- Not maintaining a Section 504 Self-Evaluation.
- Not maintaining supporting documentation for costs charged to NEA awards.
- Not separately accounting for costs for NEA awards.

### *Guidance and Resources*

2 CFR 200: [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

Manage Your Award: <https://www.arts.gov/grants/manage-your-award>

NEA OIG website: [www.arts.gov/oig](http://www.arts.gov/oig)

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