

# OFFICE OF THE INSPECTOR GENERAL

 Smithsonian

## SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2020 –  
March 31, 2021



Smithsonian Institution Building  
(The Castle)

**Table 1. Semiannual reporting requirements of the *Inspector General Act*, as amended**

Public Law Section	Reporting Requirement	Page
Section 4(a)(2)	Review of legislation and regulations	16
Section 5(a)(1)	Significant problems, abuses, and deficiencies	None
Section 5(a)(2)	Significant recommendations for corrective action	None
Section 5(a)(3)	Reports with corrective action not completed	10
Section 5(a)(4)	Matters referred to prosecutive authorities	15
Section 5(a)(5)	Information or assistance refused	None
Section 5(a)(6)	List of reports issued with dollar value of questioned costs and recommendations that funds be put to better use	None
Section 5(a)(7)	Summaries of significant reports	6
Section 5(a)(8)	Audit, inspection, and evaluation reports—questioned costs	None
Section 5(a)(9)	Audit, inspection, and evaluation reports—funds to be put to better use	None
Section 5(a)(10)(A)	Audit, inspection, and evaluation reports issued before the commencement of the reporting period with no management decision	None
Section 5(a)(10)(B)	Audit, inspection, and evaluation reports issued before the commencement of the reporting period with no management comment within 60 days	None
Section 5(a)(10)(C)	Audit, inspection, and evaluation reports issued before the commencement of the reporting period with unimplemented recommendations	10
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which the Office of the Inspector General (OIG) disagreed	None
Section 5(a)(13)	Information described under section 804(b) of the Federal Financial Management Improvement Act of 1996	None
Section 5(a)(14–16)	Peer reviews	12,14
Section 5(a)(17–18)	Investigative tables	15
Section 5(a)(19)	Reports on investigations with substantiated allegations involving senior employees	13
Section 5(a)(20)	Whistleblower retaliation	None
Section 5(a)(21)	Attempts to interfere with OIG independence	None
Section 5(a)(22)(A)	Inspections, evaluations, and audits that were closed and not disclosed to the public	None
Section 5(a)(22)(B)	Investigations involving senior employees that were closed and not disclosed to the public	None

Source: OIG assessment as of March 31, 2021.

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## Abbreviations

CIGIE	Council of the Inspectors General on Integrity and Efficiency
COVID-19	Coronavirus Disease 2019
EEOC	Equal Employment Opportunity Commission
KPMG	KPMG LLP
NMAAHC	National Museum of African American History and Culture
NMAI-CIS	National Museum of the American Indian Collections Information System
OCIO	Office of the Chief Information Officer
Ocon&PPM	Office of Contracting and Personal Property Management
OHR	Office of Human Resources
OIG	Office of the Inspector General
OPM	Office of Personnel Management
OPS	Office of Protection Services
PANDA	Pan-Institutional Database for Advancement
PII	Personally Identifiable Information
SD	Smithsonian Directive
SE	Smithsonian Enterprises
Smithsonian	Smithsonian Institution
SSL	Secure Socket Layer
TLS	Transport Layer Security
Williams Adley	Williams, Adley & Company–DC, LLP

## Message from the Inspector General

On behalf of the Office of the Inspector General (OIG), I am pleased to submit this semiannual report to the Congress. This report highlights the accomplishments achieved through our audit and investigative activities for the 6-month period ending March 31, 2021.

During this period, our office issued four audit reports with five recommendations and conducted work on four ongoing audits. In one audit report, we made three recommendations to the Office of Human Resources to help ensure a fair and consistent process for the Trust employees that it hires when not using the federal process. In a second report, KPMG reported for fiscal year 2020 a significant deficiency in controls over the reconciliation and review of the construction in progress balance, which includes expenditures for ongoing construction projects. A deficiency in internal control exists when the design or operation of a control does not allow management or employees—in the normal course of performing their assigned functions—to prevent, or detect and correct, misstatements on a timely basis. To address the significant deficiency, KPMG recommended that the Smithsonian establish reconciliation and review protocols to enhance the precision and follow up over construction in progress balances. In addition, our office closed 18 recommendations, including one that reflects a significant improvement in a key privacy process to protect personally identifiable information. For more details on our audit work, see the Audits section of this report.

Our investigative activities continued to focus on and hold accountable those individuals whose actions harm the Smithsonian's programs and operations. During the reporting period, OIG received 44 new complaints, closed 37 complaints, converted 4 complaints to investigations, and completed 6 investigations. OIG substantiated allegations for 3 of the 6 investigations that were closed. As a result, 2 employees were counseled, and the timesheet for 1 of the employees was corrected to reflect the use annual and sick leave that had a value of \$955. However, the Smithsonian missed a deadline to propose adverse action against a third employee who violated Smithsonian's Standards of Conduct by accepting free moving services worth \$1,000 from a former employer who was also a Smithsonian contractor without consulting an ethics counselor or reporting the gift in the *Conflict of Interest Declaration*. More details on the cases can be found in the Investigations section of this report.

For the past year, the Smithsonian has been significantly impacted by the global pandemic caused by coronavirus disease 2019 (COVID-19). OIG has been monitoring and assessing the risks of COVID-19 to the Smithsonian's programs and operations.

In the months ahead, our office will continue to conduct audits and investigations that help the Smithsonian Board of Regents and management meet their stewardship and fiduciary responsibilities, support congressional oversight, and provide information to the public.



Cathy L. Helm  
Inspector General

**The National Museum of the American Indian opened the National Native American Veterans Memorial on November 11, 2020.**



Image Credit: Photo by Alan Karchmer for the National Museum of the American Indian.

## Smithsonian Institution Profile

In 1846, the Congress created the Smithsonian as a U.S. trust instrumentality to carry out the provisions of the will of James Smithson, an English scientist who left his estate to the United States to found “an establishment for the increase and diffusion of knowledge.”<sup>1</sup>

Today, the Smithsonian consists of 19 museums, galleries, and gardens; the National Zoological Park; 14 education and research centers; and other facilities around the world. The majority of Smithsonian locations are in Washington, D.C., but the Smithsonian also has facilities in 10 states (Arizona, California, Florida, Hawaii, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Virginia), Belize, and Panama. The Smithsonian’s Affiliations program has 210 members and brings its collections, scholarship, and exhibitions to most states, Puerto Rico, and Panama.

In fiscal year 2020, there were more than 7.7 million in-person visits to the Smithsonian museums and the zoo. In addition, the Smithsonian’s public websites logged 178 million visits. The Smithsonian employs almost 6,700 staff (including about 3,800 federal employees) and has approximately 5,100 on-site volunteers, 31,700 active digital volunteers, 1,911 fellows and research associates, and numerous interns and contractors.

The Smithsonian is the steward of an extensive collection. The total number of objects and specimens in the collections is estimated at 155 million, of which 146 million are scientific specimens at the National Museum of Natural History. The collections form the basis of world-renowned research, exhibitions, and public programs in the arts, culture, history, and the sciences. Only a small portion of the Smithsonian’s collections is on display in the museums at any given time. The Smithsonian made more than 6.3 million collection images, audio, videos, and blog posts available online for personal, non-commercial, and educational use. Through Smithsonian Open Access, nearly 3 million digital items have been released into the public domain.

A substantial portion of the Smithsonian’s operations is funded by annual federal appropriations. Federal appropriations are also received for the construction or repair and restoration of its facilities. In addition to federal appropriations, the Smithsonian receives private gifts and revenue from grants and contracts, and also earns income from investments and its various business activities. Business activities include Smithsonian magazines and books; an online store; licensed products; travel programs; and museum theaters, shops, and food services.

**Giant panda cub Xiao Qi Ji stands in a hammock in his outdoor habitat.**



Image courtesy of the Smithsonian’s National Zoological Park.

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<sup>1</sup> A trust instrumentality is a government agency or corporation that acts independently in carrying out work for the public good.

## Office of the Inspector General Profile

The Office of the Inspector General (OIG) is headed by the Inspector General, who is appointed by, reports to, and is under the general supervision of the Board of Regents. OIG is located in Washington, D.C. As of March 31, OIG consisted of 18 staff: the Inspector General, Assistant Inspector General for Audits, Assistant Inspector General for Investigations, Assistant Inspector General for Operations, Counsel to the Inspector General, 8 auditors, 4 investigators, and an administrative officer.

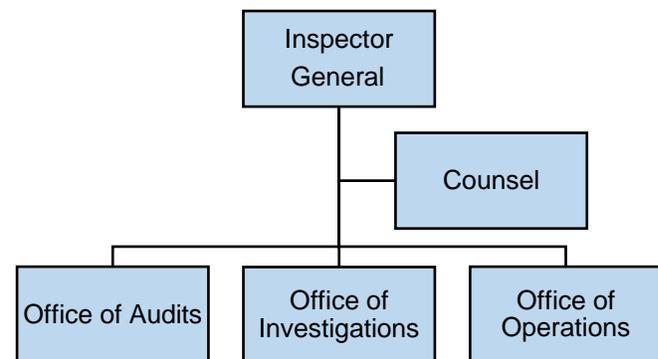
The OIG's organizational structure is described below.

### Audits

The Office of Audits conducts audits of the Smithsonian's existing and proposed programs and operations to help improve their efficiency and effectiveness. The office develops a risk-based annual audit plan to guide its work. The Office of Audits also actively monitors the external audits of the Smithsonian's financial statements.

### Counsel

The Counsel to the Inspector General provides independent legal advice to the Inspector General and OIG staff.



### Investigations

The Office of Investigations pursues allegations of waste, fraud, abuse, and gross mismanagement; misconduct by employees, contractors, or others who affect the Smithsonian; and criminal violations of law that have an impact on the Smithsonian's programs and operations. It refers matters to federal, state, and local prosecutors for action whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law. The Office of Investigations also presents any administrative misconduct to management for possible disciplinary action.

### Operations

The Office of Operations provides technical and administrative support. It is responsible for OIG administrative matters, such as budgeting, procurement, human resources, information technology, and measuring organizational performance.

OIG's vision, mission, authority, and core values are described below.<sup>2</sup>

## Vision

OIG's vision is to provide the highest quality oversight through timely action, independent and objective reporting, and an overall commitment to excellence.

## Mission

OIG's mission is to promote the efficiency, effectiveness, and integrity of the Smithsonian's programs and operations through independent, objective audits and investigations and to keep stakeholders fully and currently informed.

## Authority

The *Inspector General Act of 1978*, as amended in 1988 (P.L. 100-504), established the Smithsonian OIG. The act requires Smithsonian OIG to perform the following functions:

- Conduct audits and investigations relating to the Smithsonian's programs and operations.
- Promote economy, efficiency, and effectiveness within the Smithsonian.
- Review and make recommendations regarding existing and proposed programs and operations.
- Prevent and detect waste, fraud, and abuse in the Smithsonian's programs and operations.
- Report expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law.
- Keep the Board of Regents and the Congress fully and currently informed of serious problems in Smithsonian's programs and operations.

## Core Values

Consistent with its mission and responsibilities, OIG's efforts are guided by four core values: accountability, excellence, integrity, and teamwork. These core values reflect the most important qualities needed for success and are reflected in all of the work done by OIG.

**Accountability.** A commitment to promoting accountability in the Smithsonian and taking personal accountability for actions and decisions within OIG.

**Excellence.** A commitment to providing timely, relevant, and high-quality products and services.

**Integrity.** A commitment to operating under the highest ethical principles by conducting our work in an honest, objective, and independent manner.

**Teamwork.** A commitment to working together to collectively achieve OIG's mission through respectful and professional interactions among ourselves and others.

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<sup>2</sup> The OIG vision, mission, goal and objectives, and core values are part of the *OIG Strategic Plan for Fiscal Years 2019–2023*, available from the OIG website at <https://www.si.edu/oig/About>.

## Audits

Audit work focuses on improving the efficiency and effectiveness of the Smithsonian's programs and operations. During this semiannual period, OIG issued 4 reports, conducted work on 4 ongoing audits, and closed 18 recommendations.

### Summary of Issued Audit Reports

Below are summaries of the four audit reports issued during this reporting period, along with links to the original audit reports.

[Human Resource Management: Smithsonian Needs to Strengthen Its Procedures for Hiring Trust Employees When Not Using the Federal Process \(OIG-A-21-01, October 9, 2020\)](#)

The Office of Human Resources (OHR) is responsible for implementing human resources policies throughout the Smithsonian. With approximately 50 staff, OHR supports the recruitment and hiring of about 5,200 of the Smithsonian's 6,700 employees. The Smithsonian's units (museums, research centers, and offices) assign staff to coordinate with OHR to hire federal and Trust employees.

This audit examined to what extent OHR and the units comply with Smithsonian policies and procedures for hiring employees funded by the Smithsonian Trust, not federal appropriations (Trust employees). Trust employees hired by Smithsonian Enterprises and Smithsonian Astrophysical Observatory were not addressed in this audit.

Smithsonian Directive (SD) 213 states that Trust positions to be filled for longer than 1 year must be advertised using the procedures for filling federal positions unless they meet the criteria for specific exceptions. Of the 492 Trust employees hired by OHR from May 2017 through May 2018, a total of 437 (89 percent) were hired without using the federal advertising process. Based on OIG analysis, all 437 Trust positions were properly exempted from the federal advertising process in accordance with Smithsonian policy (such as for temporary appointments of 1 year or less). Although the positions were exempted from the federal advertising process, unit staff told OIG that they used other means to advertise 47 of the 85 sampled positions but had documentation for advertising only 32. For these 32 unit-advertised Trust positions, OIG found that OHR did not comply with SD 213 requirements that it receive all applications, evaluate the qualifications of the applicants, and provide the units with a selection list of the better-qualified applicants. Rather, since at least 2009, OHR has been allowing the units to receive and evaluate all applications and to submit the applications only of the selected individuals to OHR. OHR has limited its role to determining whether the unit-selected applicant met the minimum qualifications for the position. In addition, OHR has not monitored how the units receive, evaluate, and select candidates.

OIG also found that the Smithsonian is not in compliance with the requirements of the Equal Employment Opportunity Commission (EEOC) to gather data on race, national origin, sex, and disability status of these applicants and to track their progress through the Trust hiring process.

As a result, the Smithsonian has no information to ensure that a fair and consistent process was followed to fill Trust positions. In contrast, OIG found that a sample of 10 of the 55 Trust positions that used the federal advertising process fully complied with SD 213 and EEOC's requirements. Also, OHR has not ensured that its Trust hiring policies and procedures, which are decades old, are current and complete.

To help ensure a fair and consistent process for hiring Trust employees when not using the federal process, OIG made three recommendations: 1) update Trust hiring policies and procedures; 2) establish a system that collects and tracks the applicant's race, national origin, sex, and disability status; and 3) develop and implement procedures to monitor compliance with OHR policies and procedures.

[Independent Auditor's Report on the Smithsonian Institution's Fiscal Year 2020 Financial Statements \(OIG-A-21-02, January 29, 2021\)](#)

An independent public accounting firm, KPMG LLP (KPMG), issued a report on the statement of the Smithsonian Institution's financial position as of September 30, 2020, and the related statements of financial activity and cash flows. KPMG expressed an unmodified opinion concluding that the financial statements were presented fairly, in all material respects, in accordance with the applicable financial reporting standards. An OIG auditor served as the Contracting Officer's Technical Representative to monitor this audit.

[Independent Accountant's Report on the Smithsonian Enterprises Net Gain for Fiscal Year 2020 \(OIG-A-21-03, January 29, 2021\)](#)

KPMG issued a report on the Statement of Net Gain for Smithsonian Enterprises, as of September 26, 2020. KPMG concluded that no material modifications should be made to the Statement of Net Gain to be in accordance with U.S. generally accepted accounting principles. An OIG auditor served as the Contracting Officer's Technical Representative to monitor this audit.

[Audit of Federal Awards Performed in Accordance with Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(OIG-A-21-04, March 19, 2021\)](#)

KPMG issued a report on the audit of federal awards performed in accordance with *Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. KPMG expressed two unmodified opinions in this report. First, KPMG opined that the Smithsonian complied, in all material respects, with the compliance requirements of the Smithsonian's major federal program, research and development. Second, KPMG opined that the Smithsonian's expenditures of federal awards were fairly stated in all material respects in relation to the financial statements as a whole.

This year's single audit focused on one major federal program—the research and development cluster (\$102.3 million). The top two federal agency sponsors of the program were the National Aeronautics and Space Administration (\$87.1 million) and the National Science Foundation (\$7.8 million).

For fiscal year 2020, KPMG reported a significant deficiency in controls over the reconciliation and review of the construction in progress balance, which includes expenditures for ongoing construction projects. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To address the significant deficiency, KPMG recommended that the Smithsonian establish reconciliation and review protocols to enhance the precision and follow up over construction in progress balances.

## Work in Progress

At the end of the period, OIG had four audits in progress, as described below.

### [Purchase Card Program](#)

OIG auditors are assessing to what extent Smithsonian has effective controls over the purchase card program.

### [Collecting Units' Cyclical Inventory Plans and Reports](#)

OIG auditors are assessing to what extent museums and other collecting units have developed and implemented cyclical inventory plans in accordance with SD 600 and the SD 600 *Implementation Manual*.

### [Assessment of Detection and Response Capabilities for Information Security Incidents](#)

OIG auditors are evaluating the Smithsonian's capabilities to prevent, detect, and respond to information security incidents.

### [Evaluation of the Smithsonian's Information Security Program, Fiscal Year 2020](#)

An OIG auditor is monitoring Williams, Adley & Company-DC, LLP (Williams Adley) in conducting audits that evaluate the Smithsonian's information security program for fiscal year 2020.

## Other Audit Activities

### Status of Recommendations

Smithsonian management made progress implementing the recommendations from audit reports that we issued in prior semiannual reporting periods. As a result, OIG closed 18 recommendations during the past 6 months. Table 2 provides summary statistics for OIG recommendations during this semiannual reporting period, as of March 31, 2021.

**Table 2. Summary of audit recommendation activity during the semiannual reporting period ending March 31, 2021**

Status of Recommendations	Number of Recommendations
Open at the beginning of the period	34
Issued during the period	5
<i>Subtotal</i>	39
Closed during the period	18
Open at the end of the period	21

Source: OIG assessment as of March 31, 2021.

Table 3 on the following page summarizes the audit reports from previous periods that have unimplemented recommendations and their target completion, as of March 31, 2021. None of these recommendations involve any cost savings.

Table 3. Reports from previous periods with unimplemented recommendations

Report Summary	Unimplemented Recommendations
<p><i>Personnel Security: Actions Needed to Strengthen the Background Investigation Process</i> (OIG-A-18-09, September 20, 2018)</p> <p>The offices of human resources use a position designation process to determine the required level of background investigation (low, moderate, or high). However, OIG found that the Smithsonian has no assurance that most of its employees hired in 2015 received the required level of background investigation. Due to incorrect designations and missing documentation, OIG could determine that only 35 percent of the sampled employees had received the required level of post-employment background investigation.</p> <p>In addition, OIG found that the Office of Protection Services (OPS) did not always schedule or promptly schedule post-employment background investigations with the U.S. Office of Personnel Management (OPM). For instance, OPS did not schedule post-employment background investigations for 12 percent of sampled employees.</p> <p>OIG also found that the Smithsonian granted computer network access to more than 500 affiliated individuals without background investigations, contrary to policy requirements. Furthermore, nearly a quarter were granted remote access. In addition, in accordance with its policy, the Smithsonian did not conduct background investigations on locally hired Panamanian employees at the Smithsonian Tropical Research Institute.</p> <p>OIG also estimated that the Smithsonian could realize about \$165,000 annually in savings if the Smithsonian Enterprises' human resources office used OPM's Automated Tool to establish the required post-employment background investigation for its retail employees. According to this tool, these employees would require a low-level background investigation in contrast to the moderate level they now receive. In 2016, the difference in cost between the low-level and moderate-level background investigations was \$1,241. This potential annual savings is nearly one-third of the total amount the Smithsonian spent on all background investigations in fiscal year 2016.</p> <p>OIG made nine recommendations to improve the background investigation process, and six remain unimplemented.</p>	<p>The Director of Human Resources should develop and implement policies and procedures to do the following: (1) Designate and document position risk and sensitivity for all human resources offices. (2) Include a requirement that Trust positions receive a sensitivity designation. (3) Monitor compliance of position risk and sensitivity designations conducted by all human resources offices.</p> <p>The Director of OPS should do the following: (4) Conduct the required level of background investigations for those employees without a record of one.</p> <p>The Chief Operating Officer and Under Secretary for Finance and Administration should do the following: (5) Identify all employees and affiliated individuals who have computer system access but have not received background investigations and ensure that they receive background investigations.</p> <p>The directors of OPS and the Smithsonian Tropical Research Institute should do the following: (6) Develop and implement background investigation policies and procedures for all of the Smithsonian Tropical Research Institute's locally hired Panamanian employees.</p> <p>Target completion date: June 30, 2021.</p>

Report Summary	Unimplemented Recommendations
<p><i>Fiscal Year 2018 Independent Evaluation of the Smithsonian Institution's Information Security Program</i> (OIG-A-19-07, September 23, 2019)</p> <p>The Office of the Inspector General contracted with Williams Adley to conduct this audit. The objective was to evaluate the effectiveness of the Smithsonian's information security program in fiscal year 2018.</p> <p>Williams Adley made nine recommendations to enhance information security at the Smithsonian. Management concurred with all nine recommendations, and two remain unimplemented.</p>	<p>The OPS system owner should do the following: 1) Review and update its signed agreements with all contractor systems, in accordance with IT-930-02, Security Controls Manual Version 4.2.</p> <p>The Chief Information Officer should do the following: (2) Assess current network operations and determine the best tool to prevent the intentional or unintentional exfiltration of personally identifiable information (PII).</p> <p>Target completion date: September 30, 2021.</p>
<p><i>Contract Management: Smithsonian Needs to Enhance Controls for Managing and Monitoring Revenue Generating Contracts</i> (OIG-A-20-01, October 22, 2019)</p> <p>This audit assessed the extent to which the Office of Contracting and Personal Property Management (OCon&amp;PPM) and Smithsonian Enterprises (SE) have effective controls to manage revenue-generating contracts.</p> <p>OIG made four recommendations to improve controls over revenue-generating contracts. Management concurred with all four recommendations, and one remains unimplemented.</p>	<p>The Director of OCon&amp;PPM, in coordination with the president of SE, should develop and implement procedures to perform compliance reviews of revenue-generating contracts.</p> <p>Target completion date: June 30, 2021.</p>
<p><i>Audit of Federal Awards Performed in Accordance with Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (OIG-A-20-04, February 25, 2020)</p> <p>The Office of the Inspector General contracted with KPMG, LLC, to conduct this audit. The objective of the audit was to perform audit procedures with respect to Smithsonian's major federal programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance). In addition, KPMG evaluated the effectiveness of the design and operation of internal controls that they considered relevant to preventing or detecting material noncompliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of Smithsonian's major federal programs.</p> <p>KPMG reported a significant deficiency in the management's review of certain financial disclosures. To address the significant deficiency, KPMG made two</p>	<p>The Director of the Office of Finance and Accounting should do the following: (1) establish a standard accounting manual that would inform all employees of operating procedures and policies and (2) evaluate the process to review external financial reporting and enhance the level of review and precision.</p> <p>Target completion date: December 31, 2020.</p>

Report Summary	Unimplemented Recommendations
<p>recommendations. Management concurred with both recommendations, and both remain unimplemented.</p>	
<p><i>Collections Management: The National Museum of African American History and Culture Needs to Enhance Inventory Controls Over Its Collections</i> (OIG-A-20-05, June 30, 2020)</p> <p>This audit assessed the extent to which NMAAHC had an inventory process and plan and had accurate and complete data in eight selected fields in its collection records.</p> <p>OIG made two recommendations to improve inventory controls at NMAAHC and a third recommendation to establish a timeframe for when new museums should have an inventory plan. Management concurred with all three recommendations, and one remains unimplemented.</p>	<p>The National Collections Program Director should revise SD 600 to include a timeframe for when new collecting units are required to have an inventory process and plan.</p> <p>Target completion date: June 18, 2021</p>
<p><i>Fiscal Year 2019 Independent Evaluation of the Smithsonian Institution's Information Security Program</i> (OIG-A-20-06, September 30, 2020)</p> <p>The Office of the Inspector General contracted with Williams Adley to conduct this audit. The objective of the audit was to evaluate the effectiveness of the Smithsonian's information security program in fiscal year 2019.</p> <p>Williams Adley made seventeen recommendations to enhance information security at the Smithsonian. Management concurred with fifteen recommendations and did not concur with two recommendations. Four recommendations remain unimplemented.</p>	<p>The Chief Information Officer should do the following: (1) Remediate vulnerabilities in the OCIO-defined timely manner. (2) Upgrade all Smithsonian systems currently using Secure Socket Layer (SSL) or Transport Layer Security (TLS) to TLS 1.2.</p> <p>The system owner of the Pan-Institutional Database for Advancement (PANDA) should do the following: (3) document and maintain detailed software and hardware inventory lists for the PANDA system consistent with the Smithsonian's policies and procedures.</p> <p>The system owner of the National Museum of the American Indian Collections Information System (NMAI-CIS) should do the following: (4) document and maintain a detailed software and hardware inventory list for the NMAI-CIS system that is consistent with the Smithsonian's policies and procedures.</p> <p>Target completion date: August 31, 2021</p>

Source: OIG assessment as of March 31, 2021.

[Audit Peer Review](#)

*Government Auditing Standards* require audit organizations to (1) establish and maintain a system of quality control designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements, and (2) undergo external peer reviews by independent reviewers

every three years. On September 22, 2020, the Federal Housing Finance Agency Office of Inspector General completed the most recent peer review, which is posted on our website. The Smithsonian OIG received the highest peer review rating of “pass.” As a result, our office has reasonable assurance that its audits complied with professional standards in all material respects. We remain committed to maintaining an effective system of quality controls and improving our operations.

## Investigations

At the start of the reporting period, OIG had 8 open complaints and 9 ongoing investigations. During the reporting period, OIG received 44 new complaints, closed 37 complaints, converted 4 complaints to investigations, and completed 6 investigations. At the end of the reporting period, there were 11 open complaints and 7 ongoing investigations.

### Highlights of Investigative Actions

#### Violation of Time and Attendance Rules

OIG determined that an employee violated SD 103, *Smithsonian Institution Standards of Conduct*, and SD 212, *Federal Personnel Handbook*, Chapter 630, *Leave Administration*, by not reporting 32 hours as annual or sick leave, which had a value of \$955. The Smithsonian issued a letter of counseling to the employee and the employee’s timecard was corrected by the unit to reflect the use of 32 hours of leave.

#### Violation of Smithsonian Standards of Conduct

OIG determined that an employee violated SD 103 by accepting free moving services worth \$1,000 from a former employer who was also a Smithsonian contractor—and therefore a prohibited source—without consulting an ethics counselor or reporting the gift in the *Conflict of Interest Declaration*. The Smithsonian missed its deadline to propose adverse action against the employee.

#### Violation of Smithsonian Standards of Conduct by Senior Employee

OIG determined that a senior employee at a museum violated SD 103 by (1) failing to disclose the financial benefit of a housing arrangement on the *Annual Confidential Financial Disclosure Report* and (2) using Smithsonian staff for a paid outside activity. The Smithsonian verbally counseled the senior employee.

Separately, the senior employee did not disclose a potentially relevant personal collection. Smithsonian collection policy requires collecting units to develop guidance for its employees’ disclosure of existing personal collections under certain circumstances. However, the museum had not established this guidance. Such disclosure enables Smithsonian management to make informed decisions about whether actions taken by their employees may create a perceived or actual conflict of interest. The Smithsonian has initiated a review to determine whether all collecting units have the required guidance for these disclosures.

## Other Investigative Activities

### Investigative Peer Review

The Office of Investigations complies with guidelines established by the U.S. Attorney General. On February 27, 2015, the Government Publishing Office OIG completed a peer review of the Smithsonian OIG investigative program based on the *Quality Assessment Review Guidelines for Investigative Operations of Federal Offices of Inspector General*. The Smithsonian received the highest peer review rating. Our next investigative peer review is scheduled for spring 2022.

### **The National Museum of the American Indian, National Native American Veterans Memorial.**



Image Credit: Photo by Alan Karchmer for the National Museum of the American Indian.

Table 4 contains a statistical summary of OIG’s investigative results during the semiannual reporting period.

**Table 4. Statistical summary of the Office of the Inspector General’s investigative results during the semiannual reporting period ending March 31, 2021**

Investigative Activity or Result	Number or Amount
<b>Caseload</b>	
Cases pending at beginning of reporting period	9
Cases opened during the reporting period	4
<i>Subtotal</i>	13
Cases closed during the reporting period	6
Investigative reports issued	3
Cases carried forward	7
<b>Referrals for prosecution</b>	
Referrals to the Department of Justice	2
Referrals to state and local prosecuting authorities	0
Indictments and criminal information from current period referrals	0
Indictments and criminal information from prior period referrals	0
<b>Successful prosecutions</b>	
Convictions	0
Fines	0
Probation	0
Confinement	0
Monetary restitutions	0
Forfeiture of assets and seized evidence	0
<b>Administrative actions</b>	
Terminations	0
Resignations	0
Reprimands or admonishments	0
Suspensions	0
Monetary loss prevented	\$955
Value of items recovered	\$0

Source: OIG investigative activity statistics as of March 31, 2021.

## Other OIG Activities

### Legislative and Regulatory Review

In accordance with the *Inspector General Act of 1978*, as amended, OIG monitored and reviewed legislative and regulatory proposals for their impact on the Smithsonian's programs and operations. Additionally, the Counsel to the Inspector General monitored congressional bills and issues relating to the inspector general community. OIG also reviewed draft Smithsonian policies for their impact on OIG operations.

### Other Activities

OIG remained actively involved with the Council of the Inspectors General on Integrity and Efficiency (CIGIE), a statutory council of federal inspectors general that promotes collaboration on issues of integrity, economy, and efficiency that transcend individual agencies. The Inspector General serves as the Vice Chair of the CIGIE Audit Committee and as the chair of the Small/Unique OIG Group, a group of inspectors general that meets quarterly to exchange ideas and practices. In addition, the Inspector General is a member of three other CIGIE committees and the Diversity, Equity, and Inclusion Working Group. The OIG Counsel co-leads the Smaller OIG Counsel Working Group, serves on the steering committee for the OIG Freedom of Information Act Working Group, and is a member of the Council of Counsels to Inspectors General and the Federal Bar Association. OIG staff also serve on the CIGIE Technology Committee; the Investigations Committee, the Emerging Technology, Assistant Inspectors General for Management, Assistant Inspectors General for Investigations, and Chief Information Officer subcommittees; and the Cross-Cutting Initiatives Working Group.

Also, OIG staff participated in the Federal Audit Executive Council; the Association of Certified Fraud Examiners; the Institute of Internal Auditors; ISACA<sup>3</sup>; the Federal Audit Advisory Committee for Enterprise Technology Solutions; CIGIE Connect, Collaborate, and Learn; and the Federal Audit Executive Council Financial Statement Audit Committee. OIG staff also served as advisors for the CIGIE financial statement audit.

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<sup>3</sup> ISACA is an international professional association focused on IT governance.

# OFFICE OF THE INSPECTOR GENERAL



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## OIG's Mission

Our mission is to promote the efficiency, effectiveness, and integrity of the Smithsonian Institution's programs and operations through independent and objective audits and investigations and to keep stakeholders fully and currently informed.

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## Reporting Fraud, Waste, and Abuse to OIG Hotline

OIG investigates allegations of waste, fraud, abuse, gross mismanagement, employee and contractor misconduct, and criminal and civil violations of law that have an impact on Smithsonian Institution programs and operations.

If requested, anonymity is assured to the extent permitted by law. Although you may remain anonymous, we encourage you to provide us with your contact information. The ability to gather additional information from you may be the key to effectively pursuing your allegation.

To report fraud and other serious problems, abuses, and deficiencies, you can do one of the following:

Send an email to: [oighotline@oig.si.edu](mailto:oighotline@oig.si.edu).

Visit OIG's website: <https://www.si.edu/oig>.

Write to:

Office of the Inspector General

Smithsonian Institution

P.O. Box 37012, MRC 524

Washington, D.C. 20013-7012.

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## Obtaining Copies of Reports

To obtain copies of Smithsonian Institution OIG reports, go to OIG's website: <https://www.si.edu/oig> or the Council of the Inspectors General on Integrity and Efficiency's website: <https://oversight.gov>.