

OFFICE OF THE INSPECTOR GENERAL

 Smithsonian

SEMIANNUAL REPORT TO CONGRESS

October 1, 2022 –
March 31, 2023



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	18
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	12
Section 5(a)(4)	Matters referred to prosecutive authorities	None
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	12
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	13, 15
Section 5(a)(17–18)	Investigative tables	17
Section 5(a)(19)	Reports on investigations with substantiated allegations involving senior employees	14
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, 2023.

Table of Contents

Message from the Inspector General	1
Smithsonian Institution Profile	3
Office of the Inspector General Profile	4
Audits	4
Counsel	4
Investigations	4
Operations	4
Vision	5
Mission	5
Authority	5
Core Values	5
Audits	6
Summary of Issued Audit Reports	6
Work in Progress	10
Other Audit Activities	11
Investigations	14
Highlights of Investigative Actions	14
Other Investigative Activities	15
Other OIG Activities	18

Tables

Table 1. Semiannual reporting requirements of the *Inspector General Act*, as amendedi
Table 2. Summary of audit recommendation activity during the semiannual reporting period 11
Table 3. Reports from previous periods with unimplemented recommendations 12
Table 4. Statistical summary of the Office of the Inspector General’s investigative results 17

Figures

Figure 1. Ava 2
Figure 2. José Andrés and the Olla de Barro that Feeds the World..... 11

Abbreviations

Castro	Castro & Company, LLC
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Cotton & Company	Cotton & Company Assurance and Advisory, LLC
NASM	National Air and Space Museum
OCIO	Office of the Chief Information Officer
OHR	Office of Human Resources
OIG	Office of the Inspector General
PII	Personally Identifiable Information
SD	Smithsonian Directive
The Smithsonian	Smithsonian Institution

Message from the Inspector General

On behalf of the Office of the Inspector General (OIG), I am pleased to submit this semiannual report to Congress. This report highlights the accomplishments achieved through our audit and investigative activities for the 6-month period ending March 31, 2023.

During this period, our office issued six audit reports and conducted work on nine ongoing audits. In one report, OIG evaluated the effectiveness of controls over the Smithsonian Institution's (the Smithsonian) purchase card program. OIG did not identify any fraudulent transactions in the sample it reviewed but did find areas for improvement. OIG made seven recommendations to strengthen the management and oversight of purchase cards. In another report, an OIG contractor evaluated the effectiveness of the Smithsonian's privacy program. The OIG contractor determined that the Smithsonian had made significant improvements in the privacy program since the last audit report in fiscal year 2015 and identified several areas where sensitive privacy data could be better protected. For example, the Smithsonian had not taken sufficient steps to ensure that all minor information systems handling sensitive personally identifiable information had appropriate security controls identified and in place. The OIG contractor made three recommendations to enhance controls over sensitive privacy data.

OIG closed 10 recommendations during this reporting period, and 20 recommendations were unimplemented, as of March 31, 2023. These unimplemented recommendations are aimed at improving the Smithsonian's programs and operations, such as by ensuring the following: (1) that failures identified in information system baseline compliance scans are addressed according to Smithsonian policy; (2) that inventory controls over museum collections are improved; (3) that a system for hiring trust employees that collects and tracks applicant's race, national origin, sex, and disability status is established; and (4) that procedures for hiring trust employees are updated and consistently implemented. 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. For example, OIG determined that a then-Smithsonian employee used GSA fuel cards to purchase fuel for their personal vehicle. The former employee pleaded guilty to theft of public money and made restitution to the Smithsonian. During the reporting period, OIG received 68 new complaints, closed 53 complaints, and completed 7 investigations. For more details on our investigative work, see the Investigations section of this report.

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

Figure 1: Ava



Artist: Kenturah Davis, Oil stamp on kozo paper, 2022, National Portrait Gallery, Smithsonian Institution. Acquired in part through the generosity of Agnes Gund. This portrait is of Ava DuVernay, who is one of the seven individuals selected to receive one of the museum's 2022 Portrait of a Nation Awards.

Smithsonian Institution Profile

In 1846, 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.”¹

Today, the Smithsonian consists of 21 museums and galleries, the National Zoological Park, 14 education and research centers, and facilities around the world. The majority of Smithsonian locations are in Washington, D.C., but the Smithsonian works in a wide variety of disciplines in more than 140 countries. In 2020, Congress established two new museums: the National Museum of the American Latino and the Smithsonian American Women’s History Museum. The Smithsonian is in the early planning stages for both. The Smithsonian employs approximately 6,100 staff (including about 3,650 federal employees).

The Smithsonian is the steward of an extensive collection. The total number of objects and specimens in the collections is estimated at 157 million, of which about 148 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 available online more than 7.8 million collection images, audio, videos, and blog posts. Through Smithsonian Open Access, more than 4.5 million digital items have been released into the public domain for the public to use for any purpose, free of charge.

A major portion of the Smithsonian’s operations is funded by federal appropriations. In addition to federal appropriations, the Smithsonian receives private gifts and revenue from grants and contracts, and earns income from investments and its various business activities. Business activities include Smithsonian magazines and books; television programs; an online store; licensed products; travel programs; parking; and museum theaters, shops, and food services.

¹ A trust instrumentality is a government agency or corporation that acts independently to carry 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 20 staff: the Inspector General, Assistant Inspector General for Audits, Assistant Inspector General for Investigations, Assistant Inspector General for Operations, Counsel to the Inspector General, 10 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. To guide its work, the office develops a risk-based annual audit plan. The Office of Audits also actively monitors the external audits of the Smithsonian's financial statements.

Counsel

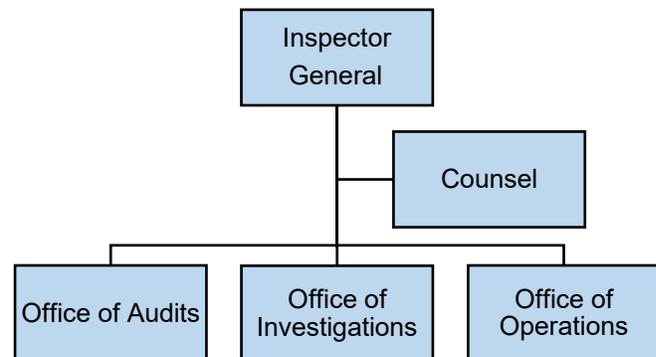
The Counsel to the Inspector General provides independent legal advice to the Inspector General and OIG staff.

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.²

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 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 Congress fully and currently informed of serious problems in the 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.

² The OIG vision, mission, goal and objectives, and core values are part of the *OIG Strategic Plan for Fiscal Years 2019–2023*, available on the OIG website at <https://oig.si.edu/about/office-inspector-general>

Audits

Audit work focuses on improving the efficiency and effectiveness of the Smithsonian's programs and operations. During this semiannual period, OIG issued 6 reports, conducted work on 9 ongoing audits, and closed 10 recommendations.

Summary of Issued Audit Reports

Below is a summary of the audit reports issued during this reporting period, along with links to the reports.

[Acquisition Management: Improvements Needed in Monitoring and Oversight of Purchase Card Use \(OIG-A-23-01, November 18, 2022\)](#)

The Smithsonian's Purchase Card Program involves the use of charge cards to reduce administrative costs and time for purchasing and paying for goods (such as equipment and office supplies) and services (except construction). Although they can be efficient, purchase cards are highly susceptible to misuse, fraud, waste, and abuse because they give employees the sole ability to order and receive goods and services. At the Smithsonian, purchase cards are the most common method used to complete purchases of \$3,500 or less. In fiscal year 2021, the Smithsonian's purchase card transactions totaled more than \$18.6 million.

To assess the extent to which the Smithsonian had effective controls over purchase cards, OIG used a statistical sample of 93 transactions out of 8,837 transactions made by purchase cardholders with a single purchase limit of \$3,500 from April 1 to June 30, 2020. OIG's analysis showed that only 10 of the 93 sampled transactions had the required written signature for approval and all other documentation to support these purchases. Of the remaining 83 transactions, OIG's analysis showed the following:

- 63 lacked the approving official signatures but had the other required documentation.
- 15 lacked the signatures of approving officials and one or more other required documents. The missing documentation included the Purchase Card Transaction Logs (10), monthly purchase card statements (1), and receipts or order confirmations (9).
- 3 had no documentation. The largest of these transactions was a \$2,454.69 zoo purchase for an unknown item.
- 2 were missing at least one required document but had the approving official's signature.

Incomplete documentation limits the ability to provide effective oversight of the program and increases the risk that fraud, charge card misuse, and other abusive activity could occur without detection. OIG did not identify any fraudulent purchases in the sampled transactions.

In addition, management said that 92 of the 93 sampled transactions were electronically approved based on a report from Enterprise Resource Planning Financials (the Smithsonian's financial accounting system). However, OIG analyzed the information in this report and

identified limitations in its use for monitoring approvals. For example, 11 of the 43 individuals who electronically approved the sampled transactions were not the approving official.

OIG determined that the program took an ad hoc approach to monitoring purchase card use. It had no written procedures to identify the standardized reports that were to be used, describe how flagged transactions will be addressed, or establish the documentation to be retained. The program was not effectively monitoring high-risk transactions, such as declined transactions and weekend use. The program provided documentation for only 4 of the 21,803 high-risk transactions on 32 sampled reports.

In addition, only 59 percent of cardholders and approving officials responsible for the sampled transactions were in compliance with training requirements to take an introductory training class and then a refresher training every 3 years. This training provides information about the restrictions on the use of cards and awareness of policies and procedures. Management acknowledged that the program had not enforced periodic refresher training, and OIG determined that 41 percent of the cardholders and approving officials responsible for the sampled transactions were not in compliance with refresher training.

In a 2014 report, OIG recommended that the program conduct on-site reviews to confirm compliance with purchase card policies and procedures, such as reviews of the records of approving officials and cardholders that are maintained in the units. The then-Director of OCon&PPM concurred with this recommendation and conducted reviews of three units in 2015 and discontinued them after the recommendation was closed. The program is in the process of implementing a new annual compliance review process that requires all purchase cardholders and approving officials to jointly evaluate their compliance with policies and procedures by completing a self-assessment checklist. OIG believes that this new self-assessment checklist can serve as an effective reminder to purchase cardholders and approving officials of their responsibilities. However, it is unlikely to be an effective tool for monitoring compliance because it relies on self-reporting of policy violations.

OIG made the following seven recommendations to strengthen the management and oversight of purchase cards:

1. Develop and implement procedures to ensure that purchase card transactions are only approved by the approving officials and that all transactions are fully documented.
2. Develop and implement procedures to ensure that training records are complete and accurate so initial and refresher training can be effectively and efficiently enforced.
3. Develop and implement procedures to enforce compliance with initial and refresher training requirements for purchase cardholders and approving officials.
4. Develop and implement procedures to monitor inactive cardholder accounts that may need to be closed because cardholders have separated from employment or transferred to another unit.
5. Demonstrate a sustained and effective compliance review process to monitor whether Purchase Card Program duties and responsibilities are performed effectively, procedures are being followed, and internal controls continue to be effective.

6. Develop and implement procedures that identify the specific reports that will be used for monitoring purchase card use, describe how flagged transactions will be evaluated and addressed, and establish the documentation that needs to be retained.
7. Develop and implement a requirement for periodically reporting information to the Director of the Office of Contracting & Personal Property Management.

[Information Security: Report on the Effectiveness of the Smithsonian Privacy Program and Practices \(OIG-A-23-02, November 30, 2022\)](#)

In fiscal year 2022, OIG contracted with Castro & Company, LLC, (Castro) to evaluate the effectiveness of the Smithsonian's privacy program that included a review of five information systems that handle sensitive personally identifiable information (PII). The Smithsonian defines sensitive PII as a subset of PII that, if disclosed or used, could lead to harm to the individual. Some examples of sensitive PII include social security numbers, credit card numbers, medical information, and biometric identifiers.

Each year, organizations face increasing threats to information systems and the sensitive data they handle. A common trend is for organizations to get attacked not only with ransomware, and also to be threatened with release of their sensitive data if they do not pay the ransom. The Smithsonian collects, processes, stores, and transmits PII of its employees, donors, and other members of the public.

Since the last audit of the privacy program in fiscal year 2015, the Smithsonian took corrective actions, such as: (1) developing a privacy strategic plan, (2) completing a comprehensive review of its privacy holdings and developed a formal inventory of its electronic and hard-copy PII, and (3) completing privacy impact assessments for all systems.

Castro found that the Smithsonian had not taken sufficient steps to ensure that all minor information systems handling sensitive PII at the time of testing had appropriate security controls identified and in place. The Privacy Officer said that some of these minor systems that processed credit card data were evaluated through the Payment Card Industry Data Security Standards, but the evaluations were not integrated into the privacy assessments. Castro noted that the Office of the Chief Information Officer did not have a policy or process requiring that security controls are identified and put in place for minor information systems that handle sensitive PII.

Castro also found that the Smithsonian privacy policies and procedures did not describe how to perform periodic inventory reviews of the Smithsonian's PII holdings, such as how the Smithsonian verifies the accuracy of their current inventory or identifies new holdings of PII that should be added to the inventory. Comprehensive inventories of PII holdings are to be conducted every 3 to 5 years; the last one was in fiscal year 2018, and the next one is due to be completed in fiscal year 2023.

Castro made three recommendations to enhance security controls over sensitive PII: (1) clearly define how information systems are classified; (2) develop and implement a formal process to

identify, document, and periodically test security controls for systems that handle sensitive PII; and (3) establish procedures for performing periodic inventories of PII. Smithsonian management concurred with the recommendations.

[Regents' Reimbursed Expenses for Fiscal Years 2021 and 2022 \(OIG-A-23-03, January 24, 2023\)](#)

The Executive Committee of the Board of Regents has a statutory responsibility to audit the Regents' travel expenses. Since 2008, at the request of this committee, OIG has conducted annual audits of the Regents' travel expenses. In this report, OIG found that the Office of the Regents generally complied with applicable policies and procedures for reimbursing Regents \$1,257 for travel expenses in fiscal years 2021 and 2022.

[Independent Auditor's Report on the Smithsonian Institution's Fiscal Year 2022 Financial Statements \(OIG-A-23-04, January 27, 2023\)](#)

An independent public accounting firm, KPMG LLP (KPMG), issued a report on the statement of the Smithsonian's financial position as of September 30, 2022, 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.

[Information Security: Enhancements Needed to Improve \(OIG-A-23-05, March 31, 2023\)](#)

OIG issued a report that assessed the Smithsonian's capabilities to prevent, detect, and respond to information security incidents. To mitigate the risks associated with the audit findings, OIG made four recommendations. Smithsonian management concurred with all of the recommendations.

[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 \(OIG-A-23-06, March 31, 2023\)](#)

This is the second report of the fiscal year 2022 financial statement audits of the Smithsonian performed by KPMG. KPMG expressed two unmodified opinions in this report. First, KPMG opined that the Smithsonian's *Schedule of Expenditures of Federal Awards* was fairly stated, in all material respects, in relation to the Smithsonian's financial statements as a whole. Second, KPMG opined that the Smithsonian complied, in all material respects, with the compliance requirements of the Smithsonian's major federal program, research and development cluster. The expenditures for the major program totaled \$109.92 million. The top two federal agency sponsors were the National Aeronautics and Space Administration (\$91.03 million) and the National Science Foundation (\$12.96 million).

Work in Progress

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

[Audits of the Smithsonian's Information Security Program, Fiscal Year 2022 and 2023](#)

An OIG auditor is monitoring Castro in conducting audits to evaluate the Smithsonian's information security program for fiscal years 2022 and 2023.

[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.

[Effectiveness of Controls over Sole-source Purchase Orders](#)

OIG auditors are assessing the extent to which Smithsonian controls over sole-source purchase orders are effective in ensuring compliance with Smithsonian procurement policies and procedures.

[Fiscal Year 2022 Financial Statements Audits](#)

As part of the Smithsonian's annual financial audits, an OIG auditor is monitoring KPMG in conducting a review of Smithsonian Enterprises net gain. Smithsonian Enterprises manages the commercial activities of the Smithsonian.

[The Smithsonian's Use and Reporting of CARES Act Funding](#)

OIG auditors are assessing whether the Smithsonian (1) expended Covid Aid, Relief and Economic Security Act (CARES Act) funding in accordance with applicable laws, policies, and procedures, and (2) accurately reported the use of those funds in the Federal Procurement Data System and USASpending.gov.

[Subcontracting Award Process for the National Air and Space Museum \(NASM\) Revitalization Project](#)

An OIG auditor is monitoring Cotton & Company Assurance and Advisory, LLC (Cotton & Company), in conducting an audit of the subcontracting award process for the NASM revitalization project. Cotton & Company is determining whether the general contractor has awarded subcontracts in accordance with the solicitations and competition requirements stipulated in the Smithsonian policies and procedures and the NASM construction contract.

[Contract Modification Process for the National Air and Space Museum Revitalization Project](#)

An OIG auditor is monitoring Cotton & Company, in conducting an audit of contract modification process for the NASM revitalization project. Cotton & Company is determining whether contract modifications for this project were reasonable, necessary, within the scope of the contract, and effectively awarded and administered.

[Smithsonian’s Oversight of Centrally Managed Federal Awards Programs and Pools](#)

OIG auditors are determining the extent to which the Smithsonian has effective controls over the processes to award federal funds restricted for specific internal purposes (centrally managed pools) and to ensure that these funds are spent in accordance with their intended purposes. The centrally managed pools include: Research Equipment Pool, Collections Care Initiatives Pool, Asian Pacific American Initiatives Pool, American Women’s History Initiative Pool, Information Resources Management Pool, Latino Initiatives Pool, and the Collections Care and Preservation Fund.

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 10 recommendations during the past 6 months. Table 2 page provides summary statistics for OIG recommendations during this semiannual reporting period, as of March 31, 2023.

Table 2. Summary of audit recommendation activity during the semiannual reporting period as of March 31, 2023

Status of Recommendations	Number of Recommendations
Open at the beginning of the period	16
Issued during the period	14
<i>Subtotal</i>	30
Closed during the period	10
Open at the end of the period	20

Source: OIG assessment as of March 31, 2023.

Table 3 on the following page summarizes the audit reports from previous periods that have seven unimplemented recommendations and their target completion, as of March 31, 2023. None of these recommendations involve cost savings.

Table 3. Reports from previous periods with unimplemented recommendations, as of March 31, 2023

Report Summary	Unimplemented Recommendations
<p><i>Human Resource Management: Smithsonian Needs to Strengthen Its Procedures for Hiring Trust Employees When Not Using the Federal Process</i> (OIG-A-21-01, October 9, 2020).</p> <p>This audit examined to what extent the Office of Human Resources (OHR) and the units comply with Smithsonian policies and procedures for hiring employees funded by the Smithsonian Trust, not by federal appropriations.</p> <p>To help ensure a fair and consistent process for hiring Trust employees when not using the federal process, OIG made three recommendations. Management concurred with all three recommendations, and all three remain unimplemented.</p>	<p>The Acting Director of OHR should do the following: (1) update Trust hiring policies and procedures; (2) establish a system that collects and tracks applicant’s race, national origin, sex, and disability status; and (3) develop and implement procedures to monitor OHR and the units’ compliance with policies and procedures.</p> <p>Target completion date: January 31, 2024</p>
<p><i>Collections Management: Oversight and Monitoring Needed to Ensure That Collecting Units Have an Effective Inventory Process</i> (OIG-A-22-03, February 25, 2022)</p> <p>This audit assessed the extent to which 19 collecting units had developed and implemented cyclical inventory plans in accordance with Smithsonian requirements.</p> <p>OIG made two recommendations. Management concurred with both recommendations, and they remain unimplemented.</p>	<p>The Deputy Secretary should do the following:</p> <ol style="list-style-type: none"> 1. Establish and implement ongoing monitoring activities and separate evaluations (such as periodic compliance reviews) that provide senior management with reasonable assurance that each collecting unit is complying with SD 600 and the SD 600 <i>Implementation Manual</i> requirements for developing and implementing an inventory plan, including the following: <ol style="list-style-type: none"> a. The National Collection Program Director periodically advises senior management on the effectiveness and implementation of inventory plans, ensuring that each collecting unit has an inventory plan that includes all required information and is being periodically reviewed. b. Directors approve their unit’s inventory plan and ensure that it is appropriate to <ol style="list-style-type: none"> (1) the nature, characteristic, and size of the collections under the unit’s control; (2) staff resources; and (3) unit requirements. c. Directors receive reports on the results of inventories, as required, and necessary to monitor the plan’s implementation.

Report Summary	Unimplemented Recommendations
	<p>2. Develop and implement detailed procedures for annual reports on compliance with SD 600, including the required content of these reports (such as the inventory plan’s approval and review date and the extent to which the inventory schedule was implemented) and to whom the reports should be submitted.</p> <p>Target completion date: October 1, 2023</p>
<p><i>Fiscal Years 2021 Evaluation of the Smithsonian Institution’s Information Security Program</i> (OIG-A-22-05, June 24, 2022)</p> <p>This audit assessed the effectiveness of the Smithsonian’s information security program in fiscal year 2021. Three major applications were reviewed: Smithsonian network, Digital Asset Management System, and Smithsonian Tropical Research Institute’s payroll system.</p> <p>Castro made nine recommendations to strengthen three cybersecurity functions. Management concurred with all nine recommendations, and two remain unimplemented.</p>	<p>The Director of IT Security should do the following: (1) strengthen existing assessment and authorization procedures to ensure that security controls are appropriately selected and that control descriptions within system security plans are accurately documented and maintained, and (2) develop, document, and fully implement controls to ensure that failures identified in baseline compliance scans are addressed in accordance with established Smithsonian policy.</p> <p>Target completion date: October 31, 2023</p>

Source: OIG assessment as of March 31, 2023.

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 OIG completed the most recent peer review, which is posted on our website. Smithsonian OIG received the highest peer review rating of “pass.” As a result, our office has reasonable assurance that our 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 10 open complaints and 21 ongoing investigations. During the reporting period, OIG received 68 new complaints, closed 53 complaints, and completed 7 investigations. At the end of the reporting period, there were 25 open complaints and 14 ongoing investigations.

Highlights of Investigative Actions

[Alleged Mismanagement and Contract Violation by Senior Employees](#)

OIG investigated a complaint that a senior employee violated a contract by accepting an unnecessarily costly fee structure and their delegation of authority. OIG's investigation determined that the senior employee acted within the scope of their authority.

OIG also investigated a second senior employee for authorizing the Smithsonian to pay the vendor contrary to the contract terms and a third senior employee for not making a required written modification to the contract. OIG did not pursue these latter allegations because the employees ended their employment with the Smithsonian.

[Alleged Reprisal by Senior Employees](#)

OIG investigated allegations that two senior employees engaged in reprisal when they took adverse action against an employee who previously provided information to OIG. OIG did not substantiate the reprisal allegations.

[Fleet Card Fraud](#)

OIG investigated an allegation that a then-Smithsonian employee used GSA fuel cards to purchase fuel for their personal vehicle. After resigning, the former employee admitted to misusing the fuel cards during an OIG interview and pleaded guilty to one count of 18 U.S.C. § 641 (theft of public money, property, or records), paid a special assessment of \$25.00, and made restitution in the amount of \$560.69 to the Smithsonian.

[Alleged Misrepresentation of Qualifications and Favoritism](#)

OIG investigated an allegation that a senior employee showed favoritism by extending a fellowship from one year to three years. The complainant also alleged that the fellow lacked the required education or experience for the position they were later appointed to, possibly based on a falsified resumé.

OIG did not substantiate that the senior employee showed favoritism by extending the fellowship or that the now-former employee's resumé was falsified.

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 fall 2023.

Figure 2: José Andrés and the Olla de Barro that Feeds the World



Artist: Kadir Nelson. Oil on linen, 2022. National Portrait Gallery, Smithsonian Institution. Acquired through the generosity of Teresa Carlson and André Pienaar; Kate Capshaw and Steven Spielberg's The Hearthland Foundation; Cheryl and Ron Howard; Patty Stonesifer and Michael Kinsley; The Wilder Family. This portrait is of José Andrés, who is one of the seven individuals selected to receive one of the museum's 2022 Portrait of a Nation Awards.
© 2022 Kadir Nelson

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, 2023

Investigative Activity or Result	Number or Amount
Caseload	
Investigations pending at beginning of reporting period	21
Investigations opened during the reporting period	0
<i>Subtotal</i>	21
Investigations closed during the reporting period	7
Investigative reports issued	0
Investigations carried forward	14
Referrals for prosecution	
Referrals to the Department of Justice	0
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
Successful prosecutions	
Convictions	0
Fines	0
Probation	0
Confinement	0
Monetary restitutions	\$560.69
Forfeiture of assets and seized evidence	0
Administrative actions	
Terminations	0
Resignations	0
Reprimands or admonishments	0
Suspensions	0
Monetary loss prevented	0
Value of items recovered	0

Source: OIG investigative activity statistics as of March 31, 2023.

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 two other CIGIE committees (Investigations and Legislation) and the Diversity, Equity, and Inclusion Working Group. The OIG Counsel co-leads the Smaller OIG Counsel Working Group. OIG staff also serve on the Council of Counsels to Inspectors General; the Federal Audit Executive Council; the Federal Audit Executive Council Financial Statement Audit Committee; the OIG Freedom of Information Act Working Group; CIGIE Connect, Collaborate, and Learn; the CIGIE Technology Committee; and the Shared Services Working Group.

In addition, the Inspector General is a member of the Comptroller General's Advisory Council on Government Auditing Standards. OIG staff also participated in the Association of Certified Fraud Examiners, the American Institute of Certified Public Accountants, the Federal Bar Association, the Institute of Internal Auditors, and ISACA.³

³ ISACA is an international professional association focused on IT governance.

OFFICE OF THE INSPECTOR GENERAL



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.

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.

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

Write to:

Office of the Inspector General

Smithsonian Institution

P.O. Box 37012, MRC 524

Washington, D.C. 20013-7012.

Obtaining Copies of Reports

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