

# OFFICE OF THE INSPECTOR GENERAL



## Acquisition Management: Smithsonian Did Not Consistently Comply with Spending and Reporting Requirements for CARES Act Funds



Smithsonian Institution Building  
(The Castle)

OIG-A-24-05  
February 23, 2024

# In Brief

## Acquisition Management: Smithsonian Did Not Consistently Comply with Spending and Reporting Requirements for CARES Act Funds

OIG-A-24-05, February 23, 2024

### Background

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) was signed into law in response to the coronavirus disease of 2019 (COVID-19) pandemic.

The Smithsonian Institution (Smithsonian) received \$7.5 million to prevent, prepare for, and respond to COVID-19. The Smithsonian primarily used the funding for face masks, sanitizing supplies, hands-free restroom fixtures, and information technology equipment to enable telework.

### What OIG Did

This audit determined the extent to which the Smithsonian (1) spent 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 (FPDS) and at USASpending.gov.

To perform this audit, OIG reviewed a sample of 49 CARES Act transactions (a combination of purchase orders, purchase cards, payroll entries, and manual journal entries) totaling \$4,762,624—approximately 64 percent of the Smithsonian's total CARES Act appropriation. OIG also reconciled data reported to FPDS and USASpending.gov with the Smithsonian's internal accounting records.

### What the Office of the Inspector General (OIG) Found

**Spending CARES Act Funds.** The Smithsonian did not consistently spend CARES Act funds in accordance with applicable laws, policies, and procedures. OIG found that Smithsonian Facilities:

- Did not adequately justify nine sampled sole-source procurements totaling \$1,673,577 that were charged to the CARES Act. Smithsonian's sole-source justification form is designed to support the need for urgent purchases and those requiring special knowledge or features, but management's justifications lacked certain details such as why only one vendor was considered and how the price was determined to be fair and reasonable.
- Did not follow required procedures, such as seeking competition from at least three vendors, for three sampled emergency purchase card transactions for face masks and hand sanitizers totaling \$502,738.
- Improperly charged \$28,999 to the CARES Act, including manual water fountains, printing supplies, a phone case, and a fire safety guide. Additionally, a medical doctor charged 100 percent of their salary to the CARES Act even though they performed duties unrelated to COVID-19. Smithsonian management corrected these transactions during the audit.

In addition, the Office of the Chief Information Officer did not properly track two laptops purchased with CARES Act funds.

**Reporting CARES Act Funds.** Although the Smithsonian accurately reported the use of CARES Act funds on USASpending.gov, the Smithsonian underreported CARES Act expenditures in FPDS by \$1,683,354. Smithsonian management corrected the CARES Act entries in FPDS during the audit.

**Documenting CARES Act Transactions.** Purchasing personnel did not always maintain documentation in accordance with the Smithsonian's policies such as filing fully executed sole-source justification forms and receiving documentation.

### What Was Recommended

OIG made 10 recommendations to strengthen controls over the purchasing and reporting processes related to emergency appropriations. Management concurred with all of the recommendations.

For a copy of the full report, visit <https://oig.si.edu>.



Date: February 23, 2024

To: Ron Cortez, Under Secretary for Administration

Cc: Rick Flansburg, Deputy Under Secretary for Administration  
Thomas Dempsey, Director, Office of Contracting & Personal Property Management (OCon&PPM)  
Natascha Syré, Deputy Director, OCon&PPM  
Deron Burba, Chief Information Officer, Office of the Chief Information Officer (OCIO)  
Jody Pettibone, Director, Finance and Administration, OCIO  
Sherell Vucci, Director, Office of Business and Technical Services (OBATS), Smithsonian Facilities  
Steven Hinz, Associate Director, OBATS, Smithsonian Facilities  
Tony Edmonds, Director, Office of Facilities Management and Reliability, Smithsonian Facilities  
Richard Wright Jr., Director, Office of Safety, Health, and Environmental Management  
Andrew Mosley, Director, Federal Resources, Office of Planning, Management and Budget

A handwritten signature in cursive script that reads "Joan Mockeridge".

From: Joan T. Mockeridge, Assistant Inspector General for Audits and Acting Inspector General

Subject: Acquisition Management: Smithsonian Did Not Consistently Comply with Spending and Reporting Requirements for CARES Act Funds (OIG-A-24-05)

This memorandum transmits our final audit report on the Smithsonian's controls over the spending and reporting of CARES Act funds. The objective of this audit was to determine the extent to which the Smithsonian (1) spent 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.

We made ten recommendations for Smithsonian management to improve controls over the spending and reporting of emergency appropriations. Management concurred with all ten recommendations.

We appreciate the courtesy and cooperation of all Smithsonian management and staff during this audit. If you have any questions, please contact me or Crist Chensvold, Supervisory Auditor.

## Table of Contents

Introduction .....	1
Background.....	2
Results of Audit.....	9
<i>Smithsonian Did Not Consistently Comply with Spending and Reporting Requirements for CARES Act Funds</i> .....	9
Conclusions .....	20
Recommendations .....	20
Management Comments and OIG Evaluation .....	21
Appendix I: Objective, Scope, and Methodology .....	22
Appendix II: The Smithsonian’s Processes for Executing Purchase Orders .....	24
Appendix III: Sole-source Justification Form .....	25
Appendix IV: Eight Sampled Sole-source Purchase Orders Totaling \$1.6 Million With Inadequate Justification for Not Seeking Competitive Bids.....	27
Appendix V: Management Comments.....	31

## Figures

Figure 1. Overview of the Smithsonian’s Purchase Order Process, by Purchasing Duties, in the Accounting System .....	24
--	----

## Tables

Table 1. Status of the Smithsonian’s CARES Act Funding as of September 30, 2022.....	3
Table 2. Roles and Responsibilities of Offices and Officials Involved in Managing CARES Act Funds.....	4
Table 3. CARES Act Transactions Improperly Reported In FPDS as of December 21, 2022 ....	17
Table 4. Internal Control Components and Principles Significant to the Audit Objectives .....	23

## Abbreviations

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CIGIE	Council of the Inspectors General on Integrity and Efficiency
COVID-19	Coronavirus Disease of 2019
ERP Financials	Enterprise Resource Planning Financial System
FPDS	Federal Procurement Data System
National Zoo	Smithsonian's National Zoo and Conservation Biology Institute
NMNH	National Museum of Natural History
OCIO	Office of the Chief Information Officer
OCon&PPM	Office of Contracting and Personal Property Management
OIG	Office of the Inspector General
OPMB	Office of Planning, Management and Budget
OSHEM	Office of Safety, Health, and Environmental Management
PCPM	Procurement and Contracting Procedures Manual
PRAC	Pandemic Response Accountability Committee
Property Manual	Personal Property Management Manual
SD	Smithsonian Directive
the Smithsonian	Smithsonian Institution
Treasury	Department of the Treasury

## Introduction

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) was signed into law.<sup>1</sup> The Act provided individuals, families, small businesses, corporations, state and local governments, and federal government entities access to approximately \$2.2 trillion in stimulus funding in response to the economic fallout of the coronavirus disease of 2019 (COVID-19) pandemic. Through the Act, the Smithsonian Institution (the Smithsonian) received \$7.5 million available until September 30, 2021, to prevent, prepare for, and respond to COVID-19. Since that time, the urgency to administer COVID-19 relief funds has subsided, but high-profile fraud, misuse of pandemic assistance funds, and increased use of non-competitive purchasing methods have demonstrated the importance of verifying the appropriate use and reporting of CARES Act funds.

This audit determined the extent to which the Smithsonian (1) spent 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 (FPDS) and USASpending.gov. The scope of the audit included CARES Act funding appropriated to the Smithsonian under Public Law 116-136.

To understand the oversight of CARES Act funding and reporting, the Office of the Inspector General (OIG) interviewed officials from the Smithsonian units primarily responsible for planning, executing, and reporting CARES Act funds, including the Office of Contracting and Personal Property Management (OCon&PPM); the Office of Planning, Management and Budget (OPMB); Smithsonian Facilities; and the Office of the Chief Information Officer (OCIO). To assess the effectiveness of controls and compliance with Public Law 116-136, OIG judgmentally selected 49 of the 436 CARES Act transactions to review the supporting documentation. The 49 transactions represented \$4,762,624—approximately 64 percent of the total \$7,500,000 appropriated to the Smithsonian under the CARES Act.

OIG also determined how the Smithsonian's CARES Act data were reported to two public financial databases—FPDS and USASpending.gov. OIG reconciled the amounts reported to these databases with the Smithsonian's Enterprise Resource Planning Financial System (ERP Financials) and analyzed the differences.

For a detailed description of OIG's objectives, scope, and methodology, see Appendix I.

OIG conducted this audit in Washington, D.C., from October 2022 to February 2024, in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on its audit objectives.

---

<sup>1</sup> Public Law 116-136, Division B, Title 7, Section 113 (March 27, 2020).

## Background

The Smithsonian was created by an act of Congress in 1846 in accordance with the terms of the will of James Smithson of England, who bequeathed property in 1826 to the United States of America “to found at Washington, under the name of the Smithsonian Institution, an establishment for the increase and diffusion of knowledge.” The Smithsonian is the world's largest museum, education, and research complex—with 21 museums and the Smithsonian's National Zoo and Conservation Biology Institute (National Zoo). The Smithsonian continued carrying out its mission throughout the COVID-19 pandemic by adapting operations to protect visitors, staff, volunteers, and collections.

### Positions with Procurement Responsibilities

In a delegation of authority from the Secretary of the Smithsonian, the Director of OCon&PPM may further delegate contracting authority to Smithsonian employees and is responsible for oversight of the contracting activities Smithsonian-wide.

Unit directors are responsible for nominating employees who have completed the training required by OCon&PPM to be delegated contracting authority. Unit directors are also responsible for ensuring that employees in their organization who participate at any level of the procurement and contracting processes, as well as those delegated contracting authority, maintain the integrity, effectiveness, and efficiency of contract actions they initiate. These employees are to carry out contract actions in a manner consistent with applicable Smithsonian Directives (SDs) and OCon&PPM's *Procurement and Contracting Procedures Manual (PCPM)*.<sup>2</sup>

Procurement Delegates are employees who are delegated purchasing authority in writing from the Director, OCon&PPM, to initiate, execute, and administer the process to acquire necessary goods and services in accordance with Smithsonian policies and procedures. Procurement Delegates are also responsible for ensuring that purchase orders exceeding delegated spending limits are budget-checked only by a Procurement Delegate with the appropriate level of delegated purchasing authority. This individual could be another Procurement Delegate within the unit with greater delegated authority. A purchase exceeding the delegated authorities of the unit procurement personnel could require that the justification and supporting documentation be forwarded to OCon&PPM for review and decision. OCon&PPM's approval may also be required on purchase orders that, when modified, require additional funding that raises the purchase amount above a Procurement Delegate's authorized spending limit.<sup>3</sup>

### Smithsonian's Emergency Declaration

On March 3, 2020, just weeks before the CARES Act became law, the Secretary of the Smithsonian issued an Emergency Declaration under SD 109, *Smithsonian Emergency*

<sup>2</sup> SD 314, *Contracting*, Responsibilities (June 12, 2008).

<sup>3</sup> SD 314, *Contracting PCPM Part 2 Simplified Acquisitions*, Section 4.5.3 (March 14, 2017).

*Management Program*, to help protect the Smithsonian community and coordinate operations in the unpredictable pandemic environment. Per SD 109, an Emergency Declaration authorizes “exceptions to policy, in accordance with applicable law and established waiver procedures, and as deemed necessary and appropriate, such as those related to certain human resources practices, emergency contracting, and procurement procedures.”<sup>4</sup> As part of the Emergency Declaration procedures, a Coordination Group and a Smithsonian Coordinating Officer were identified to facilitate emergency response activities. In relation to the emergency response, the Coordination Group and Smithsonian Facilities created a Central Supply Logistics Cell to streamline the purchasing of essential COVID-19 supplies, such as personal protective equipment, on behalf of units. The Central Supply Logistics Cell distributed supplies to units and tracked the inventory of COVID-19 supplies.

### CARES Act Funding Was Spent by Smithsonian Facilities and OCIO

The CARES Act provided the Smithsonian “an additional amount for ‘Salaries and Expenses,’ \$7,500,000, to remain available until September 30, 2021, to prevent, prepare for, and respond to coronavirus, domestically or internationally, including funding for deep cleaning, security, information technology, and staff overtime.”<sup>5</sup> The Smithsonian divided this funding between two units—Smithsonian Facilities and OCIO:

- **Smithsonian Facilities** received \$6.0 million to help ensure that facilities—including museums, research centers, and administrative offices—were equipped to fight COVID-19. To that end, Smithsonian Facilities invested in additional cleaning services, sanitizing supplies, personal protective equipment, and hands-free upgrades in restrooms. As of September 30, 2022, Smithsonian Facilities had expended \$5,995,417, obligated \$2,685, and de-obligated \$1,898 of the available facilities funding. For funding details, see Table 1.
- **OCIO** received \$1.5 million to implement mandatory telework for all non-essential personnel. Mandatory telework increased information technology costs for laptops, remote data security enhancements, and software licenses. As of September 30, 2022, OCIO had expended \$1,498,000 and obligated \$2,000 of the available information technology funding. For funding details, see Table 1.

**Table 1. Status of the Smithsonian’s CARES Act Funding as of September 30, 2022<sup>a</sup>**

Funding Unit	Budget Allocations	Expenditures	Remaining Obligations	Total Expenditures and Obligations	De-obligated Funds
Smithsonian Facilities	\$6,000,000	\$5,995,417	\$2,685	\$5,998,102	\$1,898
OCIO	1,500,000	1,498,000	2,000	1,500,000	0
<b>Total</b>	<b>\$7,500,000</b>	<b>\$7,493,417</b>	<b>\$4,685</b>	<b>\$7,498,102</b>	<b>\$1,898</b>

Source: OIG analysis of ERP Financials data.

Note:

<sup>a</sup> OIG retrieved source data as of September 30, 2022 from ERP Financials to conduct audit procedures. This table does not include obligations expensed or corrections made by management since that date.

<sup>4</sup> SD 109, *Smithsonian Emergency Management Program*, Policy (April 12, 2019).

<sup>5</sup> Public Law 116-136, Division B, Title 7, Section 113 (March 27, 2020).

OCIO’s Director of Finance and Administration and Smithsonian Facilities’ Associate Director of the Office of Business and Technical Services led the CARES Act efforts for their offices. Their responsibilities included informing applicable ordering and purchasing officials of OPMB’s instructions relative to CARES Act funding, tracking CARES Act expenditures, and reporting the use of those funds to OPMB. Table 2 provides an overview of the roles and responsibilities of the offices and officials involved in managing the CARES Act funds.

**Table 2. Roles and Responsibilities of Offices and Officials Involved in Managing CARES Act Funds**

Under Secretary for Administration			
OPMB	OCon&PPM	Smithsonian Facilities	OCIO
<p><b><u>Director of Federal Resources</u></b></p> <ul style="list-style-type: none"> <li>Reviewed Smithsonian Facilities’ and OCIO’s proposed budgets for CARES Act funds</li> <li>Set up CARES Act designated code in ERP Financials and notified recipient units’ management</li> <li>Monitored and reported fund use to Congress</li> </ul>	<p><b><u>Director of OCon&amp;PPM</u></b></p> <ul style="list-style-type: none"> <li>Notified recipient units’ management of the ERP Financials designated code and FPDS code</li> <li>Distributed COVID-19 procurement guidance to all Smithsonian personnel</li> </ul>	<p><b><u>Associate Director of the Office of Business and Technical Services</u></b></p> <ul style="list-style-type: none"> <li>Developed the budget for CARES Act funds in coordination with the Director and Deputy Directors of Smithsonian Facilities</li> <li>Relayed the CARES Act budgeted plan, FPDS code, and ERP Financials designated code to select Smithsonian Facilities procurement personnel</li> <li>Tracked the use of CARES Act spending</li> <li>Reported the use of CARES Act spending to OPMB’s Director of Federal Resources</li> </ul>	<p><b><u>Chief Information Officer</u></b></p> <ul style="list-style-type: none"> <li>Developed OCIO’s budget for CARES Act funds</li> </ul> <p><b><u>OCIO Director of Finance and Administration</u></b></p> <ul style="list-style-type: none"> <li>Relayed the CARES Act budgeted plan, FPDS code, and ERP Financials designated code to OCIO procurement personnel</li> <li>Tracked the use of CARES Act spending</li> <li>Reported the use of CARES Act spending to OPMB’s Director of Federal Resources</li> </ul>

Source: Table based on information from the Smithsonian’s internal communications and interviews with management.

## Additional Controls Were Implemented For Spending CARES Act Funds

The Smithsonian implemented additional controls in three main areas prior to and on receipt of CARES Act funding:

- OPMB examined proposed budgets from Smithsonian Facilities and OCIO to help ensure that high-priority supplies and services would be acquired.
- Unit procurement personnel reviewed transactions to determine whether they were coded properly in ERP Financials.

- Management of the two recipient units (Smithsonian Facilities and OCIO) analyzed spending of CARES Act funds to track its overall use.

Prior to the enactment of the CARES Act, OPMB's then-Director of Federal Resources instructed the Director of Smithsonian Facilities and the Chief Information Officer to create budgets for potential stimulus funding to cover mass teleworking, deep cleaning, and other COVID-19 response costs.<sup>6</sup> The then-Director of Federal Resources also reviewed the proposed budgets and offered revisions, such as adding touchless restroom fixtures and more laptops and removing construction delay costs related to COVID-19.

After the CARES Act became law, OCIO's and Smithsonian Facilities' management—including the Chief Information Officer, OCIO's Director of Finance and Administration, the Director of Smithsonian Facilities, and Smithsonian Facilities' Director and Associate Director of the Office of Business and Technical Services—were directed by OPMB and OCon&PPM to track CARES Act expenses in ERP Financials and FPDS using designated codes. OCIO and Smithsonian Facilities management forwarded the codes and relevant budget details to the Central Supply Logistics Cell and selected procurement personnel. These individuals were charged with verifying the eligibility of transactions for CARES Act funding and ensuring that the appropriate codes were entered in ERP Financials and FPDS.

Unit procurement personnel reported information about their CARES Act expenditures to either the OCIO Director of Finance and Administration or to the Smithsonian Facilities' Associate Director of the Office of Business and Technical Services, as appropriate. These two managers tracked the spending for their individual units on spreadsheets and forwarded daily the cumulative amount expended to OPMB's then-Director of Federal Resources. In addition, the managers notified OPMB's then-Director of Federal Resources of changes to initial CARES Act budgets, such as including additional laptops.

## Types of Contracting for CARES Act Spending and the Importance of Competition in Contracting

Smithsonian Facilities and OCIO used different types of contracting to spend CARES Act funds, including contracts, purchase orders, and purchase cards. Smithsonian policy recognizes the importance of competition in contracting as a factor in ensuring that all contracts result in obtaining quality goods and services at fair and reasonable prices. To obtain the best value, units are to seek adequate competition among potential contracting parties when required or advantageous to the Smithsonian, depending on the nature of the contract.<sup>7</sup> With limited exceptions, Smithsonian policy requires competition for purchases in excess of \$10,000, and any exceptions are required to be justified in writing.

OCon&PPM is the central and principal office for professional advice and support to Smithsonian units—including OCIO and Smithsonian Facilities—on contracting, procurement, and the charge card program policies, procedures, and activities.<sup>8</sup>

<sup>6</sup> The Director of Federal Resources when the CARES Act became law has since left the Smithsonian.

<sup>7</sup> SD 314, *Contracting*, General Policies (June 12, 2008).

<sup>8</sup> SD 314, *Contracting*, Responsibilities (June 12, 2008).

**Contracts.** Contracts are legal documents generally used for larger and more complex purchases. OCon&PPM's PCPM *Part 3 - Contracts for Goods and Services* requires competition in contracts to achieve the best value for the Smithsonian, except in limited circumstances that require a sole-source justification.<sup>9</sup>

**Purchase orders.** A purchase order is a legal document to expend funds for goods or services. Appendix II provides the general overview for executing a purchase order. For purchase orders over \$10,000 and up to \$100,000, simplified acquisition procedures require the solicitation of a minimum of three quotes, except in limited circumstances when it is determined before solicitation that only one source can satisfactorily meet the requirements for the purchase.<sup>10</sup>

If only one source meets the requirement, an OCon 103 form, *Sole Source Justification – Purchase Order File Documentation*, is completed. For a sample of the form, see Appendix III. According to the sole-source justification form, a sole-source purchase must be justified under one of the following four exceptions:

- Products that have special features available only from one source (for example, proprietary software or other exclusive licensing agreements);
- Unusual and compelling urgency when only one source can meet the time requirement;
- Follow-on purchase requiring use of the previous source for compatibility with a previous purchase; or
- Requirements of special knowledge and experience (a justification Smithsonian allows for highly unique services such as scientific research and performances).

The sole-source justification form also requires purchasers to justify how they determined that the sole-source price was fair and reasonable.

**Purchase cards.** Purchase cards can be efficient but 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 August 2020, a total of 96 percent of Smithsonian purchase cardholders had single purchase limits of \$3,500. As part of its purchase card program, OCon&PPM issued four emergency purchase cards to Smithsonian Facilities managers. Prior to the CARES Act, these four cards had a single purchase limit of \$25,000, but after passage of the CARES Act, the single purchase limit was increased to \$175,000 for one of the emergency purchase cardholders.

---

<sup>9</sup> SD 314, *Contracting PCPM Part 3 Contracts for Goods and Services*, Section 3.1.5 (September 23, 2011).

<sup>10</sup> SD 314, *Contracting PCPM Part 2 Simplified Acquisitions*, Section 4.2.1 (March 14, 2017).

The purchase cardholder is responsible for safeguarding their assigned cards, adhering to applicable policies and procedures when making purchases with the cards, and maintaining the required documentation to support purchase card transactions. For example, on the Purchase Card Transaction Log, they are required to document when each purchase is made and when the goods and services are received. To support purchase card transactions, they are also required to retain receipts, shipping/packing lists, invoices, credits for returned items, the Purchase Card Transaction Log, monthly bank statements, and other documentation.<sup>11</sup> If a purchase card transaction exceeds \$10,000, competition is required from three or more vendors.<sup>12</sup>

Approving officials are responsible for approving purchase card transactions for their units by reviewing monthly the Purchase Card Transaction Log for each cardholder and signing the cardholder's paper statement. The reviews are to verify that a reconciliation was performed and that adequate documentation exists for each purchase. Approving officials are required to confirm that all purchases made by a cardholder were necessary, consistent with requirements of the funding source, and within available funds. In addition, they must change the status of all transactions to approved in ERP Financials.<sup>13</sup>

## Public Reporting of CARES Act Spending

The CARES Act also established the Pandemic Response Accountability Committee (PRAC) to promote transparency by reporting accessible and comprehensive spending data; collaborate across the oversight community to identify cross-cutting issues and risks; and to detect fraud, waste, abuse, and mismanagement of relief spending to hold wrongdoers accountable.<sup>14</sup> PRAC helps to promote transparency and coordinate oversight of the federal government's COVID-19 pandemic response and associated spending.

Federal entities that received CARES Act funding reported their associated expenditures to FPDS and USASpending.gov. Although the Smithsonian is not required by law to report to these two databases, the Smithsonian voluntarily reported to FPDS, and the U.S. Department of the Treasury (Treasury) reported Smithsonian's CARES Act data to USASpending.gov.<sup>15</sup>

---

<sup>11</sup> SD 322, *Purchase Card Program – Desk Reference and Training Manual*, Section 3.1.3 (October 1, 2015).

<sup>12</sup> SD 322, *Purchase Card Program – Desk Reference and Training Manual*, Section 5.2.1 (October 1, 2015).

<sup>13</sup> SD 322, *Purchase Card Program – Desk Reference and Training Manual*, Section 3.2 (October 1, 2015).

<sup>14</sup> PRAC is a committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). CIGIE is an independent entity established in the executive branch by the Inspector General Act of 1978, as amended, whose membership includes the 74 statutorily created federal Inspectors General, including the Smithsonian Inspector General.

<sup>15</sup> FPDS was created by *The Office of Federal Procurement Policy Act* (Public Law 93-400), and USASpending.gov was created by *The Federal Funding Accountability and Transparency Act of 2006* (Public Law 109-282) and expanded by the *Digital Accountability and Transparency Act of 2014* (Public Law 113-101). The Smithsonian is not subject to any of these Acts.

**FPDS.** FPDS is a public database operated by the U.S. General Services Administration to track contracts, contract modifications, and procurements over the micro-purchase threshold. ERP Financials automatically prompted purchasers entering federally funded orders over \$3,500 to create a corresponding entry in FPDS after the transaction was “budget-checked,” or approved for funding. OCon&PPM’s PCPM *Part 2 - Simplified Acquisitions* requires Procurement Delegates (individuals with the authority to budget-check purchases in ERP Financials) or units to complete FPDS entries within three business days of awarding a purchase to a vendor.<sup>16</sup> On March 13, 2020, the General Services Administration added national interest action code “COVID-19 2020” to FPDS for federal entities to designate procurement actions made in response to the pandemic.

**USASpending.gov.** USASpending.gov serves as a public source of federal spending information for procurements, grants, and loans. Treasury operates the database. For smaller entities, including the Smithsonian, Treasury uploaded summary CARES Act spending data to USASpending.gov from Standard Form 133, *Report on Budget Execution and Budgetary Resources*.

PRAC consolidated data on pandemic-related spending across the federal government on another public website, PandemicOversight.gov. It reported the Smithsonian’s CARES Act expenditures to that website based on information posted at USASpending.gov.

---

<sup>16</sup> SD 314, *Contracting PCPM Part 2 Simplified Acquisitions*, Section 4.4.4 (March 14, 2017).

## Results of Audit

### Smithsonian Did Not Consistently Comply with Spending and Reporting Requirements for CARES Act Funds

The Smithsonian did not consistently spend CARES Act funds in accordance with applicable laws, policies, and procedures, as follows:

- Smithsonian Facilities did not adequately justify 9 of 12 sampled sole-source procurements totaling \$1,673,577 that were charged to the CARES Act.
- Smithsonian Facilities did not follow required procedures, such as seeking competition from three or more vendors, for three sampled emergency purchase card transactions totaling \$502,738.
- Smithsonian Facilities improperly charged to the CARES Act a total of \$28,999 in products and an indeterminable amount in payroll that were unrelated to COVID-19.
- OCIO did not properly track two laptops purchased with CARES Act funds.

In addition, OCIO, Smithsonian Facilities, and OCon&PPM did not accurately report all CARES Act transactions in FPDS, and the recipient units did not file all CARES Act purchase documents in compliance with Smithsonian policy.

### Nine Sampled Purchase Orders Exceeding \$10,000 Did Not Have Adequate Sole-source Justifications

Of the 12 sampled sole-source purchase orders exceeding \$10,000, OIG analysis showed that 3 purchase orders were adequately justified for not seeking competitive bids (1 from Smithsonian Facilities and 2 from OCIO). For the remaining 9 purchase orders totaling \$1,673,577, the Director of Smithsonian Facilities did not have effective controls to ensure that these sole-source purchase orders had adequate justification as required. One of the nine purchase orders, which totaled \$97,125, had no justification.

OCon&PPM's PCPM *Part 2 - Simplified Acquisitions* requires competition for purchases over \$10,000 to achieve the best value for the Smithsonian, except in limited circumstances that require sole-source justification.<sup>17</sup> In addition, PCPM *Part 4 - Procurement and Contracting Special Handling* requires the sole-source selection to be supported by information that is reviewed and approved in advance of the contract or purchase order award in one or more of

---

<sup>17</sup> SD 314, *Contracting PCPM Part 2 Simplified Acquisitions*, Section 4.2.1 (March 14, 2017).

four limited circumstances. Further, it requires written documentation that competition is not feasible and how it was determined that the price is fair and reasonable.<sup>18</sup>

The eight sampled sole-source purchase orders, totaling \$1,576,452, which were inadequately justified by Smithsonian Facilities staff were for cleaning services (5), a registered nurse (1), anti-microbial tile resurfacing (1), and hand sanitizer (1). Two of the five purchase orders for cleaning services were awarded to the same vendor, resulting in one vendor receiving \$745,390—approximately 10 percent of the Smithsonian’s total CARES Act funding. For details on the eight purchase orders with inadequate justification forms, see Appendix IV.

The following examples illustrate the issues with inadequate sole-source justification:

- A company that refinishes tile and other surfaces using a proprietary method performed work for \$346,345 in restrooms and locker rooms at various Smithsonian facilities across the Washington, DC area. To explain the need to purchase this service without competition, the contracting representative with the Office of Facilities Management and Reliability documented that “Material and services are proprietary to [the vendor]” on the sole-source justification form. Similarly, in response to the form’s question, “How was it determined that goods or services are not readily available from other sources?” the official wrote: “Material and installation method are proprietary to [the vendor].” The form did not provide any further information regarding whether other vendors were contacted or considered or why Smithsonian Facilities needed to use this vendor’s method instead of another tile refinishing method. The contracting representative stated that Smithsonian Facilities tried other vendors in the past and considered this vendor to be superior, but this information was not included in the documentation.
- Smithsonian Facilities hired an architectural restoration firm for \$149,497 to provide cleaning services at the Smithsonian’s National Postal Museum, Renwick Gallery, and Donald W. Reynolds Center for American Art and Portraiture in Washington, DC. The Administrative Specialist who completed the sole-source justification form noted that the purchase constituted an “unusual and compelling urgency where only one source can meet the time requirement” and wrote that the three facilities needed to be cleaned within three weeks. The Administrative Specialist also wrote, “The service is available from other sources, but [the selected vendor] knows the 3 facilities from previous work and is ready to start work immediately.” The form did not state whether Smithsonian Facilities contacted any other vendors that provide the required services to determine whether they could begin work immediately.
- The Facilities Manager did not prepare a sole-source justification for \$97,125 in cleaning services at the National Museum of the American Indian in New York, NY. The officials responsible for this purchase—the Supervisory Program Specialist, the Facilities Manager, and the Purchasing Agent—said that the sole-source justification form was not

---

<sup>18</sup> SD 314, *Contracting PCPM Part 4 Procurement and Contracting Special Handling*, Section 8 (March 14, 2017)

completed due to emergency circumstances surrounding COVID-19. However, the form is designed to document these types of urgent and compelling purchases. Moreover, five other sampled sole-source procurements for cleaning services had the required sole-source justification form although they were inadequately justified. The fact that there were six sole-sourced purchase orders for cleaning services raises the question whether there were vendors available to compete.

OCon&PPM offers training for Procurement Delegates that covers the Smithsonian's policy for sole-source documentation.<sup>19</sup> However, this training is not required for all Smithsonian Facilities employees who prepare sole-source justification forms, such as Building Managers and Maintenance Supervisors. In addition, none of the training courses provided to the approvers with Procurement Delegate authority include an example of a completed sole-source justification form or guidance to demonstrate the level of detail required to complete this form. Furthermore, the Director of Smithsonian Facilities did not ensure that the employees in their unit were preparing and approving sole-source justifications that adhered to the requirements of *PCPM Part 4 - Procurement and Contracting Special Handling*.

The sole-source justification form enables staff to document urgent and compelling purchases in environments with unstable supply chains and limited resources, such as those that existed during the pandemic. Proper completion of the form not only helps ensure that the Smithsonian fully considered competition and paid a fair and reasonable price, but it also establishes an audit trail. By not fully justifying sole-source procurements in writing, Smithsonian Facilities could not always demonstrate that it obtained a fair and reasonable price for \$1,673,577 in goods and services funded by the CARES Act. As demonstrated in the eight sole-source purchase orders listed in Appendix IV, Procurement Officers approving the purchases had no assurance that only one source was available to meet the Smithsonian's needs and possibly excluded businesses that should have had the opportunity to work with the Smithsonian. Furthermore, if employees can obtain approval for inadequately justified sole-source purchases, they could commit fraud by circumventing competition to engage companies with which they have undisclosed conflicts of interest.

### **Three Emergency Purchase Card Transactions Totaling \$502,738 Did Not Follow Required Procedures**

Purchase card transactions exceeding \$10,000 require competition from three or more vendors, and the cardholder must retain evidence of competition in purchase card records.<sup>20</sup> However, in April 2020, an emergency purchase cardholder in Smithsonian Facilities, the Deputy Director of Operations and Maintenance, did not compete three purchases exceeding \$10,000 that totaled \$502,738. The purchases were for 190,000 face masks and more than 3,800 bottles of hand sanitizer for the Central Supply Logistics Cell, and they account for more than 80 percent of the approximately \$600,000 that this individual charged to their emergency purchase card for goods

---

<sup>19</sup> Training courses for Procurement Delegates that mention sole-source justifications include Procurement Informational Briefing, Simplified Acquisitions, and Advanced Simplified Acquisitions.

<sup>20</sup> SD 322, *Purchase Card Program – Desk Reference and Training Manual*, Sections 4.5.1 and 5.2.1 (October 1, 2015).

and services related to the CARES Act. In addition, the cardholder and approving official did not perform their duties as required.

Prior to April 2020, the cardholder had not used the emergency purchase card since its issuance in 2018. In April 2020, OCon&PPM raised the single purchase limit for the card—the maximum dollar amount for a single purchase—from \$25,000 to \$175,000 to accommodate the purchases. The cardholder made almost all of the approximately \$600,000 in COVID-19 purchases during that month and used the card minimally thereafter. Even though the cardholder took the required cardholder refresher training in 2019, their prior inexperience using the card coupled with the high value of purchases made in a short period of time created a high-risk environment for non-compliance with policies and procedures.

Both the emergency purchase cardholder and the approving official told OIG they believed it was allowable to make these emergency purchases without competition and without documenting sole-source justification. The cardholder said they believed that OCon&PPM informed them that they had the authority, under the Emergency Declaration related to COVID-19, to make sole-source purchases without documenting the sole-source justification. However, they were not able to produce documentation of OCon&PPM providing this guidance. In addition, the approving official said sole-source justifications for these three purchases were not prepared due to the urgency of circumstances surrounding COVID-19. Although SD 109 allows certain procurement procedures to be waived under an Emergency Declaration, it does not detail the process for granting waivers or how waivers should be documented. As a result, neither the cardholder nor the approving official could provide evidence that management had waived the competition and documentation requirements for emergency purchase cards.

Furthermore, the cardholder and approving official did not perform all of their key duties for purchase cards. For example, the cardholder must support transactions with the required documentation, including a transaction log, receipts, and invoices. However, the emergency purchase cardholder did not maintain a Purchase Card Transaction Log; instead, the approving official did. Approving officials are responsible for approving purchase card transactions by reviewing the monthly Purchase Card Transaction Log to verify that a reconciliation was performed and that adequate documentation exists for each purchase. They are also required to confirm that all purchases made by a cardholder were necessary, consistent with requirements of the funding source, and within available funds. When it was time to perform the monthly reconciliation, the approving official identified the cardholder's missing documentation and notified the cardholder. Neither the cardholder nor the approving official followed the requirement for the cardholder to create the transaction log and for the approving official to review and approve it in April 2020 when most of the purchases were made.

Finally, the approving official for the emergency purchase card held a lower position than the cardholder. Even though the approving official was not supervised by the cardholder and did not indicate any issues overseeing the emergency purchase card, assigning a lower-level staff

member to approve a Deputy Director's transactions could create challenges in questioning incomplete documentation and non-compliance with competition requirements.<sup>21</sup>

Emergency purchase cards allow the Smithsonian to respond quickly to urgent needs, but risks of error and improper charges arise when procedures that segregate duties and document purchases are not followed.<sup>22</sup> Although face masks and hand sanitizer may qualify as urgent purchases in response to the COVID-19 pandemic, the purchase card policy does not address sole-source justifications. Furthermore, management did not document any sole-source justifications. As a result, there is no assurance that Smithsonian obtained a fair and reasonable price for the three sampled purchases totaling \$502,738.

### **Smithsonian Facilities Charged Purchases Unrelated to COVID-19 to the CARES Act**

Based on the sample of transactions, Smithsonian Facilities charged \$28,999 to the CARES Act that did not comply with the purposes of the Act, including water fountains and three purchases on a purchase card. In addition, the Smithsonian charged 100 percent of a medical doctor's salary to the CARES Act even though the doctor did not work full-time on COVID-related duties. The doctor's management could not provide documentation showing how much of his time was spent on non-COVID work; therefore, the amount of the doctor's salary inappropriately charged to the CARES Act is indeterminate.

First, Smithsonian Facilities installed water fountains costing \$28,634 at the National Zoo even though they offered no specific COVID-19-related benefits. Smithsonian Facilities initially planned to install touchless water fountains and bottle-filling stations on the National Zoo's Asia Trail. When Smithsonian Facilities determined that electricity for the touchless stations was not available in that area, officials decided to install a different fountain model that uses manual push buttons. However, Smithsonian Facilities did not change the funding source of the fountains because the Office of Safety, Health, and Environmental Management (OSHEM) approved the alternate model's use as long as hand-sanitizing stations and social distancing signs were placed nearby. Based on OIG's physical observations, the fountains did not provide any perceivable COVID-19 benefits. In October 2023, Smithsonian Facilities changed the funding source for the water fountains in ERP Financials.

Second, OSHEM, which was part of Smithsonian Facilities at the time, charged \$365 to the CARES Act for \$270 worth of printing supplies, a \$70 fire safety guide, and a \$25 phone case unrelated to COVID-19.<sup>23</sup> OSHEM personnel stated they inadvertently included these items with a larger batch of online purchase card orders that were otherwise related to the

---

<sup>21</sup> The U.S. Government Accountability Office's GAO-14-704G *Standards for Internal Control in the Federal Government, Section 10.07*, states management's responsibility to design control activities at the appropriate levels in the organizational structure (September 2014).

<sup>22</sup> OIG noted that a new SD 322, *Purchase Card Program – Desk Reference and Training Manual* was issued on March 10, 2023, but the updates do not address the issues raised in the finding.

<sup>23</sup> Effective March 1, 2022, OSHEM separated from Smithsonian Facilities to become its own unit under the Office of the Under Secretary for Administration.

Smithsonian's COVID-19 response efforts. The OSHEM Administrative Officer who entered these items in ERP Financials confirmed that they were charged to the CARES Act in error and has since corrected the funding source in ERP Financials.

Third, OSHEM charged a doctor's salary of \$214,465 to the CARES Act even though the doctor helped establish a new clinic to conduct physicals of the Smithsonian's armed personnel—a task unrelated to the CARES Act. Smithsonian Facilities hired the doctor in July 2020, just a few months after COVID-19 first appeared in the United States. The Smithsonian's only other medical doctor was on deployment with the U.S. Navy at the time, and Smithsonian Facilities' management stated that they needed to hire another doctor quickly to assist with the COVID-19 situation. The physician's direct supervisor and the Director of OSHEM estimated that 95 percent of the doctor's work was either directly or tangentially related to COVID-19. However, the audit team was unable to substantiate management's estimate through the doctor's appointment records, testimony, and position description.

- The doctor's appointment records demonstrated that approximately 6 percent of the appointments were directly related to COVID-19. According to the doctor's supervisor, some of the duties were not tied to an appointment, including COVID-related contact investigations and adapting protocols, and vaccinating staff for COVID-19 in Panama for five days. In addition, the Director of OSHEM stated that appointments for diver examinations and pre-travel authorizations were also COVID-related, but the descriptions in the appointment records did not provide enough detail to validate this statement.
- The doctor stated that he helped establish a clinic to perform pre-employment and ongoing physicals of the Smithsonian's police and security guards, in addition to his COVID-19 duties. From July 2020 through December 2020, the doctor said he set up the security guard clinic's process documents, required forms, equipment, and an educational video.
- The doctor's position description stated that 50 to 80 percent of his expected workload would be for the clinical care of the Smithsonian's police and security guards. Although position descriptions may not fully reflect responsibilities during an emergency, alternative documentation demonstrating the doctor's allocation of time was not available other than the appointment records discussed previously.

Because OSHEM provided the doctor with only a single CARES Act fund code to charge his time, OSHEM could only provide estimates—without supporting documentation—of the amount of time the doctor worked solely on COVID-19 duties. Therefore, the audit team could not determine the amount of time the doctor spent on COVID-related activities. However, in November 2023, OSHEM made a change to the funding source in ERP Financials. OSHEM has re-allocated 50 percent of the doctor's salary to another physician who they stated worked 100 percent on the COVID-19 response.

These purchases have an unclear relation to the CARES Act, which provided the Smithsonian with funding “to prevent, prepare for, and respond to coronavirus, domestically or internationally, including funding for deep cleaning, security, information technology, and staff overtime.”<sup>24</sup>

The Smithsonian missed the opportunity to spend \$28,999 on COVID-19 recovery efforts, which was the cost of the water fountains, printing supplies, fire safety guide, and phone case. Likewise, the Smithsonian spent an indeterminate amount of the doctor’s salary on non-COVID activities even though it charged all of the doctor’s salary to the CARES Act. There could be additional unidentified issues in transactions that were not part of OIG’s tested samples.

### **OCIO Did Not Maintain Accountability for Two Laptops Purchased with CARES Act Funds**

OIG reviewed a judgmentally selected sample of 15 laptops purchased with CARES Act funds and identified 2 that were not managed in accordance with the Smithsonian’s policies, as follows:

- For more than a month, the National Museum of Natural History (NMNH) could not locate one laptop worth \$1,594 or a required form assigning responsibility for the laptop to its current user.
- An employee with NMNH retained an unneeded laptop worth \$1,594 for two years rather than returning it to the unit’s Accountable Property Officer or Property Custodian for distribution to another employee or disposal.

OCIO’s Accountable Property Officer was responsible for the inventory reviews for these laptops because they were both owned by OCIO, which loaned them to NMNH. Significantly, the Accountable Property Officer did not detect these issues during annual property inventories.

The *Personal Property Management Manual* (Property Manual) states that the property user and the applicable unit’s Accountable Property Officer or Property Custodian must document the assignment of property on an OCon 204 form, *Personal Property Assignment/Personal Property Pass Form*.<sup>25</sup> The form must be kept with the unit’s property management file. In addition, the Property Manual requires users to safeguard their assigned property and report excess property to their Accountable Property Officer or Property Custodian when it is no longer needed.<sup>26</sup>

Thirteen of the tested laptops had no issues, but two laptop users did not adhere to the Property Manual due to the following reasons:

- The NMNH employee to whom the missing laptop was assigned loaned it to a colleague without knowing to coordinate the transfer through their unit Accountable Property

<sup>24</sup> Public Law 116-136, Division B, Title 7, Section 113 (March 27, 2020).

<sup>25</sup> SD 315, Personal Property Management Manual, Section 2.3 and 2.4 (October 1, 2017).

<sup>26</sup> SD 315, Personal Property Management Manual, Section 4.11 (October 1, 2017).

Officer. As a result, an OCon 204 form did not document the new assignee. The colleague who was “loaned” the laptop subsequently lost track of the device. Due to this audit, OCIO used the laptop’s location tracker to determine that it was at NMNH with the museum’s Information Technology group. OCIO then transferred ownership of the laptop to NMNH.

- The NMNH employee to whom the second laptop was assigned stated that they had technical issues with it and did not consider returning it to the Accountable Property Officer on receipt of a replacement. As a result of this audit, they returned the laptop in March 2023, two years after their unit issued a replacement laptop.

During the annual inventories in 2021 and 2022, OCIO’s Accountable Property Officer determined that each laptop had an OCon 204 form on file. However, they stated that they did not verify whether the assigned users physically possessed the devices in 2021 and 2022 because of the remote work environment. Therefore, they did not identify that the two laptops were either not in the possession of or not in use by the assigned users.

In September 2022, OCon&PPM updated the Property Manual to better account for remote devices by requiring unit Accountable Property Officers to submit a photo of the serial number and Smithsonian tag to the Personal Property Management Division’s service portal for any devices not initially located during an inventory review.<sup>27</sup>

Not properly tracking laptops (1) increases the Smithsonian’s vulnerability to misuse and theft of sensitive assets and (2) results in limited assurance that the laptops were used for mandatory telework in response to the COVID-19 pandemic. Further, if Accountable Property Officers and employees do not consistently complete an OCon 204 form to track assignments of such property, the Smithsonian will face challenges in holding staff accountable for these highly pilferable devices.

### **Procurement Personnel Inaccurately Reported CARES Act Transactions in FPDS**

OIG analysis showed that the Smithsonian had significantly underreported CARES Act expenditures in FPDS by \$1,683,354, which is 25 percent of the \$6,845,157 that the Smithsonian should have reported in FPDS. The underreported amount consists of 12 CARES Act transactions that were not entered in FPDS and another 52 that were not correctly coded as COVID-19 2020 in FPDS, as shown in Table 3 on the following page. As a result of this audit, Smithsonian Facilities, OCIO, and OCon&PPM corrected the identified CARES Act errors in FPDS, totaling \$1,683,354.

---

<sup>27</sup> SD 315, Personal Property Management Manual, Section 6.3.3 (September 7, 2022).

**Table 3. CARES Act Transactions Improperly Reported In FPDS as of December 21, 2022<sup>a</sup>**

Units	CARES Act Transactions Not Reported in FPDS		CARES Act Transactions Reported In FPDS But Not Identified as COVID-19		Total CARES Act Transactions Not Accurately Reported in FPDS	
	No.	Amount	No.	Amount	No.	Amount
Smithsonian Facilities	8	\$182,006	37	\$306,966	45	\$488,972
OCIO	4	74,266	8	387,788	12	462,054
OCon&PPM	0	0	7	732,328	7	732,328
<b>Total</b>	<b>12</b>	<b>\$256,272</b>	<b>52</b>	<b>\$1,427,082</b>	<b>64</b>	<b>\$1,683,354</b>

Source: OIG reconciliation of CARES Act transactions in ERP Financials and FPDS as of December 21, 2022.

Note:

<sup>a</sup> On December 21, 2022, OIG retrieved source data from FPDS.gov to conduct audit procedures. This table does not include corrections made by management since that date.

However, OIG analysis showed that CARES Act transactions from ERP Financials were correctly reflected at USASpending.gov and PandemicOversight.gov. Smithsonian’s Office of Finance and Accounting reported its CARES Act expenditures to Treasury in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System as part of the required Standard Form 133 budgetary reporting.<sup>28</sup> Treasury used that data to accurately report summary-level information on the Smithsonian’s use of CARES Act funds to USASpending.gov. PRAC then reported the Smithsonian’s USASpending.gov data to PandemicOversight.gov.

The FPDS reporting inaccuracies are contrary to PCPM *Part 2 - Simplified Acquisitions*, which requires Procurement Delegates and units to report federally funded purchases over \$3,500 and related modifications of any size to FPDS within three workdays following the award.<sup>29</sup> Furthermore, OCon&PPM Memorandum 20-003 *Tracking and Reporting COVID-19 Emergency Procurements* states that employees are to use the code COVID-19 2020 to track federally funded acquisition costs in response to COVID-19 for procurements as early as March 13, 2020. OCon&PPM informed all staff of this requirement in a May 5, 2020 Smithsonian-wide email.

A number of issues gave rise to these reporting problems:

- Unclear Responsibilities.** PCPM *Part 2 - Simplified Acquisitions* broadly assigns the responsibility of making FPDS entries to the “procurement delegate/unit,” which can refer to individuals who have different roles in the purchase order process (buyer, approver, and budget-checker). As a result, some Procurement Delegates who budget-check purchases did not complete the FPDS entries because they believed that buyers

<sup>28</sup> Federal entities use the Governmentwide Treasury Account Symbol Adjusted Trial Balance System to provide monthly proprietary financial reporting and budget execution information to Treasury.

<sup>29</sup> SD 314, *Contracting PCPM Part 2 Simplified Acquisitions*, Section 4.4.4 (March 14, 2017).

or administrative personnel had the information to complete the entries. Therefore, in some instances, the buyers or administrative personnel made FPDS entries; at other times, the Procurement Delegates did; and in some cases, no one did.

- **Insufficient Internal Communication.** OCon&PPM emailed all Smithsonian employees informing them to complete FPDS entries for applicable COVID-19 transactions. However, because the communication was Smithsonian-wide, purchasers responsible for COVID-19 purchases were more likely to overlook the email compared to an email targeted to them. Furthermore, OCon&PPM sent an additional email to Smithsonian Facilities and OCIO management explaining FPDS requirements, but Smithsonian Facilities officials did not forward that message to all Smithsonian Facilities staff who were responsible for making entries in FPDS.
- **Insufficiently Trained Personnel.** Some staff who were responsible for entering CARES Act transactions in FPDS had limited knowledge of the data required to be entered, suggesting a need for more training. As a result, one person marked a base contract as COVID-related in FPDS but did not mark a task order on that contract as such. Furthermore, at least three buyers and administrative personnel whom OIG interviewed were unaware of the requirement to input a COVID-19 designation in FPDS for CARES Act purchases.
- **Ineffective Monitoring.** The Smithsonian did not have an effective monitoring mechanism to identify and correct FPDS errors and omissions, partly because of the lack of policies establishing a monitoring process. Although OCon&PPM periodically reminded Smithsonian Facilities and OCIO personnel to complete entries in FPDS, no standardized processes ensured the completeness and accuracy of entries.

Accurate reporting in FPDS is important because Congress uses FPDS data to help make policy decisions about ongoing COVID-19 matters and emergency funding related to future events. Furthermore, the public could draw incorrect conclusions about the Smithsonian's use of CARES Act funding due to the shortcomings in the FPDS data. Although OIG identified the causes above by reviewing CARES Act purchases, these issues could also impact the accuracy of FPDS data beyond the scope of the purchases tested for this audit.

### **Smithsonian Facilities and OCIO Did Not Maintain Purchase Documentation in Accordance with Smithsonian Policy**

Although the audit team received the documents necessary to complete the audit procedures, Smithsonian Facilities and OCIO did not consistently have key supporting documentation readily available for the transactions selected for OIG's testing. In some cases, OIG's points of contact for Smithsonian Facilities and OCIO consulted multiple staff to locate documents and took more than two months to provide basic purchase documentation, such as fully executed sole-source justification forms and receiving documentation.

Smithsonian's PCPM *Part 2 - Simplified Acquisitions* states that units' files for purchase orders shall contain the following, if applicable:

- Copies of documents related to the purchase request and requirements;
- Requests for quotations or proposals;
- Purchase orders or contracts;
- Sole-source justifications;
- All modifications or change orders with supporting documentation;
- Evaluation documents if other than the lowest priced item was selected, and the basis for the decision;
- Notification to the Accountable Property Officer of taggable property purchases;
- Receiving documentation;
- Background notes to file; and
- Other related documentation.<sup>30</sup>

Furthermore, purchase cards require filing a Purchase Card Transaction Log with supporting receipts, shipping documents, invoices, and support of competition when applicable.<sup>31</sup>

The COVID-19 pandemic caused a shift from in-person to remote work. Smithsonian Facilities and OCIO's pre-pandemic processes relied largely on hard-copy supporting documents because PCPM *Part 2 – Simplified Acquisitions* requires paper-copy files, but those processes were not conducive to the remote work environment. The Chief Information Officer noted that since the pandemic, OCIO is researching secure electronic filing solutions, such as storing documentation in ERP Financials. In the interim, OIG notes that requiring units to make digital copies of all hard-copy supporting documents and storing them in centrally maintained files within the unit would efficiently and effectively address this issue.

The inability to easily locate key purchasing documents interferes with the Smithsonian's need to ensure that funds were used only for their appropriate purposes. Unorganized filing of key procurement documents also impedes the ability of management and auditors to conduct thorough compliance reviews and can cause inefficiencies in the review process. Finally, not maintaining documents like purchase orders, contracts, sole-source justification forms, and receiving reports in a secure, centralized location can increase fraud risks.

---

<sup>30</sup> SD 314, *Contracting PCPM Part 2 Simplified Acquisitions*, Section 4.6.1 (March 14, 2017).

<sup>31</sup> SD 322, *Purchase Card Program – Desk Reference and Training Manual*, Sections 3.1.3 and 4.5.1 (October 1, 2015).

## Conclusions

By examining the Smithsonian's management of CARES Act funding, this report has highlighted ways to better prepare for future emergency appropriations and improve daily operations in a post-pandemic workplace. The Smithsonian needs to adequately justify sole-source purchases, assess emergency purchase card procedures, ensure that purchases comply with the purpose of appropriations, diligently track sensitive property, accurately report transactions in FPDS, and ensure that procurement documents are maintained according to policy. Failure to fully address these issues could impact the Smithsonian's ability to effectively steward future emergency funding.

## Recommendations

To strengthen controls over the purchasing and reporting processes related to emergency appropriations, OIG recommends that the Director of OCon&PPM take the following actions:

1. Assess whether emergency purchase cards can be used for sole-source purchases over \$10,000. If so, OCon&PPM should update the purchase card's policies and procedures to allow sole-source purchasing and ensure that relevant emergency purchase card personnel are familiar with the purchasing and documentation requirements for emergency purchase cards.
2. Update PCPM *Part 2 - Simplified Acquisitions* to clarify that each unit needs to designate personnel responsible for entering data into FPDS.
3. Create and maintain a list of personnel responsible for entering data into FPDS to facilitate communication of future emergency spending guidance and verify compliance with FPDS training requirements.

To strengthen controls over the purchasing processes related to emergency appropriations, OIG recommends that the Director of Smithsonian Facilities take the following actions:

4. Establish and implement procedures to monitor the quality of sole-source procurement justifications.
5. In coordination with OCon&PPM, distribute guidance that includes examples of the information required to support sole-source justifications for purchase orders, and provide training to Smithsonian Facility employees who participate in sole-source purchasing on the applicable policies and procedures for sole-source purchases.
6. Establish processes that ensure the completeness and appropriate accessibility of documentation for purchase orders and purchase card transactions. The process should include periodic monitoring of the files to ensure compliance with the

Procurement and Contracting Procedures Manual and the Purchase Card Program's Desk Reference.

To strengthen controls over the purchasing and reporting processes related to emergency appropriations, OIG recommends that the Under Secretary for Administration take the following actions:

7. Update Emergency Declaration procedures to address who has the authority to grant exceptions to policies and also to provide general guidance as to how these exceptions are to be communicated and documented.
8. Develop procedures that identify internal controls to ensure that only eligible expenses are funded through emergency appropriations, if these situations arise in the future.
9. Assign responsibility over monitoring the accuracy and completeness of FPDS data.

To strengthen controls over the purchasing processes related to emergency appropriations, OIG recommends that the Chief Information Officer take the following actions:

10. Establish processes that ensure the completeness and appropriate accessibility of documentation for purchase orders and purchase card transactions. The process should include periodic monitoring of the files to ensure compliance with the Procurement and Contracting Procedures Manual and the Purchase Card Program's Desk Reference.

## Management Comments and OIG Evaluation

OIG provided the Smithsonian a draft of this report for review and comment, and Smithsonian management provided written comments that are reproduced in their entirety in Appendix V. In its written comments, management concurred with all the recommendations and outlined actions planned to address them, with a partial exception to Recommendation 3. Management's response effectively addressed creating and maintaining a list of personnel who have the responsibility of entering data into FPDS, but the response did not address verifying responsible personnel's compliance with FPDS training requirements. Although the list to facilitate communication for emergency appropriations may not be needed in the foreseeable future, this list and related verification of training compliance should be in place in preparation for future emergencies.

## Objective, Scope, and Methodology

The objectives of this audit were to determine whether the Smithsonian Institution (Smithsonian) (1) spent Coronavirus Aid, Relief, and Economic Security (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 (FPDS) and USASpending.gov. The scope of the audit included CARES Act funding that was appropriated to the Smithsonian under Public Law 116-136.

To accomplish the objectives, the Office of the Inspector General (OIG) interviewed officials from the Smithsonian units primarily responsible for planning, executing, and reporting on CARES Act funds, including the Office of Contracting and Personal Property Management; the Office of Planning, Management and Budget; Smithsonian Facilities; and the Office of the Chief Information Officer.

To assess whether funds were used in accordance with Public Law 116-136 and internal policies, OIG judgmentally selected a non-statistical sample of 49 of the 436 CARES Act transactions. As a result of the sampling methodology, results are not projected to the universe of CARES Act transactions. A transaction was defined as an entry into the Smithsonian's Enterprise Resource Planning Financial System (ERP Financials), such as a purchase order, contract, purchase card procurement, payroll entry, or manual journal entry. OIG selected transactions based on risk factors, including transaction type, dollar amount, and susceptibility to fraud. The sampled transactions totaled \$4,762,624, which is approximately 64 percent of the \$7,500,000 appropriated to the Smithsonian. For each sampled transaction, OIG obtained supporting documentation such as purchase orders, vendor selection documentation, contracts, purchase card statements, invoices, and receiving documents. OIG assessed whether each transaction's documentation followed CARES Act requirements and related internal policies. OIG performed the following additional procedures for applicable samples:

- OIG visited 11 sites to verify whether the work performed was allowable under the CARES Act and was consistent with the amounts charged.
- OIG obtained photographs of laptop serial numbers and corresponding property forms for 15 judgmentally selected laptops purchased with CARES Act funds to verify whether the Smithsonian properly tracked those assets.

To evaluate the accuracy of reporting, OIG first reviewed policies and procedures and conducted interviews to determine how the Smithsonian reported CARES Act data to three public financial databases: FPDS, USASpending.gov, and PandemicOversight.gov. OIG then reconciled amounts reported to these databases with ERP Financials and analyzed the differences. The OIG's review of the reliability of data in public databases was limited to the reported figures of the Smithsonian's CARES Act transactions.

In planning and performing this audit, OIG identified three internal control components and seven underlying principles as significant to the audit objectives, as shown in Table 4.

**Table 4. Internal Control Components and Principles Significant to the Audit Objectives**

<b>Control Activities Principles</b>
<ul style="list-style-type: none"> <li>• Design Control Activities</li> <li>• Implement Control Activities</li> </ul>
<b>Information and Communication Principles</b>
<ul style="list-style-type: none"> <li>• Use Quality Information</li> <li>• Communicate Internally</li> <li>• Communicate Externally</li> </ul>
<b>Monitoring Principles</b>
<ul style="list-style-type: none"> <li>• Perform Monitoring Activities</li> <li>• Evaluate Issues and Remediate Deficiencies</li> </ul>

Source: OIG analysis of internal control components and principles.

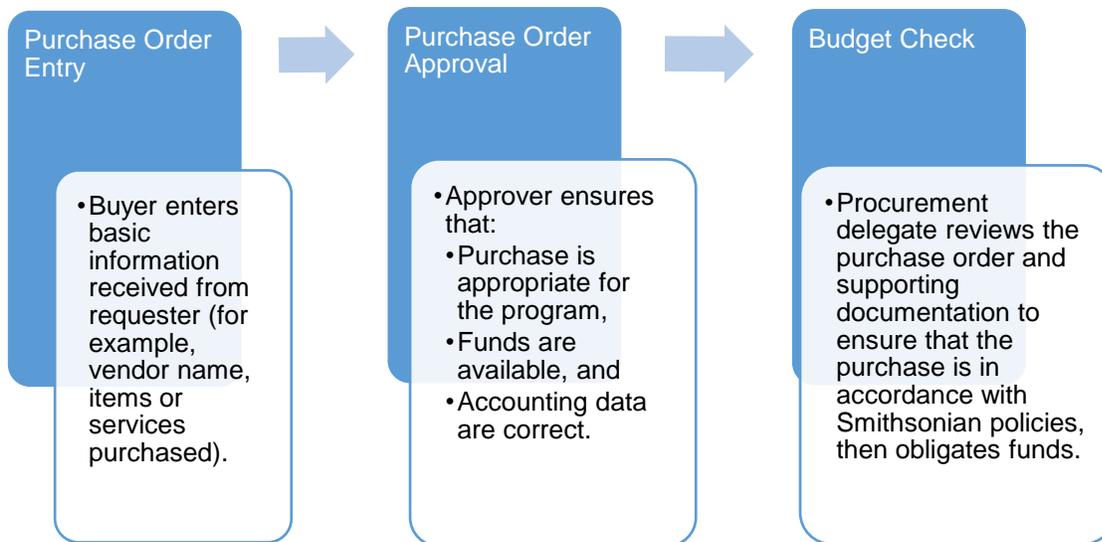
OIG conducted this audit in Washington, D.C., from October 2022 to February 2024, in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on its audit objectives.

The Smithsonian’s Processes for Executing Purchase Orders

The process used by Smithsonian Facilities and the Office of the Chief Information Officer to execute purchase orders in the accounting system generally begins when a requester (such as program or administrative staff) identifies a need to purchase an item or service. The requester specifies the item or service and then searches for potential vendors.

The requester then gives basic information such as accounting data to a buyer, who enters it into the accounting system to start the process of generating a purchase order. Then another individual, an approver, must check to confirm that (1) the purchase is appropriate for the program, (2) funds are available, and (3) the accounting data are correct. Next, a procurement delegate with the appropriate authority reviews the purchase order to ensure that it complies with Smithsonian procurement policies and procedures and obligates the funds against the budget, a process known as budget checking. If the purchase amount is within the procurement delegate’s spending authority, they may perform the budget check. If the order amount exceeds the procurement delegate’s authority, a contract specialist in the Office of Contracting and Personal Property Management must perform the budget check. Once the purchase order is budget-checked, the procurement delegate issues the purchase order to the vendor. The purchase order process is illustrated in Figure 1.

Figure 1. Overview of the Smithsonian’s Purchase Order Process, by Purchasing Duties, in the Accounting System



Source: OIG illustration based on information from Smithsonian policies and procedures.

Sole-source Justification Form

The sole-source justification form below was in effect when the Coronavirus Aid, Relief, and Economic Security Act became law. The Office of Contracting and Personal Property Management (OCon&PPM) updated the form in July 2021 and April 2022.

**Smithsonian Institution**

OCon 103

**Sole Source Justification - Purchase Order File Documentation**

*(Save and retain a file copy of this fillable form for use. The copy may need to be transmitted to reviewing and deciding officials.)*

*Note: Sole Source Justifications are required for all non-competed procurements that exceed \$10,000. Award document IS NOT to be budget checked and the vendor indicated herein IS NOT to be informed to commence providing the goods/services required until all required clearances are obtained and an appropriate official's approval is cited in Part 6, Review and Decision, on page 2.*

Part 1. Unit and Requestor Information			
a. Museum, Research Center, Office (Unit)	b. Department	c. Documentation Date*	
d. Individual preparing and requesting review and approval of this Sole Source documentation. <i>* A form OCon 104, Ratification of Unauthorized Commitment, is required if this justification is prepared and approved after the date the vendor began to provide goods/services.</i>	Name/Title/MRC No./Telephone No./Ext.:		
	Preparer/Requestor Signature:		
Part 2. PO, Vendor and Procurement Information			
a. PO Number <i>(include Federal or Trust indicator, FY, origin)</i>			
b. PO Dollar Amount(s)	Total Amt. \$	Federal Portion \$	Trust Portion \$
c. Goods/Services Required <i>(Text limited to space provided.)</i>	Date Good/Services Required:		
d. Is this PO likely to be modified/amended?	<input type="checkbox"/> No <input type="checkbox"/> Yes (explain on a separate page)		
e. Vendor Information	Vendor Name:		
	City	State/Province	Country
	Vendor Location:		
System for Award Management (SAM) Info: <i>(form OCon 15 is required if vendor is not registered in SAM)</i>	Date Registration Expires:		DUNS No.
Part 3. Check which one of the four allowable categories supports this request for exception to the competition requirements (sole source procurement) and explain why below. Be specific.			
<input type="checkbox"/>	Products have special features available only from one source (e.g., proprietary software or other exclusive licensing agreements)		
<input type="checkbox"/>	Unusual and compelling urgency where only one source can meet the time requirement		
<input type="checkbox"/>	Follow-on purchase requiring use of the previous source for compatibility with previous purchase		
<input type="checkbox"/>	Requirements of special knowledge and experience (a justification Smithsonian allows for highly unique services such as scientific research or performances)		
Explain the circumstances: <i>(Text limited to space provided; attach add'l sheets if necessary)</i>			
<i>Note: OCon&amp;PPM acknowledges use of a particular vendor may be required based on the terms specified in a grant or other previously established agreement. If this is the case for your purchase, provide the grant source (name) and number and attach a copy of the page(s) of the grant that specifies this requirement.</i>			

*Proceed to page 2 to complete additional documentation needed for review and decision.*

<p><b>Part 4. How was it determined that the goods or services are not readily available from other sources? Be specific.</b></p> <p>Provide details about the search for other vendors: <i>(Text limited to space provided; attach add'l sheets if necessary)</i></p>	
<p><b>Part 5. How was it determined that the proposed price is fair and reasonable? Be specific.</b> <i>(Example info: market research, price comparison to a previous purchase, current price lists, catalogs or advertisements, etc.)</i></p> <p><i>(Text limited to space provided; attach add'l sheets if necessary)</i></p>	
<p><b>Part 6. Review and Decision</b></p> <p><b>a. At the Unit:</b> <i>The unit Procurement Officer reviewing this Sole Source Justification may determine and decide if it satisfactorily supports approval only if the purchase price does not exceed the Procurement Officer's delegated purchasing authority. For requests over delegated purchasing authority this OCon 103 must be signed by the reviewing unit Procurement Officer and submitted to OCon&amp;PPM for review/decision (see Part 6.b). Include Approved requests in the unit procurement file.</i></p>	
Reviewing Unit Procurement Officer Signature:	<input type="checkbox"/> Approved at unit <input type="checkbox"/> Not Approved at unit <input type="checkbox"/> Sent to OCon&PPM for Review and Decision* <small>*transmit a PDF (w/signatures) to OConHelp@si.edu.</small>
Reviewing Unit Procurement Officer Name and Title:	Date of Unit Procurement Officer Decision:
Reason(s) request <i>IS NOT</i> approved at the unit and/or referred to OCon&PPM: <i>(Text limited to space provided.)</i>	
<p><b>b. At OCon&amp;PPM:</b> <i>When review and decision must be by OCon&amp;PPM, this form must indicate appropriate reviews and acceptances of the information provided herein by signatures affixed in Parts 1 and 6.a. then faxed to OCon Help at 202.633.7319 or attach a scanned copy to an email addressed to OConHelp@si.edu. This Sole Source Justification must be approved before a PO/contract is budget checked or payment made. Include Approved requests in the unit procurement file.</i></p>	
OCon&PPM Deciding Official Signature:	<input type="checkbox"/> Approved at OCon&PPM <input type="checkbox"/> Not Approved at OCon&PPM
OCon&PPM Deciding Official Name and Title:	Date of OCon&PPM Decision:
Reason(s) request <i>IS NOT</i> approved at OCon&PPM: <i>(Text limited to space provided.)</i>	

**Eight Sampled Sole-source Purchase Orders Totaling \$1.6 Million  
With Inadequate Justification for Not Seeking Competitive Bids**

Vendor	Unit	Amount	Purpose	Analysis
<b>Sole-source category: Products Have Special Features Available Only from One Source</b>				
Vendor 1	Smithsonian Facilities	\$346,345	To install anti-microbial surface refinishing on tile surfaces in various restrooms.	<p><b>Sole-source Justification:</b> “Material and installation method are proprietary to [Vendor 1].”</p> <p><b>Office of the Inspector General (OIG) Analysis:</b> The justification did not state whether Smithsonian Facilities considered any other coating methods or contacted any other vendors.</p>
<b>Sole-source category: Requirements of Special Knowledge and Experience (Such as Scientific Research or Performances)</b>				
Vendor 2	Smithsonian Facilities	54,880	To perform deep cleaning of high-traffic Smithsonian museums in New York City.	<p><b>Sole-source Justification:</b> “This contractor is skilled in performing professional disinfectant and sanitizing measures at the museum.” Additionally, the form noted that “after extensive research we found that [Vendor 2] is available to provide service.”</p> <p><b>OIG Analysis:</b> The justification did not explain the special knowledge or experience possessed by this vendor that other cleaning services did not have. It also did not document any of the market research conducted or other vendors contacted.</p>
<b>Sole-source category: Unusual and Compelling Urgency When Only One Source Can Meet the Time Requirement</b>				
Vendor 3	Smithsonian Facilities	490,390	To perform one-time emergency custodial services at Smithsonian facilities.	<p><b>Sole-source Justification:</b> “Few companies are capable of completing the tasks that are unique to both facilities, especially NMAAHC [the National Museum of African American History and Culture]. Due to its high walls and glass facade [sic], [Vendor 3] is the vendor best-suited, and offers all the services needed to complete the work.” With regard to price reasonableness, the form commented that “Price is comparable to market estimates and value.”</p>

Vendor	Unit	Amount	Purpose	Analysis
				<p><b>OIG Analysis:</b> The justification did not indicate whether any other vendors were contacted to determine if they could perform the work and start immediately. Alternatively, the justification did not contain any detailed information demonstrating the time constraints that prevented Smithsonian Facilities from reaching out to other vendors. Finally, the form did not provide any specifics on the results of market research.</p>
Vendor 3 (same vendor as above)	Smithsonian Facilities	255,000	To perform deep cleaning at the Smithsonian Quadrangle Building.	<p><b>Sole-source Justification:</b> “There are few companies capable of completing the tasks that are unique to all 5 of the museums, for example the 4 skylights in the Freer/Quad.” To justify the price as fair and reasonable, the form stated, “Price is comparable to market estimates and value.”</p> <p><b>OIG Analysis:</b> Skylights are not high-touch areas and are cleaned annually under a separate contract for window washing. The form did not document any other special circumstances to demonstrate why this particular vendor was required. In addition, the justification did not indicate whether any other vendors were contacted to determine if they could perform the work and start immediately. Alternatively, there is no detailed information demonstrating the time constraints that prevented Smithsonian Facilities from reaching out to other vendors. Finally, the form did not provide any specifics on the results of market research.</p>
Vendor 4	Smithsonian Facilities	124,838	To provide temporary professional and non-personal registered nurse services. Note that this form checked both the Unusual and Compelling Urgency and Requirement of Special Knowledge justification boxes.	<p><b>Sole-source Justification</b> “Given the timeline to get support and the current demand for this profession, additional vendors with qualified candidates could not be located by the unit at this time.”</p> <p><b>OIG Analysis:</b> The justification did not disclose whether Smithsonian Facilities contacted other vendors to determine if they had qualified candidates. A list of vendors contacted would have provided some assurance that Smithsonian Facilities had fostered competition.</p>

Vendor	Unit	Amount	Purpose	Analysis
Vendor 5	Smithsonian Facilities	10,710	To clean certain buildings of the Smithsonian Tropical Research Institute on Barro Colorado Island, Panama.	<p><b>Sole-source Justification:</b> This vendor “is the only cleaning company with which we maintain contact, we know their work due to other contracts with the Smithsonian, their responsibility, they are willing and had immediate availability of personnel to send to the remote location of Barro Colorado Island, in compliance with all COVID-19 measurements....”</p> <p><b>OIG Analysis:</b> The justification did not indicate whether any other vendors were contacted to determine if they could perform the work and start immediately. Alternatively, there was no detailed information explaining the time constraints that prevented Smithsonian Facilities from reaching out to other vendors.</p>
Vendor 6	Smithsonian Facilities	144,792	To provide hand sanitizer, alcohol wipes, floor stand dispensers for hand sanitizer, and similar supplies.	<p><b>Sole-source Justification:</b> “Several vendors were contacted, and none have the quantity on hand nor can they deliver within the specified time frame.” With regard to price reasonableness, the form noted, “Price is comparable to other products currently on the market from other vendors.”</p> <p><b>OIG Analysis:</b> No evidence of vendor names, quantities available, or time frames for delivery was provided to support the justification for this purchase. Furthermore, the form did not list the prices of other products on the market to justify price reasonableness.</p>
Vendor 7	Smithsonian Facilities	149,497	To perform deep cleaning at the Smithsonian’s National Postal Museum, Renwick Gallery, and the Reynolds Center.	<p><b>Sole-source Justification:</b> “The service is available from other sources but [Vendor 7] knows the 3 facilities from previous work and is ready to start work immediately.” With regard to price reasonableness, the justification noted, “We deemed this price to be fair based upon previous service of similar scope.”</p> <p><b>OIG Analysis:</b> The justification did not indicate whether any other vendors were contacted to determine if they could perform the work and start immediately. Alternatively, there was no detailed information demonstrating the time constraints that prevented Smithsonian Facilities from reaching out to other vendors. Finally, the form did not provide any details or evidence of previous services</p>

Vendor	Unit	Amount	Purpose	Analysis
				of similar scope to illustrate that the price was reasonable although the approver did receive information via email from the preparer regarding the cost of prior services.
<b>Total</b>		<b>\$1,576,452</b>		

Source: OIG's analysis of sole-source justification forms.

Management Comments



**Smithsonian Institution**

Under Secretary for Administration

**Memorandum**

**TO:** Joan Mockeridge, Assistant Inspector General for Audits and Acting Inspector General

**FROM:** Ronald S. Cortez, Under Secretary for Administration 

**CC:** Rick Flansburg, Deputy Under Secretary for Administration  
Deron Burba, Chief Information Officer  
Thomas Dempsey, Director, Office on Contracting & Personal Property Management  
Tony Edmonds, Director, Smithsonian Facilities  
Catherine Chatfield, Program Manager, Enterprise Risk Management (ERM) and OIG Liaison

**DATE:** January 19, 2024

**SUBJECT:** Management response to OIG's Formal Draft - Smithsonian Did Not Consistently Comply with Spending and Reporting Requirements for CARES Act Funds

We continue to be grateful for OIG's attention to detail as we collectively improve our processes. Management concurs with all recommendations provided within this report. We have included our intended actions and target dates to close out these recommendations below.

**Section 1: Response to Recommendations**

**Recommendation 1:** Assess whether emergency purchase cards can be used for sole-source purchases over \$10,000. If so, OCon&PPM should update the purchase card's policies and procedures to allow sole-source purchasing and ensure that relevant emergency purchase card personnel are familiar with the purchasing and documentation requirements for emergency purchase cards.

**Management Response:** Management concurs with this recommendation. OCon&PPM will assess whether emergency purchase cards can be used for sole-source purchases related to emergency appropriations over \$10,000 without currently required sole source justification documentation, and if necessary, revise its Procurement and Contracting Procedures Manual ("PCPM") to address any change to policy and or procedures. Should the PCPM be updated, the updated language will provide guidance or instructions on where to find guidance on documentation requirements for emergency purchase cards. Any changes will be communicated to relevant emergency purchase card personnel by e-mail correspondence to include copies of the revised PCPM and highlighted guidance.

**Target Date for Completion:** 31 July 2024

**Recommendation 2:** Update PCPM Part 2 - *Simplified Acquisitions* to clarify that each unit needs to designate personnel responsible for entering data into FPDS.

**Management Response:** Management concurs with this recommendation. OCon&PPM will revise its

Procurement and Contracting Procedures Manual ("PCPM") to confirm the roles and responsibilities of procurement personnel at the unit level as it regards entry of data in FPDS.

Target Date for Completion: 31 July 2024

**Recommendation 3: Create and maintain a list of personnel responsible for entering data into FPDS to facilitate communication of future emergency spending guidance and verify compliance with FPDS training requirements.**

Management Response: Management concurs with this recommendation. Based on the establishment of roles and responsibilities of procurement personnel at the unit level regarding entry of data in FPDS referenced above in response to recommendation 2, OCon&PPM, in coordination with OCIO, will create and maintain a list of personnel possessing the responsibility of entering data into FPDS for procurements related to emergency appropriations. We are under the impression that this list of personnel would be necessary only for communications related to emergency appropriations. As such, our ability to demonstrate compliance and/or effectiveness may be limited.

Target Date for Completion: 31 July 2024

**Recommendation 4: Establish and implement procedures to monitor the quality of sole-source procurement justifications.**

Management Response: Management concurs with this recommendation. In response to the findings, Facilities has implemented a procedure to monitor the quality of sole-source procurement justifications. Facilities developed and implemented a Smartsheet workflow to electronically collect, review and approve all sole-source submissions. All required forms (OCon 103) and backup documentation are electronically maintained in a central repository. This Smartsheet process has been applied for the Office of Business Administration and Technical Services, the Office of Facilities Management and Reliability, and Smithsonian Gardens, and could be expanded for additional Units as appropriate. Facilities will conduct structured assessments on a no-less-than Quarterly basis to monitor the quality of the procurement justifications, which will inform future sole-source training or process improvements.

Target Date for Completion: 30 May 2024

**Recommendation 5: In coordination with OCon&PPM, distribute guidance that includes examples of the information required to support sole-source justifications for purchase orders, and provide training to Smithsonian Facility employees who participate in sole-source purchasing on the applicable policies and procedures for sole-source purchases.**

Management Response: Management concurs with this recommendation. Facilities will develop and distribute refined guidance that includes examples of the information required to support sole-source justifications for purchase orders. Facilities will identify all employees who participate in sole-source purchasing and work in coordination with OCon&PPM to provide training on sole-source justification policies and procedures for purchase orders which will include applicable examples and procurement scenarios. This will include an initial session for all/new users and routine refresher training.

Target Date for Completion: 31 March 2024 (for Facilities actions). 29 November 2024 for Training, with OCon&PPM

**Recommendation 6: Establish processes that ensure the completeness and appropriate accessibility of documentation for purchase orders and purchase card transactions. The process should include periodic monitoring of the files to ensure compliance with the Procurement and Contracting Procedures Manual and the Purchase Card Program's Desk Reference.**

Management Response: Management concurs with this recommendation. Facilities will establish processes and publish associated guidance that ensures the completeness and appropriate accessibility of documentation for purchase orders and purchase card transactions. Facilities has implemented a pilot project to electronically route purchase orders and requisitions for central review/approval to ensure accessibility of Facilities procurement activities and documents. Facilities will assess, refine, and expand the pilot project to cover all Facilities procurement actions. Additionally, Facilities will volunteer to be part of OCon&PPM's pilot for uploading substantiating documentations for PCard transactions into ERP Financials.

Target Date for Completion: 30 Sep 2024

**Recommendation 7: Update Emergency Declaration procedures to address who has the authority to grant exceptions to policies and also to provide general guidance as to how these exceptions are to be communicated and documented.**

Management Response: Management concurs with this recommendation and will develop or update a written policy to document those procedures. We are under the impression that these policies would be used only during a declared emergency. As such, our ability to demonstrate compliance and/or effectiveness with the policy may be limited.

Target Date for completion: 31 July 2024

**Recommendation 8: Develop procedures that identify internal controls to ensure that only eligible expenses are funded through emergency appropriations, if these situations arise in the future.**

Management Response: Management concurs with this recommendation and will develop a written policy to document those procedures. We expect the policy to be completed by July 31, 2024. We expect the policy to be completed and approved by July 31, 2024. We are under the impression that these policies would be used only during a declared emergency. As such, our ability to demonstrate compliance and/or effectiveness with the policy may be limited.

Target Date for completion: 31 July 2024

**Recommendation 9: Assign responsibility over monitoring the accuracy and completeness of FPDS data.**

Management Response: Management concurs with this recommendation and will develop a written policy to document these responsibilities and provide evidence of implementation.

Target Date for completion: 29 March 2025

**Recommendation 10: Establish processes that ensure the completeness and appropriate accessibility of documentation for purchase orders and purchase card transactions. The process should include periodic monitoring of the files to ensure compliance with the Procurement and Contracting Procedures Manual and the Purchase Card Program's Desk Reference.**

**Management Response:** Management concurs with this recommendation and will establish processes within OCIO to manage and monitor documentation for purchase orders and purchase card transactions in accordance with OCON&PPM policies. These processes will include periodic monitoring for compliance with the Procurement and Contracting Procedures Manual and the Purchase Card Program's Desk Reference.

Target Date for completion: 30 August 2024

## **Section 2: OUSA's response to the narrative of the audit**

As we have shared previously, we concur with the intentions expressed within these recommendations. We do continue to feel it is essential to clarify that the Smithsonian Institution and the entire country were under a state of "declared emergency" during this period. These emergency declarations are rare and intended to allow the Smithsonian and the federal government additional flexibility to make very time-sensitive, life-safety-related decisions under extreme conditions.

We look forward to implementing the recommendations described above by balancing our ability to address immediate life and safety needs while ensuring we have the appropriate detailed procedures to address special emergency appropriations.

We appreciate the recommendations and are committed to improving our internal controls and supporting processes.

With appreciation,

DocuSigned by:  
  
448270C74D8354C08...  
Ronald Cortez, JD, MA

# 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](mailto: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>.