Smithsonian Institution Memo

Office of the Inspector General

Date April 27, 2012

To France Córdova, Chair, Board of Regents

cc John K. Lapiana, Chief of Staff to the Board of Regents
Albert Horvath, Under Secretary for Finance and Administration/Chief Financial Officer
Judith Leonard, General Counsel
Andrew Zino, Comptroller

From Scott S. Dahl, Inspector General

Subject Annual Audit of Travel Expenses of the Board of Regents for Fiscal Year 2011, Number A-12-04

We conducted our Annual Audit of Travel Expenses of the Board of Regents for fiscal year (FY) 2011, Number A-12-04. Our objective was to determine whether the travel expenses for those Regents who seek reimbursement for expenses associated with attending Board meetings comply with laws and regulations, and Smithsonian procedures. We also assessed the adequacy of the Smithsonian's procedures governing travel expense reimbursements for the Board of Regents. Based upon our audit of Regents' travel for fiscal year 2011, we determined that the Regents' travel reimbursements complied with laws and regulations, as well as Smithsonian procedures.

As a result of our audit for FY 2010, the Office of the Regents made improvements to strengthen its procedures for reviewing Regents' travel reimbursement claims. Specifically, the Office of the Regents:

- Provided closer scrutiny before reimbursing Regents by requiring separate individuals to review and approve travel expenses.
- Limited reimbursement for the cost of transportation to and from airports or train stations in originating cities to a reasonable standard such as taxi fare.
- Updated its policy guidance to explicitly approve a range of reasonably expected expenses such as the use of privately owned vehicles and related parking fees.

Based on these improvements, the Smithsonian's procedures governing travel expense reimbursements for the Board of Regents are adequate.

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INTRODUCTION

The statute that created the Smithsonian allows each member of the Board of Regents to be reimbursed for necessary travel and other actual expenses to attend Board and committee meetings and tasks the Board's Executive Committee with auditing these expenditures. In 2007, the Executive Committee requested that the Office of the Inspector General conduct annual audits of the Regents' travel expenses.

BACKGROUND

Regents' Travel Review Process

Regents generally attend four Board meetings a year, as well as numerous committee meetings and occasional special events. Regents who live outside the Washington D.C. area may travel to attend meetings and events. In most cases, these Regents' employers initially pay for the travel and then seek reimbursement from the Smithsonian for the Regents' lodging, transportation, meals and related expenses.

At the beginning of each fiscal year, the Office of the Regents creates purchase orders for those Regents expected to travel during the year. After the Regents' travel, their employers generally submit travel reimbursement requests and supporting documentation to the Smithsonian's Office of the Regents.

The Special Assistant for the Office of the Regents reviews the reimbursement requests to determine if the costs are accurate, supported by documentation, and allowable. The Special Assistant forwards the request to the Office of Regents Program Officer who also reviews the request and supporting documentation. The Program Officer approves the request and forwards it to the Office of the Comptroller's Accounts Payable Division for payment.

The Accounts Payable staff reviews the request to ensure that the requested amount is supported by the documentation. The staff inputs the invoice into the Smithsonian's accounting system, and the system creates a voucher. The accounting system then generates the payment to the Regent's employer by an electronic fund transfer. Furthermore, a separate group within the Office of the Comptroller conducts compliance reviews of each of these Regent's reimbursement requests.

The Office of the Regents monthly reconciles the Regents' travel requests to the Smithsonian's accounting system to ensure all payments are properly recorded.

OIG Annual Review

To identify the total population of Regent travelers during the fiscal year, we reviewed minutes of Board of Regents and Committee meetings. We also obtained listings from the Office of the Regents of all reimbursements the Smithsonian made for Regents' travel expenses. We independently examined these records and the supporting source documents.

To evaluate the Smithsonian's procedures for reimbursement of Regents' travel expenses, we reviewed the Board of Regents Charter and Bylaws; the Office of the Regents' Reimbursement of Regents Meeting Expenses Policy; and 20 United States Code Section 44, which addresses the Smithsonian Board of Regents.

We conducted this audit in Washington, D.C., from February 2012 through March 2012, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our conclusions based on our audit objectives.

RESULTS OF OUR AUDIT

During the audit period, October 1, 2010 through September 30, 2011, only 3 of the 17 Regents requested reimbursement for travel expenses for 26 trips incurred while attending Board, Committee, or special events, for a total of $24,943.

We reviewed 100 percent of the reimbursement claims for the 26 trips by the traveling Regents and the supporting documentation. We verified the accuracy of the claims and confirmed that all claims were properly approved.

As a result, we found that the travel expenses for the Regents who sought reimbursement for the cost of attending Board of Regents and Committee meetings and occasional special events complied with laws, regulations, and Smithsonian procedures. We did not identify any trips for which the Smithsonian reimbursed the Regents for first-class air or rail fares, and all the Regents seeking reimbursement kept their meals and miscellaneous expenses within required limits. We also concluded that the Smithsonian's procedures governing Regents' reimbursements were adequate.