

**SEMIANNUAL REPORT
TO THE CONGRESS**



**Smithsonian
Institution**

Office of the Inspector General

October 1, 2000 to March 31, 2001

Preface

Sections 5(a) and 5(b) of the Inspector General Act of 1978, Title 5, United States Code, Appendix 3, require that I report semiannually to the Secretary regarding the activities of this office. Information reportable under the act for the period October 1, 2000, to March 31, 2001, follows.

I have received, and sincerely appreciate, the complete cooperation of the Smithsonian Institution's employees and management. Without it, and, of course, the full support of the Board of Regents and the Congress of the United States, the work of this office as an agent of positive change in and continuous improvement of the management of Institution programs and operations would be impossible.

Thomas D. Blair
Inspector General

April 30, 2001

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Audits

Section 4 of the act charges this office with a statutory duty to audit, and otherwise review, Institution programs and operations to ensure that they are economical, efficient, effective, and free of fraud, waste, and abuse. Pursuant to our 5-year strategic and annual plans, or as otherwise needed, we therefore conduct audits of Institution organizations, functions, and activities to assess, among other things, their performance, financial operations, and compliance with applicable laws, regulations, and Institution policies. We also conduct audits to determine the reasonableness of expenditures made under contracts, grants, or other agreements. As required by Section 4(b) of the act, we conduct all of our audits in accordance with the ***Government Auditing Standards***, issued by the Comptroller General of the United States.

Audit Reports Issued

Section 5(a)(6) requires a list of all audit reports issued during the reporting period, including subject matter, and dollar amounts of questioned costs, unsupported costs, and funds to be put to better use. Between October 1, 2000, and March 31, 2001, this office issued two internal and one pre-award contract audit reports. As to each of these audit reports, the information required by Section 5(a)(6) is listed in table 1, below.

Table 1: List of Audit Reports Issued

Report Number	Audit Title	Issue Date
Internal Audits:		
A-00-03	Project Management Related to the Purchase of the Victor Building	2/21/01
A-01-02	Controls Over Small Purchases, National Air and Space Museum	2/27/01
Contract Audit:		
C-00-08	Pre-award review (\$332,642)	3/27/01

Questioned Costs and Funds to be Put to Better Use

Sections 5(a)(8) and 5(a)(9) of the act require separate statistical tables for recommendations including dollar values of questioned costs, unsupported costs, or funds, which could be put to better use. Those Sections also require a statement of management response to such recommendations as of the end of the reporting period. During this reporting period, we identified \$332,642 in funds to be put to better use, which resulted from an audit of a pre-award contract proposal. We identified no questioned or unsupported costs. Table 2 sets forth information on funds to be put to better use as of March 31, 2001.

Table 2: Funds to Be Put To Better Use

Reports	Number	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period	2	\$109,261
B. Which were issued during the reporting period	1	\$332,642
Subtotal (A + B)	3	\$441,903
C. For which a management decision was made during the reporting period		
(i) dollar value of recommendations that were agreed to by management	0	\$0
(ii) dollar value of recommendations that were not agreed to by management	0	\$0
Subtotal (i + ii)*	0	\$0
D. For which no management decision has been made by the end of the reporting period	3	\$441,903

Corrective Actions Not Yet Complete

Section 5(a)(3) requires an identification of each significant recommendation for corrective action, described in a previous semiannual report, which has not yet been implemented. Table 3, on page 3, sets forth that information.

Table 3: Corrective Actions Not Yet Complete

Audit Title and Date	Summary of Recommendations	Savings Estimate
Center for Folklife and Cultural Heritage, June 13, 1997	The Director of the Center for Folklife and Cultural Heritage should develop and use financial management reports that are adequate to manage Folkways and Smithsonian Folkways operations.	None
Accounts Payable System, March 30, 1998	The Comptroller should ensure that the Institution's payments for goods and services are valid, properly supported, and timely. [ten recommendations]	None
Collections Management at the Smithsonian American Art Museum, March 31, 1998	The Director of the Smithsonian American Art Museum should develop and implement a written inventory plan.	None
Collections Management at the Anacostia Museum, May 18, 1998	The Director of the Anacostia Museum should strengthen controls over accessions, outgoing loans, collection records, and storage facilities. [six recommendations]	None
Smithsonian Financial System, July 13, 1999	The Comptroller should ascertain user requirements for financial management information and, when cost effective, meet those needs. [three recommendations]	None

Investigations

Pursuant to sections 4 and 6 of the act, this office investigates possible violations of criminal or civil laws, administrative regulations, and Institution policies, which relate to the programs and operations of the Institution. Where warranted, we refer the results of such investigations to entities with appropriate enforcement jurisdiction.

Matters Referred for Prosecution and Results

Section 5(a)(4) of the act requires a statistical summary of investigative matters referred for criminal prosecution and the results of such referrals. Table 4, on page 5, sets forth that information.

Table 4: Summary of Investigations

Investigations	Amount or Number
Caseload	
Cases pending at beginning of reporting period	19
Cases opened during the reporting period	12
Subtotal	31
Cases closed during the reporting period	6
Cases carried forward	25
Referrals to Prosecutors	
Pending at the beginning of the period	3
Referred during the period	2
Pending at end of period	3
Successful Prosecutions	
Convictions	0
Fines	\$0
Ordered restitution	\$0
Probation	0
Confinement	0
Civil Recoveries	\$0
Administrative Remedies	
Terminations	1
Resignations	1
Reprimands or admonishments	0
Reassignment	0
Demotion	0
Suspension	0
Recovery of funds through investigative action	\$5,187
Collections property recovered:	
Number of items	0
Value of items	\$0
Monetary loss prevented	\$0
Management alert reports issued	0

Legislative Review

Section 4(a)(2) of the act requires this office to review existing and proposed legislation and regulations and to make recommendations in our semiannual reports regarding their impact on the economy and efficiency of and the detection and prevention of fraud, waste, and abuse in Institution programs and operations. During this reporting period, we conducted several such reviews, including some through the participation of the Deputy Inspector General and Counsel to the Inspector General in the Council of Counsels to the Inspectors General, and the Inspector General's service as a member of the Executive Council on Integrity and Efficiency. None of the reviews have, however, yielded a recommendation which is sufficiently important to warrant reporting here.

Profiles of the Smithsonian Institution and the Office of the Inspector General

The Institution estimates that nearly 40 million visits to its museums, galleries, and the National Zoological Park occurred in fiscal year 2000. Selected additional statistical information about the Institution is presented below:

Facilities and collections

- ◆ 16 museums and galleries, plus the National Zoological Park
- ◆ 9 research facilities
- ◆ 141 million works of art, historical artifacts, and scientific specimens

Operating resources

- ◆ \$617 million in total for fiscal year 2001
 - \$390 million in direct federal appropriations
 - \$227 million in trust funds
- ◆ 6,542 employees as of March 24, 2001
 - 4,195 federal employees
 - 2,347 trust employees
- ◆ 5,799 volunteers provided 449,470 hours of service during fiscal year 2000

Selected statistical information about the Office of the Inspector General is presented below:

Resources

- ◆ \$1.8 million total budget for fiscal year 2001
 - \$1.4 million in federal funds
 - \$0.4 million in trust funds
- ◆ 13 employees as of March 31, 2001
 - 9 federal employees
 - 4 trust employees

Glossary

Disallowed cost - A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Institution.

Final action - The completion of all management actions, that are described in a management decision, with respect to audit findings and recommendations.

Funds to be put to better use - A recommendation that funds could be used more efficiently if management took actions to implement and complete the recommendation.

Questioned costs - A cost which was questioned because of an alleged violation of a provision of a law, regulation, contract, or other agreement or document governing the expenditure of funds; a cost which was not supported by adequate documentation; or an unnecessary or unreasonable expenditure of funds.

Unsupported cost - A cost questioned because the cost was not supported by adequate documentation at the time of the audit.

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