

**SEMIANNUAL REPORT  
TO THE CONGRESS**



**Smithsonian  
Institution**

**Office of the Inspector General**

**April 1, 2000 to September 30, 2000**



# 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 April 1, 2000, to September 30, 2000, 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

October 31, 2000



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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 five-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 April 1, 2000, and September 30, 2000, this office issued three 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
C-00-05	Pre-award review (\$32,045)	4-18-00
C-00-06	Pre-award review (\$11,052)	6-27-00
C-00-07	Pre-award review (\$98,209)	8-4-00

## 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 re-

response to such recommendations as of the end of the reporting period. During this reporting period, we identified \$141,306 in funds to be put to better use, which resulted from audits of pre-award contract proposals. We identified no questioned or unsupported costs. Table 2 sets forth information on funds to be put to better use as of September 30, 2000.

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	0	\$0
B. Which were issued during the reporting period	3	\$141,306
Subtotal (A + B)	3	\$141,306
C. For which a management decision was made during the reporting period		
(i) dollar value of recommendations that were agreed to by management	1	\$ 1,416
(ii) dollar value of recommendations that were not agreed to by management	1	\$30,629
Subtotal (i + ii)*	1	\$32,045
D. For which no management decision has been made by the end of the reporting period	2	\$109,261

\*Number of reports does not add because management both agreed with and disagreed with the dollar value of recommendations in one report.

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, below, sets forth that information.

Table 3: Corrective Actions Not Yet Complete

Audit Title and Date	Summary of Recommendations	Savings Estimate
Center for Folklife Programs, 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. [eleven recommendations]	None
Collections Management at the National Portrait Gallery, March 31, 1998	The Director of the National Portrait Gallery should develop a cyclical inventory method as required by Smithsonian Directive 600 which can be effectively implemented with the Gallery's resources.	None
Collections Management at the National Museum of American Art, March 31, 1998	The Director of the National Museum of American Art should develop and implement a written inventory plan and correct inaccurate or outdated information in its automated collection records. [three recommendations]	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
Collections Management at the Arthur M. Sackler Gallery and Freer Gallery of Art, March 12, 1999	The Director should revise the collection information system procedures to ensure that accurate and complete data is maintain in the collection information system as required by Smithsonian Directive 600 and the Freer and Sackler collection management plans. [two 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.

Summaries of significant investigations concluded during this reporting period are presented below:

## Unearned Overtime Pay

An administrative assistant at the National Museum of Natural History was found to have submitted false time and attendance reports. Our investigation disclosed that the employee had fraudulently added overtime hours to her time and attendance reports, after the reports had been approved by her supervisor, in order to obtain overtime pay for which she had not worked. The fraudulent reports resulted in about \$6,960 in unearned payments. The employee pled guilty to violating 18 U.S.C. 641, Theft of Government Property. She was ordered to repay the unearned payments, and was sentenced to 3 years of probation and 90 hours of community service. The employee resigned from the Institution.

## 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, below, sets forth that information.

Table 4: Summary of Investigations

Investigations	Amount or Number
<b>Caseload</b>	
Cases pending at beginning of reporting period	26
Cases opened during the reporting period	7
Subtotal	33
Cases closed during the reporting period	14
Cases carried forward	19
<b>Referrals to Prosecutors</b>	
Pending at the beginning of the period	3
Referred during the period	3
Pending at end of period	3
<b>Successful Prosecutions</b>	
Convictions	1
Fines	\$0
Ordered restitution	\$6,961
Probation	3 years
Confinement	0
Civil Recoveries	\$0
<b>Administrative Remedies</b>	
Terminations	0
Resignations	1
Reprimands or admonishments	0
Reassignment	0
Demotion	0
Suspension	0
Recovery of funds through investigative action	\$2,190
<b>Collections property recovered:</b>	
Number of items	1
Value of items	\$1,300
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
- ◆ 7 research facilities
- ◆ 141 million works of art, historical artifacts, and scientific specimens

## Operating resources

- ◆ \$664 million in total for fiscal year 2001
  - \$455 million in direct federal appropriations (including construction)
  - \$209 million in trust funds
- ◆ 6,535 employees as of September 23, 2000
  - 4,207 federal employees
  - 2,328 trust employees
- ◆ 5,799 volunteers assisted with activities in 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 2000
  - \$1.4 million in federal funds
  - \$0.4 million in trust funds
- ◆ 16 employees as of September 30, 2000
  - 12 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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