



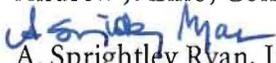
Smithsonian Institution

Office of the Inspector General

Date January 8, 2010

To Patricia Q. Stonesifer, Chair, Board of Regents

cc John K. Lapiana, Chief of Staff to the Board of Regents
Alison McNally, Under Secretary for Finance and Administration
Alice C. Maroni, Chief Financial Officer
Andrew J. Zino, Comptroller

From 
A. Sprightley Ryan, Inspector General

Subject Audit of Travel Expenses of the Board of Regents, Number A-10-08

The Executive Committee of the Board of Regents (Board) requested this audit to fulfill the statutory requirement under 20 U.S.C. § 44, which allows each member of the Board to be paid necessary traveling and other actual expenses to attend meetings of the Board and tasks the Executive Committee with auditing these expenditures. The Executive Committee requested the Office of the Inspector General to conduct an annual audit of these expenses. This is our first such audit.

Our objectives were to determine whether the reimbursements for the Regents' travel to Board and committee meetings were authorized, supported, and reasonable. We also assessed the adequacy of the Smithsonian's policies and procedures governing travel expense reimbursements.

RESULTS IN BRIEF

We found the Regents traveled for authorized purposes, provided adequate documentation to support their travel costs, and that reimbursement requests were reasonable. Further, the Office of the Regents (the Office) adequately reviewed the reimbursement requests and explained the Smithsonian's newly strengthened reimbursement policies and procedures to the Regents. However, as of the date of our audit, the Office of the Board of Regents had not documented expenses policies and reimbursement procedures in writing.

BACKGROUND

The legislation that created the Smithsonian Institution (approved by Congress Aug. 10, 1846) called for the establishment of a Board of Regents to govern and administer the organization. This 17-member board, which meets at least four times a year, includes the Chief Justice of the United States and the Vice President of the United States as ex officio members of the Board. The other members of the Board of Regents are three members of the House of Representatives, three members of the Senate, and nine citizen members, nominated by the Board and approved by Congress. Regents who are representatives and senators serve for the durations of

their elected terms. The Bylaws of the Board of Regents limits Citizen Regents to a maximum of two six-year terms. The statute allows each member of the Board to be paid for necessary travel and related expenses incurred in attending meetings of the Board.

The Office of the Regents staff explained that they had defined limits on reimbursements for Regent travel. According to the Office staff, the Smithsonian limits the Regents' reimbursements for airfare to the cost of an economy coach fare. The Office staff explained that this limit also applies to Regents who travel by private aircraft. In addition, the Smithsonian will only reimburse the Regents a maximum of \$15 for ground transportation to or from Ronald Reagan National Airport and up to \$75 for ground transportation to or from Dulles International Airport.

After traveling to the Smithsonian for Board meetings, Regents requesting reimbursement for travel expenses submit their receipts to the Office of the Regents. The Office reviews the receipts to ensure that they were for Board-related events. The Office also ensures that the Regents provided supporting documentation. The staff will contact the Regent if supporting documentation is missing or if expenses exceed the agreed-upon limits. The Office of the Regents' Program Officer conducts the final review and approval of the request and then forwards it to the Office of the Comptroller's Accounts Payable Division for payment. The Accounts Payable staff review the request and ensure that the Regent has provided all necessary supporting documentation. The Accounts Payable Staff then create a voucher for payment.

RESULTS OF AUDIT

During the audit period, January 1, 2008 through September 30, 2009, only six of the 17 Regents requested reimbursement for travel expenses incurred while attending 24 Board and committee meetings, for a total of \$42,119. Travelers, on average, incurred \$916 per trip. As expected, most of the reimbursements were for hotel and airfare expenses.

We identified all payments made to the Regents and requested and reviewed all supporting documentation to confirm that payments were supported with documentary evidence.

The Regents' Travel was Authorized, Supported, and Reasonable

The Regents' travel was all appropriately authorized and all fully supported by documentation. The reimbursements were also reasonable. We did not identify any trips where the Smithsonian reimbursed the Regents for first-class air or rail transportation, and the Regents kept their meals and incidental expenses within reasonable amounts. We did, however, identify three instances in January 2008 where Regents received reimbursements for limousine transportation between Washington, D.C and the Ronald Reagan Washington National and Dulles International Airports. According to the Office of the Regents, shortly after these trips, they notified Regents that reimbursement for ground transportation to airports would be limited to \$15 for trips to or from Ronald Reagan Washington National Airport and \$75 for trips to or from Dulles International Airport.

The Office of the Regents Did Not Have Written Procedures

We found that, although the Office of the Regents had informal procedures for the review of Regents' reimbursement requests, there were no formal written procedures or policies on allowable expenses and limits. Without written procedures and policies there is a greater possibility of inadequate reviews of reimbursement requests, and a higher risk that individuals will be reimbursed for expenses that are unauthorized, inadequately documented, or unreasonable. The Office of the Regents' staff stated that they are in the process of developing written policies and procedures, but have not yet completed them.

RECOMMENDATION

We recommend that the Office of the Regents produce written policies and procedures for Regents' travel reimbursements.

MANAGEMENT'S RESPONSE

Management's January 7, 2010, response to our draft report, management concurred with the recommendation. By January 13, 2010, the Office of the Regents will develop written policies and procedures for Regents' travel reimbursement.

We include the full text of management's response as Appendix B.

OFFICE OF THE INSPECTOR GENERAL COMMENTS

Management's planned action responds to the recommendation, and we consider the recommendation resolved. We appreciate the courtesy and cooperation of Smithsonian representatives during this audit.

APPENDIX A. SCOPE AND METHODOLOGY

The objectives of this audit were to determine whether the travel expenses for those members of the Smithsonian Institution Board of Regents who seek reimbursement for expenses associated with attending board meetings and committee meetings were authorized, adequately documented, and reasonable, and whether policies and procedures regarding the reimbursement of travel expenses are adequate.

To evaluate the Institution's policies and procedures for reimbursement of Regents' travel expenses, we reviewed Smithsonian Directive 312; the Smithsonian Travel Handbook; and 20 United States Code Section 44, which addresses the Smithsonian Board of Regents. We also reviewed the Federal Travel Regulation (FTR) and travel reimbursement procedures from other organizations and assessed the adequacy of Smithsonian procedures against those procedures. We also interviewed key personnel from the Office of the Regents and the Comptroller's Office.

To identify the total population of Regent travelers, we obtained listings of Regents that served during our audit period, January 1, 2008 through September 30, 2009 from the Office of the Regents. We also obtained listings from the Office of the Regents and Comptroller's Office of all reimbursements for Regents' travel expenses that were paid by the Smithsonian. We identified six Regents who claimed reimbursement for travel expenses during the period. Their travel costs for the period totaled \$42,119. We reviewed 100 percent of these reimbursements.

We conducted this performance audit in Washington, D.C., from November through December 2009, 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 findings and conclusions based on our audit objectives.



APPENDIX B. MANAGEMENT RESPONSE

Smithsonian Institution

Board of Regents | Office of the Regents

Date: January 7, 2010

To: A. Sprightley Ryan, Inspector General

cc: Patricia Q. Stonesifer, Chair, Board of Regents
Alison McNally, Under Secretary for Finance and Administration
Alice C. Maroni, Chief Financial Officer
Andrew J. Zino, Comptroller

From: John K. Lapiana, Chief of Staff to the Regents *jkl*

Subject: Audit of Travel Expenses of the Board of Regents, No. A-10-08

We appreciate the opportunity to review and comment on the Audit of Travel Expenses of the Board of Regents, No. A-10-08.

We concur with the recommendation to “produce written policies and procedures for Regents’ travel reimbursements.” Indeed, we already have begun its implementation. Draft policies and procedures have been provided to your audit team and are being circulating for comment among interested management. The draft codifies the policies and procedures reviewed in the audit. We plan to have the final policy in place on or before January 13, 2010.

On behalf of the Office of the Regents, we would like to commend the professionalism and alacrity of the audit team in response to the Executive Committee’s request.

APPENDIX C.

The following individuals from the Smithsonian Office of the Inspector General contributed to this report:

Brian Lowe, Supervisory Auditor
Kimm A. Richards, Senior Analyst
Steven Townsend, Auditor