



Smithsonian Institution

Office of the Inspector General

Date September 14, 2012

To Richard Koshalek, Director, Hirshhorn Museum and Sculpture Garden
Dottie Leffler, Director, Office of Contracting and Personal Property
Management

cc Richard Kurin, Under Secretary for History, Art, and Culture
Albert Horvath, Under Secretary for Finance and Administration/Chief
Financial Officer
Paul Ortiz, Property Manager, Office of Contracting and Personal Property
Management
Carolyn Lewis, Accountable Property Officer, Hirshhorn Museum and
Sculpture Garden
Ryan Hill, Director of Digital Learning Programs, Hirshhorn Museum and
Sculpture Garden ARTLAB+
Amy Homma, Manager, Hirshhorn Museum and Sculpture
Garden ARTLAB+
Deron Burba, Chief Information Officer
Claudine Brown, Assistant Secretary for Education and Access
Patricia Bartlett, Chief of Staff, Office of the Secretary
Judith Leonard, General Counsel

From Scott S. Dahl, Inspector General

A handwritten signature in black ink, appearing to read "Scott S. Dahl".

Subject Management Advisory Regarding ARTLAB+ Stolen Laptops (M-12-02)

A recent pattern of laptop thefts at the Hirshhorn Museum and Sculpture Garden's (HMSG) ARTLAB+ alerted us to weaknesses in the programs' internal controls over custody of personal property. As a result, we initiated a review to: (1) analyze the internal control deficiencies that allowed the thefts to occur; (2) understand the actions taken by museum management in response to the thefts; and (3) assess the adequacy of the internal control enhancements over custody of personal property to minimize the risk of similar thefts. In a companion effort, our Office of Investigations is working with the Office of Personnel Security to recover the stolen laptops.

BACKGROUND

ARTLAB+ is an innovative, 21st century learning space for teenagers (teens) ages 13-19. It connects teens, artists, technology, artworks, and mentors in one digital studio designed to inspire creative thinking and collaboration. It also exposes teens to different types of technology such as green screen, a sound studio, and a wide range of media creation tools and software.

HMSG funds the ARTLAB+ through private grants and runs two types of programs: workshops and the Drop Zone.

ARTLAB+ Programs

Workshops

Workshops give teens an opportunity to hone digital skills by working with mentors and professional artists to complete various projects. Workshops are free to participants and are generally held during the summer, school breaks, and on Saturdays. The workshops provide a more controlled environment—only a certain number of teens may participate, and prior registration is required to attend.

Drop Zone

The Drop Zone is a program that runs on weekdays from 3:00pm to 7:00pm, and on Saturdays from noon to 5:00pm. Teens may use ARTLAB+ equipment such as the digital cameras and recording studio apparatus. The Drop Zone also includes a computer lab of MacBook laptops for the teens to use. The Drop Zone did not require prior registration.

The Thefts

From October 2011 through April 2012, five MacBook laptops, totaling approximately \$4,500, were taken without authorization from the ARTLAB+. For at least three of these laptops, the thefts occurred during the Drop Zone period; for two of the laptops, the ARTLAB+ staff is unsure when the thefts occurred.

For two of the thefts during the Drop Zone period, the last teen to sign the laptop out used only a first name and no last name. This prevented ARTLAB+ employees from knowing who actually had the laptop last.

For all five of these thefts, the ARTLAB+ staff alerted HMSG's accountable property officer (APO) who is responsible for managing, safeguarding, recording, and general control of personal property. The APO then filed the Smithsonian's Report of Survey for Missing, Damaged, or Destroyed Property Form (SI-3522), and requested the Office of the Chief Information Officer (OCIO) to initiate the recovery of the laptop using CompuTrace software. In addition, ARTLAB+ employees alerted the Office of Protection Services to the thefts.

Internal Control Deficiencies

Deficiencies in the ARTLAB+'s internal controls allowed these thefts to occur over the course of seven months. Primarily, the ARTLAB+ did not have an adequate way of recording who checked out each laptop. The teens would check out laptops by completing an encrypted Google form. This form was

presented to the teens on a computer that faced only in full view of the teens, rather than the ARTLAB+ staff member at the front desk. Furthermore, ARTLAB+ staff did not ask the teens for identification to verify the information in the form.

Another deficiency that contributed to a weak internal control environment was the absence of a security guard on duty during ARTLAB+ Drop Zone hours. The lack of security presented a risk to the safeguarding of Smithsonian assets.

The current manager of the ARTLAB+, who was not in the position during the time of the thefts, believes that an increase in teens attending ARTLAB+ programs also contributed to the laptops' susceptibility to theft. Prior to the thefts, the Drop Zone had approximately 8-10 teens in attendance; during the time of the thefts, according to the ARTLAB+ manager, attendance reached as high as 35 teens.

ARTLAB+ Response to Thefts

Smithsonian and ARTLAB+ management have responded to the theft incidents by implementing several additional controls:

- Registration– The teens are now required to complete an ARTLAB+ registration form prior to participating in ARTLAB+ activities. This form includes information such as first and last name, age, and address. In addition to the form, the teens must present a valid form of identification, which includes a photo and date of birth. If a teen does not have a valid form of identification, the ARTLAB+ requires a guardian to sign the form.
- Radio Frequency Identification (RFID) – ARTLAB+ staff, in coordination with OCIO, are working to install an RFID system, which will detect and trigger an alarm when tagged equipment, such as laptops, are removed from the space or come too close to the exit. The ARTLAB+ also plans to use the system to register teens and check laptops in and out. The system was installed in early June; however, it is not yet functioning as intended. According to the ARTLAB+ manager, the ARTLAB+ is going to reassess the use of the RFID system in August, while the Drop Zone is closed. In the meantime, teens must use laptops at stations rather than being able to use them freely throughout the space.
- Security Guard – Beginning in May 2012, a security guard has been on duty during all Drop Zone hours. The guard checks bags when teens enter and exit the ARTLAB+, and will be responsible for responding to the security alarm as described above.

- Operating Plan and Code of Conduct – ARTLAB+ staff are drafting an operating plan for the ARTLAB+. The plan will include information regarding physical security of participants and equipment, registration procedures, and data management and security. ARTLAB+ staff have also created a code of conduct, which discusses rules and regulations for the ARTLAB+. One rule states that no visitors shall destroy, damage, or remove property.

RESULTS OF OIG REVIEW

We found that while the ARTLAB+ took more than seven months since the reported laptop thefts to implement changes to its procedures, it has made several improvements to internal controls since May 2012. However, the primary APO mentioned that during the time of the thefts, HMSG did not have, nor does it currently have, a Property Custodian (PC) for the ARTLAB+. According to the Smithsonian's Personal Property Management Manual, a PC is an individual from a specific unit assigned to control personal property within a designated area. He or she is responsible for maintaining property records, assisting with inventories, and generally safeguarding property at an assigned location. In our opinion, without an ARTLAB+ employee assigned as PC, accountability for the equipment diminished.

CONCLUSION AND RECOMMENDATION

Although the controls in place may have been appropriate for a small group of teens, there is a need for increased oversight for larger teen participation. We believe the controls that the ARTLAB+ has implemented, and plans to implement, will help reduce the risk of laptop thefts in the future. However, we believe HMSG could do more to increase the accountability for personal property at the ARTLAB+. Therefore, we recommend that the Director of HMSG, in coordination with the Property Management Specialist in OCon&PPM:

1. Ensure that the primary APO for HMSG appoints a Property Custodian for all ARTLAB+ equipment.

In addition, we suggest Smithsonian management apply the lessons learned from this incident to other programs where the Smithsonian loans property to visitors.

Management has concurred with the recommendation and has taken corrective action by assigning a Property Custodian for all ARTLAB+ equipment. We verified that effective September 5, 2012, the APO issued a Property Custodian designation letter to the Manager of Digital Learning Programs for the ARTLAB+. We believe that this action meets the intent of our recommendation, and we will close the recommendation effective the date of this report.

In addition to implementing our recommendation, the Associate Director of Personal Property Management, OCon&PPM, will issue a Smithsonian-wide Personal Property Alert to remind employees of the policies and procedures for using, storing, safeguarding, and accounting for personal property.

We have included management's full response in Appendix A.

APPENDIX A. MANAGEMENT'S RESPONSE



Smithsonian Institution

Memo

Date September 6, 2012

To Scott S. Dahl, Inspector General

Attn: Joan Mockridge
Supervisory Auditor

cc Albert Horvath, Under Secretary for Finance and Administration/Chief Financial Officer
Richard Kurin, Under Secretary for History, Art and Culture
Patricia Bartlett, Chief of Staff, Office of the Secretary
Judith Leonard, General Counsel
Deron Burba, Chief Information Officer
Susan Avery, Associate Director for Personal Property Management, Office of Contracting
and Personal Property Management
Curtis B. Sanchez, Associate Director for Policies and Resources, Office of Contracting
and Personal Property Management
Amy Homma, Manager, Hirshhorn Museum and Sculpture Garden ARTLAB+
Ryan Hill, Director of Digital Learning Programs, Hirshhorn Museum and Sculpture Garden ARTLAB+
Carolyn Lewis, Accountable Property Officer, Hirshhorn Museum and Sculpture Garden
Chris Wailoo, Associate Director, Hirshhorn Museum and Sculpture Garden

From Richard Koshalek, Director, Hirshhorn Museum and Sculpture Garden

Dorothy A. Leffler, Director, Office of Contracting and Personal Property Management

Subject Response to the Draft Management Advisory Regarding ARTLAB+ Stolen Laptops (M-12-02)

Thank you for the opportunity to review and comment on the draft Management Advisory M-12-02 resulting from an analysis of personal property management internal controls at the Hirshhorn Museum and Sculpture Garden (HMSG) ARTLAB+. The analysis conducted by Office of the Inspector General (OIG), with the cooperation of the HMSG ARTLAB+ staff, was prompted by reports on losses of five (5) MacBook laptops by the HMSG ARTLAB+ program over the seven (7) month period from October 2011 through April 2012. Our comments in response to the OIG recommendations included in the M-12-02 draft are provided below.

Deficiencies in HMSG ARTLAB+ Personal Property Management Internal Controls

1. HMSG ARTLAB+ procedures to record and identify to whom laptops were checked-out were inadequate. Staff did not request program participants to present identification so that the information provided on the forms to have access to laptops could be verified.
2. There was no Security Guard on duty during Drop Zone program hours to deter or detect attempts of unauthorized removal of personal property from the ARTLAB+ area.
3. Drop Zone program attendees were not required to register in advance and when the number of program participants reached as high as 35 teenagers, it made it more difficult for ARTLAB+ staff to monitor unauthorized removal of personal property without security assistance.

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APPENDIX A. MANAGEMENT'S RESPONSE (continued)

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Response: As documented in the M-12-02 draft, the HMSG Director and staff have worked to strengthen the ARTLAB+ personal property management internal controls. We appreciate the recognition from the OIG. Along with improved internal controls, the ARTLAB+ staff has implemented procedures that allow for the sufficient verification of personal information collected from Drop Zone program attendees and is verified prior to releasing laptops for an attendee's use. ARTLAB+ now affixes Radio Frequency Identification (RFID) tags to equipment that will trigger an alarm when it is brought too close to a Drop Zone area exit. Since May 2012 there is a Security Guard present at all times during Drop Zone program hours. HMSG staff will consult the Personal Property Management Division, Office of Contracting and Personal Property Management (OCon&PPM), when it becomes apparent that changes to personal property management internal controls are necessary.

Recommendations

The Director of HMSG, in coordination with the Director, OCon&PPM [is to]:

1. Ensure the primary Accountable Property Officer (APO) for HMSG appoints a Property Custodian (PC) for all ARTLAB+ equipment.

Comment: Concur.

Status: Action to fully address this recommendation was completed on September 5, 2012. Carolyn Lewis, HMSG APO, issued a Property Custodian (PC) Designation Letter to Ms. Amy Homma, Education Technician, ARTLAB+, with a copy of the Property Custodian's Principal Responsibilities document enclosed (please see the attachments).

Suggestion

2. We suggest Smithsonian management apply the lessons learned from this incident to other programs where the Smithsonian loans property to visitors.

Comment: Concur.

Action Plan: The Associate Director for Personal Property Management, OCon&PPM, will issue a Personal Property *Alert* to remind all Smithsonian employees of the policies and procedures and their responsibilities for properly using, storing, safeguarding, and accounting for Smithsonian personal property assets. The *Alert* will emphasize the importance of ensuring that personal property that is loaned or available for use by employees, contractors, volunteers, and the general public is documented and monitored. It will also mention the incident and include recommendations for units to consider when setting up a similar program at their respective museum.

Target Completion Date: September 30, 2012

Please direct questions you may have regarding this response to Curtis B. Sanchez, OCon&PPM, for a coordinated reply. Curtis may be reached by telephone at 202.633.7294 or via email to SanchezC@si.edu.

Attachments Property Custodian Designation Letter - Amy Homma
Property Custodian's Principal Responsibilities

APPENDIX A. MANAGEMENT'S RESPONSE (continued)



Smithsonian Institution

Hirshhorn Museum and Sculpture Garden

September 5, 2012

Amy Homma
Education Technician
Hirshhorn Museum and Sculpture Garden
Smithsonian Institution
HMSG 3000 MRC 350
Washington, DC 20560

RE: Property Custodian Designation

Dear Amy,

You are hereby designated Property Custodian for the ARTLAB+, Hirshhorn Museum and Sculpture Garden. In the capacity of Property Custodian you will assist with the effective management of the property assets assigned to the ARTLAB+ at HMSG. Please review the enclosed document entitled *Property Custodian's Principal Responsibilities*. If you have any questions regarding the responsibilities, or at any time require assistance or support from my office when exercising your Property Custodian responsibilities, please contact me immediately.

This designation as Property Custodian is effective on the date of this letter. It shall continue in effect until it is cancelled by me or the Director, Office of Contracting and Personal Property Management, or designee. Please keep me apprised of any issues that may arise regarding property management that pertain to your custodial unit or our organization. Thank you for accepting performance of this very important collateral duty.

Sincerely,


Carolyn Lewis
Accountable Property Officer

Enclosure (1)

cc: Susan Avery, OCon&PPM

APPENDIX A. MANAGEMENT'S RESPONSE (continued)

Property Custodian's Principal Responsibilities

The following are major duties and responsibilities of individuals designated to be Property Custodians at the Smithsonian Institution:

1. Safeguards and provides proper control and accountability for all property, including excess property pending disposal. Ensures that all property in their custodial areas is used only for official purposes and that all personal property, supplies and materials are properly used.
2. Maintains current and accurate property records as required by their Supervisors and the respective Accountable Property Officer(s).
3. Ensures that source documents for property additions, deletions, changes, and transfers are legible, accurate, complete prior to approval and being submitted to their respective Accountable Property Officer; assists in the initial preparation of these documents as needed, and ensures that subsequent verification of inventory listings are provided.
4. Provides property training and assistance to employees within their organization that are assigned property assets and to ensure that all employees in their custodial areas are fully aware of employees' responsibilities for properly caring for and safeguarding property.
5. Assures both proper and maximum use of property within their organization and submits it as excess when no longer needed. Ensures organizational needs are obtained from excess prior to initiating procurement actions for new assets.
6. Assists in conducting physical inventories of personal property within their assigned custodial areas and ensures that appropriate actions are taken when a physical inventory uncovers discrepancies.
7. Provides their respective Accountable Property Officer with proper documentation for all property transactions or record adjustments.
8. Ensures that typed and legible documentation for missing property is prepared when it has not been initiated by an employee or supervisor to promptly report the loss of property to the Property Accountable Officer. This report should contain all information required for subsequent processing, including a complete and accurate description of the property involved, associated dollar value, and the initiator's statement of circumstances.
9. Follows up with the respective Supervisor within his/her organization to ensure that the recommendations on completed missing property reports have been taken.
10. Immediately notifies their Accountable Property Officer of all accountable non-expendable personal property, including sensitive property that is purchased and directly received from vendors.
11. Provides support to their Accountable Property Officer regarding property management matters.

SI:OCon&PPM:PPOB:July 2008 (Rev.)