Smithsonian Institution **Memo**

Office of the Inspector General

Date: August 2, 2016

To: John W. McCarter, Chair, Board of Regents

Cc: The Honorable Barbara M. Barrett, Chair, Audit and Review Committee, Board of Regents
Porter N. Wilkinson, Chief of Staff to the Regents
Albert Horvath, Under Secretary for Finance and Administration/Chief Financial Officer
Greg Bettwy, Acting Chief of Staff, Office of the Secretary
Judith Leonard, General Counsel

From: Cathy L. Helm, Inspector General

Subject: Travel Expenses of the Board of Regents for Fiscal Year 2015 (OIG-A-16-09)

In fiscal year 2015, 4 of the 17 Regents requested reimbursement for 24 trips totaling $27,198. The Office of the Inspector General's (OIG) audit determined that the travel expenses paid to the four Regents generally complied with the *Reimbursement of Regents Meeting Expenses* (Travel Reimbursement Policy).

Under 20 U.S.C. § 44, the Executive Committee of the Board of Regents (the Board) shall audit the Regents' travel expenses.[1] In 2007, the Executive Committee requested that the OIG conduct annual audits of the Regents' travel expenses. Since then, OIG has conducted these annual audits.

The objective of this audit was to determine whether Regents' travel expense reimbursements for fiscal year 2015 complied with the Travel Reimbursement Policy as published by the Office of the Regents. For further information about the audit's scope and methodology, see attachment I; and for background information, see attachment II.

OIG provided a draft report to the Chief of Staff to the Regents, who concurred with the report results and chose not to provide a written response.

Please call me or Joan Mockeridge, Assistant Inspector General for Audits, at 202.633.7050, if you have any questions.

The major contributor to this report was Rebecca Rider, Auditor-in-Charge.

Attachments (2)

[1] The Executive Committee of the Board determines Board meeting agendas and has powers of the Board when it is not in session, except for those powers specifically reserved for the Board.

Attachment I

Objective, Scope, and Methodology

The objective of this audit was to determine whether Regents' travel expense reimbursements for fiscal year 2015 complied with the *Reimbursement of Regents Meeting Expenses* (Travel Reimbursement Policy).

The Office of the Inspector General (OIG) reviewed the Smithsonian Institution's (Smithsonian) general ledger and compiled a list of all reimbursements made for Regents' travel expenses occurring in fiscal year 2015. In addition, OIG reviewed the minutes of the meetings of the Board of Regents and its committees to verify that Regents attended the meeting for which they sought reimbursement and were paid. OIG reviewed all of the Regents' travel reimbursement requests and supporting documentation for the period of October 1, 2014, through September 30, 2015.

To evaluate the Smithsonian's process for reimbursing Regents' travel expenses, OIG reviewed the Board of Regents' *Charter and Bylaws*; the Travel Reimbursement Policy (dated April 2014, March 2015, October 2015, and November 2015); and Smithsonian Directive 312*, Travel Handbook*. OIG also reviewed the *Federal Travel Regulation* to identify applicable government per diem rates and interviewed key personnel from the Office of the Regents, the Office of the Secretary, and the Office of Finance and Accounting.

OIG conducted this performance audit in Washington, D.C., from October 2015 through August 2016 in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objective. OIG believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the audit objective.

Attachment II

Background

Congress vests responsibility for the administration of the Smithsonian Institution (Smithsonian) in the 17-member Board of Regents (the Board). The Board members are the Chief Justice of the Supreme Court, the Vice President, three U.S. senators, three members of the House of Representatives, and nine private citizens. The Regents generally attend four Board meetings a year, as well as various committee meetings and special events. They may need to travel to attend these meetings and events. Pursuant to 20 U.S.C. § 44, each member of the Board shall be paid necessary travel and other actual expenses. The act also requires an audit of these expenses.

The Regents are reimbursed for their travel expenses in accordance with the *Reimbursement of Regents Meeting Expenses* (Travel Reimbursement Policy). The Regents submit their reimbursement requests to the Office of the Regents.[2]

The Office of the Regents implements revisions in the Regents' travel policy. The Travel Reimbursement Policy establishes reimbursement limits and sets requirements for the Regents to follow. For example, the policy limits the reimbursements for transportation to the equivalent of coach air- or train-fare or actual expenses, whichever is less. For expenses that are not listed in the Travel Reimbursement Policy, the Office of the Regents uses the *Federal Travel Regulation* as guidance. The Chief of Staff to the Regents is ultimately responsible for authorizing the reimbursements.

The travel reimbursement process involves review and action by several parties. After completing travel, the Regent submits a travel reimbursement request and supporting documentation, detailing associated expenses for meetings or events attended, to the Administrative Assistant in the Office of the Regents.

The Deputy Chief of Staff to the Regents reviews the reimbursement request to determine if the costs are accurate, allowable, and supported by documentation. For most of fiscal year 2015, the request was sent to the Administrative Officer in the Consolidated Administrative Office, Office of the Under Secretary for Finance and Administration/Chief Financial Officer. Starting in July 2015, following review by the Office of Regents, the request was sent to the Administrative Officer in the Office of the Secretary. The Administrative Officer then reviews and submits the request to the Office of Finance and Accounting for payment. The Accounts Payable staff in the Office of Finance and Accounting processes the request and enters the approved amounts into the Smithsonian's accounting system. The accounting system then generates the payment to the Regent by an electronic funds transfer.

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[2] The Office of the Regents provides support to the Board, facilitates communication with key Smithsonian leadership, and provides Regents' input with respect to the overall management, coordination, and oversight of the Smithsonian.