SEMIANNUAL REPORT

TO CONGRESS

April 1, 2012 to September 30, 2012

Smithsonian Institution

Office of the Inspector General

Cover image: Space shuttle Discovery, mounted atop a NASA 747 Shuttle Carrier Aircraft, flew near the Smithsonian Institution Castle on Tuesday, April 17, 2012. NASA transferred Discovery to the National Air and Space Museum. Photo Credit: NASA/Smithsonian Institution/James DiLoreto

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Message from the Inspector General

On behalf of the Smithsonian Office of the Inspector General (OIG), I am pleased to submit this report summarizing the work of our office for the semiannual period ending September 30, 2012.

This summer, we adopted a robust risk assessment process for developing our 2013 work plan using an analytical tool that allows us to weigh the various inputs from stakeholders and our work and identify projects designed to address the highest risk areas. We combined this process with direct input from stakeholders and senior management regarding risks and priorities.

During this semiannual period, we issued 8 audit reports and advisories, including two reports on the design and construction of the National Museum of African American History and Culture. We also added a new Assistant Inspector General for Audit to our staff.

On the investigative side, we are actively investigating criminal allegations of contractor fraud, conflict of interest, workers compensation fraud, thefts, and purchase card abuse. During this period, our investigations led to three arrests and the recovery of over $218,000. For several of our cases, management initiated administrative action. In addition, we hired another investigator to augment our investigative team to enable us to be more proactive and responsive. We continue our fraud awareness outreach efforts and have developed a priority list of areas to proactively focus our investigative resources.

We appreciate the cooperation of Smithsonian management and staff, as well as the ongoing interest of the congressional committees with which we work. We also thank the Board of Regents' Audit and Review Committee for its strong support of the OIG mission and commitment to improving the Smithsonian through effective oversight.

Scott S. Dahl
Inspector General

Profiles

Smithsonian Institution Profile

The Smithsonian Institution is a trust instrumentality of the United States created by Congress in 1846 to carry out the provisions of the will of James Smithson, an English scientist who left his estate to the United States to found "an establishment for the increase and diffusion of knowledge."

The Smithsonian is the largest museum and research complex in the world. It currently includes 19 museums and galleries, the National Zoological Park, 9 research centers, and numerous research programs. The Smithsonian is the steward of approximately 137 million objects and specimens, which form the basis of world-renowned research, exhibitions, and public programs in the arts, culture, history, and the sciences.

Federal appropriations provide the core support for the Smithsonian's science efforts, museum functions and infrastructure; that support is supplemented by trust resources, including private donations and grants.

View of the Smithsonian Castle. Image from the National Parks Service Historic American Buildings Survey. Image credit: Jack E. Boucher.

Office of the Inspector General Profile

The Inspector General Act of 1978, as amended in 1988, created the OIG as an independent entity within the Smithsonian. The OIG reports directly to the Smithsonian Board of Regents and to the Congress.

Office of Audits

The Office of Audits independently audits and reviews the Smithsonian's programs and operations, including financial systems, guided by an annual Audit Plan that identifies high-risk areas for review to provide assurance that the Smithsonian's programs and operations are working efficiently and effectively. The Office of Audits also monitors the external audit of the Smithsonian's financial statements and contracts out reviews of the Smithsonian's information security practices.

Office of Investigations

The Office of Investigations investigates allegations of waste, fraud, abuse, gross mismanagement, employee and contractor misconduct, and criminal and civil violations of law that have an impact on the Smithsonian's programs and operations. It refers matters to the U.S. Department of Justice whenever the OIG has reasonable grounds to believe there has been a violation of federal criminal law. It also identifies fraud indicators and recommends measures to management to improve the Smithsonian's ability to protect itself against fraud and other wrongdoing.

Counsel

The Counsel to the Inspector General provides independent legal advice to the Inspector General and the audit and investigative staff.

Smithsonian OIG Strategic Plan FY 2013-2015

We developed the following *Strategic Plan* for fiscal years 2013-2015. Incorporated into the *Strategic Plan* is an *Annual Action Plan* that contains specific measures, targets, and deliverables.

Mission:

Provide independent oversight to improve the integrity and performance of the Smithsonian's activities. Keep the Board of Regents and the Congress fully and timely informed.

Vision:

Provide the Smithsonian, the Congress, and the public with the highest quality service through timely action, accurate reporting, and an overall commitment to excellence across the broad range of OIG responsibilities.

Core Values:

- **Integrity** – We will operate under the highest ethical principles by conducting our work in an honest, objective, and independent manner.

- **Excellence** – We will provide timely, relevant, and high-impact products by maintaining a highly qualified workforce and effective OIG processes.

- **Accountability** – We will foster transparency by openly communicating with our stakeholders to advance the mission and priorities of the Smithsonian and the OIG.

- **Teamwork** – We will work together, across boundaries, to collectively achieve our mission through respectful and professional interactions with others.

Goals:

1. Deliver timely, relevant, and high-impact OIG products to stakeholders.

2. Conduct audits and investigations of programs and operations that address the Smithsonian's high-risk areas or strategic priorities.

3. Communicate effectively with stakeholders regarding the OIG and our work.

4. Cultivate an OIG culture that drives high performance and accountability.

5. Attract and retain a highly skilled, diverse, and multi-disciplinary workforce.

Audits

During this semiannual period, we completed 8 audit reports and management advisories. We also worked with management to close 34 recommendations from previous and current audits, and we completed substantial work on ongoing audits.

Audit Reports and Advisories

"The Smithsonian Should Streamline and Standardize its Architect/Engineer Contract Modification Process"

This was the first of two reports covering the contract modification process for the National Museum of African American History and Culture (NMAAHC) project. In this audit, we determined that the Smithsonian should streamline and standardize its Architect/Engineer (A/E) contract modification process.

First, we found that the Contracting Officer's Technical Representative (COTR), following her office policy, developed independent government estimates (IGE) for more additional services than federal regulations require. As a result, the COTR is doing more work than necessary, taking time away from completing her other project responsibilities, and thus potentially delaying the modification process and project schedule.

Second, based on available documentation, we also found that the COTR appeared to have generally completed the IGEs late. As a result, the project team did not know whether the COTR prepared the IGE independently and used it to determine whether the A/E contractor's fee was fair and reasonable — the intended purpose of the IGE.

Third, we found that the Office of Facilities Engineering and Operations (OFEO) did not submit modification packages to the Office of Contracting and Personal Property Management (OCon&PPM) timely, which delayed the Contract Specialist in OCon&PPM from issuing the modifications. Without a modification in place, the A/E contractor cannot bill, and the Smithsonian cannot pay, for work the A/E contractor started under a notice to proceed. The problems related to the IGEs and the modification package delays were primarily caused by a lack of written policies and procedures within OCon&PPM and OFEO addressing the A/E contract modification process.

To improve the efficiency and effectiveness of the A/E contract modification process, we recommended that OCon&PPM and OFEO develop and implement relevant policies and procedures.

"Greater Efficiencies and Increased Oversight Needed for the NMAAHC Construction Management Process"

In the second report covering the contract modification process for the NMAAHC project, we found that the Smithsonian needs to continue to improve the efficiency of awarding and administering construction packages for the construction management at-risk (CMR) contract. The Contract Specialist did not authorize the CMR contractor to begin work on construction packages soon after executing the modifications. This partially contributed, along with other causes, to a 51 day shift in the start of construction. In addition, the Smithsonian did not adequately monitor the CMR contractor's allowance pool to ensure adequate competition. Therefore, there was an increased risk that the Smithsonian was not receiving a fair and reasonable price for this work.

The conditions we identified were primarily caused by a lack of written policies and procedures within the Office of Contracting and Personal Property Management (OCon&PPM) and the Office of Facilities, Engineering, and Operations (OFEO) for awarding and administering construction packages.

To improve the efficiency and effectiveness of the CMR contract modification process, we recommended that management reinforce project priorities and that OCon&PPM and OFEO develop and implement policies and procedures for awarding construction packages. Management concurred with our findings and recommendations and has planned corrective actions to address the recommendations.

Management Advisory Regarding Required COTR Training

During the course of our audit of NMAAHC project management, we noted some Contracting Officer's Technical Representatives (COTR) had not completed the Office of Contracting and Personal Property Management's (OCon&PPM) required training.

To ensure that all COTRs assigned to contracts receive the required training, we recommended that OCon&PPM review all active contracts exceeding $100,000 and ensure that the COTRs for these contracts meet the new training requirement. In addition, going forward for contracts valued at more than $100,000, we recommended that OCon&PPM develop a process to ensure that COTRs meet the new training requirement before OCon&PPM issues the COTR delegation letter.

Review of the Smithsonian's Information Security Program

Pursuant to the Federal Information Security Management Act of 2002 (FISMA), the OIG annually evaluates the information security program of the entity. The Smithsonian voluntarily complies with FISMA requirements because it is consistent with its strategic goals. As in past years, we used an independent auditor to conduct this review on our behalf.

We determined that during the past year, the Office of the Chief Information Officer (OCIO) made several improvements to strengthen the information security program, including proactively reviewing security controls and identifying areas to enhance the program.

However, additional work is still needed to ensure controls are in place and operating effectively. We made nine recommendations to strengthen configuration change controls, improve user account management, enforce requirements for continuous monitoring reports, and strengthen patch management and flaw remediation. We also expressed significant concern that OCIO had not completed addressing 12 information security recommendations from previous reports, and urged the Smithsonian to implement them quickly.

Annual Audit of Travel Expenses of the Board of Regents

We conducted our Annual Audit of Travel Expenses of the Board of Regents for FY 2011. We determined that the Regents' travel reimbursements complied with laws and regulations, as well as Smithsonian procedures. As a result of our audit for FY 2010, the Office of the Regents made improvements to strengthen its procedures for reviewing Regents' travel reimbursement claims. Specifically, the Office of the Regents:

• Provided closer scrutiny before reimbursing Regents by requiring separate individuals to review and approve travel expenses.

• Limited reimbursement for the cost of transportation to and from airports or train stations in originating cities to a reasonable standard such as taxi fare.

• Updated its policy guidance to explicitly approve a range of reasonably expected expenses such as the use of privately owned vehicles and related parking fees.

Based on these improvements, the Smithsonian's procedures governing travel expense reimbursements for the Board of Regents were adequate.

"Use of Consulting Services"

In a memorandum dated June 28, 2011, the Office of Management and Budget identified reducing the use of consultants as a form of cost savings for government agencies. In the interest of promoting cost savings and efficiency, we conducted an audit of the Smithsonian's use of contracts for consulting services. As a result of this review, we identified efficiencies likely to result in cost savings for the Smithsonian.

We focused our audit on consulting contracts that were designed to improve operations, including contracts for governance reform; strategic planning; branding and marketing; and financial matters such as development, retail operations, and investments. We judgmentally selected 13 contracts totaling $5.9 million and did not find any significant issues related to our audit objectives.

We determined that the Smithsonian generally obtained the required services from these 13 consulting contracts, utilized the results, and improved operations based on the consultants' recommendations. However, we found that Smithsonian units are not fully capitalizing on the resources offered by the internal consulting function, the Office of Policy & Analysis (OP&A). During our contract review, we noted that several units either were not aware of the services provided by OP&A or did not know how to procure its services. Therefore, we recommended that the Smithsonian develop a strategy to increase awareness and promote the services of OP&A.

Management Advisory Regarding ARTLAB+ Stolen Laptops

A recent pattern of laptop thefts at the Hirshhorn Museum and Sculpture Garden's (HMSG) ARTLAB+ program alerted us to weaknesses in the museum's 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 worked with the Office of Personnel Security to recover the stolen laptops.

We found that while the ARTLAB+ took more than seven months since the reported laptop thefts to implement changes to its procedures, it made several improvements to internal controls. However, the primary Accountable Property Officer mentioned that during the time of the thefts, HMSG did not have a Property Custodian (PC) for the ARTLAB+. Based on our review, without an ARTLAB+ employee assigned as PC, accountability for the equipment was diminished.

Therefore, we recommended that the Director of HMSG appoint a Property Custodian for all ARTLAB+ equipment. The Director of HMSG concurred with our recommendation and appointed a PC prior to the release of the final report. In addition, we suggested that Smithsonian management apply the lessons learned from this incident to other programs where the Smithsonian loans property to visitors.

"The Center for Folklife and Cultural Heritage Needs to Improve Its Financial Management Operations"

The Center for Folklife and Cultural Heritage (CFCH) is a research and educational unit of the Smithsonian Institution dedicated to promoting the understanding and continuity of diverse, contemporary grassroots cultures in the United States and around the world. CFCH's primary activities are the Smithsonian Folklife Festival (Festival) and Smithsonian Folkways Recordings (Folkways). The Festival is an annual event held outdoors on the National Mall. Folkways has a collection of over 43,000 recordings that are available for purchase. To manage these activities, CFCH utilizes various accounting information systems for its operations.

We found that the CFCH needed to increase oversight of the accounting information system that Folkways uses to capture sales, inventory, accounts receivable data, and other financial information. We also determined that CFCH needed to improve management of the Festival point of sale system, which is used to manage Festival operations. In addition, we found that CFCH needed to improve segregation of duties and cross-train staff to perform key financial tasks.

CFCH's ability to make sound business decisions was impaired because the inventory and accounts receivable records were inaccurate. In addition, because information from these subsidiary ledgers was transferred to the Smithsonian Enterprise Resource Planning (ERP) system, the Smithsonian's official accounting records, specifically inventory and accounts receivable, were also inaccurate.

We made eight recommendations intended to ensure that Folkways' accounting records reconcile to ERP and to provide management an accurate view of its profitability. We made four recommendations directed at improving internal controls over Festival activities. Lastly, we made five recommendations to improve management over financial activities, as well as to strengthen CFCH's user access controls over systems that accept payment cards.

Management concurred with our findings and recommendations and has proposed or taken corrective actions that will address the recommendations.

Based on corrective actions already taken by management, we closed five recommendations when we issued the report.

Fiscal Year 2013 Audit Plan

In an effort to better assess the risk and prioritize our work, we conducted a formal risk assessment this summer that included an electronic questionnaire. and interviews with key stakeholders. In late September, we provided a draft of our fiscal year 2013 Audit Plan to management and other stakeholders for input.

In selecting topic areas for our new audits, we focused on areas that posed the greatest risks to the Smithsonian's operations, with the goal of advancing the strategic priority of enabling the Smithsonian's mission through organizational excellence. We believe these audits will promote efficiency and reduce costs in Smithsonian operations; improve accountability for funding decisions; support the growth of external financial resources; examine controls over Smithsonian operations; and serve programmatic priorities such as strengthening collections.

Our planned audits fall into two categories: mandatory audits and discretionary audits. We conduct or oversee three mandatory audits each year, including the financial statement audits, the Federal Information Security Management Act (FISMA) audit, and an audit of the Board of Regents' travel expenses.

For discretionary audits, we identify projects from our risk assessment, our prior work, and from consulting with our many stakeholders in the Smithsonian and Congress.

Status of Recommendations

We worked with Smithsonian management to improve and solidify the process for managing and implementing OIG audit recommendations. Smithsonian management made progress in implementing the recommendations from audit reports we issued during this and prior semiannual reporting periods.

As a result, we closed 34 recommendations during the past six months. Implementation of these recommendations resulted in:

- Better stewardship of the National Collections;
- Improved financial management at Smithsonian Enterprises and the Center for Folk like and Cultural Heritage;
- More effective management of non-senior staff travel; and
- Potential cost savings in the use of consulting services.

However, while management made progress in closing old recommendations, 39 recommendations we made in prior semiannual periods remained open at the end of this reporting period. Of those recommendations, 12 are over 3 years old, 5 are over 2 years old, 21 are over 1 year old, and the remaining recommendation is less than 1 year old. We summarize these open recommendations from prior semiannual periods and their target implementation dates in Table 5.

Work in Progress

We have three audits and reviews in progress as described below.

Review of Senior Executive Travel

We are engaged in a review of senior executive travel at the Smithsonian, including travel by the Secretary. We are assessing whether executive travelers complied with laws, regulations, and Smithsonian policies and procedures, including for accompanying spousal travel; travel management controls operated properly, including oversight by the Board of Regents and other authorities; and travel was for authorized purposes and for reasonable amounts.

In addition to reviewing the travel records, we are also examining the review process established by the Office of the Comptroller for quarterly assessments of all senior executive travel. Our review will cover executive travel for fiscal years 2009-2011.

Collections Care Initiatives

As a result of audits of collections management at four museums, we identified a pattern of issues such as a lack of comprehensive preservation programs, inadequate inventory controls, inadequate security of collections areas, and inadequate storage conditions. We are continuing our monitoring and assessment of the Smithsonian's progress towards a pan-institutional approach for addressing these issues.

Review of the Smithsonian's Information Security Program

The Federal Information Security Management Act of 2002 (FISMA) directs the Office of the Inspector General to annually evaluate the information security program of the entity. The Smithsonian voluntarily complies with FISMA requirements because it is consistent with its strategic goals. Once again, we contracted with an independent auditor to conduct this review. For fiscal year 2012, the review will focus on the general support system, the ERP system, several collections information systems, and a contractor-operated system.

The National Museum of African American History and Culture construction project as of October 18, 2012. Management expects the museum to open to the public in 2015. As a result of our audits, we made recommendations for improvements in the museum's construction project management.

Investigations

Types of Investigations and Activities

The types of criminal allegations that the agents investigated during this semiannual period include the following: contractor fraud, conflict of interest, theft of property, computer intrusion, improper reprisal, workers compensation fraud, and government travel card fraud.

For several of the investigations, the agents worked jointly with other federal law enforcement agencies, including the Federal Bureau of Investigations. The agents promulgated subpoenas for documents, prepared search warrant affidavits, and arrested suspects. They have provided investigative work products to the federal prosecutors for criminal investigations. They also provided the results of investigations to management for administrative action to be taken. For several matters, disciplinary action against the employees has been initiated. During the reporting period, we received 35 complaints and closed 38 complaints.

Summaries of Several Investigations

The following are summaries of several investigations conducted during the period.

Theft of Funds

OIG and FBI agents arrested three employees of Parking Management Inc. (PMI) on August 4, 2012, on charges of stealing at least $400,000 of visitor parking fees collected at the Smithsonian Institution's Steven F. Udvar-Hazy Center in Chantilly, Virginia.

OIG agents determined that these PMI employees began stealing parking fees in April 2009, shortly after PMI took over management of the Udvar-Hazy Center's parking lot. On some days, each stole more than $4,000 from the Smithsonian for a three-year loss to the Smithsonian of at least $400,000. Of the three individuals who were arrested, one has pled guilty to stealing over $400,000. The other cases are pending in US District Court.

Abuse of Authority / Safety Violations

An OIG investigation found that a director of a Smithsonian program violated Smithsonian policy and safety standards, and abused his position of authority in his conduct towards several attendees of Smithsonian-sponsored events.

Management removed the director from his position, and he subsequently retired.

Theft of Laptops

In March 2012, OIG agents assisted the Smithsonian's Office of Protection Services in investigating a pattern of thefts of laptops from a Smithsonian museum. The computers had a tracking mechanism that provided details of their location when they were subsequently connected to the internet. OIG agents issued subpoenas to the internet providers to determine the exact location and two of the laptops were recovered.

OIG auditors issued a management advisory, described earlier in this report, on the control deficiencies that allowed the thefts to occur, the actions taken by museum management in response to the thefts, and the adequacy of the response to minimize the risk of similar thefts so that the lessons learned could be applied throughout the Smithsonian.

Conflict of Interest

OIG agents determined that a supervisor violated Smithsonian Standards of Conduct by having a Smithsonian contractor hire the supervisor's stepson to work in the supervisor's department. Further, the supervisor deceived management about the relationship for over a year until the OIG investigation revealed his deception. The U.S. Attorney's office declined to prosecute. Smithsonian management took administrative action against the employee.

Other Investigative Activity

Fraud Awareness Program

We continue our efforts to reach out to Smithsonian staff and inform them about fraud awareness in Smithsonian programs and operations. During this reporting period, we made 12 fraud awareness presentations to 253 new employees during their orientation.

We prepared a brochure that we will post on the OIG website with information about the investigative process and OIG jurisdiction. In addition, we prepared a presentation that we are giving to Smithsonian units to educate their staff on the role of the OIG and our investigative work. The first presentation was to the employees of the Smithsonian Tropical Research Institute.

Involvement with Other Organizations

OIG agents remain actively involved with the Washington Metro Electronic Crimes Task Force, the Metropolitan Area Fraud Task Force, the Security Association of Financial Institutions workgroup, and the Interagency Fraud Risk Data Mining Group (assists other OIGs and similar offices to identify systemic fraud and other risks through automated techniques).

Ai Weiwei, *Colored Vases*, 2007-2010. Collection of the artist. Installation view of *Ai Weiwei: According to What?* at the Hirshhorn Museum and Sculpture Garden, Washington, DC, 2012. Image credit: Cathy Carver.

Other OIG Activities

Congressional Liaison

We continue to meet with staff from various House and Senate committees that have jurisdiction over the Smithsonian to brief them on our work and to solicit suggestions for future audits and reviews.

We provided a response to Representative Issa on his annual request for our open and unimplemented recommendations. We also responded to his request for information on how we keep Congress fully and currently informed about fraud and other serious problems, abuses, and deficiencies. Finally, we reviewed the Smithsonian's response to Senator Coburn's request for information about government travel and conferences.

Legislative and Regulatory Review

The Inspector General Act mandates that our office monitor and review legislative and regulatory proposals for their impact on the Smithsonian's programs and operations.

We updated the Smithsonian directive concerning the Office of the Inspector General by clarifying the office's roles and responsibilities, as well as the office's relationship with Smithsonian employees and organizations. We also reviewed various other Smithsonian directives that affect the Smithsonian's programs and operations. Finally, we submitted a response to the Department of Labor's inquiry about the Smithsonian's whistleblower protection program.

The Counsel to the Inspector General, working with counsel from other Inspector General offices across the federal government, also monitored congressional bills and issues relating to the Inspector General community.

Other Activities

OIG auditors and IT staff are actively involved in the TeamMate Federal Users Group. The office has established working groups to drive a number of improvement initiatives, including an updated strategic plan, a comprehensive risk assessment process using TeamRisk, and a streamlined audit process.

Tables

Table 1: List of Issued Audits and Reviews

Report Number	Title	Date Issued
A-12-04	Annual Audit of Travel Expenses of the Board of Regents for Fiscal Year 2011	4/27/2012
A-12-03-1	The Smithsonian Should Streamline and Standardize Its Architect/Engineer Contract Modification Process	5/11/2012
A-11-05	Smithsonian Institution Information Security Program	5/15/2012
M-12-03-1	Management Advisory Regarding Required COTR Training	6/28/2012
M-12-01	Management Advisory on the Audit of the Smithsonian's Use of Consulting Services	6/29/2012
M-12-02	Management Advisory Regarding ARTLAB+ Stolen Laptops	9/14/2012
A-11-09	The Center for Folklife and Cultural Heritage Needs to Improve Its Financial Management Operations	9/28/2012
A-12-03-2	Greater Efficiencies and Increased Oversight Needed for the NMAAHC Construction Management Process	9/28/2012

Table 2: Audit Recommendation Activity

Status of Recommendations	Numbers
Open at the beginning of the period	64
Issued during the period	35
Subtotal	99
Closed during the period	34
Open at the end of the period	65

Table 3: Reports Issued with Recommendations that Funds Be Put to Better Use

Reports	Number	Funds Put to Better Use
Reports for which no management decision has been made by the commencement of the reporting period	1	$4,184,366
Reports issued during the reporting period	1	$1,500,000 over 3 years
Subtotal	2	$5,684,366
Reports for which a management decision was made during the reporting period	2	
• Dollar value of recommendations that were agreed to by management		$3,237,265
• Dollar value of recommendations that were not agreed to by management		$ 122,056
Reports for which no management decision has been made by the end of the reporting period	1	$2,325,045
Reports for which no management decision was made within 6 months of issuance	1	$2,325,045

Table 4: Reports Issued with Questioned Costs

Reports	Number	Questioned	Unsupported
Reports for which no management decision has been made by the commencement of the reporting period	0	$0	$0
Reports issued during the reporting period	0	$0	$0
Subtotal	0	$0	$0
Reports for which a management decision was made during the reporting period • Dollar value of disallowed costs • Dollar value of costs not disallowed	0	$0	$0
Reports for which no management decision has been made by the end of the reporting period	0	$0	$0
Reports for which no management decision was made within 6 months of issuance	0	$0	$0

Table 5: Prior Recommendations for which Corrective Actions Are Not Yet Complete

Audit Title (Date)	Number of Recs	Summary of Recommendations	Target Date
FY 2006 FISMA Review of the Smithsonian Institution's Information Security Program (4/20/2007)	1	The Chief Information Officer (CIO) should establish procedures to ensure existing policies requiring the use of standard baselines are implemented and enforced.	9/15/2012
FY 2007 FISMA Audit of the Smithsonian Institution's Information Security Program (3/31/2008)	1	The CIO should ensure that all major and minor systems are addressed in system security plans in accordance with OMB and NIST guidelines. OCIO should identify, document, and implement controls over major and minor systems based on their impact on the Smithsonian or sensitivity of data they process or store.	9/15/2012
Smithsonian Astrophysical Observatory Scientific Computing Infrastructure (9/30/2008)	1	The CIO should develop, document, and implement controls to ensure Smithsonian policy is updated timely to include new IT requirements and disseminated to system sponsors and contractors.	7/15/2012
FISMA Audit of the Smithsonian Institution's Information Security Program (3/17/2009)	2	The CIO should identify and complete risk assessments for all Smithsonian public websites that use e-authentication.	9/15/2012
Smithsonian Institution Privacy Program (5/29/2009)	7	The SAOP and the CIO should develop, document, and implement privacy policies and procedures to support an overall privacy program that adequately addresses privacy-related risks. The SAOP should develop, document, and implement policies and procedures for identifying, documenting, and safeguarding PII used by the Smithsonian; establish and implement requirements to reduce holdings of PII; develop and implement procedures to enforce compliance with all PII policies and procedures; develop, document, and implement procedures for privacy impact assessments (PIAs); and post completed PIAs on the Smithsonian's public website.	12/30/2012
Personal Property Accountability (11/18/2009)	3	The Under Secretaries should strengthen adherence to personal property management policies and procedures by conducting regular compliance reviews, including ensuring that individuals are being	9/30/2012 to 12/31/2012

Audit Title (Date)	Number of Recs	Summary of Recommendations	Target Date
Personal Property Accountability (continued)		held accountable for missing property; reevaluate its criteria for designating property as sensitive; and immediately evaluate whether mitigating controls to protect sensitive information could be implemented prior to the 2012 PII inventory.	
FY 2009 FISMA Audit of the Smithsonian Institution's Information Security Program (6/30/2010)	2	The Secretary and Senior Privacy Officials should reassess the security categorization for major systems currently categorized as low-impact systems, based on the type of PII stored on the system. The CIO and Information Technology Security Staff should ensure that all interconnections have signed agreements prior to execution.	9/30/2012 to 10/15/2012
Collections Stewardship of the National Collections at the National Museum of American History – Inventory Controls (2/8/2011)	8	The Director, NMAH, should develop and implement standards for tracking highly sensitive objects within the CIS; develop and implement a conversion plan to transfer all electronic and paper object records into the CIS to ensure that all objects have a complete and accurate record; develop and implement a reconciliation plan to identify and resolve discrepancies in object records; strengthen and standardize collections management elements in performance plans for division chairs; establish and implement a plan to conduct a full inventory of the museum's collections, in accordance with the revised CMP; conduct staffing assessments for OCA to identify deficiencies and develop a plan to address the deficiencies; ensure that the budget requests reflect the needs identified in the assessments; and, develop a succession plan to address potential staff turnover in OCA.	9/28/2012 to 2/28/2013
Smithsonian Institution Information Security Program (3/15/2011)	5	The Chief Information Officer should update SD 920 and other related documents to provide clear criteria for designating systems for inclusion in the Smithsonian's FISMA inventory; engage personnel with expertise and institutional knowledge of Smithsonian information systems and in reviewing the updates to the policies and documents and, in the resulting modifications to the Smithsonian's FISMA inventory; centrally document as part of its on-going risk management process the	9/15/2012 to 3/15/2013

Audit Title (Date)	Number of Recs	Summary of Recommendations	Target Date
Smithsonian Institution Information Security Program (continued)		decisions by the Under Secretaries and the Unit managers to include or exclude systems in the FISMA inventory; update TSG 930-02 Security Controls Manual (PM-5) to reflect the approved management process; and, implement controls to ensure that all SI-owned laptops/mobile devices that may be used to store sensitive information are secured with an appropriate encryption technology.	
Management Advisory Regarding OFEO Service Agreements with Smithsonian Enterprises Retail Operations (6/8/2011)	1	OFEO, in coordination with SE management and the museums, should update service agreements or create one agreement specific to retail operations.	9/30/2012
Smithsonian Enterprises Financial Management (9/7/2011)	1	The President of Smithsonian Enterprises should ensure the CFO and Director, Retail Division, in coordination with museum partners, collaborate on Retail's capital projects.	9/30/2012
Use of Social Media (9/28/2011)	2	The Secretary should develop a performance measurement system that includes performance targets, set centrally or by the units, to evaluate whether the Smithsonian as a whole has met its goal of broadening access using social media; and, appoint a pan-Smithsonian Web and new media leader, and give that person the authority and visibility to lead change, as called for in the Smithsonian's Web and New Media Strategy.	10/15/2012
Collections Stewardship of the National Collections at the National Museum of American History – Preservation and Physical Security (9/30/2011)	4	The Deputy Under Secretary for Collections and Interdisciplinary Support, in coordination with the Director, OFEO, should develop a prioritized plan for addressing collections storage needs Institution-wide that identifies possibilities for acquiring storage space. The Director, NMAH, in coordination with the Under Secretary for History, Art and Culture should establish and implement a Preservation Program, as required by SD 600, to include prioritized plans for conducting staffing and preservation assessments, as well as preservation and curatorial staff training.	9/30/2012 to 6/30/2013

Audit Title (Date)	Number of Recs	Summary of Recommendations	Target Date
Collections Stewardship of the National Collections at the National Museum of American History – Preservation and Physical Security (continued)		The Director, OPS in coordination with the Director, NMAH should conduct regular inventories of NMAH collections storage keys, as required by OPS policy. The Director, NMAH, should develop a written policy for permitting responsible access to collections documentation and collections storage areas, including improved controls over key and card reader access, as required by the SD 600 Implementation Manual and the Collection Space Security Standards.	
Non-Senior Staff Travel Management Needs Improvement (3/30/2012)	1	The Under Secretary for Finance and Administration should direct the Comptroller to identify approvers who demonstrated a high volume of problems during the OC compliance reviews, and identify approvers with a high volume of trip reviews. Direct the Comptroller to assess whether these groups of approvers require mandatory training.	7/31/2012

Table 6: Summary of Complaint Activity

Status	Number
Open at the start of the reporting period	53
Received during the reporting period	35
Subtotal	88
Closed during the reporting period	38
Total complaints pending	50

Table 7: Summary of Investigative Activity

Investigations	Amount or Number
Caseload	
Cases pending at beginning of reporting period	7
Cases opened during the reporting period	1
Subtotal	8
Cases closed during the reporting period	4
Cases carried forward	4
Accepted for Prosecution	
Pending at the beginning of the period	1
Accepted during the period	1
Pending at the end of the period	1
Successful Prosecutions	
Convictions	1
Fines	
Probation	
Confinement	
Monetary Recoveries and Restitutions	$218,000
Terminations	
Resignations	1
Reprimands or admonishments	1
Reassignments	
Demotions	
Suspensions	2
Monetary loss prevented	
Funds Recovered	

The Office of the Inspector General investigates allegations of waste, fraud, abuse, gross mismanagement, employee and contractor misconduct, and criminal and civil violations of law that have an impact on the Smithsonian's programs and operations.

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Although you may remain anonymous, we encourage you to provide us with your contact information. The ability to gather additional information from you may be the key to effectively pursuing your allegation.