Smithsonian Institution
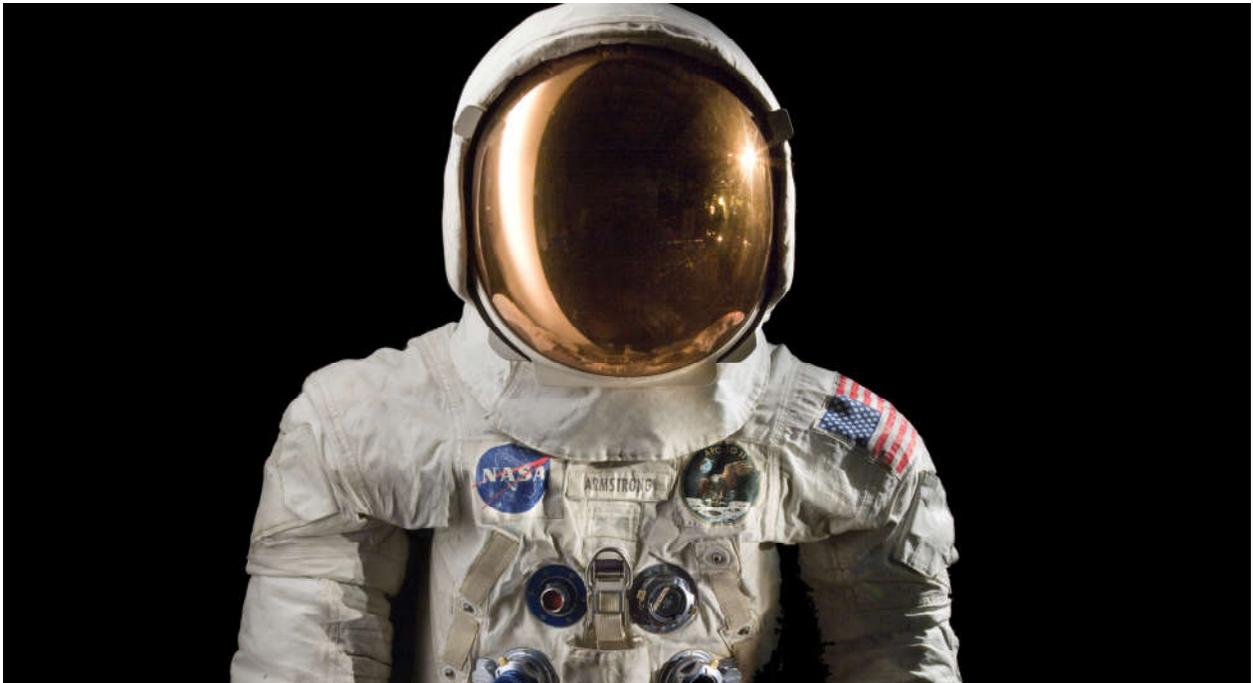Office of the Inspector General

SEMIANNUAL REPORT
TO THE CONGRESS

April 1, 2018 – September 30, 2018

Contents

Abbreviations

Board	Smithsonian Institution's Board of Regents
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIO	Chief Information Officer
COTR	Contracting Officer's Technical Representative
ERP Financials	Enterprise Resource Planning Financials
ISC	Interagency Security Committee
NASA	National Aeronautics and Space Administration
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OPM	U.S. Office of Personnel Management
OPS	Office of Protection Services
PII	personally identifiable information
PIA	privacy impact assessment
SAO	Smithsonian Astrophysical Observatory
Smithsonian	Smithsonian Institution
Williams Adley	Williams Adley & Company – DC LLC

Table 1: Semiannual Reporting Requirements of the Inspector General Act of 1978, as amended

Public Law Section	Reporting requirement	Page number
Section 4(a)(2)	Review of legislation and regulations	18
Section 5(a)(1)	Significant problems, abuses, and deficiencies	None
Section 5(a)(2)	Significant recommendations for corrective action	None
Section 5(a)(3)	Reports with corrective action not completed	5,13
Section 5(a)(4)	Matters referred to prosecutive authorities	17
Section 5(a)(5)	Information or assistance refused	None
Section 5(a)(6)	List of reports issued with dollar value of questioned costs and recommendations that funds be put to better use	5
Section 5(a)(7)	Summaries of significant reports	5
Section 5(a)(8)	Audit, inspection, and evaluation reports—questioned costs	None
Section 5(a)(9)	Audit, inspection, and evaluation reports—funds to be put to better use	12
Section 5(a)(10)(A)	Audit, inspection, and evaluation reports issued before the commencement of the reporting period with no management decision	None
Section 5(a)(10)(B)	Audit, inspection, and evaluation reports issued before the commencement of the reporting period with no management comment within 60 days	None
Section 5(a)(10)(C)	Audit, inspection, and evaluation reports issued before the commencement of the reporting period with unimplemented recommendations	12
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which the Office of the Inspector General (OIG) disagreed	None
Section 5(a)(13)	Information described under section 804(b) of the Federal Financial Management Improvement Act of 1996 (FFMIA)	None
Section 5(a)(14-16)	Peer reviews	14,16
Section 5(a)(17-18)	Investigative tables	17
Section 5(a)(19)	Reports on investigations with substantiated allegations involving senior employees	None
Section 5(a)(20)	Whistleblower retaliation	None
Section 5(a)(21)	Attempts to interfere with OIG independence	None
Section 5(a)(22)(A)	Inspections, evaluations, and audits that were closed and not disclosed to the public	None
Section 5(a)(22)(B)	Investigations involving senior employees that were closed and not disclosed to the public	None

Source: OIG assessment as of September 30, 2018.

Message from the Inspector General

On behalf of the Smithsonian Institution's (Smithsonian) Office of the Inspector General (OIG), I am pleased to submit this semiannual report to the Congress. This year we mark the 40th anniversary of the Inspector General Act and the creation of the original 12 Offices of Inspector General. Our office was created in 1988. Since that time we have been part of a community that has grown to include 73 statutory Inspectors General who collectively oversee the operations of nearly every aspect of the federal government. Every 6 months we provide Congress with a report detailing our independent oversight of the Smithsonian during the reporting period. This report is our 61st semiannual report. In the years to come, we look forward to continuing our efforts to provide independent and effective oversight of the Smithsonian and working with the Council of Inspectors General on Integrity and Efficiency on important issues that cut across our government.

This report highlights the significant accomplishments achieved through our audit and investigative activities for the 6-month period ending September 30, 2018. Our office issued five audit reports with 29 recommendations, conducted work on seven ongoing audits and one review, and closed six recommendations. Two of these audit reports identified a total of more than $1.1 million as funds that could be put to better use. In one report, OIG identified that Smithsonian Astrophysical Observatory (SAO) did not always deobligate Chandra grant funds in a timely manner. Specifically, SAO had not deobligated $960,894 in the Smithsonian's financial management information system when other closeout procedures were performed on the grants. During this audit, SAO deobligated most of these funds. In a second report, OIG identified that the Smithsonian could realize an estimated $165,000 annually in savings if the Smithsonian Enterprises human resources office used an automated tool to establish the required postemployment background investigation for its retail employees. This potential annual savings is nearly one-third of the total amount the Smithsonian spent on all background investigations in fiscal year 2016. More details on these reports can be found in the "Audits" section of this report.

Our investigative activities continued to focus on and hold accountable those individuals whose actions harm the Smithsonian's programs and operations. For example, OIG determined that four employees stole approximately $8,100 from Smithsonian museum stores. As a result, they were terminated and arrested, and the court ordered a total of $4,100 in restitution and 40 hours of community service. Another employee received a 15-day suspension without pay for misusing government equipment. More details on these cases can be found in the "Investigations" section of this report.

In the months ahead, our office will continue to conduct audits and investigations that help the Smithsonian Board of Regents and management meet their stewardship and fiduciary responsibilities, support congressional oversight, and provide information to the public.

Cathy L. Helm

Cathy L. Helm
Inspector General

Introduction

The Smithsonian Institution

The Smithsonian Institution (Smithsonian) was 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 includes 19 museums, the National Zoological Park, and 9 research centers. The majority of Smithsonian locations are in Washington, D.C., but the Smithsonian also has facilities in 9 states (Arizona, Florida, Hawaii, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Virginia), Panama, and Belize. Numerous research programs are carried out in the museums and other facilities around the world. In fiscal year 2017, there were more than 30 million visits to the Smithsonian museums and the zoo, and more than 150 million people visited the Smithsonian's public websites. Additionally, the Smithsonian employs more than 6,700 staff (including about 3,900 federal employees) and has around 6,900 volunteers, 770 research fellows, and numerous interns and contractors at its various locations.

The Smithsonian is the steward of extensive collections. The total number of artifacts, works of art and specimens in the Smithsonian's collections is estimated at 156 million, of which 145 million are scientific specimens at the National Museum of Natural History. Scholars and scientific researchers at the Smithsonian, and around the world, use these vast collections in their research to expand human knowledge. The Smithsonian Affiliations program brings its collections, scholarship, and exhibitions to almost all states, Puerto Rico, and Panama.

The Smithsonian Institution Building ("The Castle") in Washington, D.C., at dusk. Photo: Ken Rahim, Smithsonian Institution.

The funding for a substantial portion of the Smithsonian's operations comes from annual federal appropriations. The Smithsonian also receives federal appropriations for the construction, repair, and restoration of its facilities. Some construction and repair projects are funded entirely by federal appropriations, while others are financed by a combination of federal and private funds.

The Smithsonian also receives private support and government grants and contracts, and it earns income from investments and various business activities. Business activities include subscriptions to Smithsonian magazines and other publications; online catalogs; and sales at theaters, shops, and food services in its museums and centers.

Office of the Inspector General

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

As of September 2018, OIG comprised 21 staff. In addition to the Inspector General, OIG consists of the Assistant Inspector General for Audits, the Assistant Inspector General for Investigations, the Assistant Inspector General for Operations, the Counsel to the Inspector General, 12 auditors, 2 criminal investigators, an investigator, and a management support specialist. OIG's organizational structure is described below.

Office of Audits

The Office of Audits conducts audits of the Smithsonian's programs and operations to improve their efficiency and effectiveness. The office is guided by an annual audit plan that identifies areas for review on the basis of fraud and other risks. The Office of Audits also monitors the external audits of the Smithsonian's financial statements and of the Smithsonian's information security program.

Office of Investigations

The Office of Investigations pursues allegations of waste, fraud, abuse, gross mismanagement, employee and contractor misconduct, and criminal violations of law that have an impact on the Smithsonian's programs and operations. It refers matters to federal, state, and local prosecutors for action whenever OIG has reasonable grounds to believe there has been a violation of criminal law. The Office of Investigations also presents any administrative misconduct to management for possible disciplinary action.

Office of Operations

The Office of Operations provides technical and administrative support to OIG. It is responsible for OIG administrative matters, such as budgeting, procurement, human resources, and information technology.

Counsel

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

Audits

Audit work focuses on improving the efficiency and effectiveness of the Smithsonian's programs and operations. During this semiannual period, OIG issued five reports, conducted work on seven ongoing audits and one review, and closed six recommendations.

Summary of Issued Audit Reports

Below are summaries of the five audit reports that OIG issued during this reporting period.

Grants Management: Smithsonian Astrophysical Observatory Can Improve the Closeout Process for Chandra Grants (OIG-A-18-06, May 9, 2018)

The Smithsonian Astrophysical Observatory (SAO), located in Cambridge, Massachusetts, is the Smithsonian's largest recipient of grants and contracts from outside entities. Under a contract with the National Aeronautics and Space Administration (NASA), SAO directs the science and flight operations of the Chandra X-ray Observatory, a telescope that detects X-ray emission from high-energy regions of the universe. SAO has an annual funding level of approximately $55 million for its work with the Chandra X-ray Observatory, including $16 million for awards to eligible recipients under two types of grants: Chandra research grants and Einstein fellowship grants.

NASA's Chandra X-ray Observatory. Image Credit: NASA

The recipients of Chandra research and Einstein fellowship grants (Chandra grants) must submit final financial and performance reports to SAO's Subawards Section before these

grants can be closed. The Subawards Section has a process to help ensure that the final reports needed to close Chandra grants are submitted by the due date specified in the grant. However, OIG found that final reports for 52 (or 70 percent) of the 74 expired grants that OIG reviewed were not submitted on time, and some were between 1 and 2 years late. In addition, the grant specialists responsible for closing out the grants frequently did not follow up with past due notices to grant recipients when the final reports were late or were inconsistent in their follow-up activities. SAO grant specialists said a heavy workload and limited staff contributed to these problems.

OIG also found that the process to close out Chandra grants generally did not include closing the purchase orders associated with these grants in the Enterprise Resource Planning Financials (ERP Financials), the Smithsonian's financial management information system. Specifically, OIG identified 3,655 purchase orders that were associated with Chandra grants and dated from September 2002 through June 2016. Only 124 of these purchase orders were closed or cancelled in ERP Financials. OIG's analysis showed that 2,891 (or 79 percent) of these were for grants completed as of June 2016, but the purchase orders remained open in ERP Financials. Purchase orders that remain open in ERP Financials are at risk of being used inappropriately, such as allowing unauthorized purchases. Furthermore, the Subawards Section did not always deobligate Chandra grant funds in a timely manner. OIG identified $960,894 that SAO had not deobligated in ERP Financials when other closeout procedures were performed on the grants. During this audit, SAO deobligated most of these funds. However, as of February 2018, $75,241 remained to be deobligated.

OIG made three recommendations to improve the grant closeout process. Management concurred with all three recommendations.

Travel Expenses of the Board of Regents for Fiscal Year 2016 (OIG-A-18-07, May 16, 2018)

According to 20 U.S.C. Section 44, each member of the Smithsonian's Board of Regents (Board) shall be paid for necessary travel and other actual expenses to attend meetings of the Board. The law also assigns the Board's Executive Committee with responsibility for auditing these expenditures. Since 2007, at the request of the Executive Committee, OIG has conducted annual audits of the Regents travel expenses.

Regents generally attend four Board meetings a year, as well as numerous committee meetings and occasional special events. The Office of the Regents' *Reimbursement of Regents' Meeting Expenses* (Travel Reimbursement Policy, or policy) describes the type of expenses that may be reimbursed, establishes reimbursement limits, and sets procedures for the Regents to follow. For example, the policy limits the reimbursements for transportation to the equivalent of coach-air or coach-train fare or actual expenses, whichever is less. For expenses that are not listed in the Travel Reimbursement Policy, the Federal Travel Regulation is to be used as guidance.

For fiscal year 2016 expenses, reimbursements totaled $22,465. OIG identified two reimbursements for $916 in expenses that may have been aligned with the Smithsonian's mission but were not explicitly authorized by the Travel Reimbursement Policy.

To provide enhanced clarity on authorized expenses, OIG recommended that the Chief of Staff to the Regents, in consultation with the Governance Committee, review and revise the Travel Reimbursement Policy to clarify the scope of reimbursable expenses and covered persons. The Chief of Staff to the Regents concurred with the recommendation.

Physical Security: The Office of Protection Services Needs to Strengthen Training, Medical and Physical, and Equipment Requirements for Armed Security Guards and Improve Oversight of Unarmed Contract Guards (OIG-A-18-08, September 18, 2018)

OIG reviewed the training, medical and physical, and equipment standards for the Smithsonian's armed security guard force and compared those standards with best practices in minimum standards established by the federal government's Interagency Security Committee (ISC), of which the Smithsonian is an associate member. OIG also examined how the Office of Protection Services (OPS) ensures that unarmed contract guards at museums in Washington, D.C., meet qualification and training requirements specified in the Smithsonian's contract.

According to OPS, the security level for Smithsonian museums is very high risk based on the ISC's Risk Management Process. In March 2018, OPS employed about 530 security guards, the majority of whom are armed and stationed in Washington, D.C. Their duties include, among other things, supervising visitor screening and responding to incidents. OPS also has a contract that provides unarmed guards to monitor exhibition galleries. Beginning in 2016, OPS used the contract guards to conduct visitor screening at the five busiest museums on the National Mall. As of March 2018, more than 360 unarmed contract security guards worked at museums in Washington, D.C.

OPS requires new security guards to attend basic training classes before they can become armed guards. However, OIG found that between 2014 and 2016, 88 of 119 new security guards (74 percent) were allowed to graduate without completing all basic training instruction because OPS did not have a policy or procedures to ensure that guards attended all basic training. Specifically, individual guards missed between 1 and 6 days of instruction. The OPS Director has stated that all guards must qualify with their firearm before they can graduate. In addition, OIG found that almost all security guards received required refresher training (annual firearms qualification and first aid every 2 years).

OIG also compared the basic training provided by OPS with a set of best practices in minimum standards developed by ISC for armed security guards. Although the Smithsonian is not required to meet these standards, they are recognized as best practices governing armed guards working at buildings and facilities in the United States that federal employees occupy for nonmilitary activities. OIG found that OPS basic training met or partially met most ISC standards. However, ISC recommends that armed guards qualify on firearms twice a year, while OPS only requires firearms qualification once a year.

Furthermore, OIG found that ISC has more detailed and specific medical and physical standards than OPS in such areas as vision, hearing, cardiovascular system, musculoskeletal system, and general health. ISC also recommends a medical examination and physician clearance for armed security guards, but OPS did not have independent verification by a physician that its minimum medical and physical

requirements had been met. OPS is working to establish improved medical and physical standards, but it has not established a target completion date or interim milestones for implementation of these new medical and physical standards.

In addition to its armed security guard force, OPS uses unarmed contract guards. The Contracting Officer's Technical Representative (COTR), an OPS employee, is responsible for ensuring that the contract requirements for licensing and training of unarmed contract security guards are met. OIG found that the COTR did not verify whether the contract security guards met licensing and training requirements. The COTR instead relied on the contractor to ensure that the contract security guards met the requirements.

OIG made seven recommendations to strengthen the security guard training, medical and physical, and equipment standards, as well as contract guard oversight. Management agreed with all seven recommendations.

Personnel Security: Actions Needed to Strengthen the Background Investigation Process (OIG-A-18-09, September 20, 2018)

The Smithsonian's personnel security program helps ensure that about 6,700 employees and an estimated 12,000 affiliated individuals are honest, reliable, and trustworthy. Affiliated individuals are contractors, volunteers, research associates, interns, fellows, and parents of Smithsonian Early Enrichment Center students. The program requires the four human resources offices to work with OPS and other units. OPM conducts pre-employment and post-employment background investigations for the Smithsonian.

For this audit, OIG reviewed a sample of employees and a sample of affiliated individuals who joined the Smithsonian during 2015. OIG used the employee sample to evaluate if the required background investigations were scheduled promptly. OIG also used this sample to assess the offices of human resources' position designation process, which determines the required level of post-employment background investigation. OIG used the affiliated individual sample to determine if those individuals had pre-employment background investigations.

Pre-employment background investigations assess the suitability of potential employees and affiliated individuals. OIG analysis showed that all sampled Smithsonian employees and affiliated individuals who were hired or joined the Smithsonian in 2015 received a pre-employment background investigation as required.

Post-employment background investigations are generally for employees. The offices of human resources use a position designation process to determine the required level of this more in-depth investigation (low, moderate, or high). However, OIG found that the Smithsonian has no assurance that most of its employees hired in 2015 obtained the required level of background investigation. Due to incorrect designations and missing documentation, OIG could determine that only 35 percent of the sampled employees had received the required level of postemployment background investigation.

In addition, OIG found that OPS did not always schedule or promptly schedule post-employment background investigations with the U.S. Office of Personnel Management (OPM). For instance, OPS did not schedule post-employment background investigations for 12 percent of sampled employees.

OIG also found that the Smithsonian granted computer network access to more than 500 affiliated individuals, without background investigations, contrary to policy requirements. Furthermore, nearly a quarter were granted remote access. In addition, in accordance with its policy, the Smithsonian did not conduct background investigations on locally hired Panamanian employees at the Smithsonian Tropical Research Institute.

OIG also estimated that the Smithsonian could realize about $165,000 annually in savings if the Smithsonian Enterprises human resources office used OPM's Automated Tool to establish the required postemployment background investigation for its retail employees. According to this tool, these employees would require a low-level background investigation in contrast to the moderate level they now receive. In 2016, the difference in cost between the low-level and moderate-level background investigations was $1,241. This potential annual savings is nearly one-third of the total amount the Smithsonian spent on all background investigations in fiscal year 2016.

OIG made nine recommendations to improve the background investigation process, and management concurred with all nine recommendations.

Information Security: Fiscal Year 2017 Independent Evaluation of the Smithsonian Institution's Information Security Program (OIG-A-18-10, September 21, 2018)

For fiscal year 2017, Williams, Adley & Company - DC, LLC (Williams Adley) found that the Smithsonian made improvements to its information security program. Significant improvements included updating the specialized security training program; adopting and beginning to implement a security information and event management tool; and adopting a governance, risk, and compliance tool to assist in security assessment and authorization.

However, the Smithsonian did not achieve the minimum maturity level defined by the Department of Homeland Security to be considered fully effective. When an entity achieves level 4 in the majority of the five cybersecurity functions, its information security program is considered effective overall. Williams Adley determined that the Smithsonian made progress in maturing its cybersecurity functions. For example, the Detect and Respond functions progressed from level 1: ad-hoc, in fiscal year 2016, to level 2: defined, in fiscal year 2017. While the Smithsonian has made considerable efforts to define policies and procedures for its program, additional work is needed to implement them consistently.

Williams Adley found that the maturity of the Smithsonian's information security program was hampered by an incomplete inventory of information systems, including related hardware and software components, and an information security architecture that was only partially defined. In addition, the Office of the Chief Information Officer (OCIO) had not yet defined an entity-wide disaster recovery plan based on a business impact analysis and had outdated guidance for configuration management and contingency planning. Further, Williams Adley found that, for the two information systems reviewed, there was minimal documentation in place to formalize their security practices.

Williams Adley made nine recommendations to enhance information security at the Smithsonian; management concurred with seven and partially concurred with two. For the

partially concurred recommendations, management agreed with the key aspects of the recommendation and provided an explanation for an alternative implementation.

Work in Progress

At the end of the period, OIG had seven audits and one review in progress, as described below.

Assessment of Detection and Response Capabilities for Information Security Incidents

OIG auditors are evaluating the Smithsonian's capabilities to prevent, detect, and respond to information security incidents.

Management of Revenue-Generating Contracts

OIG auditors are assessing to what extent the Smithsonian has effective controls to manage its revenue-generating contracts.

Hiring Practices of Trust Employees

OIG auditors are determining to what extent the offices of human resources comply with Smithsonian policies and procedures for hiring trust employees.

Inventory Controls for the National Museum of African American History and Culture

OIG auditors are assessing to what extent the National Museum of African American History and Culture has developed and implemented an inventory policy and plan and has an accurate inventory of its collections.

Financial Statements Audits, Fiscal Year 2018

An independent public accounting firm, KPMG LLP (KPMG), is conducting the Smithsonian's annual financial statement audits, which include the Smithsonian-wide financial statements, the federal special-purpose financial statements, and the compliance audit of federal awards. An OIG auditor serves as the contracting officer's technical representative for these audits.

Review of the Smithsonian Enterprises' Statement of Net Gain, Fiscal Year 2018

An independent public accounting firm, KPMG, is conducting a review of the Smithsonian Enterprises' statement of net gain. An OIG auditor serves as the contracting officer's technical representative for this review.

Governance of Information Technology

OIG auditors are assessing to what extent the Smithsonian has effective and efficient governance structures and processes to consistently manage information technology across the organization.

[Evaluation of the Smithsonian's Information Security Program, Fiscal Year 2018](#)

An independent public accounting firm, Williams Adley, is evaluating the Smithsonian's information security program for fiscal year 2018. An OIG auditor serves as the contracting officer's technical representative for this audit.

Other Audit Activities

[Status of Recommendations](#)

As shown in table 2, Smithsonian management made progress in implementing 6 of the 11 recommendations from audit reports that OIG had issued in previous semiannual reporting periods. In addition, OIG issued five audit reports with 29 recommendations during the past 6 months. At the end of the reporting period, 34 recommendations were open.

Table 2: Summary of Audit Recommendation Activity during the Semiannual Reporting Period Ending September 30, 2018

Status of recommendations	Number of recommendations
Open at the beginning of the period	11
Issued during the period	29
Subtotal	40
Closed during the period	6
Open at the end of the period	34

Source: OIG assessment as of September 30, 2018.

Table 3 shows the funds to be put to better use that OIG identified in two audit reports and the dollar value of recommendations that management agreed to.

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

Type of report	Number of reports	Funds to be put to better use
Reports for which no management decision has been made by the commencement of the reporting period	0	$0
Reports issued during the reporting period	2	$1,125,894
Subtotal	2	$1,125,894
Reports for which a management decision was made during the reporting period		
• Dollar value of recommendations that were agreed to by management	2	$1,125,894
• Dollar value of recommendations that were not agreed to by management	0	$0
Reports for which no management decision has been made by the end of the reporting period	0	$0
Reports for which no management decision was made within 6 months of issuance	0	$0

Source: OIG assessment as of September 30, 2018.

Note: Funds to be put to better use are from the reports, *Grants Management: Smithsonian Astrophysical Observatory Can Improve the Closeout Process for Chandra Grants* (OIG-A-18-06, May 9, 2018) and *Personnel: Security: Actions Needed to Strengthen the Background Investigation Process* (OIG-A-18-09, Sept. 20, 2018).

Table 4 summarizes the audit reports from previous periods that have unimplemented recommendations. None of these recommendations involve any cost savings.

Table 4: Reports from Previous Periods with Unimplemented Recommendations

Report summary	Unimplemented recommendations
Audit of the Smithsonian Institution's Privacy Program (OIG-A-16-04, March 14, 2016). The Smithsonian has made progress in privacy management since the previous OIG privacy audit in May 2009. However, significant work was still needed to institute key privacy processes and controls. For example, key activities that have not been completed include developing an organization-wide privacy strategic plan and documenting a comprehensive list of personally identifiable information (PII) being collected, processed, and stored throughout the Smithsonian. Without a clear understanding of the types of PII being handled, management officials do not have reasonable assurance that they are collecting only the information needed to carry out the Smithsonian's mission and are adequately protecting that information. In addition, the Smithsonian's privacy impact assessment (PIA) process needed improvement. Eleven recommendations were made, and four remain unimplemented.	The Privacy Officer (1) should strengthen management of the Smithsonian's PII holdings by developing a formal process to periodically conduct and document a comprehensive inventory of PII the Smithsonian uses, (2) develop and implement a plan to reduce PII holdings where possible, (3) strengthen policies and procedures to identify systems requiring a PIA, and (4) ensure that a PIA is completed for all systems containing PII. Target completion date: November 30, 2018.
Fiscal Year 2016 Independent Evaluation of the Smithsonian Institution's Information Security Program (OIG-A-18-02, November 21, 2017). For fiscal year 2016, the Office of the Chief Information Officer (OCIO) had implemented key elements of the Smithsonian's information security program. However, the auditors found that OCIO did not have an effective, risk-based process to target resources with the highest vulnerabilities for the two systems tested. The auditors also found significant, unresolved issues from prior audits. The auditors made three recommendations to enhance information security at the Smithsonian, of which two remain unimplemented.	(1) The Chief Information Officer (CIO) should develop and implement an enterprise information security architecture that aligns with Smithsonian's strategic plan and mission objectives. (2) The CIO should update the Technical Standard & Guideline IT-960-02, *Disaster Recovery Planning* (January 2003), to reflect current National Institute of Standards and Technology guidance. The CIO also should ensure that current disaster recovery plans and information system contingency plans reflect the changes in guidance. Target completion date: June 30, 2019.

Source: OIG assessment as of September 30, 2018.

Audit Peer Review

Government Auditing Standards require audit organizations to (1) establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements, and (2) undergo external peer reviews by independent reviewers every 3 years. On September 22, 2017, the Amtrak Office of Inspector General completed the most recent peer review of the office, giving the Smithsonian OIG a rating of pass, the highest rating.

Investigations

At the start of the reporting period, OIG had 15 open complaints and 20 ongoing investigations. During the reporting period, OIG received 50 new complaints, closed 37 complaints, converted 4 complaints to investigations, and completed 11 investigations. At the end of the reporting period, there were 24 open complaints and 13 ongoing investigations.

Highlights of Investigative Actions

Theft of $8,100 from Museum Stores

OIG determined that four employees stole approximately $8,100 from Smithsonian museum stores. The Smithsonian terminated the employees, and arrest warrants were served on them. Subsequent to their arrests, the employees entered into a deferred prosecution agreement with the United States Attorney's Office. Based on these agreements, the court ordered a total of $4,000 in restitution and 40 hours of community service.

Misuse of Government Equipment

OIG found that a Smithsonian employee provided a blank Smithsonian facsimile transmittal form and a blank Smithsonian letterhead form to a family member who worked as a contractor for another federal entity. The family member then used these blank forms, along with the Smithsonian employee's payroll account documentation, to fraudulently apply for Maryland state daycare assistance. The family member did this to qualify for subsidized daycare because her annual salary was above the maximum income threshold to receive the subsidy. Based on OIG's investigation, the Smithsonian employee received a 15-day suspension without pay.

Time and Attendance Violation

OIG determined that a Smithsonian employee falsely reported 11 hours as normal workhours when they should have been reported as annual leave hours. Based on OIG's investigation, the employee received a letter of counseling for the misreporting of workhours, and the employee's supervisor received a letter of counseling for knowingly certifying annual leave hours as normal workhours.

Fraudulent Travel Voucher Claims

OIG determined that a Smithsonian employee falsely filed travel vouchers for $1,669 to obtain reimbursement for taxicab trips that were not taken. The employee admitted to OIG that she inflated her voucher claims in order to pay for her excessive automated teller machine withdrawals. The employee retired from federal service prior to any administrative actions being taken.

Allegation of Prohibited Personnel Practices by Senior Employee

OIG investigated an allegation that a senior employee improperly hired people they knew at a previous place of employment. If true, this action may have violated Smithsonian policies and federal law. OIG's investigation found this allegation to be unsubstantiated.

Other Investigative Activities

Fraud Awareness Program

OIG investigators continued efforts to reach out to Smithsonian staff and provide information on fraud awareness in Smithsonian programs and operations. During this reporting period, OIG investigators made fraud awareness presentations to 357 new employees during their orientation sessions.

Investigative Peer Review

The Office of Investigations complies with guidelines established by the U.S. Attorney General. On February 27, 2015, the Government Publishing Office's OIG completed a peer review of the Smithsonian's OIG investigative program based on the *Quality Assessment Review Guidelines for Investigative Operations of Federal Offices of Inspector General*. The Smithsonian received a peer review rating of "compliant," the highest rating.

Table 5 contains a statistical summary of OIG's investigative results during the semiannual reporting period.

Table 5: Statistical Summary of the Office of the Inspector General's Investigative Results during the Semiannual Reporting Period Ending September 30, 2018

Investigative activity or result	Number or amount
Caseload	
Cases pending at beginning of reporting period	20
Cases opened during the reporting period	4
Subtotal	24
Cases closed during the reporting period	11
Investigative reports issued	11
Cases carried forward	13
Referrals for prosecution	
Referrals to the Department of Justice	1
Referrals to state and local prosecuting authorities	0
Indictments and criminal information from current period referrals	1
Indictments and criminal information from prior period referrals	6
Successful prosecutions	
Convictions	5
Fines	0
Probation	5
Confinement	0
Monetary restitutions	$4,000
Forfeiture of assets and seized evidence	0
Administrative actions	
Terminations	1
Resignations	0
Reprimands or admonishments	2
Suspensions	1
Monetary loss prevented	0
Value of collection items recovered	0

Source: OIG investigative activity statistics as of September 30, 2018.

Other OIG Activities

Legislative and Regulatory Review

In accordance with the Inspector General Act of 1978, as amended, OIG monitored and reviewed legislative and regulatory proposals for their impact on the Smithsonian's programs and operations. Additionally, the Counsel to the Inspector General monitored congressional bills and issues relating to the Inspector General community. OIG also reviewed draft Smithsonian policies for their impact on OIG operations.

Other Activities

OIG remained actively involved with the Council of the Inspectors General on Integrity and Efficiency (CIGIE), a statutory council of federal inspectors general that promotes collaboration on integrity, economy, and efficiency issues that transcend individual agencies. The Inspector General serves on five CIGIE committees and is the chair of the Small/Unique OIG Group, a group of inspectors general who meet quarterly and exchange ideas and practices. The OIG Counsel leads the Smaller OIG Counsel Working Group and serves on the steering committee for the OIG Freedom of Information Act Working Group.

In addition, OIG staff participated in the Metropolitan Area Fraud Task Force, the Association of Certified Fraud Examiners, the Institute of Internal Auditors, the Federal Audit Advisory Committee for Enterprise Technology Solutions, the Financial Statement Audit Network, and the Interagency Fraud Risk Data Mining Group.

Smithsonian Institution
Office of the Inspector General

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or write to

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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.

If requested, confidentiality is assured to the extent permitted by law. 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.