



Smithsonian Institution

The Board of Regents

Chancellor
The Chief Justice of
the United States

May 7, 2008

Chair
Roger W. Sant,
Washington, D.C.

Mark L. Goldstein
Director, Physical Infrastructure Issues
Government Accountability Office

Members
The Vice President of
the United States

441 G Street, NW
Washington, DC 20548

The Honorable
Thad Cochran,
Mississippi

Dear Mr. Goldstein:

The Honorable
Christopher J. Dodd,
Connecticut

On behalf of the Board of Regents of the Smithsonian Institution, I would like to express our sincere gratitude to you and the staff of the Government Accountability Office (GAO) for this comprehensive review of our governance reform effort. The past year has been tumultuous for the Smithsonian and we appreciate the fair, balanced, and productive approach of the report. The Regents have been advised of your findings and recommendations and, as Chair and on behalf of the Board, I can represent that we embrace the recommendations. As I discuss in more detail below, we are confident that these recommendations complement our efforts to become a more effective governing board and a leader in 21st Century nonprofit governance.

The Honorable
Patrick J. Leahy,
Vermont

The Honorable
Xavier Becerra,
California

The Honorable
Sam Johnson,
Texas

I address each recommendation separately below to underscore our understanding and note many of the efforts already underway to implement them.

The Honorable
Doris Matsui,
California

Ensuring an understanding of key stakeholder concerns, including the advisory boards

Eli Broad,
California

Phillip Frost,
Florida

Shirley Ann Jackson,
New York

Robert P. Kogod,
Washington, D.C.

We strongly agree that our efforts must now focus on improving the relationship between the Board of Regents and our many stakeholders, in particular the more than 600 dedicated members of the advisory boards. The Acting Secretary, in his response, described the efforts to improve communications with the Congress, Smithsonian staff and volunteers, and the public. The Board supports those efforts and is partnering with senior management to facilitate communications with, and to disseminate information about, the Regents.

John W. McCarter, Jr.,
Illinois

Alan G. Spoon,
Massachusetts

Patricia Q. Stonesifer,
Washington

Over the next few months, we will focus on establishing mechanisms to improve our communications and partnership with the advisory boards. In my conversations with the chairs of these boards, and as I reported to the Regents at our May 5 meeting, Smithsonian advisory boards are an underutilized asset. Most of the boards work closely with their museum directors and staff and understand best the pressing issues facing their

museums and programs. Effective oversight of a diverse and complex organization such as the Smithsonian must reflect the perspective and expertise of these groups.

At our September 2008 board meeting, we expect the Governance and Nominating Committee to bring to the full Board a series of recommendations to strengthen this critical partnership. In the meantime, we will continue our outreach. Beginning immediately, staff reporting directly to the Regents will attend the meetings of advisory board, allowing the Regents to better understand the business of each group and to create a formal vehicle for direct communication to the Regents and to help to ensure that issues raised by the boards to the Regents are appropriately addressed.

Clarifying the process to select, and the roles of, non-Regents on committees

The Regents believe that the aggressive, but prudent, supplementation of the Board with non-Regent members on committees will broaden our capacity and expertise. We recognize that non-Regent members can greatly enhance the work of the committees by providing specific expertise in areas. However, to be productive, we believe that non-Regent members should also possess significant ties to the Institution beyond their committee assignment. Again, we believe that greater involvement from the advisory board leaders will help address this issue. The 600 members boast a wide variety of relevant expertise and skills and have already demonstrated a strong commitment to the Institution.

This reliance, however, is founded in our commitment to consider non-Regent members as full and equal colleagues. All committee members --- Regents and non-Regents—have the same roles and responsibilities. Assessment of a committee member's performance will not distinguish expectations based on status. We agree with your recommendation that the process to select non-Regent committee members should be transparent and clear and we will consult with the advisory boards and other stakeholders on effective ways to identify qualified candidates.

In this regard, I am very pleased to note that at the Board's May 5 meeting, we created a standing Investments Committee, chaired by a non-Regent and with a majority of non-Regent members. This step not only acknowledges the importance placed by the Board on managing the endowment, but also the role non-Regents will begin playing in governing the Smithsonian, and the trust we have placed in them. Indeed, Diana Aviv, President and Chief Executive Officer of Independent Sector, and a non-Regent member of the Governance and Nominating Committee, played a key role in the development and implementation of our reform agenda.

Evaluate potential actions to address non-performance by Board members

The Regents share a strong expectation that all members will be equally engaged and active. As part of our governance reforms, we clearly set forth the duties and expectations

of each Regent. Service as a Regent is a great honor, but with that honor comes significant responsibilities. Accepting membership now requires a promise by each Regent to be active, engaged, and productive. We are committed to working together, equally sharing our oversight and governing duties. All Congressional and Citizen Regents are expected to serve on at least two committees and each of us pledged to do so without hesitation.

We strongly believe that by clearly articulating Regents' roles and responsibilities accompanied by an informed and explicit acceptance by each member will help ensure a committed Board. We are also implementing an annual assessment process that will help identify weaknesses in the performance of individual members or the Board as a whole. We anticipate that these critical improvements –concrete commitments and expectations and routine evaluations – will ensure the productivity of all members of the Board. However, we agree that the Board, in consultation with the Congress, should identify potential remedies to cure persistent neglect of duties by a Regent.

Evaluate the efficacy of the Board's governance reform efforts

Over the past year, we have learned that good governance evolves and that complacency is a symptom of a disengaged board. We fully agree with your conclusion that the Board must focus on the continuous improvement of the Smithsonian's governance and management practices by reviewing the efficacy of our reforms after a suitable period of time. At our May 5 meeting, the Board committed itself, through the Governance and Nominating Committee, to a review of our governance practices every three years. We also recognize that the foundation for long-term governance is not complete. As noted above, we must still strengthen the partnership between the Regents and the advisory boards and challenges remain in establishing robust financial and internal controls.

Over the past year, we believe that the Smithsonian has become a leader in non-profit governance. The process was not easy, the problems we found were challenging, and many choices made were painful. In the end, we believe that the Board, the Institution, and those who share our passion for what the Smithsonian does, are better for it.

Sincerely,



Roger W. Sant