

OFFICE OF THE INSPECTOR GENERAL



SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2019 –
March 31, 2020



Smithsonian Institution Building
(The Castle)

Table 1. Semiannual reporting requirements of the *Inspector General Act*, as amended

Public Law Section	Reporting Requirement	Page
Section 4(a)(2)	Review of legislation and regulations	15
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	8–10
Section 5(a)(4)	Matters referred to prosecutive authorities	11–12
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	None
Section 5(a)(7)	Summaries of significant reports	5–6
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	None
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	8–10
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	None
Section 5(a)(14–16)	Peer reviews	10, 13
Section 5(a)(17–18)	Investigative tables	14
Section 5(a)(19)	Reports on investigations with substantiated allegations involving senior employees	12
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 March 31, 2020.

Table of Contents

Message from the Inspector General	1
Smithsonian Institution Profile	2
Office of the Inspector General Profile	3
Audits	3
Counsel	3
Investigations	3
Operations	3
Vision	4
Mission	4
Authority	4
Core Values	4
Audits	5
Summary of Issued Audit Reports	5
Work in Progress	7
Other Audit Activities	7
Investigations	11
Highlights of Investigative Actions	11
Other Investigative Activities	13
Other OIG Activities	15

Tables

Table 1. Semiannual Reporting Requirements of the Inspector General Act, as amended.....	i
Table 2. Summary of Audit Recommendation Activity during the Semiannual Reporting Period Ending March 31, 2020	7
Table 3. Reports from Previous Periods with Unimplemented Recommendations	8
Table 4. Statistical Summary of the Office of the Inspector General's Investigative Results during the Semiannual Reporting Period Ending March 31, 2020.....	14

Abbreviations

CIGIE	Council of the Inspectors General on Integrity and Efficiency
COR	Contracting Officer's Representative
COTR	Contracting Officer's Technical Representative
ISC	Interagency Security Committee
KPMG	KPMG LLP
Ocon&PPM	Office of Contracting and Personal Property Management
OIG	Office of the Inspector General
OPM	Office of Personnel Management
OPS	Office of Protection Services
PIA	Privacy Impact Assessment
PII	Personally Identifiable Information
SE	Smithsonian Enterprises
Smithsonian	Smithsonian Institution
Williams Adley	Williams, Adley & Company—DC, LLP

Message from the Inspector General

On behalf of the Office of the Inspector General (OIG), I am pleased to submit this semiannual report to the Congress. This report highlights the accomplishments achieved through our audit and investigative activities for the 6-month period ending March 31, 2020.

Our office issued four audit reports, including one with four recommendations to improve Smithsonian Institution's (Smithsonian) management of revenue-generating contracts. Revenue-generating contracts play an important role in Smithsonian's finances by providing millions of dollars annually in unrestricted funds for Smithsonian operations. We found that the Smithsonian needs to enhance the controls for managing and monitoring these contracts. In addition, our office conducted work on three ongoing audits and closed eight recommendations. At the end of the reporting period, 19 recommendations remained open. The open recommendations are to improve the Smithsonian's privacy, physical security, background investigation, and information security programs. More details on our audit work 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. During the reporting period, OIG closed 79 complaints, converted 2 complaints to investigations, and completed 13 investigations. OIG substantiated allegations in eight investigations. As a result, the Smithsonian reprimanded two employees, terminated a third employee's employment, and suspended an employee for 10 days without pay. Four employees resigned before management could take administrative action. More details on the cases can be found in the Investigations section of this report.

Toward the end of the semiannual report period, the Smithsonian was impacted by the coronavirus disease 2019 (COVID-19). OIG plans to monitor and assess the risks of COVID-19 to Smithsonian's programs and operations. The Congress appropriated \$7.5 million to the Smithsonian to prevent, prepare for, and respond to coronavirus, domestically or internationally, including funding for deep cleaning, security, information technology, and staff overtime.

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
Inspector General

Smithsonian Institution Profile

In 1846, the Congress created the Smithsonian as a trust instrumentality of the United States 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.”¹

Today, the Smithsonian consists of 19 museums, the National Zoological Park, 9 research centers, and other facilities around the world. The majority of Smithsonian locations are in Washington, D.C., but the Smithsonian also has facilities in 10 states (Arizona, California, Florida, Hawaii, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Virginia), Belize, and Panama. The Smithsonian’s Affiliations program has 212 members and brings its collections, scholarship, and exhibitions to most states, Puerto Rico, and Panama.

In fiscal year 2019, there were more than 23.3 million visits to the Smithsonian museums and the zoo. In addition, Smithsonian’s public websites logged 154 million visits. The Smithsonian employs more than 6,600 staff (including about 3,850 federal employees) and has approximately 6,900 on-site volunteers, 1,960 fellows and research associates, and numerous interns and contractors.

The Smithsonian is the steward of an extensive collection.

The total number of objects and specimens in the Smithsonian’s collections is estimated at 155 million, of which 146 million are scientific specimens at the National Museum of Natural History. The collections form the basis of world-renowned research, exhibitions, and public programs in the arts, culture, history, and the sciences. Only a small portion of the Smithsonian’s collections is on display in the museums at any given time. The Smithsonian made more than 4.7 million collection images available online for personal, non-commercial and educational use.

A substantial portion of the Smithsonian’s operations is funded by annual federal appropriations. Federal appropriations are also received for the construction or repair and restoration of its facilities. In addition to federal appropriations, the Smithsonian receives private gifts and revenue from grants and contracts, and also earns income from investments and its various business activities. Business activities include Smithsonian magazines and books; a mail order catalogue; product development and licensing; and museum theaters, shops, and food services.

National Museum of African American History and Culture



Architectural photography by Alan Karchmer.

¹ A trust instrumentality is a government agency or corporation that acts independently in carrying out work for the public good.

Office of the Inspector General Profile

The Office of the Inspector General (OIG) is headed by the Inspector General, who is appointed by, reports to, and is under the general supervision of the Board of Regents. OIG is located in Washington, D.C. As of April 2020, OIG comprised 18 staff: the Inspector General, the Assistant Inspector General for Audits, the Assistant Inspector General for Investigations, Assistant Inspector General for Operations, Counsel to the Inspector General, 9 auditors, 3 investigators, and a mission support specialist.

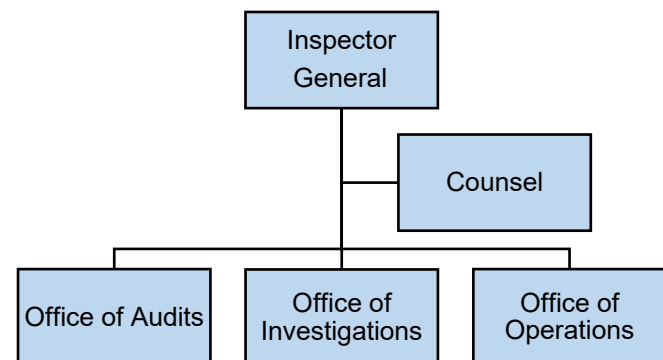
The OIG's organizational structure is described below.

Audits

The Office of Audits conducts audits of the Smithsonian's existing and proposed programs and operations to help improve their efficiency and effectiveness. The office develops a risk-based annual audit plan to guide its work. The Office of Audits also actively monitors the external audits of the Smithsonian's financial statements.

Counsel

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



Investigations

The Office of Investigations pursues allegations of waste, fraud, abuse, and gross mismanagement; misconduct by employees, contractors, or others who affect the Smithsonian; 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 the Inspector General 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.

Operations

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

OIG's vision, mission, authority, and core values are described below.²

Vision

OIG's vision is to provide the highest quality oversight through timely action, independent and objective reporting, and an overall commitment to excellence.

Mission

OIG's mission is to promote the efficiency, effectiveness, and integrity of the Smithsonian's programs and operations through independent and objective audits and investigations and to keep stakeholders fully and currently informed.

Authority

The *Inspector General Act of 1978*, as amended in 1988 (P.L. 100-504), established the Smithsonian OIG. The act requires Smithsonian OIG to perform the following functions:

- Conduct audits and investigations relating to the Smithsonian's programs and operations.
- Promote economy, efficiency, and effectiveness within the Smithsonian.
- Review and make recommendations regarding existing and proposed programs and operations.
- Prevent and detect waste, fraud, and abuse in the Smithsonian's programs and operations.
- Report expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law.
- Keep the Board of Regents and the Congress fully and currently informed of serious problems in Smithsonian's programs and operations.

Core Values

Consistent with its mission and responsibilities, OIG's efforts are guided by four core values: accountability, excellence, integrity, and teamwork. These core values reflect the most important qualities needed for success and are reflected in all of the work done by OIG.

Accountability. A commitment to promoting accountability in the Smithsonian and taking personal accountability for actions and decisions within OIG.

Excellence. A commitment to providing timely, relevant, and high-quality products and services.

Integrity. A commitment to operating under the highest ethical principles by conducting our work in an honest, objective, and independent manner.

Teamwork. A commitment to working together to collectively achieve OIG's mission through respectful and professional interactions among ourselves and others.

² The OIG vision, mission, goal and objectives, and core values are part of the *OIG Strategic Plan for Fiscal Years 2019–2023*, available from the OIG website at <https://www.si.edu/oig>.

Audits

Audit work focuses on improving the efficiency and effectiveness of the Smithsonian's programs and operations. During this semiannual period, OIG issued four reports, conducted work on three ongoing audits, and closed eight recommendations.

Summary of Issued Audit Reports

Below are summaries of the four audit reports issued during this reporting period along with links to the original audit reports.

[Contract Management: Smithsonian Needs to Enhance Controls for Managing and Monitoring Revenue-Generating Contracts \(OIG-A-20-01, October 22, 2019\)](#)

The Smithsonian receives funding from a variety of sources. Federal appropriations pay for a substantial portion of the Smithsonian's operations. The Smithsonian also receives private support, government grants, and government contracts, and it earns revenue from investments and its various business activities.

Revenue-generating contracts play an important role for the Smithsonian, providing millions of dollars in unrestricted funds, which have no donor-imposed or legal restrictions on their use.

OIG assessed the extent to which the Office of Contracting and Personal Property Management (OCon&PPM) and Smithsonian Enterprises (SE) had effective controls to manage revenue-generating contracts. OIG interviewed staff from OCon&PPM and SE and reviewed documentation to gain an understanding of the processes used to manage and monitor these contracts and to assess how those processes compared to applicable policies and procedures.

OIG found that controls for managing and monitoring revenue-generating contracts needed to be enhanced, including the following: internal control guidance states that management should periodically reassess policies and procedures for continued relevance and update them as needed. However, OCon&PPM had not updated its revenue-generating contract procedures in 9 years and agreed that they should be changed to reflect that not all revenue-generating contracts need to have a Contracting Officer's Representative (COR) assigned.

OCon&PPM had procedures that included guidelines for awarding and administering revenue-generating contracts, but it had not established any procedures to guide the day-to-day activities of the CORs who manage these contracts. Written procedures can help to establish clear expectations of responsibilities and authorities for CORs and can ensure that CORs know how to perform their daily activities. Neither OCon&PPM nor SE had training requirements for CORs or provided training to CORs of revenue-generating contracts, even though a 2012 management review recommended such training. In 2013, OCon&PPM coordinated with SE to develop two draft training manuals and conducted a pilot training course for six OCon&PPM employees. Since then, however, no other training had been offered. OCon&PPM and SE had never conducted compliance reviews of revenue-generating contracts to ensure that effective

and consistent control activities were used and that revenues from these contracts were accounted for properly.

OIG made four recommendations to improve controls over revenue-generating contracts. Management concurred with all four recommendations.

[Independent Auditor's Report on the Smithsonian Institution's Fiscal Year 2019 Financial Statements \(OIG-A-20-02, January 24, 2020\)](#)

An independent public accounting firm, KPMG LLP (KPMG), issued a report on the statement of the Smithsonian Institution's financial position as of September 30, 2019, and the related statements of financial activity and cash flows. KPMG expressed an unmodified opinion that concluded the financial statements were presented fairly, in all material respects, in accordance with the applicable financial reporting standards. An OIG auditor served as the Contracting Officer's Technical Representative to monitor this audit.

[Independent Accountant's Report on the Smithsonian Enterprises Net Gain for Fiscal Year 2019 \(OIG-A-20-03, January 27, 2020\)](#)

KPMG issued a report on the Statement of Net Gain for Smithsonian Enterprises, as of September 28, 2019. KPMG concluded that no material modifications should be made to the Statement of Net Gain to be in accordance with U.S. generally accepted accounting principles. An OIG auditor served as the Contracting Officer's Technical Representative to monitor this audit.

[Audit of Federal Awards Performed in Accordance with Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(OIG-A-20-04, February 25, 2020\)](#)

KPMG issued a report on the audit of federal awards performed in accordance with *Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. KPMG expressed two unmodified opinions in this report. First, KPMG opined that the Smithsonian complied, in all material respects, with the compliance requirements of the Smithsonian's major federal program, research and development. Second, KPMG opined that the Smithsonian's expenditures of federal awards were fairly stated in all material respects in relation to the financial statements as a whole.

For fiscal year 2019, KPMG reported a significant deficiency in management's review of certain financial statement disclosures. To address the significant deficiency, KPMG recommended that the Smithsonian establish a standard accounting manual that would inform all employees of operating procedures and policies. KPMG also recommended that the Smithsonian evaluate its process to review external financial reporting and enhance the level of review and precision. An OIG auditor served as the Contracting Officer's Technical Representative to monitor this audit.

Work in Progress

At the end of the period, OIG had three audits in progress, as described below.

Hiring Practices for Trust Employees

OIG auditors are reviewing to what extent the Office of Human Resources complies 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.

Audit of the Smithsonian's Information Security Program, Fiscal Year 2019

An OIG auditor is monitoring an independent public accounting firm, Williams, Adley & Company—DC, LLP (Williams Adley), in conducting an audit evaluating the Smithsonian's information security program for fiscal year 2019.

Other Audit Activities

Status of Recommendations

Smithsonian management made progress in implementing the recommendations from audit reports that we issued in prior semiannual reporting periods. As a result, OIG closed eight recommendations during the past 6 months. Table 2 provides summary statistics for OIG recommendations during this semiannual reporting period, as of March 31, 2020.

Table 2. Summary of audit recommendation activity during the semiannual reporting period ending March 31, 2020

Status of Recommendations	Number of Recommendations
Open at the beginning of the period	21
Issued during the period	6
<i>Subtotal</i>	27
Closed during the period	8
Open at the end of the period	19

Source: OIG assessment as of March 31, 2020.

Table 3 summarizes the audit reports from previous periods that have unimplemented recommendations and their target completion, as of March 31, 2020. None of these recommendations involve any cost savings.

Table 3. Reports from previous periods with unimplemented recommendations

Report Summary	Unimplemented Recommendations
<p><i>Audit of the Smithsonian Institution's Privacy Program</i> (OIG-A-16-04, March 14, 2016)</p> <p>The Smithsonian has made progress in privacy management since the previous OIG privacy audit in May 2009. However, significant work is 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. OIG made 11 recommendations, and 1 remains unimplemented.</p>	<p>The Privacy Officer ensures that a PIA is completed for all systems containing PII.</p> <p>Target completion date: September 30, 2020.</p>
<p><i>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</i> (OIG-A-18-08, September 18, 2018)</p> <p>OIG found that the Office of Protection Services (OPS) basic training met or partially met most Interagency Security Committee (ISC) standards. However, ISC recommends that armed guards qualify on firearms twice a year, although OPS requires firearms qualification only once a year.</p> <p>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.</p>	<p>The Director of OPS should assess the costs and benefits of adopting the ISC's best practice to require semiannual firearms qualifications for all armed security guards.</p> <p>Target completion date: September 30, 2020.</p>

Report Summary	Unimplemented Recommendations
<p>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.</p> <p>OIG made seven recommendations, and one remains unimplemented.</p>	
<p><i>Personnel Security: Actions Needed to Strengthen the Background Investigation Process</i> (OIG-A-18-09, September 20, 2018)</p> <p>The offices of human resources use a position designation process to determine the required level of background investigation (low, moderate, or high). However, OIG found that the Smithsonian has no assurance that most of its employees hired in 2015 received 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 post-employment background investigation.</p> <p>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.</p> <p>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.</p> <p>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 post-employment 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</p>	<p>The Director of Human Resources should develop and implement policies and procedures to do the following: (1) Designate and document position risk and sensitivity for all human resources offices. (2) Include a requirement that Trust positions receive a sensitivity designation. (3) Monitor compliance of position risk and sensitivity designations conducted by all human resources offices.</p> <p>The Director of OPS should do the following: (4) Develop and implement procedures to establish time frames to schedule post-employment background investigations, monitor compliance with the newly established scheduling time frames, provide post-employment background investigations for temporary employees whose appointment extends past 180 days, and review data in the Identity Management System to ensure that it is accurate and complete. (5) Conduct the required level of background investigations for those employees without a record of one.</p> <p>The Chief Operating Officer and Under Secretary for Finance and Administration should do the following: (6) Identify all employees and affiliated individuals who have computer system access but have not received background investigations and ensure that they receive background investigations.</p> <p>The directors of OPS and the Smithsonian Tropical Research Institute should: (7) Develop and implement background investigation policies and procedures for all</p>

Report Summary	Unimplemented Recommendations
<p>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.</p> <p>OIG made nine recommendations to improve the background investigation process, and two have been implemented.</p>	<p>of the Smithsonian Tropical Research Institute's locally hired Panamanian employees.</p> <p>Target completion date: December 31, 2020.</p>
<p><i>Fiscal Year 2018 Independent Evaluation of the Smithsonian Institution's Information Security Program</i> (OIG-A-19-07, September 23, 2019)</p> <p>The Office of the Inspector General contracted with Williams Adley to conduct this audit. The objective of the audit was to evaluate the effectiveness of the Smithsonian's information security program in fiscal year 2018.</p> <p>Williams Adley made nine recommendations to enhance information security at the Smithsonian. Management concurred with all nine recommendations, and four remain unimplemented.</p>	<p>The OPS system owner should: (1) Review and update its signed agreements with all contractor systems, in accordance with IT-930-02, Security Controls Manual Version 4.2</p> <p>The Chief Information Officer should do the following: (2) Update security awareness training to include Information Spillage response, personally identifiable information handling procedures, and data collection requirements. (3) Assess current network operations and determine the best tool to prevent the intentional or unintentional exfiltration of PII.</p> <p>OPS should: (4) Ensure that Technical Recovery Team meetings occur on the required basis and that these meetings are documented.</p> <p>Target completion date: March 31, 2021.</p>

Source: OIG assessment as of March 31, 2020.

Audit Peer Review

Government Auditing Standards require audit organizations to (1) establish and maintain a system of quality control 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 three years. On September 22, 2017, the Amtrak Office of Inspector General completed the most recent peer review, which is posted on the OIG website. The Smithsonian OIG received the highest peer review rating of "pass."

Investigations

At the start of the reporting period, OIG had 28 open complaints and 19 ongoing investigations. During the reporting period, OIG received 68 new complaints, closed 79 complaints, converted 2 complaints to investigations, and completed 13 investigations. At the end of the reporting period, there were 15 open complaints and 8 ongoing investigations.

Highlights of Investigative Actions

OIG substantiated allegations for eight investigations, which are summarized below.

Violation of Smithsonian Contracting Procedures

OIG received a complaint alleging contractor collusion in the award of a construction contract. OIG did not substantiate the allegation of collusion; however, during the course of the investigation OIG determined that an employee did not evaluate contracts according to procedures in Smithsonian Directive 314, *Contracting*, and in Procurement and Contracting Procedures Manual Part 3, *Contracts for Goods and Services*. The Smithsonian counseled the employee. In addition, Smithsonian management and stakeholders met to discuss the procedures and process that will be applied for future construction projects at this location.

Misuse of Government Property

OIG determined that an employee attempted to use the Smithsonian tax-exempt certificate to make an online purchase of a personal item to avoid paying sales tax. The employee also used the Smithsonian online store account to purchase this personal item. The employee's use of the Smithsonian's online store account and the tax-exempt certificate for personal gain was a violation of Smithsonian Directive 103, *Smithsonian Institution Standards of Conduct*, and Smithsonian Directive 931, *Use of Computers, Telecommunications Devices, and Networks*. The employee received a 10-day suspension without pay.

Violation of Time and Attendance Rules and Misuse of Smithsonian-Owned Vehicle

OIG determined that an employee falsely reported 11 hours as normal work hours when the hours should have been reported as annual leave. In addition, the employee violated Smithsonian Directive 421, *Motor Vehicle Management*, by driving a Smithsonian vehicle with a suspended driver's license and for using the Smithsonian vehicle for unauthorized personal business and convenience. The Smithsonian terminated the employee.

Theft of Smithsonian-Owned Equipment and Supplies

OIG received evidence from the Bureau of Alcohol, Tobacco, Firearms and Explosives of a potential theft by a Smithsonian employee. OIG determined that two Smithsonian employees stole Smithsonian equipment and supplies valued at \$4,201 for personal gain. The United States Attorney's Office declined to prosecute the case. The employees resigned from their employment before the Smithsonian took any administrative actions.

Fraudulent Claim and Time and Attendance Violation

OIG determined that an employee knowingly submitted a fictitious doctor's note to justify two days of sick leave. The United States Attorney's Office declined to prosecute this case, and the Smithsonian did not take administrative action against the employee.

Violation of Time and Attendance Rules

OIG determined that an employee falsely reported two hours as normal work hours when those hours should have been recorded as annual leave. The Smithsonian counseled the employee and revoked the employee's telework privileges.

Violation of Smithsonian Standards of Conduct by Senior Employee

OIG determined that a senior employee did not demonstrate due care in carrying out responsibilities when compiling and submitting a report to a financial institution — a violation of the code of conduct of the employee's professional field. As a result, this senior employee violated Smithsonian Directive 103, *Smithsonian Institution Standards of Conduct*, which requires that employees be aware of and guided by the generally accepted professional standards and codes of ethics applicable in their respective professional fields. The senior employee resigned from Smithsonian employment.

Violations of Smithsonian Standards of Conduct by Caroline Baumann

OIG determined that the Director of the Cooper Hewitt Smithsonian Design Museum, Caroline Baumann, violated Smithsonian Directive 103, *Smithsonian Institution Standards of Conduct*, by (1) soliciting and accepting the free use of a venue, a gift valued at least \$25,000, from a prohibited source, without paying the fair-market value of the gift and reporting it to a Smithsonian ethics counselor; (2) creating the appearance of using her Smithsonian position for personal gain by soliciting the use of the venue from a prohibited source; (3) creating the appearance of giving preferential treatment by providing free use of Smithsonian space to the venue host with an estimated value of \$33,875; (4) using her Smithsonian position to solicit a dress and receiving a discount of at least \$2,250; (5) creating the appearance of a quid pro quo deal by providing the dress designer with a free ticket to a Smithsonian event, a value of \$1,700, soon after receiving a discount for the custom-designed dress; (6) failing to disclose the gifts of free use of venue and discounted price for dress on the annual confidential financial disclosure report, even though she was required to disclose gifts greater than \$100 from any source; (7) using Smithsonian staff and a contractor to publicize a personal event that was not an official Smithsonian activity; and (8) failing to disclose her then-partner's contract with the Smithsonian on the annual confidential financial disclosure report.³ Ms. Baumann resigned from the Smithsonian.

³ OIG included Ms. Baumann's name in this summary because the investigative report is publicly available.

OIG did not substantiate the allegations for five investigations. Three of these investigations involved senior employees, as described below.

[Allegation of Prohibited Personnel Practices by Senior Employee](#)

OIG investigated an allegation that a senior employee improperly hired people the senior employee 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.

[Allegation of Prohibited Personnel Practices by Senior Employee](#)

OIG investigated an allegation that a senior employee attempted to retaliate against a job applicant who was a whistleblower in a misconduct inquiry. OIG's investigation determined that this allegation was unsubstantiated.

[Allegation of Fraudulent Contract Negotiations by Senior Employee](#)

OIG received an allegation that a senior employee acted fraudulently when negotiating a contract with a business owner. OIG was unable to investigate this allegation because the complainant did not provide sufficient information for OIG to investigate. The matter was closed for lack of evidence.

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 234 new employees during their orientation sessions. OIG also sent Smithsonian-wide emails to promote fraud awareness and inform employees how to report suspected wrongdoing.

[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. Our next investigative peer review is scheduled for the summer of 2020.

Table 4 contains a statistical summary of OIG's investigative results during the semiannual reporting period.

Table 4. Statistical summary of the Office of the Inspector General's investigative results during the semiannual reporting period ending March 31, 2020

Investigative Activity or Result	Number or Amount
Caseload	
Cases pending at beginning of reporting period	19
Cases opened during the reporting period	<u>2</u>
<i>Subtotal</i>	21
Cases closed during the reporting period	13
Investigative reports issued	7
Cases carried forward	8
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	0
Indictments and criminal information from prior period referrals	0
Successful prosecutions	
Convictions	0
Fines	0
Probation	0
Confinement	0
Monetary restitutions	0
Forfeiture of assets and seized evidence	0
Administrative actions	
Terminations	1
Resignations	4
Reprimands or admonishments	2
Suspensions	1
Monetary loss prevented	\$86
Value of items recovered	\$4,201

Source: OIG investigative activity statistics as of March 31, 2020.

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 as the Vice Chair of the CIGIE Audit Committee; as a member on three other CIGIE committees; and as 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. OIG staff also serve on the CIGIE Technology Committee; the Emerging Technology, Assistant Inspectors General for Management, and Chief Information Officer subcommittees; and the Cross-Cutting Initiatives Working Group.

In addition, OIG staff participated in the Federal Audit Executive Council, the Association of Certified Fraud Examiners, the Institute of Internal Auditors, the Federal Audit Advisory Committee for Enterprise Technology Solutions, and the Financial Statement Audit Network.