

OFFICE OF THE INSPECTOR GENERAL



Smithsonian Institution Building
(The Castle)

Audit Plan Fiscal Year 2023

A Message from the Inspector General

I am pleased to present the audit plan for fiscal year 2023. This plan provides a road map for accomplishing our mission to conduct independent and objective audits to improve the economy, efficiency, and effectiveness of the Smithsonian Institution's (Smithsonian) programs and operations, while also preventing and detecting fraud, waste, and abuse. In developing this plan, we conducted a comprehensive risk assessment and sought input from our stakeholders at the Smithsonian and in Congress.

The audits and related work for fiscal year 2023 fall into three categories:

Ongoing Audits: Audits that were ongoing at the beginning of fiscal year 2023.

Mandatory Audits: Audits of the Smithsonian's financial statements, information security program, and the travel expenses for the Board of Regents.

Discretionary Audits: Audits selected after assessing the risks facing the Smithsonian and after evaluating the suggested topics from our stakeholders.

As the year unfolds, we may adjust this plan to ensure that we direct available resources to the areas with the highest risks and impacts. We strive to continuously improve our audit planning process, and we welcome comments about our planned work and suggestions about future work. Please address your suggestions and questions to me or to Joan T. Mockeridge, Assistant Inspector General for Audits.



Cathy L. Helm
Inspector General

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Introduction

The Smithsonian Institution (Smithsonian) is a trust instrumentality of the United States government 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 consists of 21 museums and the National Zoological Park. Numerous research programs are carried out in the museums and other facilities throughout the world. The majority of Smithsonian locations are in Washington, D.C., but the Smithsonian also has facilities in nine states (Arizona, Florida, Hawaii, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Virginia), Panama, and Belize.

The Smithsonian is the steward of an extensive collection. The total number of artifacts, works of art, and specimens in the Smithsonian’s collections is estimated at 155 million, of which 146 million are 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. (See Figure 1.) The Smithsonian Affiliations program brings collections, scholarship, and exhibitions to nearly all states, Puerto Rico, and Panama.

A major portion of the Smithsonian’s programs and operations is funded with federal appropriations to cover salaries and expenses and for the construction or repair and restoration of its facilities. Construction of certain facilities has been funded entirely by federal appropriations, and others have been funded by a combination of federal and private funds.

In addition to federal appropriations, the Smithsonian receives private support in the form of contributions, grants, and contracts, and it earns income from investments and various business activities to support current operations. Business activities include food services, online catalogs, retail operations, Smithsonian magazines and other publications, and theaters. These monies are referred to as trust funds.

The Commons, West Wing



Photo: Smithsonian Institution Building (The Castle)

Ongoing Audits

❖ **Assessment of Detection and Response Capabilities for Information Security Incidents**

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

❖ **Evaluation of the Smithsonian's Information Security Program, Fiscal Year 2022**

An independent public accounting firm is conducting an audit to evaluate the Smithsonian's information security program for fiscal year 2022. An OIG auditor serves as the contracting officer's technical representative for these audits.

❖ **Financial Statements Audit, Fiscal Year 2022**

An independent public accounting firm is conducting the Smithsonian's annual financial statements audits, which include the Smithsonian's consolidated financial statements, the compliance audit of federal awards, and the statement of net gain for Smithsonian Enterprises. An OIG auditor serves as the contracting officer's technical representative for these audits.

❖ **Sole-Source Purchase Orders**

OIG is assessing the extent to which the Smithsonian controls over sole-source purchase orders are effective in ensuring compliance with Smithsonian procurement policies and procedures.

Mandatory Planned Audits

❖ Evaluation of Smithsonian's Information Security Program, Fiscal Year 2023

An independent public accounting firm will evaluate the Smithsonian's information security program for fiscal year 2023. An OIG auditor will serve as the contracting officer's technical representative for this audit.

❖ Financial Statements Audit, Fiscal Year 2023

An independent public accounting firm will conduct the Smithsonian's annual financial statement audits, which include the Smithsonian's consolidated financial statements, the compliance audit of federal awards, and the statement of net gain for Smithsonian Enterprises. An OIG auditor will serve as the contracting officer's technical representative for these audits.

❖ Travel Expenses of the Board of Regents, Fiscal Years 2021 and 2022

OIG will conduct the statutorily required audit of the reimbursement to Regents for travel and other actual expense for fiscal years 2021 and 2022.

Exhibits in the Newly Renovated Wing of the National Air and Space Museum.



Photo: Smithsonian OIG

Discretionary Planned Audits

❖ Appropriateness of Contract Modifications for the National Air and Space Museum (NASM) Revitalization Project

An independent public accounting firm will evaluate the extent to which the Smithsonian has followed its policies and procedures to issue contract modifications for the \$729 million NASM revitalization project. An OIG auditor will serve as the contracting officer's technical representative for this audit.

❖ Cash Management Operations at Smithsonian Enterprises

OIG will assess the extent to which the Smithsonian Enterprises has effective controls over cash.

❖ Centrally Managed Award Programs

OIG will evaluate the effectiveness of the financial and operational controls for centrally managed programs that award federal and trust funds in support of Smithsonian priorities.

Giant Pandas at the Smithsonian National Zoo



Photo: In April 2022, the Smithsonian National Zoo celebrated the 50th anniversary of caring for giant pandas.

❖ **Competition in Awarding Subcontracts for the NASM Revitalization Project**

An independent public accounting firm will assess the extent to which the contractor for the NASM Revitalization Project has followed competition requirements to award subcontracts. An OIG auditor will serve as the contracting officer's technical representative for this audit.

❖ **Grants Management**

OIG will examine the administrative and financial management services provided by the Office Sponsored Projects to ensure compliance with grant provisions and Smithsonian policies and procedures.

❖ **Management of Overtime Pay**

OIG will determine whether Smithsonian units are effectively managing staff hours to reduce overtime expenses. We will assess the effectiveness of policies and procedures for reviewing and approving overtime and examine whether overtime pay is properly calculated.

❖ **NASM Revitalization Project's Contract Billing Process**

An independent public accounting firm will evaluate the review and approval process for construction costs billed by the general contractor for the NASM revitalization project and evaluate that such costs were made in accordance with the contract terms and conditions, appear reasonable, and were allocable, allowable, and supportable. An OIG auditor will serve as the contracting officer's technical representative for this audit.

❖ **Purchase Card Rebates**

OIG will assess the extent to which the Smithsonian returns rebates under the General Service Administration's SmartPay Program to their original funding sources, as required.

❖ **Use and Reporting of CARES Act Funding**

OIG will review the extent to which the Smithsonian expended and reported the use of \$7.5 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in accordance with applicable laws, policies, and procedures.

OFFICE OF THE INSPECTOR GENERAL



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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.