

STATEMENT OF
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BEFORE THE
COMMITTEE ON HOUSE ADMINISTRATION
UNITED STATES HOUSE OF REPRESENTATIVES
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Good morning. I appreciate this opportunity to give you my views on the recommendations of the Smithsonian Board of Regents' Governance Committee and the Independent Review Committee (IRC) as they affect the operations of my office.

In April, I testified to your counterparts in the Senate about governance issues, including impediments to effective oversight and the need to improve accountability and transparency. I questioned whether the Regents had adequate information for meaningful oversight. And I questioned whether the Institution adequately considered its fiduciary duty when expending Smithsonian funds.

Since that time, the Governance Committee and the IRC have explored these and other governance issues in depth. We strongly endorse their conclusions and recommendations. Indeed, some of the IRC's report is based on data we generated and reported in our two audits of executive compensation and our review of the Secretary's expenses, and the entire governance crisis arose because of the Regents' response to our reviews. I would also note that the Government Accountability Office is studying Smithsonian governance as well, at the request of the Senate Rules Committee.

The Smithsonian Regents and management have taken significant steps to address critical weaknesses in oversight and accountability and to reestablish the public's trust. While it is premature to judge this work-in-progress, I can report on the recommendations relating to my office, which cover three areas: access; compliance reviews; and the level of our resources.

In the first area, the Governance Committee's recommendations recognize the important role we play in oversight and accountability. The Regents have committed to strengthening our office, welcoming unfettered communication on any matter we deem appropriate. At the Regents' Audit and Review Committee meeting in early September,

we will be working on formalizing the reporting relationship of our office to the Board so that our role is embedded in the governance structure. And I'm pleased to report our office will be moved back downtown, likely by year's end, easing our access not only to management but also to core facilities and employees.

The recommendations also ask that we conduct regular reviews to monitor compliance with new policies, such as those on executives' and Regents' travel and business expenses. These reviews will ensure greater accountability. We will also examine the policies themselves, which are still evolving, to ensure that they appropriately safeguard the Institution's limited resources and reflect its nonprofit status.

Finally, the Governance Committee directed the Audit and Review Committee to determine whether our resources are adequate. As the IRC noted, and as we have long maintained, they are not. Our staff, which currently is authorized at 16 positions, has declined from a high of 24 in the mid-90s, although the Institution's appropriations during that time increased 80 percent. With such limited resources, our office has not been able to provide critically needed oversight of this complex Institution's over 6,000 employees and its 19 museums, 9 research centers, and the National Zoo.

Currently, in addition to the new requests under the Committees' recommendations, we are required to oversee the annual financial statement audits of the Institution and IT security reviews under the Federal Information Security Management Act. We are about to issue audits reports on retail operations at the zoo and on how the Institution has handled employee relocation expenses; we are working on an audit of revenue contracts at Smithsonian Business Ventures, and are starting one of worker's compensation. There are additional high-risk areas that we need to address, such as multi-million dollar capital projects; financial reporting systems and internal controls; facilities maintenance; and following up on animal care issues at the zoo, to name a few. And all this does not even include our investigative work.

Nonetheless, we are now more optimistic that our resources will begin to match the Institution's oversight needs. Just last week, we learned that management had agreed to forward our request for 5 new positions for fiscal year 2009. Of course much will depend on OMB and Congressional appropriators.

In sum, governance reform has begun in earnest, and the signs are encouraging. The real benefits will come with the comprehensive implementation of the Committees' recommendations. And the strengthening of our office promises better oversight of, and therefore more confidence in, the Institution. We look forward to providing you and your staff with further updates on this progress.