

Approved by the Regents' Executive Committee, April 9, 2007  
Approved by the Regents' Governance Committee, April 6, 2007

## **RECOMMENDED INTERIM POLICIES AND PRACTICES**

The Governance Committee has commenced a review of Smithsonian governance policies and practices to provide recommendations to the Board of Regents on whether those policies and practices might be strengthened to improve Smithsonian operations in support of its mission. In order to address areas of concern that have been raised in recent Inspector General reports and Congressional inquiries, the Governance Committee has made the following recommendations for interim policies and practices to be put into place immediately, subject to further review following receipt and consideration by the Board of Regents of the report of the Independent Review Committee and the further deliberations of the Governance Committee.

### **A. Reimbursement of Travel Expenses for Smithsonian Employees**

**Background:** The Smithsonian travel policy applies to all Smithsonian-supported travel paid by federal or trust funds, and is compliant with federal government travel regulations. This policy applied to the former Secretary, except that his employment agreement allowed him to fly "first class."

**Recommendation:** All travel by Smithsonian officers and employees should be subject to the Smithsonian travel policy. The Inspector General should be requested to periodically review the travel of the Secretary, officials who report directly to the Secretary, and unit directors and report to the Audit and Review Committee on compliance with this policy. Any violations of this policy should be reported to management for appropriate action.

### **B. Reimbursement of Travel Expenses for Regents and Advisory Board Members**

**Background:** Regents and members of Smithsonian advisory boards may request reimbursement for reasonable travel expenses in attending meetings on behalf of the Smithsonian; there is no reimbursement for spouses or guests of board members. Travel reimbursements to board members have not been subject to the Smithsonian travel policy. The Smithsonian generally arranges hotel accommodations for board members at favorable rates.

**Recommendation:** Reimbursement of travel expenses of Regents and advisory board members should be consistent with the Smithsonian travel policy. The Inspector General should be requested to periodically review reimbursements of travel expenses for Regents and advisory board members and report to the Audit and Review Committee on compliance with this policy. Any violations of this policy should be reported to the Executive Committee for appropriate action.

### C. Spousal Travel

**Background:** The Smithsonian does not pay or reimburse spousal travel expenses, except when the spouse's service in an official capacity is demonstrated in advance and is approved by an Under Secretary or the CEO of Business Ventures, or in connection with authorized relocation expenses. This policy did not apply in the case of the former Secretary, whose employment agreement allowed him to travel with his spouse "when appropriate".

**Recommendation:** The Smithsonian should not pay or reimburse spousal travel expenses for any employees, except in compliance with the Smithsonian travel policy and with the prior written approval of the Deputy Secretary/COO and the General Counsel. The Inspector General should be requested to periodically review reimbursements for spousal travel and report to the Audit and Review Committee on compliance with this policy. Any violations of this policy should be reported to management for appropriate action.

### D. Housing Allowance

**Background:** The former Secretary received a housing allowance as specified in his employment agreement. The Smithsonian pays or reimburses housing expenses in limited cases in connection with relocation of new or transferred employees and overseas assignments. The Smithsonian is currently undertaking a review of its policies and practices for payment or reimbursement of employee housing expenses.

**Recommendation:** The Acting Secretary will not receive a housing allowance. The Smithsonian should expeditiously conclude its review of policies and practices on payment of employee housing expenses and report thereon to the Audit and Review Committee. Prior to concluding this review, any new agreements to pay or reimburse employee housing expenses should require the prior written approval of the Deputy Secretary/COO and the General Counsel.

### E. Social Club Dues

**Background:** The former Secretary and other designated senior officers and employees with representational responsibilities received reimbursement for social club dues.

**Recommendation:** The Smithsonian should not pay or reimburse social club dues for any officer or employee.

### F. Chartered Aircraft

**Background:** Smithsonian travel policy requires that the mode of transportation must be the most advantageous and the most practical commensurate with the nature and purpose of the trip. The Inspector General reported on use of chartered aircraft by the former Secretary.

**Recommendation:** The Smithsonian should not pay or reimburse the cost of travel on chartered aircraft in the absence of demonstrated business necessity, such as in the case of transportation of

a collection item that cannot be safely transported by common carrier. Any payment for travel on chartered aircraft should be approved in advance in writing by the Deputy Secretary/COO and the General Counsel. The Inspector General should periodically review the use of chartered aircraft and report to the Audit and Review Committee on compliance with this policy. Any violations of this policy should be reported to management for appropriate action.

#### **G. Use of Trust Funds for Representational and Special Event Expenses**

**Background:** Smithsonian policy on use of trust funds for representational and special event expenses prescribes limits on and criteria for expenditure of trust funds for meals, gifts, entertainment, flowers, alcohol and similar expenses. The Inspector General reported on expenditures by the Office of the Secretary that were not consistent with this policy. A supplement to this policy has recently been issued as interim clarification.

**Recommendation:** Smithsonian funds should only be expended for reasonable expenses in accordance with Smithsonian policies, and should not be used for expenses that are lavish or excessive. The Inspector General should be requested to periodically review the use of funds for representational and special events by the offices of the Secretary, officials who report directly to the Secretary, and unit directors and report to the Audit and Review Committee on compliance with this policy. Any violations of this policy should be reported to management for appropriate action.

#### **H. Use of Smithsonian Travel Card and Purchase Card**

**Background:** The Smithsonian participates in two federal government programs that provide for issuance of credit cards to employees for official use. Smithsonian officers and employees who engage in travel as part of their official duties are issued a Smithsonian travel card to be used solely for travel expenses. Smithsonian offices are issued a purchase card to be used solely by authorized employees for small purchases (less than \$2,500) of office supplies, equipment or services. All expenses charged to a Smithsonian travel card or Smithsonian purchase card must be for authorized business expenses and in accordance with policies governing the use and payment of such cards as specified by the federal government.

**Recommendation:** The Smithsonian should review its practices and procedures to ensure appropriate monitoring and compliance with policy on use of Smithsonian credit cards. The Inspector General should be requested to periodically review the use of Smithsonian travel cards and purchase cards and report to the Audit and Review Committee on compliance with policy on use of Smithsonian credit cards. Any violations of this policy should be reported to management for appropriate action.

## **I. Documentation Requirements for Reimbursement of Expenses**

**Background:** Smithsonian financial policies require prior authorization and submission of adequate documentation supporting the business purpose of any expense to be paid or reimbursed from Smithsonian funds. The Inspector General reported that on occasion expenses were paid or reimbursed without having proper authorization or documentation.

**Recommendation:** The Smithsonian should review its practices and procedures to ensure appropriate monitoring and compliance with policies for documentation of reimbursable expenses. The Smithsonian should adopt a policy providing that reimbursement requests may be denied if adequate documentation is not provided in a timely manner. The Inspector General should be requested to periodically review the Smithsonian's practices on reimbursements for business expenses and report to the Audit and Review Committee on compliance with this policy. Any violations of this policy should be reported to management for appropriate action.

## **J. Outside Activities and Board Memberships**

**Background:** Smithsonian Standards of Conduct require prior clearance and review of board memberships and paid outside activities that are related to an employee's Smithsonian duties. This review requires approval by the employee's supervisor and unit head to ensure that the activity is compatible with the discharge of official duties and a determination by the General Counsel/Ethics Officer that the activity does not give rise to an apparent or actual conflict of interest.

**Recommendation:** All board memberships and paid outside activities of the Secretary and officials reporting directly to the Secretary should be subject to clearance and review under the Standards of Conduct, whether related or unrelated to Smithsonian duties. The Secretary should receive approval of the Chair of the Executive Committee before engaging in any proposed board memberships or paid outside activities.

## **K. Regents' Events**

**Background:** Special events and activities hosted by or on behalf of the Board of Regents are governed by Smithsonian policies on representational and special event expenses. There is currently no process for Regents' review of the expenses for these events.

**Recommendations:** Expenses for Regents' events should be reasonable in light of the purpose of the event and should not be lavish or excessive. Expenses for Regents' events involving significant donor development or recognition should be appropriate to the occasion. Proposed budgets for Regents' events should be approved in advance by the Executive Committee.