



Office of the Secretary

Date July 31, 2007

To Roger Sant  
Phillip Frost

cc Sprightley Ryan

From Cristián Samper, Acting Secretary *Cristián Samper K*

Subject IG Report on Compensation and Expenses of Smithsonian Business Ventures CEO

I have reviewed the Inspector General's report regarding the compensation and expenses of the CEO of Smithsonian Business Ventures (SBV), Gary Beer, between 2001 and 2005, as well as the response offered by Mr. Beer both in writing and verbally before the Audit and Review Committee of the Board of Regents. I also had the opportunity to listen to the discussion of the members of the Committee and other Regents who participated in the July 27, 2007, Committee meeting. I have also received the resolution from the Committee regarding this Inspector General report and have reviewed the recommendations. The following are the actions that I have implemented or plan to implement immediately as Acting Secretary regarding these matters.

1. I agree with the recommendations by the Inspector General and the Audit and Review Committee regarding the treatment and tax reporting of unauthorized, undocumented, and inadequately-supported expenses incurred by the SBV CEO and will implement those recommendations.
2. I have requested the Smithsonian's CFO to review the Smithsonian Travel Handbook to determine whether the Smithsonian's travel policies, which are consistent with the Federal Travel Regulation, need to be more stringent in order to be consistent with the Institution's fiduciary obligations. The CFO also will develop more detailed policies with regard to the use of car services. In addition, I have requested the CFO to make sure that all Smithsonian employees understand the Institution's travel card policy and the individual responsibilities associated with that policy and to strengthen the Institution's process for monitoring compliance with the policy.
3. I intend to name an Acting CEO of SBV on August 1.

In addition, following the governance recommendations adopted by the Board of Regents, I already have begun actions with regard to the future operation of SBV. The

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Institution currently is reviewing SBV policies to make sure that they either are consistent with Smithsonian policies or that an exception to those policies is necessary to accomplish SBV's mission. I will report any exceptions that I grant to the Audit and Review Committee by the end of 2007.

Also, as I indicated in the past few months that I intended to do, I have established a task force of Smithsonian staff and advisory board members to review the structure of SBV and make recommendations to me about its future structure. The activities operated and managed by SBV make an important contribution to our mission by providing opportunities for the dissemination of our research and collections and generating unrestricted income that is used for even further increase and diffusion of knowledge. We are also fortunate to have many excellent and experienced staff within SBV and across the Smithsonian who work hard to make these activities successful. I will make an interim report on the progress of the task force to the Regents at their November meeting, and the task force will complete its work by the end of 2007.

I am confident that with new leadership, strengthened policies and procedures, and guidance from the task force's review, we will have a stronger SBV that will be able to expand its contributions to the Smithsonian and our mission. I look forward to working with the Board of Regents to achieve this goal.