

**UNCLASSIFIED**

United States Department of State  
and the Broadcasting Board of Governors  
Office of Inspector General

Review of the Effectiveness and  
Implementation of  
Office of Cuba Broadcasting's New  
Program Initiatives

Report Number IBO-A-03-01, January 2003

This report has been reviewed pursuant to the  
Freedom of Information Act, 5 U.S.C. 552, for public  
release.

**UNCLASSIFIED**

TABLE OF CONTENTS

EXECUTIVE SUMMARY . . . . . 1

PURPOSE AND SCOPE . . . . . 7

BACKGROUND . . . . . 9

    Table 1: OCB Purchase Order Vendors – FY 2000-FY 2002 . . . . . 11

FINDINGS . . . . . 13

    Effect of Programming Initiatives Is Unknown . . . . . 13

        Figure 1: Radio Marti Weekly Audiences by City – 1998-2001 . . . . . 14

    Deficiencies Were Identified in Implementation of New Program Initiatives . . . . . 18

        Figure 2. OIG Survey Results for Question on Current Duties . . . . . 19

    OCB Lacked Key Management Personnel and Quality Controls . . . . . 32

        Figure 3. OIG Survey Results for Question on Morale . . . . . 34

LIST OF RECOMMENDATIONS . . . . . 37

ABBREVIATIONS . . . . . 39

APPENDIX

    A. Summary Results of OIG’s Survey of Radio and TV Marti, June 2002 . . . . . 41

    B. OCB’s Web Site Home Page . . . . . 45

    C. OIG Review of Selected OCB Purchase Order Files . . . . . 47

    D. Agency Comments . . . . . 53

## EXECUTIVE SUMMARY

### Purpose

To assess the effectiveness of the Office of Cuba Broadcasting (OCB) programming changes and to respond to the International Broadcasting Bureau's (IBB) request for an assessment of the implementation of these program changes, the Office of Inspector General (OIG) reviewed information on audience listenership and evaluated OCB policies and procedures for acquiring additional contractor resources. The primary objectives of the review were to determine what the new programming changes were, whether they had increased the audience size, and how well OCB had implemented the changes, particularly whether OCB was in compliance with government regulations, especially those governing the hiring of talent contractors.

### Background

At the end of July 2001, a new administration took over the management of OCB. The new director instituted a number of initiatives, including the redesign and expansion of Radio Marti news and programs and developed an OCB master broadcasting plan. The new strategy is aimed at appealing to as many listeners as possible, especially Cuban youth and traditionally under-represented groups such as Afro-Cubans. In addition, under its new director, OCB responded to the President's May 18, 2001, commitment to "strengthen the voices of Radio and TV Marti." OCB revamped its web site and began streaming both radio and television to Internet users, a particularly important change since the Cuban government has consistently jammed OCB transmissions to Cuba.

Beginning in January 2002, OIG received complaints of alleged irregularities in the way overall change was being implemented, particularly the increased use of commercial talent vendors. Similar allegations later appeared in the local Miami media. This prompted IBB to request an OIG review of the situation. About this time, in a congressional hearing concerning Radio and TV Marti, questions were also being raised about the validity of recent audience research studies purporting to show a sudden and significant increase in audience size for Radio Marti.

## UNCLASSIFIED

In June 2002, the OCB Office of Administration reported that there were 163 full-time government employees working in Miami and 200 contractors, some who were only used intermittently, throughout the year. Radio Marti was using 111 contractors, of whom 44 were contracted for the first time after August 1, 2001, under the new OCB director. By the end of April 2002, spending for Radio and TV Marti contractors was over \$2 million. Total spending on contractors for fiscal years FY 2000 and FY 2001 was about \$1.1 million and \$1.8 million, respectively.

### Results in Brief

The new Radio Marti programming initiatives instituted by the OCB director after July 2001 seemed to be targeting important new audiences in Cuba; however, it was too early to determine the impact of these new programs on increasing the number of Cuban listeners. Available information on listenership in Cuba was inconclusive concerning whether program changes in Radio and TV Marti had a positive impact on the Cuban audiences. New audience research planned for late 2002 and 2003 may provide a better indication of the overall impact of the new OCB programming. In the meantime, OCB could use other approaches, such as audience mail and telephone calls from listeners, to assess the impact of its programming.

The new initiatives enacted by the OCB director after July 2001 are generally positive; however, OIG documented a number of deficiencies in their implementation. OCB did not conduct a systematic personnel needs assessment before contracting out for talent to meet its new programming requirements. In addition, the practices and procedures involving the hiring and use of talent contractors were inappropriate and inadequate. OIG documented some violations of government procurement requirements and actions that created an appearance of favoritism.

Since his arrival, the OCB director has operated without some key management personnel who might have been able to provide him with guidance on government rules and regulations, particularly, a chief of staff and a Radio Marti director. Although a chief of staff worked for a brief period, the Radio Marti director position remained vacant. OIG believes that the absence of these key individuals contributed to the administrative irregularities concerning the use of talent contractors. Additionally, the lack of some important OCB internal controls may have exacerbated these problems.

## Principal Findings

Since the end of July 2001, under the new director, OCB has implemented a number of new initiatives, including expanded news coverage and a revamped program lineup for Radio Marti. Important new radio programs are targeting new audiences in the Afro-Cuban community and Cuban military. With regard to news, Radio Marti redesigned and expanded its newscasts and bulletins. According to the OCB director, these changes represented a doubling of news programming since his arrival at OCB. Some Radio Marti officials did not agree with this claim.

An OIG analysis comparing the amount of news during three days before the new director arrived with three days after he had made changes found that the increase in news programming was 40 percent. Because of the limited number of days in the OIG sample, the results of the analysis have a low level of confidence regarding the reliability of the specific percentage change. However, OIG is confident that the results are an indicator that Radio Marti news programming did increase, but may not have doubled.

At present, there are several sources of audience listening data for Radio and TV Marti, including IBB audience research, U.S. Interests Section surveys, and independent studies by journalists in Cuba. All have their limitations given the closed nature of the Cuban society. The latest IBB audience research was conducted before the OCB new programming initiatives were fully implemented. Nevertheless, the available IBB listener data showed that Radio Marti remains the most listened to foreign station among respondents, even though regular listening has declined from nine percent to five percent. According to IBB, in September and October 2002, it held focus groups for OCB that yielded insights from recent Cuban arrivals on their media and listening habits. Also, for 2003 IBB planned new research approaches to collect audience data on Radio and TV Marti.

Regarding Cuban listener reaction to Radio Marti provided by the U.S. Interests Section in Havana, officials there said that recent reactions to Radio Marti news and interviews have been good. For example, the latest survey of Cuban visa applicants showed a 94 percent listener rate; however, these types of surveys have limited audience research value because the sample group is formed of people seeking entrance into the United States and is potentially biased. IBB audience research terms this kind of group “self-selecting.” In addition, a survey of Radio Marti listeners conducted in January 2002 by a group of independent journalists in Cuba showed a more than 90 percent daily listening rate. However, because of limitations in the sample group, IBB and OIG concluded that the findings could not be extrapolated to the broader population.

## UNCLASSIFIED

In its draft strategic plan, the Broadcasting Board of Governors (BBG) stresses the importance of a research-based approach to programming for all BBG entities. However, OIG found that OCB was not using research or internal review mechanisms to guide its programming decisions. For example, of the 15 new programs initiated by the OCB director, most were not subjected to any formal evaluation or program review. With greater emphasis on the use of audience research by BBG broadcast entities, it is important that OCB take audience research into account, even with its limitations, as it makes programming decisions.

In this regard, OCB might benefit from using additional sources of information to determine audience needs and reactions. For example, OIG believes that OCB would benefit from systematically tracking mail and telephone calls from listeners and using the information in making programming decisions. While this could provide a useful tool to supplement formal audience research methods, it should not be a substitute for conducting scientific audience research.

There were a number of deficiencies in the implementation of new programming changes. OCB did not perform a formal personnel needs assessment before increasing the ranks of talent contractors to meet new programming requirements. In addition, the practices and procedures involving the hiring and use of contractors were inappropriate and inadequate. OIG documented a number of violations of government procurement regulations and actions that created an appearance of favoritism. Specific areas of deficiency included inadequate competition for contractors, the improper use of contractors as personal service contractors, the alleged inequitable treatment of contractors, and various administrative problems in processing requests for, and approving payments to, talent contractors. Before OIG's review, the IBB Office of Contracts conducted a similar review of purchase orders, purchase order modifications, and invoices for selected contractors. The Office of Contracts reported that it did not find any serious procurement "deficiencies," but identified several procurement "shortcomings." According to OCB, it had taken or was taking action to correct these shortcomings. Although these measures would also correct some of the administrative deficiencies identified by OIG, OIG found other areas of deficiency that IBB did not cover in its review, such as the use of talent vendors as personal services contractors.

OCB lacked key management personnel and internal controls. Since his arrival, the OCB director operated without some key management personnel, particularly a chief of staff and a Radio Marti director, who might have been able to provide him with guidance on government rules and regulations. Although a chief of staff worked for a brief period, the Radio Marti director position remained vacant. In

July 2002, the OCB director said that he had named someone for the chief of staff position; in August 2002, OCB formally issued a vacancy announcement for the Radio Marti director position.

OCB lacked programming quality control structures. In the past, it had an internal committee to review new programming. In November 2001, the OCB director disbanded the program review committee after it twice rejected a new show he had proposed. In July 2002, the OCB director said that he planned to reconstitute the committee. In the meantime, 13 shows went on the air without any formal internal review. OCB had a daily editorial review meeting for news, but members questioned its effectiveness. At the conclusion of OIG's review, the OCB director said that he planned to establish a new editorial board for Radio Marti.

Another inactive quality control structure was the Presidential Advisory Board for Cuba.<sup>1</sup> It had been inactive since February 1998. OIG believes that the Advisory Board could provide an important oversight mechanism; however, presidential nominations for board members and congressional confirmations appeared to be in the early stages.

## Recommendations

OIG's major recommendations are that OCB establish a plan to conduct independent audience research regularly and make programming changes based on the findings; conduct a systematic assessment of its program needs and adjust the number of contractors accordingly; develop a plan to expand competition for talent contractors; ensure that talent vendor contracts meet Federal Acquisition Regulation and International Broadcasting Bureau's procurement regulations; and correct purchase order deficiencies and establish a quality assurance plan to ensure that procurement actions are properly handled in the future.

## Agency Comments

OIG provided a draft of this report to the Broadcasting Board of Governors for review and comment. The agency agreed with all ten recommendations. The agency's comments are summarized after each recommendation in the body of the report and are included in their entirety as Appendix D of this report.

---

<sup>1</sup>The Presidential Advisory Board for Cuba is charged with reviewing the effectiveness of OCB and making recommendations to the President and BBG.

**UNCLASSIFIED**

**UNCLASSIFIED**

## PURPOSE AND SCOPE

This review focused on the recent changes in programming for OCB, primarily for Radio Marti, since July 2001. It responded to IBB's request for an assessment of how these changes were implemented. The objectives of the review were to assess, through a review of available audience research, whether the changes had increased audience size and to determine how the changes were implemented. In particular, OIG wanted to determine whether purchase order vendors were contracted for in compliance with federal regulations and the effect of such vendor contracts on the OCB permanent staff.

Survey work was conducted in Washington, DC, in May and early June 2002. OIG interviewed BBG and IBB officials, including representatives from the Offices of Contracts, Personnel, Chief Financial Officer, Security, and Program Review. In addition, OIG interviewed the union representative for the American Federation of Government Employees. From the Department of State, OIG interviewed officials from the Bureau of Western Hemisphere Affairs, Offices of Cuban Affairs and Public Diplomacy, and the U.S. Interests Section in Havana. OIG discussed with the IBB Office of Research its recent audience research for OCB and the implications of its survey methodology. OIG collected and reviewed pertinent procurement criteria from both BBG and other sources, including the Office of Management and Budget (OMB) and the U.S. General Accounting Office (GAO). Finally, the document review included the Federal Acquisition Regulation (FAR) and a previous OIG report on OCB administrative practices.<sup>2</sup>

For two and a half weeks in June 2002, OIG conducted fieldwork at OCB in Miami. This included interviews with OCB management officials, Radio and TV Marti personnel, and contractors. OIG reviewed documents, including procurement and personnel documents, budget information, program reviews, and a master broadcasting plan. The document review included the results of IBB's May 1, 2002, review of OCB procurement records conducted by the Office of Contracts. In addition to its final report, the IBB contracts office provided OIG with approximately 2,750 pages of purchase order requisitions, purchase orders, and purchase

---

<sup>2</sup> OIG, *Review of Office of Cuba Broadcasting's Administrative Practices* (99-IB-023, Sept. 1999).

## UNCLASSIFIED

order modifications for FY 2001 and FY 2002 through January 2002. The IBB study did not find any serious procurement deficiencies, but did identify several procurement shortcomings. Based on the documentation from IBB Office of Contracts and audit work at OCB, OIG judgmentally selected and performed a review of 37 purchase order files.<sup>3</sup> It also conducted and analyzed a survey of Radio and TV Marti personnel, which had an overall response rate of 54 percent. (See Appendix A.) To verify claims about changes in programming and program scheduling, OIG compared recordings of three days of Radio Marti broadcasts in early 2001 (24 hours a day) with three comparable days in 2002. Fieldwork ended with an exit conference in Washington, DC, on July 24, 2002.

OIG's Office of International Broadcasting Oversight conducted this review between May and July 2002, in accordance with generally accepted government auditing standards. Major contributors to this report were Louis A. McCall, Acting Assistant Inspector General, Office of International Broadcasting Oversight; John M. Trembler, audit manager; Martha K. Goode, auditor-in-charge; and Stephanie N. Molina, management analyst.

The primary criteria and standards used in this report were the IBB Manual of Operations and Administration, updated March 1, 1999; IBB's Contracting for Talent Handbook, 1997; FAR (48 CFR Chapter 1); and Standards of Ethical Conduct for Employees of the Executive Branch (5 CFR Part 2635). Standards for internal controls are found in OMB Circular No. A-123 (revised), Management Accountability and Control. Finally, the President's Management Agenda for FY 2002 prescribes overall good management practices.

---

<sup>3</sup> A judgmental sample is not a random sample; it is selected because of characteristics deemed important for the research based on the judgment of the researcher.

## BACKGROUND

At the end of July 2001, a new administration took over the management of OCB. During the first full year of new management, the OCB director instituted a number of initiatives, including an OCB master broadcasting plan, the first such OCB document, and the redesign and expansion of Radio Marti news coverage during the week and on the weekends. The new strategy was aimed at changing the station's image to appeal to as many listeners as possible, especially to the Cuban youth and to traditionally under-represented groups such as Afro-Cubans. For example, a Radio Marti show was created to highlight Afro-Cuban topics, and TV Marti hired for the first time an Afro-Cuban as a news co-anchor.

In addition, under the new director, OCB responded to President Bush's May 18, 2001, commitment to "strengthen the voices of Radio and TV Marti" and to "look for ways to use new technology, from new locations, to counter [Castro's] silencing of the voices of liberty." OCB revamped its web site, helping potentially to expand the Radio and TV Marti audience to over 60,000 Internet users in Cuba.<sup>4</sup> (See Appendix B.) The site provides streaming of both radio and television. This is particularly important because the Cuban government has consistently jammed these transmissions to Cuba. Signal jamming has become more effective over time and has been a key factor in the loss of Radio Marti audience. In response, the OCB director proposed a comprehensive plan to counter the jamming of Radio and TV Marti signals. In addition, TV Marti changed its broadcast schedule on May 20, 2002, from the early morning hours of 3:30 a.m. to 8:30 a.m., to a prime time slot of 6:00 p.m. to 10:30 p.m. Although there has not been any documented evidence that the audience has increased due to the broadcast schedule change, phone calls from Cuba indicate that people are, indeed, watching in prime time.

Beginning in January 2002, the OIG Hotline received complaints of alleged irregularities in the way overall change was being implemented at OCB, particularly the increased use of commercial talent vendors. Similar allegations later appeared in the local Miami media. This prompted IBB to request an OIG review of the situation. About this time, congressional interest was focusing on the future of

---

<sup>4</sup> Central Intelligence Agency, *World Factbook*, ([www.cia.gov/cia/publications/factbook/geos/cu.html](http://www.cia.gov/cia/publications/factbook/geos/cu.html)).

## UNCLASSIFIED

Radio and TV Marti. Questions were raised in a hearing about the validity of recent audience research studies purporting to show a sudden and significant increase in audience size for Radio Marti. In addition, this review is in keeping with the President's May 20, 2002, Initiative for a New Cuba and his commitment to continue to look for ways to modernize Radio and TV Marti.

OCB was created in 1990 to manage both Radio and TV Marti. Authorized by the Congress in October 1983,<sup>5</sup> Radio Marti began broadcasting to Cuba on May 20, 1985. TV Marti began regular operations on August 26, 1990.<sup>6</sup> Radio and TV Marti were established to support the right of the people of Cuba to seek, receive, and impart information and ideas through any media and to serve as consistently reliable and authoritative sources of accurate, objective, and comprehensive news. In 1997, under congressional mandate,<sup>7</sup> the OCB headquarters relocated from Washington, DC, to Miami.

For FY 2002, OCB was appropriated about \$25.8 million. To meet its human resource needs, OCB relies on both full-time government employees and purchase order vendors (POV) (sometimes referred to informally as "contractors," "talent contractors," or, more precisely, "talent vendors"). IBB, in compliance with the Federal Activities Inventory Reform Act of 1998,<sup>8</sup> indicated that certain OCB functions, such as international radio broadcasters (IRB), scriptwriters, translators, and narrators, are not inherently governmental functions and could appropriately be contracted out. Administration officials reported in June 2002 that there were 163 full-time government employees working in Miami and 200 contractors. Some of these contractors worked intermittently, such as only one or two times, once per week, or once per month. Others were used on a regular basis. Radio Marti was using 111 contractors, of whom 44 were contracted for the first time after August 1, 2001, under the new OCB director. As of the end of April 2002, spending for Radio and TV Marti contractors was over \$2 million. Total spending on contractors for the prior two fiscal years was about \$1.1 million in FY 2000 and \$1.8 million in FY 2001. (See Table 1.)

---

<sup>5</sup> Radio Broadcasting to Cuba Act, 22 U.S.C. 1465 (2002).

<sup>6</sup> Foreign Relations Authorization Act, Fiscal Years 1990 and 1991, Pub. L. No. 101-246, Title II, Part D.

<sup>7</sup> Omnibus Consolidated Rescissions and Appropriations Act of 1996, Pub. L. No. 104-134, April 26, 1996.

<sup>8</sup> 31 U.S.C. 501 note (2002).

UNCLASSIFIED

<b>Division</b>	<b>FY 2000 (Actual)</b>	<b>FY 2001 (Actual)</b>	<b>FY 2002 (as of 4/29/02)</b>
Radio News	\$231,532	\$574,436	\$872,888
Radio Programs	\$487,775	\$617,050	\$734,739
TV News	\$133,007	\$182,497	\$205,942
TV Programs	\$295,643	\$384,868	\$317,811
<b>Total</b>	<b>\$1,147,957</b>	<b>\$1,758,851</b>	<b>\$2,131,380</b>

Source: OCB Office of Administration

Table 1. Radio and TV Marti Purchase Order Vendors – FY 2000-FY 2002

Two previous OIG reports, both issued in 1999, dealt with issues also raised in this review. One, the *Review of Office of Cuba Broadcasting's Administrative Practices* (99-IB-023, September 1999), studied OCB's procurement practices. OIG found deficiencies in procurement actions for services and talent, including limited competition, unauthorized commitments, improper contracts with relatives, inadequate documentation, and questionable funding practices. OIG also found that OCB was not complying with established personnel policies and procedures in a number of cases. In its *Review of Policies and Procedures for Ensuring that Radio Marti Broadcasts Adhere to Applicable Requirements* (99-IB-010, June 1999), OIG looked at ways to ensure that quality controls were in place for OCB programming, including one in particular, the OCB program review committee. During this review, OIG assessed current OCB practices in light of related recommendations made in those previous reports.

**UNCLASSIFIED**

**UNCLASSIFIED**

## FINDINGS

### EFFECT OF PROGRAMMING INITIATIVES IS UNKNOWN

Although the new Radio Marti programming initiatives instituted by the OCB director after July 2001 seemed to be targeting important new audiences in Cuba, it was too early to determine from available audience research the impact of these new programs on increasing the number of listeners in Cuba. At present, there are several sources of audience listening data for Radio and TV Marti, including IBB audience research, U.S. Interests Section surveys, and independent studies by journalists in Cuba. None is without its limitations because of the closed nature of the Cuban society. Although the results of Radio Marti listener data have been mixed, some positive data have been reported. IBB expected results from new audience research in late 2002 and in 2003, which might provide a better indication of how Cuban listeners feel about the new Radio Marti changes.

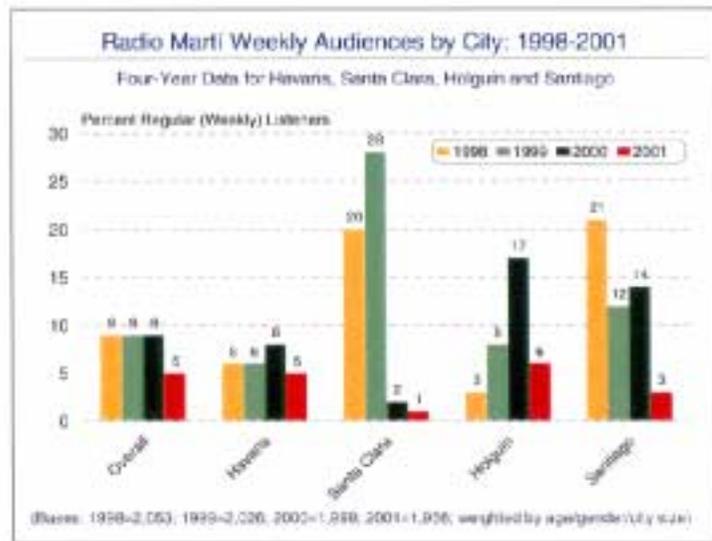
#### OCB New Program Initiatives

New Radio Marti initiatives implemented under the current director include expanded news coverage and additional programs. With regard to news, Radio Marti redesigned and expanded its newscasts and bulletins. The first newscast, starting at 6:00 a.m., lasts two hours. The other three, airing at 12:00 noon, 6:00 p.m., and 11:00 p.m., are each one hour long. In addition, there are short news updates every half-hour. On weekends, there is one major newscast at noon with seven minute long updates on the hour throughout the day. According to the OCB director, these changes represented a doubling of the news since his arrival at OCB. However, some Radio Marti officials did not agree that news broadcasts had doubled. To verify this statement, OIG calculated the amount of time spent on news during three days in June 2001 before the new director arrived and three days in June 2002 after he had made changes in the news. The results show an increase in news programming of 40 percent. Because of the limited number of days in the OIG sample, the results of the analysis have a low level of confidence regarding the reliability of the specific percentage change. However, OIG is confident that the results are an indicator that Radio Marti news programming did increase, but may not have doubled.

In addition to the changes in Radio Marti news, OCB revamped its Radio Marti program lineup. On June 6, 2002, the director testified to Congress that Radio Marti had added six new in-house shows and ten contracted shows to target new audiences. Topics for the new programs included psychology, the history of Cuba, Afro-Cuban music and the Santeria religion, the life and works of distinguished poets, health issues, technology and economy in Cuba, and current affairs. One new show is aimed at the Cuban military, and another features talks with independent journalists in Cuba. Also included is a situation comedy about two families, one in Cuba and the other in the United States.

### IBB Audience Research

Most recent IBB audience research on Radio and TV Marti predates full implementation of the Radio Marti new programming initiatives; therefore, it cannot be used in assessing the effectiveness of the new programs. Nevertheless, the results of the August 2001 IBB audience research reveal some interesting facts about Radio Marti listeners in Cuba. Specifically, the research shows that Radio Marti remains the most listened to foreign station among respondents. About two-thirds of adults interviewed acknowledged awareness of Radio Marti. However, the research shows a decline in regular Radio Marti listening from nine to five percent, a continuation of a long-term decline from over 16 percent in 1994. (See Figure 1.)



Source: IBB Office of Research, *Foreign Media in Cuban Cities-1998-2001*

Figure 1. Radio Marti Weekly Audiences by City: 1998-2001

The IBB Office of Research uses a variety of audience research tools to measure Radio and TV Marti's effectiveness. Since 1998, BBG has commissioned an annual survey that collects data from the four largest cities in Cuba, plus an alternating fifth city. However, the inability to conduct interviews based on probability samples of the population restricts the type of data that can be collected and consequently precludes using the research data to project results to the larger Cuban population.

In FY 2002, BBG decided to contract out the bulk of its audience research to InterMedia, previously the audience research arm of Radio Free Europe/Radio Liberty. InterMedia has several new audience research initiatives under development for OCB to be carried out in 2003 as funding permits. They include telephone interviews, in-depth one-on-one interviews with recent arrivals from Cuba, and monitoring panels that listen to Radio Marti shows. OCB also conducts focus groups, the last being conducted in mid-2000. An IBB research official stated that focus groups are a good tool for qualitative research, but are expensive. Nevertheless, according to IBB, OCB focus groups held in September and October 2002 yielded insights from recent Cuban arrivals on their media habits and reasons for listening and not listening, as well as some feedback on selected OCB programs.

## U.S. Interests Section

In recent years, OCB also has received information on the listening habits of select groups of Cuban residents through officials at the U.S. Interests Section in Havana. They are in frequent contact with Cubans through civil society organizations and a steady stream of Cuban visitors to the section seeking U.S. visas. With regard to the latter, the U.S. Interests Section conducted a survey in March 2002 of Cubans waiting to be interviewed by consular officials. Of the 256 participants, representing all 14 provinces of the country, 94 percent said that they had at least heard of Radio Marti, although 53 percent said they did not listen to Radio Marti. Fifty-four percent of listeners said their reception was average, while 37 percent said it was good. The results of these occasional ad hoc surveys of visa applicants, however, have a limited audience research value because, in recording their responses, the applicants may worry that what they say will be used in the visa decision-making process. In addition, according to IBB Research, the Cubans who pass through the section are a self-selecting sample, as they are all interested in emigrating to the United States.

In June 2002, U.S. Interests Section officials reported to OIG that, in general, the reactions from Cubans have been that Radio Marti news and interviews are good, and dissidents are happy with the amount of news because it gives their

views more time on the air. However, the section has also heard criticism that some Radio Marti commentators were too negative and one-sided. Regarding recent research showing that the percentage of Radio Marti listeners has decreased, the principal officer did not think there had been a decrease in listeners and commented, “nobody knows.”

### Independent Surveys of Radio Marti

OCB recently received a survey conducted by the Independent Associated Journalists Foundation in Cuba. The January 2002 survey of 1,000 Cubans reported a more than 90 percent daily listening rate for respondents. The OCB director has pointed to this study as a validation of the recent changes instituted in Radio Marti programming. An analysis of the study by the IBB Office of Research noted some positive results but also pointed out that the survey “is not appropriate for making estimates of Radio Marti’s listenership among adults in Cuba.” In particular, the IBB research office commented that the Journalists Foundation results suggest that there is still a diligent group of listeners in the Cuban capital despite the continued efforts by the Cuban government to interfere with the signal. However, the IBB analysis also noted that many of the independent journalists who conducted the survey appeared to have some relationship to Radio Marti, and the respondents seemed to be people known by the journalists. As a result, IBB and OIG concluded that the findings could not be extrapolated to the broader population. The U.S. Interests Section concurred with the findings of the IBB survey analysis.

### Importance of Audience Research

To achieve its mission, one of OCB’s goals is to use “comprehensive and accurate research to understand audiences.” Also, in its draft strategic plan BBG stresses the importance of a research-based approach to programming for all BBG entities. The goal is to “marry the mission to the market.” However, OIG found that, in practice, OCB was not using research to guide its programming decisions. In most cases, new programs initiated by the OCB director were started without regard to audience research. In addition, of 15 new programs, the OCB program review committee reviewed only two. One was rejected, and the other was approved with changes. The others did not go through any sort of evaluation or program review. With greater emphasis on the use of audience research by BBG broadcast entities, it is important that OCB take audience research into account, even with its limitations, as it makes programming decisions.

Given the limitations on conducting audience research in Cuba, OCB might benefit from using additional sources of information to determine audience needs and reactions. In its response to OIG's 1999 report on Radio Marti's adherence to broadcasting requirements,<sup>9</sup> OCB stated that it used focus group research along with other sources of evaluation. Some of these sources included letters from its Cuban audience, direct telephone contact with Cubans on the island, and personal contact with recent arrivals from Cuba. However, OIG found that such information was not being used for programming decisions or archived centrally.

For example, OIG learned that at least two OCB broadcasters and programmers were keeping track of the calls and letters they receive, but there was no central repository of such information for OCB use. Also, the director of the Information Center does not see these letters. If OCB would systematically track mail and telephone calls from the listeners, all OCB units could benefit from the information received by considering it when making programming decisions. While this could provide a useful tool to supplement formal audience research methods, it should not be a substitute for conducting scientific audience research to the extent possible. OIG believes that the OCB Information Center would be an appropriate unit to compile, analyze, and distribute this important information.

**Recommendation 1:** The Office of Cuba Broadcasting, in conjunction with the International Broadcasting Bureau, should establish a plan to conduct independent audience research regularly, to the extent possible, and should make appropriate changes to its programming based on the research findings.

OCB concurred with this recommendation. Under BBG's centralized audience research contract with InterMedia, the International Audience Research Project, IBB has commissioned quality interviews inside Cuba and random-dial phone surveys of island residents. IBB has also planned and funded under the contract a set of focus groups, two monitoring panels, and an in-country survey in 2003. Although OCB did not specify how it would make appropriate changes based on research findings, it indicated it is committed to improving its use of audience research in programming decisions. Also, IBB Research remains ready to assist OCB managers and staff engaged in program evaluation and planning.

---

<sup>9</sup> OIG Report 99-IB-010, *Review of Policies and Procedures for Ensuring that Radio Marti Broadcasts Adhere to Applicable Requirements*, (June 1999).

**Recommendation 2:** The Office of Cuba Broadcasting should establish a centralized process to track systematically and analyze the mail and telephone calls received from its Cuban radio and television audiences.

OCB concurred with this recommendation. OCB said it would consider implementing a process whereby all letters from Cuba (and other communications) are accounted for and deposited into a central file for use as a factor in decision-making about programming. Since it is more cumbersome and difficult to record and track telephone calls, the agency stated that OCB might consider soliciting audience opinion by providing a telephone number whereby listeners would call in to express their viewpoints on OCB programming.

## DEFICIENCIES WERE IDENTIFIED IN THE IMPLEMENTATION OF NEW PROGRAM INITIATIVES

Although the new initiatives enacted by the OCB director after July 2001 were generally positive, OIG documented a number of deficiencies in their implementation. Initially, OIG found that no personnel needs assessment was performed before increasing the ranks of talent contractors to meet new programming requirements. In addition, the practices and procedures involving the hiring and use of contractors were inappropriate and inadequate. In some cases, OIG documented violations of government procurement requirements and actions that created an appearance of favoritism.

### Needs Assessment Was Not Performed Before Hiring Contractors

In the aftermath of the terrorist attacks of September 11, 2001, the OCB director implemented a new, expanded radio news broadcast format and added other programs targeting different segments of the Cuban audience. To meet what was perceived to be an increased need for additional staff resources, OCB management began expanding the ranks of its contractors without first taking a systematic look at the resources available in-house or doing any kind of needs assessment to guide the procurement of new contractors.

IBB procurement regulations outline the criteria IBB offices must follow in determining whether contractor services are required. The Contracting for Talent Handbook specifies that, "to the extent possible, IBB programming responsibilities

should be carried out by IBB staff.”<sup>10</sup> When that is not possible, the handbook requires an assessment of whether agency employees are available to do the work, whether specialized skills are required that current employees do not possess, whether services can be obtained more economically if obtained from non-federal sources, and whether the services will require only general government oversight of performance, not close or continual supervision. OCB managers were unable to provide documentation that any such evaluation was performed. As a result, multiple managers told OIG in explicit terms that many of the contractors were not needed and that existing staff could have been better organized and tapped to meet new programming requirements. In some cases, managers reported that their permanent staff was underutilized and idle because managers were required to give some work to the contractors. This was confirmed by actual employees, 15 percent of whom said in their responses to the OIG survey that contractors were now doing work that they used to do. (See Figure 2.) Others directly confirmed this situation in their own cases in interviews with OIG.

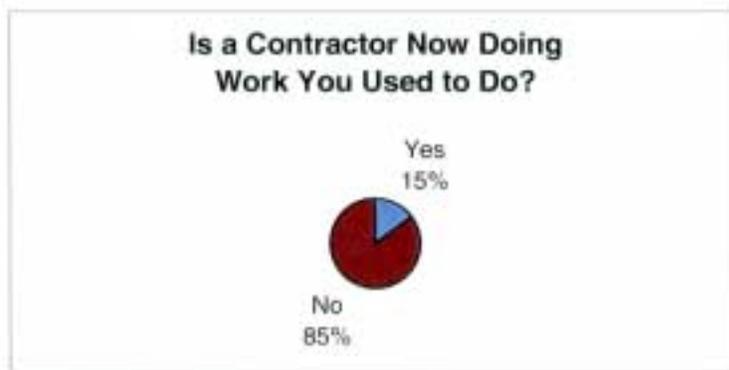


Figure 2. OIG Survey Results for Question on Current Duties

In interviews, OCB management justified the hiring of new contractors, particularly in the Radio Marti news department, on the basis that it had doubled the amount of its news programming during the week and on weekends. However, as noted earlier, an OIG limited analysis of Radio Marti news indicated that while it is now broadcasting more news via its news broadcasts and short bulletins (34 percent increase in total minutes of news coverage on weekdays, 40 percent increase

---

<sup>10</sup> IBB Office of Administration, Contracting for Talent Handbook (Nov. 1997), p. I-1.

in total news minutes overall), it might not have doubled. As a result, OCB possibly overstated its need for contractors. A review of the purchase order files for 11 Radio Marti news department contractors hired since the new OCB director's appointment (nine were hired in March 2002) revealed that none of the requisitions included a justification for why the services of these contractors were needed and could not be provided by existing resources.

Furthermore, OCB management claimed that the increased workload had to be picked up by contractors because employees refused to work at night or on weekends. OIG findings do not support this claim. A review of employee position descriptions found that personnel are required to work weekends and nights if needed. In addition, OIG's survey of OCB employees revealed that 90 percent of the respondents were willing to work weekends and non-standard hours. One Radio Marti manager initially proposed a rotation schedule using existing resources to cover the expanded news broadcasts, but OCB management decided not to use it. Instead, contractors are almost exclusively covering non-standard hours and weekends in the news department, often without appropriate oversight by OCB employees. Specifically, there are no Radio Marti news department supervisors regularly scheduled on the weekends. Several supervisors and employees expressed concern about the potential risk the lack of oversight on weekends poses to U.S. government interests and OCB security. This lack of permanent staff supervision may also violate the Voice of America editorial guidelines, which govern OCB.

A needs assessment would have enabled OCB to develop a procurement plan to supplement the in-house resources with short-term hiring of contractors according to actual need. Such an evaluation would also have identified deficiencies in the qualifications of permanent staff, which could then be addressed through training.

**Recommendation 3:** The Office of Cuba Broadcasting should conduct a systematic assessment of its program needs, the extent to which regular employees could meet those needs, and what, if any, of those needs require the use of outside contractors. It should then adjust the number of contractors according to the assessment's findings.

OCB concurred with this recommendation. The OCB Director will instruct the Directors of Radio and TV Marti to conduct a systematic assessment of programming requirements to determine whether all existing contractors providing services are required or whether some of the needs can be met by OCB employees.

**Recommendation 4:** The Office of Cuba Broadcasting should implement procedures to ensure that the news staff working on weekends, including contractors, has proper oversight by Office of Cuba Broadcasting supervisors.

OCB concurred with this recommendation. The News Department will implement a new rotating schedule for supervisors in order to provide supervision of news staff, including contractors, on weekends and night shifts.

## OCB Was Not Following Government Contracting Regulations

OIG found that procedures followed in contracting with talent vendors often were not in accordance with government procurement requirements, including those in the IBB Talent Handbook. In particular, OIG found that OCB was not (1) adequately competing talent vendor contracts, (2) properly using personal services contracts, (3) equitably treating some talent contractors, and (4) exercising sufficient administrative oversight in developing requisitions and approving invoices for talent contractors. In addition, these contracting irregularities created an appearance of favoritism.

### Inadequate Competition for Talent Contractors

Although OCB was meeting the minimum standards for competing its talent contractor needs, its actions were not yielding measurable results. Government procurement policy requires that contracting officials promote competition to the maximum extent practicable. IBB regulations provide several options for publicizing competitive opportunities; however, OCB was not making full use of these options. In a 1999 report,<sup>11</sup> OIG found similar problems concerning inadequate competition for OCB talent contractors. Although OCB agreed to seek wider contract competition, OIG found that it had not made a good faith effort to explore other options to increase competition for these contractors. OIG believes that OCB needs to do more to expand the competition for outside talent to meet its broadcasting needs.

The FAR provides that a contracting officer “shall promote competition to the maximum extent practicable to obtain supplies and services from the source whose offer is the most advantageous to the Government . . .”<sup>12</sup> IBB regulations require

---

<sup>11</sup> 99-IB-023.

<sup>12</sup> 48 CFR 13.104.

## UNCLASSIFIED

strict adherence to FAR and outline various opportunities for publicizing competition for talent contractor services. In particular, the IBB Talent Handbook stipulates that the degree of competition is dependent on the specific amount of the procurement. For talent purchases between \$2,500 and \$25,000, the handbook requires that at least two responsible sources be solicited for proposed contract work. All procurements in excess of \$10,000 require publicizing to afford competitive opportunities to prospective contractors. The handbook outlines several options to assist IBB offices in meeting the publication requirement, including (1) Commerce Business Daily (CBD) notices, which now have been replaced by Federal Business Opportunities for Vendors (FBO at FedBizOpps.gov), the government's web site for government vendors; (2) posting of proposed procurement in a public place at the contracting office issuing the notice; (3) IBB Office of Personnel referrals; and (4) advertisements in outside publications. The Talent Handbook points out that CBD notices fulfill only minimum competition requirements.

In 1999, when OIG looked at the competition issue regarding talent contractors, it found that OCB had relied almost exclusively on blanket postings in the CBD that were submitted quarterly by IBB on behalf of IBB organizations seeking such services as announcing, scripting, production, and other services. At that time, OCB officials told OIG that, for the period reviewed, there were no responses to the CBD postings. As a result, OCB selected contractors that it deemed qualified to perform the services. In this regard, the OIG report noted that in a number of cases, the justification for selecting a contractor seemed questionable. Overall, OIG concluded that for talent procurements over \$10,000, OCB was not promoting competition, as required, to the maximum extent practicable. In response to an OIG recommendation for OCB to expand competitive opportunities for talent contractors, OCB questioned whether avenues other than the CBD would yield very much competition. Nevertheless, OCB agreed that, in the future, it would explore ways to expand opportunities for competition.

In June 2002, as part of this current review, OIG found that OCB had not changed its approach to competing for talent contractors despite earlier assurances. As in the past, it was relying on the CBD (now FBO) quarterly postings and the annual public posting at OCB to advertise for talent contractors. Essentially, both of these postings are open-ended advertisements to identify potential sources for freelance assignments at OCB rather than to fill specific position needs. According to a procurement official, OCB received a few responses to CBD notices in past years; however, it had not received any responses to the FBO postings that started in January 2002. When responses were not received, OCB selected people it believed were qualified through alternative and mostly non-competitive means.

Limited efforts to expand competition beyond these blanket advertisements and the public OCB postings had not been successful. OCB was turned down when it sought approval to post its talent contractor needs at local post offices. In addition, as in the past, administrative officials said that it is too expensive to advertise for contractors in the local newspapers, although they provided no documentation to support this claim.

OCB was not doing enough to find additional sources of talent to ensure reasonable competition. Although the procurement files contained a copy of a CBD notice or an OCB public posting for the 37 purchase orders reviewed by OIG, the official files contained no information on other possible vendors considered before approval of the purchase orders. Discussions with OCB employees and contractors revealed that they believed that, in the absence of adequate competition, talent contractors were hired based on their personal connection to OCB management officials. For example, in one case, a Radio Marti contractor was hired over the objections of the OCB program review committee after the contractor's program was twice reviewed and rejected. Subsequently, the OCB director abolished the committee and approved the contract award. The director said that the committee members had not been properly appointed and they did not have the knowledge to do their job. He added that he planned to establish a new program review committee and an editorial board.

In addition, other contractors in the Radio Marti news department told OIG that they were hired after they asked the OCB director for a job. In general, the OCB director's response to the approach used in hiring contractors was that, in the aftermath of the terrorists attacks of September 11, 2001, the positions had to be filled on an emergency basis; however, he believed that all of the current contractors were extremely capable. In this regard, FAR permits other than full and open competition in cases of unusual and compelling urgency.<sup>13</sup> However, contracts awarded using this authority must be supported by written justifications and approvals, documentation OIG did not find in the official procurement files for the talent contractors hired by OCB.

Overall, agency contracting officials are responsible for ensuring the adequacy of the competitive process. Competition is the primary means of ensuring that purchases are advantageous to the government, price and other factors considered. In general, OCB administrative officials commented that they were doing as much as possible to compete the talent contractor opportunities. OIG disagreed with this position in 1999 and maintains that OCB still needs to and can do more to expand

---

<sup>13</sup> 48 CFR 6.302-2.

competition. In this regard, OIG found that an OCB technical operations manager was successful in generating meaningful competition for a contract through advertising in a trade magazine and on a trade employment web site free of cost. Also, an IBB contracts official said that if OCB did procurement planning, the IBB Office of Contracts could provide more avenues of competition through such things as vendors fairs and web site notices. As a result, OIG believes that OCB needs to explore these and other approaches, including posting contractor needs on the IBB web site, to find sufficient commercial sources of talent to obtain reasonable competition. This takes on increased importance today given the President's Management Agenda for competitive sourcing, which calls for better publicizing of agency activities that are subject to competition.

**Recommendation 5:** The Office of Cuba Broadcasting, in consultation with the International Broadcasting Bureau's Office of Contracts, should develop and implement a detailed competition plan that uses all of its various options to expand competition for talent contractors.

OCB concurred with this recommendation, to the extent practicable. OCB will continue to explore other avenues to increase competition, in consultation with the IBB Office of Contracts, including the possibility of publicizing announcements on the IBB web page and advertising in trade publications and Spanish-language newspapers, within budgetary constraints.

#### Improper Use of Personal Service Contractors

In OCB's implementation of initiatives to expand the daily news broadcasts, Radio Marti, and in particular the radio news department, was using the services of a number of talent vendors to cover an increased workload in a manner that appeared to violate both the law and IBB regulations. The FAR provides clear guidance on government procurement policy, restricting agencies from acquiring personal services by contract except when specific statutory authority exists. OCB had not been granted such authority.

The FAR and IBB regulations (Talent Handbook and Manual of Operations and Administration) require that contracts with vendors be "non-personal." A personal services contract (PSC) is characterized by the employer-employee relationship it creates between the government and the contractor.<sup>14</sup> The FAR provides

---

<sup>14</sup> 48 CFR 37.104(a).

a number of descriptive elements to be used as a guide in assessing whether a contract is personal in nature: (1) performance on site; (2) principal tools and equipment furnished by the government; (3) services are applied directly to the integral effort of agencies or an organizational subpart in furtherance of assigned function or mission; (4) comparable services, meeting comparable needs, are performed in the same or similar agencies using civil service personnel; (5) the need for the type of service provided can reasonably be expected to last beyond one year; and (6) the inherent nature of the service requires, directly or indirectly, government direction or supervision of contractor employees in order to protect the government's interests adequately.<sup>15</sup> In addition, part IX, section 148.6 of IBB's operations manual provides guidance specific to the case of talent vendors, noting that "many of these contracts, although written as non-personal service contracts, can be administered in such a manner as to be considered illegal personal service contracts." Included in the guidance are areas to be "scrupulously administered": (1) contracts must not be repeatedly extended for long periods without careful reevaluation of need and present circumstances; (2) contract personnel must not be assigned duties and work not included in the written contract; and (3) payments made must be for specific services under the contract and be based on acceptable units performed or delivered on a job, unit of work, or end product basis, at established rates. Payments shall not be provided on a time basis.

Based on the above requirements, after reviewing purchase order files for radio news contractors, OIG found that OCB had at least 11 vendors working in the radio news department as improper PSCs. Many of the contractors, hired as international radio broadcasters, were functioning as employees in that they were subject to the relatively continuous supervision and control of an OCB employee during the week. They were serving in a multidisciplinary function in the newsroom writing, editing, and researching news. Nine of the 11 IRB contractors had an eight-hour shift written into their purchase orders. The other two confirmed during interviews that they work a regular eight-hour shift. None of the 11 contractors provided a discrete unit of work as a basis for payment. They were paid for their time. All 11 of the contractors were on the newsroom work schedule with regular (full-time) daily shifts and were directly supervised by radio news supervisors during weekdays.

Attempts by the IBB Director of Personnel to circulate guidelines on recognizing and avoiding illegal personal service contracts have been ineffective in preventing talent vendors from being used as personal services contractors. The latest

---

<sup>15</sup> 48 CFR 37.104(d).

notice on PSC use by the IBB Director of Personnel was sent to OCB on May 20, 2002. Under the FAR and IBB regulations, the contracting officer is ultimately responsible for ensuring that proposed service contracts are proper. OCB Administration staff repeatedly said that it was not staffed sufficiently to monitor the implementation of contracts or to verify that contractors were not working as de facto PSCs once they were engaged. Therefore, OCB Administration relied on program staff for contract monitoring or unofficially as authorized representatives of the contracting officers. However, OIG found that program personnel were not trained in monitoring contracts. The Office of Federal Procurement Policy's *A Guide to Best Practices for Contract Administration* (revised April 1998) emphasizes that improperly trained officials performing contract oversight is a major contract administration weakness. OCB program personnel regularly responsible for monitoring talent contracts need to attend a basic procurement course in contract oversight in keeping with the Office of Federal Procurement Policy's best practices.

**Recommendation 6:** The Office of Cuba Broadcasting should direct contracting personnel to review all talent contracts to ensure that they meet provisions of the Federal Acquisition Regulation and the International Broadcasting Bureau's procurement regulations concerning service contracts, and to terminate and recompetete those contracts that do not meet those provisions.

OCB concurred with this recommendation. The OCB Director of Administration will issue a memorandum to all OCB contracting personnel requiring a contracting officer's initials on each requisition, attesting to the fact that the contracting officer has personally conducted a review of the requisition and that the requisition meets the provisions of the FAR, before any further processing. In addition, OCB's Chief of Procurement will immediately initiate action to review all FY 2003 requisitions to ensure that they meet the provisions of the FAR and IBB regulations. Additionally, the Office of Administration will hold meetings to brief key program managers on the IBB guidelines dealing with the appropriate use of talent vendors.

**Recommendation 7:** The Office of Cuba Broadcasting should formally assign to its supervisory program personnel the responsibility for contractor oversight and require those designated to attend a basic course for contracting officer's representatives to ensure proper oversight of service contracts.

OCB concurred with this recommendation. OCB's Office of Administration will coordinate with the IBB Office of Contracts to identify the appropriate training course(s) on monitoring contractor performance and for ensuring proper oversight of service contracts, and OCB will schedule its supervisory program personnel who have such contractor oversight responsibility to take this formal training during FY 2003 to the extent that such training funds are available.

### Inequitable Treatment of Talent Contractors

In the rush to bring on new talent contractors to support increased Radio Marti news and programs, little attention was paid to the amount of funds that had been budgeted for Radio Marti contractors. One approach identified by OCB to cover partially the additional funds needed for the new contractors was to reduce the payments being made to existing Radio Marti contractors. Although the original cuts in contractor rates were carried out equitably, some of the original, higher rates were restored on what appeared to be an inequitable basis. Perceived inequities in the contractor rate cuts have led to vendor and employee dissatisfaction and legal action by at least two of the contractors. Under provisions of the FAR (48 CFR 1.602-2), contracting officers are charged with ensuring that contractors receive equitable treatment.

Initially, OCB contracted with new talent vendors under blanket purchase agreements that are intended for the acquisition of intermittent services. Such agreements provide an administrative mechanism to set aside funds for filling anticipated repetitive needs for supplies or services. Early in FY 2002, OCB administrative officials determined that new contractors brought on board under the blanket agreements actually were being used on a regular, recurring basis and that funds reserved under the blanket purchase agreements would not support this level of effort through the end of the fiscal year. At that time, projected funding for Radio Marti contracts was running significantly ahead of the FY 2001 spending, which totaled about \$1.2 million for Radio Marti News and Programs contracts. However, expenditures for the same types of Radio Marti contracts were projected to exceed \$1.9 million in FY 2002.

To keep closer track of expenditures and regain control over spending, contractors were moved from the blanket agreements to individual purchase orders, which were then funded for the remainder of the fiscal year. Also, to avoid a shortfall in the Radio Marti contracts budget, OCB reallocated funds from unfilled positions (\$100,000) and the OCB Information Center office budget (\$50,000) and from prior year recoveries of OCB funds (\$71,000). Additional funds were secured

## UNCLASSIFIED

through modifications to purchase orders with existing talent contractors. Proposed rate cuts to Radio Marti News and Programs contractors totaled \$123,000 and \$102,000, respectively.

According to OCB administrative officials, Radio Marti news and programs management made the decisions on which contractors' rates should be reduced. OCB contracting officials then prepared and mailed purchase order modifications to each of the contractors. Initially, these contractors were not required to agree formally to the change. However, after OCB administrative officials discussed the matter with the IBB Office of Contracts, it was agreed that the modifications should be sent to the contractors again, requesting their written consent to the change. Even before this action, some of the contractors had constructively agreed to the change by submitting invoices at the new rate. Information provided by OCB administration shows that of the 32 modified purchase orders (12 from Radio Marti news and 20 from Radio Marti programs), 12 were not accepted by the contractors. In six cases, the modifications were rescinded and the original rates were restored. In another case, the original rate was restored but the number of assignments was reduced.

OCB administrative and Radio Marti personnel told OIG that a number of the contractors who were friends with the OCB director appealed to the director, who in turn overturned the cuts and instructed administrative officials to restore the original rates. Overall, the process lacked transparency, which contributed to the feeling by some employees and contractors that the reinstatement of some rates was not handled equitably but instead was based on the alleged friendship between selected contractors and the OCB director. The director, however, refuted the allegation. He said that the cuts in contractor rates were made because OCB was running out of funds. He added that the details of the cuts were left to his department heads and that he had nothing to do with them. With regard to the restoration of some cuts, the OCB director said that the contractors did not come to him seeking to have their rates restored.

The talent vendor purchase orders, as written, stipulate that OCB is not obligated to purchase any definite quantities or dollar amounts under an agreement, and they can be terminated at the convenience of the government. In commenting on the unilateral process used by OCB to reduce rates to contractors, IBB contracts officials said that if contractors disagreed with the reductions, they had the right to refuse the change. However, the IBB officials added that in such cases, OCB could have moved then to terminate the agreements for the convenience of the government. In some cases, the contractors billed for their services at the original rather than the reduced price; however, according to OCB administrative officials, OCB

revised the invoices and paid only the reduced amount. According to IBB Contracts officials, OCB acted improperly in altering the invoices and instead should have returned them without payment, explaining the reason for the non-payment.

Although OCB appeared to exercise its authority properly in modifying the purchase orders, the indiscriminate restoration of some of the reductions was not appropriately handled. As noted above, FAR requires equitable treatment of contractors. In this regard, the director of the IBB Office of Contracts told OIG that if the OCB director were involved in the decision to restore selected contractor rates it would be inappropriate because it would give the appearance of favoritism. The IBB contracts director added that, in such cases, contractor appeals should be made to the contracting officer for an independent decision, and any decisions subsequently overridden by agency management should be documented in the official contract files.

When the issue of the inequitable treatment of contractors was raised with OCB management, the OCB director said that payments to contractors depend on the quality of the people and that, for example, no one could expect him to pay a doctor the same salary as a nurse. OIG agrees and, in fact, the IBB Talent Handbook provides various rates for services depending on the scope of work required and the expertise of the contractors. However, the issue in question is not the actual payment amounts but the arbitrary nature of how purchase order reductions were handled; i.e., initially, selected purchase orders for talent vendors were reduced across the board and then some were restored without valid and documented justifications. As a result, two of the talent contractors were pursuing legal action; however, reportedly based on the IBB procurement executive's review, there was no basis for the two legal claims. In the future, OCB needs to ensure that decisions affecting contractor payments are handled in accordance with acceptable procurement policies without the appearance of favoritism to any individual vendor.

**Recommendation 8:** The Office of Cuba Broadcasting should establish and implement a standard operating procedure to ensure that modifications to talent vendor contracts are handled in accordance with the Federal Acquisition Regulation and that justifications for such modifications are fully documented in the official procurement files.

OCB concurred with this recommendation. The OCB Director of Administration recently reminded all OCB employees via e-mail that any actions affecting contracts with vendors, or any communications with vendors about such actions, can only be made by the OCB contracting officers. The OCB Office of Adminis-

tration will return such requests for modifications to the requesting office without further action if full, written justification supporting the action is not furnished to the contracting officer.

Deficiencies in the Administrative Oversight of  
Procurements

In addition to the major contracting problems detailed above, OIG identified numerous deficiencies with individual procurement actions that indicate a need for greater vigilance on the part of the OCB Office of Administration in processing and approving these actions. The OIG review of purchase orders for talent vendors was similar to the review conducted by the IBB Office of Contracts in advance of OIG's audit work at OCB. The IBB review, undertaken at the request of senior IBB management, was carried out by the IBB procurement executive and his staff from April 17-19, 2002. Starting with over 2,750 pages of documents that had been assembled for a Freedom of Information Act request, IBB narrowed its focus to over 50 specific purchase orders, purchase order modifications, and invoices for selected contractors named in allegations of improper conduct printed in the local media. On May 1, 2002, the IBB contracts director reported to the OCB director of Administration that the Office of Contracts did not find any serious procurement "deficiencies," but identified several procurement "shortcomings," such as incorrect rates, unauthorized procurement actions, missing signatures, and duplicate approvals for requisitions. IBB recommended and OCB agreed to a procedure to ensure that all POV rates stated in purchase orders and purchase order modifications are the correct rates. For future contracts, the contracting officer who signs and awards a purchase order or purchase order modification will initial next to the rate. According to OCB, it had implemented or was in the process of implementing corrective measures to address the shortcomings identified in the IBB review.

OIG conducted its own review of OCB procurement actions. Because the timing of the OIG and the IBB reviews closely coincided, the procurement documents reviewed essentially covered the same time period. However, OIG's analysis of the documents used in both reviews shows that only one of the 37 purchase orders reviewed by OIG was previously reviewed by IBB as part of its study. In addition, the IBB study did not include certain issues that OIG later reviewed. For example, the director of IBB's Office of Contracts said that he could not make a judgment of whether contractors were needed, especially by looking "only at paper." He also said there should be no personal services contractors at OCB and that someone would have to observe contractors' duties to know if the contracts

were really non-personal services contracts (PSC). He mentioned that an explanatory chart provided for his review was broken down by the number of vendors, but added that some vendors may have many purchase orders/contracts. OIG looked at these and other issues during its review.

OIG reviewed 37 purchase order files for talent vendors, which were selected as a judgmental sample from a list of all vendors provided by OCB's Office of Administration. Each file included requisitions, purchase orders, and purchase order modifications related to the purchase order contract. Twenty-nine of the 37 files reviewed (78 percent) had irregularities or deficiencies of note, as summarized below. (See Appendix C for more details on these and other deficiencies.)

- Improper specifications and requirements in purchase orders concerning shift work, which contributed to the inappropriate personal service contract status of 11 contractors in the news department.
- Missing or inaccurate IBB rate of pay. (Rate did not correspond with the scope of work identified in the requisition or purchase order.)
- Insufficient, non-itemized invoices approved and paid. (The IBB Talent Handbook provides a sample invoice that should be used.)
- Unauthorized procurements. (Work completed before purchase order or authorization was approved.)
- Irregularities with contract modifications. (Vendor was notified after effective date of the change.)
- Overbilling by vendors.

From its review of the procurement documents, OIG believes that the OCB Office of Administration needs to take steps to correct the deficiencies noted above as well as the others included in Appendix C. In addition, the high percentage of deficiencies identified in the purchase orders reviewed by OIG, when coupled with the results of the IBB Office of Contracts review, strongly supports the need for the OCB Office of Administration to implement quality assurance procedures to ensure that administrative staff are processing and approving procurement actions in accordance with government acquisition regulations. Although OCB agreed with the IBB contracts office to certain procedural changes for future talent vendor contracts, OCB also needs to address deficiencies in some existing contracts.

**Recommendation 9:** The Office of Cuba Broadcasting's Director of Administration should ensure that the identified purchase order deficiencies are corrected and a quality assurance plan is developed and implemented, including regular spot checks by the Office of Cuba Broadcasting procurement chief, to ensure that procurement actions are handled in accordance with legal and regulatory requirements.

OCB concurred with this recommendation. The OCB Director of Administration has directed the Chief of Procurement to conduct an analysis of the individual purchase order deficiencies noted by OIG and to provide OIG with a detailed written analysis of findings and corrective actions taken. The OCB Director of Administration will also instruct the OCB Procurement Chief routinely to review all procurement actions above \$2,500 for both Radio and TV Marti to ensure that they are in compliance with all IBB and FAR requirements. Performance of these reviews will be included as a specific requirement in the elements and standards of the OCB Chief of Procurement's annual Performance Appraisal Report.

## OCB LACKED KEY MANAGEMENT PERSONNEL AND QUALITY CONTROLS

Since his arrival, the OCB director has operated without some key management personnel who might have been able to provide him with guidance on government rules and regulations. In particular, these include a chief of staff and a Radio Marti director. Although a chief of staff worked for a brief period, the Radio Marti director position remained vacant. OIG believes that the absence of these key individuals contributed to the administrative deficiencies noted earlier in this report. Additionally, the absence of some important internal controls also may have contributed to these problems.

When the OCB director arrived in late July 2001, there was no deputy director or chief of staff. A person hired by the former OCB director was filling the Radio Marti director position; however, this person retired. In October 2001, the director selected an experienced chief of staff; however, after serving less than three months, he was terminated by the OCB director, who lost confidence in him for unspecified reasons. For most of his tenure, the director took no action to fill the Radio Marti director position and, instead, was serving in a dual function. However, OIG believes that a full-time Radio Marti director is a key management

position that requires a considerable amount of hands on responsibility to manage the day-to-day activities of a functioning broadcasting operation. During the OIG review in June 2002, the OCB director said that that he planned initially to fill the position on a temporary basis. Also, in July 2002, the OCB director told OIG that he had named a person to become his chief of staff. In August 2002, OCB issued a formal vacancy announcement to fill the Radio Marti director position.

In addition to the absence of these key officials, the OCB director claimed that before assuming control, he did not receive training or briefings from IBB on the responsibilities of his new position. He said that he “had to learn the hard way.” For example, he said that he was unfamiliar with government contracting rules and regulations. OIG believes that the director should have relied more on the experienced staff of OCB administrative personnel to ensure that government procurement rules were followed. In this regard, OCB information shows that at different times administrative personnel pointed out to the OCB director the proper handling of talent vendors. Furthermore, IBB disputes the claim that the OCB director did not receive adequate orientation before assuming his director duties. Information supplied by IBB shows that before entering on duty, the OCB director had meetings over a two-day period in Washington with one of the BBG governors and IBB senior management staff, plus informal IBB briefings. Also, the IBB director formally outlined the duties of the OCB director in a letter to him, dated July 24, 2001, and enclosed various materials on BBG operations. In addition, in a continuing effort to assist the OCB director, IBB pointed to the many visits made to Miami by IBB management after July 26, 2001.

Another contributing factor to the problems experienced by OCB in implementing changes was the lack of quality control structures. In the past, such structures included an internal OCB program review committee and a Presidential Advisory Board for Cuba Broadcasting. The program review committee evaluated prospective shows and made recommendations on their use by OCB. In November 2001, the OCB director disbanded the committee after it twice rejected a new show that he proposed. He told OIG that the committee did not have the knowledge to do its job and that he did not trust it. He also said it was faster to get programs on the air without it. The OCB director mentioned during the July 24, 2002, exit conference with OIG that he was planning to reconstitute the committee. In the meantime, 13 shows went on the air without any review. One show went on the air after twice being turned down by the program review committee. There continued to be a daily editorial review meeting for news, but members questioned its effectiveness. At the conclusion of our review, the OCB director said he planned to establish a new editorial board for Radio Marti.

OCB was operating without the benefits of a Presidential Advisory Board, which had been inactive for several years. The board, when active, consisted of nine members appointed by the President with the advice and consent of the Senate, with not more than five of the same political party. The board was charged with reviewing the effectiveness of OCB and making recommendations to the President and BBG.<sup>16</sup> OCB has no direct responsibility for the board, whose last meeting was in February 1998. OIG believes that the Advisory Board could provide an important oversight mechanism; however, presidential nominations for board members and congressional confirmations appeared to be in the early stages, a factor that was beyond the control of OCB.

All of these factors, in addition to the inappropriate hiring and use of contractors noted earlier, may have contributed to the fall in morale that was reflected in the OIG survey results. Overall, 64 percent of the survey respondents said that morale had decreased since August 2001. (See Figure 3.)

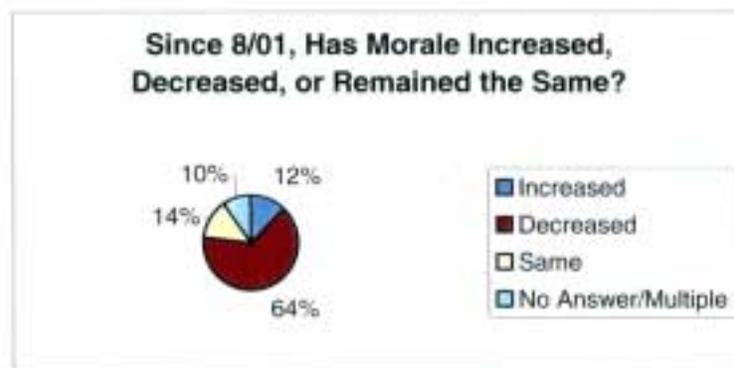


Figure 3. OIG Survey Results for Question on Morale

When asked to explain in interviews the reason for declining morale, managers and staff repeatedly stated that they were discouraged by the lack of structure and procedures. They said that people skipped the middle management level and went straight to the top with problems. Many stated that programming decisions were not made through proper evaluation. Others were demoralized by perceived irregularities in contracting procedures. It should be pointed out that many employees told OIG that morale was also poor in the years before the new OCB director's appointment.

---

<sup>16</sup> 22 USC 1465c.

In February 2002, a representative of IBB's Advisory, Referral and Counseling Service from the Office of Personnel met with OCB managers. A list of concerns included the need for clear lines of authority, a clear system for decision making, faster responses on policy decisions, revamped procedures and protocols to simplify the contractor approval process, and better communications and exchange of information within OCB. Also, managers expressed the need for access to the OCB director. They recommended that a Radio Marti director be hired, as well as a deputy director. The latter would ideally possess the necessary skills and experience from within the U.S. government to work effectively with managers. Overall, OIG believes that if key personnel had been in place, personnel and contracting deficiencies may have been avoided to a large extent, which probably would have had a positive impact on the morale of OCB staff.

**Recommendation 10:** The Office of Cuba Broadcasting should move forward with its plans to fill the chief of staff position and complete action for the selection of a Radio Marti director.

OCB concurred with this recommendation. The OCB Director moved to remedy the situation. A new chief of staff began in August 2002, and a new acting director of Radio Marti began in October 2002.

**UNCLASSIFIED**

**UNCLASSIFIED**

## LIST OF RECOMMENDATIONS

**Recommendation 1:** The Office of Cuba Broadcasting, in conjunction with the International Broadcasting Bureau, should establish a plan to conduct independent audience research regularly, to the extent possible, and should make appropriate changes to its programming based on the research findings.

**Recommendation 2:** The Office of Cuba Broadcasting should establish a centralized process to track systematically and analyze the mail and telephone calls received from its Cuban radio and television audiences.

**Recommendation 3:** The Office of Cuba Broadcasting should conduct a systematic assessment of its program needs, the extent to which regular employees could meet those needs, and what, if any, of those needs require the use of outside contractors. It should then adjust the number of contractors according to the assessment's findings.

**Recommendation 4:** The Office of Cuba Broadcasting should implement procedures to ensure that the news staff working on weekends, including contractors, has proper oversight by Office of Cuba Broadcasting supervisors.

**Recommendation 5:** The Office of Cuba Broadcasting, in consultation with the International Broadcasting Bureau's Office of Contracts, should develop and implement a detailed competition plan that uses all of its various options to expand competition for talent contractors.

**Recommendation 6:** The Office of Cuba Broadcasting should direct contracting personnel to review all talent contracts to ensure that they meet provisions of the Federal Acquisition Regulation and the International Broadcasting Bureau's procurement regulations concerning service contracts, and to terminate and recompet those contracts that do not meet those provisions.

**Recommendation 7:** The Office of Cuba Broadcasting should formally assign to its supervisory program personnel the responsibility for contractor oversight and require those designated to attend a basic course for contracting officer's representatives to ensure proper oversight of service contracts.

**Recommendation 8:** The Office of Cuba Broadcasting should establish and implement a standard operating procedure to ensure that modifications to talent vendor contracts are handled in accordance with the Federal Acquisition Regulation and that justifications for such modifications are fully documented in the official procurement files.

**Recommendation 9:** The Office of Cuba Broadcasting's Director of Administration should ensure that the identified purchase order deficiencies are corrected and a quality assurance plan is developed and implemented, including regular spot checks by the Office of Cuba Broadcasting procurement chief, to ensure that procurement actions are handled in accordance with legal and regulatory requirements.

**Recommendation 10:** The Office of Cuba Broadcasting should move forward with its plans to fill the chief of staff position and complete action for the selection of a Radio Marti director.

## LIST OF ABBREVIATIONS

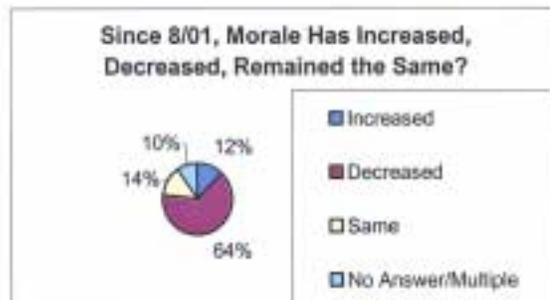
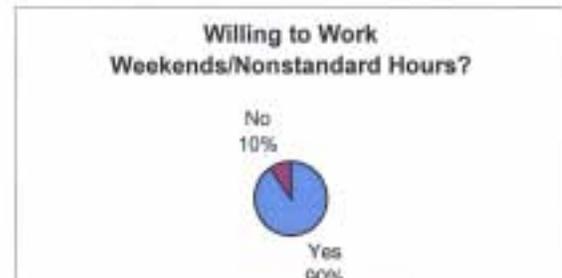
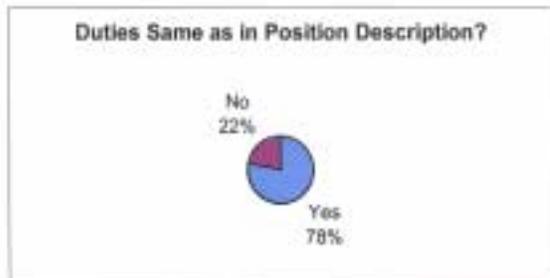
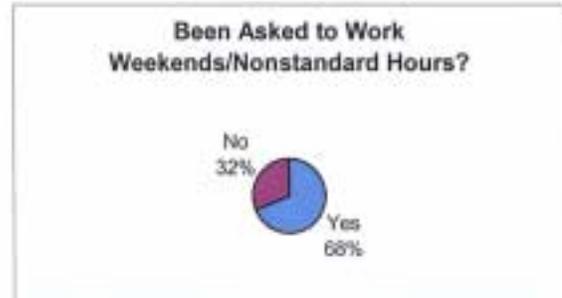
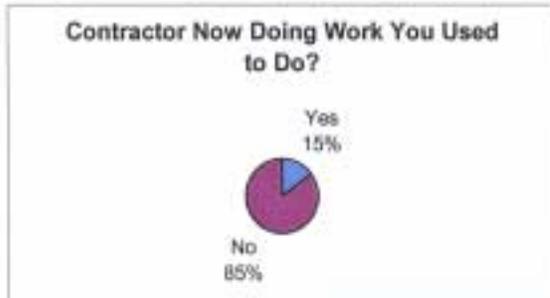
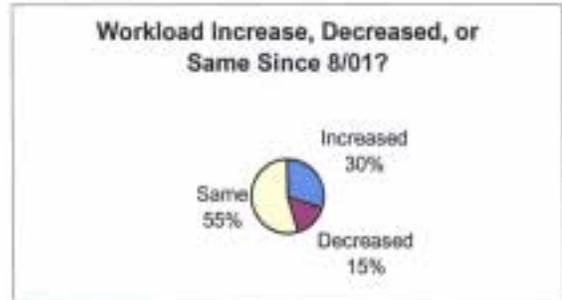
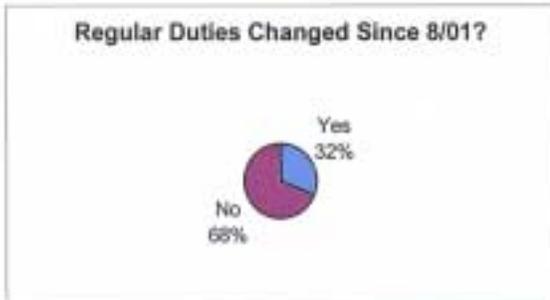
BBG	Broadcasting Board of Governors
CBD	Commerce Business Daily
FAR	Federal Acquisition Regulation
FBO	Federal Business Opportunities
GAO	U.S. General Accounting Office
IBB	International Broadcasting Bureau
IRB	International radio broadcaster
OCB	Office of Cuba Broadcasting
OIG	Office of Inspector General
OMB	Office of Management and Budget
POV	Purchase order vendor(s)
PSC	Personal services contract(or)

**UNCLASSIFIED**

**UNCLASSIFIED**

**APPENDIX A**

Summary Results of OIG's Survey of  
Radio and TV Marti Personnel, June 2002



Overall response rate: 54%

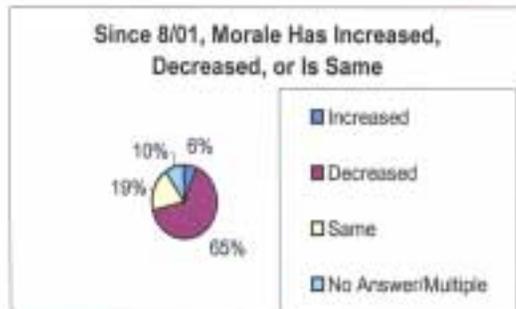
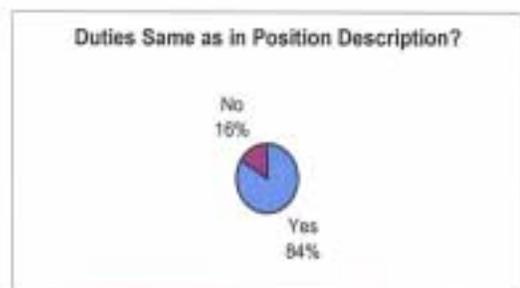
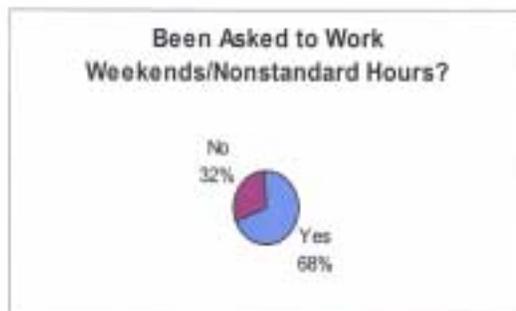
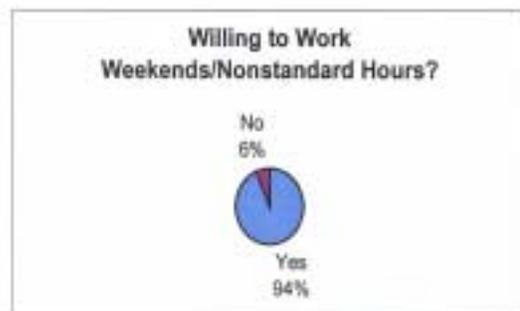
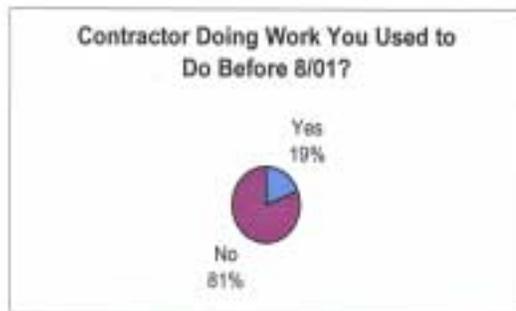
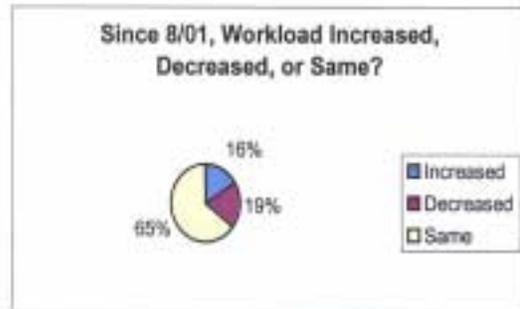
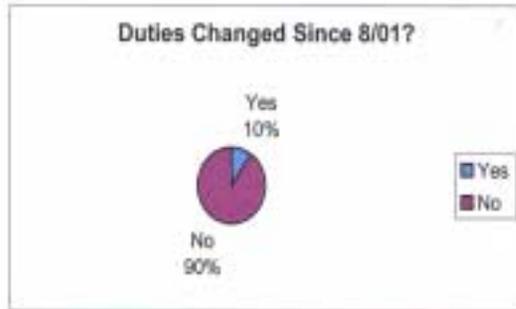
**APPENDIX A**

Survey Summary Results for Radio Marti  
Personnel, June 2002



**APPENDIX A**

Survey Summary Results for TV Marti  
Personnel, June 2002



**UNCLASSIFIED**

**UNCLASSIFIED**

**APPENDIX B**

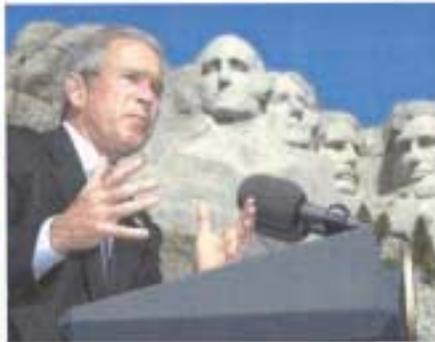
U.S. Office of Cuba Broadcasting

APPENDIX B



Agosto 16, 2002

- Mensaje del Director
- Misión
- Escribanos
- La Casa Blanca
- Departamento de Estado
- Sección de Intereses EE.UU.
- BBG
- IBB
- Voz de América
- Radio Libertad/Radio Europa Libre
- Aviso de Privacidad
- Derechos Reservados
- Búsqueda



**BUSH ACUSA AL SENADO DE ATARLE LAS MANOS**

Al pie de la montaña-monumento que es el Monte Rushmore, donde están labradas a escala las gigantesca cabezas de cuatro presidentes de Estados Unidos, el presidente George W. Bush acusó el jueves al Senado de atarle las manos en relación con su propuesto Departamento de Seguridad de la Patria.  
 Artículo completo

**SADDAM HUSSEIN ES UN MALVADO, DICE FUNCIONARIA DE ESTADOS UNIDOS**

La Asesora de Seguridad Nacional de Estados Unidos, Condoleezza Rice, dijo en una entrevista con la ...  
 Artículo completo

**Más Noticias**

- [INUNDACIONES EN EUROPA CAUSAN DEGENAS DE MUERTOS Y DAÑOS CUANTIOSOS.](#)
- [REFORMA FINANCIERA DE LA AUTORIDAD PALESTINA](#)
- [CATASTRÓFICAS INUNDACIONES EN EUROPA Y OTRAS PARTES DEL MUNDO](#)



**AHORA EN EL AIRE**

DOS A LAS DOS

**RADIO Marti** VISITE NUESTRA PÁGINA >

**AHORA EN EL AIRE**

Programación De la Televisión

**TV Marti** VISITE NUESTRA PÁGINA >

**Inauguración** +

Escuche un fragmento de la primera transmisión de Radio Marti.

**Reportaje Especial** +

El Presidente George W. Bush Demanda Elecciones Libres En Cuba. Discurso pronunciado en Washington D.C.

**Presentación Estelar** +

Escuche el mensaje del Presidente Bush, en Miami, con motivo del Centenario de la República de Cuba.

file://S:\IBO\Intl%\20Broadcasting\OCB%20Admin\Binder%\20MR-Master%\20Report\Appen... 12/3/02

**UNCLASSIFIED**

**UNCLASSIFIED**

**APPENDIX C**

**OIG Review of Selected OCB Purchase Order Files**

OIG reviewed 37 purchase order files for Radio Marti purchase order vendors, selected as a judgmental sample from a list of current talent contractors provided by OCB's Office of Administration. In addition to the actual purchase order, the files include the requisitions, purchase order modifications, competition documentation, service agreements, and other associated documentation. OIG reviewed each document in the 37 files, evaluating justifications, scope of work, rates of pay, invoices, date and signature consistency, and other issues as they arose. Twenty-nine of the 37 files (78 percent) contained irregularities or deficiencies of note, which are detailed below.

In sum, OIG found:

- The inappropriate personal service contract status of 11 contractors in the news department.
- Missing or inaccurate IBB talent schedule rates. (Rate did not correspond with the scope of work identified in the requisition or purchase order.)
- Insufficient, non-itemized invoices approved and paid. (The IBB Talent Handbook provides a sample invoice that should be used.)
- Unauthorized procurements. (Work completed before purchase order or authorization was approved.)
- Irregularities with contract modifications.
- Overbilling by vendors.

---

**De Facto PSCs**

- Eleven OCB vendors working as international radio broadcasters (IRB) whose purchase order files were reviewed by OIG appeared to be working as de facto personal service contractors (Purchase Orders: P209-1254, P209-1252, P209-1256, P209-1253, P209-1261, P209-1257, P209-1262, P209-1032, P209-1255, P209-1027, P209-1193). Nine of the eleven have an eight-hour shift written into their purchase orders; the remaining two (P209-1027 and P209-1032) do not have it written into their contract, but

## UNCLASSIFIED

they are listed with an eight-hour shift on the Radio Marti news schedule. All 11 contractors have regular shifts listed on the Radio Marti news work schedule as regular work hours.

Regarding payment, eight of the 11 are listed as IBB rate III.A.3, which is for 15-30 minutes of broadcast material. However, these vendors perform general journalistic duties, including researching, editing, and writing. Two of the vendors have no IBB rate listed at all on their purchase order (P209-1027 and P209-1193). According to interviews, they are functioning as IRBs, despite the fact that their purchase order specifies other kinds of work, and they are listed in the IRB work schedule.

The invoices for all 11 of the above-mentioned vendors are insufficient and not itemized. There is no way to discern any kind of deliverable product - the contractors are billing by the day, i.e., for their time.

Three other irregularities were uncovered during the analysis of IRB purchase order files: two contractors performed and billed for work done before their purchase orders were issued and approved (P209-1262 and P209-1255) and another submitted invoices for work before the services were delivered, and payment was approved ahead of time on several occasions (P209-1257).

The 11 IRB files reviewed revealed that none of the requisitions included a justification for why the services of these contractors were needed and could not be provided by existing resources.

### **Other Irregularities**

- A purchase order vendor (P209-1259) is not being paid according to IBB rate schedules. The requisition states that assignments are for voicing news, where eight consecutive hours constitutes one assignment and less than four hours constitutes half an assignment. The rate per assignment is \$100. The same applies for another vendor (P209-1258). However, the IBB Talent Handbook defines one assignment for that kind of work as four consecutive hours and the rate for one assignment (i.e., four hours) is \$23-\$56. Additionally, the invoicing for both vendors is not itemized; therefore, it is impossible to document whether they are actually doing four or eight (or other) hours of voicing.

## UNCLASSIFIED

- A purchase order vendor (P209-1034) protested contract modifications via a letter claiming that the vendor only received a copy of the modification **after** the changes had taken effect. Radio news management then requested that the old contract be extended in order to provide the requisite advance notice of the pending modification, after which the new contract would take effect. OCB granted the extension of the old contract.
- A purchase order vendor (P209-8045) is being paid at an IBB rate that does not match the actual show specifications. The vendor received a contract for \$20,900. The contract specifies that the vendor write and conduct two shows per week, an hour long each, and at the rate of \$275 per show according to IBB rate III.B.2. However, IBB rate III.B.2 (\$181-\$600) is for 15-30 minutes of complicated documentary or multi-voice scripted broadcast material.
- A purchase order vendor (P209-1031) has a contract stating that the vendor is to provide over 30 minutes of broadcast material per assignment, at a rate of \$100 each. The current contract, after modification, is for 310 assignments at that rate, for a total of \$31,000. The contract states that the purchase order vendor will be paid under IBB rate schedule III.A.2; however, the IBB talent handbook states that rate III.A.2 is for "less than 15 minutes of broadcast material," with the payment range being \$61-\$202. While the payment is within that range, the purchase order vendor is required to produce assignments of more than 30 minutes of material, so that is an inappropriate schedule for this contract.

OIG is concerned about the frequency and size of the assignments for this contract. The purchase order vendor has submitted invoices for every single day of the year but two (January 26 and 27) since January 1, 2002. According to the program schedule OIG received from Radio Marti staff, the vendor's half-hour show is aired only twice per week, which is the primary program mentioned in the purchase order vendor's invoices. Therefore, the purchase order vendor would have to be submitting at least 30 minutes of broadcast material each of the remaining five days of the week in order to have done the work invoiced. OIG confirmed via interview that the vendor bills for work on a daily basis, regardless of how many shows are produced or aired in a given month. This has resulted in overbilling.

## UNCLASSIFIED

- A purchase order vendor (P209-1232) was contracted to perform commentaries for a radio show on military issues in Cuba. The purchase agreement for this vendor states that only the OCB director and the secretary for the unfilled position of Radio Marti director are authorized to place orders for his services. This is not in line with the thoughts of the IBB chief procurement executive, who said that the OCB director should not be involved at all with contracting. However, the Radio news director is the one who approved all the invoices submitted to date.
- A company has a contract to provide weather reports (P209-1095). The vendor is supposed to provide eight weather reports daily Monday through Friday and two each on Saturday and Sunday. During the weekdays, he is required to file four pre-recorded segments. No length of time is specified for the broadcasts. The contract does not have an IBB talent schedule rate listed for this vendor, but pays him "a flat monthly fee" that "has been established by the News Department Management." OIG finds this to be questionable when rates are available to charge per assignment. The invoices for this vendor are not itemized, so there is no way to verify whether the eight daily reports (four pre-recorded) and four weekend segments were all submitted.
- A purchase order vendor (P209-1046) is one of the contractors proposed to receive a reduction in rates; however, the requisitions to lower the rates were not approved by the OCB director (although they were approved by the acting news director), so the purchase order vendor continued to receive his original rate.
- OCB terminated two contracts for another company (P209-1072 and P209-1033). However, the letter of termination was dated 3/8/02, with an effective date of 1/7/02. In the opinion of OIG, it is inappropriate to notify a vendor of contract termination two months after the fact. The same vendor also has a contract to work on the newscasts, under P209-1047. The rate schedule quoted is III.A.2, but the vendor is being paid \$50 per assignment. The range for that position is \$61-\$202. This purchase order was issued on 11/3/01, and the purchase agreement was signed by the vendor on 11/15/01, yet the vendor submitted an invoice for \$1,150 for the month of October, before the purchase order was approved. In addition, the invoices for this vendor are not itemized; are for multiple contracts without a specification by the contractor subtotalling amounts by contract; and in one case, include fees for a contract that has been canceled.

## UNCLASSIFIED

- A purchase order vendor (P209-1044) was hired to participate in a one-hour show on immigration, yet is classified in IBB rate schedule III.A.2. However, IBB rate schedule III.A.2 is for less than 15 minutes of broadcast material.
- A purchase order vendor (P209-1030) has a contract to provide broadcast material from Spain on European events. The original per unit amount was \$80. On 10/26/01, a modification was issued to change the unit price from \$80 to \$50. On 3/14/02, another modification was issued, changing the per unit amount to \$80. However, this vendor continued to bill for \$80 per unit during the period the rate was changed to \$50 (from 10/26/01 through 3/14/02). The result is an overbilling of \$3,450 for the period in question.
- A purchase order vendor (P209-1029) has a contract to provide correspondent reports at a rate of \$75 per assignment. However, there is no reference to an IBB talent schedule rate against which to verify whether this is appropriate for the work being produced. The invoices for this vendor are exemplary in that they document each segment submitted.
- Another vendor (P209-1229) also has no IBB talent schedule rate in the contract. Invoices are not itemized, making it difficult to determine what product was turned in. Tracking work would be improved by the use of the Work Certificate and Daily Production Report included in the IBB Talent Handbook.
- A purchase order vendor (P209-1090) has a contract to produce two daily technology segments, of three to five minutes in length, at a price of \$50 each. The IBB rate quoted in the contract is III.A.3 (\$76-\$174), which is for 15-30 minutes of broadcast material. This is an inappropriate rate schedule for these segments, which are for fewer than 15 minutes. The invoices for this vendor are not itemized, and tracking of his work would be improved by the use of the Work Certificate and Daily Production Report included in the IBB Talent Handbook.

## UNCLASSIFIED

- A purchase order vendor (P209-1027) has a contract to produce a daily commentary segment, for a fee of \$100 per segment. There is no IBB rate mentioned in the contract. Invoices are not itemized, and tracking of work would be improved by the use of the Work Certificate and Daily Production Report included in the IBB Talent Handbook. Also, based on an interview with OIG, the vendor was working as a full-time (five days per week, eight hour shift) IRB contractor, supervised by Radio Marti managers. The vendor is also listed on the Radio Marti IRB contractor work schedule with a daily shift, indicating the arrangement is a de facto PSC.
- A purchase order vendor (P209-1030) has a contract to produce commentaries on military issues in Cuba, at a rate of \$50 per assignment. No IBB talent schedule rate is quoted for this vendor.
- A purchase order vendor's (P209-1021) IBB rate was reduced from \$75 to \$50 per show; however, the rate quoted for this vendor is III.A.4, which is for 15-20 minutes of broadcast material requiring extensive research and knowledge, with a range of \$128-\$277.
- A purchase order vendor (P209-0506) has no IBB rate noted on the contract, and the work began before the date of the purchase order. Invoices began 1/8/02, but the purchase order was dated 2/1/02, with an effective date of 1/7/02, which predates the purchase order.

**UNCLASSIFIED**

**APPENDIX D**



BROADCASTING BOARD OF GOVERNORS  
UNITED STATES OF AMERICA

November 25, 2002

Mr. Clark Kent Ervin  
Inspector General  
Department of State

Dear Mr. Ervin:

This is in response to your letter of October 10, 2002, regarding the Office of Inspector General's (OIG) Draft Report titled, "Review of the Effectiveness and Implementation of Office of Cuba Broadcasting's New Program Initiatives" Report Number IBO-A-03-01, October 2002. The BBG's International Broadcasting Bureau (IBB) has reviewed the report and provides comments and responses for Recommendations 1 through 10 as noted on the enclosure.

We thank you for the opportunity to provide our comments on the draft report. Should you require additional information, please do not hesitate to contact me at (202) 619-1088, or contact Ms. Monica Y. Smith, Acting Director of Administration, at (202) 619-3988.

Sincerely,

A handwritten signature in black ink, reading "Brian T. Conniff", is positioned above the printed name and title.

Brian T. Conniff  
Executive Director

Enclosure: As Stated

UNCLASSIFIED

**APPENDIX D**

Enclosure

BBG/IBB RESPONSE

TO THE OIG DRAFT AUDIT REPORT

"REVIEW OF THE EFFECTIVENESS AND IMPLEMENTATION OF OFFICE OF CUBA BROADCASTING'S NEW PROGRAM INITIATIVES"

REPORT NUMBER IBO-A-03-01

OCTOBER 2002

**Recommendation 1: The Office of Cuba Broadcasting, in conjunction with the International Broadcasting Bureau, should establish a plan to conduct independent audience research regularly, to the extent possible, and should make appropriate changes to its programming based on the research findings.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 1. In fact, an audience research mechanism involving coordination between the International Broadcasting Bureau (IBB) and the Office of Cuba Broadcasting (OCB) already exists. As recently as September and October 2002, an independent quantitative and qualitative research was conducted in Miami and in Cuba, with the input and participation of OCB.

IBB audience research has been and remains overseen by in-house professionals and conducted by outside contractors. In 2001, the BBG mandated a centralization of most contracted research under one large contract, the International Audience Research Project (IARP), which has been awarded to InterMedia and partner companies for FY-2002 and FY-2003. IBB has commissioned InterMedia partner Casals & Associates to conduct two pilot projects – in-depth qualitative interviews inside Cuba and random-dial phone surveys of island residents.

Following the mandate set down by the BBG, IBB has planned and funded under the IARP contract a set of focus groups in April 2003, two monitoring panels in March and September 2003, and an in-country survey in August/September 2003. As funding permits, IBB plans to commission a phone survey, listener panels and focus groups during FY 2003. These will serve both to assist in developing new programming and to measure the effects of changes in delivery, reception, and programming on audience. OCB is committed to improving its use of audience research in programming decisions.

A September-October 2002 multi-city survey provides OCB with detailed information on media habits (e.g., what time of day various demographic groups in Cuba are using radio and TV) that can be of value in planning and scheduling programs. Focus groups in September-October 2002 have yielded insights from recent arrivals on their media habits, reasons for listening and not listening to Radio Marti, as well as feedback on eight programs selected by OCB for evaluation. A monitoring panel in September provided evaluations of additional programs. OCB managers and staff observed the focus groups, and reports on all recent research have been made available to OCB. IBB and research contractors from InterMedia partner Casals & Associates briefed OCB and answered questions about the implications of the research. IBB Research remains ready to prepare on request ad hoc analyses of data for OCB managers and staff engaged in program evaluation and planning.

OCB has in the past invited recent arrivals to discussions at its offices, led by Radio Marti managers, to explore preferences and reactions to programming. Such efforts are significantly less expensive than professional, independent research, though the methodology can limit critical feedback. Through its Media Monitoring Section and Information Center, OCB already makes strong efforts to gather and distribute information about Cuba and its media environment that helps put audience research in context. To that end, direct contact with people who are visiting from Cuba or who recently left the island, be they regular Radio Marti listeners or not, would go a long way in helping us provide our target audience with programming that is tailor-made to their needs and which takes into direct account Cuban realities of the moment. It should be noted that enhancing these activities may require additional personnel and additional funding. In the interim, however, OCB will explore undertaking additional activities such as staff interviews of recent arrivals from Cuba, within existing resources.

#### New Information on Effectiveness of OCB Programming

New data has become available from the September/October 2002 survey in five Cuban cities, and from the focus groups and monitoring panel conducted with recently-arrived Cuban immigrants in South Florida in the same timeframe. The survey data, gathered from the same European market research firm that conducted omnibus surveys in Cuban cities since 1998, show increases in weekly listening in the cities of Holguin and Santa Clara, but no increases since 2001 in Havana and Santiago. These increases are also apparent among males, those ages 25-34, and those with secondary education. While participants in qualitative research were not previously aware of the programming changes, they gave positive evaluations of a number of sample programs tested in the research.

**Recommendation 2: The Office of Cuba Broadcasting should establish a centralized process to track systematically and analyze the mail and telephone calls received from its Cuban radio and television audiences.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 2. Presently, some Radio Marti staffers, usually on-air personalities, periodically receive letters from Cuba with commentary, suggestions and opinions on the programs. However, there has been little effort by the OCB to tabulate or quantify the number of letters received or to archive them for further research or posterity. Typically, these letters provide important feedback, both positive and negative, to the staffers involved in the program, but little else is done with them, and they are not shared with other staffers or the Directorate, as a matter of procedure. The OCB sees merit to the OIG recommendation, and will consider implementing a process whereby all letters from Cuba (and other communications) are accounted for and deposited into a central file at the OCB Information Center. Furthermore, the opinions and suggestions expressed in these letters will be analyzed for possible use, as a factor to be considered in OCB decision-making as it relates to programming matters. E-mail feedback and Internet communications will also form part of this initiative.

Recording and tracking telephone calls is more cumbersome and difficult. Most of the OCB's telephone contacts with Cuba are news related, or take place within the framework of the Agency's journalistic requirements. However, by way of promos and spots, the OCB might expressly consider soliciting audience opinion by providing a telephone number whereby listeners would call in to express their viewpoints on OCB programming, generally and specifically. This would provide the Directorate with one additional source of information with which to gauge audience preferences.

It should be pointed out however, that the danger in relying on mail and telephone calls from station listeners to make programming decisions is that such feedback comes from a self-selected group of motivated listeners. Even if these writers and callers were representative of the views of listeners, audience growth requires paying attention to the behavior and preferences of non-listeners more than current audiences.

**Recommendation 3: The Office of Cuba Broadcasting should conduct a systematic assessment of its program needs, the extent to which regular employees could meet those needs, and what, if any, of those needs require the use of outside contractors. It should then adjust the number of contractors according to the assessment's findings.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 3. The OCB Director will instruct the Directors of Radio and TV Marti to conduct a systematic assessment of programming requirements, to include an assessment of whether all existing contractors providing services to their departments are required, or whether some of the needs can be met by OCB employees.

It should be pointed out however, that programming development in the Radio Marti Programs Department follows strict evaluation criteria and testing to ensure programming that meets the needs of the Cuban audience, Radio Marti's strategic objectives and guidelines, and attains the highest possible production quality.

Crucial to this development is the Radio Marti Programming Committee. Composed of senior management and radio professionals, the committee reviews, discusses, and evaluates program proposals in light of established criteria, Radio Marti's strategic objectives, and results of testing. It then makes recommendations to the Director of OCB.

Defining and applying sound criteria are essential to effective programming evaluation. The criteria outlined below guide Radio Marti's programming committee in its programming evaluations. These criteria involve program purpose, target audience, scheduling, subject matter, documentation and production values.

Proposals for new on-air programs are required to address these criteria. Not all criteria apply equally to all programs, however.

1) Purpose

What is the format of the program?

Does the purpose of the program fit into the overall purposes and policies of Radio Marti?

Do any existing programs have the same format?

Are there two or more programs with the same format?

If so, are they necessary?

## UNCLASSIFIED

- 2) Target audience  
What is the projected target audience for this program: age, sex, education, other?
- 3) Scheduling  
What is the recommended broadcast time for the program?  
Does the broadcast time fit with the programs that air before and after it, so as to promote audience retention? If not, why?  
Is the scheduling set to compete most effectively with the Cuban radio and television programs? If not, why?
- 4) Subject Matter  
Is the subject matter of the program consistent with general Voice of America, and specific Radio Marti policy and guidelines? If not, why?
- 5) Documentation  
Are the levels of sources of information adequate for the type of program in consideration?
- 6) Production Value  
Is the recording of broadcast quality?  
Has the program been edited for broadcast use?  
Does the program use sound well?  
Is the on-air talent effective?  
Does the mix of on-air voices work?  
Is the language of the program suitably idiomatic given the Cuban audience?

Additionally, the pilot may be presented to a focus group for further evaluation.

The result could be that a pilot fulfills the above-mentioned criteria, yet critical to the success of the pilot is specialized knowledge or ability held by a non-Radio Marti employee. The Programs Department programming committee would then expand on the criteria by attempting to identify in-house employee(s) that could assume the role or attempt to alter the pilot's format in order to accommodate the deficiency. If a suitable in-house employee could not be identified or altering the format would substantially reduce the quality of the pilot, a contractor possessing the specialized knowledge or ability may be used.

**Recommendation 4: The Office of Cuba Broadcasting should implement procedures to ensure that the news staff working on weekends,**

**including contractors, has proper oversight by Office of Cuba Broadcasting supervisors.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 4. It must be pointed out that during the last year, the workload of the News Department has increased considerably with the introduction of a variety of sixty and thirty-minute news programs. Expanded newscasts aired four times a day, and news bulletins at the top and at the bottom of the hour were also added. All of this new programming resulted from the historical events of September 11, 2001, and also in response to the ongoing campaign and war against terrorism. The situation in Cuba and its new dynamics in its relationship with the United States, as well as in the political, social and economic arenas have also created the need for expansion in the News Department. This has imposed new demands on the News Department management.

The News Department will be implementing a new rotating schedule for supervisors for Saturdays and Sundays to replace the supervision that has been performed entirely by the News Department Director on both days. The placement of rotating schedules for supervisors will be put into effect in order to provide supervision of news staff, including contractors, on weekends and night shifts.

**Correction:** On page 1 of the Executive Summary and page 9 of the report, please note that the correct date for the President's speech is May 18, 2001.

### **Overall Comments on Procurement Issues**

- While we agree with many of the procurement recommendations (some of which we have already implemented), we do take issue with some of the statements contained in the report, particularly with regard to the procurement "process." We also believe that there is a lack of context for many of the procurement issues. It should be noted in the procurement section of the report that a very small OCB procurement staff (comprised of three contracting officers and one purchasing agent) handles literally thousands of pages of procurement documents annually. Specifically noting this fact early in the report, would help provide some perspective on the issues discussed, as on page 26, for example, where it is mentioned that "OCB Administration staff repeatedly said that it was not staffed sufficiently to monitor the implementation of contracts." It would obviously be impossible for the small procurement staff to monitor the utilization of over 100 contractors once they are engaged, in addition to performing all of their other duties. In addition, since the contractors provide services and work products directly to the Radio and TV Marti Programs and News Depart-

## UNCLASSIFIED

ments, it is the responsibility of these department managers to ensure that the vendors are providing the services they were contracted for, and are being utilized appropriately. The contract technical oversight personnel (AR/COs, etc.) should be from the OCB Radio and TV departments, rather than from the supporting Office of Administration.

- Further, the fact that the small OCB procurement staff must produce thousands of pages of documents annually would help put into perspective some of the "irregularities" noted in the report. In fact, only a few weeks prior to the OIG review, there was a similar review conducted by the IBB Contracting Office of 2,750 pages of requisitions, purchase orders, and invoices processed by OCB contracting personnel. Upon completion of this review, the IBB Senior Procurement Executive noted in his May 1, 2002 report that "M/CON did not find any serious procurement "deficiencies" in the records that were reviewed that would suggest fraud, waste, abuse, favoritism, irregular pricing, unauthorized procurements, or unauthorized commitments of BBG/IBB funds, or any negligence or incompetence by OCB personnel and/or POV contractors." Unfortunately, this review and its conclusions are not mentioned in the OIG report until page 30. Again, to add perspective and balance to the report, this IBB review, and its results, conducted immediately prior to the OIG review, should be referenced much earlier in the report, including in the Executive Summary.
- In fact, many of the issues dealt with in the OIG report were already covered in the preceding IBB review, and corrective measures were or are now being implemented. However, the corrective measures were not yet implemented in the time frame of the documents reviewed by the OIG. For example, of the 17 bullets with "irregularities" noted in the back of the OIG report, the vast majority involves questions on the payment rate used, as compared to the rate schedules contained in the IBB Contracting for Talent Handbook. This was an issue that was dealt with extensively in the above referenced M/CON report issued on May 1, 2002. In the report, the IBB Senior Procurement Executive recommended that in order to ensure that all POV rates stated in OCB Purchase Orders and Purchase Order Modifications are the correct rates, that in the future, the contracting officer who signs and awards a purchase order or purchase order modification, initial next to the rate. This will show that the contracting officer has personally validated the accuracy of the POV rate stated on the requisition with the correct rate that is listed in the IBB Contracting for Talent Handbook. It should be noted that this change was implemented after May 1, while a majority (or all) of the documents reviewed by the OIG were dated

prior to May 1. Therefore, this is another instance where steps have been taken to improve procedures, and avoid many of the "irregularities" noted in the report.

### **Specific Procurement Comments**

- On page 2 of the draft, in the Executive Summary, (and on page 10), the report states that "there were 163 full-time government employees working in Miami and 200 contractors." It should be noted that the number of contractors cited (200) includes contractors who were used only one or two times, or are used once per week, once per month, etc. So it is misleading to state that there were 163 government employees and 200 contractors, without any further explanation. It implies to the reader that there are 200 contractors working side by side with 163 government employees on a daily basis, which is definitely not the case.

### **"OCB Was Not Following Government Contracting Regulations"**

- On page 20, the report states that the "OIG found that policies and procedures used in contracting with talent vendors, for the most part, were not in accordance with government procurement requirements, including those in the IBB Talent Handbook." We strongly disagree with this wording, as it implies that most OCB contracting actions are not in accordance with government and IBB requirements, which is not the case, and is also not supported by the limited number of examples of irregularities that were actually found during the OIG's audit.

Again, this statement in the OIG report stands in contrast to the statement of the IBB Senior Procurement Executive (in the above referenced May 1, 2002 report issued after their thorough review of OCB procurement actions) that "M/CON did not find any serious procurement deficiencies." While there were some "shortcomings" identified, corrective actions were taken to avoid these shortcomings in the future. However, it is an unwarranted leap and mischaracterization, to suggest that, for the most part, policies and procedures "were not in accordance with government procurement requirements." One basis the OIG report cited for this conclusion is that "OCB was not adequately competing talent vendor contracts." While there may be some additional avenues that OCB could explore for promoting competition (and we plan to do so), even the report acknowledges on page 21 that "although OCB was meeting the minimum standards for competing its talent contractor needs, its actions were not yielding measur-

able results." It is one thing to recommend that additional competition options be examined, but it is not accurate to state that OCB is not operating in accordance with requirements. It should be noted that in the area of competition, OCB is utilizing the government's main competition vehicle (FBO), as well as posting the requirements for talent contractors in the lobby of the OCB Headquarters building. OCB believes that it has taken all appropriate measures to ensure full compliance with all procurement rules and regulations, and will continue to require contracting officers to closely monitor all procurement actions to assure that this is the case.

IBB herein specifically requests that the text "for the most part" referred to above, be replaced with the words "in some instances" on page 20 of the Draft Report, and that an additional sentence be added to this paragraph, so that this revised paragraph on page 20 will then read as follows:

"The OIG found that policies and procedures used in contracting with talent vendors, in some instances, were not in accordance with government procurement requirements, including those in the IBB Talent Handbook. However, the OIG also acknowledges that if the recommendations that were made in IBB-M/CON's May 1, 2002, memorandum to OCB/A (i.e., such as the OCB's Contracting Officer's placing his/her initials on each POV contract to document his/her validation of the accuracy of the rates being paid to the POV contractors are in accordance with (IAW) the POV Talent Handbook, etc.) are consistently implemented by OCB, then most of the shortcomings identified in this Draft Report will not reoccur in the future."

### **"Inequitable Treatment of Talent Contractors"**

- On page 27, the report states that "perceived inequities in the contractor rate cuts have led to vendor and employee dissatisfaction and legal action by at least two of the contractors." It should be noted in the report that the issue of the rate reductions and legal action brought by two of the vendors has been thoroughly reviewed by IBB's Senior Procurement Executive who found no basis for the two legal claims.

As to the general issue of rate reductions in reaction to a budget shortfall, the OCB Office of Administration will exercise extreme caution and seek guidance from the IBB Office of Contracts prior to the initiation of any contract modifications for rate reductions. As to the issue of "altering" invoices, the OCB Office of Administration has reissued guidance to all approving officials as to what constitutes a correctly submitted invoice. In the future, invoices will be returned to the vendor for correction if any

information is lacking or changes need to be made. Under no circumstances will an invoice be altered.

Also on page 27, \$50,000 was reallocated from the Information Center budget rather than the \$75,000 stated.

## **Responses to Procurement Recommendations**

**Recommendation 5: The Office of Cuba Broadcasting, in consultation with the International Broadcasting Bureau's Office of Contracts, should develop and implement a detailed competition plan that uses all of its various options to expand competition for talent contractors.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 5, to the extent practicable. Although we are utilizing the main government competition vehicle (FBO), as well as posting all of the OCB requirements for talent contractors in the lobby of the OCB Headquarters, OCB will continue to explore other avenues to increase competition, in consultation with the IBB Office of Contracts, including the possibility of publicizing announcements on the IBB web page, and advertising in trade publications, and Spanish language newspapers, (within budgetary constraints). However, it should be noted that in some subject matter areas, there are only a limited number of people with a high level of working knowledge of Cuba and its people, which may limit competition. Also, in many cases, it is OCB's "listening audience" who determines the need to repetitively use certain POV contractors due to their popularity.

**Recommendation 6: The Office of Cuba Broadcasting should direct contracting personnel to review all talent contracts to ensure that they meet provisions of the Federal Acquisition Regulation and the International Broadcasting Bureau's procurement regulations concerning service contracts, terminating and recompeting those contracts that do not meet those provisions.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 6. The OCB Director of Administration will issue a memorandum to all OCB contracting personnel requiring a contracting officer's initials on each requisition, attesting to the fact that the contracting officer has personally conducted a review of the requisition, and that the requisition meets the provisions of the FAR, before any further processing. Although this has been the informal procedure for some time, the Director of Administration will now formalize this process. OCB's Chief of Procurement will also immediately initiate action to review all FY-2003 requisitions to ensure that they meet the provisions of the FAR and IBB regulations (including the Talent Handbook and Manual of Operations), particularly where a

vendor's use might suggest the appearance of a personal services contract. It should be noted that the Office of Administration has twice distributed to all managers the May 20, 2002 IBB Memorandum - Guidelines for POV Talent Vendor Contracts (once in May when it first came out, and again on September 23, under Dr. Lew's signature). Nonetheless, the Office of Administration will hold meetings with all key program managers to fully brief them on these guidelines.

**Recommendation 7: The Office of Cuba Broadcasting should formally assign to its supervisory program personnel this responsibility for contractor oversight and require those designated to attend a basic course for contracting officer's representatives to ensure proper oversight of service contracts.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 7. As indicated earlier, it is impossible for the small OCB contracting staff to monitor the utilization of contractors in each department. Further, it is the department manager's responsibility to monitor the work and services that are performed for that department by vendors, to ensure that the vendors are being utilized appropriately, and that the services provided by the vendor are in accordance with the requisition initiated and requested by that department. OCB/A will coordinate with the IBB Office of Contracts within 30 calendar days of the OIG's issuance of the final version of this Report (or by January 31, 2003 at the latest) to identify the appropriate training course(s) on monitoring of Contractor performance and for ensuring proper oversight of service contracts, and OCB will schedule its supervisory program personnel who have such Contractor oversight responsibility to take this formal training during FY-2003 to the extent that such training funds are available. If possible, OCB will have such Contractor oversight training conducted at OCB Headquarters to minimize training costs.

**Recommendation 8: The Office of Cuba Broadcasting should establish and implement a standard operating procedure to ensure that modifications to talent vendor contracts are handled in accordance with the Federal Acquisition Regulation and that justifications for such modifications are fully documented in the official procurement files.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 8. The OCB Director of Administration has recently reminded all OCB employees via E-mail that any actions affecting contracts with vendors, or any communications with vendors about such actions (including modifications to

contract terms, etc.), can only be made by the OCB contracting officers. The OCB Office of Administration has always required that requests for contract modifications be made in writing to the contracting officer. Effective immediately, the OCB Office of Administration will return such requests for modifications to the requesting office without further action; if full, written justification supporting the action is not furnished to the contracting officer.

**Recommendation 9: The Office of Cuba Broadcasting's Director of Administration should ensure that the identified purchase order deficiencies are corrected and a quality assurance plan is developed and implemented, including regular spot checks by the Office of Cuba Broadcasting procurement chief, to ensure that procurement actions are handled in accordance with legal and regulatory requirements.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 9. The OCB Director of Administration has directed the Chief of Procurement to immediately conduct an analysis of the individual purchase order deficiencies noted in Appendix C of the OIG report, and will provide the OIG with a detailed written analysis of findings, and corrective actions taken, once the research is completed.

The OCB Director of Administration will further instruct the OCB Procurement Chief to routinely review all procurement actions above \$2,500 for both Radio and TV Marti, to ensure that they are in compliance with all IBB and FAR requirements. Performance of such FAR compliance and quality reviews on OCB procurement actions will be included as a specific requirement in the elements and standards of the OCB Chief of Procurement's annual Performance Appraisal Report.

As noted earlier however, corrective action has already been taken to avoid many of the noted deficiencies in the future. Most of the deficiencies concerned the payment rate used, and as a result of the IBB's review of the recommendations (which preceded the OIG review), we now have the contracting officer initial the payment rate to specifically show that it has been reviewed and validated.

**Recommendation 10: The Office of Cuba Broadcasting should move forward with its plans to fill the chief of staff position and complete action for the selection of a Radio Marti director.**

**IBB Response:** The Office of Cuba Broadcasting (OCB) concurs with Recommendation 10, and that the Director operated without some important management personnel key in providing him necessary guidance and assistance. The Director has moved to remedy this situation. On August 12, 2002, a new Chief of Staff

**UNCLASSIFIED**

began to serve in that capacity at OCB. On October 17, 2002, a new Acting Director of Radio Marti was announced and began to serve in that capacity.

**UNCLASSIFIED**

**UNCLASSIFIED**