



UNITED STATES DEPARTMENT OF STATE
AND THE BROADCASTING BOARD OF GOVERNORS
OFFICE OF INSPECTOR GENERAL

ISP-IB-13-50

Office of Inspections

September 2013

Inspection of U.S. International Broadcasting to Russia

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PURPOSE, SCOPE, AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

PURPOSE AND SCOPE

The Office of Inspections provides the Secretary of State, the Chairman of the BBG, and Congress with systematic and independent evaluations of the operations of the Department and the BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instances of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

METHODOLOGY

In conducting this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability, and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Harold W. Geisel
Acting Inspector General

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Key Judgments

- The Voice of America Russian Service and the Radio Free Europe/Radio Liberty Russian Service have had to adapt to an increasingly hostile environment for foreign broadcasters in Russia. They have implemented effective shifts in strategy to retain their longstanding connection with Russian audiences, moving from radio and television to digital platforms.
- U.S international broadcasting entities in Russia have grown and operated independent of one another and continue to operate in parallel. Some small steps are being taken to foster greater collaboration and efficiencies as outlined in the Broadcasting Board of Governors' 5-year strategic plan for 2012 through 2016, *Impact through Innovation and Integration*.
- Radio Free Europe/Radio Liberty's decision to reduce the staff of its Russian Service was logical in light of the Russian Government's restrictions on its radio operations and the resulting decision to focus on digital platforms. However, implementation of this strategy was costly and significantly flawed. Radio Free Europe/Radio Liberty management, International Broadcasting Bureau staff, and the Broadcasting Board of Governors all bear responsibility for the missteps.
- The International Broadcasting Bureau, Office of Strategy and Development, has creatively pioneered affiliate relationships for the Voice of America Russian Service with Russian Web, satellite, and cable television entities, thereby expanding the service's reach to Russian audiences. Mindful of the political sensitivities in Russia at this time, the Office of Strategy and Development needs an internal process to protect the interests of all parties when affiliations agreements are not formalized.
- Several management issues require attention in the Russian Service and the International Broadcasting Bureau. The managing editor of the Russian Service has not been formally appointed as the contracting officer's representative for the service's contracts. The International Broadcasting Bureau has not established a policy defining disciplinary actions for employees who misuse government-issued credit cards for travel.
- The Voice of America Moscow News Bureau has several administrative weaknesses in the areas of contracting, cashing operations, time and attendance, and property management. Voice of America senior management needs to address these deficiencies in a prompt manner.

All findings and recommendations in this report are based on conditions observed during the on-site review and the standards and policies then in effect. The report does not comment at length on areas where the OIG team did not identify problems that need to be corrected.

The inspection took place in Washington, DC, between January 14 and April 5, 2013. Robert Torres (team leader), Elizabeth Whitaker (deputy team leader), and Marygale Akpan conducted the inspection in Washington, DC. Robert Torres conducted the on-site inspection in Moscow for the Radio Free Europe/Radio Liberty Russian Service and Voice of America Moscow News Bureau between April 6 and April 13, 2013.

Context

Russian language broadcasting by U.S. Government international broadcast entities has been a priority since the early days of the Cold War. The Voice of America (VOA) Russian Service, a Federal broadcasting entity, has provided programming to Russia and other former Soviet republics continuously since 1947. Radio Free Europe/Radio Liberty (RFE/RL), a private, nonprofit grantee corporation, which has been broadcasting in Russia since 1953, receives Federal funding from the Broadcasting Board of Governors (BBG). Augmenting the efforts of these two broadcast entities are the VOA Moscow News Bureau, which has a correspondent providing coverage of local and regional events in English for worldwide distribution, and the International Broadcasting Bureau (IBB), Office of Strategy and Development (OSD), which has a local contractor responsible for initiating and managing advertising placement efforts.

The FY 2013 funding request for the VOA Russian Service is \$3.7 million. The operating budget for the VOA Moscow News Bureau and OSD's Moscow operation is estimated at \$239,028 and \$82,372 respectively. The RFE/RL Russian Service budget request for FY 2013 is approximately \$6.8 million.

The mission of the VOA Russian Service is "to enhance Russian understanding of American policies, politics, and culture, and of American views of Russia." It offers in-depth coverage of issues important to the United States, including promotion of democracy, rule of law and respect for human rights, and fighting corruption, terrorism, and ethnic conflict. On Russian domestic issues, the service seeks to add context and tie domestic issues to events around the world, offering a wide spectrum of opinion, and serving as a forum for audience interaction.

RFE/RL's mission is to provide news and information to countries where a free press is either banned by the government or not fully established. It has a long tradition in Russia as a locally-based alternative to state-controlled media, offering uncensored news and open debate about political, social, civic, cultural, and human rights issues.

Both organizations have made changes in their strategies in response to political developments in Russia. In 2008, President Vladimir Putin's government pressured local radio and television stations to stop rebroadcasting VOA programs. That year, the VOA Russian Service transitioned from being a radio and television broadcaster to a Web-only outlet for news and information. The RFE/RL Russian Service also lost affiliates. By 2012, it had only shortwave and two mediumwave signals: one in Moscow, for which it owned the license, and a second in a remote area of Russia, through a remaining affiliate on the Kola Peninsula taking 2 hours of content per week. With the passage of an amendment to the Russian law limiting ownership of a broadcast license by a foreign person or entity to 48 percent, in late 2012 the RFE/RL Russian Service lost its mediumwave broadcast license and has been compelled to reexamine its operations in Russia. It retains its shortwave presence but has shifted its focus and resources to a revamped digital platform.

This shift in strategy required both the VOA Russian Service and the RFE/RL Russian Service to reconfigure their staffing and bring in the skills necessary to support an all-Web presence. The VOA Russian Service downsized from 44 to 23 people in 2008 and continues to work on getting the right mix of cutting-edge Web savvy professionals and top-flight journalists.

It successfully weathered criticisms from traditionalists, who decried the move away from radio and television, and is building on successes of the past years to explore partnerships and affiliations with assistance from OSD to deliver video content to Russian audiences through Internet Protocol television, cable, and satellite. The RFE/RL Russian Service began its transition in 2012 and is still grappling with the aftermath of the voluntary separation of 42 of its 61 Moscow-based employees. The service is also dealing with political fallout from two sources: traditionalists who lament the virtual end of its mediumwave radio presence and those who see the RFE/RL Russian Service's strategy shift, coming on the heels of the expulsion of the U.S. Agency for International Development by the Russian Government, as an example of the United States abandoning pro-democracy forces in Russia.

Challenges of the Media Environment in Russia

While the move to mostly-digital platforms by U.S. Government broadcasters may have been inevitable by virtue of Russian political decisions and changing media consumption habits, it has not proven as successful as hoped. While the Russian media environment is dominated by state-owned broadcast media, it is also highly developed and competitive. It has traditionally been a difficult market for non-native broadcasters to penetrate. Television remains the preferred medium. The digital world in Russia is competitive and insular, in that Russians prefer “home-grown” Internet sources over international sites like Facebook and Google. Both the VOA Russian Service and the RFE/RL Russian Service have made strides toward establishing digital platforms but have not found niches that allow them to be effective.

There are also questions as to whether the U.S. Government is making the most effective use of increasingly limited resources in broadcasting to Russia. A 2013 Government Accountability Office study¹ of overlapping language services among the VOA and BBG affiliates questions whether it makes sense to have multiple U.S. international broadcasting channels in the same language that target similar audiences. BBG’s 5-year strategic plan addresses the same issue from a slightly different angle, stating that U.S.-funded media properties operating in the same country should, where feasible, share bureaus, stringers, and distribution networks. Russia would seem a good case in point, with VOA Russian Service and RFE/RL Russian Service assets on the ground, as well as the VOA Moscow News Bureau correspondent. Those assets have been put into place over time by each element with little reference to one another in the process. Each has its own mission, resources, and processes. Given shrinking budgets and changes in technology that facilitate real-time interconnectivity and collaboration, as well as the significance of Russia to U.S. national security objectives, BBG has an opportunity to take a broad strategic look at how all its resources and assets might best be deployed to engage with Russian audiences. This is a first good step but all BBG assets in Russia need to be taken into consideration.

Recommendation 1: The Broadcasting Board of Governors should implement a comprehensive strategy for U.S. international broadcasting to Russia that includes all Broadcasting Board of Governors entities operating in or broadcasting to Russia. (Action: BBG)

¹ U.S. Government Accountability Office, *Broadcasting Board of Governors – Additional Steps Needed to Address Overlap in International Broadcasting*, GAO-13-172, January 2013.

Strategic Planning in Russia

Collaboration between the VOA Russian Service and the RFE/RL Russian Service has been minimal. While many speak of the benefits of such collaboration, concerns over turf and each outlet's respective brand, and the physical separation of employees based in Moscow, Prague, and Washington have impeded it. There is no sharing of content and neither outlet provides a link to the other on its Web site; the inspection team did not find any duplication or overlap of content in its review of the stories and issues covered by both. Despite the fact that both entities have transitioned to an all-Web strategy, the inspection team found no evidence of any consultation between the two entities. Consultation between the two might have provided the RFE/RL Russian Service with some valuable lessons learned from the VOA Russian Service's experience.

BBG's 5-year strategic plan sets out key tactical steps toward the objective of becoming "the world's leading international news agency by 2016, focused on [their] mission and impact."² Among those steps are unifying the agency into one organization with many brands, seizing targeted growth opportunities, rationalizing program delivery, expanding social media innovation, and using leading-edge communication techniques and technologies—all directly relevant to the VOA Russian Service and RFE/RL Russian Service. Indeed, the VOA Russian Service's FY 2013 performance plan sets out its performance objectives in terms of the BBG tactical steps that the service plans to achieve. While the RFE/RL Russian Service's strategy does not make an explicit connection between the BBG strategic plan and its own tactics, its move to an all-Web strategy and outreach to a younger demographic are consistent with the BBG strategy.

There are some differences, however, between the BBG strategic plan and the VOA Russian Service and the RFE/RL Russian Service regarding the concept of "one organization, many brands," or the integration of news gathering and content distribution across all U.S.-funded international broadcast entities. The strategy notes this is especially salient to broadcast efforts in Russia, "where we have two U.S.-funded media properties operating in a given country, now largely working in isolation of one another, they will cooperate, with shared bureaus, stringers, and distribution networks where feasible. Each will provide complementary, not duplicative, content."³

Two recent developments may facilitate greater collaboration. The adoption of the Pangea content management system, originated by RFE/RL, allows for swift and user-friendly content sharing among U.S. broadcasting entities. Also, the RFE/RL Russian Service has offered space in its new Moscow offices to the VOA Russian Service stringers. While promising, these steps fall short of the BBG strategic vision, which correctly notes that today's economic realities argue for correcting organizational inefficiencies. The VOA Russian Service and the RFE/RL Russian Service have different missions in Russia, but that should not prevent greater collaboration in terms of physical, technical, and human resources.

Recommendation 2: The Broadcasting Board of Governors should require the Voice of America Russian Service and the Radio Free Europe/Radio Liberty Russian Service to

² Broadcasting Board of Governors, *Impact through Innovation and Integration: BBG Strategic Plan 2012-2016*.

³ Ibid.

implement specific collaborative actions for their respective news bureaus, as outlined in the Broadcasting Board of Governors' 5-year strategic plan. (Action: BBG, in coordination with VOA and RFE/RL)

The third U.S. broadcasting element in Moscow is the VOA Moscow News Bureau correspondent. His English-language reports are made available to language services throughout VOA, which translate them for use with audiences around the world. Unlike RFE/RL Russian Service and the VOA Russian Service, which covers mainly Russia news, the VOA Moscow News Bureau correspondent provides news coverage about Russia and Russia's southern neighbors. The correspondent has office space at the RFE/RL Russian Service's news bureau but mostly works from home. He collaborates infrequently with either news service. In reviewing the topics covered by both the RFE/RL Russian Service and the VOA Russian Service, the inspection team determined that neither broadcasting entity made regular use of the correspondent's reports. The VOA Moscow News Bureau acts independently and sees its value in sending reports that may be used by other VOA language services. VOA management is reviewing the role of the VOA Central News Division and its news bureaus, including the one in Moscow, in light of BBG's 5-year strategic plan update. This review will focus on how the content from the news bureaus around the world could be more effective in advancing BBG goals and objectives.

Like the RFE/RL Russian Service and the VOA Russian Service, the British Broadcasting Corporation ended its Russian language broadcasting operations and shifted the focus of its Russian content to the Internet in early 2011, primarily for budgetary reasons. However, none of these broadcast entities has significant reach among the Russian people through their online platforms. The British Broadcasting Corporation reaches 1.0 percent of the population online weekly, while the VOA Russian Service's Web site (*Golos-Ameriki.ru*) reaches 0.1 percent.⁴ Figures were not available for the RFE/RL Russian Service's audience penetration online since its late 2012 decision to move to an all-Web presence; it was at 0.3 percent penetration online prior to that decision. The challenge for all broadcast entities in this highly competitive and sophisticated environment is to find a niche wherein they can offer unique content attractive to their target audience.

The VOA Russian Service uses a variety of multimedia platforms to reach its audience, including an iPhone application, podcasts, blogs, audio and video live streaming, and a presence on Facebook, YouTube, Twitter, and the Russian version of Facebook, *Vkontake*. It produces a variety of programs on the service's Web site and YouTube channel, such as *Poedinok* (Crossfire), a weekly 15-minute Web-TV debate program featuring American and Russian panelists who discuss a variety of topics relevant to the U.S.-Russia relationship, and *Podelis* (Share), a 30-minute weekly social media-based show with audience participation. The service also produces U.S.-focused digital content for placement on a Russian Web portal and a television affiliate in Kazakhstan. June 2012 saw the launch of what the VOA Russian Service calls its *Washington Bureau* strategy, a concept many believe is its most promising niche. With the assistance of OSD, the VOA Russian Service provides live remote feeds several times a week to two Russian Web/cable/satellite television channels. The VOA Russian Service and OSD are seeking partnerships and affiliations with these and other channels for possible Internet Protocol Television, cable, and satellite delivery of video content to Russian audiences.

⁴ Gallup, Analytical Report for Russian Media Use Survey, November 2012.

The RFE/RL Russian Service has begun to partner with a range of independent media outlets, providing content targeted to their specific demographics. In December 2012, the RFE/RL Russian Service began placing content in Moscow with partners popular with younger audiences.

Success for the VOA Russian Service and the RFE/RL Russian Service will depend on their ability to capitalize on the growth of new media in Russia, but the environment is fraught with challenges. As described above, the online market is highly competitive and hostile to international and independent broadcasters. The political environment in Russia is such that those fledgling partnerships, which both entities have, remain vulnerable and subject to government pressure and legal restrictions. There is also the possibility that the government may seek greater control over the Internet, especially troubling in light of both outlets' shifts to all digital platforms. While the VOA Russian Service plans to eventually reintroduce itself to television in Russia through its *Washington Bureau* strategy, the contingency plan for the possibility of the Russian Government shutting down the digital platform is not known by either broadcasting entity staff. As BBG considers the future of U.S. international broadcasting to Russia and as IBB develops techniques to respond to disruptions of digital delivery platforms, it would be useful to communicate a contingency plan to staff.

Informal Recommendation 1: The Broadcasting Board of Governors should direct the Voice of America and Radio Free Europe/Radio Liberty to communicate the contingency plan for the possible disruption of broadcasting on the digital platform to their respective staff.

Executive Direction

Voice of America Russian Service

The VOA Russian Service has had six managing editors or directors since 2008, while it was transitioning from television and radio broadcasting to a digital platform. It is the only language service in VOA that broadcasts exclusively in a digital platform. The upheavals of the last 5 years created uncertainty and lowered staff morale. Morale today has improved significantly.

The VOA Russian Service managing editor leads the service effectively. She has implemented the transition from radio and television programming to a round-the-clock presence on the Internet with timely, interactive, and comprehensive news coverage and analysis using multimedia elements such as podcasts, blogs, and video and audio live streaming. She has overseen a recruiting effort that brought competent and professional journalists to the service. The staff views her as a good leader and singled her out as the person responsible for fostering harmony and cordial relations between the full-time employees and purchase order vendors (contractors).

Two assistant managing editors effectively supervise day-to-day operations. They are responsible for editing content and supervising assignments, as well as other managerial duties. The relationship between the assistant managing editors and the staff is good. There is open discussion about topics to be covered and how to use limited resources effectively.

The VOA Russian Service comes under the oversight of the VOA Eurasia Division. The OIG personal questionnaires and interviews with VOA Russian Service direct hires and purchase order vendors indicated that the VOA Eurasia Division director's management style has affected adversely the operations in the service. He is viewed by many in the Russian Service as a micromanager who wants to know about every detail, from daily assignments to annual leave requests. His approach has created a perception that he does not trust the VOA Russian Service staff. For example, he states that he wants candid dialogue with the Russian Service staff but does not foster the conditions for open communication. Inspectors were told that if he hears something that he does not like, he immediately challenges it without seeking an explanation. An incident mentioned by many in the Russian Service happened one day when he walked into the office visibly angry, demanding to know why a particular event had not been covered by any journalist in the service. He was mistaken in his perception—the event had been covered by staff—but his assumption of negligence left a lasting negative impression on the staff about his leadership style. He later apologized to some individuals but not to the entire staff who witnessed the incident.

IBB and VOA senior staff considers him one of the most effective division directors. To the division director's credit, he understands the strategic and political importance of the VOA Russian Service, so it makes sense that he would devote the majority of his time to overseeing the service's activities and keeping VOA upper management apprised. However, he supervises talented and experienced professionals who should be trusted and empowered to do their jobs. Good management principles dictate that leaders should provide guidance to their subordinates and allow them to do their jobs. OIG inspectors counseled the division director on this issue and

offered frank suggestions to improve his management style. It is unclear if the team's feedback was well received. The inspection team notes that its observations are based only on conversations with VOA Russian Service employees. A more comprehensive view of the division director's leadership might be drawn by including all Eurasia Division staff. VOA senior management needs to provide the proper oversight to dissipate any misconceptions or to counsel the Eurasia division director accordingly. Doing nothing to address this issue may have a negative effect in VOA Russian Service operations.

Recommendation 3: The Voice of America should conduct a 360-review of the Eurasia Division director and counsel him accordingly. (Action: VOA)

Radio Free Europe/Radio Liberty Russian Service

At the time of the inspection, the RFE/RL Russian Service director had been in her role for 7 months. During her tenure, with the backing of the then-RFE/RL president, she sought to bring on journalists with the skills necessary to support the shift from radio to an all-Web presence and to reduce the number of radio journalists on staff. The director brought on board a number of journalists with whom she had worked previously at another multimedia publication. This influx of new hires in the aftermath of a significant reduction in staff created tensions among employees, generating a sense of the old team versus the new team and uneven morale. Those hired by the service director were happy; those journalists who had been with the service under different leadership were trying to cope with changes they felt had been imposed on them by RFE/RL leadership. Following the on-site inspection, the service director announced her resignation after 7 months on the job. The journalists who were hired during her tenure also resigned.

Voice of America Moscow News Bureau

The VOA Moscow News Bureau correspondent is often out of his Moscow office covering events in Russia, Central Asia, and other areas of the former Soviet Union. In addition, he may be called upon for coverage elsewhere. His relationship with the one local hire employee on his staff is good. He maintains a close relationship with Embassy Moscow's public affairs section and with the embassy community in general.

Broadcast Entities Operations

Voice of America Russia Service Stringers

The VOA Russian Service has 21 purchase order vendors in Russia and the former Soviet Union, and six in the United States, including one in New York, two in New Jersey, two in California, and one in Maryland. In Moscow, the stringers who work daily each file, on average, one report per day. The stringers told the inspection team that they receive clear guidance and spoke highly of the service's leaders.

Some purchase order vendors brought up the issue of late payment for their services. The terms of their agreements with the VOA stipulate that payment should be made within 30 days after submission of the contractor's invoice. The inspection team found late payments occurred twice in a calendar year for these stringers; for others, it was a one-time occurrence.

Coordination between the purchase order vendors in Moscow and the VOA Russian Service in Washington is effective. Editors are in regular communication with the contractors about the quality and the topics of their submissions. The inspectors noted a good mix of journalistic experience among the stringers. They cover a variety of topics, including breaking news; political, economic, and cultural developments; and U.S.-Russia relations. The reports are of very good quality. A Russian aggregator of international broadcasters, *Isosmi*, reprints the majority of these reports.

Radio Free Europe/Radio Liberty Russian Service

The RFE/RL Russian Service relies on staff based in Moscow and Prague as well as an extensive network of correspondents to produce regionally-based content, a variety of discussion forums, and highly engaging foreign coverage. In February 2013, the RFE/RL Russian Service staff moved into a new facility that features a state-of-the-art video studio to enable the bureau to enhance its digital content with Internet TV programming.

The scope of the on-site inspection of this particular broadcasting entity included an assessment of the procedures used in the separation of 42 RFE/RL Russian Service journalists as part of their move to an all-Web strategy.

Separation and Resignation of Journalists

The inspection team reviewed voluminous documentation regarding the separation and resignation of the journalists. The inspector who traveled to Moscow met with some of these journalists.

Political developments in Russia described earlier in this report forced RFE/RL to cease its mediumwave radio broadcasts by November 2012. The then-president of RFE/RL had earlier that year conducted a review of the RFE/RL Russian Service operations and the local media environment and concluded that the future lay in digital outreach, through the Web and mobile devices. The Internet was growing while the audience for RFE/RL's weak mediumwave signal was waning. The RFE/RL senior management team in Prague decided to revitalize the Russian

Service by moving operations to a new facility equipped with a state-of-the-art video studio and modern digital transmission equipment; by retraining and, where necessary, replacing staff to produce content for use across all platforms rather than having staff focused exclusively on radio or Web content; and by hiring a new director, to be based in Moscow, where the training and change were most needed. The plan was briefed orally and in writing to the Governors in September and October 2012.

As the Governors worked to devise an implementation plan for their strategy, RFE/RL senior management and outside consultants (including the journalist who would subsequently become director of the RFE/RL Russian Service) went through a process of determining who among Russian Service employees were best suited to carry on the new strategy and who was not. Interviews with RFE/RL management and a review of several documents indicate there were different opinions among RFE/RL leaders about who should stay and who would be let go. After much discussion, RFE/RL management came up with a list of 40 employees in Moscow and an undetermined number of RFE/RL Russian Service employees based in Prague who they thought should be separated.

RFE/RL management hired an Anglo-American multinational law firm in Moscow to provide advice on local labor laws and on how to proceed with the separations. The attorneys recommended that RFE/RL offer the journalists the opportunity to sign voluntary separation agreements with severance packages. Eventually, 40 Moscow-based employees of RFE/RL signed the agreement. While this approach was legally appropriate, it failed to take into consideration the public affairs impact of these separations. Many journalists affected were well-known and respected, and some are human rights activists who were key players during the fall of the Soviet Union. In retrospect, the former president of RFE/RL acknowledged that his team failed to consider the political fallout of taking some of these journalists off the air after so many years. The inspection team confirmed that some of these journalists were not allowed to bid farewell to their listeners of many years, and others were summarily told to remove their personal belongings from the office on a Saturday.

The separation of the journalists created a firestorm of controversy internationally as it was depicted as evidence that the United States was abandoning the cause of democracy in Russia. This controversy could have been avoided or at least minimized. However, there were missteps by RFE/RL management, IBB staff, and the Governors.

RFE/RL management failed to involve members of its RFE/RL Russian Service in any discussions of the imminent change of strategy. Information was closely held by senior RFE/RL leaders and outside consultants were brought in as advisors. Employees were caught by surprise. While RFE/RL management briefed the Governors in general terms about the proposed separations they did not provide detailed information about the scope of planned separations or how employees were to be selected for separation. Neither did they raise with the Governors the possible political fallout of their actions in international human rights and journalistic circles. RFE/RL management also failed to consider the optic of hiring as the director of the RFE/RL Russian Service the journalist they had used as a consultant in devising their plans to revamp the Russian Service. In the eyes of many employees, the new director was seen as having played a key role in deciding what staff would stay or go. Further, the new director requested and was granted a compensation package totaling nearly \$200,000, following consultation with the

former IBB chief financial officer. While senior IBB staff were aware of the request, it is not clear whether the compensation was formally cleared by the IBB Director or by the Governors.

In the wake of the controversy over the separations, some Governors claimed that they had not been adequately briefed by RFE/RL leaders and publicly criticized the move. Published minutes of BBG meetings indicate that, in those briefings, the Governors posed few questions and did nothing to impede RFE/RL management from moving forward. While the Governors did provide some direction to RFE/RL management in December 2012, this was only after the separations and the ensuing negative publicity. The Governors' behavior in this instance is illustrative of their shortcomings as described in the OIG inspection report of the Broadcasting Board of Governors.⁵

The president of RFE/RL who conceived and led the change in strategy for the RFE/RL Russian Service resigned and was replaced by an interim president. Members of the former president's senior management team in Prague also left RFE/RL. The director of the RFE/RL Russian Service resigned, as have many of her new hires. The interim president of RFE/RL has hired back some of the journalists who separated in 2012.

Office of Strategic Development in Moscow

OSD has a contractor who works under the supervision of the regional marketing officer based in Prague. His responsibilities include representing VOA and RFE/RL interests inside Russia for programming placements; translating legal documents (agreements on cooperation, license agreements, laws, and normative documents) and technical documents (satellite transponder changes and partners requirements to the format of submitted content feeds or videos); facilitating contact with existing and prospective affiliates; and reporting on media developments that could impact existing or future operations.

OSD maintains a lease of a mediumwave transmitter in Moscow through the Voice of Russia that operates 24 hours/7 days on 810 kHz. Accomplishments in 2012 included the launch of the VOA Russian and English rich site summary feeds on *redtram.com* (news aggregator); an agreement on cooperation with *Galargo.tv* (Internet TV site); and the launch of the Russian rich site summary feed on *inforrotor.ru* (news aggregator). The content from the VOA Russian Service is published in these news aggregators.

OSD has a signed affiliate agreement with the Russian Business Channel, a Moscow-based business Web/cable/satellite television channel. In consultation with the Russian Business Channel, a reporter from the VOA Russian Service provides business reports Monday through Friday for the channel's 9:00 p.m. program and four standup reports from the New York Stock Exchange.

OSD has another affiliate-type relationship with *Dozhd*, a liberal news and arts channel available on cable and satellite. There is no formal agreement between the two, stemming from *Dozhd's* reluctance to sign any documents with a foreign entity while the current political climate prevails. IBB considered the risks of operating without any signed agreement but concluded that benefits of television and Internet placement in Russia outweighed them. Any

⁵ *Inspection of the Broadcasting Board of Governors*, OIG Report No. ISP-IB-13-07, January 2013.

exceptions to normal affiliate arrangements should be reviewed by IBB senior management and formally documented. Even an internal memorandum stating the reasons for not having a contract, noting what the specific expectations are on each side and what protections exist in the event of default would be sufficient, even if one partner did not sign any agreement. Not having any record of the affiliate arrangement or internal policy on how to handle an exception may lead to misunderstanding and risks the unilateral interruption of operations, which would be a blow to the VOA Russian Service's efforts to reestablish itself in the Russian television market.

Recommendation 4: The International Broadcasting Bureau, Office of Strategy and Development, in coordination with the Voice of America should implement an official policy detailing an internal mechanism for affiliate partnerships without a contract. (Action: IBB, in coordination with VOA)

Resource Management

Voice of America Russian Service

Funding Source	Staff		Salaries	General Operating Expenses	Total Funding
	Direct Hires	Purchase Order Vendors			
FY 2013 President's Budget Request		United States			
		Moscow			
	19	6	21	\$2,398,000	\$1,296,000

Source: VOA Russia Service

IBB provides a variety of administrative services to the Voice of America, covering human resources, finance, digital design, security, contracts, and technology. The inspection team focused only on those services provided by the IBB support offices to the VOA Russian Service.

Human Resources

The Office of Human Resources provides adequate support to the VOA Russian Service. A review of position descriptions, work requirements, and performance evaluations found them completed and up to date.

The Office of Human Resources provides a full-day orientation session for employees on their first day, complementing briefings provided by Russian Service managers. While most employees said they receive adequate mentoring and training from their supervisors, managers do not keep track of their training courses that employees have taken or need to take for professional development.

Informal Recommendation 2: The Voice of America Russian Service should implement a comprehensive training plan for its employees and track training needs and accomplishments.

Equal Employment Opportunity/Employee Relations

Employees of the VOA Russian Service indicated that they were aware of the Equal Employment Opportunity program and the Office of Civil Rights and Office of Ombudsman. There have been no Equal Employment Opportunity complaints, incidents, or disciplinary actions in the VOA Russian Service in the last 2 years.

Financial Management and Inventory

The Office of the Chief Financial Officer handles time and attendance, payment of contractors, and travel vouchers for the VOA Russian Service. The inspection team reviewed a sample of time and attendance records and travel vouchers. All were supported and no

significant errors were identified. At the time of the inspection, the annual inventory of accountable property for 2013 was underway.

Contracts

The inspection team reviewed a sample of contracts for VOA Russian Service stringers. Documentation was in good order; each contract included a clear statement of work and stipulated that invoices are to be prepared after receiving deliverables (i.e., stories).

The managing editor has not been appointed officially as the contracting officer's representative (COR) for the purchase order vendors' contracts. She has completed COR training but her official appointment was never done by the Office of Contracts. A COR should be officially designated when any contract is awarded, with a designation memorandum provided to the COR to keep on file. In accordance with Federal Acquisition Regulations section 1.604, "The file must include, at a minimum, a copy of the contracting officer's letter of designation and other documents describing the COR's duties and responsibilities." A written COR designation defines the COR's roles, responsibilities, and limitations of authority.

Recommendation 5: The International Broadcasting Bureau, Office of Contracts, should appoint officially in writing a contracting officer's representative for the Voice of America Russian Service contracts in accordance with Federal Acquisition Regulations. (Action: IBB)

Technical Issues

Many of the OIG personal questionnaires pointed to issues with technical equipment and limited technical resources. Most complaints centered on a lack of video editing stations, outdated editing software, and the quality of video streaming from the Washington studios. Employees said these issues adversely affect the quality of their work and the VOA Russian Service's ability to attract viewers. The inspection team brought these concerns to the attention of service managers and the Eurasia Division director.

Voice of America Moscow News Bureau

The VOA Moscow News Bureau has one American correspondent (on a Foreign Service limited non-career appointment), two local hires: an office manager and a driver; and a local American resident who was hired using a blanket purchase agreement, an issue discussed in the Management Controls section of this report.

Embassy Moscow provides adequate International Cooperative Administration Support Services (ICASS) to the VOA Moscow News Bureau, including human resources, cashier, security, and health services. The embassy charges VOA appropriately for services provided, but the VOA correspondent acknowledged that he does not always examine the ICASS bill carefully. He said that he was not aware that this was his responsibility. When the inspector brought up this issue to his attention, he contacted the VOA administrative office in Washington and asked for the ICASS bills to be sent to him on a regular basis for verification before payment.

In March 2013, The VOA Moscow News Bureau moved out of its original office and now has some office space in the RFE/RL Russian Service new facility. The VOA Moscow

News Bureau correspondent also has a small studio/office in his apartment. While the sharing of space at the RFE/RL new facility is consistent with BBG's 5-year strategy of more integration, the two entities have not formalized an agreement related to that space or the kind of support that the VOA Moscow News Bureau will require. VOA officials in Washington and RFE/RL in Moscow did not think an agreement was needed because the space requirements for the VOA Moscow News Bureau were minimal. However, the VOA Moscow News Bureau is a U.S. Government broadcast entity, while RFE/RL is a private, non-profit grantee corporation that receives Federal funding from BBG. A written agreement concerning the space and support services (e.g., parking designation and information technology requirements) to be provided by RFE/RL to the VOA Moscow News Bureau would help ensure that both understand expectations and procedures.

Informal Recommendation 3: The Voice of America should establish a written agreement with Radio Free Europe/Radio Liberty that clarifies what services Voice of America Moscow News Bureau should receive as a tenant.

Radio Free Europe/Radio Liberty Russian Service

The RFE/RL Russian Service is comprised of 31 employees and four stringers in Moscow, and 29 employees and 7 stringers in Prague. In addition, the RFE/RL Russian Service uses 30 stringers throughout Russia. Eight employees provide administrative support. A review of the RFE/RL Russian Service's administrative files and procedures indicated that all were in order. Leases and contract files are well maintained and include supporting documentation; financial records are well organized and reviewed monthly. The RFE/RL Russian Service director of operations performs monthly cash counts and verifications and records them appropriately. Time and attendance records are complete, and property inventory records are accurate and current. The RFE/RL Russian Service performs a yearly physical inventory and sends the results to RFE/RL headquarters in Prague. The inspector's review of a sample of travel vouchers revealed that they are well-supported with valid receipts, detailed expenses, and appropriate authorizations.

Management Controls

Voice of America Russian Service

Internal property controls are in place in the VOA Russian Service, and all items were accounted for properly in 2012. However, the OIG team found weaknesses in the travel card program.

Travel Cards

The OIG team reviewed the accounts of the six government travel cards issued to VOA Russian Service employees. In one instance, a travel card was being used for nonofficial, non-travel expenses. The IBB Manual of Operation & Administration section 665.1 states that “travel cards under this program are solely for expenses incurred for officially authorized government travel. Personal expenses not related to official travel should not be charged on the travel card.”

Informal Recommendation 4: The International Broadcasting Bureau, Office of the Chief Financial Officer, should conduct periodic reviews on travel card invoices to ascertain that expenses are only for official, authorized travel-related expenses.

Due to the lack of an internal policy defining disciplinary actions, appropriate action has not been taken against those who violated the Federal Travel Regulations. Federal Travel Regulation Section 301-70.708 states that, “[Agencies] may take appropriate disciplinary action if an employee misuses the government-issued travel charge card. Internal agency policies and procedures should define what the agency considers to be misuses of the travel charge card.” In the absence of any policy, individual employee transactions may make inappropriate use of a government-issued travel card without penalties or disciplinary actions.

Recommendation 6: The International Broadcasting Bureau should implement a travel policy that defines appropriate disciplinary actions for misuse of official government travel cards. (Action: IBB)

Voice of America Moscow News Bureau

The inspection team found management control weaknesses in the VOA Moscow News Bureau’s administration of contracts, cashier operations, time and attendance, and property management.

Contracting

The VOA Moscow News Bureau correspondent has Level I-Overseas contracting authority, limited to simplified acquisitions not to exceed \$50,000 and approved leases not to exceed \$50,000. In reviewing contracting files, the inspection team discovered that the correspondent has been using a blanket purchase agreement to acquire the services of an American resident in Moscow to perform a variety of tasks for 40 hours every week. In accordance with Federal Acquisition Regulation 13.303-1, a blanket purchase agreement is a simplified method of filling anticipated repetitive needs for supplies or services by establishing

“charge accounts” with qualified sources of supply. If someone is working 40 hours regularly, however, an employer/employee relationship is established. The OIG team counseled the correspondent to consult with VOA Washington on how to use the proper contracting mechanism to get the service of the American resident in Moscow.

The reason for this oversight could be attributed to lack of contracting training. The correspondent obtained his contracting appointment on August 17, 2010, but has not taken any contracting training since then. The January 2006 Office Management and Budget Memorandum for Chief Acquisition Officers and Senior Procurement Executives, and the Office of Federal Procurement Policy Letter 05-91 establish continuous learning requirements for contracting officers. The correspondent was not aware of the training requirement and the OIG team advised him that he was not in compliance with Federal regulations. By taking some refresher contracting courses, the VOA correspondent would ensure that any acquisitions he authorizes comply with government standards.

Recommendation 7: The Voice of America should require that the Moscow News Bureau correspondent take refresher courses in contracting as required by Federal regulations. (Action: VOA)

Financial Management

The IBB chief financial officer and staff oversee the budget of the VOA Moscow News Bureau; the News Bureau’s office manager handles the budget for the office. She was a subcashier of the embassy’s Class B cashier with a [Redacted] (b) (5) advance. Most bills received by the office manager are small and paid with petty cash. The inspector noted that there were 10 invoices in the safe that had not been processed or paid, some more than 3 months old. In addition, the inspectors found no records of unannounced cash counts by the embassy Class B cashier. Per the BBG Manual of Administration VII 710, unannounced verifications of a cashier must be conducted monthly, regardless of the advance amount. According to the draft IBB Administrative Manual Title 7, Part 200, Section 206.7 c. (8), the supervisory official is responsible for ensuring cash verifications and audits are performed as required. Neglecting this requirement diminishes internal controls and creates the possibility for potential misuse of cash funds.

Recommendation 8: The Voice of America should require that the Moscow News Bureau conduct and document unannounced cash verifications on a monthly basis. (Action: VOA)

Time and Attendance

The VOA Moscow News Bureau’s timesheets and leave documents were not available for examination by the inspector because they were still stored in boxes following the move into the new RFE/RL office space. It is not clear whether local employees are required to sign in and out daily, nor could the inspector confirm that the correspondent verifies timesheets, signs them, and then sends them to the embassy for processing. According to the BBG Manual of Administration V-B 500, the VOA Moscow News Bureau correspondent should administer a sound time and attendance process. Lack of consistent certification of time and attendance leaves subordinates vulnerable to accusations of unexcused absenteeism. Because both local hires are under the embassy’s local compensation plan, the News Bureau’s time and attendance

procedures need to be the same as Embassy Moscow, in accordance with the *Foreign Affairs Handbook*, 4 FAH-3 H-530.

Recommendation 9: The Voice of America should require the Moscow News Bureau to implement time and attendance procedures in accordance with the Broadcasting Board of Governors Manual of Administration and the Department of State's regulations. (Action: VOA)

Property Management

VOA Moscow News Bureau's property management procedures are weak. It is unclear when the last inventory was performed and the information that VOA Washington has on the News Bureau's inventory is not current. Although VOA equipment and property are properly labeled, most of the correspondent's VOA-provided household items are not in the inventory records. Some office items appear in VOA Washington inventory that no longer exist; they were either disposed improperly or their disposal was not recorded in accordance with VOA Administrative Guidelines Section 15. This significant deficiency is documented in a 2012 OIG independent auditor's report.⁶ Not having an adequate process to update property records may lead to inaccurate reports on the agency financial statements.

Recommendation 10: The Voice of America should require the Moscow News Bureau to finalize a comprehensive inventory of all its property and implement written procedures for keeping accurate inventory and disposition records on an annual basis. (Action: VOA)

Assistance to Address Administrative Weaknesses

The administrative and management control issues described in this report require immediate attention. There are no written administrative guidelines used by News Bureau staff. There was no copy of the VOA Administrative Guidelines in the files. The correspondent is not familiar with VOA administrative procedures and has limited experience in the Federal government. During the course of the inspection, he contacted the VOA London News Bureau and requested assistance in addressing administrative weaknesses. Followup will be critical to bringing the VOA Moscow News Bureau into compliance with Federal regulations, VOA administrative guidelines, and generally-accepted administrative practices.

Recommendation 11: The Voice of America should provide assistance to the VOA Moscow News Bureau in conducting a comprehensive review of its administrative processes and procedures and implementing corrective actions. (Action: VOA)

Official Vehicle

The VOA Moscow News Bureau has an official vehicle that is designated for official business only. The inspector did not find any written guidance on site regarding the use of the vehicle. While it was a former practice to record mileage and annotate the purpose of each trip

⁶ *Independent Auditor's Report, Broadcasting Board of Governors Financial Statements, September 30, 2012 and 2011*, OIG Report No. AUD-FM-IB-13-12, November 2012.

on the vehicle's Daily Trip Record form (OF-108), that practice was discontinued without a valid reason. Neither the correspondent nor the driver keeps any record of how the vehicle is used.

Informal Recommendation 5: The Voice of America Moscow News Bureau should use the Daily Vehicle Use Record Form (OF-108) for all trips in the official vehicle.

Radio Free Europe/Radio Liberty Russian Service

Based on the limited-scope review of administrative operations, there were no indications of management controls weaknesses in RFE/RL Russian Service operations.

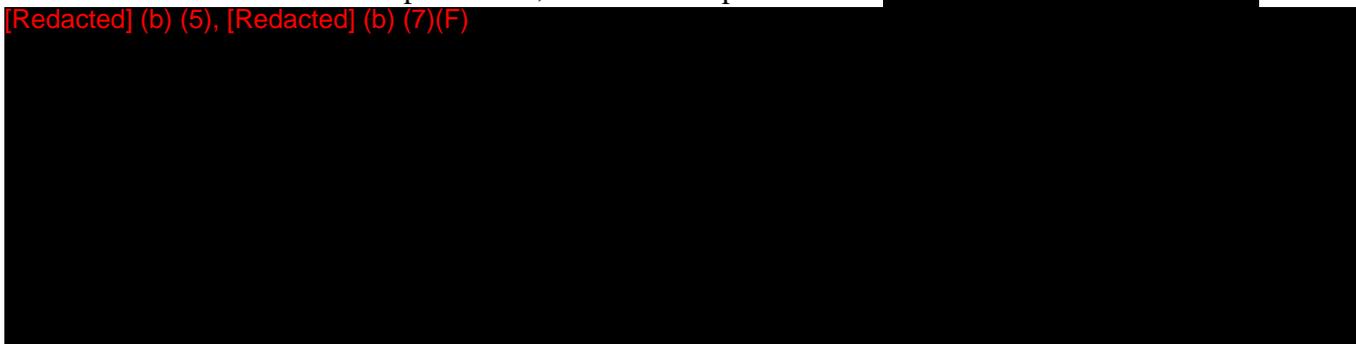
Security

Voice of America Moscow News Bureau

As stated earlier, RFE/RL has made office space available to the VOA correspondent. The building can only be accessed through common access cards obtained by the security guards. The correspondent is well informed on the use of security measures and cognizant of the security threats. He is satisfied with the security information received by the embassy security officer and has taken appropriate measures.

The OIG team reviewed the security survey that the BBG Office of Security completed in July 2011 in the correspondent's apartment and agreed with its content. Most of the recommendations were implemented, with the exception of one.

[Redacted] (b) (5), [Redacted] (b) (7)(F)



List of Recommendations

Recommendation 1: The Broadcasting Board of Governors should implement a comprehensive strategy for U.S. international broadcasting to Russia that includes all Broadcasting Board of Governors entities operating in or broadcasting to Russia. (Action: BBG)

Recommendation 2: The Broadcasting Board of Governors should require the Voice of America Russian Service and the Radio Free Europe/Radio Liberty Russian Service to implement specific collaborative actions for their respective news bureaus, as outlined in the Broadcasting Board of Governors' 5-year strategic plan. (Action: BBG, in coordination with VOA and RFE/RL)

Recommendation 3: The Voice of America should conduct a 360-review of the Eurasia Division director and counsel him accordingly. (Action: VOA)

Recommendation 4: The International Broadcasting Bureau, Office of Strategy and Development, in coordination with the Voice of America should implement an official policy detailing an internal mechanism for affiliate partnerships without a contract. (Action: IBB, in coordination with VOA)

Recommendation 5: The International Broadcasting Bureau, Office of Contracts, should appoint officially in writing a contracting officer's representative for the Voice of America Russian Service contracts in accordance with Federal Acquisition Regulations. (Action: IBB)

Recommendation 6: The International Broadcasting Bureau should implement a travel policy that defines appropriate disciplinary actions for misuse of official government travel cards. (Action: IBB)

Recommendation 7: The Voice of America should require that the Moscow News Bureau correspondent take refresher courses in contracting as required by Federal regulations. (Action: VOA)

Recommendation 8: The Voice of America should require that the Moscow News Bureau conduct and document unannounced cash verifications on a monthly basis. (Action: VOA)

Recommendation 9: The Voice of America should require the Moscow News Bureau to implement time and attendance procedures in accordance with the Broadcasting Board of Governors Manual of Administration and the Department of State's regulations. (Action: VOA)

Recommendation 10: The Voice of America should require the Moscow News Bureau to finalize a comprehensive inventory of all its property and implement written procedures for keeping accurate inventory and disposition records on an annual basis. (Action: VOA)

Recommendation 11: The Voice of America should provide assistance to the VOA Moscow News Bureau in conducting a comprehensive review of its administrative processes and procedures and implementing corrective actions. (Action: VOA)

List of Informal Recommendations

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

Informal Recommendation 1: The Broadcasting Board of Governors should direct the Voice of America and Radio Free Europe/Radio Liberty to communicate the contingency plan for the possible disruption of broadcasting on the digital platform to their respective staff.

Informal Recommendation 2: The Voice of America Russian Service should implement a comprehensive training plan for its employees and track training needs and accomplishments.

Informal Recommendation 3: The Voice of America should establish a written agreement with Radio Free Europe/Radio Liberty that clarifies what services Voice of America Moscow News Bureau should receive as a tenant.

Informal Recommendation 4: The International Broadcasting Bureau, Office of the Chief Financial Officer, should conduct periodic reviews on travel card invoices to ascertain that expenses are only for official, authorized travel-related expenses.

Informal Recommendation 5: The Voice of America Moscow News Bureau should use the Daily Vehicle Use Record Form (OF-108) for all trips in the official vehicle.

Principal Officials

	Name	Arrival Date
Voice of America Russian Service		
Division Director, Eurasia Division	Elez Biberaj	06/2005
Managing Editor	Irina vanDusen	10/2004
Assistant Managing Editor	Arkady Cherepansky	04/2004
Assistant Managing Editor	Julia Appel	01/2013
Voice of America Moscow News Bureau		
Correspondent	James Brooke	05/2010
Radio Free Europe/Radio Liberty Russian Service		
Service Director	Masha Gessen	10/2012*

* resigned on 05/2013

Abbreviations

BBG	Broadcasting Board of Governors
COR	Contracting officer's representative
Department	U.S. Department of State
IBB	International Broadcasting Bureau
ICASS	International Cooperative Administration Support Services
OIG	Office of Inspector General
OSD	Office of Strategy and Development
RFE/RL	Radio Free Europe/Radio Liberty
VOA	Voice of America



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