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OIG

Office of Inspector General

U.S. Department of State • Broadcasting Board of Governors

ISP-IB-17-21

Office of Inspections

May 2017

Inspection of Radio Free Europe/Radio Liberty

BROADCASTING BOARD OF GOVERNORS

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OIG HIGHLIGHTS

ISP-IB-17-21

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OFFICE OF INSPECTIONS

Broadcasting Board of Governors

Inspection of Radio Free Europe/Radio Liberty

What OIG Found

- Radio Free Europe/Radio Liberty advanced U.S. international broadcasting objectives by providing news to 23 countries through 26 languages.
- Radio Free Europe/Radio Liberty had internal controls vulnerabilities in the approval of contract actions and cashing operations.
- The International Broadcasting Bureau Office of Chief Financial Officer did not close out expired Radio Free Europe/Radio Liberty grants.
- Not all employees in Radio Free Europe/Radio Liberty signed the required conflict of interest declaration form.
- The grant agreement between the Broadcasting Board of Governors and Radio Free Europe/Radio Liberty did not require information technology policies and standards.
- Radio Free Europe/Radio Liberty had outdated security policies.

What OIG Inspected

OIG inspected Radio Free Europe/Radio Liberty from September 13 to December 2, 2016. The inspection included the headquarters in Prague, Czech Republic; the Washington, D.C. office; and the news bureau in Kyiv, Ukraine.

What OIG Recommended

OIG made seven recommendations, including two in financial management, and one in human resources policy. Additionally, OIG made four recommendations regarding compliance with the Radio Free Europe/Radio Liberty grant agreement in the areas of information technology and security.

Office of Inspector General
U.S. Department of State • Broadcasting Board of Governors

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CONTEXT

Radio Free Europe/Radio Liberty (RFE/RL) is a private, non-profit grantee corporation that receives federal funding from the Broadcasting Board of Governors (BBG). BBG is a federal agency with oversight responsibility for all civilian U.S. government-funded international broadcasting activities. Its broadcasters include the federal entities of Voice of America and the Office of Cuba Broadcasting. In addition to RFE/RL, BBG's other non-profit grantee broadcasters are Radio Free Asia and the Middle East Broadcasting Network. BBG's International Broadcasting Bureau (IBB) provides technical and administrative support to all broadcasters, both Federal and grantee.

As authorized by the U.S. International Broadcasting Act of 1994, BBG makes Federal awards through an annual grant agreement to non-profit broadcasting entities like RFE/RL to provide news and information to countries that have limited or no access to a free press and media. The grant agreement with RFE/RL establishes 15 articles defining the rights and responsibilities of both parties, including programming production and distribution, administration, compliance with Federal grant rules, consequences of non-compliance, cooperation with BBG, and mutual assistance to promote U.S.-international broadcasting.

RFE/RL was created¹ to broadcast objective, accurate news to 23 locations.² RFE/RL's staff, headquartered in Prague, Czech Republic, are responsible for editorial content. RFE/RL has 17 news bureaus throughout the region along with an office in Washington, D.C. RFE/RL began solely as a radio broadcaster but developed into a 24/7 digital broadcast operation that distributes its products on radio, television, the internet, and social media via language services that currently produce news in 26 languages.³ BBG reported that in 2016 RFE/RL programming reached an audience of 26.9 million people weekly.⁴ As of August 31, 2016, RFE/RL had 1,049

¹ Radio Free Europe (RFE) and Radio Liberty (RL), originally separate organizations, were conceived in the late 1940s by George F. Kennan and Frank G. Wisner to utilize the talents of post-World War II Soviet and East European émigrés in support of American foreign policy. RFE was founded in 1950 and initially broadcast to Bulgaria, Czechoslovakia, Hungary, Poland, and Romania. Three years later, RL began broadcasting to the Soviet Union in Russian and 15 other national languages. Initially, both RFE and RL were funded principally by the U.S. Congress through the Central Intelligence Agency (CIA), but RFE also received supplemental private donations. CIA involvement with RFE and RL ended in 1971; in 1976, the two organizations were merged under an independent Federal agency, the Board for International Broadcasting (BIB). In 1995, the BIB was replaced by the Broadcasting Board of Governors (BBG), which oversees all non-military U.S. international media organizations, including RFE/RL, Voice of America (VOA), Radio/TV Marti, Radio Free Asia (RFA), and the Middle East Broadcasting Network (MBN).

² Afghanistan, Armenia, Azerbaijan, Belarus, Bosnia-Herzegovina, Estonia, Georgia, Iran, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Pakistan, Russia, Serbia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

³ RFE/RL's language services produce broadcast and digital content in the following languages: Albanian, Armenian, Azerbaijani, Bashkir, Belarusian, Bosnian, Chechen, Crimean Tatar, Croatian, Dari, English, Georgian, Kazakh, Kyrgyz, Macedonian, Montenegrin, Pashto, Persian, Romanian, Russian, Serbian, Tajik, Tatar, Turkmen, Ukrainian, Uzbek.

⁴ www.bbg.gov/networks/rferl;pressroom.rferl.org/p/6091.html

full-time employees and 1,165 other personnel including freelance reporters, contractors, and temporary staff.

The President of RFE/RL, who assumed office in 2016, identified six goals from BBG's "Strategic Plan for 2014 – 2018, Achieving Strategic Impact", as core priorities guiding RFE/RL:

- Produce journalism of exceptional value that responds to the mission, meets audience interests, and expands alternatives in the marketplace.
- Reach the information-denied, underserved, and targets of extremist rhetoric and violence.
- Overcome censorship.
- Optimize the media mix and program delivery by market.
- Serve as a robust U.S. news bureau and cultural bridge.
- Empower citizen information gathering and exchange.

OIG evaluated RFE/RL's policy implementation, resource management, and management controls consistent with Section 209 of the Foreign Service Act.⁵ OIG last inspected RFE/RL in 2012, and this inspection covers the period of 2013 to 2016.

EXECUTIVE DIRECTION

RFE/RL, which is run by a President, experienced changes in its leadership between 2013 and 2016. Specifically, the former President resigned in March 2014 following approximately 13 months in the position. Upon his departure, two interim managers were named to manage the corporation. In July 2015, one of the interim managers stepped down. The remaining interim manager managed RFE/RL until June 2016, when the current President assumed his position.

In addition to the President, RFE/RL's leadership team includes a Vice-President/Editor in Chief, a Human Resources Director, a Chief Financial Officer, a Communication and External Affairs Director, a Chief Technology Officer, a Chief of Staff, and a General Counsel. OIG based the following assessments of RFE/RL's leadership team on 48 documented interviews; the observation of meetings in Prague, Washington and Kyiv; 35 personal questionnaires completed by RFE/RL employees; and a review of documentation related to leadership and management of the corporation.

Tone at the Top

Communication

The RFE/RL President kept employees regularly informed. Since his appointment in June 2016, he held two town hall meetings. These meetings were recorded and made available to all employees on RFE/RL's intranet. Between June and October 2016, the President also met with

⁵ See Appendix A.

employees of RFE/RL divisions and started an informal monthly gathering (Coffee with the President). He visited three news bureaus and shared his trip reports with all employees. After one hundred days in office, the President was interviewed by an RFE/RL journalist on his priorities for the corporation and the challenges he saw for the organization. RFE/RL posted the video of that interview on its intranet site. RFE/RL's leadership team also electronically distributed the minutes of the weekly corporate meetings to all employees.

Adherence to Internal Controls

RFE/RL was taking steps to address weaknesses in internal controls. In January 2016, the corporation hired a Risk and Compliance Officer. At the time of the inspection, the officer was creating and updating policies and procedures governing administrative operations. OIG found some weaknesses in RFE/RL's contract oversight, financial management, and IT policies, which are addressed later in this report.

Security and Safety

The corporation carried out fire drills and liaison activities with local police. However, many of RFE/RL's security policies and procedures were outdated. The Director of Corporate Security had a plan to update the policies, but at the time of the inspection, the position of Deputy Director of Corporate Security was vacant. This staffing gap slowed progress on the policy revisions. In addition to security policies, OIG found deficiencies in emergency preparedness and background investigations. The security portion of this report addresses these issues.

PROGRAM IMPLEMENTATION

RFE/RL supported the six BBG goals identified by the President as guiding the organization. RFE/RL managers used the organization's program review and research activities to direct resources strategically. RFE/RL directed an increased budget into producing and distributing more Russian-language content. RFE/RL also responded strategically to threats to its journalists, censorship efforts by governments in its broadcast region, and the 2014 government raid which resulted in the closure of RFE/RL's news bureau in Baku, Azerbaijan. OIG found no issues in the implementation of RFE/RL programs that warranted a recommendation.

Efforts to Evaluate News Products and Market Research

OIG found that RFE/RL used an annual program review to evaluate its news products. Each year, an in-house panel of editors and producers critiqued select news products from each of the 19 language services. The findings of the internal panel are then presented in a content evaluation meeting with the Service Director and her/his senior editors. Then a strategic review session follows that, which includes a broader number of staff as well as support departments (such as HR, Marketing, etc.). Regional directors, who supervised language service directors, oversaw the incorporation of recommendations resulting from the review process.

RFE/RL made changes to the programs produced by each of its language services based on the results of the reviews. These changes were specific to each service, restructuring programming including new formats, such as the development of short videos for social media, a switch in emphasis from one social media platform to another, and improvements in the technical quality and the journalistic content of television news broadcasts. The changes successfully supported the BBG strategic goals of optimizing the media mix and program delivery by market and producing journalism of exceptional value.

BBG also carried out market research on behalf of RFE/RL to evaluate the usefulness of its programs and distribution platforms, and to make decisions about increasing or decreasing the resources put into each platform. BBG contracted with research firms to conduct nationally representative surveys in select markets, in-depth interviews, internet and TV panels, focus groups, telephone interviews, and other forms of audience research. In addition, RFE/RL's language services relied increasingly on analytics software that allowed them to quantify and understand audience members' use of the corporation's digital products. RFE/RL included research results in the program review process described above. This evaluation process successfully supported the BBG strategic goal to optimize the media mix and program delivery by market.

Efforts to Counter Russian Misinformation with Objective News

To counter misinformation from Russia, RFE/RL increased production and distribution of its news programs to the countries on Russia's periphery. Congress increased RFE/RL's budget from \$93.75 million in FY 14 to \$103.85 million in FY 15, and to \$108.6 million in FY 16. RFE/RL used the money to hire additional reporters for its expanded global Russian-language news service in Prague and its news bureau in Kyiv. It expanded Russian and Romanian television and radio broadcasts in Moldova, where both languages are spoken. In 2015, RFE/RL formed a digital media team to create and deliver Russian-language content for its social media and mobile platforms. In addition, RFE/RL in cooperation with VOA launched "Current Time," a Russian-language news program in October 2014, and in November 2016, began broadcasting the expanded Current Time network's programs in soft launch around the clock. BBG reported that "Current Time" was driving traffic to the company's Russian-language websites. In 2015, almost 170 million viewers accessed 266 million pages of content on these sites. Commercial broadcasters, including CNN and Reuters, used "Current Time" material in their own reporting. In addition to its viewership in countries on Russia's periphery, RFE/RL reported that 1.9 million adults in Russia watched the program in 2015, despite the lack of delivery affiliates in the country. RFE/RL's increased Russian-language programming specifically supported the BBG goals of reaching the information-denied, underserved, and overcoming censorship.

Efforts to Overcome Impediments to RFE/RL's Programming

RFE/RL made efforts to overcome impediments to its broadcast operations, but those efforts were limited by forces beyond the organization's control. The impediments it faced were ongoing, and, in some cases they spanned many years. Impediments included censorship by governments in RFE/RL's broadcast region; harassment, intimidation, and imprisonment of its

journalists; closure of its Baku news bureau in Azerbaijan; refusal by governments to permit the establishment of a new RFE/RL news bureau; and governments' challenges to the legal status of existing RFE/RL news bureaus.

OIG found RFE/RL took steps to counter these challenges. For example, in Uzbekistan, where the government closed down RFE/RL's news bureau in 2005, the corporation relied on a network of citizen journalists who both provided information to and received news products from RFE/RL journalists. This activity successfully supported the BBG strategic goal of empowering citizen information gathering and exchange. In cases where RFE/RL journalists were imprisoned, RFE/RL's President engaged with government authorities in an attempt to gain their release, and worked collaboratively with the Committee to Protect Journalists, Reporters Without Borders, and other organizations to raise awareness about these cases. RFE/RL also maintained a page on its website dedicated to publicizing threats to its journalists.⁶ Both the President's actions and the webpage activity supported the BBG goal of overcoming censorship.

RESOURCE MANAGEMENT

OIG reviewed RFE/RL's financial management, contracting and grants, human resources, IT, and security operations. These management operations complied with applicable Federal regulations and internal policies, with the exception of the deficiencies described below.

Financial Management

Contract Approval Lacked Required Documentation

Eleven of 45 RFE/RL contracts reviewed by OIG lacked required documentation. The total value of reviewed files, which included all contracts over \$350,000 represented \$14 million out of approximately \$138 million in contract expenditures from FY 2013 through FY 2016. Eleven contracts, including contracts for food service, travel, and security, lacked written approval by BBG.⁷ Eight of those eleven contract renewals also lacked the vendor's signature. This is inconsistent with 2 Code of Federal Regulations (CFR) 200.318, which states that non-Federal entities that receive U.S. Government funding must comply with the entity's own documented procurement procedures. Article XII (a) of the Grant Agreement between BBG and RFE/RL requires that RFE/RL maintain records in a manner that will permit verification of grantee's compliance with its representations, warranties, and obligations. A lack of senior management oversight caused the deficiencies. Failure to document financial transactions risks unauthorized expenditure of Federal funds and could invalidate the contracts.

⁶ "Journalists in Trouble" can be found at <http://www.rferl.org/P/5791.html>.

⁷ According to Article VI of the grant agreement, BBG does not have to sign the contracts. But RFE/RL does need written approval from BBG for the expenditure on the contract. This written approval is done either through BBG's approval of RFE/RL's annual financial plan, which specifically names the services or items contracted for, or approval of an individual contract that was not included the annual financial plan. The 11 contracts OIG reviewed were not mentioned in the annual financial plan, nor was BBG's approval obtained.

Recommendation 1: The Broadcasting Board of Governors should direct Radio Free Europe/Radio Liberty to document contract approvals in accordance with the grant agreement. (Action: BBG, in coordination with RFE/RL)

Expired Grants Not Formally Closed Out

IBB, the administrative bureau for BBG, did not formally close out RFE/RL's annual grants at their expiration. In lieu of a formal close-out, IBB accepted RFE/RL's final monthly financial report for the fiscal year. Although BBG had compiled a draft grantee handbook that included close-out provisions, BBG had not approved or adopted the handbook at the time of the inspection. Guidance in 2 CFR Chapter II requires Federal agencies that manage grants to ensure the grants are implemented in accordance with U.S. statutory requirements, and 2 CFR 200.343 establishes audit standards for non-profit organizations that expend Federal funds. Failure to formally close out grants increases the risk that the grantee may not comply with Federal regulations.

Recommendation 2: The Broadcasting Board of Governors should finalize its draft grantee handbook and implement the grant close-out provisions contained therein for RFE/RL. (Action: BBG, in coordination with RFE/RL)

Inconsistent Cash Count Procedures

RFE/RL did not conduct all cash counts in accordance with its internal policy, which required weekly counts of petty cash accounts, along with periodic surprise counts. OIG advised RFE/RL to require employees to comply with its policy.

Signed Blank Checks Used for Petty Cash Replenishment

OIG found three signed blank checks in the Kyiv news bureau. The bureau administrator signed the checks with the understanding that the bureau accountant would cash them to replenish a petty cash fund. While OIG did not find any misuse of funds due to this practice, signing blank checks increases the risk of abuse and misappropriation of funds. RFE/RL managers in Prague were not aware that Kyiv personnel were not following proper BBG procedures to replenish the petty cash account. OIG advised RFE/RL to require all personnel dealing with petty cash to adhere to replenishment procedures.

Human Resources

Lack of Compliance with Conflict of Interest Disclosure Policy

Not all RFE/RL employees completed a required conflict of interest disclosure form. In particular, RFE/RL reported that 449 of 1,049 RFE/RL employees did not sign the disclosure form in FY 16. Twenty three of 671 employees in Prague and Washington failed to sign the form, and RFE/RL did not ask the 426 employees in the news bureaus to sign the form. RFE/RL's code of ethics required all employees to submit a signed conflict of interest disclosure form annually. The grant agreement also required RFE/RL to give employees a copy of the code of ethics and notify them that, as a condition of employment, the employee must abide by the terms of the policy. RFE/RL

cited potential legal challenges to requiring employees to sign the form as the reason for not fully enforcing the policy. However, OIG found no evidence that RFE/RL had requested a legal opinion on this topic in the countries in which it maintained news bureaus. Failure of employees to comply with the policy increases the risk of prohibited financial dealings and activities, such as nepotism.

Recommendation 3: The Broadcasting Board of Governors should direct Radio Free Europe/Radio Liberty to comply with conflict of interest disclosure for all employees in accordance with its code of ethics. (Action: BBG, in coordination with RFE/RL)

Equal Employment Opportunity, Sexual Harassment, and Whistleblower Policies

RFE/RL's whistleblower protection, equal employment opportunity, and sexual harassment policies included language stating that "false reporting could result in termination." The whistleblower policy further stated that "employees who file unreasonable complaints or file reports in bad faith do not benefit from the protections." OIG advised RFE/RL management that employees could interpret this language as a barrier to reporting sexual harassment or Equal Employment Opportunity violations, or to making a whistleblower claim. RFE/RL deleted the language and reissued the three policies.

INFORMATION TECHNOLOGY

Lack of Formal IT Policies

RFE/RL lacked formal policy governance for its IT Division. OIG found no documented IT policies and procedures in the Prague headquarters or the Washington office. RFE/RL internal handbook sections covering IT focused on end user rules of behavior rather than operations. Moreover, the subsection on IT security, last updated in 2008, consisted mainly of generalities, such as "the integrity of the systems must be respected." In addition, BBG did not establish IT standards in its grant agreement with RFE/RL. This deficiency occurred because BBG's grant agreement with RFE/RL contains no clear requirements for such standards. Although Article XI of the grant agreement, titled IT Network Security Policy, refers to grantee's IT network security policies it does not identify any specific criteria or standard. The International Standards Organization defines a standard as "a document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose."⁸ Without policy documents establishing IT standards, RFE/RL had no criteria for measuring success. The lack of criteria created the risk of waste, mismanagement, and inefficiencies in IT operations.

Recommendation 4: The Broadcasting Board of Governors should revise its grant agreement with Radio Free Europe/Radio Liberty to require formal policies with standards to govern information technology operations. (Action: BBG)

⁸ www.iso.org/iso/home/standards.htm.

Information Security Program Lacked Policies and Procedures

RFE/RL did not have an effective information security program. It lacked information security policies and procedures that addressed internal controls standards, including a risk management process to safeguard its systems and information. In one instance, in 2015, employees increased their own network-access privileges without proper authorization. Per guidance in 2 CFR 200.303 (e), non-Federal entities are required to take reasonable measures to safeguard protected personally identifiable and other sensitive information. The Chief Technology Officer, however, did not provide the required attention to or support for the IT security program. Without a formal and effective information security program, RFE/RL increases the risk of compromise to the availability, confidentiality, and integrity of its information and IT systems.

Recommendation 5: The Broadcasting Board of Governors should include internal controls standards for its information security program in the grant agreement with Radio Free Europe/Radio Liberty. (Action: BBG, in coordination with RFE/RL)

SECURITY

OIG's survey identified background investigations, emergency preparedness, and security program oversight as the primary areas of concern. OIG focused on those areas and also reviewed technical security at RFE/RL headquarters in Prague and in its Washington office.

Security Policies Not Specified by Grant Agreement

OIG found that RFE/RL had security policies and procedures but concluded that they were overly general and had not been revised in some time, with some dating as far back as 2005. The grant agreement did not sufficiently address what security policies and procedures needed to be in place. The only mention of security in the grant agreement between BBG and RFE/RL addresses background investigations of prospective employees. The lack of specificity in the grant agreement, along with significant turnover in senior management, led to neglect of security policies and procedures. Incompletely defined policies prevent RFE/RL from establishing effective control of its security program.

Recommendation 6: The Broadcasting Board of Governors should revise its grant agreement with Radio Free Europe/Radio Liberty to include specific requirements for security policies. (Action: BBG, in coordination with RFE/RL)

Many News Bureaus Lacked Emergency Preparedness Plans

RFE/RL did not have emergency preparedness plans for the majority of its news bureaus. An OIG review of documentation and interviews revealed that emergency preparedness policies and procedures that did exist were out of date and not specific. In 2014, RFE/RL created the position of Emergency Bureau Operations Specialist to develop plans for the news bureaus, but at the time of the inspection, only four plans had been finalized. The grant agreement between BBG and RFE/RL did not address RFE/RL's obligations with respect to emergency preparedness.

RFE/RL reported that a vacancy in the Deputy Director of Corporate Security position impeded progress. The lack of current emergency preparedness plans puts employees and facilities at risk of physical harm. OIG advised RFE/RL senior leadership to make the implementation of a comprehensive emergency preparedness program across all RFE/RL offices a management priority.

Background Investigation Procedures Did Not Comply with Grant Agreement

Background investigations performed by BBG's Office of Investigations on behalf of RFE/RL for non-American prospective employees were abbreviated, differed by geographical region and employee, and insufficient to determine suitability for employment. The BBG Office of Investigations did not have sufficient staff to carry out complete investigations on all prospective RFE/RL employees or to conduct periodic reinvestigations of employees. Moreover, procedures governing such investigations were incomplete. The 2016 grant agreement between BBG and RFE/RL, signed in late October 2015, required a protocol to cover the categories of persons for whom investigations were required. BBG's Offices of Security and General Counsel drafted a protocol in June 2016, but, at the time of the inspection, the protocol remained unfinished. Failure to perform comprehensive background checks on prospective employees, and periodic reinvestigations of employees, put RFE/RL personnel and operation at risk of compromise.

Recommendation 7: The International Broadcasting Bureau, in coordination with Radio Free Europe/Radio Liberty, should establish a written protocol on background investigations to comply with the grant agreement. (Action: IBB, in coordination with RFE/RL)

RECOMMENDATIONS

Recommendation 1: The Broadcasting Board of Governors should direct Radio Free Europe/Radio Liberty to document contract approvals in accordance with the grant agreement. (Action: BBG, in coordination with RFE/RL)

Management Response: BBG concurs with this recommendation. BBG will work with RFE/RL to develop a notification sheet for all contract actions to meet the terms of the grant agreement. The timeline for completion is by the 2nd Quarter FY 2018.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the 11 contract approvals.

Recommendation 2: The Broadcasting Board of Governors should finalize its draft grantee handbook and implement the grant close-out provisions contained therein for RFE/RL. (Action: BBG, in coordination with RFE/RL)

Management Response: BBG concurs, but has decided to publish a Grants Management Standard Operating Procedure (SOP) for government guidelines, in lieu of the Grantee Handbook. The SOP will reflect the nature of BBG grantees, as statutory grantees who receive funding each year from the agency as a matter of law.) When this action is completed, BBG OCFO and BBG OGC will work on incorporating applicable CFR requirements into the Grant Agreements with each Grantee. The timeline for completion is by October 2017.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the Grants Management SOP and implementation of the grant close-out provisions.

Recommendation 3: The Broadcasting Board of Governors should direct Radio Free Europe/Radio Liberty to comply with conflict of interest disclosure for all employees in accordance with the grant agreement. (Action: BBG, in coordination with RFE/RL)

Management Response: BBG concurs. Since OIG's inspection, RFE/RL has addressed this recommendation. By the end of 2016, all 671 employees in Prague and Washington had signed the conflict of interest form, and this year RFE/RL has expanded the disclosure program to include employees in its bureaus.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that all employees have signed the conflict of interest disclosure.

Recommendation 4: The Broadcasting Board of Governors should revise its grant agreement with Radio Free Europe/Radio Liberty to require formal policies with standards to govern information technology operations. (Action: BBG)

Management Response: BBG concurs with the importance of formal RFE/RL policies with standards to govern information technology operations. To the extent appropriate under grant law, e.g., avoiding otherwise impermissible substantial involvement into grantee affairs, BBG will coordinate with RFE/RL to establish any other necessary policies with respect to grantee IT operations which impact the BBG mission, in accordance with applicable standards.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the implementation of formal policies with standards to govern information technology operations.

Recommendation 5: The Broadcasting Board of Governors should include internal controls standards for its information security program in the grant agreement with Radio Free Europe/Radio Liberty. (Action: BBG, in coordination with RFE/RL)

Management Response: BBG concurs that RFE/RL should have policies and procedures for its information security programs. RFE/RL has made clear to the BBG that information security is a top priority for RFE/RL. In 2015, RFE/RL hired an IT Security Officer to improve its information security program by incorporating industry best practices. RFE/RL published a new IT Security Policy in April 2017 and will issue additional policies in May 2017. Unless unforeseen budget cuts interfere, RFE/RL will in the next 18 months (1) provide information security training to employees, (2) launch a digital security awareness program for employees, (3) conduct information security risk assessments with senior management to identify specific risk areas, and (4) implement the internal controls necessary to mitigate these risks.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that internal controls standards for information security programs were added to the grant agreement with RFE/RL.

Recommendation 6: The Broadcasting Board of Governors should revise its grant agreement with Radio Free Europe/Radio Liberty to include specific requirements for security policies. (Action: BBG, in coordination with RFE/RL)

Management Response: BBG concurs that RFE/RL should have clear security policies, and will work with RFE/RL to update its security policies and procedures. RFE/RL is already in the process of reviewing its security policies, expecting to complete this review by the end of calendar year 2017.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the grant agreement with RFE/RL includes specific requirements for security policies.

Recommendation 7: The International Broadcasting Bureau, in coordination with Radio Free Europe/Radio Liberty, should establish a written protocol on background investigations to comply with the grant agreement. (Action: IBB, in coordination with RFE/RL)

Management Response: BBG concurs and will work with RFE/RL to address this issue in light of the recently unveiled security protocols stipulated by the Performance Accountability Council (PAC), Office of Personnel Management, and the Office of the Director of National Intelligence. BBG is looking into rewriting the protocols identified in Article X to any extent necessary to take these new security protocols into account.

If it is determined that it is required to transition to such new security protocols, i.e. through the Tier Investigative Model, we estimate completion in 2018.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation of the implementation of a written protocol on background investigations that complies with the grant agreement.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Principal Officers:		
President	Thomas Kent	6/2016
Vice President and Editor-in-Chief	Nenad Pejic	10/2013
Chief Financial Officer	Pamela Goodnow	11/2016
Chief of Staff	Christine Fetzko	9/2014
Chief Technical Officer	Sardy Bernard	7/2015
General Counsel	Ben Herman	10/2013
Director, Corporate Security	Guy Genovese	11/2014
Director, Human Resources	Bruce Lundgren	3/2017
Director, Media & Public Affairs	Joanna Levison	8/2014

Source: Radio Free Europe/Radio Liberty

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

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 (OIG) for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

The Office of Inspections provides the Secretary of State, the Chairman of BBG, and Congress with systematic and independent evaluations of the operations of the Department and 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 instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

In conducting this inspection, OIG reviewed pertinent records; circulated, and compiled the results of survey instruments; conducted interviews; and reviewed the substance of the report and its findings and recommendations with RFE/RL officials. OIG conducted 126 documented interviews. OIG also reviewed 464 documents and responses to 35 personal questionnaires.

APPENDIX B: MANAGEMENT RESPONSES



BROADCASTING BOARD OF GOVERNORS
UNITED STATES OF AMERICA

May 5, 2017

TO: OIG – Sandra Lewis, Assistant Inspector General for Inspections

FROM: John F. Lansing, CEO and Director *JFL*

SUBJECT: BBG-RFE/RL Consolidated Response to Draft OIG Report – *Inspection of Radio Free Europe/Radio Liberty*

The BBG has reviewed the draft OIG Inspection report, in consultation with RFE/RL. We provide the following comments in response to the recommendations provided by OIG.

Recommendation 1: The Broadcasting Board of Governors should direct Radio Free Europe/Radio Liberty to document contract approvals in accordance with the grant agreement. (Action: BBG, in coordination with RFE/RL)

BBG Response to Draft Report (5/5/17): The BBG concurs with this recommendation. BBG will work with RFE/RL to develop a notification sheet for all contract actions to meet the terms of the Grant Agreement. The timeline for completion is by the 2nd Quarter FY 2018.

Recommendation 2: The Broadcasting Board of Governors should finalize its draft grantee handbook and implement the grant close-out provisions contained therein for RFE/RL. (Action: BBG, in coordination with RFE/RL)

BBG Response to Draft Report (5/5/17): The BBG concurs, but has decided to publish a Grants Management Standard Operating Procedure (SoP) for government guidelines, in lieu of the Grantee Handbook. (That SoP will reflect the nature of BBG grantees, as statutory grantees who receive funding each year from the agency as a matter of law.) When this action is completed, BBG OCFO and BBG OGC will work on incorporating applicable CFR requirements into the Grant Agreements with each Grantee. The timeline for completion is by October 2017.

Recommendation 3: The Broadcasting Board of Governors should direct Radio Free Europe/Radio Liberty to comply with conflict of interest disclosure for all employees in accordance with its code of ethics. (Action: BBG, in coordination with RFE/RL)

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BBG Response to Draft Report (5/5/17): The BBG concurs. Since OIG's inspection, RFE/RL has addressed this recommendation. By the end of 2016, all 671 employees in Prague and Washington had signed the conflict of interest form, and this year RFE/RL has expanded the disclosure program to include employees in its bureaus.

Recommendation 4: The Broadcasting Board of Governors should revise its grant agreement with Radio Free Europe/Radio Liberty to require formal policies with standards to govern information technology operations. (Action: BBG)

BBG Response to Draft Report (5/5/17): The BBG concurs with the importance of formal RFE/RL policies with standards to govern information technology operations. To the extent appropriate under grant law, e.g., avoiding otherwise impermissible substantial involvement into grantee affairs, BBG will coordinate with RFE/RL to establish any other necessary policies with respect to Grantee IT operations which impact the BBG mission, in accordance with applicable standards.

Recommendation 5: The Broadcasting Board of Governors should include internal controls standards for its information security program in the grant agreement with Radio Free Europe/Radio Liberty. (Action: BBG, in coordination with RFE/RL)

BBG Response to Draft Report (5/5/17): The BBG concurs that RFE/RL should have policies and procedures for its information security programs. RFE/RL has made clear to the BBG that information security is a top priority for RFE/RL. In 2015, RFE/RL hired an IT Security Officer to improve its information security program by incorporating industry best practices. RFE/RL published a new IT Security Policy in April 2017 and will issue additional policies in May 2017. As part of its new focus on information security, and unless unforeseen budget cuts interfere, RFE/RL will in the next 18 months (1) provide information security training to employees, (2) launch a digital security awareness program for employees, (3) conduct information security risk assessments with senior management to identify specific risk areas, and (4) implement the internal controls necessary to mitigate these risks.

Recommendation 6: The Broadcasting Board of Governors should revise its grant agreement with Radio Free Europe/Radio Liberty to include specific requirements for security policies. (Action: BBG, in coordination with RFE/RL)

BBG Response to Draft Report (5/5/17): The BBG concurs that RFE/RL should have clear security policies, and will work with RFE/RL to update its security policies and procedures. RFE/RL is already in the process of reviewing its security policies, expecting to complete this review by the end of calendar year 2017.

Recommendation 7: The International Broadcasting Bureau, in coordination with Radio Free Europe/Radio Liberty, should establish a written protocol on background investigations to comply with the grant agreement. (Action: IBB, in coordination with RFE/RL)

BBG Response to Draft Report (5/5/17): The BBG concurs. The BBG will work with RFE/RL to address this issue in light of the recently unveiled security protocols stipulated by the Performance Accountability Council (PAC), Office of Personnel Management, and the Office of the Director of National Intelligence. We are looking into rewriting the protocols identified in Article X to any extent necessary to take these new security protocols into account.

If it is determined that it is required to transition to such new security protocols, i.e. through the Tier Investigative Model, we estimate completion in 2018.

APPENDIX C: FINANCIAL AND HUMAN RESOURCES

Location	Full-Time Employees (as of 8/2016)	Part-time and temporary	Freelancers	Contractors	Total FY 2016, enacted
Prague Headquarters	591	449	672	44	\$108,414,000
Other locations	458	0	0	0	0
Total	1,049	449	672	44	\$108,414,000

Source: BBG's FY 2017 Budget Request, and Radio Free Europe/Radio Liberty.

ABBREVIATIONS

BBG	Broadcasting Board of Governors
CFR	Code of Federal Regulations
IBB	International Broadcasting Bureau
OMB	Office of Management and Budget
RFE/RL	Radio Free Europe/Radio Liberty

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