



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

**Office of Inspections**

**Inspection of  
Radio Free Europe/Radio Liberty Prague**

**Report Number ISP-IB-12-43, August 2012**

**Office of Inspector General**

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## **PURPOSE, SCOPE, AND METHODOLOGY OF THE INSPECTION**

The Office of Inspections conducted this inspection in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2011 by the Council of 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).

### **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 instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

In accordance with the U.S. International Broadcasting Act of 1994 (P.L. 103-236) Section 304(a) (3) (B), OIG is prohibited from evaluating the content of BBG broadcasting entities. The section, entitled "Respect for Journalistic Integrity of Broadcasters," states that "The Inspector General shall respect the journalistic integrity of the broadcasters covered by this title and may not evaluate the philosophical or political perspectives reflected in the content of broadcasts."

### **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.



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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.

Harold W. Geisel  
Deputy Inspector General

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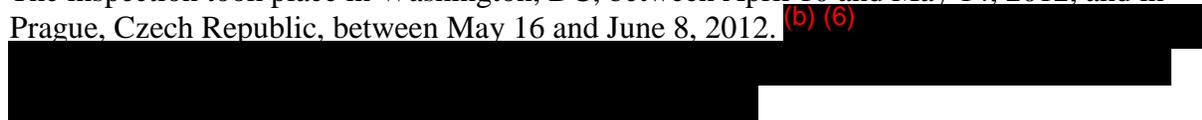
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## Key Judgments

- Radio Free Europe/Radio Liberty (RFE/RL), a grantee organization of the Broadcasting Board of Governors (BBG), provides accurate and vital news to four regions: Central Asia, the Middle East (Iran and Iraq), Eurasia, and Afghanistan and Pakistan (AfPak). RFE/RL journalists and the personnel supporting them are passionate and dedicated.
- The president of RFE/RL is providing strong leadership during a period of budget challenges, resource pressures, and organizational restructuring. Nevertheless, uncertainty and change adversely affect morale. While senior management is appropriately focused on these and other operational issues, internal communication requires constant attention.
- RFE/RL's language services have adopted new ways to reach audiences, including the Internet, social media, and input from audience members acting as citizen journalists.
- In order to provide good administrative support to all employees, RFE/RL is updating policies and procedures.
- RFE/RL's technology division is creative and a source of cost-saving innovations that benefit the broader BBG organization.
- Although RFE/RL has a contingency security plan, it has not formally designated anyone from the information technology staff to provide network security oversight and monitoring of systems.
- The emergency management program is comprehensive but could improve contingency management and response. RFE/RL should focus on exercising and assessing the entire range of its emergency action plan, which includes identifying mission essential personnel and safe areas and educating RFE/RL employees on their roles and responsibilities.

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 OIG did not identify problems that need to be corrected.

The inspection took place in Washington, DC, between April 10 and May 14, 2012, and in Prague, Czech Republic, between May 16 and June 8, 2012. (b) (6)



## Context

RFE/RL is a private, non-profit grantee corporation that receives federal funding from BBG, which is a federal agency with oversight responsibility for all civilian U.S. government-funded international broadcasting activities. BBG's broadcasters include the federal entities of Voice of America and the Office of Cuba Broadcasting (with Radio and TV Marti). In addition to RFE/RL, BBG's other grantee broadcasters are Radio Free Asia and the Middle East Broadcasting Networks, Inc. (Alhurra TV and Radio Sawa).

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. RFE/RL provides information on radio, television, and the Internet to more than 24 million people each week in 21 countries and 28 languages<sup>1</sup> throughout the Middle East, Central Asia, the Caucasus, and Eastern Europe. Two-thirds of its languages are directed to countries or regions with majority Muslim populations.

RFE/RL began broadcasting over 60 years ago, during the Cold War. Over time, its geographic priorities and distribution methods have evolved. After the 9/11 terrorist attacks, RFE/RL began programming to Afghanistan and Pakistan and increased its programming to Iran and Iraq. RFE/RL continued its strong program in Russia, but is putting greater emphasis on Internet content and delivery as radio becomes less viable. RFE/RL is increasingly using the Internet and social media platforms such as Facebook and Twitter along with mobile phones to convey the news. Through its online presence, it has more contact with audiences that participate in citizen journalism by sharing videos and other newsworthy information.

RFE/RL is undergoing a series of changes to streamline operations, increase efficiency, and target resources to priority audiences. The organization is also facing a potential consolidation with the two other BBG grantee organizations. These changes, coupled with ongoing budget uncertainties and the possibility of staffing reductions, contribute to a sense of unease among the staff. It was in this climate of uncertainty that the new RFE/RL president took his position in July 2011.

RFE/RL employs more than 500 people in Prague, including 77 Americans, and 1,100 people worldwide in 19 news bureaus, including freelancers. With its new state-of-the-art headquarters building and large staff, it is an impressive overseas BBG presence. This inspection covers RFE/RL's Prague broadcasting headquarters. It does not include Washington, DC, offices or the RFE/RL news bureaus throughout its broadcasting area. According to RFE/RL, it is efficient to have the broadcast center in Prague because it is close to the market. The OIG team administered a questionnaire to deputy chiefs of mission at 20 U.S. embassies where RFE/RL news bureaus are located. The overwhelming majority praised the reputation of RFE/RL's products in their countries and said that their embassies provide support, such as security and consular assistance, to the RFE/RL journalists at their request.

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<sup>1</sup> Albanian, Arabic, Armenian, Azerbaijani, Bashkir, Belarusian, Bosnian, Chechen, Circassian, Crimean, Tatar, Croatian, Dari, Georgian, Kazakh, Kyrgyz, Macedonian, Montenegrin, Pashto, Persian, Romanian, Russian, Serbian, Tajik, Tatar, Turkmen, Ukrainian, and Uzbek.

## Executive Direction

The president of RFE/RL has provided strong leadership during a period of budget challenges and organizational uncertainty. When he began his tenure in 2011, the organization had been without a chief executive officer for 6 months and lacked direction; the president took concrete steps to establish an efficient organizational structure. During his first 6 months, he talked with numerous people and met individually with each of the 28 language services twice. As an advocate for RFE/RL's news bureaus, he had visited five at the time of this inspection and plans to visit others soon. The president was concerned that RFE/RL executives had not visited the bureaus regularly. For one bureau he visited, it had been 7 years since his predecessor was there.

The president oriented RFE/RL's focus to Prague where it is geographically closer to the news bureaus, target time zones, and RFE/RL's on-the-ground presence. He moved the "center of gravity" of communications and outreach from Washington to Prague and called it "looking east rather than west."

In accordance with the BBG strategic plan, the president directed a review to identify target audiences and aligned the mission with the budget accordingly. He reduced overhead by streamlining duplicative senior staff and consolidating functions. RFE/RL did not replace eight top management positions. Instead, it distributed responsibility, authority, and accountability to managers throughout the organization. With a new management team, the president made his strong support for the broadcasters understood when he said, "All RFE/RL employees fall into one of two groups, those in the language services and those supporting the language services."

His supporters and critics express admiration for his business skills and ability to make good, timely decisions. They cited his detailed review of the budget and keeping RFE/RL's focus on journalism and mission. The result was a yield of \$1.2 million that could be used for important aspects of the mission, such as providing smart phones for RFE/RL reporters, increasing the ability to hire freelancers in remote locations, and identifying funds to aid RFE/RL journalists who are threatened, harassed, and jailed because of their work.

The president's strongest priority is the safety of RFE/RL staff. Broadcasters often work in countries hostile to the United States. BBG's journalists and stringers have been blackmailed, attacked, imprisoned, and even killed. During the course of the inspection, Belarusian authorities assaulted and detained an RFE/RL journalist. In some cases, families are also targets. The RFE/RL president has already taken steps to improve the poor conditions he has seen at news bureaus, such as authorizing the purchase of additional security-related equipment where needed.

### Morale

The RFE/RL staff is passionate and dedicated to the mission (b) (5)  
(b) (5) Staff members worry about how the potential reorganization of BBG and possible merger of BBG grantees (b) (5)  
(b) (5) RFE/RL senior management is aware of these concerns (b) (5) and has endeavored to address them.

## **Organizational Structure**

The president is working with a newly assembled senior staff. RFE/RL has five vice presidents, three of them in the Prague office. These three assumed their current positions within the last year, after the president arrived in July 2011. The chief of staff (a vice president) oversees the offices of communications and government relations, audience research, and program evaluation. Under the vice president for administration are the offices of the general counsel, human resources, and corporate security. The chief financial officer (a vice president) oversees Prague finance from Washington and was promoted to his current position in April 2012. The largest division is that of content, distribution, and marketing, with about 370 employees. It includes the office of multimedia strategy, development, and training; the central newsroom and information services; the office of marketing and affiliates development; and the four regional language service groupings.

## **Communications**

Communications, both internal and external, are an important part of RFE/RL. The department of communications and government relations has undergone significant personnel changes over the last year, with the departure of the director and deputy director and the transfer of a few staff members to other parts of the organization. Remaining communications staff members are located in Washington and Prague. The Journalist in Trouble initiative, which is designed to provide advocacy for and assistance to RFE/RL correspondents, is part of the communications portfolio. The inspection team did not identify any problems with external communications.

Internal communications are handled by senior management and the administration division. A cornerstone of RFE/RL's internal communications is LibertyNet, RFE/RL's new information portal. LibertyNet contains key organizational information, such as policies, announcements, and innovative practices. RFE/RL also uses email, crossdivisional work groups, quarterly town hall meetings, and coffee hours with the president to communicate with employees. Employees are also invited to weekly corporate meetings and have access to those meeting notes and audio.

While many of the internal communications efforts of the RFE/RL leadership team have been well-received, there are still challenges to overcome. Despite management's efforts, communications are unevenly received throughout the organization. Employees report that management's decisionmaking process is not always transparent. The inspection team counseled RFE/RL senior management regarding these employee perceptions.

Some employees express that they do not know the president well; they perceive that he is not accessible to them, despite his outreach efforts. Since the beginning of this year, the president has been on the road frequently to attend BBG-related meetings and work with RFE/RL management and to visit five news bureaus. He has spent an average of 9 days a month on these trips, including weekends and travel days. Although these business trips take away from his time to connect with the Prague staff, they are important for RFE/RL's mission. To compensate for time away, the president has met with individual language services and hosted

coffee hours to encourage informal interactions. The inspection team encouraged him to continue these efforts.

## Content, Distribution, and Marketing

### Language Services

RFE/RL’s language services are grouped in four regions: Central Asia, Eurasia, Afghanistan and Pakistan (AfPak), and the Middle East (Iran and Iraq). The vice president for content, distribution, and marketing and the four regional directors lead the language services. Language services directors have the autonomy to suggest and implement new programs pertinent to their markets based on audience research, resources, and staffing.

**RFE/RL Language Services**

<b>Region</b>	<b>Language Service</b>
Central Asia	Kazakh Service
	Kyrgyz Service
	Tajik Service
	Turkmen Service
	Uzbek Service
Eurasia	Armenian Service
	Azerbaijani Service
	Balkan Service
	Belarus Service
	Georgian Service & Echo of the Caucasus
	Moldovan Service
	North Caucasus Service
	Russian Service
	Tatar-Bashkir Service
Ukrainian Service	
Middle East	Radio Farda (Iran)
	Radio Free Iraq
AfPak	Radio Free Afghanistan
	Radio Mashaal (Pakistan)

*Source: RFE/RL*

In accordance with RFE/RL’s strategic plan, the language services are working to identify target audiences, determine which platforms are used by those audiences, and align resources. Strategies are tailored to the market realities facing each language service. Services must decide whether to diversify among platforms (shortwave, FM, and satellite radio; television; and the Internet) or shift the majority of resources to focus on one predominant platform.

While audience feedback is integrated into traditional radio programming, the Internet provides an expanded range of opportunities to engage audiences and to measure the reach of RFE/RL reporting. The Internet also enables RFE/RL to provide rich multimedia content and to

promote citizen journalism with audience members contributing their own photos and videos. Citizen journalism is most notable in Afghanistan, Belarus, Azerbaijan, Uzbekistan, and Tajikistan. RFE/RL services are also active on the primary social networks in their markets and have launched custom-built mobile applications, enabling RFE/RL journalists to connect with new and younger target audiences.

The most significant challenge facing the language services is resources. A lack of resources influences the ability to hire new talent to achieve service goals, train the talent already on board, fund expansion to new platforms, or pay for new technologies. An equally important challenge is the safety of journalists in the field. Some language services must also overcome the challenges of radio and satellite transmission jamming, interference with Web site access and performance, and pressure on local affiliates.

RFE/RL is developing short-term solutions to address these challenges, but they may be inadequate for the long term. RFE/RL's proposed 4.3 percent cut in its FY 2013 budget is smaller than that of Radio Free Asia and the Middle East Broadcasting Networks, Inc. However, 52 RFE/RL positions are scheduled to be cut by 2013. RFE/RL is reviewing expenses and determining where resources could be more effectively used.

### **Multimedia Strategy, Development, and Training**

The vice president for content, distribution, and marketing has created a new multimedia department to better integrate multimedia content into RFE/RL's language services Web sites and to advise and train services on how best to use the digital tools available to them. At the time of the inspection, this department, created in April 2012, was conducting a needs assessment to review operations and respond to current and future needs. Announcement of this new initiative led to confusion and speculation among various RFE/RL offices about the role of the new department and how they would be expected to coordinate and interact with it.

***Informal Recommendation 1:*** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty develop and distribute a written strategy for guiding multimedia strategy, development, and training department operations and interactions with the language services and other relevant offices.

### **Marketing and Affiliates**

The marketing and affiliates department handles strategic and business development responsibilities. The 3-person unit is responsible for marketing RFE/RL's programs and making agreements with media affiliate stations to use them. With an annual budget of \$574,000, the marketing manager works with news bureaus and local vendors to organize advertising campaigns and promotions. (The unit's budget has decreased by \$200,000 in the last 2 years.) The manager makes her best efforts to advertise RFE/RL products in all 21 countries, but in some places, such as Iran, advertising is impossible. Marketing may be in the form of Internet and newspaper advertisements, and billboards, or even small handouts like pens, which are used to generate word-of-mouth advertising. In Central Asia, newspapers and word of mouth are the most important ways to publicize programming.

The employee in charge of the affiliate relations unit maintains contact with the International Broadcasting Bureau (IBB) office of marketing and program placement in Prague, which holds the affiliate contracts, and consults audience research to keep up with affiliates' needs. Although the unit is small, it is focused.

## **Central Newsroom**

The central newsroom is key to maintaining quality controls and standards. It provides news stories in English for the language services and audio clips. The language services also provide news from their areas to the newsroom and sometimes translate newsroom products to use on their own programs. In addition, the newsroom produces RFE/RL's English language Web site, which contains stories from the language services and original content.

A recently appointed newsroom director is restructuring the newsroom for more flexibility and timeliness. Prior to the inspection, RFE/RL's audience, research, and program evaluation office conducted a review of the newsroom's products and usage rates of the language services. The review, which was the first one conducted in 7 years, concluded that the already good cooperation between the newsroom and the language services had improved further with the newsroom's new leadership and reforms to product formats. There was consensus that the newsroom is sometimes slow with breaking news, including news coming in from RFE/RL's language services. According to the news room, such delays are sometimes necessary to confirm the accuracy of information from news bureaus or correspondents.

RFE/RL management indicated that key changes are under way based on the results of the review. The focus of news products has changed; they are now primarily for the services and their audiences, not the Western media and think tanks based in Washington. There is reduced emphasis on Washington and English news and more emphasis on breaking down barriers between the newsroom and language services.

At the time of the inspection, RFE/RL was addressing other issues, including how many journalists use the information services unit, the newsroom's feedback on stories from the language services, and improvement in the language services' communications to the newsroom. The OIG team encouraged RFE/RL to continue working on its implementation plan to improve these areas.

## **Maintaining Journalistic Standards**

BBG's standards and principles are consistent with the U.S. International Broadcasting Act of 1994.<sup>2</sup> Credibility is a key RFE/RL measure of performance. It evaluates its credibility through audience research. In April 2012, the RFE/RL president reaffirmed in a central newsroom review meeting that he looked to the central newsroom to exercise editorial judgment and enforce standards.

There are journalistic guidelines on the organization's intranet that all staff members are expected to follow, including procedures for using the Internet and social media. Regional

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<sup>2</sup> 22 U.S.C. 6202

language service directors are attentive to compliance in each of their language services. The directors and services discuss editorial issues in daily desk meetings and in meetings between the regional directors and the head of the newsroom. Before these meetings, the Prague language services and their respective bureaus hold daily editorial meetings. The regional directors also serve on RFE/RL's editorial board. Each RFE/RL product is reviewed by a duty editor before it goes out. Information from news bureaus is reviewed by an editor in the bureau.

## **Audience Research and Program Evaluation**

The office of audience research and program evaluation plays a key role in RFE/RL's strategic goal of matching programming to core target audiences. It works closely with the content, distribution, and marketing division. Its three primary activities—audience research, reporting and Web analytics, and program evaluation—help the language services identify and engage the right audiences on the right platforms with the right content.

### ***Audience Research***

BBG contracts audience research for all of its broadcasting entities to a private company. The RFE/RL audience research department works closely with the BBG research contractor to develop field-based surveys and focus groups that help the language services to better identify, understand, and reach target audiences. The department analyzes the findings of the research contractor, along with RFE/RL Web site analytics, to develop reports and recommendations for each of the services.

In September 2011, BBG ended a long-running research contract and awarded a new contract to an internationally known organization in December 2011. Representatives of the BBG and RFE/RL interviewed by the inspection team lauded the new contract as providing more flexibility, enhanced coverage, and the ability to tap into a large repository of global research. The nature of the contract has also provided benefits. The previous audience research contract was a firm-fixed price vehicle that required RFE/RL to identify all its research requirements at the beginning of each contract year, allowing little flexibility. The new contract allows RFE/RL to order research projects as needed.

There were start-up pains for the new contract in its first months. The first task order issued by RFE/RL took approximately 2 months to process through the BBG offices in Washington. This delay can be attributed in part to the absence of a standardized task order template and a multilayered review and approval process. For example, all task orders on the contract that exceed \$25,000 require the BBG chief financial officer's approval. BBG is currently looking into these issues and anticipates making adjustments to the process to streamline and accelerate task order processing.

### ***Reporting and Web Analytics***

As RFE/RL moves to Internet-based platforms, demand is increasing for analytics on audiences, content, and the level of engagement achieved. The reporting and Web analytics staff

works with new media and the content, distribution, and marketing division to provide language services with suggestions for improving Web site performance.

### ***Program Evaluation***

The office of audience research and program evaluation manages annual program reviews for each language service. Program reviews ultimately feed into the larger BBG-wide language service review process and focus on the strategy for each language service. The reviews include a discussion of relevant audience research and reporting, Web analytics and design, and content and production evaluations. For the content evaluations, the program evaluation manager works with regional directors to select representative program samples from each language service. These samples are translated by an outside contractor and subjected to internal peer review. The results of this peer review have historically been presented at the large program review meeting. In FY 2012, RFE /RL tested a new approach—splitting off the content evaluation aspect of the program review into a separate, smaller meeting.

The inspection team observed two of the smaller content evaluation reviews and evaluated reports from 19 others. Content critiques were candid, balanced, and included specific recommendations for improvement. Meetings were marked by a free-flowing exchange of ideas and observations. Numerous language service directors indicated to the inspectors that they appreciated the smaller, focused content evaluation meetings. RFE/RL has said that it is likely to continue using this new model of holding separate, smaller content evaluation meetings and then simply summarize the meeting findings at the larger program reviews. The inspection team endorses this approach.

## **Resource Management**

### **Resource Profile**

RFE/RL has the following resources:

- FY 2012 estimated budget - \$93,248,000
- A staff of 522 in Prague: 298 expatriates (77 Americans and 221 third-country nationals) and 224 Czech citizens.

## **Human Resources**

During the OIG inspection, RFE/RL was updating and expanding its human resources policies and procedures in preparation for including them on the new LibertyNet intranet. These revised and updated policies will be accessible to all employees. This is an essential first step in the process of communicating to all employees what the human resources department does and how it can help.

## **Training**

The human resources department is responsible for most training. Mandatory training for all employees includes Equal Employment Opportunity (EEO) and prevention of sexual harassment training as well as the occupational health and safety training mandated by Czech law. Ninety percent of supervisors and 70 percent of employees are current with EEO training. Language training, especially remedial English, is targeted toward new hires and almost all of the news bureaus. Czech is taught to the expatriates and Russian is taught to the support staff. Job skills and work-related training is generally focused on journalism skills, technical training, staying current with new technology, and project management training. Journalism training is included in the new multimedia development and training department. RFE/RL has done an effective job of maintaining training records so that it can monitor training activity by employee.

Information based on interviews indicates that both employees and managers feel there is insufficient funding for training, particularly for managerial training for first-line managers. Some employees in managerial positions were originally hired for nonmanagerial skills and need further training for their roles as managers.

***Informal Recommendation 2:*** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty prioritize managerial and supervisory training.

## **Compensation and Benefits**

RFE/RL has four major categories of employees, each with a different array of compensation and benefit plans: employees based in Washington; expatriates who are Prague-based and citizens of a country other than the Czech Republic; Czech citizens and passport holders or other nationals who are subject to Czech labor law; and locally-hired Americans and third-country nationals.

RFE/RL views its compensation schedule for Czech employees as competitive with other Prague companies. The high retention rate of employees and low turnover lends credence to management's views, even though a number of employees in questionnaires or interviews complained about low compensation and lack of pay increases. RFE/RL has formed a companywide compensation task force that is working to develop a new compensation system. The benefits package applies to all categories of employees and appears comprehensive and extensive.

## **Awards and Recognition**

RFE/RL has two active performance award programs. Under the first program, management has traditionally awarded cash to approximately 30 percent of the Prague and Washington staffs based on performance reviews. The second program provides monthly recognition awards with small prizes for outstanding journalistic efforts. The OIG team suggested alternative methods of recognition for RFE/RL, including noncash awards as well as quick turnaround awards, to acknowledge sustained extra efforts.

***Informal Recommendation 3:*** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty expand its awards program to include a broader range of noncash and quick-turnaround awards.

## **Human Resources Policies**

The OIG team received a number of complaints related to the violation of RFE/RL human resources policies. The team found no concrete evidence to substantiate these complaints. However, the perception, even by a few employees, that these policies are being violated and that employees are being treated inequitably contributes to low employee morale.

***Informal Recommendation 4:*** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty clarify and provide training on its human resources policies.

## **Human Resources and Employee Concerns**

Some RFE/RL employees expressed concerns that managers are not open to opposing viewpoints, that employees with problems have nowhere to turn for assistance, and that disagreements with management could lead to retaliatory action. The formal RFE/RL complaints process advises employees to engage the human resources department if they are unable to resolve complaints through their supervisory chain. However, the OIG team heard from some employees that they are not comfortable going to the human resources department with their problems or issues. These employees also claim that they are not confident that the human resources department will give them independent advice that is in the employees' best interests.

RFE/RL recently promoted and relocated from Washington to Prague a proactive human resources director. The inspection team discussed with the new director the challenges that she faces in building a foundation of trust with employees. The OIG team discussed with the human resources department a number of steps that could take to better educate employees about human resources services: conducting customer service surveys and training, putting timely information on LibertyNet, and meeting with small groups of employees to educate them about human resources services.

## **Equal Employment Opportunity**

RFE/RL is committed to promoting an environment free of harassment and discrimination. The EEO and prevention of sexual harassment policies are featured in the orientation packet for new employees and will be featured in the employee handbook, which is being updated. In 2007, the director of IBB's Office of Civil Rights conducted EEO training for the entire RFE/RL staff. Management has made online courses for prevention of discrimination and sexual harassment available to employees. RFE/RL does not currently have an EEO bulletin board in a suitably central area, such as the ground-floor cafeteria or fourth-floor snack bar, to feature information about EEO policies. The new LibertyNet intranet site also presents an opportunity to feature information about EEO programs.

**Informal Recommendation 5:** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty establish an Equal Employment Opportunity bulletin board in a suitably central area and use LibertyNet to promote Equal Employment Opportunity goals.

## Financial Management

The vice president of finance is also the chief financial officer. He is located in Washington, and oversees financial management, which includes financial reporting, budgeting, accounting, and procurement. The comptroller, who is also the acting director of procurement, is based in Washington, but oversees the three procurement officers in Prague. The finance director in Prague, who reports to the chief financial officer, manages accounting (accounts payable, housing, travel, freelance payments, and the cashier), Czech payroll operations, accounting for the 19 news bureaus, and the central property and supplies office.

The OIG team reviewed samples of travel vouchers and other related financial transactions and found them to be properly conducted, maintained, and reported. The team observed the cash count of the cashier and found appropriate controls in place.

## Procurement

The three procurement specialists divide responsibility for procurement functions, with the acting director in Washington approving all sole source and most high-value requisitions. In FY 2011, Prague processed 405 requisitions totaling \$18.6 million. Of these, four were in excess of \$1 million and 14 were between \$100,000 and \$1 million. Based on a limited review of purchase orders and purchase card files, the OIG team found that files are adequately maintained and in most cases contained the three quotes required to determine the best price. Often, in Prague, only one or two sources for an item or service can be found. As a result, there are a large number of sole source procurements. RFE/RL runs a modest purchase card program (to prevent abuse and because there is limited credit card acceptance among Prague vendors), with one card used by the lead travel clerk for travel purchases only and the other used for travel and other goods and services.

During the inspection the acting director conducted prescheduled training for the three procurement specialists. The training covered best practices, dos and don'ts for Prague procurement, negotiation skills, ethics, customer service, and Office of Management and Budget (OMB) Circular A-110 standards. Some other courses were also held for the employees who are frequently involved in requisitions.

The scope of this inspection did not include a detailed review of the procurement files. A limited review of requisition files found that procedures for submitting requisitions before acquiring goods and services were not being consistently followed.

**Informal Recommendation 6:** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty implement a procurement process and policies; and provide procurement training, especially for employees involved in requisitions.

## **Personal Property Management**

RFE/RL conducts a yearly inventory and reconciliation for the capital inventory. In FY 2011, missing items represented 0.34 percent of an inventory valued in excess of \$20 million. The OIG team conducted a limited review of supplies and the electronic inventory process and concluded that RFE/RL effectively tracked equipment, computers, and software. Standard procedures are in place with appropriate separation of duties.

## **Management Controls**

RFE/RL has implemented management controls in accordance with OMB Circular A-133. As mentioned previously, management at RFE/RL has mandated a complete review and update of all policies and procedures, including for procurement, financial management, and property management. Spot checks of individual records indicated that procedures for time and attendance records were followed. RFE/RL is attentive to the need for separation of duties and prevention of waste, fraud, and mismanagement.

The OIG team reviewed the report of RFE/RL's outside auditor for FYs 2009 and 2010. (The audit for 2011 was being processed during the inspection.) The auditor reported that the consolidated financial statements fairly represented the consolidated financial position of RFE/RL for that period, in accordance with generally accepted accounting principles. The auditor also reviewed RFE/RL's internal control over financial reporting and its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

## **New Headquarters**

The OIG team reviewed the status of conditions discussed in the 2010 OIG report on RFE/RL's new Prague headquarters.<sup>3</sup> The previous landlord recently sold the building to an American company. Work has begun to repair punch list items neglected by the previous landlord using funds freed up by the new lease.

## **Technology and Information Management**

The technology department is a well-managed operation that meets the needs of more than 500 users at RFE/RL in Prague. The OIG team reviewed the technical operations, broadcast engineering, telecommunications and network, information technology, and Internet technology areas. The department is appropriately staffed with 87 employees who express high morale and job satisfaction.

The technology department's yearly budget is \$8 million, which includes personnel (50 percent), equipment and software inventory (37.5 percent), and communications expenses (12.5 percent). With only \$3 million devoted to maintaining and updating its \$30 million equipment

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<sup>3</sup> OIG Limited Scope Inspection of Radio Free Europe/Radio Liberty's New Headquarters in Prague, Czech Republic, Report Number ISP-IB-10-27, March 2010.

and software inventory, RFE/RL's future challenge is technical infrastructure upgrades on site and in the field.

RFE/RL has benchmarked its performance by reviewing the metrics of a commercial 120-channel satellite radio network. It found that its own performance measures are far more stringent than those of the commercial network. RFE/RL, with 80 channels, has an overall uptime of 99.99 percent, and the commercial satellite radio has an uptime of 99.95 percent. The satellite radio network only factors in outages of 20 seconds or more into its uptime calculations while RFE/RL factors in outages of 5 seconds or more.

RFE/RL information technology networks are under frequent attack from external sources. The OIG team learned that cyber attacks occur daily. There are usually one or two big targeted attacks a year.

In 2009, a routine audit by an independent entity identified the need for segregation of duties and additional restrictions on access. The OIG team concurs with the findings of the independent audit. Not all roles and responsibilities for information technology operations staff have been clearly defined. For instance, because of a tight budget, no one is dedicated as an information systems security officer. To compensate, RFE/RL technicians regularly perform information technology physical and system security assessments. An information technology contingency plan is in place and has been tested. Washington regularly monitors systems for jamming, and RFE/RL performs network scans for viruses. There are adequate firewalls and tools in place to protect Web sites against hackers. All of these actions are useful and necessary but not sufficient because of the increasing worldwide risk of systems attacks, as well as internal vulnerabilities from possible misuse of RFE/RL information systems.

Recommendation 1: The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty assign a lead information systems security officer to develop security plans and perform critical security reviews. (Action: BBG)

In FY 2012, RFE/RL requested an information systems security audit from an independent entity. This audit was designed as a top-to-bottom review of security-related systems, policies, and procedures. RFE/RL is considering repeating this audit on an annual or biannual basis. Given the sustained attacks on RFE/RL information systems, the inspection team concurs with repeating this review on a regular basis.

RFE/RL technical innovations create efficiencies and benefit the broader BBG organization. The technology department's Internet technology office created Pangea, RFE/RL's Web content management system, to meet the needs of a multilingual media organization. Pangea enables language services to create, publish, and share multimedia Web content using a single integrated platform. In recognition of the system's value, other BBG organizations are adopting Pangea. The roll out of Pangea to the Office of Cuba Broadcasting, the Middle East Broadcasting Networks, and Voice of America language services will be complete by the end of FY 2012. Radio Free Asia is not adopting Pangea at this time. This sharing of resources is consistent with BBG's new strategic plan, which emphasizes that BBG is "one organization with many brands" and calls on entities to maximize operational efficiency. The decision to adopt

Pangea will enable BBG organizations to benefit from the innovations of RFE/RL's system and reduce possible duplication.

## Corporate Security

### Program Implementation

RFE/RL's director of security has worked for RFE/RL in some capacity for more than 11 years. He reports to the vice president of administration and has direct access to the president of RFE/RL when needed. He manages a staff consisting of a deputy, an administrative assistant, a liaison officer, an access control technician, and two security technicians and oversees a (b) (5) local guard force. He is also responsible for security operations at the news bureaus as well as RFE/RL's Prague and Washington, DC, offices. He or his deputy travels to these locations to liaise with host-nation law enforcement officers and to manage the security operations in the news bureaus.

The director of security and his liaison officer have excellent contacts with the city and federal police forces. In addition, the director maintains good contacts with foreign embassies in the Czech Republic, for example, he receives security-related information from the Japanese, British, Italian, French, Israeli, and Canadian embassies.

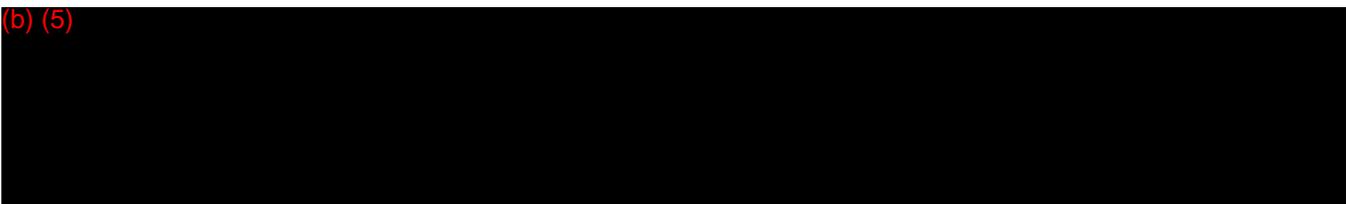
### U.S. Embassy Prague Security Support

In accordance with the February 2000 Agreement Between the Department of State and the Broadcasting Board of Governors Concerning Overseas Security Support for Federally Funded Grantees, Embassy Prague's regional security officer provides security alerts, reports of security incidents, or notices of threats to grantee personnel and facilities. The memorandum also states that the regional security officer will report threats to the president of RFE/RL and the security director. Personnel from Embassy Prague's regional security office and the director meet as needed to share information. The director reports that he receives outstanding support from the embassy.

One American employee, four locally employed staff members, and two personal services contractors, who work for BBG, are located in the RFE/RL facility. These personnel fall under chief of mission authority and are subject to a May 2001 memorandum of understanding between the Department of State and the Broadcasting Board of Governors that describes standards and required levels of security for these types of organizations. Their presence in the RFE/RL headquarters building is the primary reason the building, newly occupied in 2009, meets Overseas Security Policy Board standards.

### Physical Security

(b) (5)



(b) (5)



Recommendation 2: (b) (5)



The director conducts physical security assessments of the international news bureaus under the purview of RFE/RL. He has used the results of those assessments to harden and, in some cases, relocate news bureaus.

### **Emergency Response and Emergency Management**

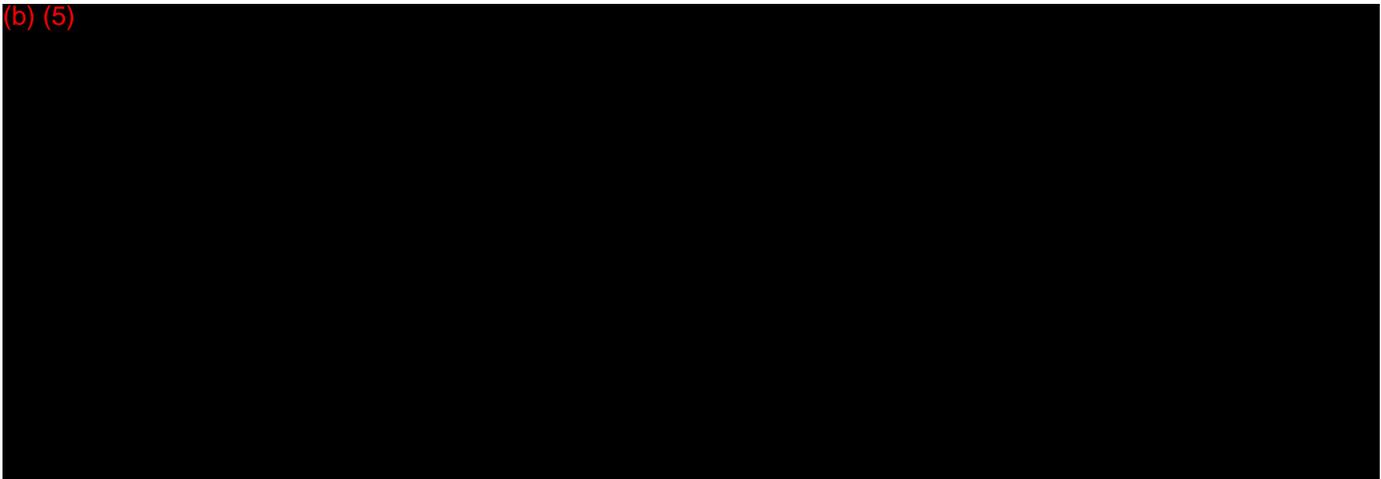
RFE/RL has an emergency management program that is robust and well documented.

(b) (5)



RFE/RL's disaster recovery plan includes responses to virtually every type of incident and lists members of a crisis management committee responsible for decisionmaking. RFE/RL's technology department also has a contingency plan for continuity of operations.

(b) (5)



Recommendation 3: (b) (5)

[Redacted]

(b) (5)

[Redacted]

Recommendation 4: (b) (5)

[Redacted]

(b) (5)

[Redacted]

## **Security Training**

The director of security has developed a security training plan for RFE/RL employees in Prague. New employees receive initial security training. The director also developed a focused, streamlined, computer-based series of training modules available on LibertyNet for use by journalists in the international news bureaus. The content is in both English and Russian. All RFE/RL employees, whether they are full-time employees or part-time stringers, have access to security training on LibertyNet.

## List of Recommendations

Recommendation 1: The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty assign a lead information systems security officer to develop security plans and perform critical security reviews. (Action: BBG)

Recommendation 2: (b) (5) [Redacted]

Recommendation 3: (b) (5) [Redacted]

Recommendation 4: (b) (5) [Redacted]

Recommendation 5: (b) (5) [Redacted]

## 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 require that Radio Free Europe/Radio Liberty develop and distribute a written strategy for guiding multimedia strategy, development, and training department operations and interactions with the language services and other relevant offices.

***Informal Recommendation 2:*** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty prioritize managerial and supervisory training.

***Informal Recommendation 3:*** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty expand its awards program to include a broader range of noncash and quick-turnaround awards.

***Informal Recommendation 4:*** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty clarify and provide training on its human resources policies.

***Informal Recommendation 5:*** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty establish an Equal Employment Opportunity bulletin board in a suitably central area and use LibertyNet to promote Equal Employment Opportunity goals.

***Informal Recommendation 6:*** The Broadcasting Board of Governors should require that Radio Free Europe/Radio Liberty implement a procurement process and policies; and provide procurement training, especially for employees involved in requisitions.

## Principal Officials

<b>Position</b>	<b>Name</b>	<b>Effective Date in Current Position</b>
RFE/RL President	Steven W. Korn	07/2011
VP of Finance and CFO; Corporate Treasurer (Washington office)	John Giambalvo	04/2012
VP and General Counsel; Corporate Secretary (Washington office)	John Lindburg	10/2010
VP and Chief of Staff	Beth Portale	11/2011
VP of Content, Distribution, and Marketing	Julia Ragona	11/2011
VP of Administration	Dale Cohen	11/2011
Director of Corporate Security	Bill Key	02/2007
Director of Technology	Luke Springer	03/2007

## Abbreviations

BBG	Broadcasting Board of Governors
CCTV	Closed-circuit television
Department	U.S. Department of State
EEO	Equal Employment Opportunity
IBB	International Broadcasting Bureau
OIG	Office of Inspector General
OMB	Office of Management and Budget
RFE/RL	Radio Free Europe/Radio Liberty

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