



Office of Inspector General

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

Office of Inspections

Inspection of the
International Broadcasting Bureau's
Regional Office of Marketing and Program
Placement in Prague, Czech Republic

Report Number ISP-IB-12-44, August 2012

Important Notice

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PURPOSE, SCOPE, AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 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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PREFACE

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

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

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

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

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

Harold W. Geisel
Deputy Inspector General

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Key Judgments

- The International Broadcasting Bureau's (IBB) Regional Office of Marketing and Program Placement in Prague, Czech Republic (OMPP-Prague), is dedicated to its mission and has good internal controls and administrative procedures in place. The director provides strong organizational direction.
- OMPP-Prague is located in the headquarters of Radio Free Europe/Radio Liberty (RFE/RL) and maintains a good relationship with the organization, working closely on affiliate lease agreements. Likewise, OMPP-Prague works well with Embassy Prague from which it receives good administrative support.
- OMPP-Prague's location near the affiliates provides the opportunity for the office and its satellite marketing contractors to observe and recognize emerging consumer and media trends.
- The deputy director position is vacant and unlikely to be filled due to budget constraints.

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 16 and 30, 2012, and in Prague, Czech Republic, between May 29 and June 1, 2012. (b) (6)

Context

The mission of OMPP-Prague is to support Voice of America (VOA) and RFE/RL in recruiting affiliates and placing programs in the Eurasian region, which includes Eastern Europe and parts of Central and South Asia. OMPP-Prague falls under IBB's Office of Strategy and Development. IBB provides transmission, marketing, and program placement services for all Broadcasting Board of Governors' (BBG) broadcast operations.¹

In the program placement process, affiliates agree to use BBG products. Some affiliates are paid. All must acknowledge the relevant BBG broadcast entity as the source of the news or other features. The location of the Prague office near countries it serves facilitates the placement of content with media outlets. The office has contracts for 388 affiliates in 30 countries.

**Total Number of Affiliate Contracts
(Paid and Unpaid)**

Country/Region	Number of Affiliate Contracts	Country/Region	Number of Affiliate Contracts
Afghanistan	11	Latvia	2
Albania	26	Lithuania	2
Armenia	5	Macedonia	36
Azerbaijan	1	Malta	1
Bosnia and Herzegovina	63	Moldova	10
Bulgaria	2	Montenegro	19
Croatia	1	Pakistan	3
Estonia	1	Russian Federation	3
Georgia	12	Serbia	75
Great Britain	2	Sweden	1
Greece	4	Turkey	1
Iraq	12	Ukraine	32
Israel	1	United Arab Emirates	1
Italy	2		
Kazakhstan	1		
Kosovo	50		
Kyrgyzstan	9		
Total Affiliates			389

Source: OMPP-Prague

¹ BBG is an independent federal agency that supervises all U.S. Government-supported, nonmilitary international broadcasting, including VOA, RFE/RL, the Middle East Broadcasting Networks (Alhurra TV and Radio Sawa), Radio Free Asia, and the Office of Cuba Broadcasting.

Executive Management and Staffing

The current office director is a U.S. Civil Service employee. The staff, which ranks morale as high, praises his strong leadership. There are four locally employed staff members and two personal services contractors. The director supervises nine contractors in satellite marketing offices at various locations including in Russia, Ukraine, Central Asia, the Balkans, Pakistan, Afghanistan, and Iraq.

Affiliate and Marketing Operations

Over the years, the type of distribution for VOA and RFE/RL's products has changed. For example, Russia had 300 radio affiliates, but because of changes in Russian law and Russia's unwillingness to allow radio programming, all Russian affiliates are now Internet affiliates. Other language services have found successes in new areas, especially in social media. Marketing, in response, is evolving. In the past it included advertising in newspapers, on billboards, and through small items such as pens. Now it is moving to digital marketing, digital banners, and Web analysis tools to measure hits for keyword searches on VOA and RFE/RL.

One important aspect of OMPP-Prague is its ability to recognize consumer and media trends as they emerge. Its personnel and satellite contractors are in touch with what audiences want and the media that they prefer to use. According to IBB management, this helps the language services tailor production for better impact.

The marketing operations run smoothly, with complete records. The staff used an efficient procedure to track whether affiliates were complying with the terms of their agreements, such as rebroadcasting VOA programs that they agreed to carry.

Vacant Deputy Director Position

OMPP-Prague has two American positions, the director and deputy director. The former director, a Foreign Service officer, recently retired after 12 years in the position; the deputy director was promoted to director shortly thereafter. The deputy director position is currently vacant. The BBG management told the OIG team that it is unlikely the deputy director position will be filled in the near future because of budget uncertainties.

BBG management would benefit from considering several factors before making a final determination on the future of the deputy director position. The International Cooperative Administrative Support Services (ICASS) cost that the position incurs is one factor that may need to be adjusted. For FY 2012, BBG paid \$126,539 for services it receives through ICASS for two American positions. If this position is not going to be filled, the workload needs to be modified and the cost recalculated to reflect accurate service support.

Another factor to take into account is management of the operations. With only one manager, payments cannot be processed in a timely fashion when the director is on leave or on

temporary duty because none of the local staff is approved to be a certifying officer. Without a deputy director, there would be also inadequate supervision of local staff.

Finally, the duties of the deputy position are many. For example, OMPP-Prague covers travel to countries, such as Afghanistan, Russia, and Ukraine, that requires advanced planning. In addition, human resources documents specify that the deputy director position “may assist in the negotiation of affiliate agreements with foreign governments or privately owned media outlets to the benefit of IBB and its program producers.” For now, the newly appointed director is managing the office appropriately, but it is unclear whether having one person in an office previously managed by a director and a deputy can be a sustainable long-term solution. Although a final decision on filling this position had not been made at the time of the inspection, BBG may want to consider the OIG team’s observations as part of its decisionmaking about whether the position will be filled.

Another issue about the deputy position is the promotion potential described in its position description. Currently the position is graded as a GS-13/14, which means that if the incumbent applies at the GS-13 level for this position, he or she is eligible to be promoted to the next level without further competition. In reviewing the personnel actions for the deputy position, the inspection team found that the former incumbent was not promoted to the higher grade level for several years after meeting the eligibility requirements of time, grade, and performance evaluation. The incumbent expected to be promoted within a year. The deputy director position description does not state that the promotion is automatic, but the general expectation is that the incumbent will be promoted within a reasonable time after meeting the eligibility requirements.

Informal Recommendation 1: The Broadcasting Board of Governors should require that the Office of Marketing and Program Placement in Prague clarify the promotion potential in its deputy director position description and vacancy announcement if the position is advertised.

Internal Controls

OMPP-Prague has a sound management controls program. Good internal controls are in place for time and attendance procedures, financial management, inventory, contracts, and leases. Leases and contract files are well maintained and supported. OMPP-Prague made an unauthorized commitment for promotional items for a trade show. As soon as the director became aware that an unauthorized commitment occurred, he sought assistance from the embassy management officer to ratify the unauthorized commitment. However, unauthorized commitments made by employees of another agency (BBG, in this case) require ratification by that agency's procurement executive per 10 State 065144. The unauthorized commitment happened because the procurement action needed to be processed immediately, and funds were not approved in advance. Embassy procedures for procurement actions were not followed. The director used this one-time occurrence to review with staff the relevant procedures and regulations. When the inspection team pointed out the reporting requirement for the unauthorized commitment, the director contacted his supervisor at IBB headquarters. Further action is still needed.

Informal Recommendation 2: The Broadcasting Board of Governors should require that the Regional Office of Marketing and Program Placement in Prague report the unauthorized commitment to the International Broadcasting Bureau's senior procurement executive for ratification.

Financial Management and Human Resources

OMPP-Prague's budget for operating expenses is \$1,313,573; its financial records are well organized and reviewed monthly. The operations manager reconciles purchase card transactions appropriately and closely monitors unliquidated obligations, carrying a small balance for the last 3 years. In fact, there was no unliquidated balance for FY 2008, a true feat. The OMPP-Prague director performs monthly cash counts, and verifications are recorded appropriately. However, in reviewing the verifications records, the inspection team noted that unannounced cash counts take place around the same date each month.

Informal Recommendation 3: The Broadcasting Board of Governors should require the Regional Office of Marketing and Program Placement in Prague to hold monthly unannounced cash counts on random dates.

OMPP-Prague's time and attendance records are complete. The director certifies all records. The office maintains a sign-in/sign-out sheet to track time and attendance. A timekeeper at Embassy Prague processes the time and attendance of the OMPP-Prague timekeeper.

Property Management and Travel Records

OMPP-Prague maintains accurate property inventory records on a spreadsheet that is updated as items are purchased. The office performs a yearly physical inventory and sends the results to the Office of Marketing and Program Placement in Washington. OMPP-Prague has several items that need to be disposed and is working with the embassy to ensure proper disposal through the embassy auction.

OMPP-Prague has a vehicle for official use only. It maintains well-organized vehicle usage records as well as proper controls for fuel and vehicle maintenance. The director recently took safe driving training in accordance with the embassy's self-drive policy. A sample review of travel vouchers revealed that they are well supported with valid receipts, detailed expenses, and appropriate authorizations.

Lease Contracts

OMPP-Prague manages 74 leases in 14 countries. The total VOA lease budget for FY 2012 is \$3,237,361 and for RFE/RL is \$2,045,617. Below is a table with VOA and RFE/RL total yearly costs for broadcasting services in each country as of May 30, 2012. These numbers change throughout the year and are different from the yearly budget. With 23 contracts, VOA's costs at the time of this inspection were \$1,733,735. RFE/RL had 51 contracts for \$1,742,789.

Number and Amount of Paid Affiliate Lease Contracts FY 2012

Country	Number of VOA Contracts	Number of RFE/RL Contracts	Contract Costs for VOA	Contract Costs for RFE/RL
Afghanistan	3	0	\$511,532	-
Albania	1	0	\$ 48,180	-
Armenia	0	3	-	\$157,301
Bosnia-Herzegovina	1	6	\$7,500	\$103,644
Georgia	1	9	\$18,012	\$199,464
Kyrgyzstan	2	7	\$31,824	\$361,920
Kosovo	2	1	\$14,892	\$1,452
Macedonia	0	1	-	\$68,664
Moldova	0	5	-	\$100,536
Montenegro	0	1	-	\$29,208
Pakistan	2	0	\$657,026	-
Russia	1	0	\$172,225	-
Serbia	1	5	\$4,800	\$117,384
Ukraine	9	13	\$267,744	\$603,216
Totals	23	51	\$1,733,735	\$1,742,789

Source: IBB OMPP-Prague

IBB's affiliate contracts are advertised in Fed Biz Ops under "international affiliate broadcasters." As part of contract negotiation, OMPP-Prague uses previous experience with the affiliate in addition to market research trips to the region, ratings information, input from OMPP-Prague contractors on the ground, embassies, and the broadcasters to ensure that the best price is negotiated. The contract negotiation documents for each affiliate are kept in the files.

In many affiliate contracts, OMPP-Prague does a sole source justification because there is only one qualified media outlet that OMPP-Prague wants to work with for political reasons, reputation, ratings, or overall fit with the OMPP-Prague products. In the case of markets where several viable options are available, for example in Pakistan, OMPP-Prague puts out a solicitation with the help of IBB's Office of Contracts and Office of General Counsel every step of the way. For most affiliations, OMPP-Prague uses standard contract language.

Because OMPP-Prague and RFE/RL's marketing office are colocated, the offices frequently work together. The relationship between the two offices is good. RFE/RL has its own budget for advertising and only requests services from OMPP-Prague for coordination or assistance in issues with the affiliates.

OMPP-Prague has problems getting invoices paid for its affiliates. About 5 years ago, the BBG chief financial officer decided that affiliate leases would be paid from Washington. This decision meant that the IBB marketing office in Washington would be involved because OMPP-Prague did not have the financial system to enter the financial cost of the leases. As a result, the

IBB marketing office in Washington became a bottleneck because all lease actions were routed through the marketing office before being processed for payment in the financial office.

When OMPP-Prague is late paying its affiliates, the affiliates cannot pay their employees on time. The current chief financial officer favors having the leases processed in Prague by the embassy financial management personnel. After reviewing how long it takes for affiliates to get paid, which varies between 2 to 3 months, the inspection team endorses this change of procedure by BBG. There may be start-up problems at first with this new process; however, it will streamline payments because invoices are received in Prague and will be processed in country. At the time of the inspection, OMPP-Prague was piloting the new process and working through the problems with the Embassy Prague financial management section and Charleston Financial Service Center.

Information Technology

OMPP-Prague receives most information management support through RFE/RL. OMPP-Prague personnel are highly satisfied with RFE/RL information technology services, but no service agreement between the two offices exists and expectations of services are unclear. Without such an agreement, questions about service expectation may arise in the future.

Informal Recommendation 4: The Broadcasting Board of Governors should direct the Regional Marketing and Program Placement Office in Prague to prepare a written agreement with Radio Free Europe/Radio Liberty documenting its information technology support.

BBG also pays through ICASS—almost \$2,500 in FY 2012—for information management technical support. This payment includes the cost of two FOBs (security tokens) that are required to provide remote access to the Department of State’s network. One of the FOBs is for the OMPP-Prague timekeeper who, because issuance of a FOB to a locally employed staff member was not common, had to travel across town to the embassy to process time and attendance records. She then brought the records to OMPP-Prague for the director’s review and returned to the embassy to submit the final draft and take the approved report. Providing a FOB to the timekeeper reduced wasteful crosstown trips. The embassy supported OMPP-Prague to streamline this process.

Embassy Relationship and International Cooperative Administrative Support Services

OMPP-Prague maintains excellent rapport with the embassy and is satisfied with administrative services that it receives through ICASS. The office director participates in ICASS meetings and is a member of the embassy housing board and awards committee. He attends country team meetings and feels part of the embassy community.

In reviewing BBG’s ICASS invoice, the inspection team found that the office is charged \$5,377 for information management services, including the management of two Department

email accounts and the use of the Department's information technology network. In addition, the embassy manages the procurement of OMPP-Prague mobile telephones. The office may want to reexamine the costs for the information management services that it receives. An adjustment in this amount, as small as it may seem, may produce cost savings.

Security

The office director, four locally employed staff members, and two personal services contractors are under chief of mission authority of Embassy Prague. They are subject to the May 2001 memorandum of understanding between the Department of State and BBG that describes standards and required levels of security for these types of organizations. Being colocated in RFE/RL headquarters building, they benefit from its security system.

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 the Office of Marketing and Program Placement in Prague clarify the promotion potential in its deputy director position description and vacancy announcement if the position is advertised.

Informal Recommendation 2: The Broadcasting Board of Governors should require that the Regional Office of Marketing and Program Placement in Prague report the unauthorized commitment to the International Broadcasting Bureau's senior procurement executive for ratification.

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Principal Official

	Name	Arrival Date
Director	Adam Gartner	09/04 05/12*

*Adam Gartner has been the BBG/IBB Director since May 2012; he was previously the deputy director from his arrival in 2004 until January 2012 when he became acting Director.

Abbreviations

BBG	Broadcasting Board of Governors
Department	U.S. Department of State
IBB	International Broadcasting Bureau
ICASS	International Cooperative Administrative Support Services
OIG	Office of Inspector General
OMPP-Prague	Office of Marketing and Program Placement in Prague
RFE/RL	Radio Free Europe/Radio Liberty
VOA	Voice of America

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