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AND THE BROADCASTING BOARD OF GOVERNORS
OFFICE OF INSPECTOR GENERAL

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Office of Inspections

February 2013

**Inspection of
the International Broadcasting Bureau's
Philippines Transmitting Station**

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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 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.

METHODOLOGY

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



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

PREFACE

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

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

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

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

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

Harold W. Geisel
Deputy Inspector General

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Key Judgments

- The International Broadcasting Bureau's (IBB) Philippines Transmitting Station provides shortwave and mediumwave broadcasting support to China and Southeast Asia. The station also supports satellite relay service for Voice of America (VOA) and other Broadcasting Board of Governors' (BBG) operations. The station operates efficiently and meets IBB performance standards.
- BBG has tentatively planned to close the Poro transmitting site, a step that will reduce operating costs annually by \$650,000. IBB has not formally communicated instructions to close the site, however, and the station has not made plans to implement closure pending authorization from Congress and resolution of the President's FY 2013 Budget Request.
- The main transmitting station at the Tinang site has assumed responsibility for remote control operations in the Poro, Saipan, and Tinian sites, a practice that has allowed staff reductions and cost savings. Overall staffing levels have declined by 12 positions since the last inspection in 2006.
- Long-standing community outreach programs and land use programs build goodwill with the station's local neighbors but pose potential conflict-of-interest risks. The station is adequately managing these risks at present.

The inspection took place in Washington, DC, between September 4 and 21, 2012, and in Tinang, the Philippines, between October 24 and 25, 2012. [REDACTED]

Context

Station History

The U.S. Government began broadcasting in the Philippines in 1945. At present, IBB operates two transmitting stations on the Island of Luzon, located in Tinang and Poro. Broadcasting began at these sites in 1969. Tinang, located about 80 miles from Manila, is the larger facility, approximately 2,370 acres in size. The Poro site has been reduced in size and scope of operation in recent years. Located about 115 miles from Tinang, it currently broadcasts a mediumwave signal approximately 5 hours daily. IBB also operates domestic sites in the Commonwealth of the Northern Mariana Islands, one on Saipan and one on Tinian, that fall under the Tinang station's operational control.

Mission

The Tinang station transmits BBG programs by shortwave and satellite relay. Programs include those of VOA and Radio Free Europe/Radio Liberty. These programs, in English and a range of local languages, are directed to audiences in the Middle East; Russia; South, Southeast, and Central Asia; China; Tibet; and Korea.

Consonant with BBG's strategic goal of employing "leading-edge communications techniques and technologies," the Tinang site remotely controls the transmission at Poro of mediumwave broadcasts in English, Cantonese, and Vietnamese. This station also remotely controls IBB broadcast facilities in Saipan and Tinian in the Commonwealth of the Northern Mariana Islands. Conversely, IBB in Washington remotely controls some operations in Tinang.

Reciprocal agreements require the Tinang station to broadcast programs of the Philippines Broadcast Service and the Vatican, a modest commitment that does not present a drain on the station's resources.

International Broadcasting Bureau Resources

The Tinang site consists of a large antenna farm and two fenced compounds. The first compound contains the power generator building. The second includes temporary duty quarters and an operations building. Most employees work in the site's two main buildings: the transmitter building, which also contains the administrative offices, and the facilities building. Several other buildings on the compound house a small canteen, maintenance shops, and equipment-storage space. The station's U.S. direct-hire employees stay in the temporary duty quarters from Monday through Thursday. They commute 2.5 hours to Tinang from Manila on Monday mornings. At the Poro mediumwave station, four locally employed (LE) staff members provide on-site maintenance, reporting to the station manager in Tinang.

The BBG's Office of Strategy and Development supports one contract worker in the Philippines, at Quezon City. Reporting to the regional marketing officer based in Bangkok, the contract worker promotes interest among Filipino radio and television broadcasters in carrying BBG programs.

Executive Direction

A Senior Foreign Service officer serves as the station manager. At the time of the inspection, one other American, a construction manager, was assigned to Tinang, and a third was slated to arrive. The construction manager has regional responsibilities to support construction projects at IBB facilities in the region and travels outside the country frequently.

LE staff members include 69 employees augmented by workers provided under the terms of a master labor contract with a Filipino company. Morale at Tinang is satisfactory. Staff members generally have a clear idea of their responsibilities. Most said they were satisfied with their work and with the working environment at the station. Several commented that the station manager took his open-door policy seriously and made himself available to employees wishing to consult him or bring up their concerns. However, lower level local employees tended to feel more remote from station management and lacked a sense of how decisions were made. [REDACTED]

Local employees expressed concern about the availability and equity of training opportunities. The station has provided limited training to staff members and has designated a training officer to oversee allocation of training resources, consistent with IBB Transmitting Station Instructions. Most, although not all, of the staff members interviewed by the OIG team asserted that they were not receiving adequate training, especially technical training in their area of responsibility. The notable degree of concern about training may have reflected, in some cases, poor communication on the part of local supervisors. The OIG team discussed this issue with the station manager.

Mission and Program Implementation

The Tinang station reports an availability rate consistently greater than 99 percent. Availability is a key performance measure that gauges the percentage of time the station is actually broadcasting its programs to target countries. IBB Philippines Transmitting Station availability averages are on a par with those of other IBB transmitting stations.

The station has two primary program responsibilities. It broadcasts BBG programs on shortwave and, in Poro, on mediumwave frequencies. The station also receives a high volume of compressed digital files from IBB in Washington that are retransmitted to IBB facilities and private and non-U.S. Government stations that broadcast the programs to their own audiences. The OIG team did not visit the Poro and Commonwealth of the Northern Mariana Islands sites but did interview LE staff members by telephone. The Poro facility is operated remotely from Tinang, and the four local employees posted there report to the Tinang station manager. Their work is limited to maintenance.

One goal of the current BBG strategic plan is to “rationalize program delivery,” an effort that includes deciding which shortwave and mediumwave transmission facilities should continue to operate and which should be closed. In that context, IBB’s enhanced emphasis on satellite transmission of radio and television products at Tinang is well placed. The station manager is overseeing a number of construction projects at Tinang, including a significant expansion of the master control room. The control room project was 90 percent completed in October 2012 and will facilitate remote control of the Tinang, Poro, and Commonwealth of the Northern Mariana Islands sites and of the satellite retransmitting operations.

Other ongoing projects included the repair and replacement of building chillers, wiring, water lines, antenna tower lights, relays, and transformers. The station manager successfully tracked all these projects in monthly status reports to IBB. He reported no difficulties in receiving support for these projects from IBB. Relationships with the embassy and the host government are strong.

Poro Site

The Poro site broadcasts a mediumwave signal that delivers VOA programs in English, Cantonese, Special English,¹ and Vietnamese. At the time of the inspection, the signal was being broadcast approximately 5 hours a day. According to IBB officials, listenership statistics suggest that Poro site programming is not reaching its target audience. Possible causes include engineering limitations in the site’s design that stem from the requirement to protect other stations from interference, jamming of mediumwave signals, nonuse of mediumwave radios in target markets, and programming of limited interest to target markets, among others.

The President’s FY 2013 Budget Request released on February 13, 2012, included a proposed program reduction entitled, “Close Obsolete Poro Transmission Facility.” Also, in its April 20, 2012, meeting, BBG instructed the IBB Director to accelerate plans to close the Poro

¹ Special English is a simplified form of the English language that VOA uses for intermediate English speakers.

site. Doing so would reduce annual operating costs by \$650,000 and allow IBB to reprogram funds to China and Tibet broadcasting and add a VOA satellite broadcasting component to these target markets. At the time of the inspection, BBG had not received congressional authorization needed to proceed with the closure of the Poro transmitting facility, pending resolution of the FY 2013 budget request. Therefore, IBB has not formally communicated to station management instructions to close the Poro site, and station management has not developed a closure plan.

Community Outreach

Several relatively modest community outreach programs have been in place for decades in Tinang under the rubric of fostering harmonious relations with the population in the five villages that surround the property. In years past, the communist New People's Army was active in the region. Although the potential for abuse of these programs exists, the OIG team believes that the oversight and safeguards in place minimize the risk.

The station occupies 2,370 acres of land leased from the Government of the Philippines. Approximately one-third of the area is dedicated to station operations, and 1,401 acres of the property are cultivated by local villagers based on long-standing agreements with the station. Plots of land, ranging from 1 to 6 acres, are allocated on an annual basis to poor villagers from five surrounding villages. Elected village leaders select families for participation in the program based on need and forward their names to the station manager for review and final approval. The station and each approved farmer then sign an agreement document that outlines the terms of land use. Each village leader overseeing the program also signs a document, agreeing to assign land in a fair and transparent way. A member of the station's LE staff oversees the program and monitors the villagers' day-to-day adherence to program requirements. The station donates use of the land free of charge, allowing the individual farmers involved to reap the full monetary benefit from the crops they grow on the station's grounds.

The station also supports a program that feeds 10 poor families from each of the 5 neighboring villages. Station employees deliver rice, canned goods, and noodles to the recipients. The senior elected official in each village selects participants. The station manager approves the families' participation after a local member confirms their indigent status.

Resource Management

The IBB Philippines Transmitting Station operates efficiently in its four primary locations in Tinang, Poro, and the Commonwealth of the Northern Mariana Islands of Saipan and Tinian. The primary resource management challenge facing the station is the future of the Poro site and associated plans to close the site, which have been discussed in Washington but not formally communicated to the station. If implemented, closure would require coordination on personnel and property issues associated with termination of operations.

To reduce operating costs, the IBB Philippines Transmitting Station implemented remote control operations to allow control of the Tinang, Poro, and Commonwealth of the Northern Mariana Islands sites from the master control room at the Tinang station. Most of the Tinang station's transmitting antennas date from 1969, but capital infrastructure appears to be in good condition overall.

Resource Profile

The IBB Philippines Transmitting Station has the following resources:

- FY 2012 estimated budget of \$7.61 million.
- An on-board staff level of 3 U.S. direct-hire employees and 71 LE staff members.
- Assets valued at \$52 million, including capitalized property such as the following:

Shortwave transmitters and antennas
Mediumwave transmitter and antenna
Satellite Interconnect System
Buildings in four locations: Tinang site and Poro site
Generators, electrical equipment, and switch gear
Office supplies and transmitting equipment

Source: Transmitting Station Manager – data as of October 2012.

Human Resources

The IBB Philippines Transmitting Station has undergone two reductions-in-force since 2000. Since the last inspection in 2006, the total number of on-board employees declined from 89 to 72. The IBB Philippines Transmitting Station reports a total of 19 vacant positions on the embassy's official staffing pattern. IBB management expects that further staffing reductions will be likely if the Poro transmitting station closes.

Budget and Financial Issues

The IBB Philippines Transmitting Station has an operating budget of \$7.61 million. Investments in remote control technologies have allowed the station to reduce substantially the number of positions needed to support the Poro and the Commonwealth of the Northern Mariana Islands sites. The station reports no outstanding issues with the host government on administrative operations.

Property Management

The IBB Philippines Transmitting Station has in place procedures to enter real property, vehicles, capitalized property, and nonexpendable property into the Property Inventory Processing System. A spot check of vehicles and nonexpendable property identified no discrepancies. The station conducted its annual inventory reconciliation and submitted its results to IBB, with no reported shortages or overages.

Safety

The IBB Philippines Transmitting Station's safety plan is up to date and meets all requirements. The station conducts periodic safety training and records employee participation, as required. Employees reported that the station manager takes safety seriously and treats it with the high priority it deserves. The Tinang site hosts an on-site nurse and medical unit; emergency equipment is staged in appropriate locations and maintained correctly. The site has its own small fire truck, trained first responders, and an active chemical biological response team. Except for minor cuts, there have been no major safety incidents at any of the transmitting station's sites in recent years.

Procurement

The IBB Philippines Transmitting Station procured \$4.93 million in goods and services in FY 2012, about half of which was for commercial electricity. The station employs the full range of acquisition methods, including petty cash, purchase orders, blanket purchase agreements, and contracts. Blanket purchase agreements, petty cash, and purchase card records are controlled and reconciled appropriately. With respect to purchase orders, in some cases, signatures from the receiving officer, the American accountable property officer, and property custodian were not found in the simplified acquisition procurement files that the inspectors reviewed. In one case, an employee outside the contracting office was involved in the negotiation process for an item to be procured. The OIG team counseled station management on the need to fully document internal controls applicable to receiving and to reiterate the importance of keeping procurement activities under the direct control of contracting office personnel.

Information Management

The information management unit is undertaking a complete renovation and replacement of the Tinang station's master control room. When completed, this project will facilitate more efficient monitoring and remote control of all three transmitting sites from the Tinang station. The unit's responsibilities include maintaining the satellite data feed and the control room and

providing stationwide information management support. The information specialist is the information systems security officer; IBB provides offshore monitoring of selected network security functions.

The IBB Philippines Transmitting Station does not maintain off-site backup media to allow data recovery in the event of a disruption such as a fire or natural disaster. American employees travel to Manila weekly and have the ability to transport backup storage media to an off-site location.

Informal Recommendation 1: The International Broadcasting Bureau should transport backup storage media for its Philippines transmitting station network to Manila on a weekly basis.

Management Controls

Overall, the IBB Philippines Transmitting Station has in place satisfactory internal controls over government property, procurement, and information technology. Because the station is a small operation overseen by only three American officers, separation of duties cannot be fully implemented for all internal controls. In addition, the station's remote locations make day-to-day oversight more challenging for the three subsidiary station locations.

The station has outsourced to a local contractor a master workforce contract that includes services such as motor vehicle support, gardening and janitorial services, radio technician services, and medical services. This contract is valued at \$545,000 annually. The OIG team noted that the owner of the contract company is an (b) (5) who also participates in the selection of participants in the station's community outreach farming program. (b) (5) IBB Philippines Transmitting Station management is aware of the (b) (5) does not oversee contractor activities. Continued vigilance is necessary to ensure that all contracting activities associated with this contract comply fully with the Federal Acquisition Regulation and that appropriate documentation is in place to support contract award and administration.

Property Management

Property management procedures do not comply with requirements in 14 *Foreign Affairs Manual* (FAM) 410 and in Transmitting Station Instruction -108 with respect to receiving and inventory procedures. Under current procedures, the IBB Philippines Transmitting Station does not have a centralized receiving point for the receipt of accountable property. A total of 11 employees are formally designated as receiving officers, including 2 contracting officers who normally are not permitted to receive government property. The station manager is formally designated as a contracting officer, receiving officer, and accountable property officer, roles that must be separated to the extent possible. Property custodians both receive property and help conduct the annual inventory. The lack of separation of duties for receiving and conducting inventory procedures (b) (5)

Recommendation 1: The International Broadcasting Bureau should publish an updated standard operating procedure to designate a single locally employed receiving officer, centralize receiving procedures for accountable property, and maintain separation of duties during the annual inventory process. (Action: IBB)

Cashier Operations

The IBB Philippines Transmitting Station employs a Class B cashier with an (b) (5) operating advance. The inspectors conducted a cash count and found that the Class B cashier does not conduct daily reconciliations of her operating cash advance and transactions, as required by 4 *Foreign Affairs Handbook* (FAH)-3 H-397.1-1. The lack of daily reconciliation results in delays in electronically transmitting transactions and extends the processing time for in-transit items.

Recommendation 2: The International Broadcasting Bureau should review and publish procedures to require daily reconciliation of the Class B cashier's operating advance on days when the cashier conducts transactions. (Action: IBB)

Security

The regional security office in Manila provides effective and comprehensive support to the IBB Philippines Transmitting Station's Tinang and Poro sites. A classified annex to the Embassy Manila inspection report contains discussion about the transmitting station's security programs.

List of Recommendations

Recommendation 1: The International Broadcasting Bureau should publish an updated standard operating procedure to designate a single locally employed receiving officer, centralize receiving procedures for accountable property, and maintain separation of duties during the annual inventory process. (Action: IBB)

Recommendation 2: The International Broadcasting Bureau should review and publish procedures to require daily reconciliation of the Class B cashier's operating advance on days when the cashier conducts transactions. (Action: IBB)

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 International Broadcasting Bureau should transport backup storage media for its Philippines transmitting station network to Manila on a weekly basis.

Principal Officials

	Name	Arrival Date
Ambassador	Harry K. Thomas, Jr.	04/10
Station Manager	David J. Strawman	02/12

Abbreviations

BBG	Broadcasting Board of Governors
FAH	<i>Foreign Affairs Handbook</i>
FAM	<i>Foreign Affairs Manual</i>
IBB	International Broadcasting Bureau
LE	Locally employed (staff)
OIG	Office of Inspector General
VOA	Voice of America



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Office of Inspector General
U.S. Department of State
P.O. Box 9778
Arlington, VA 22219