



OIG

Office of Inspector General

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

AUD-FM-IB-17-40

Office of Audits

May 2017

# Audit of Broadcasting Board of Governors FY 2016 Compliance With Improper Payments Requirements

## FINANCIAL MANAGEMENT DIVISION

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# OIG HIGHLIGHTS

AUD-FM-IB-17-40

## What OIG Audited

In FY 2016, improper Federal payments Government-wide totaled approximately \$144 billion. The Improper Payments Information Act (IPIA), as amended, requires Federal agencies to annually identify programs and activities at high risk of improper payments and estimate the amount of improper payments, among other requirements. In addition, inspectors general are required to annually determine whether agencies are in compliance with improper payments requirements.

The Office of Inspector General (OIG) conducted this audit to determine whether the Broadcasting Board of Governors (BBG) was in compliance with IPIA, as amended. Specifically, OIG determined whether BBG conducted a risk assessment for significant programs and evaluated whether BBG reported the required improper payments information in its FY 2016 Performance and Accountability Report (PAR). In addition, OIG performed procedures to determine whether BBG complied with the Office of Management and Budget (OMB) requirements for testing and reporting programs identified as susceptible to significant improper payments.

## What OIG Recommends

Because BBG was found to be in compliance with improper payment requirements for FY 2016, OIG is not offering recommendations as a result of this audit.

BBG's comments to a draft of this report are reprinted in Appendix C.

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OFFICE OF AUDITS

Financial Management Division

## Audit of Broadcasting Board of Governors FY 2016 Compliance With Improper Payments Requirements

### What OIG Found

OIG found that BBG was in compliance with improper payment requirements for FY 2016, as presented in Table 1.

**Table 1: Compliance with Improper Payment Criteria**

Improper Payment Criteria	Compliance
Conducted Risk Assessment	Yes
Published PAR	Yes
Published Estimate	Yes
Published Corrective Actions	Yes
Published and Met Reduction Targets	Yes*
Published Error Rate Less Than 10 percent	Yes

\* BBG was required to publish a reduction target for FY 2016; meeting the reduction target applies beginning in FY 2017.

**Source:** OIG created using criteria from OMB Circular A-123, Appendix C.

OIG found that BBG complied with the requirement to perform program-specific risk assessments. Specifically, BBG elected to perform annual risk assessments of all key programs. BBG performed qualitative risk assessment testing for nine programs and quantitative risk assessment testing of the Voice of America, the Office of Cuba Broadcasting, the International Broadcasting Bureau, and domestic payroll. Domestic payroll was identified as a program susceptible to significant improper payments in BBG's FY 2015 report. As a result, BBG performed additional testing of domestic payroll in FY 2016, as required.

BBG also published an FY 2016 PAR that included the required improper payments information in accordance with OMB Circular A-136, "Financial Reporting Requirements" on its public website.

Further, OIG found that BBG complied with OMB requirements for testing and reporting programs identified as susceptible to significant improper payments. Specifically, BBG obtained OMB approval for an alternative sampling and estimation methodology and published improper payment estimates, corrective action plans, reduction targets, and error rate information in its FY 2016 PAR.

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## CONTENTS

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OBJECTIVE.....	1
BACKGROUND .....	1
BBG Mission and Organization.....	2
AUDIT RESULTS.....	3
APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY.....	9
Prior Reports.....	10
Work Related to Internal Controls.....	10
Use of Computer-Processed Data.....	10
APPENDIX B: PRIOR OIG RECOMMENDATIONS.....	11
APPENDIX C: BROADCASTING BOARD OF GOVERNORS RESPONSE.....	12
ABBREVIATIONS.....	13
OIG AUDIT TEAM MEMBERS.....	14

## OBJECTIVE

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The Office of Inspector General (OIG) conducted this audit to determine whether the Broadcasting Board of Governors (BBG) was in compliance with the Improper Payments Information Act of 2002<sup>1</sup> (IPIA), as amended. Specifically, OIG determined whether BBG conducted a program-specific risk assessment for all programs covered by the Office of Management and Budget (OMB) requirements and evaluated whether BBG reported the required improper payments information in its FY 2016 Performance and Accountability Report (PAR). In addition, OIG performed procedures to determine whether BBG complied with OMB requirements for testing and reporting programs identified as susceptible to significant improper payments.

## BACKGROUND

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According to the Department of the Treasury, improper Federal payments Government-wide totaled approximately \$144 billion in FY 2016.<sup>2</sup> Improper payments are payments that should not have been made or that were made in an incorrect amount. Improper payments include overpayments and underpayments that are made to eligible recipients, duplicate payments, payments made to an ineligible recipient, payments for an ineligible good or service, payments for goods or services not received (except for such payments authorized by law), payments that do not account for credit for applicable discounts, and payments for which an agency cannot determine whether the payments were proper because of a lack of or insufficient supporting documentation.

The Federal Government has taken steps to identify and reduce improper payments. In 2002, Congress enacted IPIA, which required Federal agencies to annually review programs and activities<sup>3</sup> to identify programs that may be susceptible to significant improper payments, estimate the annual amount of improper payments, and report the actions taken to reduce improper payments.

In July 2010, the Improper Payments Elimination and Recovery Act<sup>4</sup> (IPERA) clarified the programs to be reviewed and expanded improper payments recapture activities. IPERA also required inspectors general to annually determine whether agencies were in compliance with improper payment requirements and established additional requirements for agencies that were deemed noncompliant.

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<sup>1</sup> Pub. L. No. 107-300.

<sup>2</sup> Department of the Treasury, "Improper Payment Rates Across the Federal Government," <<https://paymentaccuracy.gov/improper-payment-rates-across-the-federal-government/>>, accessed on 4/10/2017.

<sup>3</sup> The term "program and activity" is referred to in this report as "program."

<sup>4</sup> Pub. L. No. 111-204.

In January 2013, the Improper Payments Elimination and Recovery Improvement Act of 2012<sup>5</sup> (IPERIA) was enacted. IPERIA further amended IPIA by requiring, among other things, that OMB identify high-priority Federal programs for greater levels of oversight and review,<sup>6</sup> provide guidance to agencies for improving estimates of improper payments, and establish a working system for prepayment and preaward review. IPERIA also amended the definition of “payment” to include payments made to employees.

In October 2014, OMB issued guidance for agencies implementing IPIA, IPERA, and IPERIA requirements as Appendix C, “Requirements for Effective Estimation and Remediation of Improper Payments,” of OMB Circular A-123, “Management’s Responsibility for Enterprise Risk Management and Internal Control.”<sup>7</sup> Among other things, the guidance defines the programs and payments that agencies must assess for the risk of improper payments and provides requirements for determining whether the risk of improper payments is significant, for developing an estimate of improper payments, for performing recapture audit activities, and for reporting improper payments activities.

## **BBG Mission and Organization**

BBG, an independent Federal agency, supervises all U.S. Government-supported civilian international broadcasting. BBG’s mission is to inform, engage, and connect people around the world in support of freedom and democracy. The BBG Federal broadcasting organizations include the Voice of America (VOA) and the Office of Cuba Broadcasting (OCB), as well as the management and support offices in the International Broadcasting Bureau (IBB). BBG also oversees three grantee organizations: Radio Free Europe/Radio Liberty, Middle East Broadcasting Networks, and Radio Free Asia. The three grantees receive funding from the Federal Government but are organized and managed as private nonprofit corporations.

BBG’s Chief Financial Officer serves as BBG’s principal financial and budget officer. The Chief Financial Officer is responsible for, among other things, overseeing all financial management activities relating to BBG programs and operations, establishing effective financial management policies and management controls, and ensuring that BBG is in compliance with the requirements of Executive orders and OMB circulars.

Within the Office of the Chief Financial Officer, the Office of Financial Operations is responsible for the daily financial operations, accuracy of financial management records, prompt processing of payments, collection of accounts receivable, and facilitation of BBG’s annual financial statement audit. The Financial Services Branch, within the Office of the Chief Financial Officer, processes payments initiated by domestic offices, including payments to domestic and overseas vendors, purchase card payments, and travel reimbursements. The Department of State

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<sup>5</sup> Pub. L. No. 112-248.

<sup>6</sup> BBG does not have any high-priority programs, as identified by OMB.

<sup>7</sup> OMB Circular A-123 was updated in July 2016; however, Appendix C of Circular A-123 (dated October 2014) remains in effect.

processes payments initiated by BBG's overseas locations on behalf of BBG. During FY 2016, BBG reported outlays<sup>8</sup> totaling approximately \$752 million.

## AUDIT RESULTS

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### Finding A: BBG Was in Compliance With Improper Payments Requirements

OIG found that BBG complied with improper payment requirements.<sup>9</sup> Specifically, BBG conducted program-specific risk assessments on significant programs, reported the required improper payments information in its FY 2016 PAR,<sup>10</sup> and published the PAR on its public website. OIG also determined that BBG complied with OMB requirements for testing and reporting programs identified as susceptible to significant improper payments. Specifically, OIG found that BBG obtained OMB approval for an alternative sampling and estimation methodology and published improper payment estimates, corrective action plans, reduction targets, and error rate information in its FY 2016 PAR.

#### *Program Risk Assessments Were Performed*

IPIA requires agencies to periodically review all programs and identify those that may be susceptible to significant improper payments. OMB Circular A-123, Appendix C, defines significant improper payments as gross annual improper payments in a program exceeding (1) both 1.5 percent of program outlays and \$10 million of all program payments made during the fiscal year or (2) \$100 million. Agencies must institute a systematic method of performing the risk assessments. Agencies may perform either a quantitative evaluation methodology based on a statistical sample or a qualitative assessment of risk factors likely to contribute to significant improper payments in performing risk assessments.

For programs that an agency initially determines are not high-risk programs, the agency must conduct a risk assessment at least once every 3 years thereafter. However, agencies are required to consider annually whether significant changes to either legislation or funding would affect each program's risk susceptibility. BBG's process is to first perform qualitative risk assessment

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<sup>8</sup> Outlays include the issuance of checks, the disbursement of cash, or the electronic transfer of funds made to liquidate a Federal obligation.

<sup>9</sup> OMB Circular A-123, Appendix C, identifies six requirements that agencies must meet to be compliant with improper payment requirements: (1) conduct a program specific risk assessment for each program; (2) publish a PAR for the most recent fiscal year and post the report and accompanying materials required by OMB to the agency website; (3) publish improper payment estimates for all programs identified as susceptible to improper payments, if required; (4) publish programmatic corrective actions plans in the PAR, if required; (5) publish and meet annual reduction targets for each program at risk for improper payments, if required; and (6) report a gross improper payment rate of less than 10 percent for each program for which an improper payment estimate was obtained and published in the PAR. Requirements 3 through 6 apply to agencies that have identified programs susceptible to significant improper payments. BBG identified domestic payroll as a program susceptible to significant improper payments in FY 2015.

<sup>10</sup> Federal agencies may publish their financial statements in either a PAR or an Agency Financial Report. BBG elected to use the PAR format.

testing followed by quantitative risk assessment testing. BBG chooses to perform qualitative risk assessments for all programs annually and has implemented a 3-year rotational approach for quantitative risk assessments so that each program is tested once every 3 years.

### *Qualitative Risk Assessments Were Performed*

Although not required,<sup>11</sup> BBG elected to perform annual qualitative risk assessments as part of its IPIA control procedures. BBG contracted an independent public accounting firm to perform its annual qualitative testing in FY 2016. BBG identified nine key programs for the qualitative risk assessment testing: VOA; IBB; OCB; Radio Free Europe/Radio Liberty; Radio Free Asia; Middle East Broadcasting Networks; Office of Technology, Services, and Innovation; domestic payroll; and overseas payroll. The BBG contracted independent public accounting firm ranked each program on a scale of 1 to 5, with 1 defined as “very high risk” and 5 defined as “very low risk,” for eight risk factors:<sup>12</sup> Operational Risk, Complexity, Volume of Payments, Human Capital Risk, Historical Risk, Information Technology Risk, Compliance Risk, and Total Dollar Value. BBG calculated the average of the eight factor ratings to arrive at the overall risk for the program. The overall risk for the nine programs ranged from 2.45, moderate risk, to 4.75, very low risk.

### *Quantitative Risk Assessments Were Performed*

The BBG-contracted independent public accounting firm performed quantitative risk assessment testing of VOA, OCB, and IBB as part of BBG’s 3-year rotational testing approach. In addition, BBG was required to perform testing of domestic payroll for FY 2016 because its FY 2015 testing results identified domestic payroll as a program susceptible to significant improper payments. To perform the quantitative analyses, the contracted independent public accounting firm tested a statistical sample of expenditures for the four programs. As detailed in Table 1, the independent public accounting firm tested 580 payments, approximately 0.5 percent, of the 70,992 payments made for the 4 programs. These payments amounted to approximately \$2.3 million, less than 1 percent, of the approximately \$323 million in VOA, OCB, IBB, and domestic payroll payments.

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<sup>11</sup> OMB Circular A-123, Appendix C, states “[f]or programs that are deemed to be low risk of significant improper payments, agencies must perform risk assessments at least once every [3] years thereafter. However, if a low risk program experiences a significant change in legislation and/or a significant increase in its funding level, agencies are required to re-assess the program’s risk susceptibility during the next annual cycle, even if it is less than [3] years from the last risk assessment.”

<sup>12</sup> For the qualitative risk assessment, BBG reports eight risk factors and OMB Circular No. A-123, Appendix C memorandum M-15-02, identifies nine risk factors. BBG combines two OMB risk factors (i. new programs and iii. volume of annual payments) into its “Operational Risk” risk factor category.

**Table 1. Results of Program Testing by the BBG-Contracted Independent Public Accounting Firm**

Program	Number of Payments	Value of Payments (\$)	Number Tested	Value Tested (\$)	Number of Improper Payments	Value of Improper Payments (\$)	Error Rate Percent of Improper Payments
VOA	23,510	68,098,218	145	322,847	3	997	0.31
OCB	3,811	9,146,320	145	465,043	1	211	0.05
IBB	3,527	25,800,406	145	898,516	1	68	0.01
Domestic Payroll	40,144	219,680,724	145	594,617	13	1,637	0.28
<b>Total</b>	<b>70,992</b>	<b>\$322,725,668</b>	<b>580</b>	<b>\$2,281,023</b>	<b>18</b>	<b>\$2,913</b>	

**Source:** OIG prepared from data provided by BBG.

The results of quantitative testing for VOA, OCB, and IBB showed that these programs are not at risk of significant improper payments as defined in OMB Circular A-123, Appendix C. Domestic payroll was tested and reported in accordance with OMB requirements, despite the results of the quantitative testing also being below OMB's significant improper payments thresholds.

### ***Required Improper Payments Information Was Reported***

IPIA states that for an agency to be in compliance with the act, the agency must publish an Agency Financial Report or PAR<sup>13</sup> for the most recent fiscal year and post that report, with the information on improper payments required by OMB, on the agency's website. OMB Circular A-123, Appendix C, requires agencies to disclose specific information relating to improper payments in their annual PAR in the format provided in OMB Circular A-136, as revised, "Financial Reporting Requirements."

BBG published an FY 2016 PAR and posted it on its public website. The FY 2016 PAR included the required improper payments information. Specifically, in accordance with OMB Circular A-136, BBG included in its PAR summary information on BBG's improper payments program; applicable laws and regulations; a description of BBG's improper payments risk assessment process; a listing of all programs assessed for risk in FY 2016; a description of BBG's payment recapture audit program, including the results of recapture activities; and BBG's "Do Not Pay Initiative" procedures. In addition, the PAR contained additional disclosures required in FY 2016 related to domestic payroll, which was identified as a program susceptible to significant improper payments.

### ***Domestic Payroll Identified as Susceptible to Significant Improper Payments***

When risk assessments identify programs susceptible to significant improper payments, OMB Circular A-123, Appendix C, states that the following fiscal year "[a]ll programs and activities susceptible to significant improper payments shall design and implement appropriate statistical

<sup>13</sup> BBG chooses to publish an annual PAR rather than an Agency Financial Report, which is permitted by OMB.



sampling and estimation methods to produce statistically valid improper payment estimates.” Agencies are required to document and submit a detailed sampling plan, along with certification that the plan will produce statistically valid estimates, to OMB by June 30 of the fiscal year. Agencies may submit requests for deviations to the methods described in OMB Circular A-123; however, OMB must approve any alternative. In addition, OMB Circular A-136 states that agencies shall briefly describe the statistical sampling process conducted to estimate the improper payment rate for each program and, if granted approval from OMB to use an alternative method, agencies must include the justification for the methodology in the PAR.

Because domestic payroll was identified as a program susceptible to significant improper payments in FY 2015, BBG was required to perform additional procedures in FY 2016 and include additional information related to the program in its PAR. On June 7, 2016, BBG proposed and certified an alternative sampling and estimation plan for domestic payroll. The alternative approach allowed BBG to report a component improper payment rate in FY 2016 and FY 2017,<sup>14</sup> and a full improper payment rate for all domestic payroll in FY 2018. OMB approved the alternative approach on September 16, 2016. BBG summarized its sampling procedures in the PAR, including its justification for the alternative method, as required.

#### *Improper Payment Estimate Was Published*

OMB Circular A-123, Appendix C, requires agencies with programs susceptible to significant improper payments to publish improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment. OMB Circular A-136 prescribes a specific table that agencies must include in the PAR for programs susceptible to significant improper payments. The table “Improper Payment Reduction Outlook” should describe the current year improper over and under payment amounts, improper payment rates, prior year information, if available, as well as reduction targets for the next 3 years.

BBG published the required improper payment table and included information related to domestic payroll in its FY 2016 PAR. The table disclosures contained information regarding BBG’s domestic payroll improper payment estimate of 0.28 percent or \$604,681 when projected to the population. Because FY 2016 was the baseline measurement year, the prior year information in the PAR was noted “NA” as required by OMB Circular A-136. BBG’s table included the required 3-year improper payment reduction projection.

#### *Corrective Action Plan Was Published*

OMB Circular A-123, Appendix C, requires agencies with programs susceptible to significant improper payments to publish programmatic corrective actions plans in the PAR. When developing corrective action plans, OMB Circular A-123, Appendix C, states that agencies shall identify the reasons their programs and activities are at risk of improper payments and put in

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<sup>14</sup> In FY 2016 and FY 2017, BBG’s component rate population will only include employees using the WebTA system, rather than all domestic payroll.

place a corrective action plan to reduce them. OMB Circular A-136 requires agencies to publish "Improper Payment Root Cause Category Matrix," a table that identifies the reason for the improper payment and the associated overpayment and underpayment for all programs susceptible to significant improper payments in the PAR. Using the table, OMB Circular A-136 requires agencies to publish corrective action plans for each type (that is, reason) of root cause identified and must include actions taken or planned, completion dates, and results. Further, for programs with improper payments that exceed thresholds, agencies are required to summarize internal controls over payments by describing efforts to ensure internal controls are operating effectively and publish another table, "Status of Internal Controls."

BBG prepared plans to reduce the improper payments in the domestic payroll program and published the plans and required tables in the FY 2016 PAR. BBG published the table "Improper Payment Root Cause Category Matrix," which identified "administrative or process error made by Federal agency" as the reason for the improper payments. Specifically, in its PAR, BBG identified timekeeper data entry errors of approved and certified timesheets into the payroll processing system as the root cause of improper payments in FY 2016, as well as erroneous entries of time by employees into the time and attendance system (WebTA). BBG developed corrective actions to address these issues, including implementation of an automated interface between WebTA and the payroll processing system to address timekeeper data entry errors and training for employees entering time into WebTA. BBG stated in its PAR that it expected that the automated interface would "address the main data entry issues that account for the majority of improper payments" and that it would be implemented in FY 2017. BBG also provided a summary of its internal controls over payments and "Status of Internal Controls," a table that showed four of five standards had sufficient controls in place to prevent improper payments and one had room for improvement.

### *Annual Reduction Targets Were Published*

OMB Circular A-123, Appendix C requires agencies with programs susceptible to significant improper payments to publish, and meet, annual reduction targets for each program at risk for improper payments. To meet and reduce improper payments, agencies shall set and publish reduction targets for future improper payment levels and a timeline within which the targets will be reached. Reduction targets must be approved by the Director of OMB.

Because FY 2016 is the first year BBG reported a program susceptible to significant improper payments, it was only required to publish a reduction target. Beginning in FY 2017, BBG is required to meet the stated reduction targets. BBG set a target to reduce the domestic payroll improper payments by 25 percent in FY 2017 and an additional 50 percent in FY 2018. After FY 2018, BBG aimed to have a zero percent improper payment rate. The Director of OMB approved<sup>15</sup> BBG's reduction targets, which were presented in the "Improper Payment Reduction Outlook" table in the PAR.

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<sup>15</sup> OMB Circular No. A-123, Appendix C states that the reduction target approval process takes place during OMB review and approval of an agency's draft PAR.

*Gross Improper Payment Rate Was Published*

OMB Circular A-123, Appendix C, requires agencies with programs susceptible to significant improper payments to report a gross improper payment rate of less than 10 percent for each program for which an improper payment estimate was obtained and published in the PAR.

BBG published in its PAR a rate of 0.28 percent for domestic payroll, as required.

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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The Improper Payments Elimination and Recovery Act of 2010<sup>1</sup> (IPERA), which amended the Improper Payments Information Act of 2002<sup>2</sup> (IPIA), requires the Office of Inspector General (OIG) to conduct an annual audit of the Broadcasting Board of Governors (BBG) compliance with improper payments requirements. In accordance with the IPERA requirement, OIG performed this audit to determine whether BBG was in compliance with IPIA, as amended by IPERA.

OIG's Office of Audits performed fieldwork from March to April 2017 at BBG's Office of Financial Operations in Washington, DC. OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

To obtain background for the audit, OIG researched and reviewed legislative requirements related to improper payments, Office of Management and Budget (OMB) guidance, a Government Accountability Office report<sup>3</sup> related to improper payments, information from BBG's external financial statement auditor, and BBG policies. In addition, OIG reviewed and analyzed prior OIG audit work to identify information relating to improper payments issues that had been reported previously.

During the audit, OIG determined whether BBG conducted a program-specific risk assessment for all programs covered by OMB requirements, evaluated whether BBG reported the required improper payments information in its FY 2016 Performance and Accountability Report (PAR), and performed procedures to determine whether BBG complied with OMB requirements for testing and reporting programs identified as susceptible to significant improper payments. To accomplish these objectives, OIG inquired with BBG officials to gain an understanding of BBG's processes for performing its risk assessment, identifying improper payments, and reporting improper payments information on its website. OIG reviewed and assessed BBG's policies and procedures for making payments, performing the risk assessment, conducting payment reviews, and reporting improper payments information. OIG also obtained and reviewed documentation supporting the risk assessment testing that was performed, reviewed the improper payments information disclosed in the FY 2016 PAR for sufficiency, and assessed BBG procedures to determine whether it was in compliance with OMB requirements for testing and reporting programs identified as susceptible to significant improper payments.

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<sup>1</sup> Pub. L. No. 111-204.

<sup>2</sup> Pub. L. No. 107-300.

<sup>3</sup> GAO, *Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended* (GAO-17-15, October 2016).

## Prior Reports

In May 2016, OIG reported<sup>4</sup> that BBG was in compliance with IPIA requirements. Specifically, BBG performed risk assessments for each of its programs and determined that domestic payroll was susceptible to significant improper payments. BBG published required IPIA information in its FY 2016 PAR and posted the report on its public website. Because BBG was found to be in compliance with improper payment requirements for FY 2015, OIG did not offer any recommendations.<sup>5</sup>

## Work Related to Internal Controls

OIG performed steps to assess the adequacy of internal controls related to the areas audited. Specifically, BBG officials completed OIG prepared questionnaires to update its understanding of the control environment ascertained during its prior year audits. OIG obtained and reviewed BBG's policies and procedures for making payments, performing risk assessments, and reporting improper payments information. OIG did not perform sample testing of these controls because it was beyond the scope of this audit.

## Use of Computer-Processed Data

OIG obtained computer-processed data, such as spreadsheets, to aid in determining whether BBG had complied with IPIA. More specifically, the data provided evidence that BBG had taken steps to comply with IPIA. OIG did not perform tests to validate the spreadsheet amounts because such testing was not necessary to accomplish the objective of this audit.

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<sup>4</sup> OIG, *Audit of Broadcasting Board of Governors FY 2015 Compliance With Improper Payments Requirements* (AUD-FM-IB-16-39, May 2016).

<sup>5</sup> See Appendix B: Prior OIG Recommendations for additional details.

## APPENDIX B: PRIOR OIG RECOMMENDATIONS

Table B.1 presents the status of the Office of Inspector General (OIG) recommendations from audits of the Broadcasting Board of Governors compliance with improper payment requirements for FYs 2013–15, that is, the three previous fiscal years.

**Table B.1: Prior OIG Recommendations – FYs 2013–15**

Report Number	Fiscal Year	Number	Recommendation	Status
AUD-FM-IB-14-22	2013	1	OIG recommends that the Broadcasting Board of Governors (BBG) develop and implement a methodology to strengthen its controls to ensure that BBG obtains and maintains sufficient and complete supporting documentation for payments.	Closed; Reissued in FY 2014
		2	OIG recommends that the Broadcasting Board of Governors notify the Office of Management and Budget and OIG of its determination that performing payment recapture audits for its programs in FY 2013 was not cost effective and provide the cost-benefit analysis supporting this determination.	Closed
AUD-FM-IB-15-30	2014	1	OIG recommends that the Broadcasting Board of Governors (BBG) develop and implement a methodology to strengthen its controls to ensure that BBG obtains and maintains sufficient and complete supporting documentation for payments.	Closed
AUD-FM-IB-16-39	2015		<i>OIG did not make any recommendations in this report.</i>	Not Applicable

Source: OIG-prepared.

## APPENDIX C: BROADCASTING BOARD OF GOVERNORS RESPONSE

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BROADCASTING BOARD OF GOVERNORS  
UNITED STATES OF AMERICA

April 25, 2017

U.S. Department of State  
Office of Inspector General  
Norman P. Brown  
Assistant Inspector General for Audits  
Washington, DC 20520

Dear Mr. Brown:

The Broadcasting Board of Governors (BBG) has reviewed the findings contained in the draft report of the Audit of BBG FY 2016 Compliance with Improper Payments Requirements.

BBG concurs with the OIG draft report that we are in substantial compliance with IPIA requirements. Additionally, we note that all prior year recommendations by the OIG are determined to be closed, therefore BBG has no current open recommendations.

Thank you for the opportunity to respond to this draft report.

Sincerely,

A handwritten signature in blue ink, which appears to read "John F. Lansing", is written over the typed name and title.

John F. Lansing  
Chief Executive Officer and Director

## ABBREVIATIONS

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BBG	Broadcasting Board of Governors
IBB	International Broadcasting Bureau
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
OCB	Office of Cuba Broadcasting
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
VOA	Voice of America



## OIG AUDIT TEAM MEMBERS

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Beverly J.C. O'Neill, Director  
Division of Financial Management  
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