



Office of Inspector General  
United States Department of State

# Inspector General Statement on the U.S. Agency for Global Media's Major Management and Performance Challenges

FISCAL YEAR 2018

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## INTRODUCTION

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Each year, in accordance with the Reports Consolidation Act of 2000,<sup>1</sup> the Office of Inspector General (OIG) for the U.S. Agency for Global Media (USAGM), formerly known as the Broadcasting Board of Governors (BBG),<sup>2</sup> identifies the most serious management and performance challenges facing the agency and briefly assesses progress in addressing those challenges. The resulting report is included in the agency's annual performance and accountability report.

Our oversight work gives us unique visibility into the most significant challenges facing BBG, and OIG concludes that the following were the most important challenges BBG faced in FY 2018:

- Information security and management
- Financial and property management
- Grant management

These issues go to the core of BBG's programs and operations and have been crucial challenges for the past three years. Continued attention to these concerns will improve BBG's operations and, accordingly, its ability to fulfill its underlying mission. We hope that this report, read together with the work OIG produces throughout the year, assists BBG in its efforts.

## INFORMATION SECURITY AND MANAGEMENT

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BBG depends on information systems and electronic data to carry out essential mission-related functions. These information systems are subject to serious threats that may exploit vulnerabilities to compromise the information those systems process, store, and transmit. This, in turn, can lead to adverse effects on operations, organizational assets, and personnel.

In the FY 2018 Federal Information Security Modernization Act of 2014 (FISMA) audit, OIG reported information security program weaknesses in all seven key

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<sup>1</sup> The Reports Consolidation Act of 2000, § 3, Pub. L. 106-531 (amending 31 U.S.C. § 3516).

<sup>2</sup> This report references "BBG" throughout because all of the cited work pre-dates the agency's name change.

metric domains, which consist of risk management, configuration management, identity and access management, security training, information security continuous monitoring, incident response, and contingency planning.<sup>3</sup> In addition, an independent auditor working on OIG's behalf and under OIG's direction noted that weaknesses in BBG's own IT systems may affect its primary domestic financial management and accounting system. Even though that system is supplied by an external service provider, it is accessed through BBG's general IT support system. Accordingly, security weaknesses noted in BBG's information security program may affect that external system.<sup>4</sup>

Without an effective information security program, BBG is vulnerable to IT-centered attacks and threats. As noted above, information security program weaknesses can affect the integrity of financial applications, which increases the risk that sensitive financial information could be accessed by unauthorized individuals or that financial transactions could be altered either accidentally or intentionally. Similarly, information security program weaknesses increase the risk that BBG will be unable to report financial data accurately.

## FINANCIAL AND PROPERTY MANAGEMENT

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OIG observed improvements in the accuracy of BBG's reporting of budgetary resources in its FY 2017 financial statements.<sup>5</sup> Financial management, however, continues to be a challenge for BBG. For example, OIG described deficiencies in BBG's efforts to fully address unliquidated obligations (ULO) identified during an audit of FY 2016 financial statements. In its follow-up work, OIG found that BBG reviewed and deobligated 14 of 27 ULOs, totaling \$311,963, only after OIG began its audit—10 months after the concerns were identified. BBG did not review and provide sufficient supporting documentation for the three ULOs

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<sup>3</sup> OIG, *Audit of the Broadcasting Board of Governors Information Security Program* (AUD-IT-IB-18-13, October 2017).

<sup>4</sup> OIG, *Independent Auditor's Report on the Broadcasting Board of Governors 2017 and 2016 Financial Statements* (AUD-FM-IB-18-10, November 2017).

<sup>5</sup> OIG, *Management Assistance Report: BBG Did Not Fully Address Invalid Unliquidated Obligations Identified During the FY 2016 Financial Statements Audit* (AUD-FM-IB-18-28, February 2018).

totaling \$34,202 that were not deobligated.<sup>6</sup> OIG found that one factor contributing to this delay was a lack of responsiveness by BBG personnel to the Office of the Chief Financial Officer (OCFO) when it requested that invalid ULOs be researched, reviewed, and deobligated, if appropriate. In addition, although BBG had drafted standard operating procedures for monitoring ULOs, the procedures had not been approved and issued by BBG management.<sup>7</sup>

Separately, OIG found that BBG had not complied with all of the requirements of the Improper Payments Information Act of 2002.<sup>8</sup> In particular, BBG did not publish all required information relating to improper payment estimates for programs and activities identified as susceptible to significant improper payments under its risk assessment. BBG also failed to comply completely with the requirements of the Digital Accountability and Transparency Act of 2014, which mandates the submission of data for inclusion on USASpending.gov. OIG found that although two subsets of data were accurate, complete, timely, and of acceptable quality, approximately 70 percent of the certified transactions tested in the remaining subsets did not meet quality requirements.<sup>9</sup>

## GRANT MANAGEMENT

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BBG has three grantees that it funds through annual grant agreements: Radio Free Europe/Radio Liberty, Radio Free Asia, and the Middle East Broadcasting Networks. In FY 2017, the three grantees received \$292 million, which is approximately one-third of BBG's

total funding. Because the grantees perform significant operational activities for BBG, weaknesses in grant management can have a substantial effect on BBG's

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<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*

<sup>8</sup> OIG, *Audit of Broadcasting Board of Governors FY 2017 Compliance With Improper Payments Requirements* (AUD-FM-IB-18-39, May 2018). Noncompliance with any of the criteria established in Office of Management and Budget (OMB) Circular A-123 requires OIG to conclude that BBG is not in overall compliance.

<sup>9</sup> OIG, *Audit of the Broadcasting Board of Governors Implementation of the Digital Accountability and Transparency Act of 2014* (AUD-FM-IB-18-04, November 2017).

overall operations. Without effective oversight of grantees, the risk of waste, fraud, and abuse of Federal funds increases.

To aid its grant oversight efforts, BBG drafted a grantee monitoring standard operating procedure (SOP) detailing procedures to be used during the life of a grant. An independent auditor acting on OIG's behalf and under OIG's direction selected 15 control activities from the draft SOP to test whether BBG had effectively implemented grantee monitoring; the auditor found that only 9 of those 15 controls were implemented during FY 2017.<sup>10</sup> For example, BBG had not performed risk assessments to finalize the scope and frequency of grantee site visits, issued site visit reports to communicate findings and needed improvements to its grantees, or obtained Performance Project Reports from its grantees. BBG officials stated that many oversight activities would not be initiated until the draft SOP was fully approved and finalized, which occurred in August 2018.

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<sup>10</sup> AUD-FM-IB-18-10, November 2017.

# APPENDIX A: RESPONSE FROM U.S. AGENCY FOR GLOBAL MEDIA



U.S. AGENCY FOR  
GLOBAL MEDIA

UNITED STATES  
BROADCASTING  
BOARD OF  
GOVERNORS

330 Independence Avenue SW | Washington, DC 20237 | usagm.gov

October 22, 2018

Mr. Steve A. Linick  
Inspector General  
Office of Inspector General  
U.S. Department of State

Dear Mr. Linick:

The U.S. Agency for Global Media (USAGM) has reviewed the Office of Inspector General's Fiscal Year 2018 Statement on the USAGM's Major Management and Performance Challenges. We appreciate the OIG's work in identifying the core challenges to agency operations, and we are making progress in addressing the OIG's findings and recommendations.

The agency continues to implement OIG recommendations across the spectrum of grants monitoring, financial and property management, and information security management. We understand that how well we manage these functions affects the technical, administrative, personnel, and media assets that underpin our mission, and thus, we are building the infrastructure to support these functions as resources permit.

### **Information Security and Management**

Over the past year, USAGM has taken a number of actions to enhance our information security and risk management posture, and to lay the framework for an effective Enterprise Risk Management Program. I have appointed a Chief Risk Officer (CRO) to lead the design, development, and implementation of the agency's Enterprise Risk Management Program. The CRO has led the agency through a risk identification process and is assessing identified risks, the results of which will be submitted to USAGM's new Risk Management Council. This process will set a standard and an awareness at senior levels – and agency-wide – of the range of risks affecting USAGM, and how risk to any segment of the agency affects all of its parts. In particular, the CRO is working closely with the agency's Chief Information Officer (CIO) and Chief Information Security Officer to ensure that information security risks are embedded in USAGM's overall risk profile.

Other initiatives include the establishment of a CIO Council, chaired by the CIO and attended by CIOs or equivalent representatives from USAGM's broadcast networks, including its grantees. The CIO Council aims to better assess IT risks and coordinate across broadcast networks. The CIO Council adopted, and I approved, the CIO Council Charter, which establishes a framework

Voice of America | Radio Free Europe/Radio Liberty | Office of Cuba Broadcasting | Radio Free Asia | Middle East Broadcasting Networks

under which the CIO Council members can work collaboratively to safeguard federal and non-federal information assets that support the USAGM mission. The delegation to the CIO was updated to include enhanced authorities of a cabinet-level CIO under the Federal Information Technology Acquisition Reform Act (“FITARA”), even though USAGM is not required to delegate these authorities.

In addition, I created a Digital Governance Council and a new stand-alone Chief Technology Officer position to ensure increased awareness and discussion of information management and security issues.

### **Financial and Property Management**

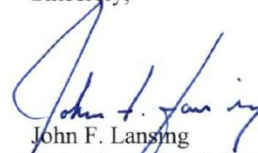
Improvements to the agency’s financial and property management continued in Fiscal Year 2018, with strengthened processes for financial management, financial audits, budgetary transactions, procurement transactions, and internal control systems. In particular, the agency has worked to address unliquidated obligations (ULOs) identified by OIG in its Financial Statements Audit. In August 2018, the agency’s Chief Financial Officer approved a new Standard Operating Procedure for Reconciliation of Unliquidated Obligations, establishing procedures for the review, analysis, monitoring, processing, and reconciliation of the agency’s ULOs.

### **Grants Management**

The agency continues to work with its grantees to ensure compliance with its grant agreements. In 2018, USAGM’s Office of the Chief Financial Officer issued a new Grants Management Standard Operating Procedure that should address OIG concerns regarding the agency’s processes to exercise financial and other management controls in overseeing the agency’s three corporate grantees.

Let me take this opportunity to commend you and your staff for the professionalism and cooperation in working with USAGM to address its unique challenges. We are committed to working with you to resolve the issues highlighted in your Management Challenges Statement, as well as other issues that the OIG might identify.

Sincerely,



John F. Lansing  
Chief Executive Officer and Director





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