



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 2021

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INTRODUCTION

Each year, in accordance with the Reports Consolidation Act of 2000,¹ the Office of Inspector General (OIG) for the U.S. Agency for Global Media (USAGM) identifies the most significant 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.

OIG identified the following management challenges in FY 2021:

- Information security and management
- Financial management
- Grant management
- Workforce management

These issues go to the core of USAGM's programs and operations. Continued attention to these concerns will improve USAGM's operations and, accordingly, its ability to fulfill its underlying mission. OIG provides this report so that, taken together with the work OIG produces through the year, USAGM can institute appropriate measures to improve operational efficiency and effectiveness.

INFORMATION SECURITY AND MANAGEMENT

USAGM 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 2020 Federal Information Security Modernization Act audit of USAGM's information security program, an independent auditor identified security weaknesses in six of eight metric domains, which consist of risk management, configuration management, identity and access management, data protection and privacy, information security continuous monitoring, and contingency planning.²

One reason for the deficiencies identified was the difficulties created by COVID-19 restrictions during FY 2020. For example, USAGM officials stated that progress on efforts to distribute personal identity cards was delayed due to restrictions related to working on site. Furthermore, although USAGM

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

² OIG, *Audit of the U.S. Agency for Global Media FY 2020 Information Security Program* (AUD-IT-IB-21-21, March 2021).

continued to implement several IT-related initiatives during FY 2020, it was unable to complete those initiatives for several reasons. For example, USAGM focused its IT resources to support employees performing remote work during the COVID-19 pandemic. USAGM officials also stated that a continuous diagnostics and mitigation tool that was implemented in FY 2020 was unreliable, so they had to procure and implement a new tool, which took more time than anticipated. USAGM also stated that inadequate staffing impacted USAGM's ability to address certain deficiencies.³

Managing information security risks effectively is critical to achieving USAGM's mission. Until an effective information security program is in place, USAGM will remain vulnerable to IT-focused attacks as well as to threats to its critical mission-related functions.

FINANCIAL MANAGEMENT

As in previous years, an independent auditor reported issues related to unliquidated obligations (ULO), which represent amounts of orders, contracts, and other binding agreements for which the goods and services ordered have not been received or have been received but payment has not yet been made. Although USAGM has improved its accounting for ULOs, this weakness has been reported each year since the audit of USAGM's FY 2013 financial statements.⁴ USAGM reported approximately \$144 million in ULOs, as of June 30, 2020. The auditor found that 16 percent of a statistical sample of these ULOs were invalid based on expired periods of performance, inactivity, or USAGM's inability to support a bona fide need.⁵

According to USAGM officials, it was difficult to review all obligations quarterly because of a lack of resources, so USAGM elected to focus on the larger dollar value obligations. However, because USAGM has a significant number of smaller dollar obligations, the dollar amount and number of ULOs that were not reviewed quarterly was significant. Additionally, invalid obligations continued to exist because not all contracting officer's representatives and program officials were aware of their responsibility to research and review obligations for validity and bona fide need. Invalid ULOs affect USAGM by leaving funds that could have been used in support of its mission in unneeded obligations.⁶

³ Ibid.

⁴ ULOs were reported as a significant deficiency in the audit reports on USAGM's financial statements from FY 2013 to FY 2017. In FY 2018, the auditor found that sufficient improvements had been made to decrease the item from a significant deficiency to a management letter item.

⁵ OIG, *Management Letter Related to the Audit of the U.S. Agency for Global Media, FY 2020 Financial Statements* (AUD-FM-IB-21-17, February 2021).

⁶ Ibid.

GRANTS MANAGEMENT

USAGM has four grantees that it funds through annual grant agreements: Radio Free Europe/Radio Liberty, Radio Free Asia, the Middle East Broadcasting Networks, and the Open Technology Fund. Because the grantees perform significant operational activities for USAGM, weaknesses in grant management can have a substantial effect on USAGM's overall operations. Without effective oversight of grantees, the risk of waste, fraud, and abuse of Federal funds increases.

USAGM is responsible for monitoring the use of grant funds to ensure that grantees adhere to applicable laws and regulations as well as to terms and conditions specified in the grant agreements. Although USAGM approved and issued standard operating procedures for grantee monitoring in February 2019, an independent auditor continued to find weaknesses in controls over grantee monitoring (a weakness that has been reported each year since the audit of USAGM's FY 2013 financial statements). Specifically, the auditor tested control activities from the standard operating procedures and found that 7 of 15 activities had not been implemented. For example, USAGM had not reviewed the allowability of grantee costs, performed grant close-outs, conducted formal documented site visits, or monitored equipment purchased by grantees.

According to USAGM officials, they have not fully implemented several key monitoring activities due to personnel and resource limitations. In FY 2020, USAGM planned to engage contractor support to assist with grantee monitoring, but a contract was not issued due to funding constraints. Additionally, USAGM officials indicated that USAGM's ability to oversee one grantee was impaired by active litigation. Because USAGM is the primary funding source for the grantees, an organized and documented approach to oversight is needed to demonstrate accountability and mitigate risk.⁷

WORKFORCE MANAGEMENT

In FY 2021, OIG assessed whether USAGM and its five broadcasting entities (Voice of America, the Office of Cuba Broadcasting, Radio Free Europe/Radio Liberty, Radio Free Asia, and the Middle East Broadcasting Networks) had established journalistic professionalism, independence, and integrity standards that complied with statutory requirements. OIG also assessed whether USAGM and its five networks had established effective mechanisms in the workplace to ensure employee awareness of, and compliance with, journalistic standards and ethical principles.

⁷ OIG, *Independent Auditor's Report on the U.S. Agency for Global Media FY 2020 Financial Statements* (AUD-FM-IB-21-10, December 2020).

OIG found USAGM and its five networks had developed guidance that turned the relevant statutory standards and principles into detailed, codified journalistic practices and ethical behaviors that could be communicated, trained, monitored, and enforced. Furthermore, OIG found that USAGM and network leadership generally modeled journalistic standards and independence; they communicated the importance of such standards and independence and took their protection seriously. Nonetheless, although all networks conducted some training on journalistic standards and ethical conduct, OIG found the training was mostly done on an ad hoc basis. Specifically, the networks generally conducted one-time training to address a network leadership initiative or in reaction to a specific concern or violation of journalistic standards. As a result, OIG recommended USAGM direct each network to develop systematic employee training on journalistic standards and related professional development plans.⁸ Systematic employee training on journalistic standards will help the networks avoid lapses in meeting the standards. Such lapses can cause damage to the reputation, credibility, and effectiveness of USAGM and its five networks, and can increase the risk that the agency is unable to meet its mission of informing, engaging, and connecting people around the world in support of freedom and democracy.

⁸ OIG, *Targeted Inspection of the U.S. Agency for Global Media: Journalistic Standards and Principles* (ISP-IB-21-06, December 2020)

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



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

October 28, 2021

Ms. Diana Shaw
Acting Inspector General
Office of Inspector General
U.S. Department of State

Dear Ms. Shaw:

Thank you for the opportunity to respond to the Office of Inspector General (OIG)'s *Statement on the U.S. Agency for Global Media's Major Management and Performance Challenges* for Fiscal Year (FY) 2021. I appreciate OIG identifying challenges to agency operations related to information security, financial management, grants management, and training on journalism standards. The U.S. Agency for Global Media (USAGM) has made significant headway on these issues since they were identified in inspection and audit reports over the last fiscal year. I am pleased to highlight USAGM's progress and some of the agency's plans for continued improvement.

Information Security and Management

The management challenges statement provided to USAGM for review relies on the FY 2020 Federal Information Security Modernization Act (FISMA) audit of USAGM's information security program. More recently, on October 25, OIG released the FY 2021 FISMA audit report, which reflects the agency's improvements across several FISMA domains, as well as the agency's improved overall information security program maturity level to level 3, "consistently implemented." The report documents how, over the past year, USAGM has made improvements in information security despite challenges the COVID-19 pandemic presented to the agency's IT operations. Notable accomplishments include:

- Deployment of tools and processes to improve our Information Security Continuous Monitoring Program;
- Enactment of USAGM Multi-factor Authentication solutions;
- Implementation of established policies and procedures – specifically within the Risk Management, Security Training, and Incident Response domains, in which USAGM achieved a maturity rating of "Managed and Measurable;"
- Continued implementation of the agency's Enterprise Risk Management framework and Information Security Risk Management strategy; and
- Development of a Supply Chain Risk Management Strategy, Policy, and Program Plan.



While USAGM has made a great deal of progress over the past year, I also recognize that we must do more. I will ensure my staff are working to continuously improve the agency's information security program and to achieve FISMA compliance.

Financial management – Unliquidated Obligations

I was pleased to see acknowledgement of steps taken by USAGM to improve accounting for unliquidated obligations (ULO). However, I recognize further attention is needed. To that end, the agency plans to reassess and strengthen our business processes to ensure ULOs are reviewed and managed regularly, systematically, and timely.

Grants management

USAGM appreciates the importance of strong grants management and is working to improve the agency's policies and procedures and their implementation. Fortunately, USAGM no longer faces some of the impediments to improving grants management that OIG mentions in the management challenges statement. For example, the litigation OIG mentions is over. Additionally, thank you for acknowledging the unique relationship that USAGM has with its grantees and the challenge with applying standard grant management processes within our statutory structure. In light of these unique relationships, USAGM recently awarded a long-planned contract with subject matter experts to help the agency improve grantee oversight and has begun working with the team of subject matter experts to assess opportunities for improvement.

Workforce management – Journalism Standards Training

The USAGM network executives and I are actively assessing how most effectively to strengthen journalistic standards training and expand professional development opportunities across the USAGM community. We are all committed to this critically important goal and we plan to take initial, concrete steps to work together to ensure training consistency and take necessary steps to expand training in the coming months. I look forward to updating OIG on USAGM's progress.

My thanks to you and your staff for highlighting these important management challenges for USAGM's attention. I look forward to working with OIG as USAGM endeavors to address the issues presented in this year's management challenges statement.

Sincerely,



Kelu Chao
Acting Chief Executive Officer



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