



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 2022

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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 fiscal year (FY) 2022:

- Information Security and Management
- Financial Management
- Contract and Grant 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 throughout the year, USAGM can institute appropriate measures to improve operational efficiency and effectiveness.

INFORMATION SECURITY AND MANAGMENET

In the annual audit of USAGM's information security program, OIG reported that although USAGM continued prior years' efforts to define and implement an organization-wide information security program during FY 2022, additional steps are needed to fully implement an effective program.² Overall, the auditor concluded that four of five functions were operating below a maturity level of 4, which is considered to be an effective level of security.

USAGM improved certain aspects of its information security program (e.g., implementation and operation of a Continuous Diagnostics and Mitigation tool and the development and implementation of key IT security documentation); however, additional time and resources are needed to complete the implementation of other USAGM initiatives. USAGM officials also stated that various external factors, including the impact of the COVID-19 pandemic, affected USAGM's ability to address certain deficiencies.

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 2022 Information Security Program* (AUD-IT-IB-22-41, September 2022).

FINANCIAL MANAGEMENT

As in previous years, an independent external 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. The external auditor reported a material weakness in internal control related to the validity and accuracy of USAGM's ULOs.³ During the project, the auditor identified a significant number and amount of invalid ULOs based on the lack of supporting documentation and the inability to support bona fide need. The deficiency occurred because USAGM officials did not consistently perform reviews of obligations for validity and bona fide need as required by USAGM policy. Also, some requests to deobligate funds were not processed timely. Funds that could have been used for other purposes may have remained open as invalid ULOs.

OIG also reported deficiencies with the completeness, accuracy, and timeliness of some accounting data that USAGM submitted for display on USASpending.gov.⁴ One reason for the deficiencies identified was a lack of quality assurance.⁵

CONTRACT AND GRANT 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. For selected grants, an independent external auditor found that USAGM had not reviewed the allowability of grantee costs, performed grant close-outs, conducted formal documented site visits, reviewed performance progress reports, monitored equipment purchased by grantees, monitored grantee contracts and leases, reviewed grantee disbursement reconciliations, or conducted risk assessments, as described in its standard operating procedure. USAGM officials stated that they had not fully implemented several of the key monitoring activities included in USAGM's procedure due to personnel and resource limitations. Weaknesses in controls over grantee monitoring have been reported each year since the audit of USAGM's FY 2013 financial statements. Without effective oversight of grantees, the risk of waste, fraud, and abuse of federal funds increases.⁶

³ OIG, *Independent Auditor's Report on the U.S. Agency Global Media FY 2021 and FY 2020 Financial Statements* (AUD-FM-IB-22-11, November 2021).

⁴ USASpending.gov is a publicly accessible website that provides data on federal awards, including contracts and grants.

⁵ OIG, *Audit of the U.S. Agency for Global Media's FY 2021 Implementation of the Digital Accountability and Transparency Act of 2014* (AUD-FM-IB-22-09, November 2021).

⁶ AUD-FM-IB-22-11, November 2021.

A special OIG review in August 2022 highlighted a contract USAGM signed with McGuireWoods, a U.S.-based international law firm, for legal and investigative services.⁷ USAGM used a special statutory authority to exempt the contract from federal rules governing procurement, such as those requiring competition and cooperation with OIG. However, USAGM did not follow the procedures laid out in its internal policies for use of the procurement exemption. USAGM's then-Chief Executive Officer (CEO) did not assign a contracting officer to oversee the contract; rather, a senior advisor to the CEO served as the de facto contracting officer but did not exercise the same level of oversight as a contracting officer.

⁷ OIG, *Review of the U.S. Agency for Global Media's Contract With McGuireWoods* (ESP-IB-22-03, August 2022).

APPENDIX A:

RESPONSE FROM U.S. AGENCY FOR GLOBAL MEDIA



U.S. AGENCY FOR
GLOBAL MEDIA

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

October 31, 2022

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 (USAGM) Major Management and Performance Challenges* for Fiscal Year (FY) 2022. I appreciate OIG identifying challenges to agency operations, including those related to information security, financial management, and contracts and grants management. I am pleased to highlight USAGM's progress on these issues since they were identified in OIG reports over the last fiscal year as well as plans for further improvement.

Information Security and Management

Over the past year, USAGM made significant progress in information security while developing an agency Zero Trust Architecture plan in response to the President's Cyber Executive Order 14028 and OMB Memoranda. The agency's noteworthy cybersecurity accomplishments include:

- Deploying tools and processes to improve the agency's Information Security Continuous Monitoring;
- Continued progress deploying the agency's Identity Credential Access Management strategy and Multi-Factor Authentication solutions; and
- Implementing the agency's Supply Chain Risk Management strategy, policy and plan.

In addition, as a qualitative measure of the effectiveness of USAGM's IT security defenses, the agency's information security team detected and investigated numerous suspicious cybersecurity events during the past year. None of these incidents impacted the agency's international broadcasting mission.

Building on the significant progress that USAGM made in FY 2022, I am committed to the continued improvement of the agency's information security.



Financial Management

Over the past few years, USAGM has worked to systematically address outstanding issues related to unliquidated obligations (ULO). In FY 2022, USAGM successfully closed-out a substantial number of ULOs. In FY 2023, the agency will continue to strengthen processes for timely identification and close-out of unliquidated obligations.

USAGM has worked to address identified deficiencies in accounting data submitted for display on USASpending.gov. The agency has implemented a quality assurance process to identify accounting data variances for corrective action by appropriate agency offices. These new quality assurance procedures will ensure the most accurate information is reported on USASpending.gov.

Contracts and Grants management

USAGM appreciates the importance of strong grants management and is working to fully implement key grants monitoring activities mentioned in the OIG's management challenges statement. During FY 2022, USAGM engaged a contractor to provide subject matter expertise in writing a Grant Administration Manual (GAM), which establishes procedures for cost allowability reviews, grants close out, desk reviews, and on-site visits. USAGM completed a draft version of the GAM in April 2022, and is currently testing the manual's procedures. In July 2022, USAGM began a desk review of the Middle East Broadcasting Networks. USAGM plans to begin two more desk reviews of the Open Technology Fund and Radio Free Asia in January 2023. Additionally, to ensure the grantees understand the Uniform Guidance, USAGM is offering grantee staff training sessions on the requirements of the Uniform Guidance, appropriations law for grants, and on USAGM's GAM. In FY 2023, USAGM's grants staff plan to prioritize completing risk assessments for all four USAGM-affiliated grantees and to close out prior year grants that do not have active obligations.

USAGM thanks OIG for its special review of the agreement that former USAGM leadership signed with the law firm McGuireWoods. As OIG recommended, USAGM updated and strengthened its internal policies for use of the agency's statutory exemption from federal procurement laws. Based on the agency's updated policy, OIG closed the two recommendations from this report earlier in October.

Again, thank you for the opportunity to respond to OIG's FY 2022 management challenges statement. I look forward to a positive and productive relationship with OIG.

Sincerely,



Amanda Bennett
Chief Executive Officer



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