



OIG Office of Inspector General
U.S. Department of State • Broadcasting Board of Governors

**Fiscal Year 2016 Inspector General
Statement on the Broadcasting Board of
Governor's Major Management and
Performance Challenges**



OUR VISION

To be a world-class organization and a catalyst for effective management, accountability, and positive change in the Department, the Broadcasting Board of Governors, and the foreign affairs community.

OUR MISSION

To conduct independent audits, inspections, evaluations, and investigations to promote economy and efficiency and to prevent and detect waste, fraud, abuse, and mismanagement in the programs and operations of the Department and the Broadcasting Board of Governors.

OUR VALUES

Integrity

We remain independent, striving to maintain the highest level of trust, integrity, and professionalism. Our work is fact-based, objective, and supported by sufficient, appropriate evidence in accordance with professional standards.

Teamwork

Our success depends on working together and fostering an inclusive and mutually supportive environment. Our work environment encourages collaboration, innovation, flexibility, and integration of OIG resources.

Accountability

We accept responsibility for our work products and services, upholding the highest professional standards by evaluating and measuring our results against stated performance measures and targets. We strive to ensure that our work is relevant, credible, and timely.

Communication

We clarify expectations up front and communicate openly, honestly, and accurately with our associates and our stakeholders. We look for ways to improve ourselves and our work products by seeking, giving, and using both praise and constructive feedback.

Respect

We promote diversity and equal opportunity throughout the organization. We value and respect the views of others.

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INFORMATION SECURITY AND MANAGEMENT

BBG depends on information systems and electronic data to carry out essential mission-related functions. These information systems are subject to serious threats that can have adverse effects on operations, organizational assets, and personnel by exploiting vulnerabilities to compromise the information those systems process, store, and transmit.¹ Though BBG has taken steps to improve its information security program in recent years, OIG continues to find deficiencies related to incident response and reporting, IT planning, and system-specific and enterprise-wide security. Of the three management assistance reports issued for BBG in FY 2016, two focused on significant issues in information security and management.

Control Weaknesses in Enterprise-Wide Security

In the annual audit of BBG's information security program, OIG found that BBG remains non-compliant with the Federal Information Security Management Act of 2002, Office of Management and Budget, and National Institute of Standards and Technology requirements. In fact, of the 18 recommendations issued for the FY 2014 audit, only one-third (6 out of 18) had been implemented during fieldwork for the FY 2015 audit. BBG had not fully developed and implemented an organization-wide risk management strategy and, according to a senior BBG official, prioritized organizational resources on operations rather than information security.²

While BBG addressed issues with Active Directory (AD) account and asset management and security training, control deficiencies at the systems level remain. OIG has annually identified the same pervasive information security weaknesses across BBG's IT system since FY 2010, indicating an agency-wide problem. To date, BBG leadership has not been able to remedy all of the identified weaknesses in configuration management, identity and access management, incident response and reporting (IR&R), security training, plans of action and milestones, remote access management, contingency planning, and contractor systems. Without a sufficient risk management program, system owners cannot appropriately prioritize resources to manage information security risks to protect information systems and sensitive data.³

Incident Response and Reporting

The overall purpose of an IT IR&R program is to allow an organization to detect cybersecurity incidents rapidly, minimize loss and destruction, identify weaknesses, and restore IT operations quickly in the event of a network failure. In a review of BBG's IR&R program,⁴ an independent

¹ OIG, *Audit of the Broadcasting Board of Governors Information Security Program* (AUD-IT-IB-16-17, November 2015).

² *Ibid.*

³ *Ibid.*

⁴ OIG, *Management Assistance Report: Broadcasting Board of Governors Incident Response and Reporting* (AUD-IT-IB-16-25, January 2016).

auditor found that BBG's IR&R program was not operating effectively from October 1, 2014 through May 26, 2015. Specifically, BBG's Computer Security Incident Response Team did not fully comply with categorization guidelines, reporting requirements, and remediation timelines as required by the U.S. Computer Emergency Readiness Team. These deficiencies may have occurred in the IR&R program because BBG did not finalize its IR&R policy and procedures until May 7, 2015. However, the independent auditor found that, even if the policy and procedures had been implemented during the evaluation period, the documents that were ultimately adopted did not achieve either the desired or federally required results. Without an effective IR&R program, BBG may be unable to properly identify and respond to unauthorized breaches, identify weaknesses, and restore IT operations in a timely manner. All of these deficiencies may impede BBG's ability to achieve its core mission. BBG concurred with the independent auditor's recommendation to amend and implement BBG's IR&R policy and procedures, including a defined process to correlate IT events and cybersecurity incidents.⁵

BBG needs to develop a strategy to realign information technology and resources and implement an organization-wide information risk management strategy. This strategy should identify, assess, respond to, and monitor information security at all levels of the organization in accordance with Federal standards and regulations. BBG's Office of Technology, Services, and Innovation should amend and implement the Computer Security Incident Response Policy and the Computer Security Incident Response Procedure to reflect all elements of an effective incident response and reporting program in accordance with National Institute of Standards and Technology standards and guidelines.

Management of User Accounts

Management of user accounts continues to be a challenge for BBG. This includes disabling non-user accounts and setting parameters for clear distinctions in account levels for access to information. Addressing these weaknesses is important—to prevent an intruder from gaining access to a privileged account with elevated administrative rights. If this were to occur, the risk that BBG's confidential information, including personally identifiable information, could be altered or stolen increases significantly. Further, ineffective AD account management of inactive accounts increases the risk of unauthorized access to BBG's information system applications and servers.⁶

⁵ *Ibid.*

⁶ OIG, *Management Assistance Report: Inactive User Accounts Within the Broadcasting Board of Governors Active Directory* (AUD-IT-IB-16-36, May 2016).

FINANCIAL AND PROPERTY MANAGEMENT

Financial management continues to be a challenge for BBG. In FY 2015, BBG received an unmodified opinion on its financial statements.⁷ However, an independent auditor identified one material weakness related to the validity and accuracy of unliquidated obligations (ULOs) and significant internal control deficiencies related to grantee monitoring and information technology. Of the sample ULOs tested as part of the audit, 40 percent were invalid. While BBG has standard operating procedures that address ULOs, these were not distributed agency-wide to those responsible for monitoring obligations. Weaknesses in controls over ULOs were initially reported in BBG's FY 2013 financial statement audit.⁸

Additionally, the independent auditor found that BBG had not made progress in addressing compliance with time and attendance (T&A) policies and procedures outlined in the Broadcasting Administration Manual. During the FY 2015 financial statement audit, BBG officials stated that BBG had not modified processes to address deficiencies identified in the FY 2014 audit. Based on this information, the independent auditor did not perform timesheet testing during the FY 2015 financial statement audit. BBG planned to implement an electronic T&A approval system in FY 2016, however, the agency delayed implementation because of resource and personnel limitations. The independent auditor recommended that BBG develop and implement a process to ensure that responsible officials approve and retain T&A and leave records in accordance with policy. If delays in developing the automated time and attendance approval system continue, BBG should develop and implement a manual process to ensure compliance with T&A and leave policy.⁹

OIG found that the Voice of America (VOA) Correspondent Cairo news bureau's cashier operations did not comply with Department of State standards for unannounced cash counts and separation of duties.¹⁰ OIG noted that VOA Correspondent Cairo news bureau lacked sufficient employees to allow for separation of duties. OIG recommended that VOA, in coordination with Embassy Cairo, re-designate the Cairo news bureau principal A cashier as an embassy sub-cashier and allow Embassy Cairo to oversee its cashiering operations.

OIG also found issues concerning property management. In particular, OIG reviewed the VOA Correspondent Cairo news bureau's inventory records for FYs 2014-15 and found that some broadcasting items, such as cameras, televisions, and office equipment, were not properly documented.

⁷ OIG, *Independent Auditor's Report on the Broadcasting Board of Governors 2015 and 2014 Financial Statements* (AUD-FM-IB-16-14, November 2015).

⁸ *Ibid.*

⁹ OIG, *Management Letter Related to the Audit of the Broadcasting Board of Governors 2015 and 2014 Financial Statements*, (AUD-FM-IB-16-15, January 2016).

¹⁰ OIG, *U.S. International Broadcasting to Egypt* (ISP-IB-16-23, September 2016).

MANAGING CONTRACTS, ACQUISITIONS, AND GRANTS

For the second year in a row, OIG has noted grantee monitoring as a management challenge for BBG. 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. During the FY 2013 financial statement audit, the independent auditor found that BBG did not sufficiently monitor its three grantees, and, in FY 2014, BBG management stated that there had been no significant changes to the grantee monitoring process. During FY 2015, BBG management made improvements in this process. For example, BBG hired a grants management specialist, updated sections of its Grantee Handbook, and designed and implemented several new control activities. The improvements, however, were not in place until late in the fiscal year, so they were not sufficiently mature to test during the audit. Further, not all planned improvements to the grantee monitoring process had been implemented due to delays in hiring the grants management specialist and competing priorities of existing personnel. This prevented BBG from implementing corrective actions in a timely manner. BBG anticipated that the agency would fully implement its planned grantee monitoring process during FY 2016. This lack of effective grantee oversight increases the risk of waste, fraud, and abuse of Federal funds and non-compliance with Federal grant oversight regulations. Also, as BBG is the sole source of funding for the grantees, an organized and documented approach to oversight is needed to demonstrate accountability and mitigate the risk of noncompliance.¹¹

The lack of effective oversight of contracts is a continuing management challenge that has persisted for the past 3 years. In its inspection of U.S. International Broadcasting to Egypt, OIG identified several weaknesses in contract administration procedures. These weaknesses included missing file documentation as required by the Federal Acquisition Regulation.¹² OIG advised the VOA correspondent, who is the warranted contracting officer, to implement better contracting recordkeeping procedures, such as checklists, for purchase order and service contract files and to take refresher contracting training.

During the course of investigative work related to Lead Inspector General for Overseas Contingency Operations (LIG-OCO) efforts, OIG identified opportunities to strengthen the requirements for reporting fraud, waste, and abuse related to grants, cooperative agreements, and other Federal assistance awards. In connection with this work, OIG issued a management assistance report recommending that BBG expressly include mandatory disclosure language in BBG grants regarding violations of Federal criminal law involving fraud, bribery, or illegal gratuities potentially affecting the award. OIG also recommended that BBG implement a best practice, which is followed at the U.S. Agency for International Development, of modifying the mandatory disclosure language to require

¹¹ OIG, *Independent Auditor's Report on the Broadcasting Board of Governors 2015 and 2014 Financial Statements* (AUD-FM-IB-16-14, November 2015).

¹² OIG, *Inspection of U.S. International Broadcasting to Egypt* (ISP-IB-16-23, September 2016).

notification to OIG of all potential fraud related to a grant award. Last, OIG recommended that BBG amend all active grants, cooperative agreements, and other Federal assistance awards to include this language.¹³ BBG agreed with OIG's recommendations and in April 2016, implemented this change.

¹³ OIG, *Management Assistance Report: Mandatory Disclosure Language in Broadcasting Board of Governors Grants and Assistance Agreements* (INV-15-03, December 2015).