



Independent Auditor's Report on the Review  
of the Middle East Broadcasting Networks, Inc.,  
Awards to Three Contractors

At the request of the then BBG Executive Director, OIG reviewed the awards the Middle East Broadcasting Networks, Inc. (MBN), made to three contractors to determine whether the awards, totaling about \$9.3 million, were competed in compliance with OMB circulars as required by the grant agreement between BBG and MBN. OIG found that MBN did not compete awards to the three contractors reviewed or adequately document its procurement activities. Awards made to two of the three contractors lacked adequate justification for sole-source selection, and awards made to the third contractor had initial competition, but subsequent contracts were not properly competed. MBN's noncompliance with OMB circulars occurred, in part, because it wrongly believed that it did not have to strictly comply with circular requirements.

During the review, nothing came to OIG's attention to indicate favoritism, fraud, or other procurement improprieties related to these awards; however, at time of the awards, MBN did not have formal procurement policies and procedures. MBN later developed a draft *Corporate Policies and Procedures Manual*, which requires contract competition in compliance with OMB requirements and addresses many of the procurement competition deficiencies noted in the report. Additionally, OIG made general observations about MBN's overall procurement process, which resulted in several informal suggestions.

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The fieldwork for OIG Report AUD/IB-07-26 was conducted by the Office of Audits, Property and Procurement Division. This is an unclassified summary of a full report, which may receive limited official distribution.

**Office of Inspector General**

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