

Fiscal Year 2009 Performance and Accountability Report



Broadcasting
Board of
Governors



BROADCASTING BOARD OF GOVERNORS

Message from the Board

We are pleased to present the Broadcasting Board of Governors' (BBG) Performance and Accountability Report (PAR) for Fiscal Year (FY) 2009. This is the BBG's sixth PAR, and it includes the results of this year's audit of the Agency's financial statements. The report also measures our performance against the objectives that we identified for FY 2009, highlights the accomplishments of the past year, and identifies the challenges that lie ahead.

The mission of the BBG is to promote freedom and democracy and to enhance understanding through multimedia communication of accurate, objective and balanced news, information, and other programming about America and the world to audiences overseas. The BBG broadcast services, including two federal entities: the Voice of America (VOA), and the Office of Cuba Broadcasting (OCB: Radio and TV Marti); and three grantees: Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and the Middle East Broadcasting Networks (MBN: Radio Sawa and Alhurra TV), pursue this single mission, reaching a worldwide audience of 171 million people in 60 languages via radio, television, and the Internet.

All BBG broadcast entities adhere to the broadcasting standards and principles mandated by the International Broadcasting Act of 1994, as amended. All BBG broadcasts include accurate, reliable, objective and comprehensive news; balanced presentations of United States' institutions and policies; and information about developments throughout the world.

With the support of the Administration and Congress, the BBG responded to crisis areas in FY 2009. The BBG successfully launched surge broadcasting to Iran, Georgia, the Afghanistan-Pakistan border region, Kenya, and Burma. VOA expanded its daily programming to Somalia from three to 3.5 hours. RFE/RL and VOA began preparing plans for new initiatives and expanded local content in both the Afghanistan/Pakistan border region and the Georgia/Russia region.

Other programming accomplishments included MBN's launch of *Al Youm*, a daily, live three-hour news and information program on Alhurra, which is produced from studios in Dubai, Beirut, Cairo, and Jerusalem with reports from the U.S. and around the Middle East. VOA, RFE/RL, and RFA increased their Internet presence with enhanced content and expanded use of social networking tools, which resulted in significant boosts in traffic to language service websites.

In FY 2009, the BBG's technology initiatives assisted broadcasters in fulfilling the Agency's mission. The Engineering department replaced VOA TV's outdated Newsflow video system with DaletPlus, which comprehensively manages the entire news production workflow and allows VOA journalists to browse, locate, and transfer video digitally. MBN began the process of replacing the Alhurra broadcast automation system to streamline editing; improve news system integration; increase availability of video content; and establish a reliable online video archive system.

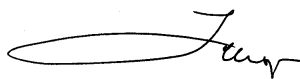
Other highlights in FY 2009 included:

- MBN Alhurra and Radio Sawa reached weekly audiences of 27.7 million and 16.4 million people, respectively and were watched or listened to by 70 percent of the adult Iraqi population weekly.

- VOA's Deewa Radio added three hours of morning programming, for a total of nine hours daily, to its Pashto-speaking audience in the Pakistan-Afghanistan border region.
- RFA and VOA continued to reach the information-deprived people of North Korea with 10 hours of daily shortwave radio broadcasts.
- During the election crisis in Iran, VOA's Persian News Network (PNN), added a one-hour morning news show to its existing seven-hour schedule and intensified its use of the web and social media outlets.
- OCB added VHF to its AeroMartí television broadcasts. OCB also increased its coverage of the blogging community in Cuba, airing a five part TV series on bloggers and featuring it on their website and other social media outlets.
- RFE/RL moved to its new, state-of-the-art Prague headquarters in May 2009. The broadcast center features multimedia recording studios and a modern newsroom. It is also energy-efficient and one of the most secure facilities in Europe.
- In July 2009, VOA Swahili became the first service in the Africa Division to offer news via text messages to millions of subscribers in East and Central Africa.

We are pleased that the independent auditors have given our financial statements an unqualified ("clean") opinion for the fifth year. This report and the audit results demonstrate the BBG's ability to increase program impact through prudent management of available resources and the use of modern communications tools and techniques. Sections 1 and 3 of this report discuss the corrective actions the Agency is taking to address the identified internal control and audit findings.

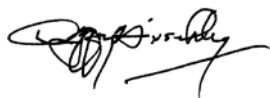
We are proud to report the achievements of the Broadcasting Board of Governors during FY 2009 in furthering our mission as well as wisely and effectively using the resources entrusted to us by the Administration, Congress, and the public.



Joaquin F. Blaya
Member



Blanquita W. Cullum
Member



D. Jeffrey Hirschberg
Member



Steven J. Simmons
Member

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Introduction

Purpose of the Performance and Accountability Report

This FY 2009 Performance and Accountability Report (PAR) is the Broadcasting Board of Governors' (BBG) sixth report providing consolidated performance and financial information. This integrated presentation of the Agency's program performance, financial accountability, and managerial effectiveness is intended to assist Congress, the President, and the public in assessing the BBG's performance relative to its mission and stewardship of the resources entrusted to it.

This report satisfies the reporting requirements of the following legislation:

Federal Manager's Financial Integrity Act of 1982 (FMFIA)
Government Management Reform Act of 1982 (GMRA)
Government Performance and Results Act of 1993 (GPRA)
Federal Financial Managers Improvement Act of 1996 (FFMIA)
Reports Consolidation Act of 2000
Accountability of Tax Dollars Act of 2002

Structure of the Performance and Accountability Report

The report includes the following sections:

Management's Discussion and Analysis (MD&A)

The MD&A is an overview of the BBG, its organizational structure, and mission. It includes a summary of the Agency's highlights and accomplishments for FY 2009 and the BBG's management and performance challenges. The MD&A also includes the results of the Agency's FY 2009 FMFIA internal control review and a section on management assurances.

Performance Information

The performance section presents annual program performance information as required by the GPRA and describes the Agency's progress in meeting its operational strategic goals. A summary of the FY 2009 performance objectives is presented, as well as information about the outcome of specific performance indicator targets

Financial Information

The financial section contains BBG's financial statements and the related Independent Auditor's Report. In this section, the BBG has prepared and presented all five statements as required by the Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements.

Other Accompanying Information

The other accompanying information section contains a summary explanation of the verification and validation of performance measures used in the report. It also contains the Inspector General's (IG) statement on management and performance challenges along with the BBG's response.

***Section 1:
Management's Discussion and
Analysis***

Organizational Structure and Mission

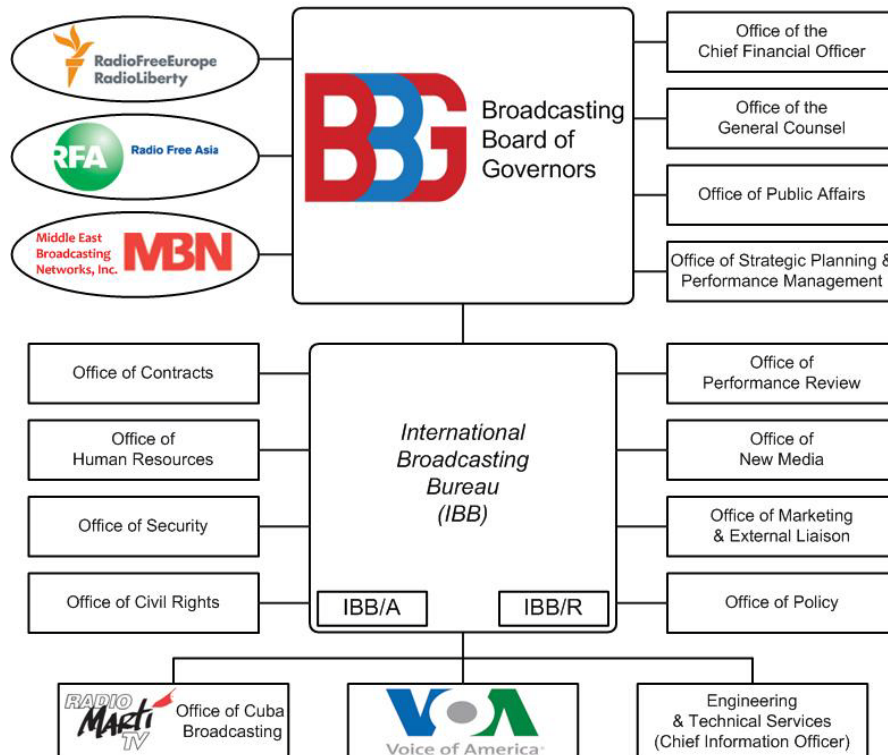
BBG Organization

The Broadcasting Board of Governors (BBG) became an independent federal entity on October 1, 1999 as a result of the 1998 Foreign Affairs Reform and Restructuring Act (Public Law 105-22). The BBG administers all non-military international broadcasting funded by the U.S. Government in accordance with the U.S. International Broadcasting Act of 1994, as amended. As set forth in the enabling legislation, a bi-partisan, presidentially appointed board oversees the Agency. BBG is the name of both the Agency and the Board that governs the Agency. The Board sets the priorities and overall strategic direction of U.S. international broadcasting, allocates resources, manages relationships with the other executive branch agencies and Congress, reviews and evaluates the effectiveness of the broadcast language service, and safeguards journalistic integrity. This last function is of key importance to the Board, which has a vital role as a “firewall” between BBG journalists and those who would seek to influence news coverage.

The BBG broadcasting organizations include the Voice of America (VOA), the Office of Cuba Broadcasting (OCB: Radio and TV Martí), Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and the Middle East Broadcasting Networks (MBN: Radio Sawa and Alhurra TV), as well as support offices in the International Broadcasting Bureau (IBB).

VOA, OCB, RFE/RL, RFA, and MBN, while under the supervision of the BBG, have varied legal and organizational frameworks. VOA and OCB are part of the federal government. RFE/RL, RFA, and MBN are grantee organizations that receive funding from the federal government but are organized and managed as private non-profit corporations.

Broadcasting Board of Governors



BBG Mission Statement

To promote freedom and democracy and to enhance understanding through multi-media communication of accurate, objective, and balanced news, information, and other programming about America and the world to audiences overseas.

BBG Mission

The Broadcasting Board of Governors (BBG) promotes freedom and democracy through its international broadcasting programs. The BBG includes Voice of America (VOA), Radio and TV Martí, Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and the Middle East Broadcasting Networks (MBN), and reaches a worldwide audience of 171 million in 60 languages via radio, television, and Internet. All BBG broadcast services adhere to the broadcasting standards and principles of the International Broadcasting Act of 1994, as amended, and support the BBG mission.

FY 2009 Performance Goals, Objectives and Results

The BBG has one strategic goal for all entities - to create an increasingly effective and modern international broadcasting system that reaches significant audiences where most needed, in support of U.S. strategic interests. Progress towards meeting this goal is measured by the BBG performance indicators. Taken together, they provide a comprehensive accounting of the annual performance of the BBG. The resources applied by entity to achieve these results are also presented in the Statement of Net Cost.

Delivering accurate news and information to significant audiences in target countries is our core definition of success. This requires first that our programs reach large numbers of people on a regular basis, as measured by the weekly audience reach; and secondly, that our programs are attractive and endorsed as trustworthy to the audience, as measured by the program quality and program credibility. Both elements are equally important, and we report them at the entity level, together with other secondary measures that significantly impact the primary measures. The secondary measures include the number of transmitters and affiliates, signal strength, satellite effectiveness and consumable expense which is the total annual cost of power and parts to operate the transmitters in the BBG network around the world.

All performance indicators for each language service are annual measures that are aggregated at the entity level to summarize the accomplishments of each entity. These common measures also serve as a foundation for internal review processes, including Language Service Review and Program Reviews, which ensure BBG priorities are met and performance is meeting expectations of integrating resources with results.



Note: The BBG broadcasts in 60 languages, including three types of English language programs: Global English, Special English to learn English, English-to-Africa targeted to the African continent.

FY 2009 Highlights and Accomplishments

Over the past year, the BBG has effectively distributed breaking news, in-depth reporting and reasoned analysis on traditional and new media platforms, illustrating that international broadcasting is the most effective U.S. tool to provide a worldwide audience with accurate news and information and relevant discussions to those who do not receive this from their own media.

Key accomplishments in FY 2009 include:

- The BBG enhanced and increased broadcasts and Internet programming to information-deprived areas in the world, including North Korea, Burma, Iran, Pakistan, Afghanistan, Somalia, Darfur, Russia, China and Vietnam.
- The BBG successfully launched crisis surge broadcasting to tumultuous parts of the world including Georgia, the Afghanistan-Pakistan border region, Burma, Kenya, and Iran.
- BBG language services provided in-depth coverage of the 2008 U.S. elections and the inauguration of Barack Obama, as well as coverage of crucial elections and referendums around the world. Language services covered campaigns, gave voice to opposition parties, and reported on voter registration and vote counts in countries worldwide, including Indonesia, Afghanistan, Iran, Bolivia, and Venezuela.

Voice of America

- In January 2009, VOA improved its ability to reach North Korea by partnering with a South Korean broadcaster. This partnership now allows VOA Korean to supplement its expanded shortwave broadcasts with 90 minutes of daily programming transmitted on medium-wave to listeners inside North Korea.
- Broadcasting to Africa achieved new success in FY 2009. The Zimbabwe project has added a call-in/callback talk show to promote interaction, as well as a radio serial that will deal with the daily life of Zimbabweans in theatrical form. In Zimbabwe, 16 percent of the adult population tune into VOA on a weekly basis, and among those listening, 35 percent indicated that VOA was their most important source of news. VOA's Somali Service added a half-hour morning show in June, bringing total airtime to 3.5 hours daily. Among Nigeria's Hausa-speaking population, 47 percent listen to VOA at least once a week, and more than 1,000 people attended each of two VOA-sponsored town hall meetings addressing health issues. In Rwanda, 70 percent of the adult population listens weekly to VOA's Central Africa Service, which maintains its collaboration with the State Department to produce youth refugee radio programs in Burundi and Tanzania.
- In Armenia, VOA's weekly reach grew to over 42 percent in 2009- up from 26 percent last year. The Armenian Service, which consists of just 2 full-time staff and 2 contractors, secured an affiliation with one of the top two networks in the country.
- VOA's Burmese Service added to its 3.5 hours of daily shortwave radio broadcasts by launching its first satellite TV program to Burma. This new program airs Sunday mornings and is repeated during the week, providing news and images that many Burmese would not otherwise see.
- In Iran, VOA's Persian News Network (PNN) commands a weekly audience share of 29.9 percent of adults. PNN played a crucial role in providing election coverage by ramping up the TV programming schedule, adding a one-hour morning show to an existing seven-hour PNN TV schedule. In addition, PNN expanded its web operations, adding a Twitter feed to its mix of blogs and social networking pages. Not only did PNN use the web to deliver content to its audience, it also took advantage of web capability for receiving content. Desperate to communicate with the outside world given heavy media restrictions, Iranian citizen journalists used web-based hubs to send VOA upwards of 300 videos a day, along with thousands of still pictures and emails.
- In Haiti, VOA is the leading international broadcaster with 50 percent of the adult population listening on a weekly basis, and 21 percent listening daily.

Office of Cuba Broadcasting (Radio and TV Martí)

- In December 2008, OCB launched its newly redesigned website, Martinoticias.com, with live streaming of radio and television programming.
- During February 2009, OCB successfully installed a new 100kW medium-wave transmitter at its Marathon Transmitting Station, replacing two older transmitters that had been in use since 1985.

- On April 13, 2009 President Obama announced a series of changes in U.S. policy towards Cuba in an effort to promote people-to-people exchanges. The measures included lifting restrictions on travel and remittances to Cuba by Cuban-Americans. Radio Martí News provided extensive coverage of the White House announcement including reactions.
- Both Radio and TV Martí provided extensive coverage of the Honduran crisis. Coverage included live reports from journalists in Honduras, members of the parliament, experts and academics, as well as statements on U.S. policy towards Honduras, with special emphasis on the statements by President Obama and Secretary of State Clinton. Radio Martí also broadcast reactions from Cuban dissidents who all called for the respect of democratic institutions.
- TV Martí has provided programming to Voice of America (Spanish) such as *Alto Voltaje* (High Voltage), *Hollywood in 30 Minutes*, and a half hour sports program. Recently TV Martí provided technical support for VOA's *Foro Interamericano* (Interamerican Forum) and is in the process of coordinating more joint ventures and program sharing.

Radio Free Europe/Radio Liberty

- Radio Farda provided round-the-clock breaking news, stories of global interest, and local domestic stories to the people of Iran on the radio and the web. Radio Farda provided 21 consecutive hours of live programming on the 2008 U.S. Election Day; broadcast President Obama's Norouz New Year address to the Iranian people; covered the 2009 Iranian presidential campaign; and expanded programming to cover the massive protests that followed the June 12 election. In June 2009, Radio Free Afghanistan launched its dedicated comprehensive coverage of the August 2009 Afghan presidential election and interviewed each of the 41 candidates.
- In June 2009, Radio Free Iraq produced special programming when foreign troops completed their withdrawal from the cities of Iraq. FY 2009 programs stressed the need for Iraqi citizens to take responsibility for the future development of their country.
- When Russian troops invaded Georgia in August 2008, the Georgian Service added a fourth hour of primetime news to its daily program clock; established a strong Internet component to its ongoing coverage of the conflict, with audio, photo, and video galleries; and published special blogs from Service correspondents who remained in two besieged cities throughout the Russian occupation.
- RFE/RL websites have increased page views since launching in a new web content management system. In May 2009, the website of Radio Free Afghanistan showed a 400 percent increase in page views with most of its visits coming from Afghanistan, Pakistan, and Iran. In April 2009, the Georgian Service's website improved by over 500 percent in all categories. And in March 2009, RFE/RL's website for Moldova saw an 800 percent increase in page views and an increase in audio listening by a factor of 20, while the Macedonian site enjoyed a 400 percent rise in page views and 300 percent increase in the number of listens.
- In FY 2009, RFE/RL attracted significant audiences with television programs broadcast in Bosnia, Macedonia, Georgia, and Belarus.

Radio Free Asia

- RFA's Uyghur Service reported on the deadly riots that erupted in Urumqi, the capital of China's northwest Xinjiang province in which nearly 200 people were killed and more than 1,400 arrested.
- In July 2009, direct visits to RFA websites increased by 58 percent over the same period in 2008, while users viewed 51 percent more pages.
- In FY 2009, RFA continued its surge broadcasting to Tibet, which began with the March 2008 crackdown by Chinese forces on the peaceful protest by monks in Lhasa.
- The Korean Service broadcast five hours daily to listeners in North Korea, giving audiences news and information they would otherwise be denied.
- During FY 2009, the Burma Service continued its surge broadcast schedule including more popular feature programs such as Voices of the Sangha, which provides a window into Burmese monastic life, and Mid-Show which targets a younger audience.
- In FY 2009, RFA completed the final stages of its broadcast facility upgrade, including the installation of new IP digital consoles and the migration of all language services to the most recent version of the Rivendell broadcast automation system.
- In February 2009, RFA conducted an Employee Perspectives Survey which concluded that the percentage of favorable responses on the issues of RFA, management, and the working environment in 2009 exceeded 2007 in 36 of the 41 questions.

Middle East Broadcasting Networks (Alhurra, Alhurra Iraq, Alhurra Europe and Radio Sawa)

- *Al Youm*, which launched on March 8, 2009, has increased Alhurra's standing in the Middle East with a broadcast platform and information mix unique in the region. *Al Youm* broadcasts live for three hours from studios in Dubai, Beirut, Cairo, and Jerusalem with live reports from the U.S. and throughout Middle East.
- Based on surveys in 14 Arab countries, Alhurra and Radio Sawa reach weekly adult audiences of 27.7 million and 16.4 million people, respectively. Alhurra and Sawa are watched or listened to by over 70 percent of the adult Iraqi population on a weekly basis. Alhurra reaches 11.1 percent of adults in Egypt weekly; 22.8 percent in Jordan; 10.8 percent in Lebanon; 26.8 percent in Morocco; 30.1 percent in Oman; 10.3 percent in Saudi Arabia; 54.6 percent in Syria; and 17.2 percent in the United Arab Emirates.
- The *Afia Darfur* 30-minute program was broadcast into Darfur via shortwave. The program features news about Darfur and elsewhere around the world; news that is not accessible to the people of Darfur through the official media. In addition to the latest news, the program features information on how the Darfur crisis is portrayed in the western media, refugee and Internally Displaced Persons (IDP) issues, health issues as well as features about the culture, history and heritage of the diverse ethnic groups of Darfur.

- When the conflict in Gaza erupted in December 2008, resources were quickly reallocated to provide MBN's Middle Eastern audience the most up-to-the-minute news updates. Alhurra provided extensive and comprehensive coverage daily—pre-empting regular programming—which included updates from reporters in Gaza, Israel, Ramallah and neighboring countries. Alhurra featured round-the-clock expert analysis from scholars at think tanks in Washington, D.C. to provide the U.S. perspective. Radio Sawa expanded newscasts to include the latest information from Gaza, and information about the conflict dominated its all-news website.
- Alhurra consistently obtains and broadcasts exclusive interviews with Middle East leaders, regional figures and American leaders. Recent interviews include Secretary of State Hillary Clinton, Secretary of Defense Robert Gates, U.S. Joint Chiefs of Staff Chairman Admiral Michael Mullen, Iraqi Prime Minister Nuri al-Maliki, Iraqi President Jalal Talabani, Libyan leader Muammar Gaddafi, Turkish President Abdullah Gul, former Lebanese President Amin Gemayel, Reza Pahlavi and former President of South Yemen Ali Salim al-Beidh. Alhurra's credibility grew this year with 85 percent of viewers rating the station's news and information rated very or somewhat trustworthy/reliable, up from 72 percent in 2008.
- Alhurra and Radio Sawa provided comprehensive coverage of the elections in the United States, Algeria, Iraq, Jordan, Mauritania, Afghanistan, Kuwait, Kurdistan, Israel and Lebanon. For the Israeli national election in February 2009, Radio Sawa broadcast hourly informative updates about the election in expanded newscasts and live coverage from multiple locations in Israel.
- In April 2009, www.RadioSawa.com was awarded first prize in the Media-TV & Radio category at the Pan Arab Web Awards. The Web site was judged for creativity, user friendliness, content, visual design and interactivity.

Engineering and Technical Services

The Office of Engineering and Technical Services provides engineering and technological support to BBG staff and facilities in Washington, D.C. and abroad. In addition to managing a complex global network of nearly 80 transmitting sites delivering shortwave, medium-wave (AM), FM, and TV broadcasts, Engineering leases broadcast time at 23 transmitting facilities in 14 countries. To meet the needs of its varied broadcast customers, Engineering is responsible for an extensive network of leased satellite and fiber optic circuits and other international telecommunication systems, which includes providing support to a worldwide array of hundreds of satellite receivers and earth stations and a rapidly growing Internet delivery system.

- In the summer of FY 2009, Engineering replaced VOA's TV Newsflow video system with DaletPlus, a system that comprehensively manages the entire news production workflow, allowing VOA journalists to browse, locate, and transfer video digitally rather than using tapes. To assist broadcasters in making this transition, Engineering is providing extensive training and regular information updates to system users.
- Engineering completed a two-year project to establish global interconnects for MBN's live *Al Youm* program. This initiative used interactive video and IP connections to link remote studio locations in Cairo, Beirut, Jerusalem, and Dubai with MBN studios in Virginia. Engineering repurposed satellite equipment from the closed transmitting station in Morocco and from the

transmitting site in Greenville, North Carolina to reduce one-time implementation costs for this project and pressed new MPEG4 technology into operation to reduce annual operating costs.

- As part of an overall strategy to reach audiences in Africa, Engineering successfully developed *VOA Express*. This web-based system enables affiliates throughout Africa to access original VOA text and audio programming for their audiences on demand. Engineering is working to expand this capability throughout Africa, and in other locations.
- Engineering continued to support the BBG disaster recovery plans to enable the Agency to provide essential broadcast mission functions in the event of catastrophic network loss. In FY 2009, Engineering completed construction that began in FY 2008 on the physical space and infrastructure for the television studios at the Continuity Of Operations (COOP) facility. The COOP telecommunications facility is functional 24/7 and capable of rerouting essential communications services for all BBG broadcast entities within hours.

Agency Direction

The BBG oversees all U.S. funded, non-military international broadcasting, including the operations of IBB, VOA, OCB, and the three grantees, RFE/RL, RFA, and MBN. The Office of the General Counsel, Office of the CFO, and the Office of Public Affairs supported Agency activities throughout FY 2009.

- The BBG made progress in achieving objectives outlined in the BBG Strategic Plan for 2008-2013 (available at <http://www.bbg.gov/about/plan.html>) and is working with the entities to ensure that each entity's strategic and long-term planning incorporates the BBG strategic plan.
- The FY 2008 BBG Performance and Accountability Report (PAR) was submitted on time and the BBG received an unqualified opinion on the independent audit of the BBG FY 2008 financial statements.
- The Agency continued to see residual improvements in procurements and contract management due to the implementation of the new financial system last year.

International Broadcasting Bureau (IBB)

The IBB's Management and Support offices include the Director of the IBB and the Offices of Policy, Performance Review, Civil Rights, Contracts, Human Resources, Security, Marketing and External Liaison, and New Media.

- In FY 2009, the IBB supported the strategic objective to better employ modern communication techniques and technologies and engage the world in conversation about America. This past year, IBB expanded that role by creating the Office of New Media and appointing a Director to enhance VOA's Internet presence and the use of digital platforms for distribution of multimedia content.
- The Office of Marketing and External Liaison finalized a distribution agreement with SMS Media Group for distribution of content from BBG entity broadcasters to mobile telephone users in more than 200 countries via more than 600 mobile service providers. The agreement is advertising supported; broadcasters will have 100 characters for each SMS message. An advertisement attached to each message, fully vetted and approved by IBB, will cover the costs.

On-Going Challenges

Broadcast Environment

Two major factors shape the global political and security context for BBG operations: resurgent authoritarianism and extremism. In many places, the two are intertwined. BBG broadcasters largely target audiences where authoritarianism and extremism predominate, and must therefore stay abreast of the emerging policies and practices of both.

The BBG broadcasts to parts of the world where freedom of the press is often suppressed or denied. The BBG also broadcasts to countries and regions that lack democracy or are in the process of transitioning into democracy, which means working in politically unstable environments.

The foremost challenge for the BBG is to deliver BBG programming to audiences via the media and the formats they prefer, despite the instabilities of various broadcast markets. In many cases, the BBG relies on agreements with host country governments to ensure program delivery and access to local radio and TV affiliates. When the political climate or leadership of a country changes, the BBG's ability to continue broadcasting may also change. For example, in FY 2009, the Azeri government banned radio and TV broadcasts of VOA and RFE/RL on local FM and medium-wave frequencies and television stations. In other BBG broadcast countries, the government actively works to suppress a free press by blocking radio and television signals and censoring Internet content. To reach audiences, the BBG is constantly working to overcome jamming and censorship. As an organized effort on behalf of VOA, Radio Free Asia, and Radio Farda, the BBG's Internet anti-censorship program counteracts activities undertaken by governments such as China and Iran to restrict Internet access, constantly revising and updating its approaches and techniques to thwart Internet censorship. The BBG must be agile to adjust broadcast media in response to changing media climates. In 2009, Voice of America and RFE/RL's Radio Farda surged during the Iranian election crisis despite heavy media restrictions. Both responded quickly, finding alternative ways to continue to supply news and information to their audiences and enhancing their use of the Internet to allow citizen journalists on the ground to send crucial information that foreign media outlets were otherwise banned from distributing.

The BBG responds to crises worldwide with surges in broadcasting, not just in Iran. This year alone, the BBG has surged in Burma, Tibet, Georgia, Kenya, and the Afghanistan-Pakistan border region. BBG language services add additional broadcast hours and create rich content to effectively and accurately inform people affected by crises with very little lead-time and often with no defined end of surge. As regional and localized crises develop, the BBG must respond quickly and decisively depending on available media resources and the nature of the situation.

The geopolitical landscape constantly challenges the BBG to find inventive and dynamic means to achieve its mission. Whether reaching out to populations in crisis, providing a forum for public debate, or engaging the next generation of decision makers, the BBG is continually evaluating its approach and striving to meet the unique challenges that its mission aspires to and that today's global political climate demands.

Infrastructure

The BBG requires powerful and reliable broadcast equipment to fulfill its mission. BBG customers - audiences around the world - often have a number of choices for where they get their news. To ensure these programs reach target audiences, the BBG must find ways to effectively deliver high quality programs in a format that is preferred in a given area. The BBG must manage, as never before, a mix of media and technologies from traditional shortwave to satellite TV and cell phones.

The BBG must carefully manage its transmission infrastructure to maintain a strong presence in critical markets. It is necessary to provide modern and effective transmitting and antenna systems in order to improve signal strength and reliability of broadcasts to vital areas throughout the world. The BBG works to meet this challenge by determining where transmission resources can be best utilized to BBG broadcasts. As the BBG closes transmitting stations in order to reallocate resources to other distribution means, a determination is made for the best use of the equipment, including moving to another site for re-use, storing for future use, maintaining as surge capacity, or retiring. Through this analysis, the BBG works to meet the constant challenge of maintaining an effective and cost-effective transmission network.

The dynamic, rapidly evolving broadcast information technology (IT) market impacts much of the BBG's broadcast and transmission equipment. Different areas of the world depend on different types of broadcast technology, requiring the BBG to maintain a traditional transmission network, while investing in new media technology to support programming efforts such as news delivery to sub-Saharan Africa via SMS in Swahili. New infrastructure must be established and maintained along with existing infrastructure, and this maintenance is complicated by the advent of digital technology. While digital technology provides the highest quality production capabilities and increased opportunities for improved efficiencies, digital equipment requires a more stringent replacement and upgrade cycle to meet industry standards. As the pace of obsolescence accelerates with new technologies, vendors discontinue support for older systems and repairs or upgrades become difficult or even impossible. Given these constraints, the BBG strives to judiciously allocate resources to address the most critical infrastructure requirements as well as annual recurring technical infrastructure requirements and one-time projects.

Management

While audience preferences and research dictate the strategies of individual language services across the BBG, the Agency must remain flexible and capable of adapting to changes in regional priorities and broadcast strategies. The BBG must continually assess how best to scale and shape operations, including the right mix of language services, to meet the new challenges while enhancing performance.

Unpredictable global events make it challenging to plan the specific next steps the Agency will take. As media consumption changes in target broadcast areas, the BBG has transitioned from radio-only broadcasts to multimedia news and information distribution, including television, the Internet, and cell phone text messaging. Like surge broadcasts, these changes in distribution availability and audience preferences evolve quickly, and require that the BBG be innovative to respond effectively. Ensuring that the BBG workforce is poised to respond to an unpredictable environment is imperative for the BBG to move decisively in all global political situations and media market fluxes.

Internally, the quality, competency and morale of the BBG workforce must improve for the Agency to effectively achieve its mission. The BBG recognizes that its ability to accomplish its mission is directly related to its workforce. As such, the Agency has made the development and motivation of its

workforce a defined component of the BBG 2008-2013 Strategic Plan for meeting future challenges. Issues of Federal employee morale and satisfaction have been made apparent in the results of the 2006 and 2008 Federal Human Capital Surveys. Though this survey only captures concerns among the Federal BBG employees, the Agency is taking a comprehensive approach by also engaging the grantees to address critical workforce issues such as employee recognition, training and development, performance management, and communication.

Financial Highlights

The BBG financial statements, which are included in the Financial Section of this report, are the fifth set of statements prepared for the Agency.

The independent accounting firm, Leonard G. Birnbaum and Company, LLP conducted our FY 2009 financial statement audit and issued an unqualified (“clean”) opinion on our Principal Financial Statements. This is the best possible audit result.

Preparing these statements allows the BBG to improve financial management and provide accurate and reliable information to Congress, the President, and the taxpayer. BBG management is responsible for the integrity and objectivity of the financial information presented in the statements.

The financial statements and financial data presented in this report have been prepared from the accounting records of the BBG in conformity with generally accepted accounting principles (GAAP). In addition, the standards as prescribed by the Federal Accounting Standards Advisory Board (FASAB) have been applied.

FINANCIAL HIGHLIGHTS		
(Dollars in Thousands)	2009	2008
At End of Year:		
Condensed Balance Sheet Data:		
Fund Balance with U.S.	\$158,487	\$151,853
Accounts Receivable	2,867	4,205
Property, Plant, and Equipment	132,812	138,033
Other	4,161	2,589
TOTAL ASSETS	<u>\$298,327</u>	<u>\$296,680</u>
Accounts Payable	17,880	956
Retirement and Payroll	35,331	33,353
TOTAL LIABILITIES	<u>\$53,211</u>	<u>\$34,309</u>
Unexpended Appropriations	118,440	118,228
Cumulative Results of Operations	126,676	144,143
TOTAL NET POSITION	<u>\$245,116</u>	<u>\$262,371</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$298,327</u>	<u>\$296,680</u>
For the Year:		
Total Cost	766,124	810,035
Total Earned Revenue	(1,304)	(3,535)
TOTAL NET COST OF OPERATIONS	<u>\$764,819</u>	<u>\$806,500</u>

Management Controls, Systems, and Compliance with Laws and Regulations

As part of the BBG's commitment to establish and maintain effective and efficient internal controls, the Agency management conducts ongoing reviews of internal accounting and administrative control systems. The results of these reviews, as well as consideration of audits, evaluations and reviews conducted by the U.S. General Accountability Office (GAO), the Office of Inspector General (OIG) and other outside entities, are used as a basis for the BBG's reporting on the condition of the Agency's internal controls.

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 (P.L. 97-255) is designed to provide reasonable assurance that agencies institute management accountability and internal controls that ensure:

- programs achieve their intended results;
- effective use of resources consistent with the Agency's mission;
- proper safeguarding of programs and resources against waste, fraud, and mismanagement;
- reliable and timely information to support decision making; and
- compliance with laws and regulations.

The program and office directors annually report to the Chairman, or in his absence the BBG Executive Director, on compliance with the requirements of the FMFIA related to their programs. Based on these reports, the Chairman or Executive Director prepares an annual statement on compliance of the Agency's system of internal controls with the requirements of the FMFIA.

Reports to the Chairman or Executive Director are based on annual management control reviews that are completed for each program or office of the Agency. The management control reviews are based on two components of compliance with the Act:

- Program and administrative compliance; and
- Financial management systems compliance.

According to Part IV of Office of Management and Budget's OMB Circular A-123, "Agency employees and managers generally report deficiencies to the next supervisory level, which allows the chain of command structure to determine the relative importance of each deficiency." Deficiencies in controls that are identified during the management control review process must be included in the management control review reports. The report should describe the deficiencies and an action plan for correcting them.

The BBG's standards incorporate the GAO's Standards for Internal Controls in the Federal Government. Good internal control systems are essential for ensuring the proper conduct of BBG business and the accomplishment of management objectives by serving as checks and balances against undesired action. This standard reflects the fact that all internal control systems, no matter how well designed, have inherent limitations and should not be relied upon

to provide absolute assurance, and that control systems may vary over time because of changes in conditions.

As a result of the FY 2009 review, the BBG identified high vulnerability areas and some matters for continued monitoring which are outlined in the following section. BBG management has designated a high vulnerability issue as a high-risk area with identified deficiencies and less than effective internal controls. These areas warrant special attention of management, with the need to strengthen controls.



**BROADCASTING BOARD OF GOVERNORS
UNITED STATES OF AMERICA**

FY 2009 FMFIA REPORT

I have reviewed the BBG's Assurances Statements for the FY 2009 FMFIA Report. Based upon my evaluation of the attached assurance statements, I concur with a reasonable certainty that the agency has adequate safeguards against fraud, waste, abuse and mismanagement in place. The agency's FY 2009 FMFIA Report contains the results of our yearly internal control assessment and corrective actions to be taken.

In addition I have reviewed the Assurance Statement for the agency's financial management systems. I concur with a reasonable certainty that the agency's financial management system generally conforms to the Federal financial management system requirements, including General Accepted Accounting Principles, Government Accounting Standards, and BBG accounting policies and procedures. The agency's FY 2009 FMFIA Report includes the results of the corrective actions taken to address the FY 2008 audit's reportable condition to extent that they within the scope of the agency's control.

A handwritten signature in black ink, appearing to read "J.N. Trimble", is positioned above a horizontal line.

Jeffrey N. Trimble
Executive Director
Broadcasting Board of Governors

Summary of FMFIA Issues and Non-Conformances and Corrective Actions

HIGH VULNERABILITY ISSUE	CORRECTIVE ACTION
<p><i>The Manual of Operations and Administration (MOA) needs to be updated.</i></p> <ul style="list-style-type: none"> ➤ The MOA provides operating procedures necessary for the Agency to implement Agency policy and provides guidelines for establishing management controls. ➤ The MOA has not been consistently reviewed to determine if the regulations or requirements have changed or organizational changes have occurred that may require additions or deletions to the manual. 	<ol style="list-style-type: none"> 1. The Office of Analysis and Administration has established the Broadcasting Administrative Manual on the BBG Sharepoint system. A consistent format has been promulgated and offices are reviewing and updating the MOA to the new BAM format. 2. All existing MOA documents remain in effect while the formats are updated.
<p><i>Personal Property Accountability</i></p> <ul style="list-style-type: none"> ➤ The BBG needs a single property database. ➤ Several systems exist within the Agency for tracking property, making property inventory control difficult. 	<ol style="list-style-type: none"> 1. The conversion of personal property to “PIPS” was completed on July 1, 2007. The information in the system is being monitored on a regular basis to ensure that it is kept up-to-date. 2. In FY 2007, all personnel responsible for the property management and inventory have been merged into one office to ensure all property is tracked consistently in a single system.

NON-CONFORMANCE MATTERS FOR CONTINUED MONITORING	CORRECTIVE ACTION
<p><i>Travel Voucher Program</i></p> <ul style="list-style-type: none"> ➤ Travel vouchers are not filed on a timely basis. ➤ Unused travel advances are not routinely reported and returned to BBG. ➤ Travel authorizations and travel vouchers are processed independently. 	<ol style="list-style-type: none"> 1. The Agency consolidated the travel operations into one office in FY 2006 and in FY 2007, established a Travel Service Center to assist employees with travel authorizations and voucher processing. 2. The E2 Travel Solutions system has been implemented and is used by the Agency. E2 includes an automated notification process to notify travelers of delinquent vouchers. The Agency continues to work on an automated interface between our Travel and Financial Management System.
<p><i>Federal Procurement Policies and Procedures</i></p> <ul style="list-style-type: none"> ➤ Improve estimating capability when preparing solicitations and methodology for evaluating price proposals. ➤ Improve formal reviews of the small purchasing activities, including the purchase card program to confirm and validate that the Agency complied with Federal Acquisition Regulations policies and procedures. 	<ol style="list-style-type: none"> 1. The Office of Contracts (M/CON) has developed expertise in estimating for solicitations and evaluating price proposals. 2. M/CON conducts “Procurement Compliance Reviews” to identify non-conforming procurement actions. M/CON used the information from the FY 2007 reviews to provide guidance to Headquarters and field offices on documenting pre-award actions.
<p><i>Federal Purchase Card Program</i></p> <ul style="list-style-type: none"> ➤ Citibank “Purchase Cardholders” located at both BBG Headquarters in Washington D.C. and various field locations were not consistently following Federal procurement policies and procedures regarding Federal Purchase Card Program. 	<ol style="list-style-type: none"> 1. Effective July 31, 2006 M/CON established guidance and on performing annual compliance reviews. M/CON also issued instructions to cardholders to establish and maintain complete and accurate documentation. 2. BBG continues to work to maintain consistency among all of its participating Purchase Cardholders in

	<p>their use of the Citibank Purchase Card and adherence to applicable Federal procurement regulations. BBG utilizes an automated reconciliation process in its Financial Management System. This allows us to identify outstanding charges and quickly reconcile them.</p> <p>3. BBG hired an outside contractor to review the Purchase Card Program in FY2007 and FY2008. Both reviews indicated that the program was operated in an effective and efficient manner. The FY2008 report found that <i>“The review of the Cardholders activity presents substantial evidence that the Purchase Card program participants remain diligent in following the standards in Procurement and Purchase Card practices as set forth by the Agency. There were no indications of fraud or abuse detected on behalf of the Cardholders. The overall findings of the Purchase Card Program review was a success story, that may require some fine tuning. Many of the Agency procedures could be effectively incorporated as Best Practice to obtain optimum performance.”</i></p>
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Summary of Financial System Reportable Conditions and Corrective Actions

REPORTABLE CONDITIONS	CORRECTIVE ACTION
<ul style="list-style-type: none"> ➤ Certain elements of the financial statements, principally property, plant, and equipment (PP&E), are developed from sources other than the general ledger, increasing the potential for omission of significant transactions. ➤ The financial management system does not issue interim financial reports. 	<ol style="list-style-type: none"> 1. The BBG established a Property Management Office and maintains Property data in the PIPs database. On a quarterly basis, the Property Management Office provides a listing of asset acquisitions and dispositions to Financial Reporting who in turn completes the necessary Journal Voucher to update the Momentum Financial Management System. 2. The BBG implemented the Momentum Financial Management System in June 2008. We are able to generate a Trial Balance from the system which allows us to prepare interim financial reports.
<ul style="list-style-type: none"> ➤ The BBG has not fully codified its financial management operating procedures, presenting opportunities for inconsistencies and errors in processing financial transactions. 	<ol style="list-style-type: none"> 1. The BBG CFO office has updated the remaining sections of its MOA. All financial operating procedures have been codified and published. 2. The MOAs are currently being reviewed and updated to the new BAM format.
<ul style="list-style-type: none"> ➤ The BBG did not maintain adequate internal control over accounts payable because the accounts payable reconciliation was not completed by September 30, 2006. 	<ol style="list-style-type: none"> 1. The BBG worked with DoS to update the BBG financial system with previously missing files. This update was completed in March 2008. 2. BBG has transitioned to the Momentum Financial Management System and implemented an overseas interface to correctly record overseas transactions.

Improper Payments Information Act Reporting

In accordance with the Improper Payments Information Act of 2002 (Public Law 107-300) the BBG continued to monitor its payment operations to ensure erroneous payments did not occur. The BBG's FY 2009 budget was \$719.6 million, of which about 32 percent is attributed to salary payments. Improper payments in the aggregate of \$10 million dollars are statistically unlikely given the number and size of our average payments.

During the course of the year, we have monitored our payments to ensure erroneous payments have not occurred. The BBG did not incur any erroneous payments totaling \$10 million dollars during FY 2009.

The BBG will continue to monitor the payment process during FY 2010.

Limitations of Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Broadcasting Board of Governors (BBG), pursuant to the requirements of 31 U.S.C. 3515 (b). While the BBG statements have been prepared from its books and records in accordance with Generally Accepted Accounting Principles for Federal entities and the formats prescribed by the Office of Management and Budget, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

These statements should be read with realization that they are for a component of the United States Government, a sovereign entity.

Section 2: Performance Information

Strategic Goal

The primary strategic goal of the BBG is to deliver accurate news and information through an increasingly effective and modern international broadcasting system that reaches significant audiences where most needed in support of U.S. strategic interests. The principal measure for accomplishing the strategic goal is delivery of high quality news and information in a variety of formats, reaching significant audiences on a regular basis, and promoting an understanding of current events, American society, and U.S. policy.

FY 2009 Implementation Strategies

The implementation strategies of the BBG guide U.S. international broadcasting in fulfilling the Agency's primary strategic goal of delivering accurate news and information to significant audiences in support of U.S. strategic interests. These implementation strategies provide direction to the Agency in making programming and resource decisions given the challenges that are faced in accomplishing the strategic goal and the BBG mission. The strategies are not goals that we measure, but guide the implementation of all BBG measurable performance objectives. The 10 BBG implementation strategies are:

- ***Enhance Program Delivery Across All Relevant Platforms***

Securing effective distribution is the BBG's number one challenge. We must ensure that BBG content is available via the media, bands, networks, channels, and stations that audiences use – from shortwave to cell phones. There is no one solution. Discerning the right distribution strategies is a market-by-market determination.

- ***Build on BBG Reach and Impact Within the Muslim World***

The BBG has taken significant strides toward better reaching the Muslim world by launching 24/7 broadcasting and reaching more people in their language and by their preferred media platform. Like many audiences to whom the BBG broadcasts, rumor, speculation, distortion, censorship, and self-censorship are common. BBG broadcasters play a key role to ensure accurate and balanced reporting; to be a forum for open debate, discussion, and dialogue; and to enhance understanding of American policies and actions.

- ***Help Audiences in Authoritarian Countries Understand the Principles and Practices of Democratic, Free, and Just Societies***

Freedom and democracy were on the march around the world after the end of the Cold War but are suffering serious challenges now. The BBG must fill the gaps in current news coverage that occur when authoritarian regimes do not permit domestic media to broadcast or print consistent with comprehensive and balanced news and information projects. Reaching audiences in countries where authoritarianism persists or is resurgent is a perennial BBG priority.

- ***Employ Modern Communication Techniques and Technologies***

Congress has stipulated that BBG broadcasts “be designed so as to effectively reach a significant audience” – a very different challenge in 2009 than in 1999. Over the next four years, audiences will be

increasingly using mobile phones, podcasts, and other new media to obtain news and information. We must stay on the cutting-edge of emerging technologies. We must continue to differentiate across markets, avoiding a one-size-fits-all approach, to adopt formats and delivery means consistent with local circumstances and audience needs. The aim is to expand audience reach while preserving the core mission of disseminating factual news and information.

- ***Facilitate Citizen Discourse***

Technology – PCs, the Internet, and cell phones coupled with email, social networking, and blogs – is empowering unprecedented participatory discourse among ordinary citizens. Savvy media today use their news and information to fuel citizen discourse (e.g., emailing and follow-up discussion of news stories) and develop new channels for citizens to engage in discussion (e.g., media-sponsored blogs and interactive channels). BBG services have several advantages: we operate in relatively less well-developed information environments, and we are often among the few, credible news sources in vernacular languages. There is thus a major opportunity for us to fulfill the BBG core mission by democratizing information exchange and discourse.

- ***Engage the World in Conversation About America***

The positions and policies of the U.S. elicit strong international reactions. Some turn to protest against America. Many others seek a conversation with America. Research suggests dialogue, not monologue, is the approach we should use. Meeting the demand for dialogue is a mission imperative, especially for the Voice of America. BBG international call-in programs show how readily audiences respond to opportunities to talk with us. But the strategy needs to go beyond any particular program format. We need to seek out every opportunity to prompt two-way communication, using interactive web sites, blogs, and new media devices. Engaging audiences, and allowing them to engage us, is the BBG's best means of communicating what America is and stands for.

- ***Develop and Motivate the Workforce to Meet the Changing Conditions of U.S. International Broadcasting***

BBG has identified employee skills, training, and morale as critical issues for advancing the mission. Changes in language service priorities and programming, reallocation of resources, and advancements in technology all impact the manner in which BBG broadcasting is done and the competencies required of employees. At the same time, the Federal workforce in particular will soon face unprecedented attrition. All broadcasters need to attract employees with up-to-date technical skills suited to producing the multi-platform programming required in today's global media environments.

- ***Optimize Broadcasting Operations***

Consistent with the requirements of the U.S. International Broadcasting Act, the BBG has acted to consolidate global transmissions and program delivery and has eliminated or reduced lower priority language services and expanded higher priority services. BBG recognizes the necessity of continuing to evaluate options to realign its resources to meet the mission in the most effective and efficient manner possible. This evaluation will incorporate the annual language service review as well as input from other government entities.

- ***Preserve Credibility and Ensure Overall Programming Excellence***

Credibility is key to success in objective journalism, and it is the BBG's greatest asset. If audiences do not find the BBG's broadcasts to be credible, they will not tune us in. We must therefore appreciate and overcome the impediments to being credible with any given audience. We must also resist any efforts to sway news coverage or otherwise interfere with the content of BBG broadcasts.

- ***Broaden Cooperation Within U.S. Public Diplomacy***

While maintaining an editorial firewall, the BBG is mandated to operate consistent with the broad foreign policy objectives of the U.S. As the U.S. seeks to counter extremism and continues the struggle for freedom and democracy, it is important for the BBG to be aware of broader U.S. public diplomacy planning and program activity and, where advisable, to coordinate BBG strategies with those of other agencies.

FY 2009 Performance Objectives and Outcomes

The BBG Agency-level performance objectives and measures are further supported and linked to language service and support service performance plans that have action steps and detailed performance goals and measures. The language service plans are evaluated annually through the Agency's Language Service Review process, and the support services are evaluated each year through the Agency's Support Services Review.

Listed below are the BBG annual performance objectives, including key initiatives supported by the FY 2008 and 2009 enhancements, with summaries of the current status. The BBG did not achieve one of its accomplishments because of changes in strategic priorities. The detailed accomplishments for each performance objective are also presented in the outcomes table in the following pages.

A. Reach the Arabic speaking world.

- Continue the daily 3-hour live Alhurra television program produced and broadcast from the Middle East.
MBN launched Al Youm in March 2009.
- Sustain Alhurra's live 24/7 news coverage and Radio Sawa's expanded local news coverage.
Alhurra and Radio Sawa both continued to serve as leading newscasters, as well as broadcasters, in the Middle East region and Darfur.
- Improve the TV broadcast automation system to ensure seamless live programming.
MBN began replacing the Alhurra broadcast automation system to improve efficiency and program quality.

B. Expand audience reach in strategic locations in the Near East, South, Central Asia and Eurasia

- Reach the strategically critical audiences of Iran through the popular programming of VOA's Persian TV and Radio Farda, a 24/7 Persian radio service.
VOA added another hour of television programming to Iran and both entities increased coverage of news and events related to the recent election crisis – see Outcomes Table.
- Continue successful BBG broadcasts to Afghanistan through the daily 24-hour program stream in the Dari and Pashto languages, and *Radio Deewa* – aimed to reach the Pashto-speaking people living in the Afghanistan-Pakistan border region.
Daily programming in Dari and Pashto continued and VOA's Radio Deewa added a three hour morning program for listeners in the border region.
- Launch a 1-hour RFE/RL Azeri program 7 days a week to the Azerbaijani population in Iran and provide multi-media online and mobile programming through a companion website.
This project was deemed a lower strategic priority and funds were redirected to largely cover the currency relief adjustment for staff in Prague.
- Expand VOA's Russian and Persian Internet capability.
Capability expanded on both fronts – see Outcomes Table.
- Enhance RFE/RL's central Internet capability and strengthen RFE/RL's Russian Internet site.
The website and central Internet capability both improved.

C. Focus broadcasting to audiences of strategic priority in East Asia.

- Sustain the coordinated 10-hour VOA-RFA program stream to North Korea in SW and MW.
The 10-hour daily broadcasts continued, and VOA Korean added 90 minutes of programming transmitted via a medium-wave transmitter in South Korea.
- Strengthen RFA's online presence in China and Vietnam.
Improvements were made to the websites and web content.
- Expand VOA's Mandarin and Vietnamese Internet capability.
A new Mandarin-language website was added and capability has improved.

D. Target African broadcasting to areas prone to terror incidents, genocide, or failed states.

- Continue VOA's Somali programming to the Horn of Africa.
VOA Somali added a 30 minute morning broadcast, expanding total daily programming to three and a half hours.

E. Expand audience reach in strategic locations of Latin America.

- Support Radio and TV Marti's capability to reach into Cuba.
New radio and television transmission mechanisms were added, as well as simulcast ability – see Outcomes Table.
- Continue expanded VOA Spanish programming to Venezuela.
VOA Spanish developed an affiliation with MGM providing programming continent-wide, including Venezuela.
- Strengthen the Internet presence of VOA's Spanish site.
In June 2009, VOA Spanish unveiled a newly redesigned website.

F. Align essential support functions with broadcasting implementation strategies and performance goals.

- Address BBG's most critical infrastructure maintenance and repair requirements.
BBG aligned resources to address priority equipment and repair requirements.
- Improve BBG Headquarters (Cohen Building) power infrastructure to provide essential support to round-the-clock broadcasting.
BBG continues to address power generation capabilities.
- Support all increases in programming with appropriate program delivery and administrative means.
Planning and implementation for increased programming included appropriate and adequate support.
- Increase awareness of BBG programs in high priority markets through advertising and promotion.
The BBG, through the Office of Marketing and Program Placement, ensured that advertising and promotion resources were aligned with high priority markets.
- Use research to identify appropriate target audiences and their preferred media, with the formats and content that would appeal to them.
Comprehensive audience research and analysis was available to BBG language services and managers for planning and measuring performance.

- Maintain the firewall and continuously monitor programming quality in line with modern broadcast journalism principles through annual performance reviews of all broadcast services. *Annual program reviews were conducted by each broadcast entity with all but one broadcasting service rated as “good or better” by the program quality scores.*
- Support the President’s Management Agenda, including initiatives to improve financial performance and budget integration plus finance and contract functions. *BBG continues to improve integration of financial and procurement management.*
- Continue support for critical training and employee recognition programs. *The employee development initiative continues to address critical training needs and employee recognition programs. A task force is also working to develop a comprehensive Human Capital Plan.*

**Broadcasting Board of Governors
Budget Information
(\$ in Thousands)**



Account	FY 2009
International Broadcasting Operations¹	707,518
Broadcasting Capital Improvements²	12,046
Total	719,564




¹ Includes funding pursuant to the FY 2008 Supplemental Appropriations Act, 2008, PL 110-252 (\$7.9 million). Also includes transfers from Department of State \$4.2 million for Georgian/Russian initiatives (\$2.9 million was utilized in FY 2009), \$10 million for enhanced programming to the Afghanistan-Pakistan border region (\$.030 was utilized in FY 2009), transfer of \$.747 million to the Buying Power Maintenance Fund, and a transfer of \$.750 million to Broadcasting Capital Improvements.

² Reflects transfer of \$.750 million from International Broadcasting Bureau to Broadcasting Capital Improvements.




Summary of FY 2009 Performance Outcomes



The following are highlighted accomplishments in each of the performance objectives during FY 2009.

FY 2009 Performance Objectives	FY 2009 Outcomes
<p>A. Reach the Arabic speaking world.</p>  <p><i>Alhurra reports on the U.S. presidential elections.</i></p>  <p><i>Alhurra reports from a U.S. military base in Iraq.</i></p>	<ul style="list-style-type: none"> ✓ <i>MBN's Al Youm</i>, launched on March 8, 2009, increased Alhurra's standing in the Middle East with a broadcast platform and information mix that is unique in the region. <i>Al Youm</i> broadcasts live for three hours from studios in Dubai, Beirut, Cairo, and Jerusalem with live reports from the U.S. and around the Middle East. ✓ When the conflict in Gaza erupted in December 2008, resources were reallocated to provide MBN's Middle Eastern audience the most up to the minute news updates. Alhurra Television provided comprehensive coverage daily—pre-empting regular programming—which included updates from reporters in Gaza, Israel, Ramallah and neighboring countries. ✓ FY 2009 Alhurra broadcast interviews include Secretary of State Hillary Clinton, Secretary of Defense Robert Gates, U.S. Joint Chiefs of Staff Chairman Admiral Michael Mullen, Iraqi Prime Minister Nuri al-Maliki, Iraqi President Jalal Talabani, Libyan leader Muammar Gaddafi, Turkish President Abdullah Gul, former Lebanese President Amin Gemayel, Reza Pahlavi and former President of South Yemen Ali Salim al-Beidh. With the cooperation of U.S. and foreign newsmakers, Alhurra's credibility grows. ✓ Alhurra and Radio Sawa provided comprehensive coverage of elections in the United States, Algeria, Iraq, Jordan, Mauritania, Afghanistan, Kuwait, Kurdistan, Israel and Lebanon. ✓ MBN continues <i>Afia Darfur</i>, a 30-minute program including news and information targeted for all people in Darfur and eastern Chad. ✓ Alhurra Television and Radio Sawa broadcast live coverage, on the air and on the web, from President Barack Obama's June 4th speech to the Muslim world. ✓ In April 2009, www.RadioSawa.com was awarded first prize in the Media-TV & Radio category at the Pan Arab Web Awards.




FY 2009 Performance Objectives	FY 2009 Outcomes
<p>B. Expand audience reach in strategic locations in the Near East, South, Central Asia and Eurasia.</p>  <p><i>RFE/RL co-sponsors an Afghan presidential debate featuring (left to right) Ramzan Bashardost, Ashraf Ghani and Hamid Karzai.</i></p>  <p><i>Ayaz Gul, from VOA Urdu, reporting on the scene in Pakistan.</i></p>  <p><i>Special Representative Richard Holbrooke speaks at a RFE/RL event.</i></p>	<ul style="list-style-type: none"> ✓ In 2009, VOA’s Persian News Network garnered a weekly TV audience share of 29.9 percent of adults, roughly 13.6 million people. ✓ Radio Farda and its website provided round-the-clock breaking news on stories of global interest, including the incarceration of Iranian-American reporter Roxana Saberi, as well as important domestic stories that did not get much attention outside Iran, such as strikes by workers and intensifying crackdowns against journalists, students, and women’s rights activists. ✓ Combining 30 minutes of inventive television programming five days a week with twelve hours daily of radio programming on shortwave and medium-wave frequencies, VOA’s Urdu programming now reaches 12 percent of all adults in Pakistan. ✓ VOA’s Radio Deewa, broadcasting to Pashto-speaking listeners in the Afghanistan-Pakistan border region, added a 3-hour morning program to its already popular program line-up. Its call-in shows generate, on average, 300 calls each day. ✓ As the top international broadcaster in Afghanistan, RFE/RL delivered breaking news, in-depth reporting, and nuanced analysis to the Afghan people on the struggles their young democracy faces, including a resurgent Taliban. ✓ In June 2009, Radio Free Iraq produced special programming when foreign troops completed their withdrawal from the cities of Iraq in June 2009. ✓ As the only international broadcaster offering programming in Kurdish, VOA’s Kurdish Service broadcasts news and information in both the Sorani and Kurmanji dialects. ✓ RFE/RL’s five Central Asian Services provided in-depth coverage of important social issues, including corruption and fundamentalism, as well as breaking news of important political stories, such as Turkmenistan’s tentative steps towards ending its isolation, growing authoritarianism in Uzbekistan, and pockets of Islamist militancy in Kyrgyzstan.



FY 2009 Performance Objectives	FY 2009 Outcomes
<p>B. Expand audience reach in strategic locations in the Near East, South, Central Asia and Eurasia. (Cont.)</p>  <p><i>VOA Urdu and Radio Deewa correspondent Naseer Kakar covering the earthquake in Baluchistan, Pakistan.</i></p>  <p><i>RFE/RL's new state-of-the-art headquarters in Prague.</i></p>  <p><i>Roxanna Saberi interviews with PNN.</i></p>	<ul style="list-style-type: none"> ✓ In May 2009, the websites for Radio Free Afghanistan, RFE/RL's Georgian Service, and RFE/RL's website for Romanian to Moldova saw increased page views. ✓ In FY 2009, RFE/RL's Russian Service provided uniquely balanced news and analysis regarding the coexistence of President Dmitry Medvedev and Prime Minister Vladimir Putin, the epidemic of kidnappings and killings in Chechnya, and the ongoing tensions resulting from Russia's invasion of Georgia in August 2008. ✓ In FY 2009, VOA's Georgian Service began producing short video products, which are made available on the Service's website along with daily radio programs. ✓ Building upon their existing web strategy, VOA's Russian Service is reaching out with web tools beyond its news website in recognition that the Russian web users are more engaged in social networks than any community in the world. ✓ In Central Europe, RFE/RL continued to provide balanced programming to Belarus, Kosovo, Moldova, and Ukraine. In FY 2009, RFE/RL attracted significant audiences with television programs broadcast in Bosnia, Macedonia, Georgia, and Belarus. ✓ VOA's Ukrainian Service continues to play a vital role, reaching out to an estimated 4.76 million viewers who watch the Service's television programming each week. ✓ RFE/RL's Azerbaijani Service delivered eyewitness accounts of voting fraud during the controversial March 2009 referendum that abolished presidential term limits. ✓ In April 2009, RFE/RL's Moldova Service used radio, video, and photographs to cover the so-called "Twitter Revolution," when thousands of young demonstrators clashed with police and ransacked government buildings to protest the Communist Party's victory in national elections.


FY 2009 Performance Objectives	FY 2009 Outcomes
<p>C. Focus broadcasting to audiences of strategic priority in East Asia.</p>  <p><i>RFA interviews World Uyghur Council President Rabiya Kadeer.</i></p>  <p><i>A billboard from VOA and RFA welcoming attendees to the 2009 Asia-Pacific Broadcasting Union meeting in Ulaanbaatar, Mongolia.</i></p>  <p><i>Far East Broadcasting Company President Dr. Billy Kim shakes hands with IBB Director of Marketing and External Liaison Gary Thatcher after signing an agreement to broadcast VOA Korean programs into North Korea via FEBC's 100kW AM transmitter.</i></p>	<ul style="list-style-type: none"> ✓ A recent survey of Tibetan travelers in Nepal and Tibetan residents of Nepal and India indicates that VOA's Tibetan Service is a powerful news source, as 8.6 percent of those surveyed had tuned in to radio or TV on a regular basis, and that radio programs broadcast via satellite audio sideband elude jamming efforts. ✓ RFA's Tibetan Service aired a series of special reports from India and Nepal marking the 50th anniversary of the Tibetan uprising and the fleeing to India by the Dalai Lama and tens of thousands of refugees. ✓ In January 2009, VOA improved its ability to reach North Korea by partnering with a South Korean broadcaster. This partnership now allows VOA Korean to supplement its expanded shortwave broadcasts with 90 minutes of daily programming transmitted on medium-wave to listeners inside North Korea. ✓ RFA's Uyghur Service reported on the deadly riots that erupted in Urumqi, the capital of China's northwest Xinjiang province in which nearly 200 people were killed and more than 1,400 arrested in connection. ✓ In May 2009, RFA's Mandarin Service marked the one-year anniversary of the earthquake in China's Sichuan province, airing a series of reports showing that many unanswered questions and issues remain in the aftermath of the tragedy. ✓ VOA Indonesian commands a weekly audience share of 10.5 percent of all adults. In addition to dynamic radio and television programming, the Indonesian Service maintains an interactive website and distributes daily headlines via SMS and mobile web. The Service also sponsors annual affiliate conferences to strengthen the affiliate relationships, and an International Broadcaster Fellowship Program that brings two young Indonesian broadcasters to Washington, DC for a year of substantive work experience with VOA. ✓ RFA's Vietnamese Service aired a 10-part series on the "Boat People" who fled the country after the collapse of South Vietnam on April 30, 1975. The in-depth series included interviews and graphic eyewitness accounts.

FY 2009 Performance Objectives	FY 2009 Outcomes
<p>C. Focus broadcasting to audiences of strategic priority in East Asia. (Cont.)</p>  <p><i>RFA maintains one of the most highly viewed non-profit channels on YouTube.</i></p>  <p><i>VOA Indonesian's news correspondent Nova Poerwadi in Washington.</i></p>	<ul style="list-style-type: none"> ✓ VOA's Burmese Service expanded its 3.5 hours of daily shortwave radio broadcasts by launching its first satellite TV program to Burma. ✓ In 2009, RFA's Mandarin Service marked the 20th anniversary of Tiananmen with a series of video interviews, call-in shows, and essay sharing. ✓ VOA Khmer is reaching record audiences in Cambodia, attracting 29.5 percent of adults each week. In addition, this Service began regularly producing Khmer-language television segments for Phnom Penh affiliate, Cambodian National Television, which broadcasts five VOA Khmer stories per week. ✓ In June 2009, RFA's Cantonese Service reported on the fighting between majority Han Chinese and ethnic minority Uyghur in Shaoguan, Guangdong. ✓ In April 2009, RFA's Cambodia Service began gavel-to-gavel webcasts and extended radio coverage of the Khmer Rouge Tribunal. A special section of RFA Cambodian website offers background information and ongoing coverage of the tribunal proceedings, both in Khmer and in English. ✓ VOA's Vietnamese Service, which has one of the five most visited websites among all VOA language services, recently added blogs by five prominent Vietnamese bloggers generating thousands of viewer comments. ✓ RFA's Mandarin website was redesigned to enhance interactivity and allow greater variety of content. Additionally, all RFA language services are making great use of social media sites such as Facebook and Twitter. ✓ In 2009 VOA's Chinese branch launched five new blogs and an English-learning site, which had more than 4.3 million views by July of this year alone.

FY 2009 Performance Objectives	FY 2009 Outcomes
<p>D. Target African broadcasting to areas prone to terror incidents, genocide, or failed states.</p>  <p><i>VOA's Africa division reaches viewers across the continent.</i></p>  <p><i>VOA's Portuguese to Africa Service sponsored a local soccer team in Angola.</i></p>  <p><i>Aliyu Mustapha of VOA's Hausa Service in studio.</i></p>	<ul style="list-style-type: none"> ✓ Broadcasting to Africa reached significant heights in FY 2009. VOA's Somali Service added a half-hour morning show in June, bringing total airtime to 3.5 hours daily. ✓ In Rwanda, 70 percent of the adult population listens weekly to VOA's Central Africa Service, and 96 percent of those surveyed rated the Service's Kinyarwanda programs "very" or "somewhat" credible. The Service maintains collaboration with the State Department to produce youth refugee radio programs in Burundi and Tanzania. ✓ In January of 2009, the Zimbabwe Project added a new call-in/callback talk show, LiveTalk, to its Studio 7 evening news lineup. LiveTalk is conducted in English, Shona, and Ndebele. The Zimbabwe project also launched a daily radio serial called "KwaTaffy" ("Taffy's Place) that deals with the daily life of Zimbabweans in theatrical form. ✓ Among Nigeria's Hausa-speaking population, 47 percent listen to VOA at least once a week, and more than 1,000 people attended each of two VOA-sponsored town hall meetings addressing health issues. ✓ The Swahili Service broadcasts 9.5 hours of radio a week, and in July 2009 became the first service in the Africa Division to offer news via text messages. The Service makes headline news and breaking news available via SMS messages to the millions of people in East and Central Africa who use their cell phones to access news and information. ✓ French-to-Africa launched a new, interactive format for its Washington Forum TV program in the spring of 2009. The new program has been popular with affiliate programming directors in francophone Africa, resulting in an increase from four to 10 affiliates in West and Central Africa that carry Washington Forum. ✓ Citizen journalists contributed to VOA Somali's reporting on news from Mogadishu.

FY 2009 Performance Objectives	FY 2009 Outcomes
<p data-bbox="186 306 529 405">E. Expand audience reach in strategic locations in Latin America.</p>  <p data-bbox="186 718 594 774">VOA Spanish's Gonzalo Abarca hosts El Mundo Al Dia.</p>  <p data-bbox="186 1146 618 1239">Governor Joaquin Blaya and Acting IBB Deputy Director Dan Austin behind the scenes of TV Marti.</p>  <p data-bbox="186 1600 521 1661">TV Marti is broadcast from an AeroMarti aircraft.</p>	<ul style="list-style-type: none"> <li data-bbox="646 306 1432 478">✓ In June 2009, VOA Spanish unveiled a redesigned website, voanoticias.com. The new site is highly interactive and offers video and audio news features, such as a five-minute version of VOA's prime time, 30-minute news program El Mundo al Dia (The World Today). <li data-bbox="646 527 1432 625">✓ In December 2008, OCB launched its newly redesigned website, Martinoticias.com, with live streaming of radio and television programming. <li data-bbox="646 674 1432 877">✓ In November 2008, VOA Spanish established an affiliation with MGM Networks Latin America, which reaches 20 million households throughout the region via satellite and cable. MGM carries special VOA program TV segments daily, including a five-minute news summary, in 19 countries across Central and South America. <li data-bbox="646 926 1432 1062">✓ OCB began broadcasting TV Marti on VHF using an AeroMarti aircraft. The first successful simulcast broadcast was a five-hour special program devoted to the inauguration of President Barack Obama. <li data-bbox="646 1110 1432 1171">✓ VOA Creole reached 50.1 percent of adults on a weekly basis with daily radio broadcasts. <li data-bbox="646 1220 1432 1423">✓ OCB provided extensive coverage of news from Washington and around the world to the people of Cuba including President Obama's April 13, 2009 announcement of changes to U.S. policy towards Cuba, the Congressional Black Caucus delegation's fact finding mission in Cuba, and the crisis surrounding the presidential elections in Iran. <li data-bbox="646 1472 1432 1640">✓ In May 2009, VOA's Spanish Service launched <i>ArteKultura</i>, a 10-minute weekend TV program devoted to showcasing America's cultural scene that is a hit on YouTube. Artists from the United States and Latin America are featured on <i>ArteKultura</i>. <li data-bbox="646 1688 1432 1787">✓ In May 2009, Radio Marti featured, on air and at martinoticias.com, a five part series on the growth of the blogging community in Cuba.

FY 2009 Performance Objectives	FY 2009 Outcomes
<p>F. Align essential support functions with broadcasting implementation strategies and performance goals.</p>  <p>The BBG 2008-2013 Strategic Plan guides agency-wide long term planning and evaluation.</p>  <p>BBG Engineering maintains the BBG global telecommunications network.</p>	<ul style="list-style-type: none"> ✓ In FY 2009, Engineering replaced VOA’s TV Newsflow video system with DaletPlus, a system that comprehensively manages the entire news production workflow, allowing VOA journalists to browse, locate, and transfer video digitally. ✓ Engineering completed interactive video and IP connections to link remote studio locations in Cairo, Beirut, Jerusalem, and Dubai with MBN studios in Virginia to establish global interconnects for MBN’s live <i>Al Youm</i> program. ✓ Engineering successfully developed <i>VOA Express</i> which enables affiliates throughout Africa to access original VOA text and audio programming for their audiences on demand. ✓ IBB created the Office of New Media to enhance VOA’s Internet presence and the use of digital platforms for distribution of multimedia content. ✓ The Office of Marketing and External Liaison finalized a distribution agreement with SMS Media Group. BBG entity broadcasters can now distribute content to mobile telephone users in more than 200 countries via more than 600 mobile service providers. This service is funded through advertising, making it cost effective for BBG and for BBG audiences. ✓ In FY 2009, RFA completed the final stages of the broadcast facility upgrade, including the installation of new IP digital consoles and the migration of all language services to the most recent version of the Rivendell broadcast automation system. ✓ During February 2009, OCB successfully installed a new 100kW medium wave transmitter at its Marathon Transmitting Station, replacing two older transmitters that had been in use since 1985.

FY 2009 Performance Objectives	FY 2009 Outcomes
<p>F. Align essential support functions with broadcasting implementation strategies and performance goals. <i>(Cont.)</i></p>  <p><i>IBB Engineering maintains a tower in Saipan.</i></p>	<ul style="list-style-type: none"> ✓ Engineering continued to support the BBG disaster recovery plans enabling the Agency to provide essential broadcast functions in the event of catastrophic network loss. In FY 2009, Engineering completed construction on the physical space and infrastructure for the television studios at the Continuity of Operations (COOP) facility, which began in FY 2008. ✓ In February 2009, RFA conducted an Employee Perspectives Survey which concluded that the percentage of favorable responses on the issues of RFA management, and the working environment in 2009 exceeded 2007 in 36 of the 41 questions.

Summary of FY 2009 Performance Indicators

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target ¹	FY 2009 Actual
Regular Listening/Viewing Audiences: Number of people (in millions) in target areas listening or viewing at least weekly by program element.						
VOA (Radio)	87	85.2	77	76.4	77.3	75.3
VOA (TV)	25	41.8	48.8	71.9	53.4	55.6
VOA (Radio + TV)	107	117.7	118.6	136.5	124.7	124.5
MBN (Radio Sawa)	20.8	20.8	NA	17.2	17.1	16.4
MBN (Alhurra)	21.3	21.3	NA	25.8	26.0	27.7
OCB	NA	NA	NA	NA	NA	NA
RFE/RL	31	34.7	28.6	25.9	30.6	17.6
RFA	NA	NA	NA	NA	NA	NA
Affiliations and Transmitters: The count of high impact and high quality radio and TV stations regularly carrying US government programming, and of IBB-owned and -operated local transmitters, TV, FM, and AM.						
VOA (Radio) – Affiliates	215	226	237	220	275	246
VOA (TV) - Affiliates	106	111	117	90	100	96
RFE/RL – Affiliates	63	61	55	39	70	46
RFA – Affiliates	0	2	3	3	3	3
VOA (Radio) – Transmitters	20	28	30	32	35	33
MBN (Radio Sawa) – Transmitters	21	28	36	38	48	39
MBN (Alhurra) – Transmitters	2	4	4	5	5	5
RFE/RL – Transmitters	10	16	17	19	22	19
Program Quality: Assesses the U.S. interest, content, balance, accuracy and quality of presentation of program material. Score is percent of services whose programs overall are rated “good or better.”						
VOA (Radio)	98	100	100	100	100	100
VOA (TV)	NA	NA	NA	NA	100	100
MBN (Radio Sawa)	100	NA	100	NA	NA	NA
MBN (Alhurra)	NA	NA	NA	NA	NA	100
RFE/RL	100	100	100	100	100	100
RFA	100	100	100	100	100	100
OCB	100	100	100	100	100	50
Program Credibility: Consists of the percent of those listening at least once a week who consider the station’s news and information “very trustworthy/reliable” or “somewhat trustworthy/reliable” in an annual survey.						
VOA (Radio)	90	90	89	94	95	91
VOA (TV)	NA	NA	NA	NA	NA	95
MBN (Radio Sawa)	NA	70	79	83	85	82
MBN (Alhurra)	NA	74	73	72	80	85
RFE/RL	84	86	83	87	88	87
RFA	80	NA	95	94	95	95
OCB	NA	NA	NA	NA	NA	NA
Radio Signal Strength Index: This overall network level indicator applies only to cross-border SW and MW radio signals, and measures whether programs can be heard by target audiences. Based on a 5-point scale.						
BBG	2.84	2.79	2.78	2.65	2.63	2.74
Satellite Effectiveness Index: Assesses whether the BBG satellite delivery is keeping pace with global media developments.						
BBG	9	10	10	9.8	9.3	10.4
Transmission Network Consumable Expense: The cost (in millions) of power and parts to operate the IBO transmitter.						
BBG	\$32	\$27	\$30	\$34	\$43	\$34

¹ Targets identified are from the FY 2009 BBG Congressional Budget Request.

Analysis of Performance Results

Regular Listening/ Viewing Audience (Overall Weekly Audiences): This indicator measures the number of people in target areas listening to or viewing BBG programming on a weekly basis. The measure is obtained for each language service and for the countries served by the BBG. It is based upon the measurement of the “regular listening audience,” a statistical standard long used to report international radio audience reach. Regular listening/viewing audience has over the years been consistently defined as all adults listening or viewing at least once a week, as determined by an audience survey that has an adequately designed sample.

- **VOA (Radio) - Target: 77.3 million Actual: 75.3 million**

The decline in VOA radio audience from FY 2008 to FY 2009 is accounted for by mainly two countries – Afghanistan and Bangladesh. In the case of Afghanistan, methodological and/or fieldwork issues may be responsible for a large portion of the apparent decline in audiences. In practice, audience estimation in Afghanistan is difficult, due to the tenuous security situation in large parts of the country. There was evidence this year that increased lawlessness and Taliban presence in some areas caused survey respondents to be more cautious about admitting ownership of media equipment and to be more circumspect in discussing their use of foreign media. Overall, reported media consumption and audiences for all international broadcasters were down sharply this year, suggesting that the survey findings were at least partly influenced by political and security factors. Consequently, the results from the most recent survey are not entirely comparable with previous results. The VOA audience likely declined somewhat due to enhanced competition from increasingly sophisticated local media and a general weariness with political and war-related news, but not as much as the numbers may indicate. The survey results in Bangladesh showed a significant decline in radio listenership of VOA Bangla programming, as well as international radio on the whole. The VOA audience likely declined due to continued stability in Bangladesh and, in a small part, due to increased availability of local media sources.

- **VOA (TV) - Target: 53.4 million Actual: 55.6 million**

In FY 2009, VOA Television programming surpassed the target of reaching 53.4 million adult viewers each week; however, the total audience reach appears to have dropped significantly since 2008. This apparent decline is almost entirely accounted for by methodological issues in the previous national survey of Indonesia. Estimating the size of the VOA audience in Indonesia is particularly difficult because VOA programming to the country consists of short segments (less than 5 minutes) placed within programs on major national television stations. Precise estimates of that reach are difficult to obtain by conventional survey research, as respondents are often unaware of, or forget, seeing VOA-produced segments that are broadcast within existing Indonesian programs. The surveys include a large number of questions about seeing VOA content on local shows, but past experience suggests that this may result in question overload and lead to an overestimate of our reach. Analysis of the 2008 Indonesian survey data and comparison with commercial ratings data for the main Indonesian markets suggested at the time that the survey results may in fact have over-estimated the VOA Indonesian audience by as much as five percentage points. In such a populous country, this overestimation translates to more than ten million audience members. Thus a significant part of the change in the Indonesian figure is probably due to a previous overstatement in 2008 rather than a decline in the audience in 2009. Further analysis of both the 2008 and 2009 data, along with examination

of commercial TV ratings for both years, suggests that while there was some drop in audience in FY 2009 due to two popular programs going off air, it was probably on the order of 2-3 percentage points, or 3-4.5 million, rather than 11 million.

- **VOA (Radio + TV) - Target: 124.7 million Actual: 124.5 million**
As explained in more detail above, the decline in overall VOA audience from FY 2008 to FY 2009 is largely accounted for by results from Indonesia and Afghanistan, where the surveys included significant methodological and/or fieldwork issues negatively skewing the results, as well as a decrease in radio listenership in Bangladesh.
- **MBN (Radio Sawa) - Target: 17.1 million Estimate: 16.4 million**
In FY 2009, audiences for Radio Sawa declined in Iraq and Morocco due to increased local competition and crowded FM radio markets. Research also showed a decrease in Egyptian audiences, which fell within the margin of error and thus cannot be confirmed, but are reflected nevertheless in the raw audience figures.
- **MBN (Alhurra) - Target: 26.0 million Estimate: 27.7 million**
Alhurra exceeded its FY 2009 audience target of 26 million. The increases in audience largely come from Egypt, which saw significant audience growth, and Oman, where BBG conducted a national survey for the first time. Any growth in audience due to *Al Youm* is not included, as that program launched after the research was conducted.
- **OCB (Radio and TV Martí) - Target: NA Actual: NA**
The closed nature of Cuban society makes it difficult to conduct the survey research required to make reliable estimates of radio and television audiences.
- **RFE/RL - Target: 30.6 million Actual: 17.6 million**
The decline in RFE/RL audience from FY 2008 to FY 2009 is accounted for largely by several countries: Afghanistan, Kyrgyzstan, Azerbaijan, Georgia, Ukraine and Iraq. RFE/RL research in Afghanistan, as well as in Iraq, was subject to the same methodological and fieldwork concerns as noted above. While the RFE/RL audience likely declined due to enhanced competition from increasingly sophisticated local media and a general weariness with political and war-related news, this decline in Afghanistan is likely not as severe as the most recent survey results indicate. Media crackdowns in Kyrgyzstan, Azerbaijan and Georgia prevented local affiliates in these countries from carrying RFE/RL programming, causing significant declines in audience reach. Furthermore, RFE/RL is still seeing residual audience declines from the loss of the majority of radio affiliates in Russia. Finally, in Ukraine the loss of a long standing nationwide affiliate diminished RFE/RL's capacity to reach Ukrainian audiences with long-form daily programming.
- **RFA - Target: NA Actual: NA**
Because of the limitations of reliable survey data in many of the countries that Radio Free Asia broadcasts, it is not possible to estimate a listening audience for the entire entity.

Affiliations and Transmitters: As shortwave radio usage wanes in parts of the world, the importance of affiliations with local AM and FM stations grows. Types and degrees of affiliations are many, ranging from live simulcasts at scheduled times to occasional use of taped segments of programs. This indicator counts only those stations with contracts that regularly rebroadcast identified programs of U.S.

international broadcasting entities on competitive media, in or near prime time in an uncensored manner, either nationally or in strategically important parts of the country.

- **VOA (Radio) Affiliates - Target: 275 Actual: 246**
VOA Radio affiliates did not exceed the target for FY 2009; however, the number of affiliates did increase from the previous year. VOA Radio lost large numbers of affiliates due to government crackdowns on affiliations in Russia and Azerbaijan. In addition, VOA Radio still felt residual losses from the elimination of radio programming for several services in Eastern Europe, namely Serbian, Bosnian, Russian and Macedonian. These losses offset the gains from new affiliations to prevent VOA Radio from reaching its 2009 affiliates target.
- **VOA (TV) Affiliates - Target: 100 Actual: 96**
VOA TV affiliates did not exceed the target for FY 2009; however, the number of affiliates did increase from the previous year. VOA TV was largely affected by government crackdowns on affiliations, particularly in Azerbaijan. These losses offset the gains from new affiliations to prevent VOA TV from reaching its 2009 affiliates target.
- **RFE/RL Affiliates - Target: 70 Actual: 46**
RFE/RL affiliates did not exceed the target for FY 2009; however, the number of affiliates did increase from the previous year. RFE/RL lost large numbers of affiliates due to government crackdowns on affiliations in Russia, Kyrgyzstan and Azerbaijan. These losses offset the gains from new affiliations to prevent RFE/RL from reaching its 2009 affiliates target.
- **RFA Affiliates – Target: 3 Actual: 3**
RFA met its target number of affiliates in FY 2009.
- **VOA (Radio) Transmitters - Target: 35 Actual: 30**
The number of VOA Radio Transmitters did not increase as much as targeted from FY 2008 to FY 2009 because of ongoing political and security constraints impacting construction of planned new facilities.
- **MBN (Radio Sawa) Transmitters - Target: 48 Actual: 39**
The number of MBN (Radio Sawa) transmitters did not meet the FY 2009 target due to political and security constraints which impeded construction of planned new facilities.
- **MBN (Alhurra) TV Transmitters - Target: 5 Actual: 5**
Alhurra’s number of transmitters remained at 5, as targeted, during FY 2009, and will remain at that level for the foreseeable future. Costs and political obstacles make it unlikely that future opportunities will arise to locate more local TV transmitters in the region. MBN relies mainly on direct to home satellite service to deliver TV programming to audiences.
- **RFE/RL Transmitters - Target: 22 Actual: 19**
The number of RFE/RL Transmitters did not increase as much as targeted from FY 2008 to FY 2009 because of ongoing political and security constraints impacting construction of planned new facilities.

Program Quality: This indicator presents the percentage of an entity’s language services whose programming is assessed as being of good-or-better quality. Ratings are based upon two broad criteria:

(1) *content*, and (2) *presentation*. The *content* criterion includes evaluations of accuracy, reliability, authoritativeness, objectivity, comprehensiveness, and other variables reflecting distinct statutory, policy, and mission mandates for the different stations. The *presentation* criterion involves separate sub-criteria for each production unit unique to its media and the program. Content is given a 65% weight, and presentation a 35% weight. These are averaged and summarized on a scale from 1 – 4, where 1.0–1.3 = poor; 1.4–1.6 = poor to fair; 1.7–2.3 = fair; 2.4–2.6 = fair to good; 2.7–3.3 = good; 3.4–3.6 = good to excellent; 3.7–4.0 = excellent.

- **VOA (Radio) - Target: 100% Estimate: 100%**
Program quality ratings are good or excellent for all VOA radio language services in FY 2009.
- **VOA (TV) - Target: 100% Actual: 100%**
Program quality ratings are good or excellent for all VOA television language services in FY 2009.
- **MBN (Radio Sawa) - Target: NA Actual: NA**
A program quality score was not available for Radio Sawa in FY 2009.
- **MBN (Alhurra) - Target: NA Actual: 100%**
In FY 2009, program quality ratings for Alhurra are available for the first time. The program quality ratings were good or excellent for MBN’s television programming.
- **RFE/RL - Target: 100% Actual: 100%**
Program quality ratings continued to be good or excellent for all RFE/RL language services in FY 2009.
- **RFA - Target: 100% Actual: 100%**
Program quality ratings continue to be good or excellent for all RFA language services in FY 2009.
- **OCB - Target: 100% Actual: 50%**
The program quality rating for OCB missed the target for FY 2009, as TV Marti programming was rated in the fair to good range.

Program Credibility: This indicator is determined by the survey question about “trustworthiness of news and information” of those sampled respondents who listened at least once a week to each station. The answers are registered on a five-point scale -- very trustworthy, somewhat trustworthy, neither trustworthy nor untrustworthy, somewhat untrustworthy, or very untrustworthy. The credibility index is the percent of those answering the question in the survey (excluding those who did not respond or did not know) who endorsed very or somewhat trustworthy.

- **VOA Radio Only - Target: 95 Actual: 91**
VOA radio’s program credibility score of 91 percent in FY 2009 did not meet the target. However, this indicates a strong credibility rating as 91 percent of all listeners surveyed, who listened at least once a week, said the programming was very or somewhat trustworthy.
- **VOA TV Only – Target: NA Actual: 95**
In FY 2009, program credibility was measured for VOA TV for the first time. There was no target established in 2008 for this measure, but the program credibility score of 95 percent indicates

that 95 percent of all viewers surveyed, who watched at least once a week, found the programming somewhat or very trustworthy.

- **MBN (Radio Sawa) - Target: 85 Actual: 82**
MBN Radio Sawa's credibility score of 82 percent in FY 2009 did not meet the target. However, 82 percent of all listeners surveyed, who listened at least once a week, said the programming was very or somewhat trustworthy.
- **MBN (Alhurra) - Target: 80 Actual: 85**
In FY 2009, Alhurra exceeded the target for program credibility with a rating of 85 percent. This also represents a 13 percentage point increase in the percent of weekly viewers surveyed who rate the programming as very or somewhat trustworthy.
- **RFE/RL - Target: 88 Estimate: 87**
RFE/RL's program credibility score for FY 2009 did not meet the target; however, 87 percent of weekly viewers surveyed still rate the program as somewhat or very trustworthy.
- **RFA - Target: 95 Estimate: 95**
The 95 percent program credibility score for RFA in FY 2009 meets the target.
- **OCB - Target: NA Actual: NA**
As previously indicated, the closed nature of Cuban society makes it extraordinarily difficult to conduct surveys or research, and, therefore, program credibility cannot be measured.

Radio Signal Strength Index: This statistic refers exclusively to radio signal monitoring by IBB staff of cross-border shortwave and medium wave signals in or near target areas. Signal strength is an important register of whether the programs are capable of being heard by the target audiences. The IBB routinely compiles a program reception statistic for each language service. Typically, this work is done for each of the two broadcast seasons: April to September and October to March. The summary statistic aggregates the most recent readings for each service and averages them. While signal delivery lends itself well to GPRA measurement, since monitoring data are regularly collected, U.S. international broadcasting continues to examine this approach with an eye to improving its accuracy, sensitivity, and usefulness as an analytical tool. Survey research data provide an independent source of data, yet to be integrated into the statistic. The scale is 1 – 1.5, nil; 1.5 – 2.5 poor; 2.5 – 3.5 fair or average; 3.5 – 4.5 good; and 4.5 – 5 excellent.

- **BBG - Target: 2.63 Actual: 2.74**
The Radio Signal Strength Index increased in FY 2009 rather than declining as predicted. This increase resulted from effective re-scheduling of available network assets after the closure of major IBB shortwave transmission facilities in previous years. However, an overall decline is predicted to continue in future years as broadcasting requirements are shifted from shortwave to more effective media and as constrained available network capabilities reduce scheduling options. The BBG continues to seek effective and economical alternative capacity by working with other international broadcasters to share available facilities where feasible.

Satellite Effectiveness Index: This index provides a quantitative measure of the ability of BBG's satellite network to reach the desired population of TV households around the world. The measure accounts for TV population, total satellite network capacity, signal strength, and primetime flexibility. The index

considers five criteria: 1) Coverage of the satellite in channel hours; 2) Coverage to small (three meters or less) satellite dish antennas; 3) Time-zone flexibility to ensure prime-time coverage; 4) TV households reached; 5) Ability to feed other satellites as part of the network. The BBG Office of Engineering, in cooperation with the Broadcasting Satellite Users' Board, developed this index. The weighted measure of each criterion for each satellite that the BBG uses is combined in a mathematical formula to calculate the final index. This final index reflects the contribution of all of the satellites in the BBG network. The five criteria described above are characteristics of an effective satellite network that contributes to reaching BBG's global TV audiences. Because of the complex interaction among the criteria, annual measures and targets will vary.

- **BBG - Target: 9.3 Actual: 10.4**

The Satellite Effectiveness Index exceeded its target in FY 2009 largely because of the addition of satellite television channels to overcome signal jamming in Iran. The index will remain steady and then increase in future years as satellite television capacity is added to satisfy growing requirements.

Transmission Network Consumable Expense: This indicator is equal to the total annual cost of power and parts to operate the transmitters in the BBG network around the world. Jamming by host governments drives the number up, as does a proliferation of media in the target market areas that requires more diverse delivery systems to successfully compete there.

- **BBG - Target: \$43 million Actual: \$34 million**

The Transmission Network Consumable Expense did not increase in FY 2009 because the turbulent world economy moderated the expected large increases in the fuel and electricity costs of operating major transmitting facilities. However, these costs are still expected to rise in the future.

Independent Program Evaluations

The BBG conducts annual independent evaluations to assess effectiveness and strategic priorities. The annual Language Service Review conducted by the Board assesses two basic questions: (1) where should the BBG broadcast and (2) how well is the BBG broadcasting to fulfill the congressional mandate to “review, evaluate, and determine, at least annually, after consultation with the Secretary of State, the addition and deletion of language services.” Program Reviews, conducted for the individual language services, serve as annual quality control mechanisms based on field research and external analysis of program content and presentation. The results of Language Service Reviews and Program Reviews are a significant source of analysis used for addressing and informing the BBG.

The Office of the Inspector General (OIG) provides the BBG and Congress with systematic and independent evaluations of the operations of the BBG, designed to prevent and detect waste, fraud, and abuse, including: whether resources are being used and managed with maximum efficiency, whether financial transactions and accounts are properly conducted, maintained and reported, whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; and whether adequate steps for detection, correction, and prevention have been taken.

OIG inspections also generally review whether policy goals and objectives are being effectively achieved. However, Public Law 103-236 states that the OIG “shall respect the journalistic integrity of all the broadcasters and may not evaluate the philosophical or political perspectives reflected in the content of broadcasts.”

The Government Accountability Office (GAO) audits agency operations to determine whether federal funds are being spent efficiently and effectively, including investigating allegations of illegal and improper activities, reporting on how well government programs and policies are meeting their objectives, and performing policy analyses and outlining options for congressional consideration. GAO also advises Congress and the heads of executive agencies about ways to make government more efficient, effective, ethical, equitable and responsive.

OIG and GAO reports from FY 2009 include: ***OIG Inspection of VOA’s Persian News Network***, which reviewed the management and administration of PNN; ***OIG Annual Review of the Information Security Program at the Broadcasting Board of Governors, (FISMA)***, that evaluated the information security program at BBG including information management and information security program requirements per statutory requirements; ***GAO’s Engagement: “Weaknesses in Contracting Practices Reduced Visibility into Selected Award Decisions”***, which evaluated the processes used to award OCB Radio Mambi and TV Azteca broadcasting contracts and talent services contracts; the OIG’s ***Inspection of VOA’s News Bureau London, United Kingdom*** which focused on the staff capability and capacity to use existing platforms and on security procedures and standards in the bureau; the ***International Broadcasting Bureau’s Regional Marketing Office, Embassy Accra, Ghana*** that reviewed the payment process and system to affiliates and vendors in West Africa; and ***Review of Voice of America’s Deewa Radio Journalistic Controls*** which reviewed whether an effective system of review was in place in Radio Deewa and the South Asia Division to ensure the broadcast material meets VOA standards for accuracy and balance.

The BBG maintains a productive relationship with the OIG and GAO. The BBG works to ensure that the inspections, audits and reviews produce reports that are based on relevant facts with an understanding of the programs and operations involved. The resulting recommendations assist the Agency in improving administration and management of its programs and operations.

During FY 2009, the OIG and GAO issued 6 final reports to the BBG. The Agency will continue to implement and respond to the recommendations of those evaluations. Also during FY 2009, the OIG and GAO issued 4 Discussion Drafts; 2 Draft Reports; 12 Compliance Reports; and 6 Closure Letters.

FY 2009 IG and GAO Reports and Status

Report No. / Dated	Type of Report	Title	Status
ISP-IB-07-35 Dated June 2007		<i>Inspection of the Office of Cuba Broadcasting “(SBU),” Dated June 2007</i> <i>Two OIG Compliance Analysis Reports were received during the period of March 19, 2009 through June 2, 2009.</i>	BBG Responded 12/18/2007 05/15/09 09/01/09
ISP-IB-07-37A “SBU” and ISP-IB/S-07-37A “Secret” Dated Sept. 25, 2007	OIG Final Reports of Inspection	<i>Inspection of IBB’s Philippines Transmitting Station (SBU) and Classified Annex (Secret) Dated September 25, 2007</i> <i>Two OIG Compliance Analysis Reports were received during the period of February 27, 2009 through May 22, 2009.</i>	BBG Responded 11/09/07 04/17/09 08/13/09
ISP-IB-08-07 Dated Jan. 28, 2008 Incoming Letter Dated Feb 24, 2009	OIG Final Report of Inspection OIG Compliance Analysis	<i>Inspection of BBG’s Operations in Kenya Dated January 2008</i>	BBG Responded 03/05/08 04/03/09
ISP-IB-08-06 Dated Nov. 6, 2007	OIG Final Report of Inspection	<i>Inspection of VOA’s Central News Division (SBU), Dated November 6, 2007</i> <i>Four OIG Compliance Analysis Reports were received during the period of October 28, 2008 through August 24, 2009.</i>	BBG Responded 12/14/07 12/12/08 04/30/09 07/15/09 Pending due to OIG 10/30/09
Incoming Letter Dated Dec.23, 2008 Incoming Letter Dated April 2, 2009 Incoming Letter Dated July 13, 2009	OIG Draft Report OIG Final Report OIG Compliance Analysis	<i>OIG Inspection of VOA’s Persian News Network, Report ISP-IB-09-27</i>	BBG Responded 01/09/09 05/01/09&06/05/09 08/21/09

Report No. / Dated	Type of Report	Title	Status
<p>GAO-08-764 Dated July 2008</p> <p>Incoming Email Request Dated June 8, 2009</p>	<p>GAO Draft Report</p> <p>GAO Final Report</p> <p>Request for update</p>	<p><i>GAO's Engagement: "Weaknesses in Contracting Practices Reduced Visibility into Selected Award Decisions"</i> (formerly titled, "U.S. Radio and Television Broadcasting To Cuba") Engagement Codes 320579 and 120722</p> <p><i>GAO request for a follow-up on the status of TV Azteca and Radio Mambi contracts</i></p>	<p>BBG Responded 07/02/08</p> <p>09/19/08</p> <p>06/09/09</p>
<p>IT-I-07-03– SBU & IT-I-08-01 (Draft) Dated Nov. 2007 and March 2008</p>	<p>OIG Draft Reports</p>	<p><i>2007 OIG Annual Review of the Information Security Program at the Broadcasting Board of Governors, (FISMA) (Exec. Summary Draft)</i></p> <p><i>Four OIG Draft Reports were received during the period of November 2007 through March 2008.</i></p>	<p>BBG Responded 12/14/2007</p> <p>02/2008 03/2008 03/21/2008</p> <p>Being merged into the 2008 FISMA</p>
<p>Incoming Letter Dated Sept. 23, 2008</p> <p>Incoming Letter Dated Oct. 16, 2008</p> <p>AUD/IT-08-37 Dated April 20, 2009</p>	<p>OIG Draft Report</p> <p>OIG Final Independent Review Report</p> <p>OIG Audit Report</p>	<p><i>2008 OIG Annual Review of the Information Security Program at the Broadcasting Board of Governors, (FISMA)</i></p> <p><i>Review of the Information Security Program at the BBG</i></p> <p><i>Two OIG Compliance Analysis Reports were received during the period of June 15, 2009 through August 7, 2009.</i></p>	<p>BBG Responded 10/10/2008</p> <p>11/18/2008</p> <p>06/15/2009</p> <p>08/07/2009 10/02/2009</p>
<p>E-mail Notification Dated March 17, 2009</p> <p>Incoming Letter Dated July 13, 2009</p>	<p>OIG Discussion Draft Report</p> <p>OIG Final Report</p>	<p><i>OIG Inspection of London</i></p> <p><i>Inspection of VOA's London News Bureau Report No. ISP-IB-09-46</i></p>	<p>BBG Responded 04/01/2009</p> <p>08/13/2009</p>

Report No. / Dated	Type of Report	Title	Status
Incoming Letter Dated May19, 2009	Notification Letter	<i>OIG inspection of Radio Deewa</i>	BBG Responded 06/10/2009 Exit Conf. held
Incoming Letter Dated June 22, 2009	OIG Discussion Draft Report	<i>Inspection of Radio Deewa’s Journalistic Controls,” Report No. ISP-IB-09-67, June 2009</i>	06/26/2009
ISP-IB-09-67 Dated July 2009	OIG Final Report	<i>Review of Voice of America’s Deewa Radio Journalistic Controls</i>	08/21/2009
Incoming Letter Dated May22, 2009	Notification Letter	<i>OIG Audit of BBG's Non-expendable Personal Property</i>	BBG Responded Audit is ongoing
E-mail Notification Dated June 18, 2009	OIG Discussion Draft Report	<i>Memorandum Report Broadcasting Board of Governors Operations in Sarajevo</i>	BBG Responded 07/02/2009
Incoming Letter Dated June 25, 2009	OIG Draft Report	<i>BBG Section of OIG Draft Report -- Inspection of Embassy Cairo and American Presence Post in Alexandria, Egypt</i>	BBG Responded 07/06/2009
E-mail Notification Dated July 7, 2009	Announcing a limited scope inspection	<i>Inspection of RFE/RL’s new Headquarters in Prague</i>	BBG Responded
Incoming Letter Dated Aug. 27, 2009	OIG First Draft Report	<i>Limited Scope Inspection of RFE/RL’s new Headquarters in Prague, Czech Republic</i>	09/10/2009
Incoming Letter Dated July 10, 2009	Notification Letter Initiation of 2009 Review	<i>2009 OIG Annual Review of the Information Security Program at the Broadcasting Board of Governors, FISMA</i>	07/27/2009 Entrance Conf. held Review is ongoing
Incoming Letter Dated Aug. 27, 2009	Request for Status Report	<i>OIG’s letter titled, “Recommendations not closed and Overdue” {323 days} Request for Status Report Regarding the following FISMA Prior Year Reports: 2005 Review of the Information Security Program at the Broadcasting Board of Governors, 09/28/2005, (FISMA) IT-I-05-10; and 2006 OIG Annual Review of the Information Security Program at the Broadcasting Board of Governors, (FISMA) IT-I-06-04</i>	BBG Responded 09/30/2009

Report No. / Dated	Type of Report	Title	Status
Incoming Letter Dated April.22, 2009	OIG Compliance Closure Letter	<i>Inspection of BBG's Operations in Kenya Report ISP-IB-08-07</i>	OIG Closed Report 04/22/2009
Incoming Letter Dated April 22, 2009	OIG Compliance Closure Letter	<i>OIG Inspection of the Board of the BBG for September – November 2007 ISP-IB-08-12</i>	OIG Closed Report 04/22/2009
Incoming Letter Dated April 22, 2009	OIG Compliance Closure Letter	<i>Alhurra's Programming Policies and Procedures (formerly titled, Alhurra's Journalistic Internal Controls Reviews) ISP-IB-08-45</i>	OIG Closed Report 05/11/2009
BBG advised of closure 05/11/09	OIG Request for Information	<i>OIG Audit "Government Auditing Standards - - Audit of BBG's Financial Statements 2008 & 2007"</i>	Closed 05/11/09
Incoming Letter Dated July 1, 2009	OIG Compliance Closure Letter	<i>Independent Auditor's Report on the Review of Middle East Broadcasting Networks, Inc. Dated March 2007 AUD/IB-07-26</i>	OIG Closed Report 07/01/2009
Incoming Letter Dated Dec. 9, 2008	OIG Discussion Draft Report	<i>Inspection of Embassy Accra, Ghana</i>	BBG Responded 12/22/2008
ISP-IB-09-45	OIG Final Report	<i>International Broadcasting Bureau's Regional Marketing Office, Embassy Accra, Ghana.</i>	05/08/2009
Incoming Letter Dated Aug. 24, 2009	OIG Compliance Closure Letter		OIG Closed Report 08/24/2009

Section 3: Financial Information



**United States Department of State
and the Broadcasting Board of Governors**

Inspector General

NOV 16 2009

Mr. Jeffrey N. Trimble
Executive Director
Broadcasting Board of Governors
330 Independence Avenue SW, Room 3360
Washington, DC 20237

Dear Mr. Trimble:

An independent certified public accounting firm, Leonard G. Birnbaum and Company, LLP (LGB), was engaged to audit the financial statements of the Broadcasting Board of Governors (BBG) as of September 30, 2009 and 2008, and for the years then ended, to provide a report on internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, and to report any reportable noncompliance with laws and regulations it tested. The contract required that the audit be done in accordance with U.S. generally accepted government auditing standards; Office of Management and Budget audit guidance; and the *Financial Audit Manual*, issued by the Government Accountability Office and the President's Council on Integrity and Efficiency.

In its audit of BBG, LGB found

- the financial statements were presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;
- there were no material weaknesses¹ in internal control; and
- there were no reportable noncompliance with laws and regulations tested.

LGB is responsible for the enclosed auditor's report, *Independent Auditor's Report on the Broadcasting Board of Governors 2009 and 2008 Financial Statements* (AUD/IB-10-04), dated November 16, 2009, and the conclusions expressed in the report. The Office of Inspector General (OIG) does not express an opinion on BBG's financial statements or conclusions on internal control or compliance with laws and regulations.

¹ A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

BBG's comments are included as Appendix A to the enclosed report. OIG appreciates the cooperation extended to it and LGB by BBG managers and staff during this audit.

If you or members of your staff have any questions, please contact me or Evelyn R. Klemstine, Assistant Inspector General for Audits, at (703) 284-2604 or by e-mail at klemstinee@state.gov. You may also contact Gayle Voshell, Director of Financial Management Audits, at (703) 284-2681 or by e-mail at voshellg@state.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Geisel', written in a cursive style.

Harold W. Geisel
Acting Inspector General

Enclosure: As stated.

Independent Auditor's Report

**Broadcasting Board of Governors
Financial Statements**

September 30, 2009 and 2008

AUD/IB-10-04, November 2009

Leonard G. Birnbaum and Company, LLP
Certified Public Accountants
6265 Franconia Road
Alexandria, Virginia 22310
(703) 922-7622

LEONARD G. BIRNBAUM AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

WASHINGTON OFFICE
6285 FRANCONIA ROAD
ALEXANDRIA, VA 22310-2510

(703) 922-7622
FAX: (703) 922-8256

LESLIE A. LEIPER
LEONARD G. BIRNBAUM
DAVID SAKOFS
CAROL A. SCHNEIDER
DORA M. CLARKE

WASHINGTON, D.C.
SUMMIT, NEW JERSEY
REDWOOD CITY, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT

To the Chairman
Broadcasting Board of Governors

We have audited the Broadcasting Board of Governors (BBG) Consolidated Balance Sheet, Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, and Combined Statement of Budgetary Resources (annual financial statements) as of, and for the years ended, September 30, 2009 and 2008. We have considered internal control over financial reporting in place as of September 30, 2009, and for the year then ended, and we tested compliance with selected laws and regulations.

In our audits of BBG's 2009 and 2008 financial statements, we found

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting and compliance with laws and regulations; and
- no instances of reportable noncompliance with laws and regulations we tested.

Each of these conclusions is discussed in more detail on the following pages. This report also discusses our audit objectives, scope, and methodology.

OPINION ON THE ANNUAL FINANCIAL STATEMENTS

In our opinion, BBG's annual financial statements, including the notes thereto, present fairly, in all material respects, BBG's financial position as of September 30, 2009 and 2008, and its net cost of operations, changes in net position, and use of budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

INTERNAL CONTROL

In planning and performing our audits of BBG's financial statements as of, and for the years ended, September 30, 2009 and 2008, in accordance with auditing standards generally accepted in the United States of America, we considered BBG's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the annual financial statements, but not for the purpose of expressing an opinion on the effectiveness of BBG's internal control. Accordingly, we do not express an opinion on the effectiveness of BBG's internal control or on management's assertion on internal control.

We limited our consideration of internal control to those controls necessary to achieve the objectives described in Office of Management and Budget (OMB) Bulletin 07-04, *Audit Requirements for Federal Financial Statements*. We did not consider all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations.

The purpose of internal control is to provide management with reasonable, but not absolute, assurance that the following objectives are met:

- Financial reporting: Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
- Compliance with laws and regulations: Transactions, including those related to obligations and costs, are executed in accordance with (1) laws governing the use of budget authority; (2) other laws and regulations that could have a direct and material effect on the financial statements; and (3) any other laws, regulations, and governmentwide policies identified by OMB, BBG management, or the Office of Inspector General as being significant for which compliance can be objectively measured and evaluated.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we consider the following three deficiencies in BBG's internal control to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

- BBG's internal control over its financial and accounting system as of September 30, 2009, was inadequate. There is a risk of materially misstating financial information under the current conditions. The principal area of inadequacy was that certain elements of the financial statements, principally property, plant, and equipment, are developed from sources other than the general ledger. The use of sources other than the general ledger to generate elements of the financial statements increases the potential for omission of significant transactions.

This condition was cited in our audit of BBG's balance sheet as of September 30, 2004, and in subsequent audits.

- During FY 2009, BBG did not maintain adequate internal control over accounts payable. Initial audit testing indicated that the amount presented as accounts payable was misstated by approximately 35 percent. Although BBG undertook an initiative to identify and resolve misstatements in accounts payable, the reconciliation was not completed by September 30, 2009.

This condition was cited in our audit of BBG's annual financial statements as of September 30, 2006, and in subsequent audits.

- BBG's internal controls over property are inadequate. Deficiencies included the following:
 - Acquisitions and disposals were not recorded in the year of occurrence.
 - Costs of shipping property to posts were not treated consistently.
 - Recorded inventory was not reconciled with physical inventory.
 - Salvage values were not treated consistently.

We are required to review BBG's current FMFIA report and disclose differences with the material weaknesses cited in our report. We did not identify any discrepancies.

We noted certain other internal control issues that we have reported to BBG management in a separate letter dated November 16, 2009.

COMPLIANCE WITH LAWS AND REGULATIONS

BBG management is responsible for complying with laws and regulations applicable to BBG. As part of obtaining reasonable assurance about whether the annual financial statements are free of material misstatement, we performed tests of BBG's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin 07-04 that we deemed applicable to BBG's annual financial statements. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to BBG. Noncompliance may occur and not be detected by these tests. This testing may not be sufficient for other purposes. The objective of our audit of the annual financial statements, including our tests of compliance with provisions of selected laws and regulations, was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements or violations of prohibitions in statutes and regulations that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements or that sensitivity warrants disclosure thereof. The results of our tests of compliance with laws and regulations disclosed no material instances of noncompliance.

CONSISTENCY OF OTHER INFORMATION

BBG's Management's Discussion and Analysis, Required Supplementary Information, and other accompanying information contain a wide range of information, some of which is not directly related to the financial statements. We do not express an opinion on this information. We have applied certain limited procedures, which consisted principally of comparing the information for consistency with the financial statements and making inquiries of management regarding the methods of measurement and presentation of the supplementary information. On the basis of this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.

RESPONSIBILITIES AND METHODOLOGY

BBG management has the responsibility for

- preparing the annual financial statements, required supplementary information, and other accompanying information in conformity with accounting principles generally accepted in the United States of America;
- establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met; and

- complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether BBG's financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles and BBG management maintained effective internal control. We are also responsible for testing compliance with selected provisions of applicable laws and regulations that may materially affect the financial statements and performing limited procedures with respect to certain other information appearing in the annual financial statements.

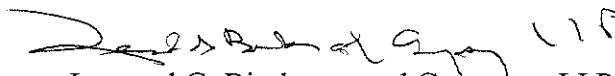
In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts in the annual financial statements and related disclosures;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the annual financial statements;
- obtained an understanding of the entity and its operations, including its internal controls related to financial reporting and compliance with laws and regulations;
- tested relevant internal controls over financial reporting and compliance and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers' Financial Integrity Act;
- tested compliance with provisions of selected laws and regulations that may have a direct and material effect on the annual financial statements;
- obtained written representations from management; and
- performed other procedures as we considered necessary under the circumstances.

We performed our work in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the *Government Auditing Standards*, and the provisions of OMB Bulletin 07-04. We believe that our work provided a reasonable basis for our opinions.

This report is intended solely for the information and use of BBG management, the Inspector General of the U.S. Department of State and Broadcasting Board of Governors, OMB, the Government Accountability Office, the Department of the Treasury, and Congress and is not intended to be and should not be used by anyone other than those specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Comments by BBG management on this report are presented in Appendix A. The written response by BBG management to the significant deficiencies identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on these comments.



Leonard G. Birnbaum and Company, LLP

Alexandria, Virginia
November 16, 2009



**BROADCASTING BOARD OF GOVERNORS
UNITED STATES OF AMERICA**

November 16, 2009

The Honorable Harold W. Geisel
Acting Inspector General
Office of Inspector General
2201 C Street, N.W.
Washington, DC 20520

Dear Mr. Geisel:

This is in response to your request for comments on the report *Audit of the Broadcasting Board of Governors Financial Statements, September 20, 2009 and 2008*.

This is the sixth year that the BBG has prepared financial statements and undergone an audit. The independent audit firm has issued an unqualified ("clean") opinion on BBG's three principal financial statements.

We greatly appreciate the professional and cooperative manner in which your staff and the audit firm, Leonard G. Birnbaum and Company, LLP, conducted this audit. Throughout FY 2009, the BBG has made significant strides in improving internal financial processes. Some of these improvements are reflected in your report.

The report identified three matters involving internal controls that the Auditors considered significant. The first relates to developing elements of the financial statements, principally property, plant, and equipment, from sources other than the general ledger.


We have had concerns that developing elements of the financial statements from sources outside of the financial system will increase the potential for omission of significant transactions of property, plant, and equipment. However, the BBG has established a process that will reduce the potential for such omissions by using an external database to track property, plant, and equipment. This will be achieved by reconciling acquisition information in the Momentum financial management system, launched in FY 2008, with the information maintained in the property database. Momentum's integration of acquisition and financial management will allow us to track procurement awards for property, plant, and equipment by the following commodity categories: vehicles, land, and other capitalized goods. Additionally, we will utilize the commodity code information from Momentum to reconcile quarterly entries that are derived from the property database with the procurement awards that are identified by commodity category.

The second issue is related to the Agency's reconciliation of accounts payable. Each year, the BBG closes its books on a tight year-end closing schedule. The BBG closed the FY 2009 books on October 8th after reconciliation, including accounts payable, had been performed. Accounts payable for FY 2009 provides an accurate statement of BBG's liabilities.

The third issue relates to Agency internal controls over property. The BBG established a Property Office which has improved the consistency of property oversight by integrating the property records in the BBG's automated Property Inventory Processing System (PIPS).

Thank you for the opportunity to comment on the audit report and for working with us on our FY 2009 audit. The BBG is committed to the improvement of our internal controls and the quality of our financial reporting.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey N. Trimble", with a stylized flourish at the end.

Jeffrey N. Trimble
Executive Director

Broadcasting Board of Governors
Balance Sheet
As of September 30, 2009 and 2008
(In Thousands)

ASSETS

	2009	2008
Intra-governmental		
Fund Balance with Treasury (Note 2)	\$158,487	\$151,853
Accounts Receivable, Net (Note 3)	<u>2,846</u>	<u>4,161</u>
Total Intra-governmental	\$161,333	\$156,014
Cash and Other Monetary Assets (Note 4)	\$3	\$3
Accounts Receivable, Net (Note 3)	21	44
General Property, Plant, and Equipment, Net (Note 5)	132,812	138,033
Other (Note 6)	<u>4,158</u>	<u>2,586</u>
TOTAL ASSETS	<u>\$298,327</u>	<u>\$296,680</u>

LIABILITIES

Intra-governmental		
Accrued FECA Liability (Note 8)	<u>\$1,834</u>	<u>\$1,886</u>
Total Intra-governmental	\$1,834	\$1,886
Accounts Payable	\$11,477	\$4,720
Actuarial FECA Liability (Note 8)	8,037	7,384
Accrued Payroll and Benefits	10,999	10,226
Accrued Annual and Compensatory Leave (Note 8)	14,461	13,857
Other (Note 9 and 10)	<u>6,403</u>	<u>(3,764)</u>
TOTAL LIABILITIES	\$53,211	\$34,309

NET POSITION

Unexpended Appropriations	\$118,440	\$118,228
Cumulative Results of Operations	<u>126,676</u>	<u>144,143</u>
TOTAL NET POSITION	<u>\$245,116</u>	<u>\$262,371</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$298,327</u>	<u>\$296,680</u>

The accompanying notes are an integral part of these statements.

Broadcasting Board of Governors
Statement of Net Costs
For the Years Ended September 30, 2009 and 2008
(In Thousands)

Goal: The over-arching aim of the Broadcasting Board of Governors is to achieve an increasingly effective international broadcasting system that reaches significant audiences where most needed in support of U.S. strategic interest.

PROGRAM COSTS	2009	2008
Voice of America (VOA)		
Gross Costs	\$329,222	\$339,793
Less: Earned Revenues	<u>(1,304)</u>	<u>(2,535)</u>
Net VOA Costs	\$327,918	\$337,258
Middle East Broadcasting Networks (MBN)		
Gross Costs	\$160,309	\$184,252
Less: Earned Revenues	=	<u>(1,000)</u>
Net MBN Costs	\$160,309	\$183,252
Office of Cuba Broadcasting (OCB)		
Gross Costs	\$63,632	\$53,671
Less: Earned Revenues	=	=
Net OCB Costs	\$63,632	\$53,671
Radio Free Asia (RFA)		
Gross Costs	\$55,717	\$86,753
Less: Earned Revenues	=	=
Net RFA Costs	\$55,717	\$86,753
Radio Free Europe/Radio Liberty (RFE/RL)		
Gross Costs	\$157,243	\$145,565
Less: Earned Revenues	=	=
Net RFE/RL Costs	\$157,243	\$145,565
Total Gross Program Costs	\$766,124	\$810,035
Less: Total Earned Revenue	<u>(1,304)</u>	<u>(3,535)</u>
NET COST OF OPERATIONS	<u>\$764,819</u>	<u>\$806,500</u>

The accompanying notes are an integral part of these statements.

Broadcasting Board of Governors
Statement of Changes in Net Position
For the Years Ended September 30, 2009 and 2008
(In Thousands)

	All Funds 2009	Consolidated Total 2009	Consolidated Total 2008
CUMULATIVE RESULTS OF OPERATIONS:			
Beginning Balances	\$144,143	\$144,143	\$220,224
Adjustments:	<u>2,228</u>	<u>2,228</u>	=
Beginning Balance, as Adjusted	\$146,371	\$146,371	\$220,224
Budgetary Financing Sources			
Appropriations Used	\$728,041	\$728,041	\$717,911
Non-exchange Revenue	-	-	-
Other	63	63	282
Other Financing Sources (Non-Exchange)			
Imputed Financing	<u>17,020</u>	<u>17,020</u>	<u>12,226</u>
Total Financing Sources	\$745,124	\$745,124	\$730,419
Net Cost of Operations	<u>764,819</u>	<u>764,819</u>	<u>806,500</u>
Net Change	<u>(\$19,695)</u>	<u>(\$19,695)</u>	<u>(\$76,081)</u>
CUMULATIVE RESULTS OF OPERATIONS	\$126,676	\$126,676	\$144,143
UNEXPENDED APPROPRIATIONS:			
Beginning Balance	\$118,228	\$118,228	\$157,511
Adjustments	<u>3,989</u>	<u>3,989</u>	=
Beginning Balance, as Adjusted	\$122,217	\$122,217	\$157,511
Budgetary Financing Sources			
Appropriations Received	\$715,483	\$715,483	\$689,475
Appropriations Transferred In/Out	14,605	14,605	280
Other Adjustments	(5,824)	(5,824)	(11,125)
Appropriations Used	<u>(728,041)</u>	<u>(728,041)</u>	<u>(717,913)</u>
Total Budgetary Financing Sources	<u>(\$3,777)</u>	<u>(\$3,777)</u>	<u>(\$39,283)</u>
UNEXPENDED APPROPRIATIONS	\$118,440	\$118,440	\$118,228
NET POSITION	<u>\$245,116</u>	<u>\$245,116</u>	<u>\$262,371</u>

The accompanying notes are an integral part of these statements.

Broadcasting Board of Governors
Statement of Budgetary Resources
For the Years Ended September 30, 2009 and 2008
(In Thousands)

	2009	2008
BUDGETARY RESOURCES		
Unobligated Balance, Brought Forward, October 1	\$36,290	\$61,590
Recoveries of Prior Year Unpaid Obligations	16,308	17,194
Budget Authority		
Appropriation	715,483	689,475
Contract Authority		
Spending Authority From Offsetting Collections		
Collected	5,609	11,388
Change in Receivables From Federal Sources	<u>(1,417)</u>	<u>954</u>
Subtotal	\$719,675	\$701,818
Nonexpenditure Transfers, Net Anticipated and Actual	14,605	280
Permanently Not Available	<u>(3,529)</u>	<u>(7,740)</u>
TOTAL BUDGETARY RESOURCES	<u>\$783,349</u>	<u>\$773,142</u>
STATUS OF BUDGETARY RESOURCES		
Obligations Incurred		
Direct	\$735,064	\$733,415
Reimbursable	<u>2,016</u>	<u>3,178</u>
Subtotal	\$737,080	\$736,593
Unobligated Balance		
Apportioned	\$12,038	\$3,275
Exempt from Apportionment	<u>5,496</u>	<u>4,573</u>
Subtotal	\$17,534	\$7,847
Unobligated Balance Not Available	<u>28,735</u>	<u>28,702</u>
TOTAL STATUS OF BUDGETARY RESOURCES	<u>\$783,349</u>	<u>\$773,142</u>
CHANGE IN OBLIGATED BALANCE:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	\$126,296	\$137,669
Less: Uncollected Customer Payments From Federal Sources, Brought Forward, October 1	<u>(4,961)</u>	<u>(4,007)</u>
Total Unpaid Obligated Balance, Net	\$121,335	\$133,662
Obligations Incurred, Net	\$737,080	\$736,592
Gross Outlays	(730,219)	(731,031)
Obligated Balance Transferred, Net		
Less: Recoveries of Prior Year Unpaid Obligations, Actual	(16,308)	(17,194)
Change in Uncollected Customer Payments From Federal Sources	1,417	(954)
Obligated Balance, Net, End of Period		
Unpaid Obligations	\$116,849	\$126,036
Less: Uncollected Customer Payments From Federal Sources	<u>(3,544)</u>	<u>(4,961)</u>

Total, Unpaid Obligated Balance, Net, End of Period	\$113,305	\$121,075
NET OUTLAYS		
Net Outlays		
Gross Outlays	\$730,219	\$731,031
Less: Offsetting Collections	(5,609)	(11,388)
Less: Distributed Offsetting Receipts	<u>635</u>	<u>1,035</u>
Net Outlays	<u>\$725,245</u>	<u>\$720,677</u>

The accompanying notes are an integral part of these statements.

Broadcasting Board of Governors
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On October 1, 1999, the Broadcasting Board of Governors (BBG) became the independent, autonomous entity responsible for all U.S. Government and government-sponsored, non-military, international broadcasting. This was the result of the 1998 Foreign Affairs Reform and Restructuring Act (Public Law 105-277). Every week, 171 million listeners, viewers, and Internet users around the world turn on, tune in, and log on to U.S. international broadcasting programs. While the "Broadcasting Board of Governors" is the legal name given to the federal entity encompassing all U.S international broadcasting services, the day-to-day broadcasting activities are carried out by the individual BBG international broadcasters: the Voice of America (VOA), the Office of Cuba Broadcasting (Radio and TV Marti), Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and the Middle East Broadcasting Networks (Radio Sawa and Alhurra TV), with the assistance of the International Broadcasting Bureau (IBB).

B. Basis of Presentation

These financial statements have been prepared to report the consolidated financial position of the BBG, consistent with the Chief Financial Officers' Act of 1990 and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of the BBG in accordance with generally accepted accounting principles (GAAP) using guidance issued by the Federal Accounting Standards Advisory Board (FASAB), the Office of Management and Budget (OMB), and the BBG's accounting policies, which are summarized in this note. These consolidated financial statements present proprietary information while other financial reports also prepared by the BBG pursuant to OMB directives are used to monitor and control the BBG's use of federal budgetary resources.

C. Basis of Accounting

Financial transactions are recorded in the financial system, using both an accrual and a budgetary basis of accounting. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to the receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements and mandated controls over the use of federal funds. It generally differs from the accrual basis of accounting in that obligations are recognized when new orders are placed, contracts awarded, and services received that will require payments during the same or future periods. Any BBG intra-entity transactions have been eliminated in the consolidated financial statements.

D. Revenues and Financing Sources

BBG operations are financed through Congressional appropriations, reimbursement for the provision of goods or services to other federal agencies, transfers and donations. Financing sources are received in direct and indirect annual and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. For financial statement purposes, appropriations are recorded as a financing source (i.e., appropriations used) and reported on the Statement of Changes in Net Position at the time they are recognized as expenditures. Appropriations expended for capitalized property and equipment are recognized when the asset is purchased. The applicable depreciation expense for real and personal property is recorded over the asset's useful life as described below in Property, Plant, and Equipment.

Work performed for other federal agencies under reimbursable agreements is initially financed through the account providing the service and is subsequently reimbursed. Reimbursements are recognized as revenue when earned, i.e., goods have been delivered or services rendered, and the associated costs have been incurred.

An imputed financing source is recognized to offset costs incurred by the BBG and funded by another federal source, in the period in which the cost was incurred. The types of costs offset by imputed financing are employees' pension benefits, health insurance, life insurance, and other post-retirement benefits for employees. Funding from other federal agencies is recorded as an imputed financing source.

E. Assets and Liabilities

Assets and liabilities presented on the BBG's balance sheets include both entity and non-entity balances. Entity assets are assets that the BBG has authority to use in its operations. Non-entity assets are held and managed by the BBG, but are not available for use in operations. The BBG's non-entity assets represent receivables that, when collected, will be transferred to the United States Treasury.

Intra-governmental assets and liabilities arise from transactions between BBG and other federal entities. All other assets and liabilities result from activity with non-federal entities. Liabilities covered by budgetary or other resources are those liabilities of the BBG for which Congress has appropriated funds or funding is otherwise available to pay amounts due. Liabilities not covered by budgetary or other resources represent amounts owed in excess of available congressionally appropriated funds or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future congressional appropriations or other funding.

F. Fund Balances with Treasury

Fund Balances with Treasury are cash balances remaining as of the fiscal year end from which the BBG is authorized to make expenditures and pay liabilities resulting from operational activity, except as restricted by law. The balance consists primarily of appropriations, which have not been earmarked for any special purposes. The BBG records and tracks appropriated funds in its general funds.

BBG does not maintain cash in commercial bank accounts for the funds reported in the balance sheet. Treasury processes domestic receipts and disbursements. Two financial service centers, located in Bangkok, Thailand and Charleston, South Carolina provide financial support for BBG operations overseas. The U.S. disbursing officer at each center has the delegated authority to disburse funds on behalf of the Treasury.

G. Accounts Receivable

Accounts receivable consists of amounts owed to the BBG by other federal agencies and from the public. Intra-governmental accounts receivable represents amounts due from other federal agencies for reimbursable activities. Accounts receivable from the public represent amounts due from common carriers for unused airline tickets, and from vendors for erroneous or duplicate payments. These receivables are stated net of any allowances for estimated uncollectible amounts. The allowance, if any, is determined by the nature of the receivable and an analysis of aged receivable activity.

H. Property, Plant, and Equipment

Property, plant, and equipment consist of equipment, buildings, vehicles, and land. There are no restrictions on the use or convertibility of property, plant, and equipment. The BBG capitalizes property, plant, and equipment with a useful life of two years or more. The thresholds for capitalization are as follows: equipment costing \$25,000 or more, buildings and capital leases costing more than \$100,000, and other structures and facilities costing \$50,000 or more. In addition, ADP software costing over \$250,000, and all land, land rights, and vehicles are capitalized, regardless of cost.

Expenditures for normal repairs and maintenance are charged to expense as incurred unless the expenditure is equal to or greater than \$25,000 and the improvement increases the asset's useful life by two years or more.

Depreciation or amortization of equipment is computed using the straight-line method over the assets' useful lives ranging from three to thirty years. Amortization of capitalized software begins on the date it is put in service, if purchased, or when the module or component has been successfully tested if developed internally. Amortization of capital leases is over the term of the lease. The BBG leases the majority of its office space from the General Services Administration. The lease costs approximate commercial lease rates for similar properties.

I. Advances and Prepayments

Payments made in advance of the receipt of goods and services are recorded as advances or prepayments, and recognized as expenses when the related goods and services are received. Advances are made principally to BBG employees for official travel, miscellaneous prepayments and advances to other entities for future services, and salary advances to BBG employees transferring to overseas assignments. Advances and prepayments are reported as "Other" assets on the balance sheet.

J. Accrued Annual, Sick, and Other Leave

Annual leave and other leave time, along with related payroll costs, are accrued when earned, reduced when taken, and adjusted for changes in compensation rates. Sick leave is not accrued when earned, but rather expensed when taken.

K. Employee Benefit Plans

Retirement Plans

Civil Service employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Employees covered under CSRS contribute 7% of their salary; the BBG contributes 7%. Employees covered under CSRS also contribute 1.45% of their salary to Medicare insurance; the BBG makes a matching contribution. On January 1, 1987, FERS went into effect pursuant to public law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, were allowed to join FERS or remain in CSRS. Employees participating in FERS contribute 0.80% of their salary, with BBG making contributions of 11.20%. FERS employees also contribute 6.20% to Old Age Survivor and Disability Insurance (OASDI) and 1.45% to Medicare insurance. BBG makes matching contributions to both. A primary feature of FERS is that it offers a Thrift Savings Plan (TSP) into which the BBG automatically contributes 1% of pay and matches employee contributions up to an additional 4%. CSRS-covered employees may make voluntary contributions to the TSP, but without the employer 1% contribution or employer-matching contributions.

Foreign Service employees participate in either the Foreign Service Retirement and Disability System (FSRDS) or the Foreign Service Pension System (FSPS). The FSRDS is the Foreign Service equivalent of CSRS as described in chapter 83 of Title 5, U.S.C. Employees covered under FSRDS contribute 7.25% of

their salary; the BBG contributes 7.25%. Employees covered under FSRDS also contribute 1.45% of their salary to Medicare insurance; the BBG makes a matching contribution. The FSPS is the Foreign Service equivalent of the Federal Employees Retirement System (FERS), as described in chapter 84 of Title 5, U.S.C. In general, all Foreign Service eligible participants hired after December 31, 1983, participate in the FSPS. Most employees hired after December 31, 1983, are automatically covered by FSPS and Social Security. Employees hired prior to January 1, 1984, were allowed to join FSPS or remain in FSRDS. Employees participating in FSPS contribute 1.35% of their salary, with BBG making contributions of 20.22%. FSPS employees also contribute 6.20% to OASDI and 1.45% to Medicare insurance. BBG makes matching contributions to both. A primary feature of FSPS is that it offers a Thrift Savings Plan (TSP) into which the BBG automatically contributes 1% of pay and matches employee contributions up to an additional 4%. FSRDS-covered employees may make voluntary contributions to the TSP, but without the employer 1% contribution or employer-matching contributions.

Health Insurance

Most U.S. employees participate in the Federal Employees Health Benefits Program (FEHB), a voluntary program that provides protection for enrollees and eligible family members in case of illness, accident, or both. Under FEHB, the BBG contributes the employer's share of the premium as determined by the U.S. Office of Personnel Management (OPM).

Life Insurance

Unless specifically waived, employees are covered by the Federal Employees Group Life Insurance Program (FEGLI). FEGLI automatically covers eligible employees for basic life insurance in amounts equivalent to an employee's annual pay. Enrollees and their family members are eligible for additional insurance coverage, but the enrollee is responsible for the cost of the additional coverage. Under FEGLI, the BBG contributes the employer's share of the premium, as determined by OPM.

Other Post Employment Benefits

The BBG does not report CSRS, FERS, FEHB or FEGLI assets, accumulated plan benefits, or unfunded liabilities applicable to its employees; OPM reports this information. As required by SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, the BBG reports the full cost of employee benefits for the programs that OPM administers. BBG recognizes an expense and imputed financing source for the annualized unfunded portion of CSRS, post-retirement health benefits, and life insurance for employees covered by these programs. The additional costs are not actually owed or paid to OPM, and thus are not reported as liabilities on the balance sheet.

L. Workers' Compensation

A liability is recorded for estimated future payments to be made for workers' compensation pursuant to the Federal Employees' Compensation Act (FECA). The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and subsequently seeks reimbursement from federal agencies employing the claimants. Reimbursements to DOL on payments made occur approximately two years subsequent to the actual disbursement. Budgetary resources for this intra-governmental liability are made available to the BBG as part of its annual appropriation from Congress in the year in which reimbursement to the DOL takes place. A current liability is recorded for actual unreimbursed costs paid by DOL to recipients under FECA.

Additionally, an actuarial estimate of the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases is recorded. This estimate is determined using a method that analyzes historical benefit payment patterns related to a specific period in order to predict the ultimate payments related to the current period. The estimated liability is not covered by budgetary resources and will require future funding.

M. Contingent Liabilities

Contingencies are recorded when losses are probable, and the cost is measurable. When an estimate of contingent losses includes a range of possible costs, the most likely cost is reported; in situations in which no cost is more likely than any other, the lowest possible cost in the range is reported.

N. Net Position

BBG’s net position contains the following components:

Unexpended Appropriations

This is the sum of undelivered orders and unobligated balances. Undelivered orders represent the amount of obligations incurred for goods or services ordered, but not yet received. An unobligated balance is the amount available after deducting cumulative obligations from total budgetary resources. As obligations for goods or services are incurred, the available balance is reduced.

Cumulative Results of Operations

These include (1) the accumulated difference between revenues and financing sources less expenses since inception; (2) BBG’s investment in capitalized assets financed by appropriation; (3) donations; and (4) unfunded liabilities, for which liquidation may require future congressional appropriations or other budgetary resources.

O. Management’s Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: FUND BALANCE WITH TREASURY

Treasury performs cash management activities for all federal agencies. The net activity represents Fund Balance with Treasury. The Fund Balance with Treasury represents the right of the BBG to draw down funds from Treasury for expenses and liabilities.

Fund Balance with Treasury by fund type as of September 30, 2009 and 2008, consist of the following:

Type of Funds	2009	2008
Appropriated Funds	\$152,262	\$146,794
Trust Funds	<u>6,225</u>	<u>5,059</u>
Total	<u>\$158,487</u>	<u>\$151,853</u>

The status of the fund balance may be classified as unobligated available, unobligated unavailable, obligated, and Non-Budgetary Fund Balance with Treasury. Unobligated funds, depending on budget authority, are generally available for new obligations in current operations. The unavailable amounts are those appropriated in prior fiscal years, which are not available to fund new obligations. The unavailable balance also includes funds in deposit funds and miscellaneous receipts. The obligated but not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received, or goods and services received but for which payment has not yet been made.

The status of Fund Balance with Treasury as of September 30, 2009 and 2008, consists of the following:

Status of Funds	2009	2009
Unobligated Balance		
Available	\$17,534	\$7,847
Unavailable	28,735	28,702
Obligated Balance Not Yet Disbursed	113,305	121,075
Non-Budgetary Fund Balance with Treasury	<u>(1,087)</u>	<u>(5,771)</u>
Total	<u>\$158,487</u>	<u>\$151,853</u>

NOTE 3: ACCOUNTS RECEIVABLE, NET

Accounts receivable as of September 30, 2009 and 2008, are as follows:

Accounts Receivable	2009	2008
Intra-governmental	\$2,846	\$4,161
Public	21	44
Less Allowance for Uncollectible Receivables		=
Total Accounts Receivable, Net	<u>\$2,867</u>	<u>\$4,205</u>

NOTE 4: CASH AND OTHER MONETARY ASSETS

BBG maintains a domestic imprest fund for small purchases less than \$25. Typically, these expenditures are the result of taxi fares or local transportation fees. Overseas imprest funds are maintained for international small purchases. Typically, these include expenditures for maintaining government owned vehicles, small office supply orders and drinking water. As of September 30, 2009 and 2008, BBG maintained domestic imprest funds totaling \$3,000.00 in each year.

NOTE 5: PROPERTY, PLANT, AND EQUIPMENT, NET

“Property, plant, and equipment” consists of that property used in operations and consumed over time. The following tables summarize cost and accumulated depreciation of property, plant, and equipment as of September 30, 2009 and 2008.

Property	Useful Life	As of September 30, 2009			As of September 30, 2008		
		Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Buildings	30	\$26,435	(\$17,349)	\$9,086	\$26,322	(\$16,781)	\$9,541
Land	NA	4,121	0	4,121	4,121	0	4,121
Equipment	6-30	302,927	(191,558)	111,369	299,520	(184,344)	115,176
Vehicles	6	6,147	(5,534)	613	6,402	(5,561)	841
Assets Under Capital Lease	10	2,040	(2,040)	0	2,040	(1,957)	83
Software	5	2,082	(2,082)	0	2,082	(2,082)	0
Other Structures	20	<u>14,723</u>	<u>(7,099)</u>	<u>7,624</u>	<u>15,008</u>	<u>(6,736)</u>	<u>8,272</u>
Total		<u>\$358,475</u>	<u>(\$225,662)</u>	<u>\$132,813</u>	<u>\$355,495</u>	<u>(\$217,461)</u>	<u>\$138,034</u>

Depreciation and amortization expense for the years ended September 30, 2009 and 2008, is \$10,977,367.37 and \$15,887,345.96, respectively.

NOTE 6: OTHER ASSETS

This line item consists of advances and prepayments. These amounts are made principally to BBG employees for official travel, miscellaneous prepayments and advances to other non-Federal entities for future services, and salary advances to BBG employees transferring to overseas assignments. Other assets consist of the following as of September 30, 2009 and 2008:

Other Assets	2009	2008
Public		
Advances and Prepayments	<u>4,158</u>	<u>\$2,568</u>

NOTE 7: NON-ENTITY ASSETS

Non-entity assets, restricted by nature, consist of miscellaneous receipt accounts that represent cash collected and accounts receivable (net of allowance for uncollectible amounts) due to the U.S. Treasury.

Assets	2009	2008
Non-Entity Assets		
Intra-governmental:		
Fund Balance with Treasury		
Total Intragovernmental		
Accounts Receivable	<u>(\$21)</u>	<u>\$1</u>

Other	<u>3</u>	<u>3</u>
Total Non-Entity Assets	(\$18)	\$4
Total Entity Assets	<u>\$298,345</u>	<u>\$296,676</u>
Total Assets	<u>\$298,327</u>	<u>\$296,680</u>

NOTE 8: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

BBG's liabilities are classified as covered or not covered by budgetary resources. Liabilities not covered by budgetary resources result from the receipt of goods and services, or occurrence of eligible events in the current or prior periods, for which revenue or other funds to pay the liabilities have not been made available through appropriations. Liabilities not covered by budgetary resources as of September 30, 2009 and 2008, are summarized as follows.

Liabilities Not Covered by Budgetary Resources	2009	2008
Intra-governmental:		
Accrued FECA Liability	<u>\$1,834</u>	<u>\$1,886</u>
Total intra-governmental	\$1,834	\$1,886
Accrued Annual and Compensatory Leave	\$14,461	\$13,857
Capital Lease Liability	-	118
FECA Actuarial Liability	<u>8,037</u>	<u>7,384</u>
Total Liabilities Not Covered by Budgetary Resources	<u>\$24,331</u>	<u>\$23,245</u>

Future Worker's Compensation Liability

Department of Labor (DOL) developed a model for agencies not specified in the Federal Employees Compensation Act (FECA) model to use as an estimate of their FECA actuarial liability. The model uses the amount of benefit payments for the entity over the last 9 to 12 quarters as provided in the quarterly charge back reports issued by the FECA, and calculates the annualized average of payments for medical expenses and compensation. The annualized average is then multiplied by the liability to benefits paid ratios for the whole FECA program for that year. Using this tool, BBG's actuarial liabilities as of September 30, 2009 and 2008, are \$8,037,101.90 and \$7,383,959.53, respectively.

NOTE 9: OTHER LIABILITIES

In addition to liabilities for capital leases (see Note 10), Other liabilities consist of the following as of September 30, 2009 and 2008:

Other Liabilities	2009	2008
Public		
Deposit and Suspense Liabilities	6,403	(\$3,882)
Capital Lease Liability	=	<u>118</u>
Total	<u>6,403</u>	<u>(\$3,764)</u>

NOTE 10: CAPITAL LEASE LIABILITY

BBG has long-term leases for the use of land in domestic locations that meet the criteria as a capital lease in accordance with SFFAS No. 6, *Accounting for Property, Plant, and Equipment*. Assets that meet the definition of a capital lease and their related lease liability are initially recorded at the present value of the future minimum lease payments. In general, capital assets are depreciated over the estimated remaining life of the asset, and the related liability is amortized over the term of the lease, which can result in a different value in the asset versus the liability.

BBG had lease agreements for generators that transfer ownership at the end of the lease. The leases were amortized over the lease term of 10 years, which is the same as the useful life. Net Assets Under Capital Leases as of September 30 follow:

Assets Under Capital Lease	2009	2008
Equipment	\$2,040	\$2,040
Accumulated Depreciation	<u>(2,040)</u>	<u>(1,957)</u>
Net Assets Under Capital Leases	<u>\$0</u>	<u>\$83</u>

Future lease payments are not covered by budgetary resources

Operating Leases

BBG leases real and personal property in overseas and domestic locations under operating leases, which expire in various years. Minimum future lease payments under operating leases having remaining terms in excess of one year as of September 30, 2009, for each of the next 5 years and in aggregate follow.

<u>Fiscal Year</u>	Total
2010	\$31,805
2011	29,771
2012	27,454
2013	26,391
2014	5,535
2015 and thereafter	<u>17,338</u>
Total Future Lease Payments	<u>\$138,294</u>

NOTE 11: CONTINGENT LIABILITIES, COMMITMENTS, AND CONTINGENCIES

BBG is a party to a Title VII class action that was settled in 2000. Payments from the Judgment Fund to individual claimants, which began in 1998, have continued into 2009, with additional implementation payments yet to be made. These payments are for back and front pay, as well as contributions to OPM, TSP, and SSA to establish or adjust retirement accounts. In accordance with OPM's recent ruling on No Fear Act Reimbursement, for litigation occurring prior to the act, BBG is not liable for these payments. Therefore, there is no amount for contingent liabilities recorded on the Balance Sheet.

NOTE 12: INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and earned revenue relate to source of goods and services purchased and received from other Federal entities. The amounts for September 2009 and 2008 follow:

<i>Programs</i>	2009	2008
Voice of America (VOA)		
Intragovernmental Costs	\$15,833	\$13,987
Public Costs	<u>313,389</u>	<u>325,806</u>
Total VOA Costs	<u>\$329,222</u>	<u>\$339,793</u>
Intragovernmental Earned Revenue	\$1,304	\$2,535
Public Earned Revenue	\$-	=
Total VOA Earned Revenue	\$1,304	\$2,535
Middle East Broadcasting Networks (MBN)		
Intragovernmental Costs	\$7,032	\$8,289
Public Costs	<u>153,277</u>	<u>175,963</u>
Total MBN Costs	<u>\$160,309</u>	<u>\$184,252</u>
Intragovernmental Earned Revenue	\$	\$1,000
Public Earned Revenue	=	=
Total MBN Earned Revenue	\$	\$1,000
Office of Cuba Broadcasting (OCB)		
Intragovernmental Costs	\$11,965	\$10,322
Public Costs	<u>51,667</u>	<u>43,349</u>
Total OCB Costs	<u>\$63,632</u>	<u>\$53,671</u>
Intragovernmental Earned Revenue	\$-	\$-
Public Earned Revenue	=	=
Total OCB Earned Revenue	\$-	\$-
Radio Free Asia (RFA)		
Intragovernmental Costs	\$3,422	\$5,926
Public Costs	<u>52,295</u>	<u>80,827</u>
Total RFA Costs	<u>\$55,717</u>	<u>\$86,753</u>
Intragovernmental Earned Revenue	\$-	\$-
Public Earned Revenue	=	=
Total RFA Earned Revenue	\$-	-
Radio Free Europe/Radio Liberty (RFE/RL)		
Intragovernmental Costs	\$10,587	\$6,559
Public Costs	<u>146,656</u>	<u>139,006</u>
Total RFE/RL Costs	<u>\$157,243</u>	<u>\$145,565</u>
Intragovernmental Earned Revenue	\$-	\$-
Public Earned Revenue	=	=

Total RFE/RL Earned Revenue	\$-	\$-
Total Intragovernmental Costs	<u>\$48,839</u>	<u>\$45,084</u>
Total Public Costs	<u>\$717,285</u>	<u>\$764,951</u>
Total Intragovernmental Earned Revenue	<u>\$1,304</u>	<u>\$3,535</u>
Total Public Earned Revenue	<u>\$-</u>	<u>\$-</u>
Total Net Costs	<u>\$764,819</u>	<u>\$806,500</u>

NOTE 13: STATEMENT OF BUDGETARY RESOURCES

The Statement of Budgetary Resources reports information on how budgetary resources were made available and their status as of and for the years ended September 30, 2009 and 2008.

Information on the agency’s budget is reported in the *Budget of the United States Government, Appendix*. The Appendix includes, among other things, budget schedules for the agency’s accounts. Information on budgetary resources and their status will be displayed in the Program and Financing (P&F) Schedule under each account. BBG is responsible for submitting data presented in the P&F Schedules.

The FY 2011 President’s Budget containing actual numbers for FY 2009 has not yet been published. The budget is anticipated to be reported in the second quarter of FY 2010 at the following website: <http://www.whitehouse.gov/omb/budget/fy2011>.

NOTE 14: APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED: DIRECT VS. REIMBURSABLE OBLIGATIONS

BBG incurs reimbursable obligations in support of other Federal agencies’ program initiatives, including the U.S. Agency for International Development and Department of State.

Direct and reimbursable obligations for the years ended September 30, 2009 and 2008 are as follows.

Obligations	2009	2008
Direct Obligations	\$735,064	\$733,415
Reimbursable Obligations	<u>2,016</u>	<u>3,178</u>
Total	<u>\$737,080</u>	<u>\$736,593</u>

NOTE 15: UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders for the years ended September 30, 2009 and 2008 is as follows.

	2009	2008
Undelivered Orders at the end of the period	<u>\$113,305</u>	<u>\$121,075</u>

NOTE 16: STATEMENT OF FINANCING

The Statement of Financing is the reconciliation of proprietary and budgetary accounting, which is accomplished by the reconciliation of budgetary obligations with non-budgetary resources available to the reporting entity with its Net Cost of Operations. The reconciliation for September 2009 and 2008 follow:

Broadcasting Board of Governors			
Statement of Financing			
For the Period Ending September 30, 2009 and 2008			
Dollars in Thousands	FY 2009	FY 2008	
Resources Used to Finance Activities:			
Budgetary Resources Obligated			
Obligations incurred	\$737,080	\$736,592	
Less: Spending Authority from Offsetting			
Collections and Recoveries	<u>(20,500)</u>	<u>(29,537)</u>	
Obligations Net of Offsetting Collections and Recoveries	716,580	707,056	
Less: Offsetting Receipts	<u>(635)</u>	<u>(1,035)</u>	
Net Obligations	717,215	708,090	
Other Resources			
Donations and Forfeitures of Property			
Transfers in/out Without Reimbursement			
Imputed Financing from costs Absorbed by Others (Note)	17,020	12,226	
Other	<u>1,318</u>	<u>-</u>	
Net Other Resources Used to Finance Activities	<u>18,338</u>	<u>12,226</u>	
Total Resources Used to Finance Activities	735,553	720,316	
Resources Used to Finance Items not Part of the Net Cost of Operations:			
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but Not Yet Provided	17,082	(20,092)	
Resources that Fund Expenses Recognized in Prior Periods	174	6,964	
Budgetary Offsetting Collections and Receipts That do not Affect Net Cost of Operations			
Resources That Finance the Acquisition of Assets	4,203	7,620	
Other Resources or Adjustments to Net Obligated Resources That do not Affect Net Cost of Operations	<u>5,241</u>	<u>278</u>	
Total Resources Used to Finance Items not Part of the Net Cost of Operations	26,700	(5,231)	
Total Resources Used to Finance the Net Cost of Operations	762,253	715,085	
Components of Net cost of Operations That Will not Require or Generate Resources in the Current Period:			
Components Requiring or Generating Resources in Future Periods:			
Increase in Annual Leave Liability	607	424	
Increase in Environmental and Disposal Liability			

Increase in Exchange Revenue Receivable From the Public		33
Increase in Unfunded FECA Liability	653	967
Total Components of Net cost of Operations Requiring or Generating Resources in Future Periods	<u>1,260</u>	<u>1,424</u>
Components not Requiring or Generating Resources:		
Depreciation and Amortization	10,977	15,887
Revaluation of Assets or Liabilities	(9,672)	74,104
Other	<u>1</u>	
Total Components of Net Cost of Operations not Requiring or Generating Resources	1,306	89,991
Total components of Net Cost of Operations That Will not Require or Generate Resources in the Current Period	2,567	91,415
Net Cost of Operations	764,819	806,500
The accompanying notes are an integral part of these statements.		

Required Supplementary Information

Deferred Maintenance

Deferred maintenance is maintenance that was not performed when it should have been, that was scheduled and not performed, or that was delayed for a future period. Maintenance is the act of keeping property, plant, and equipment (PP&E) in acceptable operating condition and includes preventive maintenance, normal repairs, replacement of parts, and structural components, and other activities needed to preserve the asset so that it can deliver acceptable performance and achieve its expected life. The BBG considers acceptable condition to be condition levels 1 – excellent, 2 – good, and 3 – fair on a 5-point scale (condition 4 is poor and condition 5 is very poor). Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from or significantly greater than the originally intended.

To identify and quantify deferred maintenance for assets meeting the BBG’s \$25,000 capitalization threshold, the BBG reviewed its FY 2009 maintenance and repair plan and identified the projects that were planned for or required in FY 2009 but have been deferred. This maintenance plan is developed through an inspection of its capital assets to determine current conditions and to estimate costs to correct any deficiencies.

The BBG has established a capital asset condition code to classify the condition of the asset requiring maintenance or repair. The condition code is based on a five-point scale: 1 – excellent, 2 – good, 3- fair, 4-poor, and 5-very poor. Of the various maintenance and repair projects planned for or required in FY 2009 that have been deferred, only one of the assets are in condition level 4. The cost of the deferred maintenance for this project total \$350,000. The other projects related to capital assets are above condition level 4.

The following shows BBG’s deferred maintenance for projects for capital assets in condition code 4 – poor that have been deferred as of September 30, 2009 (BBG does not have any capital assets in condition level 5 - very poor):

Deferred Maintenance (in thousands)

PP&E Category	Asset Condition	Estimated Cost to Return to Acceptable Condition
Structures and Facilities	4 - poor	\$ 350
TOTAL		\$ 350

***Section 4:
Other Accompanying
Information***

Verification and Validation of Performance Measures

The performance indicators are a best effort to measure each broadcast entity's performance level. To achieve maximum objectivity, measurements are performed independently of the elements being evaluated. VOA, OCB, RFE/RL, RFA, and MBN audience research is carried out by InterMedia, an outside research provider under contract to the BBG. The Broadcasting Satellite Users' Group, a multi-element working group not affiliated with the Office of Engineering, calculates the Satellite Effectiveness Index. Evaluation of program quality is initially conducted by InterMedia Survey Institute and presented at program reviews for each entity. The appropriate entity research director or BBG research coordinator computes entity-wide performance values, and sends them to InterMedia for verification.

The standards of the Conference of International Broadcasting Audience Researchers and other standards-setting organizations are followed for the design and conduct of sample surveys. A technical report is produced for every survey which describes the sampling plan, the problems encountered in the field and the methods of resolution, and these are being improved to allow computation of margins of error that include design effects where feasible.

Usage and visitor statistics for websites are independently collected and analyzed by entities and grantees and reported to the BBG, as appropriate.

FY 2009 Management and Performance Challenges Broadcasting Board of Governors

The *Reports Consolidation Act of 2000* requires that the Broadcasting Board of Governors' (BBG) *Performance Accountability Report* include a statement by the Inspector General that summarizes the most serious management and performance challenges facing BBG and briefly assesses the progress in addressing those challenges. The Office of Inspector General (OIG) considers the most serious management and performance challenges for the BBG to be in the following areas:

- Attention to Management and Administrative Operations;
- Managing Broadcast Programs;
- Need for Improved Internal Controls;
- Information Technology; and
- Need to Inform Constituencies.

Attention to Management and Administrative Operations

The Voice of America's (VOA) Central News Division, inspected in 2008, continues to address outstanding OIG recommendations. It is creating standard operating procedures for its assignments desk, performance measures for the News Division, and performance standards for its services. However, these projects are awaiting full implementation of the News Division reorganization. Training is underway for the news management system. VOA expects the Paris financial office to be closed in FY 2010 and relocated to the London facility.

Voice of America successfully built the Persian News Network (PNN) formerly Persian Service into its full-fledged network in an extraordinarily short time. It is still working on an organization chart and is in the process of creating a Persian-language news desk. VOA conducted an analysis of administrative support workloads throughout the organization, including PNN, and is analyzing the information before making changes. VOA is seeking ways to provide its PNN managers appropriate managerial training to handle the high-stress environment and to deal with two cultures and languages and various political and religious points of view. PNN also needs appropriate team building training for management and staff to address unacceptable professional behavior. PNN has located all non-expendable equipment purchased from 2006 to 2008 and now needs to locate all the supporting purchase documentation.

VOA news bureau in London does an excellent job with a reduced staff. One management challenge is to inform the various VOA language services of the studio platform that is available to supplement their programs.

Managing Broadcast Programs

There is great interest in PNN in the foreign policy community, and PNN works to achieve open and transparent operations. When PNN expanded rapidly to 6 hours of original daily programming, it engaged people with varying levels of skills and experience. Under these circumstances, maintaining quality presents a challenge. PNN managers work to maintain standards daily. PNN has hired

experienced television journalists as contractors to serve as mentors to less experienced staff. It has often enlisted disinterested Persian-speaking experts to provide advisory assistance. This challenge requires vigilance in order for PNN to maintain journalistic credibility.

In 2006, the BBG created Deewa Radio at Voice of America. Its target audience is the Pashtun population on the Pakistan side of that country's troubled border region with Afghanistan. It has an effective system of review in place to ensure that the broadcasted material meets VOA standards for accuracy and balance. If Deewa Radio continues to grow, VOA will have to take into account its staff and size and training requirements to maintain continued effectiveness and quality.

Need for Improved Internal Controls

In 2008, BBG received an unqualified opinion on its financial statements for the fourth year. Although this is a significant achievement, BBG needs to continue to improve its internal controls over financial and accounting issues. For example, in its annual report on BBG's FY 2008 financial statements, the independent external auditor identified concerns with the adequacy of BBG's financial and accounting system and with controls over accounts payable.

In a separate management letter, the independent external auditor also identified internal control weaknesses relating to BBG's property records, undelivered orders, purchase card oversight, grants management, and non-personnel expenses.

During FY 2008, BBG transitioned to a new financial service provider, which may correct several internal control weaknesses. BBG also is implementing new controls to address the issues identified. For example, BBG now reconciles information on property from the financial management system to the property database, and it has established an Agency Property Management Office to improve control over property.

Information Technology

During fiscal year 2009, BBG formalized its systems inventory management approach, updated its Information Security Incident Response Plan, developed a comprehensive configuration management policy, and enhanced its incidence response program. However, BBG continues to be challenged in implementing a fully effective information security management program. BBG's has not performed certification and accreditation (C&A) for all its major information systems. In 2008, only one of BBG's eleven major systems had a completed C&A. In 2009, the status of C&A for the 10 remaining major information systems remained unchanged. In addition, BBG's information security architecture had not been completed and items identified in the Plan of Actions and Milestones were not actively monitored and validated, with remediation steps to correct the weaknesses not being implemented. As a result, OIG continues to report that BBG is not fully compliant with the statutory requirements of the Federal Information Security Management Act of 2002.

Need to Inform Constituencies About BBG's Journalistic Mandate

In the OIG inspections of VOA's Persian News Network and VOA's Deewa Radio, it became clear that many people, both in the United States and abroad, have a conception of the role and mandate of BBG entities that is not consistent with their statutory mandate. OIG is sometimes requested by Congress, for example, to inspect broadcast services or BBG journalistic standards. It is clear that most of the issues raised by Congressional Committees and Members of Congress are more than worthy of examination, but equally clear that some issues would not have been raised if BBG constituencies had a better understanding of BBG's statutory requirements, the journalistic protections provided by the bipartisan board that acts as agency head, and the journalistic codes of its broadcast entities.

OIG believes that ongoing outreach efforts to the Congress and other stakeholders, including at overseas posts, should include a briefing explaining the organization, its mission, and its built-in journalistic protections.

**BBG Executive Director's Comments to the Office of Inspector General:
FY 2009 Management and Performance Challenges
Broadcasting Board of Governors**

Thank you for your letter summarizing the major management and performance challenges that you believe the Broadcasting Board of Governors (BBG) is facing. We have reviewed your report and are providing responses to the OIG findings. We appreciate the recognition of BBG's efforts to address these challenges, and would like to take this opportunity to describe the actions that the BBG is taking to address the management and performance challenges identified by your office.

Attention to Management and Administrative Operations

We remain committed to continual improvement in all of our operations and, as pointed out in your letter, have taken action to do so. VOA has been developing standard operating procedures for its assignments desk, performance measures for the News Division, and performance standards for its services. VOA also is taking steps to relocate the Paris financial office. In addition, VOA is refining PNN's organizational structure, ensuring its property documents are properly filed, and reviewing its house-wide administrative support structure as well as taking steps to ensure managers and employees receive appropriate training. In addition, VOA has taken a number of steps to apprise the various language services of the studio platform that is available in London to supplement their programs and how interested language services can schedule those facilities.

Maintaining Journalistic Standards

The BBG appreciates OIG's understanding with respect to protecting BBG's journalistic integrity, a requirement that we have worked together so diligently to maintain - Public Law 103-236 states that the OIG "shall respect the journalistic integrity of all the broadcasters and may not evaluate the philosophical or political perspectives reflected in the content of broadcasts."

We also appreciate your recognition that an effective system of review is in place to ensure that broadcast material produced by VOA Deewa Radio, which provides news and information to listeners in the volatile Afghanistan-Pakistan border region, meets VOA standards for accuracy and balance.

The BBG agrees that a highly qualified and trained staff is the backbone of all that we do and continues to take steps to recruit, develop, train, inform, and provide guidance to all staff members to ensure adherence to our high journalistic standards.

Need for Improved Internal Controls

We appreciate your acknowledgement of the major steps that the BBG has taken to improve the efficiency of our internal controls. The BBG continues its ongoing efforts to improve its financial and accounting systems. The establishment of the Property Management Office and the transition to a new financial system has improved internal controls throughout FY 2009. The improvement of these systems, processes, and oversight is ongoing. In FY 2009, the BBG

automated the reconciliation process for domestic purchase cards, improving oversight and the accuracy and integrity of purchase card transactions. We have also instituted a real-time tracking financial report which has enabled improved management of commitments and spending.

Information Technology

We are pleased that the OIG recognizes the progress that the BBG has made in information security management. Although the BBG has made significant strides in developing an effective program, as you have noted, we still face challenges. In FY 2009, the Agency completed the development of a formal procedure for inventory management, development of a configuration management policy, and updated the incident response plan. We will continue our commitment to make progress in the areas of compliance and government standards for information security. In annual reviews, the BBG notes, there are no identified weaknesses in the technical controls that protect the Agency's computing environment.

Need to Inform Constituencies About BBG's Journalistic Mandate

The Agency agrees that there often is misunderstanding of the journalistic mandate of the BBG and its broadcast entities, as well as the role of the Agency's board of governors as a "firewall" against political interference in our journalism. In addition, while the law is clear that the OIG must "respect the journalistic integrity of all of the broadcasters," and "may not evaluate the philosophical or political perspectives reflected in the content of the broadcasts," this limitation on the scope of OIG's inspections is not fully understood

While the BBG routinely makes its journalistic standards and independence the cornerstone of its discussions with the Congress, in the press, and in public forums, we agree that more needs to be done to enhance understanding of the BBG's mission, its underlying statute, and its unique place in the overall conversation about U.S. public diplomacy.

Summary of Financial Statement, Audit, and Management Assurances

Table 1.
Summary of Financial Statement Audit

Audit Opinion					
Restatement					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
<i>Total Material Weaknesses</i>	0				0

Table 2.
Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting					
Statement of Assurance	Unqualified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0				0
<i>Total Material Weaknesses</i>	0				0
Effectiveness of Internal Control over Operations					
Statement of Assurance	Unqualified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0			0
<i>Total Material Weaknesses</i>	0	0			0
Conformance with financial management system requirements					
Statement of Assurance	Systems generally conforms to financial management system requirements				
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Elements Developed from Sources other than GL	✓				✓
Codify Financial Operations Operating Procedures	✓		✓		
Overseas Accounts Payable Reconciliation	✓				✓

<i>Total Non-Conformances</i>	3		1		2
Compliance with Federal Financial Management Improvement Act (FFMIA)					
	Agency		Auditor		
Overall Substantial Compliance	Yes		Yes		
1. System requirements	Yes				
2. Accounting Standards	Yes				
3. USSGL at Transaction Level	Yes				



**Broadcasting
Board of
Governors**

330 Independence Avenue, SW
Washington, DC 20237
Telephone: 202-203-4545 | Fax: 202-203-4568
www.bbg.gov