UNITED STATES DEPARTMENT OF STATE
AND THE BROADCASTING BOARD OF GOVERNORS

*OFFICE OF INSPECTOR GENERAL*

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# Inspection of the Broadcasting Board of Governors

# PURPOSE, SCOPE, AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2011 by the Council of Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

## PURPOSE AND SCOPE

The Office of Inspections provides the Secretary of State, the Chairman of the BBG, and Congress with systematic and independent evaluations of the operations of the Department and the BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- Policy Implementation: whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.

- Resource Management: whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.

- Management Controls: 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; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

## METHODOLOGY

In conducting this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.

United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

## PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability, and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

Harold W. Geisel
Deputy Inspector General

# Table of Contents

# Key Judgments

- U.S. Government broadcasting is characterized by journalism of the highest caliber and a widespread devotion to supporting democracy and freedom. This ongoing achievement is due to the commitment of the broadcast entities and professional staff.

- The Broadcasting Board of Governors (BBG) is also committed to the goals of U.S. international broadcasting but is failing in its mandated duties, including implementation of key aspects of its 5-year strategic plan. The Board's dysfunction stems from a flawed legislative structure and acute internal dissension.

- The Board is composed of nine part-time members, including eight private citizens who carry the title of Governor and the Secretary of State (ex officio). A part-time Board cannot effectively supervise all U.S. Government-supported, civilian international broadcasting. A chief executive officer (CEO) could coordinate the operational aspects of the broadcast entities and their support structure.

- Although the legislation establishing the responsibilities of the Governors is clear regarding the boundary between supervision and day-to-day management, individual Governors have interpreted the law differently and determined their own fiduciary responsibilities, which has in turn impeded normal management functions.

- Board dynamics are characterized by a degree of hostility that renders its deliberative process ineffectual. Board meetings are dominated by one member whose tactics and personal attacks on colleagues and staff have created an unprofessional and unproductive atmosphere.

- Chronic vacancies and absences of Board members threaten the quorum required for the Board to act, limit the diversity of perspectives brought to discussion, and put at risk the bipartisan nature of the Board.

- The Board's bylaws and self-adopted governance policies are inadequate to govern appropriately the conduct of Board business.

- The system of having BBG Governors serve concurrently on the corporate board of the grantees creates the potential for—and, in some cases, actual—conflict of interest, as perceived by many and gives rise to a widespread perception of favoritism in Board decisions.

- A comprehensive travel policy that relates Board travel to strategic objectives and followup actions should be implemented.

All findings and recommendations in this report are based on conditions observed during the on-site review and the standards and policies then in effect. The report does not comment at length on areas where the OIG team did not identify problems that need to be corrected. The inspection took place in Washington, DC, between September 10 and November 19, 2012. (b) (5) [redacted]

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# Context

The BBG is an independent Federal agency[1] that oversees all U.S. Government-supported, civilian international broadcasting. Its mission is to inform, engage, and connect people around the world in support of freedom and democracy. The BBG's fundamental objective is to advance U.S. foreign policy by providing an example of free press and free media to countries where such freedom does not exist and to represent the United States, its people, and its policies. The "Broadcasting Board of Governors" also serves as the name of the governing body. The BBG Board is a nine-member, part-time, bipartisan body of eight private citizens appointed by the President and confirmed by the Senate, as well as the Secretary of State (ex officio), that serves as a collective head of agency. Of the nine Board members, only eight private citizens carry the title of Governor.

The BBG oversees five organizations that represent varied legal and organizational frameworks (see appendix A). The Federal agency includes the International Broadcasting Bureau (IBB), which provides day-to-day administrative support and services, as well as two broadcast entities—the Voice of America (VOA) and the Office of Cuba Broadcasting (OCB). Three additional broadcast entities are private, nonprofit corporations: Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and the Middle East Broadcasting Networks (MBN). These organizations are BBG grantees, but Congress has given the Board supervisory authorities over them.

The scope of U.S. Government broadcasting oversight has grown over time. The Board for International Broadcasting (BIB) was created in 1974 to fund and oversee RFE/RL. It was replaced with the BBG by the U.S. International Broadcasting Act of 1994. The 1994 Act consolidated all nonmilitary U.S. Government broadcasting under the supervision of the BBG, including the newly created IBB, which combined VOA, OCB, and the engineering and technical services needed to support them. Both the BBG and IBB were housed within the U.S. Information Agency (USIA). The BBG inherited oversight and grantmaking authority over RFE/RL and acquired those same authorities for RFA (created in 1996) and MBN (created in 2003). The 1994 Act also established eight members to the Board (four Democrats and four Republicans), which are appointed by the President and confirmed by the Senate. The ninth, the Secretary of State, serves ex officio. With the exception of the Secretary of State, Board members are appointed for 3-year terms. However, when Board members are appointed to fill vacancies occurring prior to the expiration of a term, they serve the remainder of that term. By law, any Board member whose term has expired may serve until appointment of a successor.

The Foreign Affairs Reform and Restructuring Act of 1998, referred to hereafter as the 1998 Act, merged USIA with the Department of State (Department) and transformed the BBG into an independent Federal entity. The 1998 Act also provided new coordinating authority to the IBB Director. The 1998 Act expressly separated the BBG from the Department to maintain a "firewall" to protect journalistic content from political interference. The 1998 Act also gave the

[1] Throughout this report, agency denotes the Federal entities of the BBG (Voice of America, International Broadcasting Bureau, and the Office of Cuba Broadcasting), whereas the BBG and the Board denote the nine-member governing body.

Board authority to “supervise” all broadcasting activities, modifying language from the U.S. International Broadcasting Act of 1994, which gave the Board power to “direct and supervise.” The U.S. Congressional Conference Report[2] explained that removal of the word “direct” was meant to clarify that the Board is not responsible for day-to-day management, which the report called “incongruous with a part-time oversight board.”

Since its establishment, the BBG has guided this complex array of organizations through a progressively more challenging worldwide media environment. The BBG is one of the world’s largest newsgathering and reporting operations, with 50 news bureaus and offices worldwide. The five broadcast entities it supervises employ more than 3,500 journalists, producers, technicians, and support personnel full time in Washington, Miami, and Prague. It employs approximately 1,500 freelancers around the world. BBG broadcasts reach an audience of 187 million in 100 countries by radio, television, and Internet. In its FY 2013 budget, the BBG requested $720 million, a decrease of 4.2 percent from its FY 2012 budget ($750 million).

This inspection focused on the operations of the BBG Board, including its structure, conduct, and relationships with the entities that it oversees. The inspection did not review the internal operations of any of the BBG broadcast entities or the IBB. The Governors on the current Board were appointed by the President, confirmed by the Senate, and took office in July 2010. At the time of this inspection, two Governors had resigned and a third had submitted her resignation. Also, the President has nominated someone to fill the vacant position as Chairman of the Board. OIG previously conducted an inspection of the BBG in 2007.

[2] U.S. House Foreign Affairs and Restructuring Act of 1998 Conference Report (to accompany H.R. 1757). (H. R. Rep. No. 105-432).

# Executive Direction

U.S. Government nonmilitary broadcasting is characterized by journalism of the highest caliber and a widespread, deep devotion to its mission of support for democracy and freedom.

In questionnaires from and personal interviews with the current Board, IBB senior staff, the heads of the five broadcast entities, former Governors, staffs of congressional oversight committees, and an array of outside observers, the word most commonly used to describe the BBG was “dysfunctional.” Based on this evidence and a review of voluminous documentation and extensive personal interviews and observation, the inspection team agrees with this assessment.

This dysfunction is attributable largely to the Board’s structure, internal governance issues, and dynamics. This report describes in detail the impact of the dysfunction, including the Board’s failure to implement key aspects of the strategic plan, unclear lines of authority, and lack of setting priorities.

# Structure

This Board is not the first in BBG history to be considered dysfunctional. A former Chairman of the BBG recently declared the Board system “structurally a mess.” The 1998 Act that established the Board is based on the assumption that a part-time bipartisan board can provide effective supervision of U.S. international broadcasting. That assumption has proved incorrect. Further, individual Governors have interpreted this legislation in different ways.

Another structural challenge for the Board lies in its relations with its three grantees: RFE/RL, RFA, and MBN. These broadcast entities are not Federal organizations but rather BBG-funded, nonprofit organizations that have their own corporate boards. Public Law 97-241 of 1982 mandated that the RFE/RL corporate board and the BIB (BBG’s precursor) have identical memberships. RFA and MBN have adopted the RFE/RL model, although they are not legally required to do so. As such, all grantees are subject to supervision by the same eight Governors, each of whom performs both BBG and corporate roles. This dual functionality creates conflicts of interest and confusion regarding Governors’ roles and responsibilities.

**Strategic Supervision versus Operational Management**

Under the 1998 Act, Governors are expected to supervise all U.S. international broadcasting activities. The management of the daily operations is the purview of the IBB Director and the presidents of the grantees. Over time, however, individual Governors have determined their own “fiduciary” responsibilities and acted accordingly. Inconsistent interpretation has lead to varying and unproductive levels of Governor involvement in day-to-day administration of the broadcast entities and has contributed to inefficiency and confusion over roles and responsibilities and has weakened the ability of IBB staff to manage the organization effectively.

Early in its tenure, the Board had a clear sense of its duties, as evidenced in a number of actions. It clarified lines of authority between the Board and the IBB Director and merged the BBG and IBB staffs under the leadership of the IBB Director. The Board also set up committees to leverage the expertise of Governors and make recommendations for the full Board's consideration, adopted bylaws, and opened Board meetings to the public. It delegated many operational authorities to the IBB Director. During the Board's second year, the Governors completed a comprehensive review of U.S. international broadcasting, resulting in a bold, 5-year strategic plan, "Impact Through Innovation and Integration." The plan included a new mission statement and called for, among other things, the consolidation and streamlining of management and the appointment of a CEO. The Board also explored converting VOA, OCB, and IBB from Federal agencies to private-sector, nonprofit organizations and also examined ways to minimize language service duplication. The Board took a substantial step toward implementing its strategic vision by deciding, in principle, to consolidate RFE, RFA, and MBN into a single organization. These decisions represented positive steps.

However, in the face of criticism from within and outside the organization, the Governors have not implemented these decisions, with two Governors in particular backsliding on their prior commitments. Instead, the Board has allowed itself to be distracted by operational issues best handled at lower management levels and has consistently undermined the IBB Director in the execution of his duties. By allowing its focus to slip from issues of strategic importance, the Board fails to exploit fully its collective talents and does not meet its legislative obligation to provide oversight of and strategic guidance to the broadcast entities.

A prescription for improving the situation lies in the Board's own 5-year strategic plan, which sets forth as "imperative" that the Board attend to strategy, budget, and outreach and create a full-time CEO to manage the agency's day-to-day affairs. At the September Board meeting, the Governors tasked the IBB staff to provide information about the challenges of creating and implementing a CEO position. At the October Board meeting, the IBB briefed the Governors on the requested information, but the Board has not moved forward on this issue. The inspection team endorses the CEO concept, as did many individuals interviewed. The CEO would have clear authority over the IBB and the two Federal broadcast entities but does not address what authority the CEO would have over the three grantee organizations. The Board would retain its obligation to safeguard the editorial independence of the broadcast entities.

The concept of a CEO with clearly delineated authorities and responsibilities, complemented by a part-time, Presidentially appointed board of directors focused on strategic issues, has worked well with entities like the Millennium Challenge Corporation and the Corporation for Public Broadcasting. A CEO would allow the Board to put the necessary focus on these strategic concerns and keep out of day-to-day management. Whether the CEO for U.S. international broadcasting might be appointed by the Board or nominated by the President and confirmed by the Senate has been the subject of much Board deliberation. The inspection team takes no position on this issue.

**Recommendation 1:** The Broadcasting Board of Governors should implement a chief executive officer position as outlined in its 2012–2016 Strategic Plan, "Impact Through Innovation and Integration." (Action: BBG)

**Conflict of Interest: Broadcasting Board of Governors Board and Corporate Boards**

Governors' duties as members of the BBG Board are by nature different and sometimes at odds with their duties as members of the corporate boards of RFE/RL, RFA, and MBN. The statutory role of the Board is to oversee, assess, and evaluate the quality and effectiveness of broadcasts in the context of broad U.S. foreign policy objectives and to facilitate efficient management of public funds. Governors are subject to Federal guidelines from the Office of Government Ethics, conflict-of-interest rules, and the Government in the Sunshine Act. While serving on the boards of the three nonprofits, Governors have the fiduciary responsibility of obedience, loyalty, and care. They are governed by the grantee's articles of incorporation, the U.S. International Broadcasting Act of 1994, and laws for the state in which the grantee was incorporated. Most of the individuals who the inspection team interviewed said that these dual responsibilities create a conflict of interest, as Governors serving on the corporate boards of the grantees would have to be prepared to vote against the grantee leadership on matters that were not in the BBG's overall interest. For example, the OIG team documented a case in which a Governor, sitting on the RFA corporate board as its vice chairman, advocated for the grantee against the Board's governance committee on which he also sits.

The intended purpose of having BBG Governors serve as heads of corporate boards of the grantees was to create opportunities for more substantive involvement by individual Governors in grantees' activities and to provide a way to take advantage of an individual Governor's regional or other expertise. An unintended consequence, however, is a clear perception among the Federal entities that this dual functionality has led to advocacy and favoritism on behalf of the grantees—especially in RFA—giving them an advantage in budget and policy decisions of the Board. This belief was expressed to the inspection team in numerous interviews and is especially acute in the largest of the BBG broadcast entities, VOA. This perception is further enhanced with the current Board because a few of the Governors actually make the time to take active roles on the three grantee boards.

One example that emerged in numerous interviews and correspondence illustrates the problem. The Board decided that all five broadcast entities should adopt a new content management system called Pangea. The goals were to save money and allow all entities to share content. RFA was on the study committee that included representatives from various BBG entities. The committee submitted its findings to the Board, which voted to adopt Pangea. Despite the Board's decision, RFA refused to adopt this content system. This action was an obvious challenge to Board authority. At present, all broadcast entities except RFA participate in the program, and the broadly held perception—expressed repeatedly to the OIG team—is that RFA can flout collective decisions of the Board because it can rely on strong support from the chairman and vice chairman of its corporate board.

The inspection team was told about another conflict of interest. Having the Governors serve on the corporate boards of RFE/RL, RFA, and MBN in effect allows the Board to grant money to itself and to take a more prominent role in the programmatic activity of the grantee organizations than foreseen in legislation. The Governors, by law, do not have to serve on the corporate boards of RFA and MBN. This dual function causes constant confusion over which board is actually making decisions or providing oversight. Any remedy for the current arrangement with the RFE/RL board would require legislative change and is addressed in a recommendation in the Need for Legislative Change section of this report.

**Recommendation 2:** The Broadcasting Board of Governors should remove Governors from the corporate boards of Radio Free Asia and Middle East Broadcasting Networks and establish a new mechanism for selecting corporate board members. (Action: BBG)

**Challenges of a Part-Time Board: Attendance and Vacancies**

A part-time Board faces significant challenges in operating as a collective agency head. The demands of regular Board meetings, committee meetings, and corporate board meetings have proved overwhelming, especially for Governors who live outside the DC metropolitan area, hold full-time jobs, and engage in other professional activities. Meetings and venues for the coming year are put on a calendar at the start of each fiscal year, but last-minute schedule conflicts forced the cancellation of the July 2012 meeting and nearly derailed the June, August, and October 2012 meetings for lack of a quorum. Scheduling conflicts prevented some Governors from attending the June and August meetings, and they participated via digital video conference or telephone. Although overall performance records indicate that Board members have an average attendance rate of 84 percent, these statistics are misleading. A review of meeting minutes and observation of the June and September Board meetings revealed that several Governors arrived late, left early, and periodically absented themselves without explanation. One Governor has attended only 12 of the Board's 20 meetings to date and has participated in recent Board meetings only by telephone.

A generally accepted obligation for being an effective Board member is to prepare for and attend Board meetings. However, the BBG does not have an attendance policy and does not censure or sanction Board members who do not attend Board meetings. Absent Governors impede the Board from achieving or maintaining a quorum and, consequently, its ability to address issues requiring action.

**Recommendation 3:** The Broadcasting Board of Governors should establish a policy on meeting attendance that includes sanctions for noncompliance. (Action: BBG)

Chronic vacancies have further hampered the Board's ability to meet its obligations. The Board has been fully staffed for only 7 of its 17 years of existence, and the current Governors are serving under expired terms. All eight members of the current Board were nominated in November 2009 and confirmed in July 2010. They replaced the four Governors remaining from the previous Board, who had been appointed in 2002. The legislation called for staggering Governors' terms of office for the purpose of maintaining institutional stability and memory. However, replacing Board members in a regular and timely fashion has been hampered by White House delays in nominating candidates and Senate delays in confirming them. For example, three members of the current Board resigned in 2012, and only one replacement had been nominated as of November 1. Chronic vacancies deprive the BBG of the diversity of perspectives envisioned by legislation and put at risk the intended political balance among Board members.

# Internal Governance Issues

Since taking office in July 2010, the Board has adopted bylaws and policies to govern the conduct of BBG business. However, these policies are self-imposed and depend upon the willingness of individual Governors to abide by them. Based on observation, review of meeting records, and interviews with meeting participants and stakeholders, it is clear that the Board's self-governance policies are inadequate to ensure the appropriate, effective, and efficient conduct of business. Good governance requires more than bylaws and policies; it requires consistent practices that reinforce those policies and a system of accountability to ensure adherence.

The Board has adopted a practice of trying to reach consensus on major issues in lieu of the statutorily mandated majority vote as stated in its bylaws. The inspection team has been told that this practice stems from the fact that minority votes become the inspiration for blog output and lobbying with congressional oversight committees. The reluctance of the Board to acknowledge dissension publicly, even when the dissenting view is held by a single Governor, creates paralysis in Board decisions. This reluctance has been reflected in the Board's failure to implement its strategic plan described previously. Although the Board adopted the plan unanimously, Governors have gone on record as questioning or backpedaling on specific elements of the plan.

The Board fails to stand by its own decisions. One example is in the preparation of the FY 2014 budget. The Board's internal deadline to approve the budget was July 2012, but that month's meeting was canceled because of lack of a quorum. The Board held an emergency meeting by telephone in August 2012 and unanimously approved the budget. However, entity heads subsequently appealed to a number of the Governors to modify their decisions. The Governors decided to revisit the budget at their September meeting, 3 days after the Office of Management and Budget (OMB) deadline for budget submission. The Board ultimately provided the final budget to OMB a week late. This is the third year in a row that the Board has failed to submit its budget on time—one of its clearly delineated legislative responsibilities. It is the view of the inspection team that this particular issue could have been avoided if the Board had exercised better self-governance.

**Meeting Management**

Board meetings are disorganized, do not follow planned schedules, and at times include more agenda items than can be addressed in the time allotted, usually one long working day. Without a clear demarcation between oversight and management responsibilities, the number of issues that can attract the Board's attention is limitless. Untouched agenda items are shunted from one meeting to the next, or are dealt with in committees, leading to charges of decisionmaking in the dark.

The Board's September 2012 meeting, which the inspection team attended and is available in recorded version on the BBG Web site, provides a vivid example of a Board unable to conduct business. An overambitious agenda included 17 items, only 5 of which the Board discussed.

Procedural and ceremonial issues take up valuable meeting time that could be used to address substantive issues. As an example, the March 2012 meeting agenda included 19 items. Of these, seven were procedural or ceremonial; for example, adoption of meeting minutes and resolutions honoring award winners, service anniversaries, and individual contributions to the organization. The inspection team was told the Board had at one point agreed not to include ceremonial items on meeting agendas, but these items continue to appear. Other March agenda items included routine reports from entity heads and IBB staff that did not provoke Board discussion or require Board action. These issues could have been provided to the Governors prior to the meeting for review. Any items requiring action could be bundled together in a "consent agenda" and voted on, as a package, without discussion. A consent agenda would enable the Board to differentiate between routine matters not needing explanation and more complex issues requiring examination.

**Recommendation 4:** The Broadcasting Board of Governors should adopt the use of a consent agenda to address routine matters in all Board meetings. (Action: BBG)

The Board's bylaws outline specific responsibilities and authorities of the Board Chairman but do not include explicit authority to maintain order at meetings, enforce the Board's agreed-to code of conduct, and keep the meeting focused on issues that are the clear purview of the Board.

> ***Informal Recommendation 1:*** The Broadcasting Board of Governors should amend its bylaws to grant the Chairman explicit authority over the conduct and content of Board meetings.

**Nondisclosure and Confidentiality**

Confidentiality is critical to establishing and maintaining an atmosphere of frank and deliberate discussion. Its absence can sow mistrust among Board members and jeopardize the Board's effectiveness. However, breaches of confidentiality often arise when there are dissenting opinions. To be effective, the Board should speak with one voice—dissenting opinions should be captured in official meeting records and not aired publicly through the press or other outlets.

As a collective agency head, the Board has an even greater responsibility to speak with one voice in representing the views of the agency. Nine members of a collective agency head publicly articulating inconsistent and/or divergent positions would reduce confidence in agency decisionmaking and harm its effectiveness. But few rules govern the Governors' public statements—to employees, Congress, or the press. Allegations of leaks and inappropriate information sharing are rampant within the BBG and the broadcast entities. These leaks negatively affect the free exchange of ideas during closed Board meetings and create external pressures on the Governors' deliberative process.

The Board sought to address this problem by unanimously adopting a policy in June 2012 that prohibits the disclosure of "deliberative" information. However, this nondisclosure policy has been the subject of extensive Board debate over the course of several meetings and has even resulted in congressional inquiry. During the September 2012 Board meeting, a Governor who actively participated in drafting the policy rescinded his approval. Although this single dissenting vote does not repeal the policy, it does raise questions as to this particular Governor's commitment to the concept of confidentiality and nondisclosure and the Board's ability to enforce its own guidelines. The policy, like others that govern the Board, lacks a mechanism for censuring or sanctioning Governors who violate it. The importance of such a mechanism was underscored in a recent Governance Committee meeting when the Governor who reversed his position on the policy repeatedly inquired about the consequences of violating the policy.

Board meetings are conducted in accordance with the Government in the Sunshine Act (5 U.S.C. 552 b.). The Board's nondisclosure policy clearly states that the policy does not affect the BBG's requirements to comply with the Sunshine Act and will be implemented in a manner consistent with its provisions. However, the inspection team found the policy inconsistent with the Sunshine Act in that the language of the policy does not reference specific exemptions provided in the Sunshine Act. The "deliberative process" that is referred to in the nondisclosure policy is language more consistent with Freedom of Information Act exemptions and not with Sunshine Act exemptions. A simple notation of applicable Sunshine Act exemption(s) would bring the policy in line. The most broadly and consistently applicable exemption is c(9)(B), which allows the agency an exemption to the Act if the agency "...properly determines that such portion or portions of its meeting or the disclosure of such information is likely to... significantly frustrate the implementation of a proposed agency action...."

**Recommendation 5:** The Broadcasting Board of Governors should update and implement its nondisclosure policy to reference relevant exemptions from the Government in the Sunshine Act and to include sanctions for noncompliance. (Action: BBG)

# Board Dynamics

The Governors bring an array of experience and achievement to their service to U.S. international broadcasting. They have rich backgrounds in politics, media, communications, and foreign affairs. They began their tenure by identifying shortcomings with Board operations, agency structure, and coordination among the elements of U.S. international broadcasting and by adopting a strategic plan that lays out how to resolve these issues. Unfortunately, internal Board dynamics have largely derailed their efforts to implement the plan.

Board dynamics are characterized by a degree of hostility that renders its deliberative process ineffectual. During the course of the inspection, the majority of individuals interviewed firmly expressed the view that the Board's current paralysis was the fault of a single Governor and that the reputations of other Board members should not be damaged because of his tactics. The inspection team's observations and interactions with the aforementioned Governor support this view.

The inspection team observed the behavior of the Governor in question in Board meetings and reviewed extensive communications between him and his Board colleagues and IBB senior staff. In meetings, he habitually disrupts the flow of discussion with points of order, complains of being uninformed about matters that were part of documentation presented before the meeting to all Governors, and accuses senior staff of hampering him from carrying out his fiduciary duties by keeping important information from him.

This Governor frequently refers to his years of experience as mayor of a city as his compass for carrying out his fiduciary duties on the Board. He uses his knowledge of parliamentary procedure to impede free Board discussion. He visits widely throughout the agency, offering to bypass IBB management to assure Board attention to employee concerns. Many accuse him of using outside media to support his views and attack colleagues and staff who disagree.

These may be familiar practices in municipal government politics but have side-tracked positive collective action by the Board. Moreover, his insulting and intimidating manner, as witnessed by the inspectors, to IBB and grantee staff creates tension and hampers productive exchange. He styles himself "the loyal opposition," a role that seems out of place on a bipartisan Board acting as a collective agency head.

To his credit, this Governor has been diligent in Board meeting attendance and has raised important issues. For example, he brought to the Board's attention the fact that flu shots were being offered to direct-hire employees but not to contractors. But his interventions force Board attention onto relatively minor issues or management decisions with which he disagrees. On balance, his behavior has been a barrier to the Board's ability to provide strategic guidance for U.S. international broadcasting.

The former Board Chairman placed emphasis on developing consensus for Board decisions. By all accounts, he expended considerable effort in this pursuit. The presiding Governor has continued in this general vein. However, consensus decisions are not necessary because by statute, Board decisions must be reached by majority vote. To the extent that other Governors have allowed the tactics of one Governor to hamstring the Board, they bear some responsibility for its being dysfunctional.

**Board Relations with International Broadcasting Bureau Staff**

The role of IBB staff is to facilitate the work of the Board and to prepare briefing materials and Board meeting agendas, offer legal and financial advice, make travel arrangements, and provide strategic planning information. In addition, the staff has other non-Board obligations. A majority of the Governors are pleased with the staff's work and dedication. The inspection team found that the IBB senior staff is composed of seasoned professionals with a commitment to the mission. A review of Board briefing documents and email correspondence showed that the staff works long and often irregular hours to support the Board.

An assessment of the relations between the Board and IBB staff must begin with the IBB Director, appointed by the President and approved by the Senate, who has broad responsibilities, including management of VOA and OCB on paper. The Board delegated the Director a wide range of authorities in 2011 but promptly overrode his initiative to introduce a single content management system (Pangea) for all broadcast entities. The Board allowed one grantee, RFA, not to take part in this initiative. This action led to the IBB Director's authorities being undermined in the eyes of the broadcast entities and his own staff.

The relationship between the IBB staff and the Board is good with the exception of one particular Governor mentioned in the previous section. For example, at the September 2012 Board meeting, the inspection team observed this Governor showing unprofessional behavior and hostility toward the IBB staff. The inspection team reviewed email correspondence showing that such behavior is normal for this Governor.

At the November 2011 meeting, the Board agreed that all requests for information from the staff should go through the IBB Director. This directive has not been followed. The inspection team reviewed the volume and nature of requests made directly to the staff for information from the same Governor cited previously. He asserts that he has the right to request from the staff anything he deems necessary to fulfill his fiduciary responsibilities as he sees them. The inspection team found that much of the information he requested was only marginally relevant to Board strategic concerns, or was information already distributed to Governors.

The efforts of IBB staff to prepare briefing materials for Board meetings are often in vain. Last-minute cancelations of Board meetings provide an example of wasted staff time. Another is the failure of a few Governors to read their briefing materials thoroughly, leading to their raising questions to IBB staff that were already answered in the briefing materials.

The inspection team noted that the aforementioned Governor has produced a pervasive atmosphere of hostility, lack of trust, and disrespect within the IBB senior staff. However, it would be unfair to ascribe these unfortunate behaviors and actions to the Board as a whole. Indeed, mutual admiration and respect between senior staff members and several Governors exists. Unfortunately, these Governors have not imposed discipline on their colleague.

**Board Relations with Federal Broadcast Entities**

The Board's relationships with the two Federal entities, VOA and OCB, are complicated by the competition for resources and the desire of each entity for the greatest measure of management control. The view from both VOA and OCB reveals a Board that is inconsistent in the way it handles funding issues and that lacks transparency in its decisionmaking process. The OIG team heard complaints that Board meetings take place purportedly to arrive at decisions on broadcast issues when, in fact, decisions have already been reached.

In response to this perception, the Board designated Governors to establish closer liaison with the VOA and OCB. From the OIG team's observation of two Board meetings, however, it does not appear that the Board has achieved this goal. An example of coordination was the effort by VOA to shift funding from shortwave broadcasting to China to more effective digital platforms. The inspection team agrees that this sensitive issue should have been discussed thoroughly by the Board, with an expectation that the Board would help prepare Congress for what might look at first glance like an abandonment of the Chinese audience. Instead, individual Board members used negative congressional response to the proposed change to claim ignorance of the matter and launch criticism of VOA leadership.

The OIG team noted the absence of BBG direction to VOA and OCB regarding meeting the demands of changing world media. Also lacking is any discussion of overall U.S. Government policy priorities in relation to the world media. Without Board direction, issues are played out in congressional committees and in public media, including very active blogs. In the view of the inspection team, a Board of part-time government employees, regardless of their dedication to public service, cannot successfully achieve these requirements.

# Need for Legislative Change

The structural issues discussed in this report will require changes in the law for improvement to be effective and longstanding. The recommendation to create a CEO position, as well as several other recommendations in this report, provide temporary solutions but do not address the fundamental structural issues that plague the Board. For example, the appointment of a CEO would not relieve the tendency of the Board to delve into operational issues or ensure that the Board would respect the authorities vested in the CEO.

At the January 2012 meeting, the Board authorized a working group to develop a proposal for legislative change to the U.S. International Broadcasting Act of 1994 (as amended). The inspection team endorses this initiative and urges the Board to pursue it vigorously. The central goal would be to establish guidelines for Board self-governance, including enhanced authorities for the Board Chairman and accountability for the actions of Governors. The initiative would also include the legislative establishment of a head of agency reporting to the Board, changes in the corporate board membership of RFE/RL, and a restatement of the Board's duty to provide strategic direction, safeguard journalistic integrity, and approve the agency's budget.

**Recommendation 6:** The Broadcasting Board of Governors should coordinate with the Office of Management and Budget and the Congressional Oversight Committees to formally propose and implement new legislation for U.S. international broadcasting that includes enhancing authority for the Board Chairman in Board governance, focusing the Board on its strategic oversight and direction roles, changing the membership of the corporate board for Radio Free Europe/Radio Liberty, prohibiting Governors from sitting on the corporate boards of Radio Free Asia and Middle East Broadcasting Networks, and implementing a mechanism for censure or removal of Governors for actions harmful to the ability of the Board to perform its duties. (Action: BBG)

# Board Administrative Areas

The IBB staff provides all administrative support to the Board. This inspection did not focus on examining IBB administrative processes and procedures in detail but rather on broad areas in which the Governors have a responsibility to comply with Federal administrative regulations. These areas are travel, time and attendance procedures, Equal Employment Opportunity (EEO) and ethics, and representational funds.

**Travel**

The Board spent approximately $210,000 in travel from July 1, 2010, to August 31, 2012. This amount includes the travel vouchers of two Governors who resigned. The inspection team reviewed travel vouchers only from 2011 to 2012 because very little travel took place in 2010. The review revealed that some of the Governors purchase their own low-fare airline tickets in advance, which in the majority of cases is cheaper than using the U.S. Government contract fare. Other Governors purchased higher fare airline tickets or different class tickets (i.e., business or first class) but asked for reimbursement only for the Government contract fare. The travel vouchers were supported with proper receipts.

At the July 14, 2011, Board meeting, the then Chairman called upon several Governors to give trip reports, explaining that the BBG is a Federal agency with an international mission, and it is important for the Governors to travel from time to time to the "front lines" to meet the people who are touched directly by the BBG's mission. He added that the Governors have been very careful about travel and only make important trips with real purposes. He noted that several Governors had taken important trips and invited those Governors to report briefly on their trips. While the Chairman was in place, he allowed each Governor one international trip per year, subject to his approval.

After the departure of the Chairman, briefings on official travel became less frequent and international trips have not been authorized by the presiding Governor. A valid purpose of travel is to meet the employees who carry out the mission. However, without a comprehensive policy that stipulates not only the frequency of travel but also how official trips need to support specific strategic goals and objectives of the agency and have a quantifiable impact, the Board is unable to determine the effectiveness of the trips.

The OIG team's sample review revealed that the travel vouchers of one Governor, who is retired and has more time to devote to BBG work, stand out from those of the other Governors. He visited the same two Asian countries in 2011 and 2012. From January to August 2012, he made as many trips as all the other Governors combined, at a total cost of approximately $24,000; half of this amount he spent on travel other than to Board/committee meetings.

The BBG Board would benefit by defining in writing specific requirements for official trips (domestic and international), including reporting and discussing outcomes and followup actions of these trips and travel processes, such as authorization and approval of travel (i.e., by either the Board or the Chairman). A good travel policy needs to include the use of business class and processes for obtaining visas and country clearances before official travel. In doing so, the Board would make more effective use of its travel funds and have a policy that is consistent with Federal travel regulations.

**Recommendation 7:** The Broadcasting Board of Governors should implement a written comprehensive travel policy that sets clear guidelines on all facets of official travel (domestic and international), including the authorization and approval process, processes for visas and country clearances, a clear statement of objectives and strategic goals in the travel authorization, a report on impact, and followup actions. (Action: BBG)

**Time and Attendance Review**

A review of Board time and attendance records showed that they are complete. The Governors self-certify the hours they work on BBG matters. Every pay period, the timekeeper sends the timesheet form to all the Governors via email. All Governors comply with this requirement with the exception of one Governor. The review of time and attendance records for this particular Governor revealed frequent late submission of timesheets, normally 4 weeks after the pay period submission deadline. Not adhering to the timely submission of timesheets may raise questions about the validity of the hours the Governor claims on the time and attendance forms.

The review also revealed that another Governor has not claimed on time and attendance forms hours worked on BBG matters, specifically, time spent at some meetings. Any U.S. Government employee, despite his or her part- or full-time status, may not provide service free of charge.

> ***Informal Recommendation 2:*** The Broadcasting Board of Governors should submit accurate time and attendance forms by the established deadline and claim all hours worked on Board-related matters.

**Equal Employment Opportunity and Ethics**

At the time of the inspection, the BBG Board updated the agency’s EEO statement. Under the leadership of the current Board, the EEO statement has been updated annually and implemented and distributed to all BBG personnel.

The Governors are subject to General Principles of Ethical Conduct, United States Code, Title 18-Criminal Laws and Code of Federal Regulations, Title 5, Part 2635-Administrative Code. The Governors have submitted the required public financial disclosure reports (Standard Form 278) and confidential financial disclosure reports (OGE Form 450). The Governors are considered special government employees. This means that a Governor is employed for no more than 130 days in a 365-day period from the time of his or her appointment. The number of days that a Governor works could have significant implications on a number of ethical restrictions and disclosures.

In reviewing ethics documentation, the OIG team discovered that one particular Governor had exceeded the 130-day limit in 2011 and came close to doing the same in 2012. Although he did not lose his special government employee status by serving more than 130 days, he jeopardized BBG's ability to make subsequent special government employee designations in good faith.

During the course of the inspection, a 1-hour ethics briefing was scheduled for the Governors during a Board meeting. However, because of the Governors' schedule conflicts, the Board dropped the training from the agenda and did not reschedule it. Although the annual ethics briefing can be met by providing the Governors with a written summary of ethics rules, this method may not be sufficient. The inspectors observed that Governors often fail to read in advance briefing materials that IBB staff prepares for Board meetings, providing no guarantee that Governors would read the written summary of ethics rules. An in-person ethics briefing for the Governors would allow them to ask questions and acquire a better understanding of the complex combination of criminal statutes, administrative regulations, and Executive Orders as well as their proper application to specific situations.

> ***Informal Recommendation 3:*** The Broadcasting Board of Governors should schedule a 1-hour, in-person briefing on Federal ethics rules and require all Board Governors to attend.

**Representational Funds**

The inspection team reviewed the BBG Board's 2010–2012 representational vouchers, totaling $13,800. All were supported with the proper justification and authorizations.

# List of Recommendations

**Recommendation 1:** The Broadcasting Board of Governors should implement a chief executive officer position as outlined in its 2012–2016 Strategic Plan, "Impact Through Innovation and Integration." (Action: BBG)

**Recommendation 2:** The Broadcasting Board of Governors should remove Governors from the corporate boards of Radio Free Asia and Middle East Broadcasting Networks and establish a new mechanism for selecting corporate board members. (Action: BBG)

**Recommendation 3:** The Broadcasting Board of Governors should establish a policy on meeting attendance that includes sanctions for noncompliance. (Action: BBG)

**Recommendation 4:** The Broadcasting Board of Governors should adopt the use of a consent agenda to address routine matters in all Board meetings. (Action: BBG)

**Recommendation 5:** The Broadcasting Board of Governors should update and implement its nondisclosure policy to reference relevant exemptions from the Government in the Sunshine Act and to include sanctions for noncompliance. (Action: BBG)

**Recommendation 6:** The Broadcasting Board of Governors should coordinate with the Office of Management and Budget and the Congressional Oversight Committees to formally propose and implement new legislation for U.S. international broadcasting that includes enhancing authority for the Board Chairman in Board governance, focusing the Board on its strategic oversight and direction roles, changing the membership of the corporate board for Radio Free Europe/Radio Liberty, prohibiting Governors from sitting on the corporate boards of Radio Free Asia and Middle East Broadcasting Networks, and implementing a mechanism for censure or removal of Governors for actions harmful to the ability of the Board to perform its duties. (Action: BBG)

**Recommendation 7:** The Broadcasting Board of Governors should implement a written comprehensive travel policy that sets clear guidelines on all facets of official travel (domestic and international), including the authorization and approval process, processes for visas and country clearances, a clear statement of objectives and strategic goals in the travel authorization, a report on impact, and followup actions. (Action: BBG)

# List of Informal Recommendations

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

***Informal Recommendation 1:*** The Broadcasting Board of Governors should amend its bylaws to grant the Chairman explicit authority over the conduct and content of Board meetings.

***Informal Recommendation 2:*** The Broadcasting Board of Governors should submit accurate time and attendance forms by the established deadline and claim all hours worked on Board-related matters.

***Informal Recommendation 3:*** The Broadcasting Board of Governors should schedule a 1-hour, in-person briefing on Federal ethics rules and require all Board Governors to attend.

# Principal Officials

**Board of Governors**

All Governors, with the exception of Secretary Clinton, were appointed on July 2, 2010.

- Walter Isaacson, Chairman (resigned January 27, 2012)
- Victor H. Ashe
- Hillary Rodham Clinton (ex officio), delegated authority to Under Secretary for Public Diplomacy and Public Affairs Tara Sonenshine
- Michael Lynton, presiding Governor
- Susan McCue
- Michael P. Meehan
- Dennis Mulhaupt
- Dana Perino (resigned December 31, 2012)
- S. Enders Wimbush (resigned May 23, 2012)

# Abbreviations

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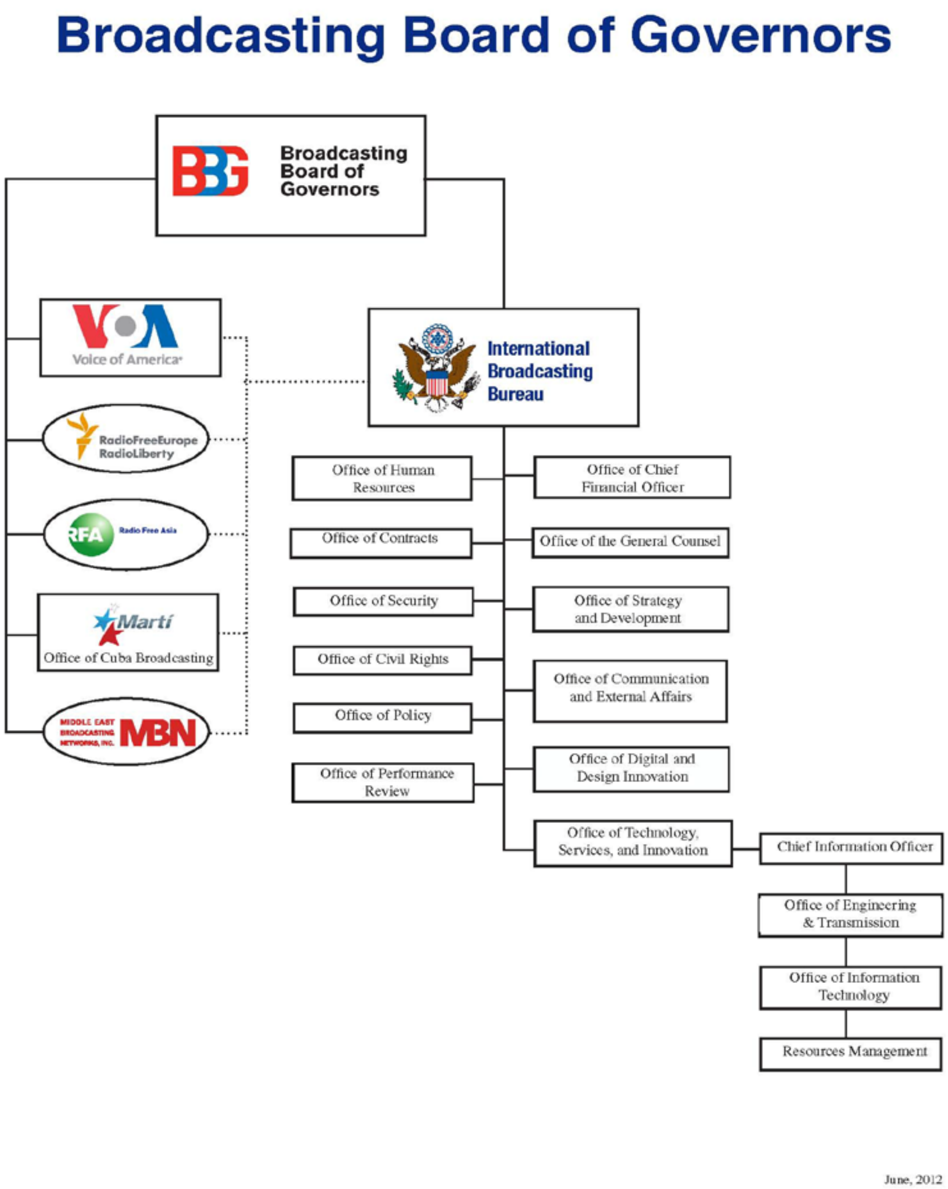
|---|---|
| BBG | Broadcasting Board of Governors |
| BIB | Board for International Broadcasting |
| CEO | Chief executive officer |
| Department | U.S. Department of State |
| EEO | Equal Employment Opportunity |
| IBB | International Broadcasting Bureau |
| MBN | Middle East Broadcasting Networks |
| OCB | Office of Cuba Broadcasting |
| OMB | Office of Management and Budget |
| RFA | Radio Free Asia |
| RFE/RL | Radio Free Europe/Radio Liberty |
| USIA | U.S. Information Agency |
| VOA | Voice of America |

# Appendix A: Organizational Chart




*Under the BBG are the five broadcast entities VOA, RFE/RL, RFA, OCB, and MBN (shown on the left), and the administrative support agency IBB (shown on the right). Under IBB are the following: Office of Human Resources; Office of Contracts; Office of Security; Office of Civil Rights; Office of Policy; Office of Performance Review; Office of Chief Financial Officer; Office of the General Counsel; Office of Strategy and Development; Office of Communication and External Affairs; Office of Digital and Design Innovation; and Office of Technology, Services, and Innovation. Under the Office of Technology, Services, and Innovation are the following: Chief Information Officer, Office of Engineering & Transmission, Office of Information Technology, and Resources Management.*

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