

GAO

Report to the Chairman, Subcommittee
on National Security, Emerging Threats
and International Relations, Committee
on Government Reform, House of
Representatives

August 2006

U.S. INTERNATIONAL BROADCASTING

Management of Middle East Broadcasting Services Could Be Improved



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Highlights

Highlights of [GAO-06-762](#), a report to the Chairman, Subcommittee on National Security, Emerging Threats and International Relations, Committee on Government Reform, House of Representatives

Why GAO Did This Study

The Broadcasting Board of Governors' (BBG) broadcasting services, Radio Sawa, and the Alhurra satellite television networks—collectively known as the Middle East Broadcasting Networks, Inc. (MBN)—currently aim to reach Arabic speakers in 19 countries and areas throughout the Middle East. Annual spending for current activities amounts to about \$78 million.

GAO reviewed MBN's (1) strategic planning to address competition in the Middle Eastern media market, (2) implementation of internal control, (3) procedures MBN has developed to ensure compliance with its journalistic standards, and (4) performance indicators and whether targets have been met.

What GAO Recommends

GAO is making several recommendations to the chairman of the BBG to improve the efficiency and operations of MBN. These include fully implementing strategic planning, internal control, and regular program reviews, as well as addressing weaknesses in the conduct and reporting of its audience research.

The BBG generally concurred with our recommendations, although it disagreed with some of our analysis.

www.gao.gov/cgi-bin/getrpt?GAO-06-762.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jess T. Ford at (202) 512-4128 or fordj@gao.gov.

U.S. INTERNATIONAL BROADCASTING

Management of Middle East Broadcasting Services Could Be Improved

What GAO Found

MBN faces a number of competitive challenges in carrying out its mission of broadcasting in the Middle Eastern media market and has taken some steps to address them. However, MBN lacks a comprehensive, long-term strategic plan. As MBN emerges from its start-up mode and faces future challenges, a long-term strategic plan will be important.

While MBN has developed financial and administrative controls to manage and safeguard its financial resources, it could take additional steps to strengthen its system of internal control. For example, the MBN has not (1) convened a meeting of its internal control board to formally develop its controls and coordinate audits, (2) completed an internal control plan, (3) completed a risk assessment to address potential risks to its operation, or (4) developed a comprehensive training program for its staff.

MBN has procedures in place to help ensure its programming meets its journalistic standards. However, MBN lacks regular editorial training and has not fully implemented a comprehensive, regular program review process to determine whether its programming complies with those standards or with MBN's mission. While the BBG calls for its broadcasters to undergo an annual program review, Radio Sawa has only held one such review, and Alhurra has not completed one to date.

The BBG has developed several performance indicators and targets for MBN's Radio Sawa and Alhurra services, including measures of audience size and program credibility. However, it is not clear whether the Radio Sawa and Alhurra performance targets have been met because of weaknesses in MBN's survey methodology and documentation. The BBG did not take certain steps that could have explained and increased the reliability of its estimates, such as by fully documenting its research and estimation methods, measuring the level of uncertainty surrounding its estimates, disclosing significant limitations, and consistently implementing policies and procedures for verifying data.

Alhurra's Broadcast Center in Springfield, Virginia



Source: GAO.

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Abbreviations

BBC	British Broadcasting Corporation
BBG	Broadcasting Board of Governors
CFO	Chief financial officer
CIBAR	Conference of International Broadcasters' Audience Research Services
GPRA	Government Performance and Results Act of 1993
MBN	Middle East Broadcasting Networks, Inc.
MTN	Middle East Television Network
OMB	Office of Management and Budget
RFA	Radio Free Asia
RFE/RL	Radio Free Europe/Radio Liberty
UAE	United Arab Emirates
VOA	Voice of America

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United States Government Accountability Office
Washington, D.C. 20548

August 4, 2006

The Honorable Christopher Shays
Chairman
Subcommittee on International Security, Emerging Threats
and International Relations
Committee on Government Reform
House of Representatives

Dear Mr. Chairman:

The President's 2006 National Security Strategy stipulates that public diplomacy, which includes U.S. international broadcasting, is an important instrument for engaging and informing foreign audiences, creating and maintaining a dialogue with Muslim leaders, and confronting misinformation about the United States. Under the direction of the Broadcasting Board of Governors (BBG), an independent agency, the mission of all U.S. international broadcasting services is to promote freedom and democracy and enhance understanding through objective journalism. The BBG's priority broadcasting services, Radio Sawa and the Alhurra satellite television networks¹—both operated since 2005 by the nonprofit grantee Middle East Broadcasting Networks, Inc. (MBN)—currently aim to reach Arabic speakers in 19 countries and areas throughout the Middle East. Spending for MBN's broadcasting services has increased in recent years and currently amounts to about \$78 million annually. In fiscal year 2005, MBN received additional funding to support a new Alhurra satellite television initiative to reach Arabic speakers in Europe. MBN has recently requested funding to enhance its radio and television programming content.

This report assesses (1) the extent to which MBN has used strategic planning to address its competitive challenges in the Middle Eastern media market, (2) the progress MBN has made in developing financial and administrative controls to ensure that the organization operates efficiently and complies with its grant agreement, (3) the procedures MBN has developed to ensure compliance with its journalistic standards, and (4) the extent to which BBG has developed performance indicators for MBN's efforts and met its primary performance targets.

¹The Alhurra networks include Alhurra and Alhurra-Iraq.

To accomplish our objectives, we reviewed documentation and spoke with officials from the BBG and its broadcasting entities, including the grantees (MBN, Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA)), the Voice of America (VOA), and the International Broadcasting Bureau. We also spoke with several outside experts, including representatives from the Department of State, National Public Radio, the InterMedia research organization, Zogby International, and foreign international broadcasters such as the British Broadcasting Corporation (BBC) and Deutsche Welle. In addition, we visited MBN's offices in Amman, Jordan, and Dubai, United Arab Emirates (UAE). We held telephone interviews with MBN's current affairs contractor in Beirut, Lebanon, and corresponded with the head of the MBN office in Baghdad, Iraq. We conducted our evaluation from August 2005 through May 2006 in accordance with generally accepted government auditing standards. (Appendix I provides a more detailed description of our scope and methodology.)

Results in Brief

MBN faces a number of challenges in carrying out its mission of broadcasting in the Middle Eastern media market and has taken some steps to address them. Although MBN has participated in BBG's long-term planning exercises, it has not yet established a formal long-term strategic plan. A formal documented strategic plan could help MBN meet challenges in its competitive marketplace. MBN's challenges include the fact that its Alhurra television station is currently competing in a market with over 140 other stations and also faces operational and programmatic competitive disparities, such as having fewer overseas bureaus than its primary competitors. In addition, its Radio Sawa service lacks FM radio coverage in certain markets. MBN has begun a number of efforts and proposed initiatives to address some of its challenges, such as proposals for Alhurra to increase its hours of news coverage and current affairs programming and for Radio Sawa to increase the amount of local content it broadcasts to better compete with local stations. However, MBN lacks a shared vision of operations for Radio Sawa and Alhurra as well as detailed implementation strategies and related resource requirements for its proposed goals. According to GAO guidance,² organizations should make decisions in the context of a strategic plan. The absence of a long-term plan and comprehensive strategic approach for MBN's operations limits

²GAO, *Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

opportunities for strategically addressing impediments to the organization's achieving its goals and objectives and identifying opportunities for more efficient operations.

MBN has developed several financial and administrative controls to manage and safeguard its financial resources. For example, in the past year, MBN has hired additional financial staff, acquired a new financial information system, developed administrative and financial policies and procedures, provided some training to staff, and received an unqualified opinion on its fiscal year 2005 financial statements. However, additional steps could be taken to strengthen MBN's system of internal control,³ including (1) establishing an internal control board to formally develop controls and coordinate audits, (2) preparing an internal control plan, (3) conducting a risk assessment to address potential risks to its operation, and (4) developing a comprehensive training program for its staff. These steps could help MBN more effectively manage its operations and improve its internal control structure.

MBN has procedures in place to help ensure its programming meets its journalistic standards and is consistently accurate, objective, balanced, and comprehensive. However, MBN has not fully implemented some editorial procedures, or a comprehensive, standardized program review process of its broadcast operations. To comply with its standards, MBN has put in place a variety of pre- and postbroadcast procedures, such as editorial meetings and postbroadcast discussions that enable producers and editors to review and provide input to Radio Sawa and Alhurra broadcasts on a daily basis. However, MBN could more fully develop some quality control measures, such as using listener and viewer feedback to improve program quality. In addition, although the BBG calls for its broadcasting services to undergo a standardized annual program review, MBN's Radio Sawa has had only one program review, and Alhurra has not had a program review to date. Furthermore, unlike reviews of other broadcasting services and contrary to BBG guidance, the Radio Sawa program review was less comprehensive in that it relied upon several audience panels but did not include input from in-house analysts or external expert listeners. The lack of annual, comprehensive program reviews hampers BBG's ability to

³Internal control is a major part of managing any organization and comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Effective internal control helps in managing change to cope with shifting environments and evolving demands and priorities.

assure its audience, Congress, and the BBG that its services are complying with its journalistic standards and mission.

The BBG has developed performance indicators and targets⁴ related to audience size and program credibility for MBN's Radio Sawa and Alhurra broadcasting services. However, it is not clear whether the Radio Sawa and Alhurra performance targets have actually been met because of weaknesses in MBN's methodology and documentation. To develop estimates for audience size and credibility, the BBG uses results from audience research conducted overseas. Documentation we reviewed indicated that the BBG extensively uses nonprobability audience survey results that cannot be reliably projected to represent a broader population in the region. While it is not always possible to expect the BBG to use probability samples in countries where there are security risks, the BBG did not take certain steps that could have explained and increased the reliability of its estimates, such as fully documenting its research methods, measuring the level of uncertainty surrounding its estimates, disclosing significant limitations, limiting the scope of its projections to areas actually covered by its surveys, and developing and consistently implementing policies and procedures for verifying data.

We are making several recommendations to the chairman of the BBG. First, we recommend that the BBG take steps to improve the efficiency of MBN and its ability to address challenges by ensuring that MBN develops a comprehensive long-term strategic plan. In addition, to improve controls and performance monitoring, we recommend that the BBG require MBN to implement additional elements of internal control, establish a regular mechanism for undertaking annual program reviews, implement performance indicators consistent with other BBG entities, and improve the transparency and documentation used for audience research to allow for assessments of confidence in data used for performance indicators.

We received written comments on a draft of this report from the BBG. In general, the BBG concurred with our recommendations and said that MBN has made significant progress in the 2 years of its operation in establishing a sound journalistic organization with financial and administrative controls. However, the BBG raised a number of concerns about the report's

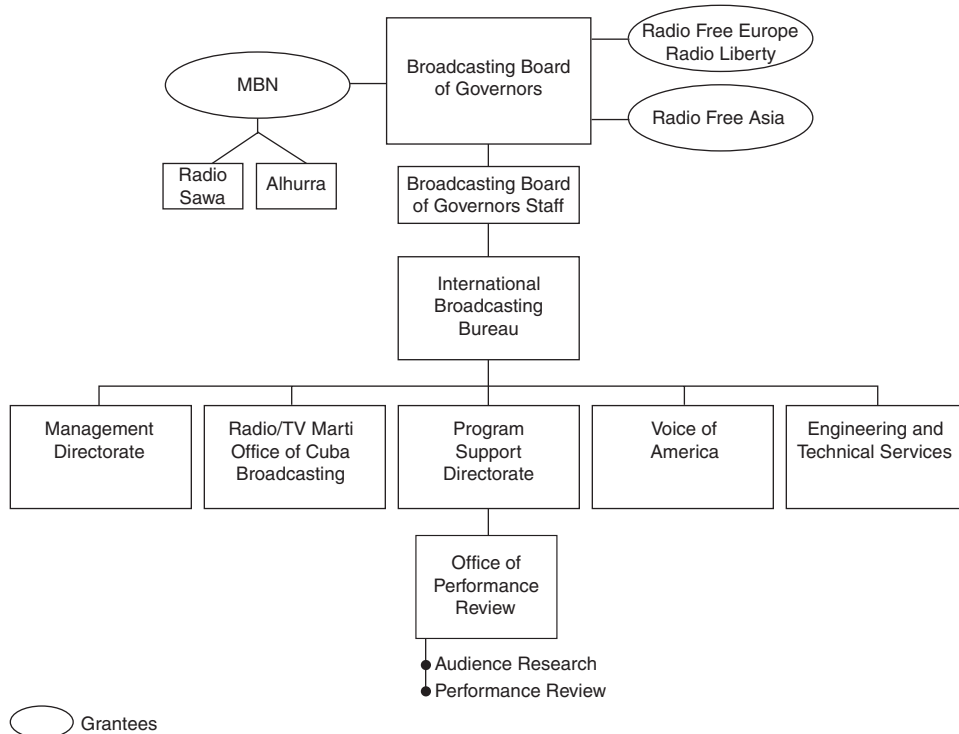
⁴The BBG's reported fiscal year 2005 audience size performance target for Radio Sawa was 18 million listeners and for Alhurra 12.8 million viewers. In addition, the BBG's reported program credibility target for Radio Sawa was 69 percent and for Alhurra 73 percent.

criticisms of the audience research conducted by the BBG and its contractors.

Background

Middle East Broadcasting Networks, Inc. (MBN), which includes the services Radio Sawa and Alhurra, is an independent nonprofit grantee overseen by the Broadcasting Board of Governors (BBG). The BBG is an independent, federal agency responsible for overseeing all U.S. government-sponsored, nonmilitary, international broadcasting programs. The BBG also manages the operations of the International Broadcasting Bureau, the Voice of America (VOA), and the Office of Cuba Broadcasting, which are all federal entities. It also provides funding and oversight to three independent grantees, MBN, Radio Free Europe/Radio Liberty (RFE/RL), and Radio Free Asia (RFA) (see figure 1).

Figure 1: Organization of the BBG



Source: BBG.

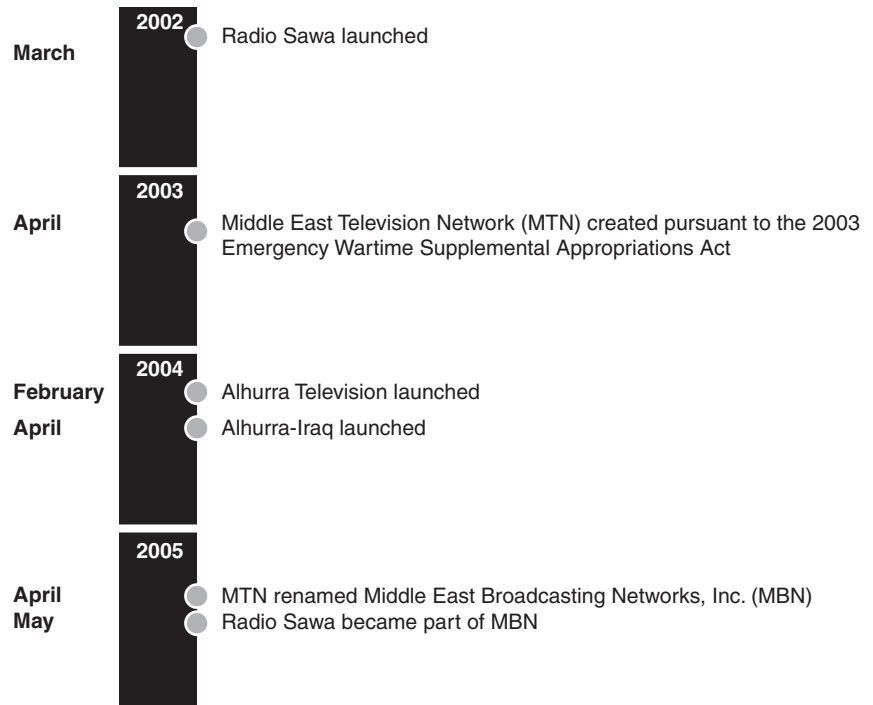
Development of MBN

In March 2002, due to concerns about the effectiveness of its outreach to Arabic speakers in the Middle East, the BBG replaced VOA's Arabic radio service with Radio Sawa, a 24-hour, 7-day a week, Arabic language radio station. In April 2003, Congress, at the request of the administration, provided \$26 million in the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act⁵ to establish a nonprofit corporation, the Middle East Television Network (MTN), as a grantee of the BBG to launch and operate Alhurra TV. Ten months later, on February 14, 2004, Alhurra, MTN's Arabic-language satellite television station, was launched and initially started broadcasting 14 hours a day, expanding to 24 hours a day 2 months later. In November 2003, the fiscal year 2004 Emergency Supplemental Act for Defense and for Reconstruction of Iraq and Afghanistan⁶ included \$40 million to establish a second 24-hour channel, Alhurra-Iraq. On April 27, 2004, Alhurra-Iraq was launched. In 2005, MTN was renamed the Middle East Broadcasting Networks, Inc. (MBN), and Radio Sawa transferred to MBN. See figure 2 for a timeline of these events and figure 3 for details on the current organization of MBN.

⁵PL. 108-11.

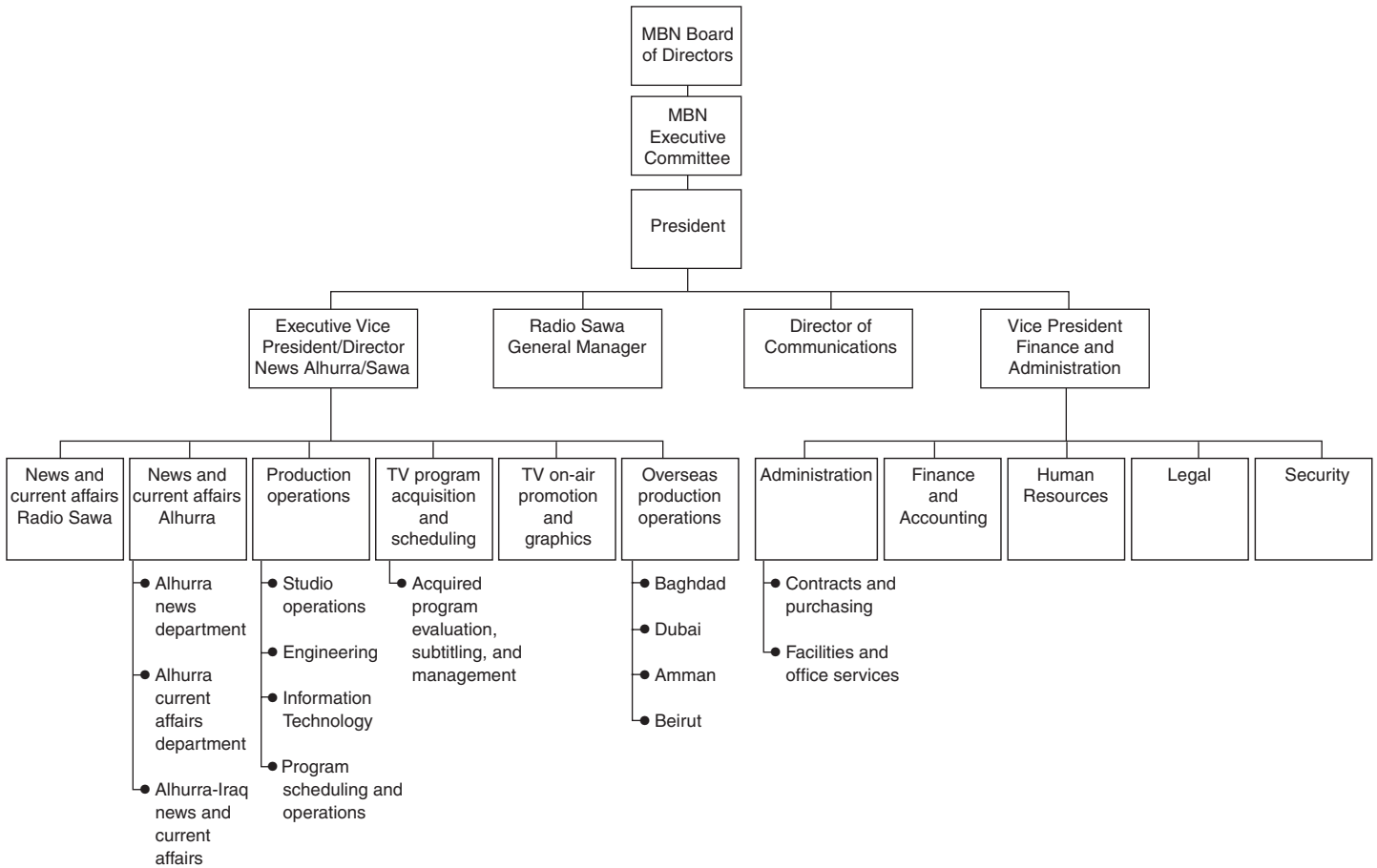
⁶PL.108-106.

Figure 2: Timeline Showing Creation and Key Dates of MBN



Source: GAO analysis of MBN and BBG data.

Figure 3: Organization of MBN



Source: MBN.

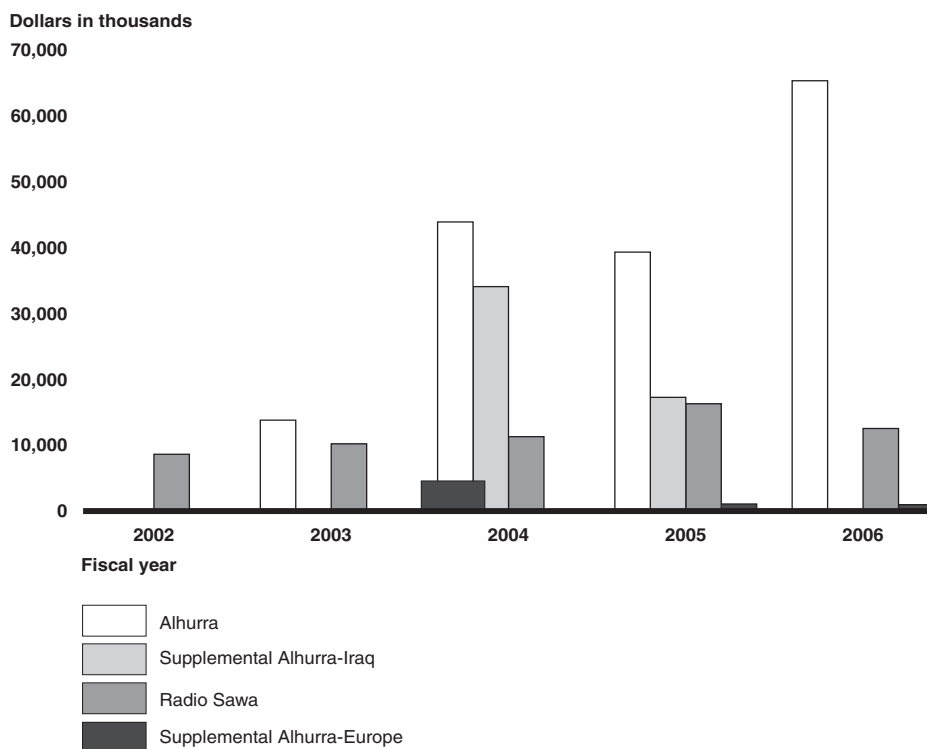
MBN Funding

Congress appropriated more than \$274 million to fund Radio Sawa, Alhurra, and Alhurra-Iraq from fiscal year 2002 through fiscal year 2006.⁷

⁷\$2.1 million of this amount was appropriated to support the start-up of Alhurra Europe. The administration proposed this effort, which would provide Arabic-speaking audiences in Europe with balanced and accurate news and information, as part of its budget request for the Fiscal Year 2005 Supplemental. MBN officials told us that they intend Alhurra Europe's 24-hour a day broadcast to include a 4-hour repeating cycle of Alhurra's and Alhurra-Iraq's original current affairs programs and other shows, with fresh news every hour. According to MBN officials, the channel will be broadcast on satellite and eventually on cable.

Each year MBN's funding level has increased to support additional 24-hour television streams and Radio Sawa's 24-hour radio programming. MBN's grant in fiscal year 2006 is \$78.7 million to support Alhurra, Alhurra-Iraq, and Radio Sawa, as well as the launch of Alhurra-Europe. See figure 4 for a breakdown of funds by fiscal year.

Figure 4: Appropriations to Radio Sawa, Alhurra, Alhurra-Iraq, and Alhurra Europe, Fiscal Years 2002-2006



Sources: MBN and BBG.

MBN's Mission and Scope of Operations

The Alhurra networks and Radio Sawa are BBG's priority broadcasting services designed to support the BBG's antiterror broadcasting initiatives in the Middle East and counter media campaigns used by terrorists by providing accurate reporting and analysis of the news and by explaining U.S. policies. Although MBN and its Alhurra broadcasting services postdate the BBG's current 2002-2007 strategic plan, Radio Sawa, in particular, was

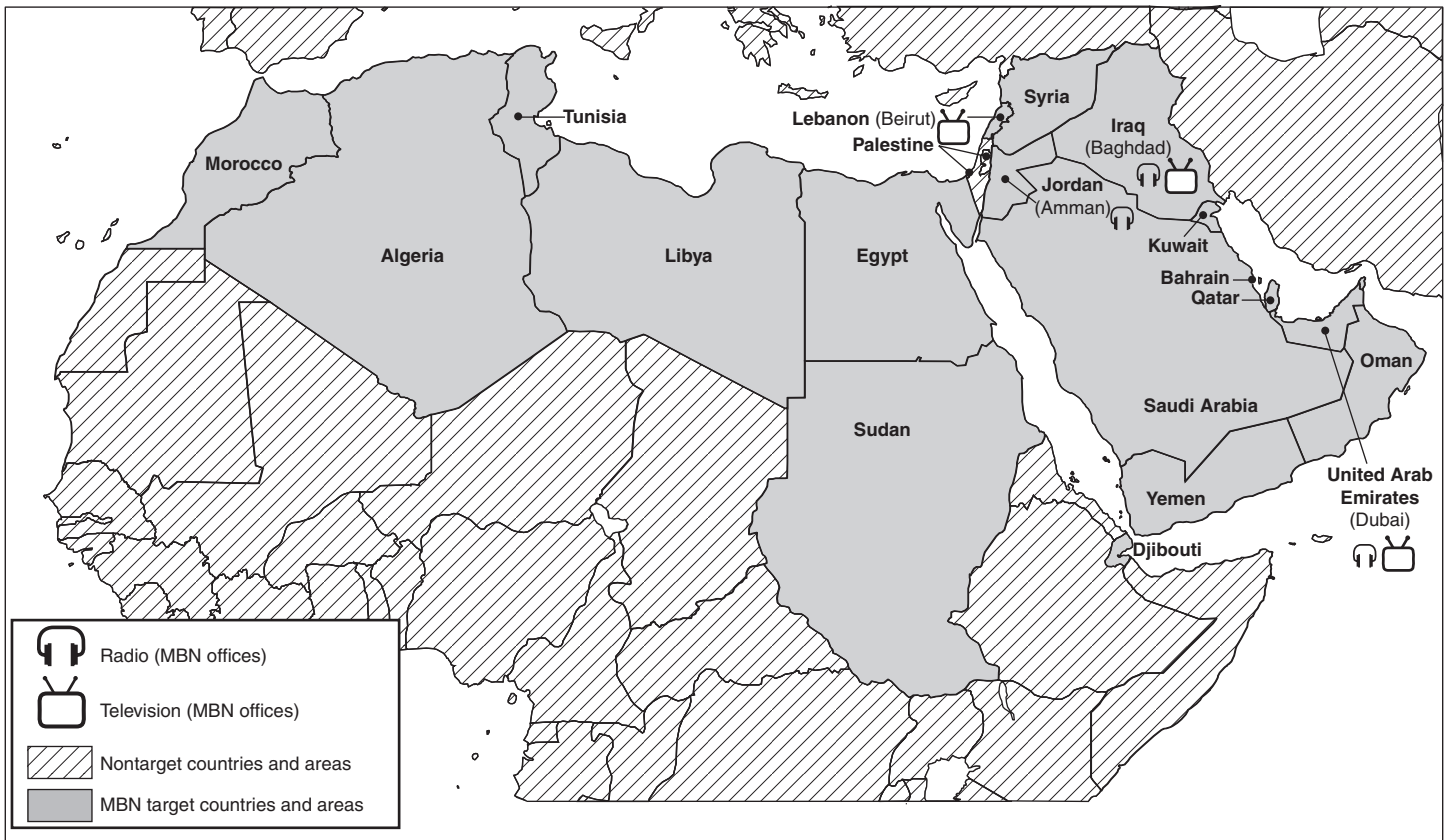
singled out as an opportunity in the plan to target Arabic-speaking youth and provide them with news that is objective, comprehensive, fresh, and relevant and to provide a forum for reasoned discussion of “hot button” issues and U.S. policies. MBN’s current mission statement is to broadcast factual, timely, and relevant news and information about the Middle East, the United States, and the world to people of all ages in order to advance the long-term U.S. interests of promoting freedom and democracy and enhancing understanding in the Middle East. Radio Sawa and Alhurra aim to be among the sources that audiences turn to in the Middle East for news and information, to increase the standards of other broadcasters in the region, and to offer distinctive and provocative programming unavailable on other stations.

MBN’s target audience includes 19 Arabic-speaking countries and territories⁸ in North Africa, the Near East, and the Gulf region, which are home to approximately 250 million people. In addition to its headquarters in Springfield, Virginia, MBN has several overseas offices, including a production center in Dubai that broadcasts Radio Sawa’s live newscasts during 8 hours each day and produces some opinion features for Radio Sawa and current affairs programming for Alhurra (see figure 5).⁹

⁸The 19 countries and territories are Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen, and Palestine.

⁹MBN also has an overseas production facility that develops some Alhurra current affairs programs in Beirut, Lebanon.

Figure 5: Map of MBN Target Countries and Locations of Overseas Offices



Sources: MBN and MapArt.

Radio Sawa's Operations

Radio Sawa's broadcasts are designed to reach a target audience of 15- to 29-year olds in the Middle East with Western and Arab popular music, news broadcasts, and specialized programming. Radio Sawa broadcasts 24 hours of programming every day through a combination of FM, medium wave (AM), digital audio satellite, and Internet transmission resources. See figure 6 for a map of Radio Sawa's regional reach.

Figure 6: Radio Sawa's FM and AM Broadcast Range



Sources: GAO (data); Map Resources (map).

Radio Sawa has developed seven distinct programming streams, including (1) Iraq, (2) Jordan and the West Bank, (3) the Gulf, (4) Egypt and the Levant, (5) Morocco, (6) Sudan and Yemen, and (7) Lebanon. All of the streams generally feature the same major newscasts, current affairs, and policy features; however, the Iraq program differs slightly, and the streams all offer differentiated music programs.¹⁰ Radio Sawa's streams broadcast between 31 and 35 hours of news each week. (See appendix II for more on Radio Sawa's programming.)

Alhurra's Operations

The Alhurra satellite television station is designed to reach a broad audience in the Middle East by providing news, current affairs, and entertainment programming 24 hours a day, 7 days a week. Alhurra-Iraq is designed to provide Iraqi citizens with daily newscasts and talk shows that specifically address issues in Iraq. Both Alhurra networks broadcast between 36 and 43 hours of news and news updates a week.¹¹ Alhurra broadcasts on the Arabsat and Nilesat satellites, which currently allow it to cover the entire Middle East. Alhurra-Iraq also broadcasts through these satellites and a combination of terrestrial transmitters made available in Iraq.¹² Alhurra also expects to start broadcasting to Europe on August 1, 2006.¹³ (See appendix II for more information on Alhurra and Alhurra-Iraq programming.)

¹⁰MBN broadcasts additional newscasts and current affairs programs dealing with the challenges facing postwar Iraq on the Iraq stream. In addition, the Sawa Chat call-in show is currently localized for the Iraq, Gulf, Jordan, and Morocco streams.

¹¹This figure can vary weekly depending on events.

¹²Alhurra transmitters are located in Baghdad, Basra, and Mosul.

¹³In February 2004, Alhurra began broadcasting on the Arabsat and Nilesat satellites, which are also used by the major regional Arabic channels. Arabsat and Nilesat cover the entire Middle East. Their footprints extend from well into Northern Europe to as far south as Angola and Mozambique in Africa. From west to east, the footprints extend from the Atlantic Ocean to southern Pakistan. In the future, in order to serve the estimated 10 million Arabic speakers in Europe, the Alhurra channel will be distributed via the Hotbird satellite, which is popular in Europe. Its footprint spans across Europe and reaches well into Russia at its eastern edge. Hotbird satellite coverage also extends to the Middle East and North Africa.

Lack of Long-term, Comprehensive Planning Could Limit MBN's Ability to Respond to Market Challenges

MBN faces a variety of challenges to broadcasting in the Middle East, including operating in a competitive satellite television broadcast market, operational and programming competitive disparities, and lack of coverage for Radio Sawa in certain FM markets. MBN has conducted some planning efforts and, by using market research and internal assessments of its competitors, has undertaken or proposed some initiatives to address many of these challenges, such as increasing its hours of news coverage and current affairs programming for Alhurra and increasing the amount of local content Radio Sawa broadcasts. However, MBN has not developed a long-term strategic plan that fully addresses its operational and competitive challenges.

Radio Sawa and Alhurra Face Significant Competitive Challenges

MBN faces several significant competitive challenges. These include the competitive Middle East satellite television market; operational and programming competitive disparities, such as Alhurra's lack of news bureaus compared with its competitors; and lack of coverage in certain FM radio markets.

MBN operates in the competitive Middle Eastern satellite television market that has over 140 channels. Pan-Arab satellite television stations—in particular, the news stations Al Jazeera and Al Arabiya—are currently the primary competitors to Alhurra. According to the BBG's research firm Intermedia, Al Jazeera is currently the top international broadcaster as a source of news and information for audiences in many countries throughout the Middle East. Moreover, Alhurra will face new competition from the BBC's entry to the Middle Eastern satellite television market in 2007. BBC officials have indicated that the new station's overall approach in the region will be multimedia in focus, taking advantage of the BBC's more than 60 years experience of broadcasting on the radio to the region as well as its award-winning Arabic-language news Web site. For Radio Sawa, the primary competitive challenge comes from existing local radio stations in its broadcast range and the BBC World Service in Arabic, as well as from the generally increasing competitiveness of the Middle East radio market.

Alhurra also faces operational and programmatic competitive disparities,¹⁴ since both Al Jazeera and Al Arabiya are estimated to receive significant, although unknown, levels of funding from their respective supporting Qatari and Saudi financiers—allowing them to develop large networks of correspondents and bureaus throughout the Middle East and other parts of the globe. Al Jazeera, in particular, has bureaus in over 30 locations across 6 continents, which enable it to respond to breaking news events on a timely basis. Alhurra and Radio Sawa, by comparison, only have overseas bureaus in Baghdad, Dubai, and Amman. In addition, the BBC has a large network of correspondents and bureaus around the globe and, unlike Alhurra, has a vast in-house library of desirable BBC-produced content, including documentaries and current affairs programming, which can be readily translated into Arabic. The BBC also has favorable licensing and co-production arrangements with many companies.

One of Radio Sawa's other primary challenges is its lack of broadcast coverage in certain countries in the Middle East region. For example, Radio Sawa does not have any broadcasting coverage in Tunisia, Libya, and Algeria. Moreover, it has faced difficulties expanding its transmission to include FM coverage in some countries, such as Egypt, Saudi Arabia, Syria, Yemen, and Oman. MBN is attempting to negotiate transmission agreements with several of these countries, but still faces significant challenges to finalizing agreements.

MBN Has Taken Some Steps to Address Its Competitive Challenges

Since its inception, MBN has conducted some planning exercises to address its competitive challenges. These have included developing a “2006 Goals and Strategies” overview document to guide operations for the current fiscal year, establishing a 2006 annual performance plan as part of the Office of Management and Budget's Program Assessment Rating Tool process, and participating in the development of the BBG's new long-term strategic plan covering fiscal years 2008-2012. In addition, MBN conducts ongoing assessments of its competitors and uses various types of market research to gain information about its audience and media usage patterns in the Middle East. It has used this information to make adjustments to its programming within its current budget, and also to develop proposals for obtaining additional funding for new efforts. BBG and MBN officials have

¹⁴Al Jazeera claims it reaches over 45 million viewers in the Middle East. However, based on lack of additional information about the measure and how the estimates for the figure were developed by Al Jazeera, we could not determine this figure's reliability.

explained that they use audience surveys, audience monitoring panels, focus groups, in-depth interviews, and Arab television and music station monitoring to inform MBN's current efforts and planning, whenever possible.

For example:

- As a result of market research performed in August 2004, MBN officials identified television viewing patterns and made changes to Alhurra program schedules, such as by offering programming appealing to women (e.g., current affairs and health and fitness programming) during the daytime.
- Through a review of the current competition in the market, MBN officials decided that it was important to increase the number of debate programs they broadcast on Alhurra. As a result, MBN created a series of "town hall meetings" that allowed journalists and experts to discuss issues of regional interest with interaction from a live audience.
- As a result of audience monitoring panels, MBN officials made changes to Radio Sawa's program schedule by adding new features on subjects such as social and cultural issues. MBN officials also learned of the importance of efforts to localize those features, and made changes to tailor programs to the interests of audiences of the various Radio Sawa streams.

MBN has also developed program enhancement proposals for Alhurra and Radio Sawa as part of the BBG's language review and budget request processes. Several proposals were included in the President's fiscal year 2007 budget request. For example, the budget request includes a proposal to increase Alhurra's newsroom hours to increase on-the-spot and breaking news coverage.¹⁵ In addition, in fiscal year 2005, the administration requested additional funds for providing satellite Alhurra broadcasts to Europe. According to planning documents, many of the Alhurra proposals were designed to reinforce one another with the goal of improving Alhurra's credibility, as well as building audience size and increasing

¹⁵Additional proposals MBN submitted internally to BBG included expanding purchases of acquired programming, as well as in-house production of town hall debates and Arabic-language documentaries to provide greater variety of current affairs content of regional interest to viewers.

viewing time of those who already tune in.¹⁶ MBN also developed one proposal for enhancing Radio Sawa's operations that calls for increasing the amount of localized news content offered on five regional streams,¹⁷ which officials say would allow the station to more effectively compete with local stations in its broadcast range. MBN's president said that, given the increasing level of competitiveness in radio broadcasting in the Middle East and expressed audience interest in news about their home country, creating more localized content on Radio Sawa streams is important.

MBN Has Conducted Planning Exercises but Lacks a Long-term Strategic Plan

Strategic planning is a good management practice for all organizations. Although MBN has conducted some planning exercises, it lacks a long-term strategic plan and a strategic approach that outlines (1) a shared vision of operations for Alhurra and Radio Sawa, (2) detailed implementation strategies to achieve measurable outcomes for its goals, and (3) the competitive challenges it faces and how it plans to address its key challenges to broadcasting in the Middle East.

Strategic planning, including the development of a strategic plan, is a good management practice for all organizations. Additionally, risk assessment is an integral part of strategic planning. According to GAO guidance,¹⁸ organizations should make management decisions in the context of a strategic plan, with clearly articulated goals and objectives that identify resource issues and internal and external threats, or challenges, that could impede the organization from efficiently and effectively accomplishing its objectives. Additionally, Office of Management and Budget (OMB) guidance suggests that strategic plans contain, among other things, a statement of the organization's long-term goals and objectives; define approaches or strategies to achieve goals and objectives; and identify the various resources needed and the key factors, risks, or challenges that could significantly affect the achievement of the strategic goals.

¹⁶MBN officials have noted that, according to survey research and evaluative interviews conducted in the Middle East, Alhurra's audience does not currently view it as a top source of news and information. MBN officials also noted that their assessments have found that Alhurra does not have the same level of credibility as Al Jazeera.

¹⁷The streams identified for this initiative include Morocco, Jordan/West Bank/Syria, Egypt, Gulf/Saudi Arabia, and Sudan.

¹⁸GAO-01-1008G.

MBN has yet to create its own long-term strategic plan. MBN's president stated that funding uncertainties and other more pressing organizational needs—such as the development of financial and administrative policies and procedures—have delayed the development of MBN's strategic plan and related planning policies. In addition, he commented that MBN did not emphasize planning in its early stages because it was focusing on making its networks broadcast-ready. BBG officials said another reason for the delays in planning is that the BBG and MBN are still learning about the market, especially for Alhurra, and are taking a close look at the results of audience surveys, focus groups, and in-depth interviews to determine the best direction for these initiatives. MBN has stated that, to date, it has primarily used the BBG strategic plan for organizational guidance. Nevertheless, BBG officials said the BBG also has the expectation that all broadcasting entities will develop their own strategic plans, particularly to guide funding decisions.

In the absence of a strategic plan of its own, MBN lacks a comprehensive, strategic approach that fully outlines (1) a shared vision of operations for Alhurra and Radio Sawa, (2) detailed implementation strategies to achieve measurable outcomes related to its goals, and (3) the competitive challenges it faces and how it plans to address them.

First, MBN does not have a comprehensive strategic vision for the integration of Radio Sawa and Alhurra operations in the organization. For example, although MBN's most recent annual performance plan contains a goal to "integrate news operations for more effective television and radio news-gathering," none of MBN's current plans outline specific, shared objectives for Radio Sawa and Alhurra. MBN officials told us that several steps toward integration of Alhurra and Sawa have occurred to date, such as sharing financial and administrative support staff. However, Radio Sawa and overseas bureau staff we talked with said that cooperation between Alhurra and Radio Sawa is limited, the identities of the stations are separate, and the two stations work largely independently of one another. Radio Sawa staff noted several areas for further increasing cooperation, including more sharing of interviews, sound bites, field correspondents, Web site stories, and copy editors. One staff member in the Baghdad bureau said that Radio Sawa and Alhurra operations in Iraq are completely independent, including separate offices, and only the financial activities of both offices are supervised by the same person. In addition to gaining more efficiency in operations, a vision for further integration of Radio Sawa and Alhurra may help MBN more effectively identify opportunities to address its challenges from increasing competition in the Middle East.

Second, MBN has not yet developed detailed implementation and resource strategies needed for successful implementation of its goals. For example, with regard to MBN's initiative to localize content on Radio Sawa, we were not able to identify a plan directing what types of local news and features will be considered on the various streams, to what degree existing program schedules might be affected, and how required resources might be divided among the various streams. Additionally, although MBN's most recent annual performance plan states a goal of "expanding overseas production of news coverage for radio and television," neither that document nor any other plan MBN identified provides details or direction for the overseas production of news for Alhurra in existing overseas offices. MBN officials have stated that uncertainties in the future commitment of resources to Alhurra have affected MBN's ability to, for example, plan for and use existing overseas offices for Alhurra news. Further, BBG officials have said MBN is still learning about the Middle Eastern media market. However, given MBN's internal enhancement requests to the BBG to increase the number of news bureaus in the region, among others, it should clarify, for example, what implementation steps are necessary to maximize the use of existing overseas offices.¹⁹

Third, MBN has not yet comprehensively outlined its challenges or developed a strategic approach for how it plans to address its key challenges to broadcasting in the Middle East. While MBN is planning to expand its broadcast operations into Europe, it has not clearly identified how its broadcasts will meet competitive challenges in the Middle East. As an example, MBN has not indicated how it will address the implications of the upcoming BBC Arabic-language television initiative. The BBC could gain a significant audience that potentially would interfere with Alhurra's market share, credibility, and use as a source of alternative information.²⁰

¹⁹With the exception of the Baghdad bureau, MBN has not developed an approach for maximizing the use of its existing overseas bureaus and offices for Alhurra's news operations. MBN's Dubai production center, for example, currently only produces a few of Alhurra's current affairs shows.

²⁰Some MBN officials have expressed concern that the BBC's favorable programming library and licensing arrangements could potentially interfere with Alhurra's ability to secure critical acquired programming content. A significant proportion (or 35 percent) of Alhurra's content is acquired programming.

MBN Has Made Progress in Developing Internal Control, but Additional Steps Could Improve Its Control Structure

MBN was initially limited in developing its internal control structure because it was focused on quickly starting up its broadcasting operations. In response to an external review of its financial operations by Grant Thornton LLP in May 2004, MBN strengthened several of its controls, after which it received an unqualified opinion on its Fiscal Year 2005 Single Audit.²¹ However, MBN has not fully implemented several of the Grant Thornton review's key recommendations related to its control environment,²² including (1) establishing an internal control board to formally develop its controls and coordinate audits, (2) preparing an internal control plan, (3) conducting a risk assessment to address potential risks to its operation, and (4) developing a training program for its staff.

MBN Faced Initial Challenges in Developing Its Internal Control Structure

Internal control refers to the policies and procedures that help ensure the proper management and application of an organization's assets. Clear, strong controls can provide some assurance that management problems are unlikely to occur or will be addressed if they do occur. MBN's internal control is governed by several OMB circulars cited in its grant agreement.²³

²¹MBN is required to undergo a Single Audit annually to comply with OMB Circular No. A-133, which is included as a requirement in MBN's grant agreement with the BBG. All nonfederal entities that expend \$500,000 or more of federal awards in a year are required to obtain an annual audit in accordance with the Single Audit Act Amendments of 1996. The Single Audit provides information on whether MBN's financial statements fairly present the organization's financial situation; whether MBN is maintaining internal control over its federal program; whether MBN is complying with relevant laws, regulations, and provisions of its grant agreement; whether there are any audit findings or questioned costs; and whether corrective action plans have been established. The A-133 audit has several components, including (1) an opinion on the organization's financial statements; (2) a report on internal control; (3) a report on compliance with laws and regulations, and the provisions of the grant agreement; and (4) a schedule of findings and questioned costs. It also requires a corrective action plan that describes how the auditee will address findings.

²²The control environment includes the tone that an organization's management and employees set toward internal control and conscientious management.

²³MBN's grant agreement requires compliance with the following OMB circulars: Circular No. A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*, which covers administrative requirements for grants to nonprofit organizations; OMB Circular No. A-122, *Cost Principles for Non-Profit Organizations*, which covers cost principles for nonprofit organizations; and OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, which covers audits of states, local governments, and nonprofit organizations.

The Comptroller General's *Standards for Internal Control in the Federal Government*²⁴ also provides guidance that is available to MBN.

MBN faced some initial challenges in establishing its internal control structure. According to MBN documents and officials, MBN management initially focused on establishing broadcasting operations rather than the development of internal control policies and procedures, because the organization had only several months to plan the launch of its 24-hour a day Alhurra television network. As a result, MBN's internal control lagged behind. The MBN chief financial officer (CFO) told us that problems encountered by MBN in hiring and retaining staff added to the delay in developing internal controls.

Due to concern over the slow development of MBN's internal control structure, the BBG commissioned a review by Grant Thornton LLP accountants and management consultants, which was completed in spring 2004, to assess MBN's internal control and make recommendations for improvement. The report by Grant Thornton LLP cited numerous findings, such as inadequate financial policies and procedures, understaffing, and inadequate training, that impeded MBN's ability to successfully mitigate risks.²⁵ The report, however, also noted that MBN's controls were improving.

MBN Has Made Progress in Developing Its System of Internal Control, but Some Control Elements Could Be Improved

Grant Thornton's May 2004 report on MBN's system of internal control made recommendations that covered staffing, MBN's financial system, training, administrative policies and procedures, developing a decision support structure, improving logs and records, and MBN's control environment. MBN accepted the review's recommendations and agreed to implement them, according to MBN officials, and the BBG concurred with these recommendations. Our analysis shows that MBN subsequently responded to many of the recommendations, including hiring additional financial department staff, developing financial and administrative policies and procedures, and completing an annual single audit (see table 1). For example, although MBN provided us with copies of its Fiscal Year 2003 and

²⁴GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

²⁵Grant Thornton LLP, *Status of Funds and Internal Control Report with Analysis and Recommendations for Middle East Television Network (MTN)*, May 28, 2004.

Fiscal Year 2004 Single Audits well past the deadlines for completing those audits,²⁶ MBN's Fiscal Year 2005 Single Audit was completed on time, provided an unqualified opinion, and showed marked improvement over previous years.²⁷

Table 1: Actions taken by MBN to Address Grant Thornton's Internal Control Recommendations

Recommendation	Status of implementation
Hire additional staff for the financial department	Completed: New vice president for finance and administration hired in August 2004. According to MBN, the organization now has 16 financial staff, compared to the 6 who were working there when the assessment was conducted
Acquire suitable financial information system	Completed: MBN acquired a new enterprise resource planning system (Deltek-Costpoint) in October 2004 that has enhanced its ability to manage its finance department.
Enhance and expand MBN's financial and administrative policies and procedures	Completed: Developed policies and procedures that lay out roles and responsibilities.
Improve procurement and travel logs and records	Completed: MBN's CFO told us that MBN improved its procurement logs and records. In addition, MBN has hired a travel analyst who keeps a monthly log of travel orders and vouchers.
Develop a system for providing timely and focused financial information to senior management	Completed: The finance department provides MBN high-level management with a detailed financial package on a monthly basis.

²⁶MBN's Fiscal Year 2003 and 2004 Single Audits were due June 2004 and 2005, respectively. MBN officials stated that the auditors were not able to provide us with the finalized audits until May 2006 because they were not yet completed due to staffing and time constraints. OMB Circular No. A-133, Subpart C, .320, notes that the audit shall be completed and submitted within the earlier of 30 days after receipt of the auditor's report (s), or 9 months after the end of the audit period, unless a longer period is agreed to in advance by the federal agency that provided the funding.

²⁷In particular, (1) the auditors provided an opinion that MBN's fiscal year 2005 financial statements fairly presented MBN's financial position; (2) in its consideration of MBN's internal control over financial reporting, the auditor did not find any material weaknesses; (3) the auditor's tests did not reveal any instances of noncompliance with relevant laws, regulations, contracts, and grant agreements, nor did it find any material weaknesses in internal control over compliance with regard to the controls that they tested; and (4) the auditor found that all of the findings raised in the Fiscal Year 2004 Single Audit had been addressed. These findings included undocumented policies and procedures; inadequate training; improperly recorded, accounted, and executed transactions; a lack of assurance that assets were safeguarded against loss; a lack of periodic, formal account reconciliation and analysis; a failure to review entries in MBN's financial information system; lack of control over payroll; and lack of compliance with equipment and property management requirements.

(Continued From Previous Page)

Recommendation	Status of implementation
Undertake and complete an annual audit as required by OMB Circular No. A-133	Completed: Completed in late May 2006. MBN's Fiscal Year 2003 and Fiscal Year 2004 Single Audits under Circular No. A-133 were not released within established deadlines. MBN's Fiscal Year 2005 Single Audit was completed on time.
Establish an internal control board	Partially Addressed: MBN's internal control board is not yet operational.
Prepare an internal control plan	Not Completed: Not done as of May 2006.
Conduct an MBN-wide internal control risk assessment	Partially Addressed: Preliminary risk assessment did not identify objectives, identify risks, analyze the possible effects of the risks, or propose a strategy to mitigate them. This document merely contains a list of completed actions addressing the issues raised in the Grant Thornton LLP report.
Provide training on MBN's internal control processes	Partially Addressed: MBN has provided some training on internal control, but has not yet developed a regular training schedule and training is not managed by an internal control board.
Manage training by establishing an internal control board	

Source: GAO analysis of information provided by Grant Thornton LLP and MBN.

Some control elements could be improved in order to better implement best management practices based on OMB circulars and GAO internal control standards. For example, although MBN is establishing an internal control board, the board has not met to establish protocols and outline its responsibilities. The organization also has not developed an internal control plan. Furthermore, MBN has not established a comprehensive process to analyze risks the organization faces from internal and external sources. Finally, MBN has provided some training on internal control but has not yet developed a regular structured training program for its staff.²⁸

MBN's Internal Control Board Has Not Met to Establish Protocols to Develop and Monitor Its Internal Control Structure

The Grant Thornton review recommended that MBN establish an internal control board of key managers and officers to determine the internal control risks facing MBN, work towards decreasing these risks, and oversee MBN's efforts to employ strong controls. Moreover, according to GAO guidance,²⁹ organizations should have an audit committee or senior management council—similar to an internal control board—that reviews the internal audit work and coordinates closely with external auditors.

According to the MBN president, MBN is establishing an internal control board consisting of three members, including, as recommended, the MBN president, general counsel, and CFO. However, the board has not yet

²⁸GAO-01-1008G.

²⁹GAO-01-1008G.

formally met to establish protocols and outline responsibilities. In addition, according to MBN's general counsel, MBN has not appointed a member from the BBG, as was recommended, to serve on the board. MBN's executive committee, which examines issues affecting MBN and reports back to the BBG, has provided some support on management and administrative issues, such as approving the construction and expansion of MBN's new facility and providing guidance on hiring high-level staff.³⁰ However, the committee has not fulfilled the role of an internal control board as previously described. Instead, MBN's CFO has largely taken on the sole responsibility of establishing and overseeing MBN's controls, reviewing audits, and coordinating with external auditors. The MBN president told us that they have not convened an internal control board because the organization is too new and, therefore, is focused on developing policies and procedures rather than mechanisms to review them. MBN is planning to develop an internal audit function, implemented by an external firm, to provide assurance to MBN management that the organization is operating appropriately.

MBN Has Not Completed an Internal Control Plan

According to the Grant Thornton review, MBN should develop an internal control plan to ensure that effective controls are established and monitored regularly. Such a plan should identify the roles and responsibilities of all individuals whose work affects internal control, lay out specific control areas, cover risk assessment and mitigation planning, and include monitoring and remediation procedures. MBN officials told us in January 2006 that they were in the process of developing such a plan and have developed internal control guidelines, but as of the end of May 2006, they had not provided us with a finalized plan.

MBN Has Not Established a Comprehensive Process to Analyze Risk

The Grant Thornton review called on MBN to conduct a broad risk assessment, led by its internal control board, to evaluate and mitigate potential obstacles to efficiently and effectively achieving its operational objectives. According to Grant Thornton LLP, failure to conduct an MBN-wide risk assessment could result in the loss of resources and could decrease confidence of the grantor and of Congress, which could ultimately compromise MBN's achievement of its mission. According to GAO guidance, risks should be identified during both short- and long-term forecasting and as part of strategic planning. Moreover, after conducting a risk assessment, organizations need to develop internal control activities to

³⁰The BBG Middle East Committee is authorized to approve all actions or expenditures requiring the approval of MBN's board of directors between board of directors' meetings.

manage or mitigate the risks that have been identified. For example, Radio Free Asia identified avian influenza and signal jamming from China as two threats to their operations. As part of their risk assessment, they considered how to address and overcome these issues, such as by broadcasting from alternate locations.

In February 2005, MBN prepared an initial risk assessment that identified a list of actions taken to address the issues raised in the Grant Thornton LLP report. However, the document did not identify the organization's objectives or the risks it faces, nor did it analyze the possible effects of the risks or propose a strategy to mitigate them, as recommended by GAO guidance. MBN officials told us that they assess risk on an ongoing, biweekly basis. However, in taking a short-term approach to analyzing risk, MBN lacks a comprehensive basis from which to establish a strong internal control structure. Some risks identified by MBN include threats to the security of its staff and bureaus in the field, particularly in Iraq, and the risk of a terrorist attack on its facilities in the United States. There are some risks that MBN has not identified or addressed. For example, PriceWaterhouseCoopers, MBN's external auditor, noted that MBN has not adequately addressed its risks related to information security. Doing so would reduce the risk of security incidents and unauthorized system activity, according to the auditor. PriceWaterhouseCoopers also found that MBN's lack of a business continuity plan or an adequate disaster recovery plan could result in slower recovery in the case of such an event, as well as significant loss of revenue, inability to meet customer needs and third party obligations, and potential noncompliance with legal requirements. The internal audit function planned by MBN may at some point take on the function of assessing risk, but this body is not yet operational.

MBN Has Not Developed a Comprehensive Training Program on Internal Controls

MBN has provided some training on internal controls but has not yet developed a regular structured training program for its staff of about 240, as recommended by the Grant Thornton LLP review and by GAO leading practices.³¹ MBN's CFO and controller attended a seminar on grants management in October 2004 and subsequently shared the information with the 16 in-house financial staff. MBN also provided internal control compliance training to its managers in December 2004, and the organization regularly provides training to staff at its business manager meetings. However, other U.S. broadcasting entities, such as Radio Free Europe/Radio Liberty (RFE/RL) and Radio Free Asia (RFA), have more

³¹GAO-01-1008G.

organized, ongoing training programs on internal control. The MBN CFO concurred that there is a great need for internal training. According to him, the underdeveloped training situation is due to a lack of resources, including a lack of funds specifically designated for training and limited time to plan or implement training. This lack of structured, recurrent internal control training can cause problems if staff are unfamiliar with an organization's business processes and controls, and can lead to the inefficient or improper use of resources.

MBN Has Developed Editorial Procedures to Support Its Journalistic Standards, but Could Improve Monitoring and Some Quality Control Measures

MBN has established journalistic standards, as well as procedures to help ensure that the organization's broadcasts comply with these standards. However, it has not fully developed some quality control measures, such as the use of listener and viewer feedback. Additionally, the BBG has not held regular comprehensive program reviews for MBN, thereby making it difficult for MBN to assure its audience, Congress, the administration, and the BBG that its controls are working and that it is broadcasting quality programming.

MBN Has Developed Journalistic Standards and Implemented a Wide Variety of Pre- and Postbroadcast Editorial Procedures

The International Broadcasting Act of 1994³² calls for U.S. international broadcasting to be conducted in accordance with the highest professional standards of broadcast journalism, including the production of news that is consistently reliable, authoritative, accurate, and objective. The act also calls for U.S. international broadcasting to present a balanced and comprehensive projection of U.S. thoughts and institutions, as well as clear and effective presentation of U.S. government policies and responsible discussion of those policies. MBN's mission statement, which partly draws upon the principles and standards contained in the U.S. International Broadcasting Act of 1994, calls for MBN to broadcast factual, timely, and relevant news and information that promotes freedom and democracy.

MBN has developed journalistic standards, including a code of ethics, as part of its effort to ensure that its news broadcasts are consistently accurate, authoritative, objective, balanced, and comprehensive. MBN's general counsel said that the code was also established to ensure that MBN

³²P.L. 103-236.

fully complies with its mission and the U.S. International Broadcasting Act of 1994. MBN's journalistic standards were drafted by MBN management using input from professional journalistic organizations and another grantee. According to BBG officials, MBN's standards appear to be as good as those of other U.S. international broadcasters. In our analysis, we found that the standards cover areas similar to the codes of other broadcasters—such as RFE/RL, RFA, Voice of America (VOA), and National Public Radio—focusing on accuracy, impartiality, establishing context, clearly distinguishing analysis from reporting, using a tone of moderation and respect, avoiding advocacy, and promoting ethical conduct. The standards also include guidelines for conducting interviews, as well as editing and production requirements. For example, according to MBN officials, MBN strives to present opposing views accurately and achieve a balance among the guests on its current affairs shows. According to MBN officials, when broadcasting about the war in Iraq, they try to ensure that the program incorporates both pro-war and antiwar views.

To help ensure that staff comply with MBN's journalistic standards, Radio Sawa and Alhurra have established a number of pre- and postbroadcast procedures, which are roughly similar to those of other U.S. international broadcasting entities. Examples of MBN editorial procedures include daily editorial meetings, the use of two or more sources to support a news item, checks by editors and producers to determine whether news stories are properly written and accurate, a headquarters-level review of all materials produced in MBN's overseas offices before broadcast,³³ and postbroadcast discussions. In addition, we observed that MBN employs an experienced journalist from the Arab world to review all of Alhurra's and Alhurra-Iraq's weekday newscasts for technical and stylistic errors, a control not implemented by other U.S. broadcasting entities. The journalist watches the newscasts just before they are aired, then provides MBN management with an evaluation of the newscast's quality. MBN provided us with records of these evaluations, which assess whether the newscasts are presentable, balanced, and free of technical errors. In some cases, technical mistakes can be caught before the piece is aired. However, while MBN management follows up on critiques of individual journalists, they do not systematically review and assess the journalist's evaluations.

³³The exception is the Dubai office, which produces 8 hours of Radio Sawa programming during the daytime hours in the Middle East.

MBN officials told us that the organization places a high value on journalistic controls, particularly due to the volatility of certain areas in the Middle East and the impact news reports can have. In addition, MBN's controls can serve as an assurance to its audiences and others that they are broadcasting quality programming. Since Radio Sawa and Alhurra were established, MBN has not had to retract a single story or apologize for any error, according to MBN officials.

MBN Could More Fully Develop Some Quality Control Measures and Lacks Regular Editorial Training

There are several areas in which MBN could more fully develop some quality control measures for its programming. These areas include using listener and viewer feedback to improve program quality, making better use of weekly compilations, and ensuring its style guide is distributed to all staff. Unlike other U.S. international broadcasters, MBN typically only partially utilizes the following measures:

- Although MBN collects feedback from its listeners and viewers, it does not rely extensively on this feedback as a program quality control.
- Although MBN produces weekly compilations that are distributed to interested parties summarizing what was broadcast on Radio Sawa and Alhurra that week, it does not use these compilations to do any formal, long-term analysis of errors and programming.
- MBN has developed a style guide to provide critical guidance on the use of sensitive terms and to help staff avoid grammatical mistakes. However, Radio Sawa staff did not receive the guide until early 2006, and MBN has not distributed it to all of its overseas offices, inhibiting its use by some staff.

In addition, MBN has not provided regular training to its journalists and producers. MBN told us that it does not provide regular training to help its editorial staff maintain and increase their professional competence. MBN's level of training for its editorial staff is also not on a par with the training offered by other grantees. For example, RFE/RL and RFA both have extensive training programs for their employees at their headquarters and in their bureaus in different countries, according to RFE/RL and RFA officials. While MBN provides some initial technical training to its journalists, an informal mentoring program, and sporadic training overseas, according to MBN officials, the organization does not have an ongoing training program to educate journalists throughout the organization about editorial and ethical issues they might encounter on the

job. According to the MBN CFO, the organization does not have a well-established training program because the network is relatively new and lacks training resources. MBN officials have also noted that their most important controls are the editors themselves, and that MBN tries to hire experienced staff. However, regardless of experience, staff can and do make mistakes, and MBN's lack of regular training increases the risk that correspondents and editors will make mistakes.

MBN Lacks Comprehensive, Regular Program Reviews to Determine Compliance with Mission and Journalistic Standards

The BBG's main mechanism to determine whether its broadcasting services comply with its mission and journalistic standards is a regular program review, which is designed to improve programming and ensure quality control. However, only one review has been conducted for Radio Sawa, and none have been conducted for Alhurra. The Radio Sawa review was more limited in scope than program reviews conducted by other entities. In addition, Radio Sawa's program quality score is inconsistent with other BBG entities, and without a program review to develop a program quality score for Alhurra, the BBG will not be able to measure the contribution of these efforts to the goals of the organization, or be able to ensure that the quality of Alhurra's broadcasts conforms to applicable standards. Finally, many MBN staff were not extensively involved in the Radio Sawa review.

Annual Program Reviews Have Not Been Conducted for MBN's Services

According to written guidance from the International Broadcasting Bureau, which coordinates and supports all VOA program reviews, program review is an annual process by which an institution judges itself and solicits the judgment of others to make improvements and fulfill its mission with regard to U.S. national interests. The process enables the broadcasting entity to better connect its mission to the market where it is broadcasting and assess whether its editorial procedures are functioning effectively, while also allowing the BBG to fulfill its requirements from OMB that it conduct regular program evaluations to capture a program's impact over time. In addition, the Senate Committee on Foreign Relations Report on the Fiscal Year 2003 Foreign Relations Authorization Act called for significant resources to be dedicated to postbroadcast analysis of Radio Sawa programming to ensure that broadcasts are consistent with U.S. interests and values and with the standards in the U.S. International Broadcasting Act. Program review typically includes a study of the target area's media environment, analyses by internal and external reviewers, background quantitative research, reports on marketing and transmission, and target area profiles compiled by the broadcaster itself. Reviewers rate programs

based on criteria³⁴ for content—such as accuracy, timeliness, objectivity, relevance, and quality of analysis and interviews—and for presentation, such as pace and liveliness, presentation style, sound quality, and host interaction. These inputs are then discussed at a meeting that includes the program review coordinators and the management and staff of the entity being reviewed. Following the main program review meeting, key participants develop an action plan, and 3 months later the group meets again to determine to what extent the action plan has been carried out.

Although the BBG calls for program reviews to be conducted annually, MBN has not complied with this guidance. Neither the BBG nor MBN has a regular mechanism in place to systematically review MBN programs. In December 2004, the BBG convened a program review meeting for Radio Sawa, which had begun operating in March 2002. However, there has been no Radio Sawa review since then, while Alhurra, which has been operating for more than 2 years, has had no program review at all. The BBG is planning to initiate a program review of Alhurra by the end of this year, but has not set a firm date.

Radio Sawa's Program Review Was Limited by Its Emphasis on Audience Input

BBG officials have stated that program quality should be sampled and assessed by both internal and external evaluators.³⁵ This is designed to produce a balanced and robust review.³⁶ In 2000, in response to our report that found a lack of consistency in how program quality scores were developed, the BBG stated that it intended to harmonize and standardize

³⁴These program quality criteria are used in program reviews of VOA and RFE/RL broadcasters, while RFA applies broadly similar criteria. The Radio Sawa program review applied them as well, with the exception of "length of individual items," among others. The Radio Sawa audience panels also used music quality criteria, including selection of music, variety of music, uniqueness of music, balance in types of music, length of individual songs, transitions between songs, transitions between music and other segments, and overall appeal of music.

³⁵Internal reviewers, who measure a service's content and production standards against its journalistic standards and the program quality criteria, tend to be International Broadcasting Bureau program analysts or grantee staff. External reviewers include audience monitoring panels consisting of a number of regular listeners or viewers, as well as control listeners. Control listeners are language-qualified and are knowledgeable about target country politics and culture, but are usually located in the United States or other Western countries and are not affected by politics on the ground.

³⁶The internal analysts, audience monitoring panels, and external control listeners develop their own program quality scores, which feed into the BBG standard program quality score, a performance indicator.

program reviews across broadcasting entities.³⁷ BBG guidance now calls for all U.S. international broadcasting entities to be evaluated using the same standards, definitions, and scoring methods.

However, when conducting the Radio Sawa program review, the BBG relied only on audience monitoring panels to assess program quality and did not utilize internal analysts or external control listeners, as is common practice among other U.S. international broadcasters. Using only audience monitoring panels gives the audience more weight in the review results and, in turn, more potential to influence the strategic direction of the organization. In addition, since the audience tends to be unfamiliar with a broadcasting service's journalistic standards and editorial procedures, having input only from monitoring panels makes it more difficult for a service to provide reasonable assurance that its editorial procedures are working and that it is broadcasting quality programming. Also, external control listeners are specifically tasked with examining the programming in light of the service's mission, something audience monitoring panels are not asked to do. As a result, Radio Sawa's program review strongly emphasized the audience's perspective and therefore provided a less thorough evaluation of Radio Sawa's mission and standards. (For more information on Radio Sawa's program review, see appendix III.)

Radio Sawa's Program Quality Score Is Inconsistent with Other BBG Entities

Furthermore, MBN's program score for Radio Sawa is not comparable with other BBG broadcaster scores for program quality—the percentage of a station's language services judged on both content and presentation criteria as being of good-or-better quality. The BBG says that to measure Radio Sawa's program quality, it has developed standardized criteria applicable to different media and methods of delivery, while minimizing subjective judgments on content and presentation. Although the criteria used to measure Radio Sawa's program quality are similar to those used by other broadcasting entities, the BBG did not use as many inputs when calculating the program quality scores for Radio Sawa, leading to a less robust result (see table 2).

³⁷In 2000, in response to our report that found a lack of consistency in how program quality scores were developed, the BBG stated that it intended to harmonize and standardize program reviews across broadcasting entities. See *U.S. International Broadcasting: Strategic Planning and Performance Management System Could Be Improved*, GAO/NSIAD-00-222 (Washington, D.C.: Sept. 27, 2000).

Table 2: Inputs to Program Quality Scores for BBG Broadcasting Entities

Broadcaster	Program review input	Percentage of total program quality score
MBN (Radio Sawa)	Monitoring panels	100
RFE/RL	Internal analysis	45
	Monitoring panels	35
	External experts	20
RFA	Internal analysis	45
	Monitoring panels	35
	External experts	20
VOA	Internal analysis	45
	Monitoring panels	35
	External experts	20

Sources: BBG, International Broadcasting Bureau, RFE/RL, RFA.

Without a consistent process for broadcaster program reviews, the BBG is limited in its ability to assess and compare broadcaster performance. In addition, without a program review to develop a program quality score for Alhurra, the BBG will not be able to measure the contribution of these efforts to the goals of the organization, or be able to ensure that the quality of Alhurra’s broadcasts conforms to applicable standards. Currently, the BBG is considering how it will conduct the future program reviews for Radio Sawa, but officials could not yet provide specifics about the approach BBG will use.

MBN Staff Had Limited Awareness of the Radio Sawa Program Review and Follow-up

MBN staff in the United States and overseas do not appear to have much knowledge of the Radio Sawa review or its follow-up. Program review can be a learning experience for staff, who are usually encouraged to sit in on their language service’s program review meeting, and the process can also bring people together who normally do not interact, which can help generate ideas and improvements. However, according to MBN management, most Radio Sawa staff did not attend the Radio Sawa program review. In addition, there was also not much awareness about the program review in MBN’s overseas offices.

While Radio Sawa staff lacked awareness about their review, some staff who had worked at VOA in the past spoke positively of the program review process in general. Other broadcasters routinely involve staff in their

program reviews. For example, RFA requires all staff from the service that is being reviewed to be present at the program review meeting. According to an RFA official, program review is one of the few times that all of the key players for a service are in one place, and it therefore presents a good opportunity for communication. In addition, a BBC official noted that program review can be a good way to expose staff to an organization's values. Increasing staff involvement in program review could therefore increase chances for communication throughout all levels of the organization, as well as provide a forum for discussing potential programming improvements.

BBG Has Developed Several Performance Indicators, Although Weaknesses in Audience Surveys Call into Question Whether MBN Audience Size and Credibility Targets Have Been Met

The BBG has established several standard performance indicators and targets for MBN programs, including measures of audience size and credibility; however, it has not implemented some performance indicators fully, including a program quality measure. Additionally, we were unable to determine the accuracy of MBN's audience size and program credibility estimates due to weaknesses in MBN's methodology and documentation. Therefore, it is not clear whether the Radio Sawa and Alhurra performance targets have been met.

MBN Performance Indicators and Targets Have Been Established, but Some Are Not Fully Developed

The Government Performance and Results Act of 1993 (GPRA) requires that all government agencies establish performance indicators, or measures, that provide a meaningful reading of how well the organization is progressing towards its goals. The BBG has developed a standard set of performance indicators for its broadcasting entities, which it says are a best effort to measure its level of effectiveness now and where its performance is targeted to be in the future. The BBG established common indicators for its entities to allow it to better assess overall progress for the organization. Although the BBG has made progress in establishing these standard performance indicators, as well as targets for MBN's programs, it

has not formally established or implemented all of them for Radio Sawa and Alhurra.³⁸

According to BBG, the three most important standard indicators for its entities, referred to as primary performance indicators, are (1) audience size, or the overall weekly audience of a station; (2) credibility, which represents the percentage of viewers in a target area that consider the station's news programs somewhat or very reliable; and (3) program quality, or the percentage of a station's programs judged on standard criteria as being of good-or-better quality. These three indicators are tied to the current BBG mission and strategic plan for U.S. international broadcasting.³⁹ In addition to its standard primary performance indicators, the BBG has a number of "secondary" measures that provide management with additional information for gauging cost-effectiveness, marketing and promotion activities, and transmission efforts, including the number of transmitters and affiliates, cost per listener, signal strength (radio only), and awareness.

The BBG has established and implemented two primary indicators—audience size and credibility—for both Radio Sawa and Alhurra.⁴⁰ The BBG has also established performance targets for Radio Sawa and Alhurra for these two indicators. For example, MBN's reported fiscal year 2005 audience size performance target for Radio Sawa was 18 million listeners and for Alhurra was 12.8 million viewers.⁴¹ However, the BBG has not yet established Alhurra's program quality indicator, or consistently implemented this measure for Radio Sawa. Without a measure of program quality for Alhurra and Radio Sawa, the BBG will not be able to consistently assess MBN's performance against that of other grantees, or fully assess MBN's contribution to the overall goals of the BBG organization. The BBG has established all of its standard secondary performance indicators for MBN's services except for audience

³⁸The BBG sets performance indicators and targets for Alhurra and Radio Sawa separately, rather than for the MBN organization as a whole.

³⁹The U.S. International Broadcasting Act of 1994 requires that the BBG ensure that the quality of the broadcasts conforms to applicable standards and reaches significant audiences.

⁴⁰The performance indicators for Alhurra include Alhurra-Iraq.

⁴¹The BBG's reported program credibility target for fiscal year 2005 for Radio Sawa was 69 percent and for Alhurra was 73 percent.

awareness.⁴² See table 3 for a list of the performance indicators implemented for Alhurra and Radio Sawa.

Table 3: BBG’s Standard Performance Indicators and MBN’s Status

Indicator type	BBG performance indicator name	Definition	Source of data used to calculate measure	Current Alhurra performance indicator	Current Sawa performance indicator
Primary indicators	Audience size (also called overall weekly audience)	Total number of all adults listening or viewing a service’s programming at least once a week in target areas	This figure is calculated by the office of research and is an estimate derived from audience surveys and estimates of national population.	Yes	Yes
	Credibility	Percentage of total estimated weekly viewers/listeners in target areas that determined the reliability of news and information of the station to be somewhat or very reliable	This figure is calculated by the office of research and is an estimate derived from the results of audience surveys and estimates of overall weekly audience.	Yes	Yes
	Program quality	Percentage of a station’s language services whose programming is assessed as being of good-or-better quality	This figure is calculated by the office of strategic planning and performance management. For Radio Sawa, this figure is determined by scoring from a monitoring panel of regular listeners using predefined criteria for content and presentation.	No	Yes

⁴²We have previously recommended that the BBG measure awareness and reported that the information necessary to generate the measure of audience awareness is already collected in national surveys. See GAO, *U.S. International Broadcasting: New Strategic Approach Focuses on Reaching Large Audiences but Lacks Measurable Program Objectives*, [GAO-03-772](#) (Washington, D.C.: July 15, 2003).

(Continued From Previous Page)

Indicator type	BBG performance indicator name	Definition	Source of data used to calculate measure	Current Alhurra performance indicator	Current Sawa performance indicator
Secondary indicators	Awareness	Percentage of adults in the target area that have prompted and unprompted awareness of the station	This figure is calculated by the office of research and is an estimate derived from the results of audience surveys and estimates of overall weekly audience.	No	No
	Affiliations and transmitters	Total number of affiliates that regularly rebroadcast identified programs on competitive media and number of owned and operated local transmitters	This figure is calculated by the office of marketing and program placement using affiliates data and the office of engineering using transmitter data	Yes	Yes
	Signal strength	Quality of radio signal monitored and rated on a scale of nil to excellent	This figure is calculated by the office of engineering using data sampled periodically from overseas monitoring stations.	N/A	Yes
	Cost per listener	Budget divided by weekly audience	This figure is calculated by BBG's office of strategic planning and performance management using budget data and audience size figures.	Yes	Yes

Source: GAO and BBG.

BBG Should Increase Steps to Ensure Reliability and Transparency of Its Performance Estimates

We and others have noted that agencies' performance indicators and data should provide a reliable means to assess progress. However, we were unable to determine the accuracy of MBN's reported audience size and program credibility estimates due to weaknesses in MBN's methodology and documentation. Therefore, it is not clear whether the Radio Sawa and Alhurra performance targets have been met. While BBG has taken several important steps to ensure the validity and reliability of its performance measurement approach, it has primarily used a methodology that cannot be reliably projected to the broader population. Although it is difficult to conduct probability sampling in many locations in the Middle East, the BBG has not taken steps to explain and increase the reliability of MBN's performance information, such as by maintaining more detailed documentation to support its estimates, reporting significant data limitations, limiting the scope of its projections to areas actually covered by its surveys, and developing BBG policies and procedures for verifying performance data.

Measurement and Research
Methods Should Allow for
Confidence in Reliability of
Performance Information

We have previously reported that performance indicators should provide a reliable way to assess progress.⁴³ In particular, agencies should implement quality control procedures to mitigate errors that can occur at various points in the collection, maintenance, processing, and reporting of performance data and can impact its reliability. In addition, agencies should select sampling methods that ensure representative samples, where possible. For example, probability surveys are designed to ensure each person in the population has a measurable chance of being selected for the survey, enabling the results to be reliably projected to the larger population with known levels of precision. Additionally, agency performance reporting should provide sources, disclose limitations, and discuss the implications of them. Explaining the limitations of performance information—as well as actions taken to compensate for low-quality data—can provide context for understanding and assessing agencies' performance and the costs and challenges that agencies face in gathering, processing, and analyzing needed data.⁴⁴

The U.S. International Broadcasting Act of 1994 requires the BBG's use of audience research to guide its decisions about its language services. For the past 5 years, the BBG has contracted with Intermedia to serve as the primary research contractor for the BBG and its broadcasting entities, including MBN. Intermedia works with subcontractors, partners, or both to gather audience research survey data from citizens in various locations overseas. This survey information is used by the BBG to develop estimates for MBN and other entities' audience size and credibility performance indicators. For example, for fiscal year 2005, the BBG estimated that Radio Sawa and Alhurra had each achieved an audience size of about 21.6 million people. Table 4 shows the breakdown of individual survey data reported by the BBG.

⁴³GAO, *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans*, GAO/GGD-10.1.20 (Washington, D.C.: April 1998).

⁴⁴GAO, *Agencies' Annual Performance Plans Under the Results Act: an Assessment Guide to Facilitate Congressional Decisionmaking*, GAO/GGD/AIMD-10.1.18 (Washington, D.C.: February 1998).

Table 4: BBG’s Reported Audience Size and Credibility Estimates for Radio Sawa and Alhurra, Fiscal Year 2005

Country surveyed	Year surveyed	Sawa estimated audience size	Alhurra estimated audience size	Sawa credibility rate	Alhurra credibility rate
Algeria	2004	N/A	2,466,888	N/A	N/A
Bahrain	2005	127,008	132,814	78	86
Djibouti	2003	151,620	N/A	N/A	N/A
Egypt	2005	4,791,552	2,019,968	82	92
Iraq	2005	8,336,320	6,860,435	63	73
Jordan	2005	965,216	729,120	75	68
Kuwait	2005	299,739	249,612	82	72
Lebanon	2005	68,400	738,720	68	79
Morocco	2005	4,072,455	2,679,367	64	70
Qatar	2004	324,786	N/A	79	N/A
Saudi Arabia	2005	734,928	2,204,784	72	73
Syria	2004	1,468,800	2,661,120	76	60
Tunisia	2005	N/A	676,800	N/A	75
UAE	2005	265,842	138,510	79 ^a	82
Regionwide fiscal year 2005 estimate^{b,c}		21.6 million^d	21.6 million	69	73

Source: BBG.

^aThe BBG originally reported this figure as 55 percent, but later determined that the correct figure was 79 percent.

^bTo develop the regional estimate for audience size, listening/viewing rates are gathered from the national surveys and are, in most cases, multiplied by each country’s respective national population estimate to obtain a total audience size estimate for each country. For some countries--such as Bahrain, Kuwait, Qatar, UAE and Saudi Arabia--the results are projected to nationals and Arab expatriate populations only. These estimates are developed for all countries surveyed and then added to develop a regional audience figure, which is the service’s overall weekly audience estimate.

^cTo develop the regional estimate for credibility, percentage credibility scores are gathered from national surveys and multiplied by that country’s audience size estimate to obtain a total number of listeners or viewers for a given country that view the station’s news and information as very or somewhat reliable. These estimates are developed for all countries surveyed and then used to create a weighted average of credibility.

^dThe BBG reported in its fiscal year 2007 budget request that its audience size for Alhurra was 21.5 million.

BBG Has Not Taken Sufficient Steps to Ensure Reliability and Transparency of Its Performance Estimates for MBN

Although the BBG has taken several important steps to enhance the validity and reliability of its audience survey designs, several factors call into question the accuracy of the data used for BBG’s audience size and credibility performance indicators for Radio Sawa and Alhurra. First, we observed that, in 12 out of 14 cases, the BBG used nonprobability surveys,

which cannot be reliably projected to the broader population, to develop its regional estimates for audience size and credibility. While it is difficult to conduct probability surveys in hostile environments, such as those in Iraq and Saudi Arabia, the BBG did not take certain steps that could have increased the accuracy of its estimates and explained their limitations, thereby increasing confidence in the data. Therefore, we are unable to determine whether MBN actually met its performance targets for fiscal year 2005.

BBG has taken several important steps to enhance the validity and reliability of its audience survey designs. For example, the BBG's questionnaires are reviewed by multiple parties, and its contractors extensively pretest the questionnaires in the field, conduct pilot studies, and use throwaway surveys⁴⁵ for training new subcontractors. In addition, the BBG's contractors exercise quality control when collecting data and receiving it from the field, including by conducting preliminary electronic testing of the data, among other things.

However, in 12 of 14 cases, we found the country-level estimates used for generating Radio Sawa and Alhurra's fiscal year 2005 performance indicators of audience size and credibility were not based on probability survey⁴⁶ results. Many of the surveys conducted used judgment sampling, a form of nonprobability sampling, instead.⁴⁷ BBG officials told us that its use of nonprobability surveys for certain countries is due to either the cultural, political, or security situation in those countries, which limits the selection of individuals or the geographical areas that can be surveyed.⁴⁸ In addition, the International Broadcasting Bureau director of research stated that in

⁴⁵Throwaway surveys are uncounted surveys used in interviews with respondents as a training mechanism for the interviewer. The respondents are those individuals who were in the population that could have been selected, but were not included in the sample.

⁴⁶Probability surveys by definition mean that, due to the design of the survey, every person in the population has a measurable chance, or probability, of being selected and that, subsequently, the survey may be projected to the broader population with known levels of precision.

⁴⁷ACNielsen typically used sampling techniques where several stages of sampling are conducted. In the case of Egypt and Morocco, interviewers used their judgment for allocating starting points—the first stage of sampling selection.

⁴⁸BBG officials acknowledged that social and cultural factors in Saudi Arabia, Kuwait, Bahrain, UAE, and Qatar, in particular, place constraints on the ability of any research contractor to implement probability sampling.

many developing countries, existing map and population data is not adequate to support pure probability-based sampling. The Conference of International Broadcasters' Audience Research Services, called CIBAR, whose standards are specified as a source of guidance for BBG research contractors, requires that audience measurement use samples based on the principles of random probability and that other sampling methods should only be used in cases where, for reasons of practicality or cost, proper random samples cannot be used. (See appendix IV for more on the CIBAR standards.)

We recognize that many agencies face challenges in collecting credible performance data and that, due to security risks and political considerations in many Middle Eastern countries, it is not always possible to expect BBG to use random samples. However, the BBG did not take certain steps that could have explained and increased the reliability of its estimates, such as fully documenting its research methods, measuring the level of uncertainty surrounding its estimates, disclosing significant limitations, limiting the scope of its projections to areas actually covered by its surveys, and developing and implementing procedures for verifying data.

First, the BBG and its research contractors were unable to provide us with certain documentation commonly required by international broadcasting research standards. CIBAR requires that, in all measurement research, the sampling methods used and other technical aspects of the survey be both fully and accurately described in the project documentation and open to independent scrutiny. We asked the BBG and its contractors to provide us with detailed documentation—including clear information on sampling plans and related assumptions, response rates, and adjustments applied to the data to reflect the effects of the survey design—for all 14 of its Middle Eastern country surveys used to develop its fiscal year 2005 performance indicator estimates. For two cases, the BBG was unable to provide us with any survey documentation,⁴⁹ and for all but one case, the BBG and its contractors were unable to provide us all the detailed information we

⁴⁹Country surveys with no available documentation included Algeria and Djibouti, which used data purchased by the BBG from a French commercial source.

requested.⁵⁰ BBG officials acknowledged the lack of complete documentation in contractor technical reports, and said it was due in part to their failure to follow up with the contractors to obtain the details, as well as to the contractors' general practice of not generating such detailed documentation.

Second, the BBG has not sufficiently measured the level of uncertainty surrounding MBN's performance estimates. CIBAR requires that in all measurement research, technical aspects of the survey, including margins of error and confidence levels where appropriate, be both fully and accurately described in the project documentation. The BBG has not been able to measure sampling errors⁵¹ for its surveys, in part because it has not required contractors to document the information that is needed to calculate the sampling errors accurately. Moreover, officials said that it is not customary for their contractors to maintain this information. Therefore, the BBG only has a rough idea of what the margins of error⁵² might be for its surveys, further limiting confidence in the reliability of its current performance information. One research official told us that he believed that the overall margins of error for Radio Sawa and Alhurra's audience size and credibility estimates are large, but said that currently the agency cannot accurately calculate them.⁵³

Third, the BBG lacks transparency in reporting data sources and significant limitations affecting MBN's audience size and credibility performance information. In reporting performance data, agencies should provide data sources, disclose limitations, and discuss the implications of them. CIBAR standards also recommend that proper care be exercised when reporting estimates, to ensure that the type of audience covered by the estimate is clearly stated and that, at all stages in the calculation and extrapolation

⁵⁰We obtained some technical documentation from Intermedia's subcontractor ACNielsen for the following 11 country surveys: Bahrain, Egypt, Lebanon, Qatar, Saudi Arabia, Tunisia, Morocco, Jordan, Syria, UAE, and Kuwait. D3 Systems provided us with the requested documentation for its research subcontract for Iraq.

⁵¹Sampling errors do not reflect the total error of a survey statistic or estimate, which is a function of many different features of a given survey.

⁵²The margin of error is a measure, set at a specific confidence level, of the possible difference between the sample estimate and the actual population value.

⁵³Officials from the BBG's research contractor Intermedia said that they have used the approach of calculating a rough margin of error of +/- 2.6 percent for all the Middle Eastern surveys.

process, sources, assumptions, and methods be fully documented and available for independent scrutiny. However, the BBG has not sufficiently explained the specific methods used for generating estimates for its performance indicators, such as the number and names of the countries surveyed, methods of sampling used, sources of the population data, and basic procedures used to create the estimates. Moreover, the BBG has reported only two limitations for MBN performance indicators to date: (1) that credibility ratings are highly dependent on volatile political factors; and (2) that, depending on political, social, and media conditions, measurement of audience size may either be easily attained or impossible. However, the BBG has not explained many significant limitations, and their resulting implications, on the data reliability of the performance information for MBN. The largest identifiable limitations not reported are that many of the BBG surveys are not based on probability sampling, cover only part of the country, have very low response rates, or have high substitution rates; therefore, those results cannot be reliably projected to be representative of the larger population.⁵⁴ In the case of the survey in Morocco, we calculated that the survey only covered 35 percent of the general population and had a 48 percent substitution rate, but the results were projected to represent a broader population. In addition, we calculated low response rates for a number of MBN's surveys; in the case of the survey of Egypt, the response rate was about 19 percent. BBG research staff explained that their stakeholders to date, including the BBG, have not required such a level of detail in reporting, and specifically have not required margins of error. However, a discussion on data limitations in performance reporting can help decision makers determine their level of confidence in the agency's ability to report on its performance goals and indicators and identify actions needed to improve its ability to measure performance.

Fourth, we found the BBG has not taken sufficient steps to avoid projections to areas outside the population surveyed. For example, the elimination of projections to the rural population of Morocco, when only urban areas were surveyed, or to those governorates of Jordan not contained in the survey, would have resulted in estimates of audience size and credibility with fewer limitations for those countries. In addition, BBG

⁵⁴CIBAR standards recommend that the proper care be exercised when reporting estimates, to ensure that the type of audience covered by the estimate is clearly stated and, at all stages in the calculation and extrapolation process, that sources assumptions and methods be fully documented and available for independent scrutiny.

project documentation does not clearly describe what steps have been taken to restrict the scope of MBN's surveys to provinces or areas that have sufficient map or population data. Probability sampling projected to those areas only would result in more reliable estimates of audience size and credibility.

Fifth, we found the lack of verification procedures inhibits assessments of BBG's data quality. Data reliability is increased by the use of verification and validation procedures, such as checking performance data for significant errors by formal evaluation or audit. However, BBG has not fully implemented such procedures or formally documented policies and procedures governing its research. BBG officials said they have implemented some forms of verification, such as a research director review, at various stages of performance data analysis. However, it is not clear that the BBG always thoroughly verifies performance indicator estimates and calculations used for reporting. For example, we identified some errors in internal calculation spreadsheets for performance estimates, in official external reporting, and in an informal presentation on MBN performance. BBG officials have acknowledged that they need to develop policies and procedures and implement more rigorous verification of performance data. They said that, as a result of our review, they have taken some steps to expand their verification procedures and will document those and other research procedures in the BBG's research contract and manual of operations.

Conclusions

MBN was established to broadcast accurate and relevant news and information to the Middle East in order to advance freedom, democracy, and long-term U.S. interests in the region. MBN's programs are challenged by existing television competitors, such as Al Jazeera and Al Arabiya, and planned initiatives such as the BBC's planned Arabic-language television network; by numerous local radio stations across the region; and by limited opportunities for increasing coverage of radio transmission. It has attempted to address these challenges through some planning efforts, such as by developing proposals to increase its news time for Alhurra and expand its number of news bureaus in the Middle East. However, MBN has not developed a strategic plan or taken a detailed strategic approach to addressing certain issues, including identifying opportunities for additional gains that could be made from further integrating Radio Sawa and Alhurra or fully utilizing MBN's overseas offices. Developing a strategic plan that establishes specific objectives, provides an overall shared vision or framework for decision-making, and comprehensively addresses

competitive challenges could enable MBN to identify efficiencies or opportunities to address its competitors more effectively and increase congressional confidence in its operations.

Although MBN has developed a number of financial and administrative controls, it could take additional steps to ensure its system of internal control is fully implemented. MBN's planned internal control board needs to establish protocols to oversee and monitor its internal control structure and to ensure timely completion of MBN's financial audits. Additionally, MBN should develop an internal control plan, conduct a comprehensive risk assessment, and develop an organized training program for its staff.

Further, MBN has developed journalistic standards for its broadcast operations and has put in place a number of editorial procedures. However, the network has not conducted annual program reviews called for in BBG guidance. These reviews are a key mechanism for improving programming and ensuring quality control.

Finally, the BBG has established performance indicators and targets for MBN services related to measures of audience size and program credibility. For example, in fiscal year 2005, the BBG reported that Radio Sawa and Alhurra had each achieved radio and television audiences of about 21.6 million. However, limitations in the survey methods and documentation used for developing these estimates raise questions about the accuracy of MBN's performance estimates. In addition, the BBG has not put in place policies and procedures for verifying the accuracy of its performance information. These weaknesses in methodology and documentation inhibit an accurate assessment of whether the Radio Sawa and Alhurra performance targets have been met. The accuracy of the MBN estimates could be improved by more rigorous reliance on probability sampling, wherever possible, and avoidance of projections to areas not contained within the survey. At the same time, insistence on proper fieldwork documentation from contractors, full disclosure of survey methods and limitations, and greater transparency in the development of aggregate audience estimates would further enhance confidence in MBN performance estimates.

Recommendations for Executive Action

To improve efforts to monitor performance and the efficiency and effectiveness of the broadcasting activities of the Middle East Broadcasting Networks, Inc., we recommend that the chairman of the BBG do the following:

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- Require that MBN develop a long-term strategic plan, which incorporates a shared vision for Alhurra and Radio Sawa operations and details specific measurable objectives and implementation strategies for the successful implementation of the goals in the plan.
 - Require that MBN implement the remaining recommendations from the Grant Thornton LLP report and require that its internal control board meet on a regular basis to coordinate MBN's single audits and oversee MBN's ongoing efforts to use sound internal control procedures.
 - Develop a process for analyzing risk as part of strategic planning that identifies approaches to mitigate the potential obstacles to efficiently and effectively achieving MBN's operational objectives.
 - Require MBN to develop a comprehensive training program covering both internal controls and editorial procedures to meet the continuing needs of all employees.
 - Initiate a schedule of annual program reviews for Radio Sawa and Alhurra to regularly ensure that the quality of Alhurra's broadcasts conforms to applicable standards.
 - Implement program quality performance indicators for MBN's broadcast services, consistent with other BBG entities, to assess and compare their performance and measure the contribution of these efforts to the goals of the overall organization.
 - Require research contractors to improve the methods used in audience research to allow for probability sampling and document the sample selection so that survey sampling errors can be calculated, where possible.
 - Identify and report significant methodological limitations and the implications of them for performance indicators, including, where applicable, sampling errors, margins of error, or confidence intervals.
 - Develop, document, and report policies and procedures for verification and analysis of performance indicator estimates.

Agency Comments and Our Evaluation

The Broadcasting Board of Governors (BBG) provided written comments on a draft of this report. The BBG's comments, along with our response to specific points, are reprinted in appendix V. The BBG also provided technical comments, which we incorporated where appropriate.

In general, the BBG concurred with all of our recommendations and said it looked forward to implementing them. The BBG said that MBN has made significant progress in the 2 years of its operations in establishing a sound journalistic organization with financial and administrative controls. However, the BBG raised a number of concerns about the report's criticisms of the audience research conducted by the BBG and its contractors. Specifically, the BBG said that we did not fully understand the difficulty in surveying audiences in Middle Eastern countries and that the research practices used by the BBG and its contractors follow industry standards for commercial and media research.

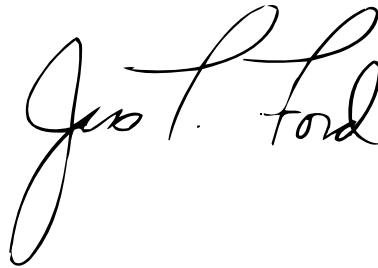
Our report examines the reliability of the BBG's fiscal year 2005 performance information in order to determine whether or not MBN's performance targets have been met. We acknowledge, in our report, that BBG has taken positive steps to enhance the validity and reliability of its audience survey designs. We also acknowledge that there are challenges to conducting audience research in the Middle East, and that there are tradeoffs between cost and data reliability when conducting research. In conducting our data reliability assessment, as referenced in the draft, we largely used the international audience research guidelines published by the Conference of International Broadcasters' Audience Research Services (CIBAR), which are specified as a source of guidance for BBG research contractors. For example, CIBAR standards recommend that the proper care be exercised when reporting estimates to ensure that the type of audience covered by the estimate is clearly stated, and that, at all stages in the calculation and extrapolation process, sources, assumptions, and methods are fully documented and available for independent scrutiny. We were unable to determine the accuracy of MBN's fiscal year 2005 audience size and program credibility estimates due to weaknesses in MBN's methodology and documentation. As noted in the report, in several instances the BBG and its contractors departed from CIBAR research standards. In particular, the BBG did not take certain steps that could have explained and increased the reliability of its estimates, such as by fully documenting its research methods, measuring the level of uncertainty surrounding its estimates, disclosing significant limitations, limiting the scope of its projections to areas actually covered by its surveys, and

developing and consistently implementing policies and procedures for verifying data. For these reasons, it is not clear whether the Radio Sawa and Alhurra performance targets have been met.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this letter. We will then send copies to others who are interested and make copies available to others who request them.

If you or your staff have any questions about this report, please contact me on (202) 512-4128. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors are listed in appendix VI.

Sincerely yours,

A handwritten signature in black ink that reads "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J".

Jess T. Ford
Director, International Affairs and Trade

Scope and Methodology

To accomplish our objectives, we reviewed documentation and spoke with officials from the Department of State; the Broadcasting Board of Governors (BBG) and its grantees; including the Middle East Broadcasting Networks; Inc. (MBN); Radio Free Europe/Radio Liberty (RFE/RL); Radio Free Asia (RFA); the Voice of America (VOA); and the International Broadcasting Bureau. We also spoke with several outside experts, including representatives from National Public Radio, the InterMedia research organization, Zogby International, and foreign international broadcasters such as the British Broadcasting Corporation (BBC) and Deutsche Welle.

In addition to our audit work in the Washington, D.C., area, we visited MBN's offices in Amman, Jordan, and Dubai, United Arab Emirates. We held telephone interviews with MBN's current affairs contractor in Beirut, Lebanon, and sent questions to the MBN office in Baghdad, Iraq.

Because our work was focused on reviewing the BBG's MBN initiatives—Alhurra and Radio Sawa—we did not include RFE/RL Arabic-language media activities in Iraq in the scope of our work.

Review of MBN Internal Controls

To address our objective of assessing MBN's internal controls, we used criteria contained in MBN's grant agreement, OMB Circulars No. A-110 and A-133, GAO published standards on internal controls, and a report on MBN's internal controls completed by Grant Thornton LLP accountants and management consultants. We also met with other broadcasters, including RFE/RL, RFA, and National Public Radio, to obtain an understanding of their internal controls and to make comparisons with MBN. We held discussions with MBN officials and reviewed documentation provided by them to determine whether the organization was complying with appropriate criteria. We spoke with PriceWaterhouseCoopers officials responsible for the 2003, 2004, and 2005 single audits to obtain their perspectives on the status of problems cited in the Grant Thornton LLP report and to learn about any new issues arising from their audit work. We did not test MBN's controls, since doing so would have been beyond the scope of our review.

Review of MBN's Editorial Procedures

To address our objective of assessing the procedures MBN has developed to ensure it complies with its journalistic standards, we spoke with other broadcasters, including RFE/RL, RFA, VOA, and National Public Radio, to compare their editorial standards and procedures with those of MBN. We

also met with the BBG general counsel, as well as MBN producers, editors, and journalists. To better understand the program review process, we attended several VOA program reviews. We also held detailed discussions and obtained documentation on program review from the BBG officials who conducted Radio Sawa's review, the International Broadcasting Bureau office of performance review, and the research directors of RFA and RFE/RL. We did not test MBN's editorial procedures.

Review of MBN Audience Survey Methods and Performance Indicator Estimates

To address our objective of determining the extent to which the BBG met or exceeded its fiscal year 2005 performance MBN targets, we reviewed the reliability of BBG audience research that was used to generate the estimates of credibility and audience size contained in the BBG's Fiscal Year 2007 Budget Request, which was the BBG's most up-to-date source of officially-reported GPRA performance information for MBN for fiscal year 2005. We did not review the inputs used to generate performance information for fiscal years other than 2005, nor did we review the reliability of the data used to develop other MBN performance indicators reported in the 2007 Budget Request.

To conduct our assessment of the reliability of BBG estimates of credibility and audience size for fiscal year 2005, we reviewed available documentation provided as of May 2005 against applicable standards and common professional research practices, including Conference of International Broadcasters' Audience Research Services (CIBAR) guidelines and the professional standards of the American Association for Public Opinion Research. We reviewed relevant surveys, including technical reports and printouts of the survey results, as well as spreadsheets used to calculate the performance indicator estimates. We also conducted a series of interviews and corresponded extensively with the BBG's coordinator for performance planning and research, the head of the International Broadcasting Bureau office of research, and officials from Intermedia to discuss the survey methods and how performance indicator estimates were generated. In addition, we requested information from the BBG's research subcontractors, including AC Nielsen and D3 Systems, to obtain details on the survey sampling plans and related assumptions, response rates, and adjustments applied to the data to reflect the effects of the survey design. As a result of our review, we determined that MBN's reported audience size and credibility estimates are not statistically reliable and are rather rough estimates of performance.

Radio Sawa and Alhurra Programming

Radio Sawa currently has seven programming streams,¹ with the Iraq programming stream airing more news and features than the other streams. We reviewed one week of programming and found that the Iraq stream aired about 50 hours of news and features a week, while five other streams aired about 40 hours a week (see table 5).

Table 5: Radio Sawa's Weekly News and Features Programming

Programs	Jordan	Iraq	Persian Gulf	Morocco	Egypt	Sudan
Total news programming time	31 hrs 2 min	34 hrs 48 min	31 hrs 2 min	31 hrs 2 min	31 hrs 2 min	31 hrs 2 min
Total features programming ^a time	8 hrs 22.5 min	14 hrs 47 min	8 hrs 22.5 min	7 hrs 57.5 min	8 hrs 29.5 min	7 hrs 57.5 min
Total time for news and features	39 hrs 25 min	49 hrs 36 min	39 hrs 25 min	39 hrs	39 hrs 32 min	39 hrs

Source: GAO analysis of sample MBN programming schedule.

Note: The sample programming schedule was provided for the week of October 19, 2005. The exact breakdown of programming may differ from week to week.

^aFeatures programming includes the following Radio Sawa shows: Ask the World Now, Sawa Chat, Call Us Answers, Call Us Questions, Health News, What's New, Free Zone, Challenges, To the Point, A Poet's Story, Window on the Iraqi Constitution, Law and the Citizen, and Heart of the Matter.

Alhurra's programming focuses on news and information, including hourly news updates, daily hour-long newscasts, and current affairs talk shows (see table 6). In addition, Alhurra broadcasts current affairs shows on subjects including health and fitness, entertainment, sports, and science and technology. Alhurra also airs documentaries on a diverse range of topics designed to appeal to a broad audience. In a sample week, Alhurra's acquired programming, which mainly includes documentaries, accounted for the largest number of hours aired, about 35 percent of the total weekly programming hours—or approximately 60 hours in a week. News and news updates amounted to 22 percent of weekly programming hours.

¹In February 2006, Radio Sawa launched a seventh stream aimed at Lebanon, which was not included in the programming schedule that we received.

**Appendix II
Radio Sawa and Alhurra Programming**

Table 6: Alhurra’s Weekly Programming Schedule

Programming time	News	Talk shows	Current affairs	News updates	Economic news updates	Acquired programming^a	Change in programming^b
Per week	26 hours	29 hrs, 40 min	32 hrs, 50 min	10 hrs, 21 min	36 min	58 hrs, 20 min	9 hours
Total	166 hours and 47 minutes						

Source: GAO analysis of sample MBN programming schedule for the week of February 19-25, 2006.

Note: The breakdown of shows may differ from week to week.

^aAcquired programming includes documentaries, historical programs, profiles, and travel and adventure programs.

^bChange in programming is a deviation from the normal schedule, including broadcasts of National Basketball Association games.

In contrast, Alhurra-Iraq’s talk shows accounted for the largest number of hours aired— about 46 hours, or 27 percent of total programming time (see table 7).

Table 7: Alhurra-Iraq’s Weekly Programming Schedule

Programming time	News	Talk shows	Current affairs	News updates	Economic news updates	Acquired programming	Change in programming
Per week	34 hours	45 hrs, 40 min	31 hrs, 20 min	8 hrs, 24 min	36 min	42 hrs	5 hours
Total	167 hours						

Source: GAO analysis of sample MBN programming schedule for the week of February 19-25, 2006.

Note: The breakdown of shows may differ from week to week.

Radio Sawa Program Review

The BBG initiated the Radio Sawa review because MBN did not have the in-house capacity to do so, according to a BBG official. Moreover, both the BBG and MBN wanted to ensure that the review was conducted by an entity other than MBN to make it more independent.

To plan and conduct this review, BBG officials reported that they held preliminary discussions with the International Broadcasting Bureau's office of performance review, hired an outside expert to serve as a consultant to the project, and contracted with the InterMedia research organization to convene panels of regular listeners in Iraq, Morocco, Egypt, and Jordan. According to representatives of InterMedia, they recruited a large number of panelists because the BBG wanted more input than usual. Panelists listened to and evaluated 6 days worth of programming, responded to a questionnaire that evaluated all of Radio Sawa's broadcast criteria, answered open-ended questions, provided detailed feedback, and made recommendations about the programming. Overall, the results of Radio Sawa's monitoring panels were generally positive, with an overall program quality score of 2.9 out of 4, which is considered "good" by the BBG.¹ To follow up on the program review, MBN is attempting to implement action points drafted by the BBG after the review, such as reducing abrupt transitions between music and news and localizing Radio Sawa's streams.

The BBG told us it placed great emphasis on the audience's response, noting that if there had been any problems, they would have heard about them from the listeners. The BBG's research contractor concurred that it is important to obtain the audience's perspective, since the audience can judge programming in the context of the alternatives available to them in the local media market. According to a BBG official, it was decided that information obtained from the audience monitoring panel would capture the issues that would normally be covered by the internal analysts in the content and production analyses.

However, even a detailed, well-thought-out questionnaire does not replace the different perspectives internal and external control reviewers bring to

¹The panelists reported that they liked Radio Sawa's mixture of music and news, generally viewed the news as balanced and credible, and felt the station was culturally sensitive. In particular, panelists praised Sawa Chat for posing thought-provoking questions and providing interesting discussion. Panelists also found that some of the transitions between news and music were too abrupt; that there should be less repetition of songs; and that news should be more tailored to specific countries, while including more cultural and other "soft" news.

the review, according to a grantee official. According to an International Broadcasting Bureau official, even though the three components of a program review—audience panels and internal and external reviewers—use nearly the same criteria, they provide different insights into the program’s quality, direction, and context. According to several media experts,² while audience panelists can evaluate news and information from their own perspective, they are less qualified to evaluate a service’s mission or judge the extent to which a show complies with journalistic standards. In particular, the absence of an internal review meant that Radio Sawa’s programming was not evaluated by people familiar with BBG and MBN standards and controls. Moreover, the external control listener’s evaluation is intended to give the service a sense of what the panel’s responses would be like if the environment were freer and more open, information that a monitoring panel cannot provide.

The BBG told us that it did not believe an internal evaluation was necessary because the English translations of each of the panel reports enabled them to examine and assess MBN’s programming. The BBG also told us that it did not use external control listeners in the review for several reasons: (1) Radio Sawa’s focus on youth and popular music would make it difficult for a typical older control listener to evaluate Sawa’s programs; (2) the BBG lacked resources to use control listeners for the multiple countries in Radio Sawa’s review; (3) it would have been hard to find impartial listeners; and (4) the four in-country panels ensured enough diversity of opinion so that there was less need for a control reviewer. However, according to an International Broadcasting Bureau official, the VOA is able to successfully evaluate youth shows using its regular internal reviewers. Moreover, it may be possible to use younger control listeners, or to use the older ones selectively. For example, RFE/RL uses a control listener to evaluate the news of Radio Farda. In addition, the challenge of finding impartial control listeners is not unique to the Middle East, but is potentially present to some degree for every language service.

²The experts included staff from InterMedia, RFE/RL, and RFA.

CIBAR Standards

The Conference of International Broadcasters' Audience Research Services (CIBAR) guidelines were developed by an international group of broadcasters – including the BBG's International Broadcasting Bureau – to encourage, among other things, the appropriate use of audience and market data for decision-making within international broadcasting organizations, the establishment and maintenance of standards in international audience research, and the efficient and responsible use and application within member organizations of all forms of audience feedback. By providing a context for international audience research and a clear statement of the minimum standards required, the guidelines attempt to address the challenges faced by international broadcasters, including the tension between the needs of proper audience measurement and survey practice and the conditions and expertise in many of the countries where the research is carried out.

The third edition of the guidelines, published in 2001, covers the nature of international audience research measures; survey design, sampling, and fieldwork; and data management and reporting.¹ Specific guidelines relevant to this report include the following:

4.1: Samples and method:

- The basis for audience measurement should be samples based on the principles of random probability.
- The principles of random selection should be applied at all stages of the sampling process, from initial sampling point to selection of individuals.
- Quota samples should be used only in cases where, for reasons of practicality, cost, or both, proper random samples cannot be used. When quota samples are used, this should be clearly labeled in the reporting and documentation of the data.
- It should be a requirement of all measurement research that the sampling methods used and other technical aspects of the survey, including margins of error and confidence levels where appropriate, be both fully and accurately described in the project documentation, and open to independent scrutiny.

¹CIBAR, *Harmonized Audience Research Measurement for International Broadcasting* (3rd edition, 2001).

4.2: Survey coverage:

- Where certain groups are disproportionately sampled and weighting techniques are applied at the analysis stage to correct for this, project documentation should give full details of the weights applied.

5.2: Data reporting:

- The research agency should provide the following information to a contracting broadcaster:
 - Background information – client for whom the study was conducted; purpose of the study; names of subcontractors and consultants performing any substantial part of the work.
 - Intended and achieved sample – universe covered; statistics used (e.g. census data; size, nature and geographical distribution of the sample; sampling method and weighting methods used; response rates and possible bias due to non-response).
 - Data collection – method of collection; field staff; briefing and field quality control; method of recruiting respondents; and fieldwork dates.
 - Presentation of results – relevant factual findings obtained; bases of percentages (weighted and unweighted); margins of error; and questionnaire and other documents used.
- Proper care be exercised when reporting such estimates, to ensure that the type of audience covered by the estimate is clearly stated.
- At all stages in the calculation and extrapolation process, it is vital that sources, assumptions, and methods be fully documented and available for independent scrutiny.
- All reporting of worldwide and regional audiences should be accompanied by a technical appendix giving details of the sources, assumptions, and measures used.

Comments from the Broadcasting Board of Governors

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



BROADCASTING BOARD OF GOVERNORS
UNITED STATES OF AMERICA

July 20, 2006

Mr. Jess T. Ford
Director
International Affairs
Government Accountability Office

Thank you for the opportunity to comment on the report of the Government Accountability Office, "U.S. International Broadcasting: Management of Middle East Broadcasting Services Could Be Improved." We appreciate the GAO's recommendations and we will move to implement them, wherever practicable.

While we are in general agreement with the GAO's recommendations, we are concerned that, in some cases, the text of the report overlooks Middle East Broadcasting Networks' (MBN) tremendous accomplishments over its short history, as well as the soundness of its operations. In any evaluation of MBN, it is important to remember that this is a new organization incorporated in April 2003 to respond quickly to the threat of international terrorism. This urgency was reflected in President Bush's January 21, 2004 State of the Union address when he announced that "...soon, a new television service will begin providing reliable news and information across the region." On February 14, 2004, the BBG responded with Alhurra Television available via satellite throughout the Arab world. In both the private and public sectors, launching a 24/7 TV news and information network generally requires 18 to 24 months from initial funding to going on the air. The BBC recently announced that its new Arabic TV channel, which will broadcast 12 hours a day, will take two years to get on the air.

In just over two years of operations, we believe we have both a sound journalistic organization, and one that is firmly on its feet with respect to financial and administrative controls. As always, these systems can be improved, and the GAO recommendations can assist this process. In the paragraphs below, we provide our comments on specific GAO recommendations.

GAO Recommendation: Require that MBN develop a long-term strategic plan, which incorporates a shared vision for Alhurra and Radio Sawa operations and details specific measurable objectives and implementation strategies for the successful implementation of the goals in the plan.

From start-up through its first years of operations, Alhurra planning has been encompassed within the BBG's broader strategic planning and has been a key focal point of the agency's overall strategic planning exercises. We agree it is time for MBN to transition to a fully developed, stand-alone, long-term strategic plan.

See comment 1.

The GAO report leaves the impression, however, that the BBG and MBN did not engage in extensive long-range planning, before and after the launch of Alhurra TV. In fact, considerable long-term planning has taken place during MBN's short life, both under the umbrella of the BBG's larger strategic plan, and the strategic plan established by Radio Sawa in FY 2002, and in accordance with the specific strategic direction laid out by the Administration and the Congress. MBN is a key element of the BBG annual performance report included in the BBG Performance and Accountability Report (PAR), and has participated in the development of BBG's new five-year strategic plan.

The Office of Management and Budget in its annual Program Assessment Rating Tool (PART) has evaluated MBN's annual performance plan since PART's inception in 2002. The MBN annual performance plan sets long-term targets and contains all the elements typically found in a stand-alone strategic plan. For example, the MBN plan contains a program description; goals and objectives; key factors affecting goals and objectives, evaluating progress and linking performance measures to the agency's goals; and performance baselines and targets.

Based on the BBG plans for the Alhurra initiative, the Bush Administration approved the plan and included it in the proposed FY 04 budget. After the Alhurra TV plans were discussed with the Congress, both through the agency's budget request and briefings on goals and objectives, BBG's strategic planning for the regional Alhurra TV network was validated when the Congress initiated an additional appropriation for \$40 million to expand Alhurra's plan to include a television network devoted to Iraq.

As noted above, MBN is currently participating in the development of BBG's new five-year strategic plan (FY 2008 – 2012) that will inform the BBG's FY 2008 budget request. As part of this exercise, MBN has conducted extensive long-range planning exercises that address the elements identified by GAO as key components of a strategic plan. MBN, under the leadership of its new president, has made establishing a stand-alone strategic plan a top priority.

GAO Recommendation: Require that MBN implement the remaining recommendations from the Grant Thornton LLP report and require that its internal control board meet on a regular basis to coordinate MBN's single audits and oversee MBN's ongoing efforts to use sound internal control procedures.

We agree with GAO's recommendation. However, we believe many of GAO's broader comments on internal controls are misleading, leaving the impression that there are a number of federal requirements that MBN is required to implement, but has not yet done so. We would like to emphasize that MBN is in full compliance with all appropriate requirements for recipients of federal funds.

See comment 2.

GAO's findings acknowledge that MBN's 2005 Single Audit by independent auditor Price Waterhouse Coopers, evaluating the effectiveness of MBN's internal control program, resulted in an unqualified opinion without material weaknesses in internal controls. This audit was completed, provided an unqualified opinion on MBN's financial statements, and demonstrated improvement over previous years.

See comment 3.

GAO's broader discussion of internal controls sometimes blurs the distinction between those controls that are actually mandated by OMB requirements, and those that are voluntary or recommended options used by MBN management to comply with the requirements. For example, the report correctly cites OMB Circulars A-110, A-122, and A-133 as a basis for evaluating MBN financial management operations and internal controls, but rather than evaluating MBN achievement based on these requirements, the GAO appears to use the recommendations of a BBG-commissioned management review by Grant Thornton as a standard for compliance.

See comment 4.

The BBG initiated the Grant Thornton review in 2003 to assist MBN in its efforts to develop a fully mature internal financial management operation. While the MBN has used the Grant Thornton recommendations as a guide to improve MBN's internal controls, and plans to implement the remaining recommendations, it is important to note that these recommendations are not obligatory (i.e. not required by law or regulation).

Developing an effective internal control program for MBN required prioritizing the Grant Thornton recommendations, implementing the fundamental and required components first, and building an effective internal control program from there. When reviewed chronologically, the results of the Grant Thornton review, the 2004 Single Audit, and the 2005 Single Audit indicate that MBN has continually improved and strengthened its internal control program and at no time did its internal control program result in misstatements of its financial reports or financial status. Grant Thornton's recommendations were made less than one year after MBN had been established. As MBN has matured, the organization's environment and needs have changed. Initially, MBN procured and implemented an appropriate financial management system, hired skilled, knowledgeable staff, and established and documented policies and procedures. These were critical steps that required immediate attention and could materially affect MBN's ability to comply with relevant regulations and laws.

GAO Recommendation: Develop a process for analyzing risk as part of strategic planning that identifies approaches to mitigate the potential obstacles to efficiently and effectively achieving MBN's operational objectives.

MBN has been very aware since the start-up of Radio Sawa of risk factors that could adversely affect fulfillment of the Sawa/Alhurra mission. For example, Sawa's program of broadcasting redundancy – in which local FM transmission is backed up by cross-border, high-powered medium-wave service and further supported with digital audio via satellite – was a direct response to the threat of governments' silencing Sawa by interrupting local FM broadcasts. There are many similar examples. The lack of a written MBN strategic plan incorporating risk assessment is not to suggest, therefore, that such assessment did not take place. This said, MBN is committed to undertaking this analysis more formally. Indeed, it has already begun to do so in conjunction with the BBG's development of the Agency's 2008-2013 strategic plan. MBN has now prepared a comprehensive organizational SWOT analysis (strengths, weaknesses, opportunities, and threats). It will now use this work to help drive implementation strategies that respond to the specific challenges Sawa and Alhurra face across the Middle East.

GAO Recommendation: Require MBN to develop a comprehensive training program covering both internal controls and editorial procedures to meet the continuing needs of all employees.

We appreciate the GAO's discussion of MBN's emphasis on strong journalistic standards and editorial procedures, as well as its recommendation that further training is needed at MBN. It is our goal to expand training options in a number of areas, and continued training on editorial procedures and controls is a requirement for any journalistic organization.

One of the greatest challenges in setting up Alhurra Television was to recruit strong journalists with essential language skills and knowledge of the region under tight deadlines. We believe we have been successful in attracting substantial talent to our networks. This does not mean, however, that ongoing training and development is not necessary, and we are looking at ways to strengthen our competitive base by attracting and developing knowledgeable, professional employees.

This commitment applies to training on internal controls as well. During the week of July 11, 2006 MBN completed a training program (as suggested by Grant Thornton) on internal controls for all managers responsible for making resource decisions.

GAO Recommendation: Initiate a schedule of annual program reviews for Radio Sawa and Alhurra to regularly ensure that the quality of Alhurra's broadcasts conforms to applicable standards.

The BBG agrees that annual program reviews should be regular and comprehensive. While we agree broadly with GAO's conclusions on this issue, we also feel that the overall discussion of the program review process in the report would benefit from clarifications that Alhurra is only two years old, and that Radio Sawa's first program review was designed in a manner to assist Sawa's specific operational needs. In some ways, Sawa's first program review was more exacting than the process followed by other BBG broadcasters. As the GAO report is currently drafted, the reader will have to comb through the GAO's appendix to learn that the BBG retained an outside expert to serve as consultant to Radio Sawa's program review in order to provide objectivity, and convened an unusually large number of listener panels in Iraq, Morocco, Egypt and Jordan, in order to gain more intensive feedback. A comprehensive program review of Radio Sawa and Alhurra TV is scheduled for later this year.

GAO Recommendation: Implement program quality performance indicators for MBN's broadcast services consistent with other BBG entities to assess and compare their performance and measure the contribution of these efforts to the goals of the overall organization.

Building on its first successful experience with monitoring panels in FY 2005, MBN in the future will conduct regular monitoring panels on Sawa and Alhurra which will permit computation of the program quality performance indicators consistent with those for other BBG entities. These may include regular listeners/viewers and external control listeners/viewers, where feasible, on program samples using content and presentation criteria. Professional, objective, in-house

review of the material may also be used to provide additional information and perspective. Because MBN broadcasts to a very large number of Middle East countries and regions, the exact geographic and demographic make-up of these panels will necessarily depend on available funding.

GAO Recommendations: Require research contractors to improve the methods used in audience research to allow for probability sampling and document the sample selection so that survey sampling errors can be calculated, where possible; Identify and report significant methodological limitations and the implications of them on performance indicators, including where applicable, sampling errors, margins of error, or confidence intervals; Develop, document, and report policies and procedures for verification and analysis of performance indicator estimates.

We concur with GAO that BBG research can be improved with respect to MBN and all of the BBG broadcast entities. However, we are concerned that the report ignores the many positive aspects of the BBG research program and displays a lack of understanding of field conditions and practical considerations that often require departures from “textbook” survey methods.

We believe that our standards yield data of sufficient reliability to allow us to estimate our audiences and our credibility. Our contracts with ACNielsen and other well-recognized research firms who do business in the Middle East, follow widely-accepted industry standards for commercial and media research. These are the standards relied upon by government and business in the region and around the world.

All surveys involve trade-offs between cost, time and field conditions on the one hand, and reliability and precision on the other. Every organization conducting survey work has to consider what level of reliability and precision is required to meet its objectives, while taking into account available resources and difficult survey conditions. While recognizing that greater degrees of reliability are possible and desirable and that technical improvements may be made to the methodologies used thus far, it remains clear that MBN is reaching a very large audience.

Since 2002, the BBG has commissioned 35 surveys conducted by respected audience research firms on behalf of MBN, involving more than 55,000 respondents across 13 countries. While we agree with GAO’s overall recommendations regarding the future of BBG research, we believe that the report misrepresents the integrity and professionalism of these surveys. In fact, we would argue that, in such key areas as interviewer training, field observation, and questionnaire design, the MBN surveys have been superior to the vast majority of comparable projects carried out in the region. In addition, the report downplays the very real difficulties of implementing statistically pure survey methods in countries such as Iraq, among others.

Much of GAO’s criticism is directed at the use of non-probability sampling. In the text of the draft report, GAO staff has defined probability samples as those in which “every person in the population has a measurable chance or probability of being selected...” This is indeed the textbook definition. Application of “pure” probability sampling, however, requires perfect information regarding the population of sampled units at each stage of selection – conditions that rarely exist in practice, and certainly not in the countries targeted by MBN. In our experience,

See comment 5.

See comment 6.

most samples advertised as having been drawn with “probability” designs in fact involve elements of both probability and non-probability methods. At the lower stages of selection, in particular, judgment or similar methods are often required in the face of non-existent population and geographic data.

Security considerations can also play a role in the ability of contractors to implement perfect probability samples. D3 Systems, which does work in Iraq for the BBG and other USG agencies, notes that following GAO’s recommendation to count all households at the block level so as to satisfy formal probability sampling methods would have jeopardized the lives of their interviewers. Interviewers working for other contractors in Iraq have been killed at checkpoints simply for doing their jobs.

The contractor for most of the MBN studies – ACNielsen – specifically designed the samples to be as representative as possible of the survey universe in each country; typically by stratifying each country into socio-economic regions and then purposively selecting representative elements within each. As a senior ACNielsen executive confirmed in a letter to us and shared with GAO, they use this method for all of their clients in the region, and while survey methodologists can argue about the merits of such an approach, it does represent a good faith effort to obtain maximally representative samples at reasonable cost. Ultimately, the aim of these studies is not to produce academic work but to provide decision-makers with data they can use. Other international broadcasters – notably BBC and Deutsche Welle – appear to agree about the utility of the MBN surveys, as they have purchased the studies to provide guidance for their own broadcasting efforts in the region.

See comment 7.

The GAO also fails to note the significant differences between the various BBG surveys. First, in five of the countries studied – Saudi Arabia, Kuwait, Qatar, Bahrain, and UAE – probability sampling is not possible and is not, to our knowledge, practiced by any market research firm. To fault this research for use of non-probability sampling is to demand the impossible. In Jordan, following purposive selection of five governorates representing 76% of the country’s population, straightforward probability techniques were used at the lower levels of selection. In Tunisia, 11 out of the 24 governorates were purposively selected after stratification of the country to provide adequate representation of each region. In Lebanon, first stage selection covered all six of the country’s six provinces, with probability techniques used for selection at subsequent stages. In Iraq, probability techniques were used throughout, though as noted earlier, lack of population data makes it impossible to calculate probability of selection at the block level.

See comment 8.

The standards GAO is using to evaluate BBG research are not fully transparent in the report. On the one hand, the report appears to recognize that deviations from textbook methods are necessary in some circumstances; on the other hand, its criticisms are so sweeping that it is impossible to know what trade-offs the GAO would consider “acceptable.” The absence of clarification could easily lead the reader of the report to conclude that BBG research lacks significant professional standards. We believe that the methodologies used for the MBN studies yield data of sufficient reliability to allow us to estimate our audiences and our credibility. As noted earlier, ACNielsen and other well-recognized research firms that have conducted these studies for us followed the same widely accepted industry standards for us as they do for other commercial and media clients.

**Appendix V
Comments from the Broadcasting Board of
Governors**

See comment 9.

Aside from the issue of non-probability sampling, the report criticizes BBG for lack of methodological detail in its reporting. In general, we believe the level of methodological detail we have provided in public documents is comparable to that typically used by other large research organizations for studies in the Islamic world. A comparison of disclosures from recent research reports indicates that the BBG is consistent with industry practice. As noted earlier, samples advertised as probability designs often include non-probability elements at various stages, though it is impossible to tell without examination of the detailed sampling plans. That said, we will ensure that descriptions of sample designs are included in future public documents reporting on MBN survey results.

See comment 10.

The GAO report maintains that the BBG has not attempted to measure sampling error for its surveys, and that BBG has only a rough idea of what the margins of error might be. This is untrue. BBG has indeed calculated sampling errors for the MBN surveys. GAO concerns have centered on the fact that we have used assumptions of simple random sampling (SRS) when making such calculations, rather than incorporating design effects, which typically have the effect of increasing standard errors. While this is a valid concern, we note that the use of design effects when calculating sampling error has never been practiced in the international broadcasting community. Moreover, such revised calculations of sampling error would have no effect on the point estimates from which audience size in each country is determined and hence would not affect the total estimate of the MBN audience.

Finally, we would note, in attempting to minimize sampling error, a key factor is sample size, and in that respect, BBG's surveys have been superior to those conducted by other leading research organizations in the region. The following table shows the sample sizes for the recent polls undertaken in the Islamic world by Pew, Zogby, and Gallup, next to those commissioned by BBG.

	Pew, 2006 ¹	Pew, 2005 ²	Zogby/Telhami, 2005 ³	Gallup, 2002 ⁴	BBG, 2005
Egypt	1000		800		2101
Jordan	1000	1000	500	797	1500
Lebanon		1000	500	1050	1507
Morocco		1000	800	1000	2000
Saudi Arabia			800	754	2001
UAE			217		1202
Kuwait				790	1506
Iraq					2500
Syria					1516
Tunisia					1501
Bahrain					1200

¹ "The Great Divide: How Westerners and Muslim View Each Other" (Pew Global Attitudes Project, June 2006)

² "Islamic Extremism: Common Concern for Muslim and Western Publics" (Pew Global Attitudes Project, April-May, 2005)

³ "Arab Attitudes Towards Political and Social Issues" (Professor Shibley Telhami and Zogby Int'l, October, 2005)

⁴ "Gallup Poll of the Islamic World", (Gallup International, December, 2002)

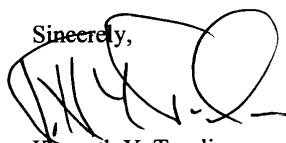
As shown, sample sizes in every BBG survey exceeded those of other leading survey organizations. All other things being equal, the BBG surveys would therefore yield margins of error 20 – 30% lower than those for surveys by the other organizations.

We acknowledge and regret that the contractors for these projects were not able to provide all requested documentation within the time frame requested by GAO. Some of this delay was due to the fact that the ACNielsen project manager was hospitalized at the time of, and for several weeks after, the original request, in addition to which the required information had to be gathered from each of the ACNielsen field offices in the countries where the survey work was conducted. Subsequent to GAO's deadline, we did receive additional documentation regarding sampling methods, which was duly passed on to GAO. While not as complete as we would have liked, we believe that in most instances the totality of documentation supplied thus far provides a reasonable basis on which to assess the survey results.

In sum, we fully accept GAO's recommendation to require research contractors to improve the methods used in audience research to allow for probability sampling and document the sample selection so that survey sampling errors can be calculated, *where possible*. This acknowledges that full probability sampling is not possible everywhere. It also allows the BBG/MBN research program in the Middle East to work and deliver the best results possible given the circumstances. Insisting on full probability sampling, with no exceptions, would nullify the program.

Again, the BBG appreciates the opportunity to provide detailed comments on the GAO's recommendations. Although we may disagree regarding some of the GAO's analysis and conclusions, we are in general agreement with GAO's recommendations, and look forward to implementing them.

Sincerely,



Kenneth Y. Tomlinson
Chairman

See comment 11.

The following are GAO's comments on the Broadcasting Board of Governor's (BBG) letter dated July 20, 2006.

GAO Comments

1. GAO acknowledges in the report that MBN has participated in long-range planning in coordination with the BBG's update of its 2008-2012 strategic plan, and that MBN has developed a 2006 annual performance plan as part of the OMB Program Assessment Rating Tool process. However, contrary to the BBG's comments, the fiscal year 2006 performance plan document for MBN that we obtained did not contain all of the elements of a stand-alone strategic plan. In addition, we were told by the former executive director of the BBG, who is currently the president of MBN, that the Radio Sawa strategic plan drafted in 2002 by the BBG—which the BBG stated in its comments contributed to its considerable long-term planning for MBN—was never adopted by the BBG. We were also told by MBN's former president that he had never received a copy of the draft Radio Sawa strategic plan.
2. The BBG stated that MBN's Single Audit evaluates the effectiveness of its internal control program. However, while MBN's Single Audits address the fair presentation of the organization's financial statements, its compliance with certain laws and regulations, and the organization's internal control as it relates to financial reporting, MBN's 2005 Single Audit as prepared by PriceWaterhouseCoopers does not—contrary to what the BBG stated in its comments—offer an opinion on the overall effectiveness of MBN's internal control. Thus, the unqualified opinion that MBN received on its fiscal year 2005 Single Audit does not provide a broad assessment or opinion of MBN's internal control system. For the purposes of our report, it was therefore necessary to consider other assessments of MBN's financial and administrative controls, including the Grant Thornton report.
3. MBN's grant agreement states that MBN should make every reasonable effort to achieve the purpose of the grant in accordance with OMB Circulars A-110, A-122, and A-133. Our report did not attempt to make an assessment of MBN's compliance with its grant agreement, but rather focused on the progress MBN has made in developing its system of internal control and the ways in which MBN can continue to strengthen this system. To that end, we drew upon the work of Grant Thornton LLP, which assessed the status of MBN's controls against relevant OMB Circulars and GAO guidance on internal control.

4. While the Grant Thornton recommendations are not obligatory, they are based on best management practices from OMB and GAO. According to officials, both the BBG and MBN accepted the results of the report, which provides detailed insight into MBN's financial operations, when it was completed in May 2004. Adopting the report's remaining recommendations would help MBN in its efforts to build a fully mature internal financial management operation.
5. The BBG stated that it believes its standards yield data of sufficient reliability to allow it to estimate MBN's audiences and credibility. However, the BBG offers no evidence for this. BBG's estimates for MBN are based on judgment and not statistics, and its current methods do not and cannot estimate the error in its estimates. As noted in the report, in several instances the BBG and its contractors departed from CIBAR research standards. For example, we analyzed 12 of the 14 country surveys conducted by BBG contractors for 2005. In the BBG's fiscal year 2007 budget request, the BBG reported the results of each country survey and an overall estimate for audience size of 21.5 for Alhurra and 21.6 million for Radio Sawa. However, our analysis of the 12 surveys identified a number of methodological weaknesses, including BBG's failure to fully document research methods, measure the level of uncertainty surrounding its estimates, disclose significant limitations, limit the scope of its projections to areas actually covered by its surveys, and develop and consistently implement policies and procedures for verifying data. These limitations were not reported in BBG's audience survey estimates and prevent us from concluding that the estimates are accurate and reliable.
6. We acknowledge in the report that there are challenges to conducting audience research in the Middle East, and that there are tradeoffs between cost and data reliability when conducting research.
7. As we noted in the report, it is difficult to conduct probability sampling in many locations in the Middle East. But, it is not impossible. Organizations, including the United States Census Bureau, have collaborated on probability surveys in the Middle East, including in Saudi Arabia and Jordan. The major problem of the BBG estimates is their lack of transparency, and the lack of an explanation for the methodology behind BBG's estimates.
8. In conducting our data reliability assessment, as referenced in the report, we largely used the international audience research guidelines

published by CIBAR. The BBG participated in drafting these standards, which are specified as a source of guidance for BBG research contractors. CIBAR standards recommend that proper care be exercised when reporting estimates to ensure that the type of audience covered by the estimate is clearly stated, and that, at all stages in the calculation and extrapolation process, sources, assumptions, and methods are fully documented and available for independent scrutiny. As noted in the report, in several instances the BBG and its contractors departed from CIBAR research standards, leading to weaknesses in MBN's methodology and documentation. As a result, we were unable to determine the accuracy of MBN's fiscal year 2005 audience size and program credibility estimates.

9. The BBG stated that it believes the level of methodological detail it has provided in public documents is comparable with that typically used by other research organizations for studies in the Islamic world; therefore, it believes it is consistent with industry practice. However, the Reports Consolidation Act of 2000¹ requires federal agencies, such as the BBG, to assess the completeness and reliability of the performance data in their performance reports and to discuss any material inadequacies in the completeness and reliability of their performance data, as well as actions to address the inadequacies. In performance reporting such as the BBG fiscal year 2007 budget request, the BBG reported the results of its research for MBN as 21.5 million viewers for Alhurra and 21.6 million for Radio Sawa. However, the BBG did not sufficiently explain the specific methods used for generating estimates for its performance indicators, such as the number and names of the countries surveyed (including the sizes of its samples), methods of sampling used, sources of the population data, and basic procedures used to create the estimates. Moreover, the BBG reported only two limitations for MBN performance indicators to date: (1) that credibility ratings are highly dependent on volatile political factors; and (2) that, depending on political, social, and media conditions, measurement of audience size may either be easily attained or impossible. Significant limitations not reported are that many of the BBG surveys are not based on probability sampling, cover only part of the country, have very low response rates, or have high substitution rates. Therefore, the BBG does not provide a full level of confidence in the credibility of its performance data for MBN. In contrast, the Department of Transportation, has a separate

¹P.L. 106-531.

compendiums available online that provides source and accuracy statements, which provide detail on the methods used to collect performance data, sources of variation and bias in the data, and methods used to verify and validate the data.

10. The BBG cannot calculate the sampling error for the BBG estimates of audience size and credibility because the probability of selection is not known. Although increased sample size will generally decrease sampling error, it is impossible to accurately estimate the sampling error of the BBG surveys because they are nonprobability surveys. As the BBG has stated, its use of a simple random sampling formula when calculating sampling errors for its surveys underestimates the sampling error. This formula is not appropriate for the sample designs used by MBN.
11. Although our recommendation asks the BBG to require research contractors to improve the methods used in audience research to allow for probability sampling and document the sample selection so that survey sampling errors can be calculated, where possible, it is the responsibility of the BBG to explain and justify the need to conduct nonprobability samples.

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Acknowledgments**

Diana Glod, Melissa Pickworth, Eve Weisberg, Dorian Herring, and Joe Carney made key contributions to this report. Chanetta Reed, Jay Smale, Karen O'Connor, and Jackie Nowicki provided technical assistance.

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