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REPORT OF AUDIT

**Foreign Broadcast Information Service
Key West Unit**

**Central Intelligence Agency
Office of Inspector General
Audit Staff**

12 August 2003

DATE ISSUED

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**Report of Audit
Foreign Broadcast Information Service
Key West Unit**

RESULTS IN BRIEF

Overall, we found that Key West Unit's financial and logistical transactions were generally in compliance with laws and regulations and that Agency funds and property were generally safeguarded against theft, waste, and abuse. However, Key West Unit's management of accountable property needs to be strengthened to ensure that property records are maintained and that property is reported to Headquarters. In addition, the unit needs to maintain appropriate time and attendance records. Other matters, including the need for Chief, Key West Unit to attach a statement of certification to the unit's monthly expense accountings submission and to ensure that receipts are obtained for cash disbursements from the unit's cash box, were discussed with the chief and appropriate actions are being taken.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to determine whether:

- Resources were efficiently and economically utilized and adequately safeguarded in compliance with laws and regulations.
- Financial and logistical transactions were properly documented and consistent with approved operational objectives.

To accomplish our objectives, we performed tests of the financial records to determine whether transactions involving cash disbursements and advances were properly authorized, executed, and in compliance with Agency regulations and Federal laws. We also reviewed logistical records to assess whether accountable property was properly recorded and reported to Headquarters in accordance with Agency regulations. We interviewed unit operational and administrative personnel as necessary to accomplish our objectives.

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We conducted our audit work at the Foreign Broadcast Information Service's (FBIS) Key West Unit in April 2003. We discussed our audit results with the Chief, Key West Unit and other FBIS officials. Our audit was conducted in accordance with generally accepted government auditing standards. In response to a draft of this report, FBIS management concurred with the recommendations and stated that actions are being taken to implement them.

BACKGROUND

The FBIS Key West Unit is the focal point of the Latin America Program's Open Source collection on Cuba. The unit is the primary collector of Cuban radio and television broadcasts, processing six daily programs and monitoring the eight primary national radio and television networks. The unit also coordinates the selection and processing of Cuban press from internet sources. [redacted]

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[redacted]
contract employees are monitors who record, translate, and analyze the Cuban broadcasts. In addition, the unit utilizes the services [redacted] independent contractors who perform maintenance and bookkeeping duties. For fiscal year 2003, Key West Unit's [redacted]

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DETAILED COMMENTS

Unit Records Do Not Accurately Reflect Accountable Property

Management of Key West Unit accountable property needs to be strengthened. Annual inventories of property have not been conducted, and the dollar value of unit property has not been reported to Headquarters. Agency Regulation [redacted] requires each unit to safeguard and maintain complete and accurate accountable property records. The regulation applies to: all computer central processing units (CPU), regardless of price; and, all other property with an initial acquisition price of \$25,000 or more that does not lose its identity or is not consumed during use. In addition, the regulation requires that records of accountable property received, stored, issued, and disposed of be established and maintained, and that the accountable officer conduct an annual physical inventory of the property and submit an Annual Dollar Value Report (ADVR), based on a current inventory, to Headquarters each September.

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The last physical inventory of accountable property at Key West Unit was conducted in September 2000. However, the Chief, Key West Unit told us that none of the items reported on that property list remain at the unit due to a computer recapitalization effort that has taken place since that inventory was conducted. The recapitalization effort also brought dozens of new accountable property items to the unit since September 2000 that have not been recorded on a property list. The unit also could not produce evidence that an ADVR had ever been submitted to Headquarters.

During our audit, the chief told us that he would await the conclusion of the upcoming recapitalization of the unit's computers before establishing a property management system. He intends to request the assistance of a regional FBIS officer in Panama, who conducted the last physical inventory at Key West, to assist him in establishing this system. Since we noted that the unit has fewer than 50 property items, we believe that unit officials should be able to conduct a physical inventory and establish an appropriate property management system without relying exclusively on external assistance.

Recommendation #1 (for the Chief, Foreign Broadcast Information Service Key West Unit): Conduct a physical inventory of all accountable property and establish a property management system in accordance with Agency Regulation [redacted] for tracking and reporting property.

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**Controls Over Time & Attendance
Records Need To Be Strengthened**

Key West Unit does not maintain appropriate Time and Attendance (T&A) records. We found that the unit does not maintain hardcopy T&A records with employee or approver signatures. Currently, the monitors inform Chief, Key West Unit of their regular and overtime hours worked as well as any leave taken. The chief documents and reports the monitors' hours as well as his own hours in an e-mail to officials in the Europe, Latin America, and Africa Group (ELAG) at the end of each pay period. However, neither the chief nor the monitors certify with their signature that their hours, as reported, are accurate and correct. In addition, the chief does not certify with his signature that the T&A hours are approved, which is particularly important since a significant amount of overtime is claimed by the three monitors. Evidence of employee certifications and approvals by supervisors play a crucial role in ensuring the integrity of a T&A process.

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During our audit, the Chief, Key West Unit informed us that he is currently adhering to instructions from officials in the ELAG on how to manage T&A records. He was advised not to fax hard copy T&A records to ELAG but rather to send an e-mail with the relevant T&A information at the end of each pay period. The chief stated that he would await updated guidance from ELAG before changing the unit's current practices. Key West Unit officials should ensure that their T&A process follows similar practices performed by other Agency field installations. These practices include maintaining T&A records that include employee certifications and supervisory approvals and the periodically mailing of T&A records to Headquarters for retention.

Recommendation #2 (for the Chief, Foreign Broadcast Information Service Key West Unit): Establish hardcopy Time and Attendance (T&A) records that are signed by employees, approved by a supervisor, and periodically mailed to Headquarters for retention.

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Exhibit A

List of Recommendations

Recommendation #1 (for the Chief, Foreign Broadcast Information Service Key West Unit): Conduct a physical inventory of all accountable property and establish a property management system in accordance with Agency Regulation for tracking and reporting property.

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Recommendation #2 (for the Chief, Foreign Broadcast Information Service Key West Unit): Establish hardcopy Time and Attendance (T&A) records that are signed by the employees, approved by a supervisor, and periodically mailed to Headquarters for retention.

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Exhibit B

Audit Team Members

This audit report was prepared by the Office of Inspector General, Audit Staff.

[redacted] Program Manager

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[redacted] Auditor-in-Charge

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[redacted] Auditor

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