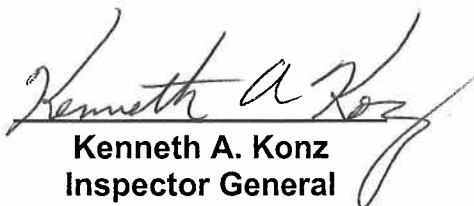


CORPORATION FOR PUBLIC BROADCASTING
OFFICE OF INSPECTOR GENERAL

**SPECIAL REVIEW
OF CPB'S OVERALL PROJECT MANAGEMENT,
PROCUREMENT AND GRANT OVERSIGHT PRACTICES
FOR THE
"AMERICA AT A CROSSROADS" SERIES**

REPORT NO. EPT707-910

September 30, 2009


**Kenneth A. Konz
Inspector General**

EXECUTIVE SUMMARY

We have completed a limited scope review of the “America at a Crossroads” (Crossroads) series. Our objective was to determine whether systemic improvements to CPB’s overall project management, procurement, and grant oversight practices could have minimized the impasse that occurred between the Public Broadcasting Service (PBS), the Greater Washington Educational Telecommunications Association, Inc. (WETA), and ABG Films, Inc. (ABG Films) over the acceptability of the film *Islam vs. Islamists: Voices from the Muslim Center (Islam vs. Islamists)* for distribution by PBS.

We initiated this review at the request of the CPB Board Chairperson and it was conducted in conjunction with a request from Members of Congress to answer specific questions related to the PBS decision not to accept the film *Islam vs. Islamists* for distribution. We have prepared responses to the questions asked by Members of Congress and those responses will be provided to them in a separate document.

We could not fully answer our objectives because CPB’s planning for the series, procurement decisions, and grant oversight practices were not adequately documented; and both PBS and WETA declined to cooperate with those aspects of our review that dealt with their processes used to evaluate and assist ABG Films to complete their film in accordance with PBS standards.¹ These scope limitations are discussed more fully in our **SCOPE AND METHODOLOGY** section, presented in Exhibit A.

Based on available documentation, we found that CPB’s planning for the overall series was not adequately documented. We did not find a plan that laid out an overall strategy for managing the series. We did not find any planning that addressed: 1) CPB’s roles and responsibilities in working with producers during the procurement process or in monitoring grantees’ performance after awards were made; 2) an identification of risks and control strategies; and 3) how CPB intended to achieve their espoused new standards for openness, transparency, and competition in completing the series.

Additionally, we found that CPB’s procurement decisions on the selection of Crossroads Research & Development (R&D) and final production grantees were not adequately documented to enable us to determine the basis for selection of the individual projects. Further, CPB’s Crossroads Entry Station (CES) Grant Agreement with WETA did not require the CES to document key performance actions taken when assisting Crossroads producers’ to meet PBS quality and editorial requirements. Finally, the CES agreement did not require that key series processes be documented to provide transparency to how the CES carried out its work to enable CPB to effectively monitor and oversee the CES’ performance, particularly when problems arose.

Further, we found that CPB’s actions in working with ABG Films during the procurement process and announcing *Islam vs. Islamists* as one of eight films to be included in the

¹ Both PBS and WETA cited the Public Broadcasting Act of 1967, which requires CPB to protect public broadcasting entities from “interference with, or control of, program content or other activities,” and raised concerns that this review would establish a precedent and result in similar investigations in the future.

series, may have given ABG Films a false sense of assurance that their film had already met PBS standards for distribution, and that CPB could intervene into the editorial decision processes to resolve their disputes with WETA/PBS. However, this was not the case because by statute CPB was prohibited from getting involved in program content decisions.

Alternatively, had CPB selected a CES and Coordinating Producer (CP) earlier in the Crossroads project, some of the quality and editorial issues identified in *Islam vs. Islamists* might have been addressed during the R&D phase and resolved during final production. Additionally, we identified systemic improvements CPB can make in the procurement of future productions, negotiating grant agreement requirements, and in designing CPB's grantee oversight practices to minimize similar situations from developing in future initiatives of this scale. These systemic improvements are addressed in two findings titled CPB's Solicitation and Award of Production Grants and the CES Grant and CPB's Oversight of CES Grantee's Performance.

While PBS did not distribute the *Islam vs. Islamists* as part of the series, CPB arranged with Oregon Public Broadcasting (OPB) to distribute the film to the public broadcasting community. OPB reported that a total of 354 local public broadcasting stations were scheduled to air the show in 119 markets (68 percent of U.S. households) with a potential audience of 75 million households.

In spite of the controversy over the *Islam vs. Islamists* program, the Crossroads series was the highest rated public affairs series on public television during the 2006-2007 season. Two films in the series won awards and CPB achieved their objective to bring new filmmakers to public broadcasting with a more diverse range of programming.

In response to the draft report, CPB officials generally disagreed with our findings on CPB's planning and role in the Crossroads series, the awarding of the CES grant, and CPB's oversight of the CES grantee. They generally agreed with our finding on CPB's solicitation and award of production grants. However, CPB did not specifically respond to our recommendations. CPB's response to the draft report is attached in Exhibit B. Based on management's response to the draft report, the report's six recommendations remain unresolved.

In accordance with CPB audit resolution procedures, CPB management is responsible for determining the corrective actions to be taken on the recommendations. By statute, CPB management is required to make a final decision the recommendations within 180 days of this final report.

BACKGROUND

The Crossroads series was a unique and innovative \$20.8 million initiative undertaken by CPB to competitively fund a series of films that explored the challenges confronting the world in the post September 11th era. The series was designed to encourage new filmmakers to public broadcasting and make films from diverse perspectives.

Under the Public Broadcasting Act of 1967, as amended, CPB has certain responsibilities regarding national programming. These responsibilities provide a framework to look at how the Crossroads series was planned and conducted. These responsibilities include:

- awarding grants for the production of high quality programs, from diverse sources with strict adherence to objectivity and balance in a series of programs of a controversial nature;
- evaluating, to the extent practical, a series of programs on the basis of comparative merit by a panel of outside experts;
- exercising prudent business judgment in awarding grants recommended by the panel;
- using CPB funds in a prudent and financially responsible manner; and
- not producing programs or influencing program content.

In public broadcasting the roles of CPB, local public broadcasting stations, and PBS are distinct and independent. CPB provides funds to independent producers and public telecommunication entities to produce or acquire national programming. Often independent producers will work with local public broadcasting stations (presenting stations) to prepare their films for acceptance by PBS or other public broadcasting distributors, as well as, promote their film. For the Crossroads series WETA's duties under the CES agreement were somewhat similar to that of a presenting station, with additional responsibilities to serve as executive producer for the overall series. PBS, as an independent non-profit organization, has sole responsibility to decide what films will bear the PBS logo (after determining the films meet PBS standards) and be distributed² to member stations for local broadcast. PBS member stations rely on PBS to ensure the integrity of the films that bear its logo. Each local public broadcasting station ultimately decides what programs would be aired and when they would be aired in their local communities.

The primary objective of the Crossroads series was to inform, enrich, and engage a national dialogue on the challenges and opportunities that America faced in the wake of the September 11th terrorist attacks and subsequent war on terror. Secondary objectives of the Crossroads initiative included, setting a new standard for openness, transparency, balance, and competition in soliciting, reviewing, and awarding CPB production grants.

The Crossroads series represented a new way of doing business at CPB. As a result, in the spring of 2004, CPB convened a series of meetings across the country to meet with producers and other interested parties to explain the initiative. These meetings included a substantive discussion by a panel of policy experts and opinion makers to stimulate thinking about key post September 11th issues and provide a backdrop for the

² PBS is not the sole distributor of television programming for public broadcasting. The American Public Television Service (APTS), National Educational Telecommunications Association (NETA), and the major local public broadcasting television producing stations all distribute programming to local public broadcasting stations through the public broadcasting interconnection system.

type of projects CPB was seeking. In explaining their objectives for the series, CPB officials encouraged producers to submit proposals of a controversial nature about the issues confronting the United States in the post September 11th era.

CPB's new production design-to-broadcast cycle included issuing a Request for Proposal (RFP) in March of 2004. CPB received 431 proposals in response to the RFP, 361 of which were submitted by producers new to public broadcasting. CPB staff evaluated the proposals and received input from outside readers, an advisory board of distinguished policy experts, as well as, PBS and CPB executives. In January 2005, after a rigorous review of the proposals received, CPB selected 36 projects for R&D funding. Following the research grants, producers submitted full production proposals to CPB. After further CPB and external reviews of the final proposals, CPB awarded 20 production grants beginning in January 2006. *Islam vs. Islamists* was one of the 20 production grants awarded.

Additionally in January 2006, CPB awarded a grant to WETA to serve as the CES. WETA was responsible for the final development and completion of 14 of the 20 films awarded CPB production agreements. The 14 films assigned to WETA, included 8 films that had been tentatively scheduled for broadcast on public television in the Crossroads series. *Islam vs. Islamists* was one of the 8 films tentatively scheduled for broadcast. WETA was also responsible for the development of the 6 remaining films, under a separate agreement. In total WETA ultimately received four grants totaling \$5.8 million to complete the production of 21 films,³ as well as, promote the series, develop a website, and provide outreach activities.

Under the CES agreement, WETA hired a Coordinating Producer (CP) to work with them to manage the production of the Crossroads project. The CP's primary responsibilities included assisting and consulting with producers; monitoring progress; and providing guidance on producing films in accordance with PBS policies. WETA was also to consult with PBS and CPB on the selection of the first eight films to be released for broadcast.

After WETA and PBS evaluated various cuts of *Islam vs. Islamists*, PBS made the decision that the final film submitted did not meet their editorial standards. As a result, the *Islam vs. Islamists* film was not included in the Crossroads series. The Crossroads series premiered nationwide on public television during April 15-20, 2007.

The production of the *Islam vs. Islamists* film posed a number of challenges for PBS, ABG Films, CPB, and WETA. In 2005, prior to the CPB decision to award a final grant to ABG Films, PBS raised concerns about two of the executive producers' affiliation with

³ In the selection of the films to be broadcast, a joint decision was made by WETA, PBS, CPB, and the series host, that the 20 films being produced did not adequately address the experiences of Muslims living in the United States following September 11th. WETA recommended that another film be added to the series. In January 2007, CPB awarded a grant to MacNeil/Lehrer Productions, a production company with close ties to the series host, to produce the film *The Muslim Americans*.

a policy think tank and their influence on the film's content. PBS expressed concerns that the editorial focus of the *Islam vs. Islamists* too closely echoed the publically expressed views of the think tank. This raised questions whether the film satisfied PBS' National Program Funding Standards and Practices for independence and freedom "from ... improper influence from funders or other sources."

While CPB was aware of PBS' concerns over the independence of ABG Films' executive producers, they awarded a final production grant to ABG Films. PBS and WETA agreed that they would evaluate the film on its merits, as they would for the other productions in the series. WETA's and PBS' reviews of rough cuts of the film during final production identified issues on structure, context, and tone that they recommended ABG Films address to meet PBS standards. They recommended telling a single coherent story with an over-arching structure to keep the audience watching. They also suggested providing more context to convey how prevalent the Islamists' influence was in ordinary community life, as well as, making general references to the need for accuracy, objectivity, and fairness on segments of the film. WETA also suggested presenting the film as a point-of-view film to avoid the editorial review of a documentary.

ABG Films told us that they conceived this film as a narrow-focused documentary, telling compelling stories of moderate Muslims in the West speaking out in their communities and paying a price for it. They said it was not a film that put the struggle of Islam within any sweeping historical, contemporary, or geopolitical context.

In an attempt to resolve the impasse between WETA/PBS and ABG Films, CPB engaged the services of another independent producer to assist ABG Films in addressing WETA's and PBS' concerns. Following some preliminary suggestions for changes from the independent producer, the agreement was ended when ABG Films expressed concerns that addressing the independent producer's comments would require a total rewrite, which they objected to doing.

ABG Films concerns over how their film was being viewed by WETA and PBS became public in March 2007, just before the series aired in April 2007. Later that month, WETA's coordinating producer responded to a *Washington Times* article, which quoted one of ABG Films' executive producers about an "ideological vendetta" against their program. WETA's coordinating producer said that he and his colleagues at WETA and PBS always believed the individual characters and stories in the film *Islam vs. Islamists* were important and compelling. Their concerns were with how ABG Films choose to frame and structure their characters and stories that did not meet PBS standards.

In May 2007, officials from ABG Films met with CPB's Board of Directors and raised questions about the handling of their film, as well as, other activities of the CES that appeared to conflict with CPB's espoused goals for openness, transparency, and competition. They questioned how well CPB, WETA, and PBS addressed their public obligations for fairness.

Their concerns addressed why ABG Film's executive producers were sought out for a possible conflict of interest and were asked to resign because of their ties to a policy think tank. They also questioned: 1) the award of *The Muslim Americans* film without competition to MacNeil/Lehrer Productions, a production company with close ties to the series host; 2) the sharing of segments of their film *Islam vs. Islamists* by one of WETA's outside advisors without authorization with members of a group highlighted in the film; and 3) the use of two of WETA's outside advisors by the producers of *The Muslim Americans* in their film, when they were initially retained by WETA to advise them and evaluate program content on the 20 films in the series.

The public disagreements between WETA and ABG Films continued in a column posted on the PBS website in June 2007. The PBS Ombudsman talked about the rejection of the film from the series on the grounds that it did not meet editorial standards. This prompted a response from ABG Films that was critical of the Ombudsman column for not raising a number of issues, including those raised to the CPB Board of Directors. ABG Films' response said, "There was never any demonstrable evidence offered of editorial missteps, misjudgments or factual errors, let alone a failure to meet technical standards. Eventually, it became clear to us that what PBS/WETA did not like about our film, and was determined to change, was its message."

WETA subsequently disputed ABG Films concerns about demands to fire their executive producers, the commissioning and funding of the film *The Muslim Americans*, WETA's decision to retain certain outside advisors for the series and also to permit them to appear on-camera in one of the series films, and their action not to discipline an outside advisor for showing excerpts of *Islam vs. Islamists* to a group highlighted in the film.

FINDINGS AND RECOMMENDATIONS

CPB's Planning and Role in the Crossroads Series

Based on our review of the available evidence, we found that CPB's upfront planning for the overall series was not adequately documented. Specifically, we did not find an overall plan for managing the project from initial procurement through airing on public television. There were no policies and procedures or controls in place to address CPB's role in working with producers during the lengthy procurement process to prevent CPB from inadvertently or inappropriately influencing program content during this time period. Additionally, CPB oversight role of grantees' performance were not addressed. Further, risks to successfully completing the series were not addressed. Finally, CPB's planning did not ensure that their publicly espoused goals for the Crossroads series to set a new standard for openness and transparency were reflected in the CES grant agreement with WETA and their sub-recipients.

Additionally, CPB's planning and role in delivering the Crossroads series may have contributed to the problems encountered by ABG films in making their film acceptable to WETA and PBS. More specifically, CPB's actions in working with ABG Films during the

21 month procurement process, before CPB selected the CES and CP to work with the series producers during final production. This working relationship may have given ABG Films a false sense of assurance that their film had actually met PBS' quality and editorial standards for distribution when, in fact, this was solely PBS' decision.

Planning the Crossroads Series

Based on our review of available CPB records, we found little documented upfront planning that identified how the series would be completed or defined the roles and responsibilities of CPB, independent producers, the CES, CP, and PBS. We believe this lack of upfront planning contributed to the subsequent difficulties CPB experienced over the film *Islam vs. Islamists*. CPB's planning for an open, transparent, and competitive procurement of production grants resulted in a protracted 21 month procurement process. Further, CPB's planning did not: 1) identify the need to hire a CES grantee and CP to work with producers early in the process; and 2) fully assess the risks of delivering a high visibility series using producers new to public broadcasting.

Our review did not find an upfront comprehensive documented plan for how the series would be accomplished or approval by CPB executives of a specific strategy or plan. The Crossroads series was first discussed with CPB Board of Directors in September 2003 and launched on March 1, 2004. The CPB Board of Directors received a status update in Executive Session in July 2004. The briefing provided an overview of the series, proposal demographics, and discussion with three members of the Advisory Panel who spoke on the importance of the series and relevance to Americans lives. The first document we found providing an overall plan for the series was a briefing document prepared for CPB's new Chief Executive Officer, dated November 2005. This was 26 months after the CPB Board of Directors was first briefed.

The November 2005 briefing document contained a budget that identified the need to award grants to perform the CES and CP functions. We believe the roles of the CES and CP were critical to the success of the series and particularly necessary to work with the producers who were new to public broadcasting. The experience and expertise provided by the CES and CP were essential in working with PBS to bring the series to public broadcasting.

Our review did not identify any internal CPB policies, procedures, or internal controls to prevent CPB from intruding into producing activities by inadvertently or inappropriately influencing program content when selecting producers for the Crossroads series. The Public Broadcasting Act of 1967, as amended, 47 U.S.C. §396 (g)(3)(B) prohibits CPB from producing programs.

To carry out the foregoing purposes and engage in the foregoing activities, the Corporation shall have the usual powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act [D.C. Code, Sec. 29-501 et seq.], except that the Corporation is prohibited from . . . producing programs, scheduling programs for dissemination, or disseminating programs to the public.

While the Public Broadcasting Act does not define what producing programs means, we found a CPB policy paper that discusses CPB's legislative history, where Congress affirms that CPB's activities related to the review of proposals would not constitute program production. However, we do not believe the legislative history envisioned that CPB would be exclusively working with producers to develop films for national programming over a 21 month procurement process (from RFP in March 2004 to final production awards in January 2006).

CPB awarded 36 R&D grants to producers in January 2005 and CPB worked with these producers over the ensuing 12 month period to develop their films before final production grants were awarded in January 2006. In February 2006 the CP took over responsibility to work with the producers to complete their films. CPB's policy paper stated that the statutory ban on contracting for the production of programming versus awarding a grant was intended to prevent CPB from securing any rights to influence the content of a program after a grant award had been made, however, the policy paper did not address a 12 month R&D phase where CPB worked directly with independent producers before final grants were awarded.

Additionally, we did not find any planning to address the inherent risks for successfully delivering the series to PBS. As we discussed in the **BACKGROUND** section, public broadcasting is a network of organizations with distinct roles for CPB, PBS, and local broadcasting stations. To be successful requires extensive cross-organizational coordination and execution to deliver quality television programming to the public. These organizations are inter-dependent on each other for the system to work effectively. CPB's stewardship responsibilities must frame its thinking about "risks and accountability in networked systems" in designing future series of the magnitude of Crossroads. This thinking should include addressing CPB's espoused goals for openness, transparency, and competition across the networked organizations and delivering on the promises of transparency by focusing on the accountability of the public funds used in high visibility initiatives to ensure they were prudently used. However, for the Crossroads series the goals of openness and transparency were not built into the CES grant requirement to guide the actions of WETA and its sub-contractors.

CPB's Role in the Crossroads Series

We believe CPB's decision not to hire a CES and CP earlier in the process (e.g., at the onset of the RFP process and before R&D awards) contributed to the difficulties in completing *Islam vs. Islamists* during the final production phase, especially since ABG Films was a new producer to public broadcasting. Had the CES been involved earlier, we believe that some of the editorial conflicts experienced by ABG Films could possibly have been worked out through the R&D phase and final production. CPB's role through the R&D phase may have given ABG Films a false sense of assurance that their film had already met requirements for distribution, when this was solely a PBS decision.

We identified multiple instances where ABG Films requested CPB to intervene with either PBS or WETA to address conflicts they experienced in the final production stages of their film. CPB's publicly espoused goals may have also lead film producers and oversight officials to believe that CPB could intervene into the editorial decision processes to resolve the disputes with ABG Films. However, this was not the case, because by statute CPB was prohibited from getting involved in program content. As a result, CPB could not have intervened and resolved the disputes between PBS/WETA and ABG Films over program content.

Our review of available documentation provided by CPB and ABG Films identified five instances between January 2006 and May 2007 where ABG Films sought assistance from CPB to resolve potential or real issues they had with PBS and WETA, at different points during final production. These issues included:

- In January 2006, ABG Films shared their thoughts that it would be untenable for the PBS system to claim that it could not distribute their film, after it was selected through a rigorous competitive process and accepted for funding by CPB, on the grounds that two of the film's executive producers were affiliated with an "advocacy" organization that had a "point of view."
- In September 2006, ABG Films raised concerns that evidence continued to accumulate that their film was not being treated fairly, despite its merits, for inclusion in the Crossroads series. They raised a concern about the appointment of five outside "advisors" by WETA. WETA said the outside advisors were chosen "for the relevance of their expertise on the majority of issues covered by the films and come from all sides of the political spectrum."
- In February 2007, ABG Films' officials raised issues to both the PBS Board of Directors and CPB President when they learned that their film had been rejected from the series. They stated that during the course of producing their film they consistently encountered actions by the series producers that violated the basic tenets of American journalism. As a result, they requested a full and open inquiry into this matter. They complained of repeated attacks by the series producers over the quality of their journalism, notwithstanding the fact that they had assembled an award-winning team of journalists from the United States, Canada, and Europe to work on their film.
- In April 2007, ABG Films requested CPB to take such steps as necessary to ensure their film was viewed through the public broadcasting system, since distribution through PBS was no longer an option.
- In May 2007, ABG Films' officials met with the CPB Board of Directors and said their film was deliberately censored, in their view, not because it was not finished or did not meet PBS technical standards but because PBS and WETA did not like its central message.

While ABG Films acknowledged to CPB it understood that editorial and management decisions governing the Crossroads series were the responsibility of PBS and WETA, their concerns primarily focused on editorial decisions and their treatment by WETA.

However, as previously stated, CPB was prevented by statute from interfering with this process.

CPB's role in working with the producers during the lengthy grant selection process, without the involvement of the CES in the R&D phase, may have worked against the successful completion of *Islam vs. Islamists*. CPB could not raise editorial content and presentation issues during the R&D phase. The CES grantee was not involved until their selection in the final production phase, when it was probably too late to influence the producer on the film's presentation. ABG Films comments to the CPB Board of Directors reflects that sentiment, when they said PBS/WETA overturned the judgment of CPB on both the message and presentation of their film, after two years of a very vigorous Crossroads competitive evaluation process.

We believe bringing the CES and CP on board at the start of the initiative would have provided the opportunity for the CES, CP, and the producers to develop more effective working relationships from the onset of the series. This earlier involvement would have been particularly beneficial for producers new to public broadcasting and unfamiliar with PBS standards and public broadcasting expectations.

* * * * *

Based on our review, CPB's planning and execution of this initiative was also impacted by changes in CPB executive leadership during the 2004–2005 time period. The project was conceived and the RFP initiated under one Chief Executive Officer (CEO) in March 2004; R&D grants were awarded under a second CEO in January 2005; and the final grants were awarded in January 2006 and the series premiered in April 2007 under a third CEO. Further, the Senior Vice President for TV Programming resigned in January 2006 about the time the final production agreements were awarded to the independent producers. Finally, the consultant, who was leading the project for CPB, contract ended in December 2005 and was not renewed.

Additionally, CPB's current leadership team, which joined CPB during the summer of 2005, had reservations about CPB's role and changed the management structure of the project. They felt that CPB's role as Crossroads Manager too closely resembled the responsibilities of an executive producer. They also expressed concerns about the lengthy time taken to make final awards, when the series would ultimately air, and the \$2.9 million⁴ CPB had already spent on this project to date. In making the CES award in January 2006, they eliminated CPB's role as Crossroads Manager and transferred those responsibilities to the CES grantee.

Finally, we noted that for a variety of reasons CPB did not fully anticipate the challenges and risks to the project resulting from the PBS/WETA disagreements with ABG Films over program content. As we had previously explained, in the networked

⁴ These were CPB's estimated expenditures through FY 2005 for R&D grants, consultants, and contractors.

community of public broadcasting, CPB must rely on independent producers, producing stations, and PBS to work cooperatively to deliver quality programming, while maintaining the integrity of public broadcasting. Risks of non-performance by any of these parties could not be controlled by CPB.

Recommendations

We recommend that CPB management take the following actions:

- 1) Study what transpired during the Crossroads initiative by convening representatives from PBS, WETA, local broadcasting stations, and producers to identify the lessons learned, for application to any future series initiatives that CPB undertakes of this scale. We further recommend that the following issues be considered in your study:
 - a) hiring a CES and CP at the initial planning stage of any future series initiatives;
 - b) ensuring that producers new to public broadcasting receive the assistance needed to meet PBS' editorial and production standards to provide the widest distribution for their shows on the public broadcasting system;
 - c) clarifying roles and responsibilities for delivering quality programming, while achieving the broader CPB goals of openness, transparency, and accountability across the network of organizations in public broadcasting; and
 - d) identifying risks of non-performance and mitigation strategies in a networked community, to include risks to the reputation of the public broadcasting system.

- 2) For any future series initiatives CPB undertakes of this scale an overall written plan should be prepared with strategic and operational components for approval by the Chief Operating Officer to document CPB's strategies and methods for completing the project. This plan should include:
 - a) phased timelines;
 - b) budget estimates;
 - c) resource needs, including grantee and contractor services (e.g., a coordinating producer and entry station grantee);
 - d) roles and responsibilities;
 - e) risk assessments and related control techniques;
 - f) performance expectations and performance information; and
 - g) CPB monitoring strategies.

Management Response

In response to the draft report, CPB management disagreed with our findings on CPB's planning and role in the Crossroads series. They said that CPB did not adopt any new formal corporate policies with respect to openness and transparency specifically for the

Crossroads series. CPB responded that CPB's Senior Vice President for Television Programming had stated in Crossroads presentations that they would approach this initiative with unprecedented openness and transparency. CPB said they believe they did so. They cited open board meetings and media interviews where the project was discussed. They also said that CPB involved numerous parties, both within and outside of public broadcasting, in the selection process. Finally, on openness and transparency, they said it was never CPB's intention that all of CPB's actions for this initiative be held to these standards as that would be both impractical and contrary to its business interests.

CPB further said they used existing CPB practices to control and oversee production grants. They believed they were both adequate and effective. They also cited some unique approaches they used, including engaging a consultant in the fall of 2003 to help formulate a process and timeline for the initiative. This work provided for the allocation of staff time, responsibilities, start and end dates for R&D, decision-making and subsequent production and dissemination of the programs.

CPB disagreed with the observation that some of the editorial conflicts could possibly have been avoided by earlier involvement of the CES. CPB said that in view of the well documented and high level of tension between the producers of *Islam vs Islamists* and the CES, that there isn't any factual basis to believe retaining the CES at an earlier stage would have lessened the amount of editorial conflict. CPB's response cited the inherent risks in funding R&D and production projects. CPB believes these risks were best handled through ongoing discussions with the producers during these relevant project activities. CPB said it always handles these discussions with sensitivity to CPB's proper "hands-off" role with respect to editorial decision-making. Additionally, CPB engaged the services of project mentors during the R&D phase to assist less experienced producers by providing insight from experienced broadcasting producers. Although creative differences occasionally result in a project different than expected by CPB or results in content that PBS elects not to distribute. Such an occurrence was not unique to the Crossroads initiative.

Finally, CPB disagreed that ABG Films may have been given a false sense of assurance that their film already met PBS standards when CPB announced it as one of eight films to be included in the initial series broadcast. CPB said PBS regularly announces its expected program schedule in advance of program editing. Occasionally, creative differences associated with program completion will cause PBS to elect not to distribute a program as announced. CPB said experienced filmmakers understood this. CPB also believed ABG Films understood that their film was always subject to PBS' approval.

OIG Review and Comment

As our finding discussed, we did not find any upfront planning documentation that described CPB's plans for accomplishing this series. CPB's response refers to engaging a consultant to help plan this project. However, we were never informed

about this consultant's work before CPB's response to the draft report. Our subsequent review of this planning disclosed that the consultant was engaged to develop a project management tracking system and train the Television Programming Department on the use of Microsoft Project software. The file also contained a spreadsheet of steps and a timeline to procure production projects prepared by the consultant. However, we do not consider this work as a plan for executing the Crossroads series. Further, we did not see that it was ever adopted by management as designed for use in the Crossroads project.

With regards to our observations on openness and transparency, we acknowledge that CPB had an open and competitive procurement process to solicit projects for the series. However, they did not document the basis for their final selections. This was required by the Communications Act and CPB did not provide the transparency espoused on the selection process. We could not determine whether CPB's goals for openness and transparency extended to the work of the CES grantee in working with individual producers.

CPB disagreed with the report's observation that bringing the CES on earlier in the process could possibly have avoided some of the conflicts. They cited CPB's "hands-off" role during this process and engaging project mentors during the R&D process to work with inexperienced producers. However, we could not verify these assertions because of a lack of documentation of how CPB interacted with the producers during the procurement and R&D phases. While we were aware that mentors had been retained to assist producer, documentation of their efforts were not previously provided to us. In response to the draft report, we received the mentor's project files. Our view of this information disclosed that a mentor, after reviewing ABF Films' proposal, had a long telephone conversation with ABG Films about the film's structure and some other issues. We could not determine when the conversation took place or at what stage in the R&D process it had occurred.

CPB's response did not address the recommendations. As a result, recommendations one and two remain unresolved until CPB makes a management decision during the audit resolution process.

CPB Solicitation and Award of Production Grants and the CES Grant

A secondary goal of CPB's Crossroads Series initiative was to establish a new standard for openness, transparency, balance, and competition in awarding production grants. Our review found that this goal was not fully achieved because:

- the basis for selection of individual projects for 36 R&D and 20 final production grants was not adequately documented;
- the final production grant for *The Muslim Americans* project was awarded without competitive; and
- the CES grant was awarded under different requirements than reflected in the RFP.

While CPB officials said that the competitive solicitation of the initial R&D and final production grants were the most open in their experience, our review found that selection decisions were not transparent because selection criteria was not defined or documented.

CPB's espoused goals of openness, transparency, and competition for the Crossroads series established an expectation for producers, the public, and Congressional oversight officials for how CPB would be operating in delivering this series to public broadcasting. The achievements of these goals fell short in execution due to a number of factors, as discussed in the following sections. Further, the lack of documentation of the basis for individual grantee selections prevented CPB from satisfying the requirements of the Public Broadcasting Act to make available for public inspection the reasons for selecting proposals for national programming awards specified in 47 U.S.C. §396 (I)(4)(B)(ii).

Competitive Award of 20 Production Grants

Our review of CPB's procurement actions found that CPB did not fully meet their secondary goals for the Crossroads series of setting a new standard for openness, transparency, and competition in soliciting, reviewing, and awarding Crossroads production grants. The Crossroads management did not establish recordkeeping requirements to ensure all activities and decisions were documented and retained to achieve transparency and competition goals. Further, CPB did not have corporate policies and procedures addressing recordkeeping requirements and project officer responsibilities, including requirements to retain documentation on solicitation and award decisions.

Specifically, our review of CPB production files found:

- Incomplete evaluation and selection documentation:
 - No documentation of CPB's internal review, evaluation, or basis for eliminating the majority of the 450 proposals initially received.
 - The selection basis for the R&D grants was not fully documented (documentation of internal and outside review were provided, but not the basis or criteria used to select individual projects).
 - The selection basis for the final production grants was not documented (no additional review or evaluation documentation was provided after receipt of the final proposals at the completion of the R&D work).
- Inconsistent project officer files:
 - Files did not contain the same types of information, were not organized consistently, or were otherwise incomplete.
 - Project officer files were not readily retrievable or always found. Considerable efforts were expended by CPB personnel and the IG staff searching for

project files and documentation of proposal evaluations (both internal and external reviews) and selection criteria.

- No documented criteria or evaluation processes (e.g., evaluation forms) were established for selection of projects, to consistently document evaluation processes and decisions.
 - Crossroads team members submitted proposals and methods to evaluate and document selection decisions, however, Crossroads management elected not to use any of the methods.
- No basis to determine how CPB management envisioned they would achieve their new standards for openness, transparency, balance, and competitiveness in soliciting, reviewing, and awarding production grant awards.

In November 2005 the Crossroads management team briefed the new CPB executive team on how the Crossroads films would be selected along thematic categories, which were developed in consultation with CPB's Advisory Board of policy experts and opinion makers. These thematic categories were identified as follows:

- U.S. Policy Making Post 9/11
- The Middle East Condition and Prospects for Reform and Democracy
- The Impact on Civil Liberties
- Islam and America
- Global Terrorism
- The U.S. and World Opinion
- The Military: Responses and Changes
- The Influence of Culture

However, we could not independently determine how the 20 final production grants related to these eight thematic categories. Also, we could not determine whether *The Muslim Americans* film, added outside the process used to select the other 20 Crossroads shows, filled a gap in the films shown in the overall series.

Finally, we found that CPB's practice of preparing a Program Grant Information form for each television and radio production grant awarded, that included the reasons for selecting programming proposals, was not prepared and provided to the CPB communications office. This information was to be retained in the communications office to have available in response to public requests for information on national programming. Officials in the communications office thought that this information was now being retained by the television and radio program offices. However, television officials were unaware of the form or the requirement to have this information available for the public. Written policies that addressed these responsibilities were not available.

Award of CES Agreement

A limited distribution RFP was issued to five public television stations to serve as the CES grantee to work with producers and CPB, in their role as the Crossroads Manager. The CES was to administer and coordinate the development, promotion, packaging, broadcast, and outreach of the series. Late in 2005, during the RFP evaluation process, CPB leadership decided that it was inappropriate for CPB to serve as Crossroads Manager, because these responsibilities were to closely aligned with those of an executive producer. As a result, they did not follow the RFP requirements in making the CES grant award; instead they expanded the duties of the CES and transferred overall management responsibilities for the series from CPB to the CES grantee.

Three bids were initially received in response to the RFP. Two stations chose not to respond to the RFP. Two of the three bids received responded to the specific RFP's requirements, the third bid presented an alternative proposal eliminating CPB from the direct management loop. The grant was awarded to the third bidder, WETA, who presented the alternative proposal. Discussions with CPB officials disclosed that reissuing the RFP, with the revised requirements, was not a consideration because of time constraints. The basis for this selection decision and the justification for the escalation of WETA's costs over their initial bid were not adequately documented in CPB's procurement records.

Our review found:

- Crossroads management officials recommended awarding the grant to another bidder that responded to the RFP requirements. However, CPB leadership overruled the recommendation because of their concerns about CPB's management role. They awarded the grant to WETA because of their experience with public affairs programming.
- CPB officials explained that they had no obligation to make the CES award on a competitive basis.
- WETA's initial proposal presented a cost estimate of \$616,720; however the final grant was awarded for \$1,044,194. A second grant was also awarded to WETA for CES services totaling \$1,769,808. Without re-bidding the award with the new requirements, CPB had no assurance they received a reasonable price to perform the CES functions based on a competitive process.
- Two additional contracts were awarded to WETA for promotion & website development (\$2,440,995), as well as, outreach (\$613,033). These awards were made without competition. Promotion & website activities and outreach services were mentioned in the original RFP for CES services, but that proposal indicated these services would be awarded by CPB on a separate competitive basis.

WETA received four grants totaling \$5,868,030 to package and present the shows, promote the series, develop a website, and perform outreach activities. These non-competitively awarded grants disregarded one of the secondary goals of this initiative to

