



Corporation for Public Broadcasting

Office of Inspector General

ANNUAL PLAN

October 1, 2011 to September 30, 2012

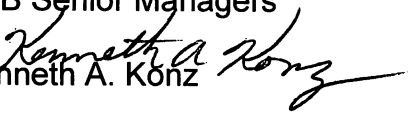


Corporation
for Public
Broadcasting

Office of Inspector General

December 1, 2011

To: The Board of Directors
CPB Senior Managers

From: 
Kenneth A. Konz

Subject: OIG Fiscal Year 2012 Annual Plan

During FY 2012 the Office of Inspector General is committed to implementing a balanced series of audits, evaluations, and investigations to provide accountability and oversight of CPB grants and contracts. Through these efforts we will assist the Board of Directors and CPB executives to improve governance, transparency, and accountability of the funds entrusted to the Corporation to deliver public media services to the American public.

We will continue to coordinate our audits and evaluations to address the needs of the Board of Directors and CPB leadership; while maintaining our independence. This includes not only oversight of external grant and contract activities, but internal CPB policies and procedures to ensure executive leadership has the information they need to effectively manage the resources under the Corporation's stewardship.

Further, we will continue to track the resolution of our recommendations and implementation of corrective actions. We will work with management to ensure corrective actions address underlying problems and improve CPB's activities.

If you or your staff identify issues that you believe require an audit, evaluation, or investigation, please contact Bill Richardson, Deputy Inspector General, or myself. We are available to meet and work with you to address your concerns. Our goal is to provide whatever assistance is needed to enhance governance practices, accountability, and transparency.

VISION, MISSION, AND VALUES

OUR VISION

The Office of Inspector General's (OIG) vision is to be "agents of positive change" working cooperatively with Corporation for Public Broadcasting (CPB) leadership and the public broadcasting community to strengthen the programs and operations of CPB. In this effort, we will vigilantly maintain our independence and impartial perspective, while providing helpful advice and consultation. Internally, we will continue to refine our own business processes and practices, while reinventing our organization and enhancing our professional skills to better serve CPB and public broadcasting stakeholders.

OUR MISSION

The statutory mission of the OIG is to conduct independent audits, evaluations, and investigations to provide accountability and compliance with applicable statutory requirements and the terms and provisions of CPB contracts and grants; while promoting economy, efficiency, and effectiveness; and deterring fraud, waste, and mismanagement in CPB programs and operations.

OUR VALUES

OIG values guide us in our day-to-day operations, establish the ideals we strive to achieve, and set forth the standards we maintain in performing our mission. Our office is committed to:

- Professionalism – OIG staff is required to follow professional, technical, and ethical standards applicable to our work. We are committed to do our work fairly and thoroughly; reporting the results of our efforts accurately and objectively; and providing information and assessments in a timely manner, so that it is available to assist public broadcasting stakeholders in making prudent business decisions.
- Accountability – OIG staff takes personal and professional responsibility for assuring the quality of our work and treating similar matters consistently based upon relevant information and evidence.
- Flexibility – OIG staff is expected to think creatively, adapt quickly to address unique situations encountered in assignments, and continually work to build on successful processes to improve internal operating practices.
- Teamwork – OIG staff is respectful of others; seeks common ground in working with managers, staff members and stakeholders; and is honest, trustworthy, and straight forward. We will cooperate to the extent possible to improve operations and implement efficiencies without compromising our independence.

FY 2012 ANNUAL PLAN

To accomplish our statutory mission, we must not only identify and report on problems, but also provide meaningful recommendations and assistance to management in evaluating needed corrective actions. Thus, our mission is achieved when we:

- (1) focus our activities on the right issues at the right time;
- (2) perform our work professionally; and
- (3) report the results fairly and accurately to achieve timely and effective corrective action.

This means our work must be relevant, timely, and credible.

In addition to providing the traditional audit, evaluation, and investigative services, we are committed to providing advisory and assistance services in response to requests from management. In these instances, we will work in partnership with program and management officials, public broadcasting entities, producers, federal and state auditors, and independent public accountants.

Our Strategic Plan, updated in September 2006, established the following goals to provide a framework for the annual planning process.

- ✓ Help CPB achieve its desired goals by providing audit, evaluation, and investigative services of significant benefit to CPB's programs and operations, while ensuring the integrity, reliability, and independence of OIG work.
- ✓ Build stronger working relationships with CPB management, the public broadcasting community, and other professional organizations.
- ✓ Improve the timeliness and quality of OIG performance by adopting more efficient, effective, and innovative processes within the OIG.

As part of our planning process, we are in continual contact with senior managers and program officials to identify areas where we can best serve their needs. We have also discussed areas of concern or interest with representatives of congressional committees. We reviewed prior audit reports and obtained ideas and suggestions from a variety of sources including OIG staff members, other OIGs, and the Government Accountability Office.

As we implement our annual plan, we will be using new approaches to help us work more efficiently and effectively. We are currently updating our policies and procedures so that our automated work papers contain all the information necessary to comply with changes made to the Generally Accepted Government Auditing Standards (GAGAS). These actions will enhance our ability to undertake new and more challenging audit and investigative projects, while streamlining operating practices.

In addition to *TeamMate*, we also are using the *Idea* data mining software package. We intend to use this package to maximize the effectiveness of our planning decisions and resource allocations. This plan will assist in making recommended improvements in some of CPB's most critical programs, functions, and activities.

We have grouped our work for the coming year into six functional areas:

<u>Functional Area</u>	<u>% of Direct Hours Expended by OIG Staff</u>
CPB Processes and Systems	5*
Station Grants	35
Other CPB Grants and Contracts	25
Investigations/Allegations	7
Advisory & Assistance	3
General & Administrative	25
Total	100%

** In accordance with CPB's authorizing statute, its financial statements are audited annually by an independent public accountant. The OIG works together with CPB management to assist CPB's Audit Committee in procuring these audit services and in assessing the quality of the audit.*

CPB PROCESSES AND SYSTEMS

Although less than 5 percent of CPB's budget is spent on internal operations, systems, and processes, the OIG must focus more of its resources in this area to ensure that adequate oversight mechanisms are in place to meet management's and the Board's goals to enhance governance, accountability, and transparency of CPB operations. We have already begun to evaluate whether the Corporation's internal controls are adequate to safeguard resources and get the maximum value for the resources expended. In this context, we are working with CPB's Chief Financial Officer and Treasurer and management staff to systematically examine CPB's internal control processes.

A central theme, for all of our work will be to evaluate the adequacy of the Corporation's policies, procedures, and processes. In FY 2012, we are planning to expend approximately 5 percent of our direct hours on Corporate processes and systems.

Work in Process

Review of Grant and Contract Provisions

In late 2010, the OIG began planning a review of CPB contract/grant terms and conditions imposed through CPB's procurement and grant programs. Initially, we obtained a list of ongoing grants and contracts awarded by CPB to public broadcasting stations, as well as, consultants, and public broadcasting organizations. During FY 2012 this listing will be updated and a sample of these agreements will be reviewed to identify:

- the types of grants and contracts awarded;
- processes used to solicit and evaluate proposals;
- project funding (CPB and other sources); and
- accounting and reporting requirements.

The purpose of this analysis is to determine whether the agreements provide sufficient instructions and guidance to contractors and/or grantees to ensure that CPB funds, along with other matching funds, are properly accounted for and used for tasks authorized by the CPB contract/grant.

Further, In FY 2012, projects will be selected for further review to determine whether deliverables and tasks performed under the agreements were properly monitored by CPB to ensure that the resources were properly utilized . As warranted, we will select a sample of grants for further audit at the grantee/contractor level. These audits will determine whether adequate controls were in place, project costs were properly accounted for, and accurate and timely reports were submitted to CPB.

STATION GRANTS

CPB is the largest single funding source for public radio and television stations in the public broadcasting community. CPB Community Service Grants (CSG) and Interconnection Grants help stations serve their communities more efficiently and

effectively. Each year, CPB makes these grants to the more than 1,000 public television and radio stations. These grants account for approximately 65 percent of CPB's annual funding. In FY 2012, we are planning to devote at least 35 percent of our direct hours to station grant audits.

In this regard, we will review selected CPB grants awarded to stations to ensure that each is receiving its appropriate share of public funds. In our audits, the OIG will continue to emphasize:

- compliance with statutory requirements and the provisions of CPB grants and contracts, and
- adherence to Non-Federal Financial Support (NFFS) reporting requirements.

We will use the audited financial statements provided by grant recipients, as well as, input received from CPB staff and the public, to target stations for review. To maximize our planning effectiveness, we will begin to use our *Idea* data mining software to selectively review CPB summary financial and other station grant information to identify anomalies for further review. By combining this analysis with our knowledge of CPB known vulnerabilities and allegations of improprieties, our office can focus our efforts on stations needing to be brought into compliance with CPB requirements.

Work in Process

Review of CPB Grants Awarded to Radio Bilingue, Fresno CA

In spring of FY 2011, CPB management requested the OIG to initiate a review of CPB grants awarded to Radio Bilingue, in Fresno, CA. Field work on these grants has been completed. Our final report on this work will be issued during the second quarter of FY 2012.

Review of WQED Multimedia, Pittsburgh PA

During the third quarter of FY 2011, OIG staff initiated an audit of CPB grants awarded to WQED for fiscal years 2007, 2008 and 2009. This review focused on reviewing the NFFS reported to CPB and compliance with accounting and applicable statutory requirements of the Public Broadcasting Act. We anticipate we will be issuing our final report on this audit in the first quarter of FY 2012.

Additional Planned Work

In selecting additional station grants for audit, we will primarily focus on entities with identified vulnerabilities (i.e. stations receiving larger CPB grants, those undertaking innovative efforts to deliver programming and services to the public, streamlining efforts, requested by CPB managers, etc.). Reports will be issued highlighting problems where adjustments to grant funding amounts are needed. Problems found will then be further analyzed to evaluate the adequacy of CPB guidance and the sufficiency of audit coverage by the station's independent auditors. Where necessary, additional reports will be issued to CPB regarding guidance and/or the adequacy of the independent auditor's work, so that better oversight can be provided to ensure the reliability and acceptability of information provided to CPB.

In addition, we will expand our audits of grantee stations receiving other CPB grants. This portion of the review will examine whether stations complied with the terms and conditions of CPB grants, funds were utilized for authorized purposes, and accurate and timely financial reports were filed.

With available resources, we expect to initiate at least four to five station grant audits in FY 2012.

These include:

- KNME-TV, Albuquerque, NM
- KUFW-FM, Visula CA,
- WDUQ-FM, Pittsburgh PA
- WNYC-FM Radio Grants, New York, NY
- WYCC-TV & Radio Grants, Chicago, IL

OTHER CPB GRANTS AND CONTRACTS

CPB is the largest single funding source for public television and radio programming. In accordance with its legislative mandate, CPB gives grants to organizations and individual producers for the production or acquisition of new programs for public television and radio. In doing so, CPB functions as a facilitator for producers pursuing their craft. Program grants account for approximately 25 percent of CPB's funding distributed to stations and producers.

CPB devotes significant internal resources to working with public broadcasting organizations and individual producers to develop and oversee grants related to the production of television and radio programming. During FY 2012, the OIG is planning to devote 25 percent of our direct hours to this area.

Additional Planned Work

Review of CPB Grants Awarded to Pacifica Foundation Stations

During the first quarter of FY 2012, OIG staff will initiate an audit of CPB grants awarded to the Pacifica Foundation and its 5 component stations for fiscal years 2008, 2009 and 2010. Initially, we will perform a survey to obtain an overview of Pacifica operations.

Reviews of Other Production Grants

During Fiscal Year 2012, we plan to initiate selected reviews of other CPB grants and contracts (e.g. production grants) to ensure that CPB funds are properly accounted for, expenditures are accurately reported to CPB, and grantees/contractors comply with other grant/contract requirements, and other deliverables are provided in a timely manner. Specific audits and/or reviews planned to be initiated in FY 2012 include:

- CPB grants awarded to Native American Public Telecommunications, Inc.;
- Review of CPB, Public Broadcasting Service and Federal Funding of Grants and Contracts awarded to WGBH Educational Foundation during 2009, 2010 and 2011; and
- CPB, Public Broadcasting Service and Federal Funding Awarded to WETA and Ken Burns for Production entitled "Prohibition."

INVESTIGATIONS/ALLEGATION

The Inspector General Act requires that the OIG be a leader in the prevention and detection of fraud, waste, and abuse, as well as, investigate any improprieties with respect to CPB programs and operations. In addition to our continued vigilance during our own work, the OIG must consider any allegations received from the public and or complaints received on our hot line. When our office identifies potential violations of criminal or civil statutes, our office must communicate and work closely with appropriate prosecutors and investigators to develop evidence and assist in presenting resulting cases. Time spent on these efforts, will be reported under this function. Overall, we plan to utilize 7 percent of our direct hours in this area in 2012.

In each instance where a complaint is received, a preliminary evaluation will be made to assess the potential impact and merits of the complaint, identify the extent of CPB funding involved, and develop a strategy to address the complaint. In some cases, the

complaint may be referred to other CPB officials. In other instances, an audit, evaluation, or a formal investigation will be initiated.

OIG staff will perform the preliminary review and any audit work that is required based on the significance and nature of the improprieties and the availability of staff. If a formal criminal investigation is necessary, we will request assistance from another OIG office or procure the services of a criminal investigative firm under an OIG contract.

Work in Process

The OIG has one active case open pending further review.

Whistleblower Policy

CPB's Whistleblower policy was designed to encourage "CPB directors, officers and employees to report suspected waste, fraud, abuse, mismanagement, violations of law," or violations of the CPB Ethics Codes to CPB's General Counsel or the Inspector General. The policy also protects the whistleblower from retaliation. Modeled on the Federal Whistleblower Protection Act, the policy gives the Inspector General primary responsibility to investigate whistleblower complaints for the CPB. The CPB policy protects both the confidentiality of whistleblowers and the resulting reports to the fullest extent possible.

During FY 2012, we will be finalizing an Investigations Manual to provide uniform procedures and policies to meet our criminal investigative responsibilities under the Inspector General Act and CPB policies.

ADVISORY AND ASSISTANCE SERVICES

In past years, we have been asked to perform various projects. These projects included special requests to audit an organization, perform a review or study to answer a specific question, or resolve a problem. These requests cannot be planned, but to provide maximum service to CPB, we will respond to any and all requests as timely as resources permit. We will plan such assignments as the need arises during the year. We plan to provide up to 3 percent of our direct hours to this area in FY 2012.

GENERAL AND ADMINISTRATIVE

This function is used to identify time spent on key OIG managerial, communication, liaison, and administration activities. In FY 2012, key activities include:

- Planning:
 - Strategic Planning
 - Annual Planning
- Updating OIG Policies and Procedures
- Communications:
 - Council of Inspectors General for Integrity and Efficiency
 - Government Accountability Office
 - Congressional Relations
- Legal Support
- Resolution of Report Recommendations and Implementation of Corrective Actions
- Administrative Activities

We anticipate that these activities will utilize 25 percent of our direct hours during Fiscal Year 2012.

FY 2012 PERFORMANCE INDICATORS

During this year we will initiate 8 to 10 new audits, evaluations, or investigations and issue 10 or more completed final reports related to OIG work. These assignments will involve reviews of compliance with grant requirements and accountability over CPB funds at public broadcasting stations and/or program producers. They will also focus on the adequacy of CPB systems and procedures to provide oversight and accountability of CPB funded activities.

In addition, we will continue to work with CPB's Board of Directors and CPB management to strengthen OIG and CPB audit and recommendation resolution processes to achieve more timely agreements on corrective actions to be taken, and keep up to date regarding the actual progress made to implement needed reforms. We will also assist CPB management in evaluating the effectiveness of newly implemented control processes.

OIG management is committed to work closely with CPB managers to enhance CPB's governance, accountability, and transparency, while improving the efficiency and effectiveness of CPB and OIG management activities. The OIG will continue to educate station managers through use of our OIG reports and our participation in the Public Broadcasting Management Association Annual Conference. We will continue to work cooperatively with CPB to provide necessary oversight of the audit of CPB financial statements.

During fiscal year 2012, the OIG will focus on updating its audit and investigative procedures to reflect recent changes to professional standards and update our *TeamMate* automated work papers software to support improved OIG operating procedures. We will ensure that OIG staff members receive required training to maintain their professional expertise so we can provide the Corporation with our technical expertise in a continually changing environment.

We will report our accomplishments to the Board of Directors at the end of FY 2012.



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