



Corporation
for Public
Broadcasting

December 19, 2019

VIA ELECTRONIC MAIL AND HARDCOPY TO FOLLOW

Mr. Mario Vecchi
Chief Technology Officer
Public Broadcasting Service
1200 Crystal Drive
Arlington, VA 22202

Dear Mr. Vecchi,

RE: Audit of CPB Grant awarded to PBS for Public Television Interconnection 2017 Phase I, Arlington, Virginia, Report No. APM1906-1908

The audit of the grant referenced above, awarded by the Corporation for Public Broadcasting (CPB) to the Public Broadcasting Service (PBS), concerning \$22,524,265 in grant payments, concluded that the project financial reports PBS submitted to CPB fairly represented PBS' activities which conformed to the grant requirements, with the following exceptions: a \$7,656 overstatement of indirect costs, deficiencies in PBS' compliance with all of the open meeting requirements in the Communications Act of 1934, 47 U.S.C. §396, et seq. (Communications Act or Act) and PBS was not compliant with the provision in the Act which prohibited it from providing interest free loans to its employees, which consisted of tuition loans for up to \$1,000 and loans for staff to purchase a personal computer for up to \$2,000.

The specific findings and CPB's determinations follow.

I. Recommendations 1 and 2

The interconnection grant provides that CPB will reimburse PBS for actual expenses. The audit found that PBS had reported budgeted instead of actual amounts resulting in a \$7,646 overstatement of its rent and utilities. Consequently, it recommends that CPB require PBS to report actual costs and correct the overstatement on its next financial report. Since PBS has provided us with its financial reports correcting the \$7,646 and the \$7,581 reported after the audit period, we will not require any additional documentation.

In addition, the report recommends that CPB consider requiring grantees to disclose their methods to determine allocable costs in their grants, if not included in their indirect cost rates. Since this matter is addressed to CPB, we will respond under separate cover with the Office of Inspector General.

Action: No further action is required of PBS.

II. Recommendations 3 and 4

The Communications Act requires that PBS' governing body and its committees and any advisory body hold open meetings preceded by reasonable notice to the public¹. For any of these meetings that are closed, it requires that PBS make a statement available to the public with the reasons for said closings, within a reasonable time. The audit found that PBS did not fully comply with these requirements and recommends that CPB require PBS to comply with these requirements and require PBS to develop written procedures documenting the same. In its response to the audit dated September 16, 2019, PBS provided its written assurance that it would be compliant with these requirements going forward and had begun drafting written procedures. Considering PBS' representations and that neither CPB nor the Act require that PBS have written procedures, we will not require PBS to take any additional steps and we consider this matter closed.

Action: No further action is required of PBS.

III. Recommendation 5

The audit found that PBS was provided its employees with the opportunity to borrow up to \$1,000 for tuition expenses, interest free and the opportunity to borrow up to \$3,000 to purchase a personal computer, interest free. The Communications Act prohibits CPB from providing funding to PBS for this project, if PBS provides interest free loans to its employees or officers². PBS, upon recognizing this restriction, stated in its September 16, 2019 correspondence, that it had cancelled both programs. The audit recommends that CPB ensure that the programs are cancelled, and that all previously granted interest free loans are repaid and closed. With PBS' written confirmation that it has cancelled both programs, we are confident that the programs have been terminated, we will not require PBS to take any additional steps and we consider this matter closed.

Action: No further action is required of PBS.

If you wish CPB to consider additional information relating to this matter, please provide the same in writing within 30 days of the date of this letter, otherwise CPB will consider these determinations final.

Kind regards,



Jackie J. Livesay
Assistant General Counsel & Vice President, Compliance

CC: VIA ELECTRONIC MAIL

Thomas E. Tardivo, Chief Financial Officer, PBS
Thomas A. Crowe III, Vice President, Interconnection, PBS
Meghan Biggs, Vice President and Controller, PBS
Eric Stith, Vice President, Financial Planning and Analysis, PBS

¹ 47 U.S.C. § 396 (k)(4).

² 47 U.S.C. § 396 (k)(9).

Mr. Mario Vecchi
Chief Technology Officer
Public Broadcasting Service

Scott Griffin, Assistant General Counsel, PBS

Carolyn Oh, Director, Finance, PBS

Michael Levy, Executive Vice President & Chief Operating Officer, CPB

J. Westwood Smithers, Jr., Senior Vice President & General Counsel, CPB

William P. Tayman, Jr., Chief Financial Officer & Treasurer, CPB

Kimberly Howell, Inspector General, CPB

Ted Krichels, Senior Vice President, System Development and Media Strategy, CPB

Beth Walsh, Vice President, Media Strategy Operations, CPB

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