



Report in Brief

Why We Did This Audit

We performed this examination based on our annual audit plan.

Our objectives were to determine whether the Fred Rogers Company (FRC):
a) financial report fairly presented total project grant expenditures; b) costs were incurred in accordance with grant requirements; and c) complied with grant requirements for the period July 1, 2012 through September 30, 2015.

This report contains the views of the Office of Inspector General (OIG). The Corporation for Public Broadcasting (CPB) will make the final decision on our findings and recommendations.

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Audit of PBS and CPB Grants Awarded to The Fred Rogers Company for the Production of “Odd Squad” for the Period July 1, 2012 through September 30, 2015

What We Found

We disclaimed an opinion on the \$18.2 million FRC reported as costs for this production.

Our audit identified significant deficiencies in internal control to ensure compliance with various grant requirements for:

- CPB’s requirement that the final financial report be reconciled to grantee’s general ledger;
- CPB’s requirement to access subcontractor’s financial records to verify total project costs; and
- Ready to Learn’s (RTL) financial records requirement to identify the application (expenses) for federally sponsored activities.

FRC did not agree with our findings. CPB management will make the final determination on our findings and recommendations.

The audit’s scope was limited when we were not given access to FRC’s subcontractor’s records to obtain sufficient audit evidence to opine on FRC’s final financial report.

What We Recommend

CPB should:

- require FRC to obtain from its subcontractor a reconciliation of the final cost reports submitted to CPB to the subcontractor’s general ledger and a written certification of their accuracy;
- require that FRC’s final financial report for its current production disclose the basis for reporting project costs and the amount of its subcontractor’s reported costs that were not recorded in FRC’s accounting records;
- require FRC to comply with all CPB grant terms in its current production, including access; and
- ensure its oversight of grantees reinforces RTL requirements.