



## 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 reports 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.

Send all inquiries to our office at (202) 879-9669 or email [OIGemail@cpb.org](mailto:OIGemail@cpb.org) or visit [www.cpb.org/oig](http://www.cpb.org/oig)

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### *Audit of PBS and CPB Grants Awarded to The Fred Rogers Company for the Production of “Peg +Cat” and “Daniel Tiger’s Neighborhood” for the Period July 1, 2012 through September 30, 2015*

#### What We Found

Except for the matters discussed below, the FRC financial reports submitted to CPB fairly present the costs of these productions in conformity with the PBS and CPB grant agreement requirements:

**As a result of our audit, we recommend CPB recover \$821,640.**

- over recovery of \$614,548 in direct production costs for the Peg + Cat production (CPB’s portion totaled \$363,812);
- questioned Daniel Tiger’s Neighborhood pre-term and indirect costs of \$312,039;
- understated CPB ancillary revenues of \$145,789 for the Peg + Cat production; and
- lack of full compliance with federal requirements for Ready to Learn (RTL) grant activities for the Peg + Cat production.

FRC agreed with our questioned costs finding but disputed the other findings. CPB management will make the final determination on our findings and recommendations.

#### What We Recommend

That CPB take the following actions to:

- recover \$363,812 in overpayments for the Peg + Cat production and amend its current agreement to report all funding sources on financial reports;
- recover \$312,039 in questioned costs;
- ensure oversight of grantees reinforces RTL requirements;
- require FRC to provide support for its current indirect cost rate; and
- require FRC to distribute corrected ancillary revenues in the amount of \$145,789 to CPB.