



Corporation  
for Public  
Broadcasting

Board of Directors

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May 3, 2006

**Kenneth Konz**  
Inspector General  
Corporation for Public Broadcasting  
401 Ninth Street, NW  
Washington, DC 20004-2129

Dear Mr. Konz:

On behalf of the Board of Directors of the Corporation for Public Broadcasting, I respectfully submit to CPB's Office of the Inspector General the attached report *The Corporation for Public Broadcasting's Response to the Office of the Inspector General's Report of Review*. The Board of Directors and CEO of the Corporation for Public Broadcasting (CPB) are proud of the wide-ranging improvements now underway at the Corporation.

Sincerely,

Chair, CPB Board of Directors



Corporation for Public Broadcasting's Response to the  
Office of Inspector General's Report of Review

May 3, 2006



# **THE CORPORATION FOR PUBLIC BROADCASTING'S RESPONSE TO THE OFFICE OF THE INSPECTOR GENERAL'S *REPORT OF REVIEW***

## **Executive Summary**

For the first time in its 40-year history, the Corporation for Public Broadcasting (CPB) has, at the direction of its Board of Directors (Board) and Chief Executive Officer (CEO), initiated a top-to-bottom review of its operations and procedures. Never before has the organization undertaken a major examination of every task, operation, and practice. From the boardroom to the file archives, every aspect of the organization has been, and is being scrutinized.

Specifically, the Corporation's review was designed to serve three key goals: (1) address the findings and recommendations of the CPB Office of the Inspector General (OIG) in its November 2005 *Report of Review*, as well as other internally-identified recommendations for improvement; (2) instill a culture of best-practices and continuous improvement based on internally-identified recommendations and provisions of Sarbanes-Oxley; and (3) create a stronger, more effective organization consistent with CPB's leadership mandate in the public broadcasting community.

The review itself has produced a wealth of valuable insights into governance, management and operational structures, internal systems, and personnel practices. The improvements that have been and are being made go well beyond technical compliance with the recommendations contained in the OIG report. Examples of the actions taken based on the internal review include reduced complexity of organizational processes, better internal controls, greater transparency in operations, more reliable documentation procedures; increased audit and finance committee involvement, and more standardized processes for IT and other key functions.

The review and the numerous improvements that have resulted represent a powerful rededication by the Corporation's Board of Directors, management, and staff to good governance, transparency, and to ensuring the integrity of CPB's internal controls. Equally important, the review and improvement process has resulted in the creation of systems and the formation of a culture of continuous improvement within the Corporation for Public Broadcasting.

## **The Response of the Corporation's Board of Directors to the OIG Investigation and Report of Review**

The Corporation for Public Broadcasting's Office of Inspector General, at the request of members of Congress in the spring of 2005, reviewed concerns regarding CPB's compliance with the Public Broadcasting Act of 1967.

Concurrent with the preparation of the OIG *Report of Review*, in August of 2005, the Chairman of CPB's Audit and Finance Committee, with the support of the Board of Directors ordered a major review of internal controls, personnel procedures and information management systems.

The OIG produced its *Report of Review* in November 2005 and recommended that CPB take a number of actions to improve governance processes and operating policies and procedures. In its *Report*, the OIG outlined eight areas where CPB could make substantive improvements. These included: (1) Board Roles, Responsibility, and Accountability; (2) Political Tests; (3) Policy on Objectivity and Balance; (4) Top-Down Contracts; (5) Internal Controls; (6) Executive Hiring, Compensation, and Evaluation; (7) Tone-from-the-Top; and (8) Transparency.

The response by Corporation's Board of Directors was immediate, direct and rigorous. On November 10, 2005, the Board, under the leadership of its new Chairman Cheryl Halpern, announced reforms designed to strengthen and enhance governance, accountability, and transparency in the operations of the CPB. The Board established a corporate governance committee and an executive compensation committee. It then charged the committees respectively with improving checks and balances within the Corporation, defining the respective roles of the board and senior management, achieving greater transparency in its operations and hiring practices.

Further, the Board directed CPB management to undertake a comprehensive review and improvement of the governance and internal operations of the Corporation. CEO Patricia Harrison responded by committing management, staff and resources to addressing the findings and recommendations contained in the OIG's *Report of Review*, as well as to examining systems and policies that can lead the organization to become more efficient and effective.

This report describes in detail CPB's response to the recommendations provided by the OIG as well as to other, internal recommendations, the work completed to date, and the plans for implementing longer-term improvements. The report further demonstrates CPB's commitment to, and improvement of internal control practices that are integrated throughout the policies and procedures of the Corporation. These controls support the fundamental effectiveness and efficiency of operations, provide appropriate checks and balances, improve the reliability of financial reporting, and ensure compliance with applicable laws and regulations.

Setting a "tone-from-the-top" based on integrity, ethical values, and clear assignments of authority and responsibility is critical to the success of any organization. For CPB, this begins with: clear communication from the Board and top management, well thought-out

policies and procedures, and integrated systems that relate individual activities to the overall performance of the organization.

### **The Champion Project**

Following receipt of the Inspector General's Report in November 2005, CPB's Board of Directors and the Corporation's CEO, Patricia Harrison, directed the Corporation's Chief Financial Officer (CFO) to design and execute an expanded initiative to examine and strengthen policies and procedures in every major segment of CPB's operations. The goal: to make CPB a more responsive and transparent organization -- one better able to carry out the Congressional mandate of providing leadership, support, and oversight to the public broadcasting system.

The CFO engaged a full-time project manager and three project staff with substantial analytical and accounting skills and a thorough understanding of the Corporation's operations. Together, these individuals (the "Project Team"), in consultation with CPB executives and staff, began to develop a scope of work for the project, a flexible timeline, and to identify a cadre of employees who would bring value to the initiative.

On December 12th, the CFO reported to the Corporation's Board on management's plan for the initiative. The scope of the initiative, which would come to be known as the Champion Project, comprises the findings of the internal review of controls, personnel procedures and information management systems, the recommendations from the *OIG Report of Review*, as well as additional issues identified by management. An "Advisory Group" was formed from personnel drawn from each of the Corporation's grant-making departments, as well as the heads of departments overseeing business affairs, human resources, and financial operations.

Since its formation, the Advisory Group has met weekly with the Project Team to discuss significant challenges and to present recommendations. These meetings have been enhanced by the involvement of CPB's Executive Vice President, Chief Operating Officer, and General Counsel, who helped set priorities, refine project plans, and authorize the significant use of CPB resources. In addition, the meetings have benefited from the involvement of the Office of the Inspector General. The participation of the Inspector General and his deputy has fostered a collaborative environment for the review of organizational plans, documents, and activities.

Collaboration throughout the organization has been a hallmark of the Champion Project from the beginning. The Project Team has had unfettered access to CPB senior executives and management. CEO Harrison has met with the Project Team as well as Advisory Group representatives to review challenges and consider possible solutions. Ms. Harrison encouraged the Project Team to achieve the best results for CPB even if they may appear difficult to implement. In addition, she has underscored the importance of the project by sending a strong and supportive tone-from-the-top; bolstering the Advisory Group's effort to pursue difficult, long-term goals; talking about the value of the project at her daily meetings with CPB management; and working with the Board to set an ambitious agenda for the project.

As referenced above, the Inspector General and his office have played an integral role in the Champion Project. Beyond the OIG's participation in regular meetings with the Advisory Ground and the Project Team, the Inspector General has met frequently with senior management to discuss and provide feedback on the project and CPB's planned actions.

### **Project Implementation**

The Champion Project was launched by Chairman of the Board Cheryl Halpern and CEO Patricia Harrison following a meeting of the Board of Directors on December 12, 2005, with a mandate to address not only the concerns outlined in the OIG's *Report of Review*, but to advance changes throughout the Corporation and develop sustainable systems for an ongoing process of improvement.

Since December, the Corporation has devoted significant time, energy and resources to the Champion Project. The effort has been exhaustive, entailing more than 4000 staff hours and the participation of approximately thirty-percent of CPB personnel. A private, non-profit entity, the Corporation for Public Broadcasting operates with a staff of just under 100 employees and with an administrative budget capped by Congress at 5% of revenue.<sup>1</sup>

The Project Team reviewed existing policies, catalogued the levels of authority granted by each policy, as well as the responsibilities assumed by each officer of the company. Working in close coordination with the Advisory Group and senior executives, the Project Team examined the strengths and weaknesses of existing policies and procedures and drafted improvements to policies that frame every major CPB activity, including contracts, funds management and, personnel. At the same time, they weighed the potential impact of those improvements on the Corporation's ability to carry out its mission – keeping in mind the need for operational agility, accountability, transparency, and the Corporation's role as steward of the taxpayer's investment in public broadcasting.

Improvement proposals were transmitted as recommendations for consideration by the Corporation's Board of Directors. At the beginning of May, the Board approved numerous improvements, including changes to its code of ethics and conflict of interest policy; clarified Board and CEO roles and responsibilities; committed to transparent actions during its board meetings; approved plans to prevent political tests in employment decisions; adopted a whistleblower policy; and committed to revising its role in contracting. Additional milestones are listed in the body of the report that follows.

These broad improvements are just the beginning of a program of transformation and continuous improvement. Improved policies and procedures will be enhanced through

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<sup>1</sup> Created by Congress under the Public Broadcasting Act of 1967 (47 U.S.C. 396), the mission of the Corporation for Public Broadcasting is to facilitate the development of, and ensure universal access for all Americans to, high-quality educational, informational, and cultural programming. To fulfill this mission, the CPB distributes direct grants for operations and programming to more than one thousand public radio and television stations nationwide. CPB's nine-member Board of Directors sets policies and establishes programming priorities for the Corporation.

training and continuing education for all levels of CPB staff. The project has the momentum of fresh leadership and the desire to take on these challenges as opportunities to identify and embrace best practices and better serve the stakeholders of public broadcasting.

### **Looking Ahead**

While a great deal of improvement in the Corporation's governance and internal controls has been achieved in five short months, a significant amount of activity still lies ahead due to the broad scope and detailed nature of the Champion Project.

For example, the Board has signaled that, in concert with other public broadcasting stakeholders, it will engage in an ongoing review of the Corporation's fulfillment of its statutory missions, including that of objectivity and balance in radio and television programming.

The Board will also develop and participate in a regular self-assessment and education program. In addition, the Board will be reviewing the organization's governance provisions and operational issues on an annual basis, including the Code of Ethics for Directors, contracting and hiring policies, and the various responsibilities assigned to Board committees.

A major initiative arising from the Champion Project is the manner in which the Corporation approaches training. CPB's entire training process is undergoing a complete revision for new-hires, existing employees and Board members. Examples include: developing programs for new managers that incorporate specific guidance on engaging consultants, contracting and procurement procedures, and revised hiring policies.

The Corporation is also reviewing a wide range of operational policies identified in the Champion Project that is expected to result in the promulgation of new policies and procedures through 2006 and possibly into 2007. Issues currently under review include: CPB's compensation and evaluation philosophy, contract policies, performance management tools, procedures for hiring consultants, and other staffing procedures that ensure CPB hires the most qualified candidates. An in-depth review is also underway for sole-source contracting and funds policies.

Longer-term operational objectives include efforts to develop a comprehensive controls system and to create meaningful, strategic performance measurement tools. For example, an extensive review is underway to examine CPB's signature authority policy. A consolidated and integrated inventory of controls will form the basis of a comprehensive risk-management program. Revised reporting tools for the Board and management will facilitate a sharper focus on overall corporate performance.

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# The Champion Project

## Opportunities For Improvement

I. Leadership	Source
<p data-bbox="159 401 513 432"><b>I. a) Tone From The Top</b></p> <p data-bbox="235 506 646 537"><u>Findings and Recommendations</u></p> <p data-bbox="235 541 1328 720">The OIG recommended that CPB establish policies to emphasize the importance of internal controls and ethical behavior within CPB’s culture. CPB leaders – the Board of Directors and executive management – must set, promote, and enforce expected standards, demonstrating the importance of working within the policies and procedures of the company.</p> <p data-bbox="235 762 1336 1087">In the past several years, CPB has sought to find the right balance between achieving rapid results and building a solid culture around governance controls. This recommendation from the OIG encourages CPB to continue to make improvements in its controls as a means of mitigating risk and strengthening standards. There are numerous controls established and currently practiced throughout CPB’s operations, but they are not managed as an integrated system, such as a centralized controls policy or a management tool for monitoring compliance. The <i>Report</i> cited cases where exceptions had been made to standard operating procedures, particularly related to contracts that were initiated by the Board or senior management.</p> <p data-bbox="235 1129 1328 1413">In order to demonstrate CPB’s commitment to enforcing policies and putting emphasis on ethical conduct, the OIG recommended developing a formal risk-management program to conduct regular risk assessment surveys of all activities. Such a system would include audits by independent external parties and by the OIG, as well as reports on the internal controls being used and their effectiveness to inform the Board and the public. In addition, the OIG’s <i>Report</i> recommended that the job performance expectations of the officers of the Corporation include the responsibility for ensuring that policies and procedures are followed and deviations are reported.</p> <p data-bbox="235 1465 362 1497"><u>Activities</u></p> <p data-bbox="235 1501 1336 1717">In November 2005, the Board of Directors committed to studying the OIG’s recommendation for a risk management program, in order to determine how to approach it in a manner compatible with the budgetary constraints of CPB’s statutory administrative budget cap. The Board directed management to review the recommendation regarding officer performance expectations and make an appropriate report to the Board.</p> <p data-bbox="235 1759 1336 1927">CPB is examining the current inventory of internal controls and reviewing options for establishing a systematic method of categorizing controls that are already in place. CPB recognizes that the most effective system would include coordinated planning efforts across all streams of CPB’s work. CPB is moving towards this type of integrated system with the Board working to set corporate strategic plans and CPB</p>	<p data-bbox="1382 401 1498 457"><u>OIG</u> Item 3, 17</p>

managers outlining operational goals for the coming fiscal year. The efforts to develop a comprehensive system and create meaningful, calculated performance measurement tools will continue as part of the long-term objectives of the company.

In the summer and fall of 2005, CPB worked with outside experts to evaluate and document its operations, including control activities. The past six months have been dedicated to corporate improvements in all areas of the company. Project staff analyzed and evaluated major CPB policies, procedures, as well as its supporting systems and controls, to develop recommendations for long-term improvements. CPB has requested the assistance of the OIG to document and classify current control activities as a part of the analysis. We are also building a revised, comprehensive corporate policy for operations that will enforce the existing controls and add new controls as needed. This will be a one-stop, easy to access resource which will be simpler to update. This is an important first step to establishing a corporate risk management program.

Beginning with the newly adopted Whistleblower Policy (Tab 1), CPB is incorporating procurement and personnel oversight responsibilities into performance expectations of corporate officers. CPB's human resources department is working with the CEO and executive team, the Compensation Committee and expert counsel to develop a compensation philosophy and evaluation plan tied to specific performance expectations. As a part of the development of performance expectations, the Board has adopted additional policies on matters which must be reported to the Board by management. In addition, the Board and management have adopted policies and procedures requiring management and staff to report reasonable suspicion of waste, fraud, abuse, material mismanagement, or violations of law or the Codes of Ethics. The development and implementation of an enhanced compensation philosophy and performance evaluation program is expected to require the remainder of the fiscal year.

CPB has also increased the oversight responsibility of members of the Board through updates to the Code of Ethics for Directors (Tab 2), in a section about fiduciary duties. One of those duties, the *Duty of Care*, specifies the Board's duty to oversee operational risks to the Corporation: "The Duty of Care also requires Directors to take adequate steps to see that senior officers of the Corporation are properly managing the Corporation's business and affairs. This includes instituting: (a) information and reporting systems reasonably designed to provide them and senior management with timely accurate information sufficient to allow them to reach informed judgments concerning the Corporation's performance; and (b) compliance policies reasonably designed to ensure that the Corporation and officers comply with laws applicable to the Corporation."

During the next six months, CPB will continue to review, develop and implement policies and systems that build and further develop corporate internal controls. The controls will be consolidated and integrated into a comprehensive risk management program for the organization. New and revised reporting tools for the Board and management will provide additional reinforcement for the program and establish focus on overall corporate performance.

## Milestones

- 12/22/2005 - Completed additional controls audit with outside counsel
- 2/1/2006 - Launched review and overhaul of internal operating policies and procedures
- 3/10/2006 – Requested that the OIG provide assistance in inventorying internal controls
- 4/7/2006 – Corporate Governance Committee reviewed and endorsed Whistleblower policy
- 5/1/2006 – Board reviewed and approved Whistleblower policy
- September, 2006 – Planned implementation of revised policies and procedures, enhanced reporting for CPB Board and management, and corporate training to reinforce new requirements

## I. b) **Transparency / Openness**

**OIG**  
**Item 1(d),**  
**1(e), 7**

### Findings and Recommendations

CPB's By-Laws do not specifically describe the roles and responsibilities of the Chairman and the Board of Directors, nor how additional duties should be assigned to them. As a result, the OIG recommended that CPB "establish procedures for the Board of Directors to assign additional duties to the Chairman or other Board members" and that such assignment take the form of a resolution of the Board.

The Public Broadcasting Act dictates that stations and organizations receiving the federal funds distributed through CPB's annual appropriation must engage in public meetings with open deliberations. Certain topics may be discussed in closed, private sessions of a board, but the spirit of the Act emphasizes openness and opportunities for the public to hear discussion prior to action. The OIG *Report* cited instances where the CPB Board adopted resolutions or took actions without public deliberations. As a result of these findings, the OIG recommended that CPB review its practices for closing meetings and strive to ensure transparency.

The *Report* also indicated that CPB should establish clearer rules and guidance as to what types of contracts are appropriate and the system of checks and balances they must follow. The OIG also recommended that the authority to enter into such contracts be delegated on a case-by-case basis and by resolution of the Board.

### Activities

The Board of Directors has committed to developing and adopting guidelines on the roles and responsibilities of members of the Board, including the Chairman.

The Board, working with its outside counsel and senior management, has developed and adopted guidelines for roles and responsibilities. In addition, the Board will consider its means for assigning additional duties to its members and the nature of those duties in future meetings.

The Board recognizes the importance of transparency. Responsibility for oversight of the Corporation's compliance with open-meeting requirements, as well as oversight of transparency concerns generally, rests with the Corporate Governance Committee pursuant to its Charter (Tab 3.) Currently, the Board, with the assistance of its General Counsel, is undertaking an additional review of its practice in this area. For example, the Board is considering whether additional voluntary website disclosures

would be appropriate.

The Board charged the Governance Committee to oversee compliance with the public meeting requirements of the Act. It included in their charter periodic review of overall transparency concerns of the Corporation. The Governance Committee reviewed and approved new Practices and Procedures for Ensuring Open Board and Committee Meetings (Tab 4) guidelines for open meeting procedures and the maintenance of public records of the decisions of the Board. The full Board of Directors reviewed and adopted guidelines that ensure that open deliberation of the Corporation's business is the standard. The guidelines also set high standards for when and how a meeting may be closed and provisions for public access to the resolutions and audio files from the Board's open meetings. Even prior to being adopted by the Board, the procedures documented in that plan were followed.

The Board committed to revise CPB policy governing human resources processes, including those regarding hiring executive search firms and developing and signing employment contracts.

The Board agreed to strengthen its checks and balances with regards to procurement by requiring Board members (and the Chairman) to follow all of CPB's policies related to contracting. Contracts for services requested by Board members will follow the same process for procurement and review as CPB staff. The Governance Committee recommended, and the Board agreed on, revisions to the Board By-laws (Tab 5) to put these practices into place. The Board plans to formally approve the By-Laws revisions in May, 2006. At the same time, the Corporation will revise its internal policies to include provisions for contracts that CPB undertakes for the Board of Directors.

The Roles and Responsibilities of the Board of Directors, Chair of the Board, and President in Directing the Affairs of the Corporation for Public Broadcasting (Tab 6) provides further clarification about the appropriate relationship of the Board relating to the operational management of the company, and thus the types of contracts that the Board might be involved with in the future.

In order to ensure the long-term success of contract policy enhancements, the Board will participate in orientation sessions and training programs that will include the Corporation's contract policy practices and procedures.

#### Milestones

- Jan – Feb, 2006 - Development of process for contracts initiated by the Board, including proposed revision to By-laws
- 1/9/2006 – Development and initial implementation of draft Board openness practices
- 1/30/2006 - Board and management committed to new open meeting practices
- 3/22/2006 - Roles and Responsibilities document developed
- 4/7/2006 – Corporate Governance Committee reviewed and approved open meeting practices, proposed for changes to the By-laws, and Roles and Responsibilities document
- 5/1/2006 – Board adopted open meeting practices and Roles and Responsibilities
- May, 2006 – Board to consider adoption of proposed changes to the By-laws
- Annual - Orientation and ongoing training program for Board members and senior managers

**I. c) Top Down Contracts**

**OIG  
Item 1(e)**

Findings and Recommendations

CPB's By-laws and other governing documents are unclear regarding the Board's authority to enter into contracts for services it may wish to acquire on behalf of CPB. The *Report* recommended that CPB establish clearer rules as to what types of contracts are appropriate for the Board to enter into directly and the system the Board should follow in doing so. The OIG recommended as an initial step that any authority to enter into contracts directly be by a resolution of the Board.

Activities

The Board's initial commitment was to revise the areas most affected by the OIG recommendation, CPB policy governing human resources processes, including those regarding hiring executive search firms and developing and signing employment contracts.

After further review, the Board decided that no special process should be created for services that the Board should wish to acquire directly. Instead Board members (and the Chairman) should follow all of CPB's policies and procedures in acquiring services. The Governance Committee has discussed and agreed that the By-laws should be revised to require adherence to CPB contracts processes; CPB will additionally update its internal policies to include provisions for contracts that CPB undertakes on behalf of the Board of Directors. The Board will revise the By-Laws in May, 2006.

The Roles and Responsibilities document provides further clarification about the appropriate relationship the Board has to management of the company, and therefore the types of services that the Board might wish to contract for in the future.

Orientation and training programs for Board members will include information on the contracting policies of the Corporation.

Milestones

- Jan – Feb, 2006 - CPB management developed plan for contracts initiated by the Board, including proposed revision to By-laws
- 2/2/2006 - Reviewed plan with staff Advisory Group
- 4/7/2006 – Governance Committee reviewed and approved proposal for change to By-laws
- May, 2006 – Board to consider adoption of proposed changes to the By-laws
- Annual - Board training on contracting policy and procedures

**I. d) Objectivity & Balance**

**OIG  
Item 4**

Findings and Recommendations

By statute, CPB is required to “review, on a regular basis, national public broadcasting programming for quality, diversity, creativity, excellence, innovation, objectivity, and balance, as well as for any needs not met by such programming...” as well as to “disseminate among public broadcasting entities information about its

efforts to address concerns about objectivity and balance...” The OIG recommended that CPB review its statutory requirements and establish appropriate policies and procedures to ensure that reviews of national programming are conducted in accordance with statutory provisions and include all significant stakeholders from the public broadcasting system. The OIG noted that there were efforts by the Board in 2005 to address the issues that were not made in full consultation with the system. A renewed process of evaluating balance and objectivity should be conducted on an annual basis.

Activities

The Board committed to conducting an ongoing review of the Corporation's fulfillment of all its statutory requirements. The review will be conducted in consultation with CPB’s partners in the public broadcasting community.

The Board continues to explore their options for addressing the statutory obligations regarding objectivity and balance. In March 2006, the Board requested that the Corporate Governance Committee review the role of the Office of the Ombudsmen. In April, the Corporate Governance Committee directed CPB management to provide background research and testimony on the role of Ombudsmen in public journalism.

Future Board and committee meetings will focus on the means by which to bring the discussion of balance and objectivity to the public broadcasting community of stakeholders. Those plans will include seeking advice from experts from both inside and outside public broadcasting.

Milestones

- 3/13/2006 - Discussion of CPB Office of the Ombudsmen
- 4/7/2006 – Governance Committee discussion of Office of the Ombudsman and tasking of CPB management for research

II. Corporate Governance and the Role of the Board	Source
<p>II. a) <b>Board Roles and Responsibilities</b></p> <p><u>Findings and Recommendations</u>            The roles of the CEO and the Board of Directors are distinct within the organization and should be clearly articulated and understood. The Public Broadcasting Act, the By-laws and other policies do not clearly distinguish the roles and responsibilities of members of the Board and CPB management. In addition, CPB lacks the procedures to manage any alleged violations of the established roles. The OIG recommended that CPB clarify the roles of the members of the Board and the President/CEO. Further, the IG recommended that the Board be required to assign additional duties to the Chairman or other members of the Board, including the authorization for a Board member to enter into contracts, by resolution. The OIG <i>Report</i> indicated that CPB should establish clearer rules and guidance as to what types of contracts are appropriate for the Board to enter into and the system that should be followed for</p>	<p><b>OIG</b>            Item 1(a), 1(d), 1(e), 17</p>

those activities.

### Activities

The Board, CPB senior management, and outside counsel developed guidelines that define and distinguish the roles and responsibilities of the Board and CPB management. The Roles and Responsibilities document presents those principles and describes how they are to be applied in specific, regularly occurring situations at the Corporation. The guidelines state that the Board is responsible for providing “clear direction on the course it wishes management to pursue” while management is in charge of determining how to implement those Board directives. The Roles and Responsibilities document was recommended by the Corporate Governance Committee on April 7th. A revised version of the document was adopted by the full Board of Directors on May 1, 2006.

On January 9<sup>th</sup>, 2006, the Board of Directors adopted a set of guidelines that specified when they must be notified or give approval for activities of the Corporation. The guidelines consolidate standards from relevant policies and procedures throughout CPB’s operations, including requirements for actions in areas of human resources, procurement, ethics, finance and legal matters.

Through the Charter (Tab 7) for the Executive Compensation Committee, the Board role in areas of human resources such as in hiring executive search firms and developing and signing employment contracts is assigned to that committee.

The Board agreed to strengthen the measures for checks and balances by requiring its members (and the Chairman) to follow all of CPB's standard policies related to procurement and contracting. The Corporate Governance Committee agreed that the Board By-laws should be revised to require adherence to CPB contacts processes. The By-Laws revisions are expected to be made in May, 2006. In addition, the CPB will update its internal policies to include provisions for contracts that CPB undertakes on behalf of the Board of Directors.

The Board of Directors’ programs for orientation and ongoing education / governance training will include a review of this set of guidelines for all Board members.

### Milestones

- Jan – Feb, 2006 - CPB management developed plan, including proposed revision to By-laws, for “top-down” contracts
- 1/9/2006 - Guidelines Regarding Required Board Approvals and Notifications adopted by resolution
- 3/22/2006 - Draft Roles and Responsibilities developed by CPB Management with outside counsel
- 4/7/2006 – Corporate Governance Committee reviewed and approved open meeting practices, proposed for changes to the By-laws, and Roles and Responsibilities document
- 5/1/2006 – Board of Directors adopted open meeting practices and Roles and Responsibilities document
- May, 2006 –Board to consider adoption of proposed changes to the By-laws
- Annual - Orientation and ongoing training program for Board members includes review of all guidelines

## II. b) Directors Code of Ethics

**OIG**  
Item 1(b), 2

### Findings and Recommendations

The *OIG Report* suggested the Board would benefit from establishing formal processes to investigate alleged violations of corporate policies, the Code of Ethics, or other governing documents. Without formal processes for investigation, the Board may find it difficult to address critical issues of misconduct that could arise. The *OIG* recommended the Board develop a process of investigation and discipline for any alleged violations to CPB's governing policies, rules and laws.

### Activities

In November 2005, the Board of Directors committed to developing a Corporate Governance Committee with the authority and responsibility to investigate alleged violations of the Corporation's governing documents by Board members.

On January 9, 2006, the Board of Directors established the Corporate Governance Committee with responsibilities that include conducting investigations of the Board and its members, including any officers of the Corporation, in conjunction with the *OIG* and the Audit and Finance Committee. The Committee will report to the Board any credible allegations that individuals or groups of individuals have violated, or taken action inconsistent with, the Corporation's Governance Documents, the Public Broadcasting Act or any other applicable law.

The Corporate Governance Committee reviewed a revised Code of Ethics for the Board of Directors during its April session and presented it for review and approval to the full Board in May. The revised code includes a provision for inquiry and investigation by the Governance Committee of apparent or alleged violations, and subsequent disciplinary measures issued by the full Board if deemed appropriate by the results of the investigation. In addition, the code includes a revised and expanded conflicts of interest policy.

With respect to investigations, recommendations regarding formal process and procedures have been solicited from the *OIG*.

### Milestones

- 11/1/2005 - Established Corporate Governance Committee of the Board of Directors
- 1/9/2006 - Adopted Charter for Corporate Governance Committee
- 4/7/2006 – Governance Committee reviewed and approved key documents pertaining to corporate governance, including the revised Code of Ethics for Directors
- 5/1/2006 – Board of Directors approved revised Code of Ethics for Directors
- Annual - Orientation program for Board members includes review of Code of Ethics for Directors and review of the responsibilities of the committees

**II. c) Orientation and Ongoing Education for the Board of Directors**

**Internal**

Findings and Recommendations

Members of the Board are responsible for complying with the law and policies of CPB, which are detailed and numerous. The Board and management have agreed to establish an orientation program for new Board members and an annual, ongoing education program for all members that will provide them with the information necessary to understand and act within those guidelines. The Corporate Governance Committee is leading the Board in this initiative.

Activities

The Corporate Governance Committee will engage appropriate outside consultants with expertise in non-profit organization governance matters to assist in the orientation program for new members of the Board. The consultants will be asked to create a curriculum for orientation, develop a schedule for the ongoing education topics, and deliver the training. They may also be asked to provide additional sessions with the Board or give guidance to their activities and plans. The Board plans to begin the education program at its July meeting.

The Board orientation program will educate new Board members on the activities of the Corporation, outline relevant regulation on the Board's and members' actions from the statute, By-laws and policies, provide a brief history of Board activities, and introduce other key topics related to the structure and function of the Board. The ongoing education program will include topics of governance, development of CPB's strategic goals, overviews of the roles and responsibilities of the Board, and reviews of the Board's Code of Ethics, CPB policies, and legal matters.

Milestones

- May, 2006 – Planned procurement of Board governance consultant
- July, September 2006 - Initial Board governance orientations
- Ongoing - Governance training for the Board of Directors

**II. d) Executive Recruitment, Hiring, Compensation & Evaluation**

**OIG**  
Item 1(c), 6, 16,  
17

Findings and Recommendations

The *OIG Report* found that the Board of Directors' role in recruitment, hiring and compensation was not clear and should be strengthened. The *Report* cited a demonstrated need for internal controls to be bolstered and better ingrained in the corporate culture.

The *Report* recommended the Board establish a committee for executive compensation that would provide oversight and clarification of the Board's role in human resources such as hiring of officers, setting executive compensation and overseeing personnel policies and procedures. In addition, the *Report* recommended that the Board delegate responsibility for ensuring proper adherence to CPB policies to the officers of the company, with notification of any misconduct to the committee and the Board.

### Activities

The Board adopted the charter for the Executive Compensation Committee on January 9, 2006 and assigned it the responsibility for reviewing the performance and compensation of the President, and setting compensation policy for officers and other employees of the Corporation. Responsibility for evaluating executive employment contracts and other executive compensation packages is also given to the Executive Compensation Committee pursuant to its charter. The Committee will meet regularly to carry out their responsibilities.

The Executive Compensation Committee provides oversight of the Corporation's compliance with its own policies and procedures, including those that govern consulting services. As a result, it has reviewed, and will review on an ongoing basis, the policies and Procedures to Prevent Political Tests in Personnel Decisions (Tab 8).

The Executive Compensation Committee has been working with the CEO, CPB management, and outside experts to design and implement improvements to CPB's processes for executive compensation and evaluation. Management is developing a compensation framework, and improved evaluation program for officers and staff. Development and implementation of the enhanced systems will take place through the remainder of the fiscal year. As a part of the framework for development of performance expectations, the Board now requires management to report any reasonable suspicion of waste, fraud, abuse, material mismanagement, or violations of law or the Codes of Ethics at CPB (as outlined in the Whistleblower Policy.)

In the long-term, the Corporation will engage in strategic planning that relates to key human resources areas such as hiring, training, and performance management. Outside expertise has been engaged to facilitate this goal, as well as to document key compensation metrics, set standards for performance evaluations, and develop a philosophy to guide future use of funds.

CPB worked with the Inspector General during an internal review of past practices for executive compensation and the procedures for developing individual compensation packages. The project included legal and accounting reviews to determine the tax and reporting implications of past executive compensation. In addition, CPB has worked with outside counsel to clarify the application of the salary cap and set clear policies for a variety of human resources practices.

### Milestones

- 11/1/2005 – Commenced internal review of executive compensation
- 1/9/2006 - Adopted Charter for the Executive Compensation Committee
- 1/25/2006 - Executive Compensation Committee reviewed executive contracts, the results of CPB's internal review, and other personnel issues
- 3/19/2006 - Executive evaluation template submitted to Compensation Committee
- 4/7/2006 - Governance Committee reviewed and endorsed Whistleblower policy
- 4/26/2006 – Executive Compensation Committee reviewed staff and officer compensation, performance review process, and plans for prevention of political tests in hiring
- 5/1/2006 – Board approved Whistleblower policy and procedures to prevent political tests in hiring
- Ongoing – Compensation Committee review of contracts, executive compensation and performance, policies for staff compensation, and other staffing matters

III Human Resources	Source
<p data-bbox="139 243 634 275"><b>III. a) Human Resources Processes</b></p> <p data-bbox="235 363 350 394"><u>Findings</u></p> <p data-bbox="235 405 1336 730">CPB reviewed its human resources department and identified a number of needed operational improvements, ranging from corporate staff planning efforts to the filing system. CPB needs to revive staff education programs and to provide more resources for specialized training. The need is particularly acute due to the significant shift in staff in the past few years. Additional long-term human resources improvements are under development that will link performance evaluations with annual corporate strategic plans and data driven performance indicators. In conjunction with this broad effort, CPB will improve administrative processes and controls in the processes used by human resources.</p> <p data-bbox="235 783 1330 961">CPB has often used search firms for filling senior level positions, most commonly for the CEO and officers roles. CPB values the ability to choose among well-qualified candidates from diverse backgrounds. However, experience has shown that the performance of search firms in delivering qualified, diverse candidates has not been consistent.</p> <p data-bbox="235 1014 1304 1129">The development of executive contracts, separation agreements and other executive employment and compensation matters require CPB to develop new organizational capacities for management and review.</p> <p data-bbox="235 1182 362 1213"><u>Activities</u></p> <p data-bbox="235 1224 1336 1371">CPB is devoting substantial time and financial resources to improve its human resources function. The efforts will: (a) enhance the role of human resources in corporate workforce planning; (b) improve internal controls, documentation and filing systems; (c) expand the use of exit interviews; and (d) expand staff training.</p> <p data-bbox="235 1423 1336 1707">The human resources department has assumed responsibility for the management of all staffing processes, including those for officer-level positions, which were formerly delegated to senior management and the Board. The human resources department will be responsible for assuring compliance with CPB's recruitment and hiring policies, and enforcing and reporting about controls over those processes. CPB is in the process of filling the vacant position of Chief Financial Officer (CFO); this officer will oversee the Corporation's administration, and will be responsible for evaluating the strategic function and reporting structure of the human resources department.</p> <p data-bbox="235 1759 1336 1938">The Executive Compensation Committee will take a broad look at personnel and workforce issues, including CPB's use of consultants. The Committee will be reviewing CPB's performance evaluation and compensation philosophy in upcoming meetings. Its work will be facilitated by a firm with expertise in human resources and governance topics.</p>	<p data-bbox="1393 243 1487 275"><u>Internal</u></p>

The human resources department has engaged the services of an outside expert to develop updated documentation and related policies for recruiting and hiring. The director of human resources developed hiring process maps, created a quality assurance control for each step of the hiring process including applicable EEOC requirements, and then conducted working reviews of the resulting plans with the Champion Project Advisory Group and senior management. Department managers will receive training on the new systems and on best practices in hiring on a regular basis.

CPB always strives to hire the most qualified candidates and is dedicated to actively pursuing diversity in the workforce. These are especially important in filling senior level positions. The use of a search firm is an important, but often costly tool, and past experience has not demonstrated that firms were consistently able to meet the goals of providing a diverse, qualified candidate pool.

CPB examined the use of executive search firms and conducted a cost-benefit analysis of the use of such firms. The findings were reviewed by CPB management, staff, and the OIG, and they are being provided to the Executive Compensation Committee for consideration. The Committee is responsible for making decisions on when it is appropriate and necessary to use a search firm for recruitment of CEO and senior officer positions. The human resources department is charged with orchestrating the search of all positions, including vice president-level and above, and will be working with the CEO and the Committee to manage the recruitment and hiring process.

The Executive Compensation Committee also provides oversight and guidance on all current and future executive employment contracts.

#### Milestones

- January, 2006 – Conducted compliance audit of human resources personnel files
- February, 2006 - Developed personnel file practices and security measures
- February, 2006 – Reviewed and adopted exit interview practices
- March, 2006 – Delivered pilot of revised staff orientation program
- March, 2006 - Reviewed and documented past compensation programs and the use of search firms in recruitment and hiring
- April, 2006 - Developed recruitment and hiring oversight practices
- May, 2006 – CPB will publish revised hiring policy; Regular reports to management to begin regarding turnover and exit interview trends
- September, 2006 - Revised personnel policy and related training will be rolled out

### **III. b) Preventing Political Tests in Hiring**

**OIG  
Item 5**

#### Findings and Recommendations

The OIG *Report* recommended that CPB strengthen policies, practices and procedures to ensure that a job candidate's political affiliation is not a factor in hiring decisions.

#### Activities

CPB's current personnel policies prohibit discrimination in employment on the basis

of a number of factors, including political affiliation, in compliance with the Communications Act and the Washington, D.C. Human Rights Act. The Board of Directors charged the Executive Compensation Committee with the responsibility for developing policies and procedures to further prevent political tests in hiring. In April 2006, the Committee reviewed and endorsed a series of enhanced personnel policies that were designed with that goal. Also in April, the Governance Committee reviewed and endorsed a revised Code of Ethics that specifies non-partisan behavior as a duty of each Board member. The full Board passed both measures on May 1. The human resources staff has developed certification procedures for each hiring process in order to confirm that the policies were followed (Tab 9.)

Upon review and approval by CPB management and the Board of Directors, CPB will incorporate the new rules into its training regimen. The Board of Directors will also be provided training on the rules through the Board orientation program. As a part of the Compensation Committee's standing agenda, there will be periodic reports from management on CPB's hiring process.

#### Milestones

- 1/26/06 – Preventing Political Tests memo sent to the Board
- 4/7/06 - Governance Committee reviewed and approved revised Code of Ethics
- 4/26/06 – Compensation Committee reviewed proposed policy enhancements to prevent political tests in hiring
- 5/1/2006 - Revised Code of Ethics and Measures to Prevent Political Tests in Hiring adopted
- August, 2006 – Planned roll-out and training of new personnel policy and procedures
- Ongoing – Training for the Board

IV Operations	Source
<p data-bbox="142 237 475 275">IV. a) <b>Internal Controls</b></p> <p data-bbox="235 338 649 373"><u>Findings and Recommendations</u></p> <p data-bbox="235 375 1336 558">The OIG recommended that CPB develop a formal approach to organizational risk management and establish a comprehensive program of internal controls. While there are controls established throughout CPB’s operations, the <i>Report</i> observed that the company does not manage them in a coordinated fashion, such as a centralized controls policy.</p> <p data-bbox="235 596 1336 814">The <i>Report</i> recommended that CPB require that corporate officers alert the full Board to significant changes in internal policy, significant policy deviations, and any potential problems the Corporation may be facing. Such policies create an additional control, and ensure proper awareness of Board members, who are assigned to the duty of overseeing the Corporation. The OIG also noted a need for improved controls over processes involving sole source procurement.</p> <p data-bbox="235 854 362 890"><u>Activities</u></p> <p data-bbox="235 892 1308 1001">The Board of Directors directed management to study this recommendation in order to determine how to best approach it in a manner that is compatible with the constraints of CPB’s statutory 5% administrative budget cap.</p> <p data-bbox="235 1039 1333 1257">CPB is examining the current inventory of internal controls and reviewing options for a systematic method of categorizing the controls that are already in place. The efforts to develop a comprehensive controls system and create meaningful, calculated performance measurement tools will continue as part of the long-term objectives of the company. CPB recognizes that the most effective system would include coordinated planning efforts across all streams of CPB’s work.</p> <p data-bbox="235 1295 1317 1514">CPB management, staff and outside experts have taken significant steps to evaluate operations, control activities, review policies and procedures, and develop recommendations and plans for long-term improvements. CPB requested assistance from the OIG to document control activities. In addition, management has started to revise corporate policies and merge them into a comprehensive collection of operations policies that will detail and explain the system of controls.</p> <p data-bbox="235 1551 1333 1879">The Duty of Care, which has been added to the <u>Code of Ethics for Directors</u>, specifies the Board’s duties for oversight of operational risks to the Corporation: “The duty of care also requires Directors to take adequate steps to see that the senior officers of the Corporation are properly managing the Corporation’s business and affairs. This includes instituting (i) information and reporting systems reasonably designed to provide them and senior management with timely accurate information sufficient to allow them to reach informed judgments concerning the Corporation’s performance, and (ii) compliance policies reasonably designed to ensure that the Corporation and officers comply with laws applicable to the Corporation.”</p>	<p data-bbox="1382 237 1498 296"><u>OIG</u> Item 3, 8, 13</p>

During the next six months, CPB will continue to review, develop and implement policies and systems that build and further develop corporate internal controls. The controls will be consolidated and integrated into a comprehensive risk management program for the organization. New and revised reporting tools for the Board and management will provide additional reinforcement for the program and establish focus on overall corporate performance.

CPB management has begun a review of sole-source policy and procedures. Management will report findings and present recommendations for strengthening oversight in the use of sole-source procurement to the Audit and Finance Committee in July.

As noted above, the Board is also addressing a wide range of new policies and procedures that impact internal controls.

Milestones

- 12/22/2005 - Completed additional controls audit with outside counsel (then adopted by the Board on 1/9/06)
- 2/1/2006 - Launched review and overhaul of internal operating policies and procedures
- 3/10/2006 – Request to the OIG for assistance in inventorying risk management program activities (then incorporated into the Board Roles and Responsibilities 3/20/06)
- April - May, 2006 – Sole-source report developed and under review with management
- 5/1/2006 – Board of Directors adopted open meeting practices and Roles and Responsibilities July, 2006 – Sole-source policy findings will be presented to the Audit and Finance committee
- September, 2006 – Planned implementation of revised policies and procedures, enhanced reporting for CPB Board and management, and corporate training to reinforce new requirements
- Ongoing – Annual sole-source reporting to Audit and Finance Committee

**IV.b) Operating Policies/Procedures**

Findings and Recommendations

The OIG *Report* recommendations related to CPB’s handling of contracts called for all contracts – no matter who initiates or manages them – to be subject to the same policies and processes, and for the Office of Business Affairs (CPB’s legal/contracts department) to serve as the central reviewer of procurement and contracts to ensure compliance with policies and procedures. In addition, the OIG suggests that a new policy be implemented that requires universal review of the unique qualifications of consultants before their contracts are executed. Any contract that deviates from this policy would be subject to an immediate reporting requirement to the Audit and Finance Committee of the Board.

CPB’s contracts policy states a preference for a contract to be executed prior to work on the contract commencing. It also requires notification to management in the case of exceptions to this rule. The *Report* noted the risks that may arise if those exceptions were to occur, such as reduced ability to negotiate. In some cases, exceptions are made due to extenuating circumstances, and in most of those cases a contract shortly follows the start of work.

**Internal &  
OIG**  
Item 9, 10, 11,  
12, 15

The *Report* also called for improving CPB's policy for sole-source selection of consultants, recommending documentation of relevant factors such as consultant availability, qualifications, expertise, and costs.

#### Activities

The Board agreed to revise the Corporation's By-Laws to require that all contracts be developed in accordance with CPB contract policies. The revisions to the By-Laws will require Board members to use standard procurement and contract systems. As a part of its ongoing review, the Compensation Committee will oversee CPB's compliance with its policies and procedures applicable to engaging consultants and other independent contractors.

Improving CPB's contract policies and procedures is a long-term project, including employee training and performance evaluations. CPB management is revising CPB's contract policy to clarify contract and procurement policy and instituted training for new employees to ensure that policy and procedures are better understood. While CPB makes more formal plans for its training programs, an initial session (which included a discussion of the contracts policy) was prepared and delivered to a group of new staff in March 2006. The remainder of 2006 will be spent refining and inaugurating new policy and procedures, and conducting employee training.

Regarding the timing of contract execution, CPB has drafted revised language for the Contracts Policy that will reinforce the importance of work being performed after the contract is completed. In addition, the Corporation will address any managerial, planning, training, or process issues. CPB will continue to follow the notification model, and department managers will emphasize the importance of this policy with their teams.

Management has merged the Corporate Funds, Custody, Obligation and Disbursement Policy into the Corporation's Contract Policy and has drafted language clarifying the policy on sole sourcing. Revised Policies will be published in August, 2006, as a part of a large-scale review and revision of CPB's key operating policies, including the Contracts and Funds policies.

#### Milestones

- 3/20/2006 - Revised By-Laws drafted
- April, 2006 – Policy analysis and policy draft developed including new language relating to sole-sourcing
- 4/7/2006 - Governance Committee meeting discussion of proposed By-Laws revisions
- May, 2006 – Board to consider adoption of proposed changes to the By-laws
- June, 2006 - Review of policy revisions by staff and management
- August, 2006 – Roll-out and training of revised policies

### **IV.c) Evaluation and Revision of Corporate Operating Policies**

**Internal**

#### Findings

CPB leadership initiated a comprehensive evaluation of all policies and procedures related to operations. Operations have evolved over the last ten years, but have never been reviewed comprehensively with the objective of establishing clarity, maximizing

efficiency and transparency, and eliminating redundancy.

### Activities

Management has completed a thorough review of the key policies and is beginning to completely revise the Funds and Contracts Policies. During March and April, the staff began to draft revised, merged policies. Plans for review and refinement are set for June, and subject to timing of other key activities, CPB will roll out the new policies and train staff in August.

A portion of the policy review is focused on procurement activities, and this will be an area of substantial change. CPB staff did extensive analysis of the range of procurement options exercised in relation to CPB's contract decisions, from sole-source through open RFP processes. The revised policies will include more detailed procurement guidelines and extend the procurement policies to include all consulting contracts.

### Milestones

*Advisory Group and executive team review:*

- 1/5/2006 - Sole source policy review
- 1/19/2006 - Continued contract policy review
- 1/26/2006 - RFP review process improvements
- 2/2/2006 - Contract commencement policy
- 2/9/2006 - Contract amendment policy
- 3/2/2006 - Invoice approval/sign-off improvements
- 3/16/2006 - Governance documents review
- 3/30/2006 - Procedures and orientation

*Revised Policy Development:*

- March, 2006 – Draft of combined Contracts and Funds policies developed
- June, 2006 - Revised policy to be reviewed and endorsed by senior management
- September, 2006 - Revised policy roll-out and training

## **IV.d) Contract Procedures**

**Internal**

### Findings

CPB has identified an opportunity to improve compliance with the procedures that must be performed at the completion of each contract engagement. CPB should also strengthen consulting contracts by including new standard language that prohibits lobbying on the Corporation's behalf, conduct which is prohibited by statute.

### Activities

Staff reviewed current procedures that are used to close contract files and drafted a proposed standardized process for contract closeout that will be reviewed with management and staff in conjunction with the rollout of revised corporate policies.

The addition of standard anti-lobbying language in all consulting contracts began in March, 2006.

Milestones

- January, 2006 - Advisory Group and executive review of contract closeout procedures
- March, 2006 – Anti-lobbying language developed and included for consulting contracts
- September, 2006 - Revised contracts policy implementation planned

**IV.e) Signature Authority**

**Internal &  
OIG  
Item 14**

Findings and Recommendations

The OIG was concerned that some invoices for contracts were being approved through the use of a stamp rather than a signature. The *Report* recommended that this practice be discontinued and that all invoice approvals be done with signatures. CPB identified a broader opportunity to improve the tracking and management of signature authority rights related to financial activities.

Activities

CPB management reviewed current procedures and found that the use of a stamp in lieu of an actual signature is not permitted. Management will not allow forms to be processed with stamps instead of signatures and will include in its internal controls program additional monitoring to ensure that the policy is being followed.

In addition, management has revised the Signature Authority and Delegation Policy (Tab 10) and developed a strengthened process for assigning and tracking signature authority for specific financial activities.

CPB will continue to examine all areas of authority to refine and clarify those for staff, and ensure that the proper levels of oversight are being exercised. The review of internal controls will include periodic reviews of the documentation and authorization processes.

Milestones

- Nov, 2005 – Began review of CPB’s signature authority policies and analysis of invoice purchases and related sign-offs
- April, 2006 – Implemented revised signature authority policy
- August, 2006 – Roll-out of revised policies for operations, including contracts and funds, with the new signature authority information included

**IV.f) Sarbanes – Oxley (also relates to Board Governance)**

**Internal &  
OIG  
Item 3**

Findings and Recommendations

In conjunction with the recommendation that CPB establish a formal risk management program, the OIG suggested that we examine and incorporate appropriate concepts from the Sarbanes-Oxley Act. This examination should include such practices as the development, documentation and enforcement of CPB’s internal controls to ensure that operations are meeting and exceeding the needs and expectations of stations, grant recipients and other public broadcasting partners.

Note: While the majority of Sarbanes-Oxley directives are not yet requirements for non-profit businesses, they have informed the work of the Champion Project. There are, however, two practices that are applicable, and CPB has investigated and adopted those practices to protect staff and the company while meeting our corporate responsibilities.

#### Activities

CPB's General Counsel worked with outside counsel to develop a revised Whistleblower Policy and a Document Retention Policy that applies to investigations. The two policies have been reviewed by the Corporate Governance Committee and were adopted as policies by the full Board on May 1st. Management will develop a more comprehensive document retention and security policy that will be completed during the summer of 2006.

CPB recognizes that Sarbanes-Oxley standards are leading corporations to become significantly stronger in their internal controls, although most of those standards are not directly applicable to non-profit organizations. CPB will review its internal controls, establish a comprehensive risk management system, and implement new tools for reporting and enforcement of policies in the coming months.

#### Milestones

- 12/22/2005 - Completed additional controls audit with outside counsel
- 2/1/2006 - Launched review and overhaul of internal operating policies and procedures
- 3/10/2006 – Request to the OIG for assistance in conducting an inventory of all risk management program activities
- 4/7/2006 - Governance Committee reviewed Whistleblower and Document Retention Policies
- 5/1/2006 - Board reviewed and adopted Whistleblower and Document Retention Policies
- August, 2006 – Revisions will be made to document management system
- September, 2006 – Implementation of revised policies and procedures, enhanced reporting for CPB Board and management, and corporate training to be conducted
- September, 2006 – Risk Management Program and Internal controls policies and procedures review and updates to be completed

**TAB****REFERENCES**

- 1 Whistleblower Policy and Investigation-Related Records Policy, Adopted May 1, 2006
- 2 Code of Ethics for Directors of the Corporation for Public Broadcasting (Revised), Adopted May 1, 2006
- 3 Charter of the Corporate Governance Committee of the Board of Directors of the Corporation for Public Broadcasting, Adopted January 9, 2006
- 4 Practices and Procedures for Ensuring Open Board and Committee Meetings, Adopted May 1, 2006
- 5 By-Laws of the Board of Directors of the Corporation for Public Broadcasting, with proposed revisions, Endorsed by Corporate Governance Committee, April 7, 2006
- 6 Roles and Responsibilities of the Board of Directors, Chair of the Board, and President in Directing the Affairs of the Corporation for Public Broadcasting, Adopted May 1, 2006  
Exhibit A of Roles and Responsibilities: Guidelines Regarding Required Board Approvals and Notifications, Adopted January 9, 2006
- 7 Charter of the Executive Compensation Committee of the Board of Directors of the Corporation for Public Broadcasting, Adopted January 9, 2006
- 8 Procedures to Prevent Political Tests in Employment Decisions, Endorsed, May 1, 2006
- 9 Personnel Action Oversight and Documentation (Internal), Draft April, 2006
- 10 Corporate Expense Signature Authority and Delegation Policy (Internal), Dated April 17, 2006

TAB 1

Whistleblower Policy and  
Investigation-Related Records Policy

*Adopted May 1, 2006*

## **Whistleblower Policy**

### **Purpose**

To establish a “Whistleblower Policy” that encourages CPB directors, officers and employees to report suspected waste, fraud, abuse, mismanagement, violations of law, and violations of the CPB Code of Ethics and Business Conduct or the Code of Ethics for Directors of the Corporation for Public Broadcasting (the “Codes”), and to prevent retaliation against those who report such occurrences in good faith. This Whistleblower Policy is further intended to encourage the reporting and resolution of such issues within CPB prior to seeking resolution outside CPB.

### **Policy**

Directors, officers and employees expected to report any reasonable suspicion of waste, fraud, abuse, material mismanagement, or violations of law or the Codes at CPB, and to cooperate in the investigation of the same by the CPB Inspector General or other authorized entities. It is further CPB’s policy that there shall be no retaliation of any kind against those who, in good faith, appropriately report such occurrences.

### **Implementation**

Under this Whistleblower Policy, CPB directors, officers, supervisors, and employees are required to report any good faith reasonable belief or suspicion of waste, fraud, abuse, or mismanagement with respect to CPB resources or violations of law or the Codes. At the same time, CPB will endeavor to maintain the confidentiality of those who report and witness such occurrences and to protect them from retaliation. Reports of any wrongdoing contemplated by this policy shall be deemed made in good faith if the person reporting the same had reasonable grounds to believe or suspect that the wrongdoing occurred, even if that belief or suspicion should later prove unsubstantiated.

### **Reporting Procedure**

Directors, officers and employees may report occurrences under this policy on a confidential basis or they may submit them anonymously. Ordinarily, officers and employees should report occurrences to their supervisors, and members of the Board should submit them to the Board Chair. If these reporting relationships are impractical or inappropriate under the circumstances, then reports shall be made directly to the General Counsel, and if that is impractical or inappropriate, then to the Inspector General. All reports by whomever received shall be forwarded to the General Counsel for an initial evaluation, or if inappropriate under the circumstances then directly to the Inspector General. The General Counsel shall submit the report with his or her evaluation and recommendations to the Inspector General for further evaluation or investigation as the Inspector General deems appropriate, with a copy of the same to the President and CEO unless inappropriate under the circumstances.

Upon completion of his or her consideration of the matter, the Inspector General shall submit a Report of Investigation to the General Counsel, or the Chairman of the Board if

the General Counsel or the President and CEO is the subject of the Report. The General Counsel shall submit a copy of the Report of Investigation, with any recommendations about the Report, to the President and CEO for determination of appropriate corrective action. Once corrective action has been taken, the Chair of the Board shall be so notified.

All reports shall be kept confidential to the fullest extent possible by CPB and its directors, officers and employees, consistent with the need to conduct an adequate investigation, prosecute any criminal charges that may arise, and to inform the Board and management of weaknesses in internal controls and the need for corrective measures.

### **Retaliation**

No director, officer or employee who, in good faith, reports waste, fraud, abuse, mismanagement or a violation of law or the Codes shall be subjected to any harassment, adverse employment consequences or other form of retaliation by CPB. Retaliation includes, but is not limited to, adverse job actions such as termination; denial of any bonus, benefit or training; reduction of salary or decrease in hours; or change in or transfer to a lesser position. An officer or employee who retaliates against someone who has reported such an occurrence in good faith shall be subject to disciplinary action, up to and including termination of employment. Likewise, anyone who is found by the General Counsel to have intentionally submitted a report knowing the same to be false and not in good faith shall be subject to appropriate disciplinary action.

### **Approvals:**

CFO \_\_\_\_\_ Date: \_\_\_\_\_

General Counsel \_\_\_\_\_ Date: \_\_\_\_\_

COO \_\_\_\_\_ Date: \_\_\_\_\_

President & CEO \_\_\_\_\_ Date: \_\_\_\_\_

## **Investigation-Related Records Policy**

### **Purpose**

To establish a CPB policy preventing the destruction of documents in reasonable anticipation of and during the course of an investigation.

### **Policy**

It is CPB's policy that during or in reasonable anticipation of an investigation, inquiry or other official proceeding by law enforcement authorities, the Office of Inspector General, or CPB management, no CPB director, officer or employee shall destroy or otherwise compromise any CPB records, documents or other evidence relevant to the proceeding with the intent to impair their integrity or availability. It is further CPB's policy that no director, officer or employee shall otherwise obstruct, influence, or impede any such proceeding, or attempt to do so, or publicly disclose confidential evidence relevant to the proceeding.

### **Implementation**

No CPB director, officer or employee shall knowingly alter, destroy, mutilate, conceal or remove from CPB premises any record, document, object or other evidence in any form, whether electronic or written, with the intent to obstruct, influence or impair the integrity or availability of such evidence for use in an investigation, inquiry or other official proceeding by law enforcement authorities, the Office of Inspector General or CPB management, whether such proceeding is under way or can reasonably be expected to occur. In addition, no director, officer or employee shall otherwise obstruct, influence, or impede any such proceeding, or attempt to do so, or publicly disclose confidential evidence that is relevant to the proceeding.

Any director, officer or employee who is found to have intentionally violated this policy shall be subject to disciplinary action, up to and including termination of employment with respect to officers and employees. CPB will cooperate with any law enforcement activities that arise from a violation of this policy.

### **Approvals:**

CFO \_\_\_\_\_ Date: \_\_\_\_\_

General Counsel \_\_\_\_\_ Date: \_\_\_\_\_

COO \_\_\_\_\_ Date: \_\_\_\_\_

President & CEO \_\_\_\_\_ Date: \_\_\_\_\_

TAB 2

Code of Ethics for Directors (Revised)

*Adopted May 1, 2006*

**CODE OF ETHICS  
FOR DIRECTORS  
OF THE  
CORPORATION FOR PUBLIC BROADCASTING**

*Revised May 1, 2006*

## INTRODUCTION

The purpose of this Code of Ethics is to assure that directors of CPB act in the best interest of public broadcasting, without being partial to any particular organization or their own personal interests; devote to CPB their loyalty and uncompromised integrity; and give the appearance as well as the fact of such impartiality, devotion and integrity.

Directors are responsible for reflecting on this code with respect to their individual situations and current duties, adhering to this code while conducting their official duties, and taking any questions about compliance to the General Counsel.

## BACKGROUND

CPB makes grants to and contracts with stations, producers and others to advance the cause of public broadcasting. It is essential that those in a position to influence the allocation of CPB funds consider only what is best for public broadcasting, without being partial to any particular organization within public broadcasting or influenced by their own personal interest. Because CPB uses taxpayer dollars and is a highly visible organization, the appearance as well as the fact of impartiality is important.

Accordingly, this code seeks to provide clear and conservative guidance for those serving CPB. By acceptance of service with CPB, each director acknowledges these responsibilities and agrees to regulate his or her conduct in a manner that assures CPB of loyalty and uncompromised integrity.

## THE CODE

1. **Directors' Fiduciary Duties.** Members of the Board of Directors owe fiduciary duties to the Corporation. The principal duties are the duty of care, the duty of loyalty and the duty of candor.

### *Duty of Care*

Directors owe to the Corporation a duty to exercise reasonable care when making corporate decisions and when performing their corporate responsibilities. Directors are obligated to perform their duties in good faith, in a manner reasonably believed to be in the best interests of the Corporation and with the care that an ordinarily prudent person would reasonably be expected to exercise under similar circumstances. When making decisions, the duty of care requires directors to put forth a good faith effort to inform themselves of all material information reasonably available and to exercise appropriate judgment. The duty of care also requires directors to take adequate steps to see that the senior officers of the Corporation are properly managing the Corporation's business and affairs. This includes instituting (i) information and reporting systems reasonably designed to provide them and senior management with timely, accurate information sufficient to allow them to reach informed judgments concerning the Corporation's performance and (ii) compliance policies reasonably designed to ensure that the Corporation and its officers comply with laws applicable to the Corporation.

### *Duty of Loyalty*

The duty of loyalty is a director's duty not to benefit personally at the expense of the Corporation. In order for a director to satisfy this obligation, the director must not allow personal or partisan political interest to prevail over the interests of the Corporation. Furthermore, directors may not use assets of the Corporation (including information) for personal gain or to the detriment of the Corporation.

### *Duty of Candor*

The duty of candor requires that a director disclose to the other directors all facts of which the director is aware that could be material to the Board's consideration of the matters before it. The duty of candor is of particular relevance in those instances in which the director has a conflict of interest or a potential conflict of interest regarding a matter before the Board. Where there is such a conflict or potential conflict, the duty of candor requires that the director disclose the director's self-interest so that the disinterested directors can make an informed decision.

2. **Avoidance of Conflict of Interests.** While it is recognized that directors appointed to the Board of CPB are to be representative of many fields, including education, cultural and civic affairs, business, the arts, and radio and television, directors will perform their CPB duties in an objective manner so their performance will not cause or create the appearance of a conflict of interests. To that end, directors shall comply with CPB's Conflict of Interests Policy for the Board of Directors. Directors may not engage, directly or indirectly, in financial, business, trade or professional transactions as a result of, or in primary reliance upon, information obtained through the discharge of the corporate responsibilities.
3. **Invitation to Disclose Possible Conflicts of Interest.** The agenda for every meeting of the Board of Directors of CPB will include, immediately after the approval of the agenda, an item entitled "Invitation to Disclose Possible Conflicts of Interest." This agenda item will consist of the Chairman's oral invitation to Board members to disclose any conflicts of interest they believe they or other Board members may have concerning any items on the agenda. Upon the disclosure by any Board member of any such potential conflict of interest, the Board shall satisfy itself that no Board member will take any action during the deliberations of the meeting that would give the appearance of a conflict of interest, and, if necessary, will recuse himself or herself from the discussion and vote on the item in question.
4. **Prohibition Against Use of Confidential and Nonpublic Information.** No director shall disclose to others, make personal use of, or permit others to make use of, any information obtained as a result of his or her relationship with CPB, which information is not generally available to the public or is otherwise confidential, whether for direct personal gain or for advice to others with whom he or she has family, business, financial, or professional ties.
5. **Stewardship of CPB Resources.** In carrying out his or her duties as a member of the Board, each director has an obligation to protect and conserve corporate money, property and other resources by adhering to policies adopted by the Board and procedures established by CPB.

6. **Campaign Contributions.** No director may, through any means whatsoever, make or be reimbursed for any contributions to political parties or candidates for public office on behalf of CPB. This requirement does not preclude lawful individual contributions not reimbursed by CPB.
7. **Loss of Public Confidence.** Beyond the specific policies above, each director shall avoid any conduct that might result in the loss of public confidence in CPB's programs and activities, the impairment of corporate efficiency or economy, or might reasonably give the appearance of: (a) the extension of preferential treatment to any person, group, organization, or other entity; or (b) the compromise or loss of complete impartiality of judgment and action; or (c) the making or implementation of a corporate decision outside of standard corporate policies and procedures.
8. **Violations.** Apparent or alleged violations of this Code by any director shall be referred to the Corporate Governance Committee of the Board of Directors which shall, after appropriate inquiry and investigation of the relevant facts, communicate its findings and recommendations to the Board. If the Board concludes that a director has knowingly violated the Code, it may impose such disciplinary measures as are appropriate and permissible under the circumstances, including but not limited to a resolution of censure.

By Resolution adopted May 1, 2006, the Board of Directors of Corporation for Public Broadcasting has adopted this Code of Ethics and Business Conduct for Directors.

## **CORPORATION FOR PUBLIC BROADCASTING**

### **Conflict of Interests Policy for the Board of Directors**

The Corporation for Public Broadcasting (CPB) is a private nonprofit corporation created by Congress to facilitate the development of, and ensure universal access to, high-quality noncommercial programming and telecommunications services. CPB makes grants to and enters into contracts with stations, producers and others to advance the cause of public broadcasting. It is the duty of each member of CPB's Board of Directors to serve the Corporation's mission, and not to advance his or her personal interests or those of other private parties. This conflict of interests policy is intended to permit CPB and its Board members to identify, evaluate, and address any real, potential, or apparent conflicts of interests that might, in fact or in appearance, call into question their duty of undivided loyalty to CPB.

#### 1. Covered Persons

This policy applies to all members of CPB's Board of Directors ("Covered Persons"). Each Covered Person shall be required to acknowledge, not less than annually, that he or she has read and is in compliance with this policy.

#### 2. Covered Transactions

This policy applies to all transactions between CPB and a Covered Person, or between CPB and another party with which a Covered Person has a significant relationship ("Covered Transactions"). A Covered Person is considered to have a significant relationship with another party if:

- (a) the other party is a member of the Covered Person's family or household, including a spouse, parent, sibling, child, stepchild, grandparent, grandchild, great-grandchild, in-law, or domestic partner;
- (b) the other party is an entity in which the Covered Person and/or a family member has, directly or indirectly, more than a 10% ownership interest; or
- (c) the Covered Person and/or a family member is an officer, director, trustee, fiduciary, partner or employee of the other party.

A Covered Transaction also includes any other transaction in which there may be an actual or perceived conflict of interests, including any transaction in which the interests of a Covered Person may be seen as competing with the interests of CPB.

### 3. Disclosure, Refrain from Influence, and Recusal

When a Covered Person becomes aware of a proposed Covered Transaction, he or she has a duty to take the following actions:

- (a) immediately disclose the existence and circumstances of such Covered Transaction to the Corporate Governance Committee of the Board of Directors in writing;
- (b) refrain from using his or her personal influence to encourage CPB to enter into the Covered Transaction;
- (c) remove himself or herself from participation in any discussions regarding the Covered Transaction with Directors, officers and employees of CPB, whether formal or informal, or at meetings of the Board or its committees, except to respond to requests for information about the Covered Transaction; and
- (d) recuse himself or herself from voting on the Covered Transaction or on any matter relating to or affected by it.

In order to assist CPB in identifying potential Covered Transactions, each Covered Person annually shall complete a Conflict of Interests Questionnaire provided by CPB, and shall update such Questionnaire as necessary to reflect changes during the course of the year. Completed Questionnaires shall be available for inspection by any Board member, and may be reviewed by CPB's General Counsel.

### 4. Standard for Approval of Covered Transactions

CPB may enter into a Covered Transaction where the Board determines, acting without the participation or influence of the Covered Person and, if applicable, based on comparable market data, that such transaction is fair, reasonable and in the best interest of CPB. The Board shall document the basis for this determination in the minutes of the meeting at which the Covered Transaction is considered.

### 5. Administration of Policy

This policy shall be administered by the Corporate Governance Committee of the Board of Directors, which shall be responsible for the following:

- (a) reviewing reports regarding the Conflict of Interests Questionnaires;
- (b) receiving disclosures of proposed Covered Transactions;

- (c) reviewing proposed Covered Transactions to determine whether they meet the above-described standard;
- (d) maintaining minutes and such other documentation as may be necessary and appropriate to document its review of Covered Transactions;
- (e) reviewing the operation of this policy and recommending changes to the Board of Directors from time to time as it may deem appropriate; and
- (f) addressing and making recommendations to the Board of Directors concerning the failure of any Covered Person to complete a Conflict of Interests Questionnaire, disclose any conflict of interests, or otherwise fail to comply with this policy.

This Conflict of Interests Policy was adopted by the Board of Directors on May 1, 2006.

TAB 3

Charter of the Corporate  
Governance Committee

*Adopted January 9, 2006*

**CHARTER OF THE  
CORPORATE GOVERNANCE COMMITTEE OF  
THE BOARD OF DIRECTORS OF  
THE CORPORATION FOR PUBLIC BROADCASTING**

**Purpose**

The purpose of the Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of the Corporation for Public Broadcasting (the “Corporation”) is to assist the Board in developing corporate governance practices and guidelines, including guidelines regarding the proper role of management, the Board and individual directors, for the Corporation.

**Composition of Committee**

After each Annual Meeting of the Board of Directors, the Chair shall appoint, subject to the approval of the Board, three or more directors to serve on the Committee, including one to serve as chair. Members of the Committee shall serve for such terms as the Board may determine, or until their earlier resignation or removal by the Board.

**Meetings**

The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (i) any provision of this Charter, (ii) any provision of the By-Laws of the Corporation or (iii) the laws of the United States of America or the District of Columbia applicable to the Corporation. The Committee will maintain copies of minutes of each meeting of the Committee, and each written consent to action taken without a meeting, reflecting the actions so authorized or taken by the Committee. A copy of the minutes of each meeting and all consents will be placed in the Corporation’s minute books.

**Authority**

The Corporation will provide the Committee with the resources necessary to discharge its duties and responsibilities, including retaining, at the Corporation’s expense, outside counsel or other experts or consultants, as it deems appropriate. The Committee may form, and delegate authority to, subcommittees when it deems appropriate.

The Committee shall report annually to the Board and at such other times as it deems appropriate or when requested to do so by the Board.

## **Duties and Responsibilities**

The principal responsibilities and functions of the Committee are as follows:

1. The Chair of the Corporate Governance Committee will participate in the Executive Compensation Committee's leading of the Board's annual review of the performance of the President and Chief Executive Officer (the "President").
2. Review periodically the Corporation's By-Laws, Code of Ethics for Directors, Code of Ethics and Business Conduct for Employees, Mission Statement, and Guidelines Regarding Required Board Approvals and Notifications (collectively, the Corporation's "Governance Documents"), as well as its corporate governance practices more generally, and recommend any proposed changes to the Board for approval.
3. Investigate, in conjunction with the Office of the Inspector General and the Audit Committee, as appropriate, and report to the Board on any credible allegation that the Corporation, the Board, or any individual officer of the Corporation or director, has violated, or taken action inconsistent with, the Corporation's Governance Documents, the Public Broadcasting Act of 1967 (the "Act"), or any other law applicable to the Corporation.
4. Oversee the compliance by the Corporation with the public meeting requirements of the Act and consider, periodically, transparency concerns more generally.
5. Oversee the Board's program for the orientation of new directors and recommend any proposed changes to the Board for approval.
6. Oversee the Board's program for the continuing education of directors and recommend any proposed changes to the Board for approval.
7. Review size and composition of the committees of the Board and recommend any proposed changes to the Board for approval.
8. Review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.
9. Conduct an annual performance evaluation of the Committee and identify opportunities for improved effectiveness.
10. Lead an annual review of the Board's performance and effectiveness.
11. On a regular basis, discuss with the President and other members of senior management their views regarding corporate governance at the Corporation. This discussion should include a review of the Corporation's compliance with the various statutory mandates applicable to it.
12. Report to the Board on a regular basis and make such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.
13. Perform such other duties and responsibilities, consistent with this Charter, delegated to the Committee by the Board.

*As adopted by the Board of Directors on January 9, 2006*

TAB 4

Practices and Procedures for Ensuring Open  
Board and Committee Meetings

*Adopted May 1, 2006*

## SUMMARY

### **Subject: Practices and Procedures for Ensuring Open Board and Committee Meetings**

Transparency is a central goal of the improvements that CPB has been implementing. The Board supports these goals and has already implemented practices that ensure that the Board's deliberations are as open as possible and that board members and corporate officers are mindful of their responsibilities in this regard. These practices include:

- Both the General Counsel and the Corporate Secretary will review agendas for board and committee meetings and provide a written statement to the Board delineating which matters, if any, fall within the exceptions to the open meeting requirements under the Public Broadcasting Act.
- The Chair of the Board (or Committee) will call for a vote before closing any portion of the meeting.
- Advance public notice of closed meetings, and of closed sessions within open meetings, will be given in the same manner as for open meetings.
- CPB will continue its practice of:
  - Posting the Board's annual schedule of regular meetings on the CPB website
  - Posting notice and agendas for the Board's regular, special and committee meetings, approximately one week in advance, on the CPB website and in a local newspaper of general circulation
  - Issuing an e-mail advisory to the press for the Board's regular, special and committee meetings approximately one week in advance.
- CPB will continue to make available on the CPB website an archive of the resolutions of the Board.
- Audio files of all open meetings of the full Board will be posted on the CPB website.

TAB 5

By-Laws of the Board of Directors of the  
Corporation for Public Broadcasting (Revisions)

*Endorsed May 1, 2006*

## SUMMARY

**SUBJECT: “Top-Down” Contracts and Amendment to By-Laws**

### **Executive Summary**

The Inspector General’s report indicated that CPB’s controls for contracts originating from the Board and corporate officers need strengthening. The report expresses the need for a “tone from the top” that underscores the importance of CPB policy and enforces CPB’s commitment to good governance and a more rigorous contracting practices at the board, executive and staff levels of the company. To meet this recommendation, the Corporate Governance Committee and CPB management recommend that the Board amend the By-Laws with language requiring all contracts originating from the Board or its designees to follow CPB Contracts Policy. The details of the recommendation are below.

### **Current language in CPB Contracts Policy**

Currently, no allowances or exceptions are made within the Contracts Policy for Board and management executed contracts, although the CEO and Board have apparent authority to work outside of the policy.

### **Internal Review and Decisions**

This subject matter has been reviewed with a wide constituent group within CPB, including the Office of Business Affairs and the General Counsel, officers and other members of senior management, the Inspector General and the internal Advisory Group. The collective view is that any contract that is created as an exception to CPB’s policies and procedures presents a risk to the company and the individual who signs the contract. The unusual nature of Board and management executed contracts brings added scrutiny. In the past there have been arguments for confidentiality, urgency, and other extenuating circumstances leading up to such contracts. CPB believes that, while working within our policies, we can tailor a contract to the situation yet allow for the appropriate checks and balances to ensure that we have high-quality contracts for *all* engagements.

### **Recommendations from the IG**

The IG made recommendations that speak to both Board and management-executed contracts. The IG recommended that the Board revise CPB's By-Laws to:

*Establish procedures for the Board of Directors to authorize, where appropriate, the Chairman to execute contracts under Section 5.01, e.g., in accordance with CPB procurement and contracting procedures. This authority should be authorized by a Board resolution.*

[Office of the Inspector General Report of Review, p. 36]

The report also recommended that CPB:

*Ensure that all consultant services are procured in accordance with established policies, including procurements by the Board and CPB's front office. Consider requiring that all procurements that do not follow established procurement practices be immediately reported to the Board's Audit and Finance Committee.*

[Office of the Inspector General Report of Review, p. 38]

### **Proposed Action for Board**

Section 5.02 of the By-laws authorizes members of the Board and executive staff to enter into contracts. This language does not reference any policies or procedures that the authorized persons must adhere to in procuring and executing contracts.

The CPB Corporate Governance Committee and CPB management recommend that all contracts be subject to the same concurrence review and approval standards and compliance with policy whatever the origin of the contract and that the Board of Directors amend Section 5.02 in the CPB By-Laws, with additional language as underlined:

*To the extent the Board of Directors may specifically authorize, the Chairman of the Board, the Vice Chairman of the Board, the President, or any other officer, may, in the name of the Corporation and on its behalf, execute and deliver, or appoint agents with power to execute and deliver, **in full compliance with the Corporation for Public Broadcasting's Contract Policy**, bids and proposals for contracts with any person or entity, corporate or otherwise, contracts between the Corporation and any such person or entity, bonds and undertakings required for the faithful performance of such contracts, and vouchers and receipts in connection therewith.*

In addition to setting an important "tone-from-the-top," this amendment to the By-Laws benefits CPB in a number of ways. Compliance with the Contracts Policy will ensure appropriate checks and balances for all contracts. Contracts that are executed and delivered by the Board will be

managed by a member of the CPB staff, and they will require – as with all CPB contracts – internal approvals for budget, procurement and soundness of business practices. The strong oversight in place for contracts will further protect the Board and the company from any claims of inappropriate action. Adopting the use of the Contracts Policy for *all* CPB contracts allows us to manage contracts uniformly, measure their success, and ensure greater transparency and uniform standards across the company.

TAB 6

**Roles and Responsibilities of the Board of  
Directors, Chair of the Board, and President**

*Adopted May 1, 2006*

**Roles and Responsibilities of the  
Board of Directors, Chair of the Board, and President  
in Directing the Affairs of the  
Corporation for Public Broadcasting**

The Board of Directors (the “Board”), the Chair of the Board (the “Chair”) and the President and Chief Executive Officer (the “President”) each have distinct responsibilities in overseeing the affairs of the Corporation for Public Broadcasting (“Corporation”). This memorandum sets forth the Board’s understanding of those distinct responsibilities. It does so by first describing, as a matter of general principles, the respective responsibilities of the Board, the Chair and the President. It then describes how those general principles would be applied in certain specific situations that regularly recur at the Corporation.

General Principles

*Board of Directors*

The By-Laws of the Corporation provide that the “property, affairs and business of the Corporation shall be managed by the Board of Directors.” This is consistent with the District of Columbia Nonprofit Corporation Act, which provides that the “affairs of a corporation shall be managed by a board of directors.” As such, the Board has general oversight responsibility for the management of all of the Corporation’s affairs. Board Committees have specific roles in the fulfillment of general oversight responsibilities: the Audit and Finance committee provides oversight of the Corporation’s finances; the Governance committee supervises development of and compliance with governance practices and guidelines; the Compensation committee has responsibilities relating to compensation and evaluation of the Corporation’s officers and other employees.

The Board satisfies this responsibility by providing active leadership regarding important issues facing the Corporation. In particular, the Board is expected to provide leadership in:

- (i) defining the Corporation’s mission and strategy designed to achieve that mission;
- (ii) appointing and planning for succession of the President; and
- (iii) ensuring the Corporation’s compliance with the law.

In addition, the Board is responsible for approving all “Matters Requiring Board Approval” as set forth in the Guidelines Regarding Board Approvals and Notification attached hereto as Exhibit A (the “Approvals/Notifications Guidelines”).

The Board’s responsibility is to provide clear direction on the course it wishes management to pursue regarding these and other critical matters. It is the responsibility of management to determine the manner in which such directives are achieved and implemented.

The Board, and its individual directors, each owe certain fiduciary duties to the Corporation. These duties (i.e., the duties of care, loyalty and candor), are described in the memorandum that is attached hereto as Exhibit B.

### ***Chair of the Board***

The Chair is responsible for leading the Board in its activities and for serving as the principal liaison between management and the Board.

With respect to leading the Board in its activities, the Chair is primarily responsible, with the input of committee chairs and other directors, for setting the agenda for regularly-scheduled Board meetings and for determining whether and when special meetings should be held. The Chair presides at all meetings of the Board. The Chair will coordinate Board representation at events and functions. The Chair is expected to keep the Board apprised of his or her activities.

In the absence of the Chair of the Board, the Vice Chair of the Board shall act in all respects in the stead of the Chair during such absence.

With respect to serving as the principal liaison between management and the Board, the Chair is expected to stay in regular contact with the President in the periods between meetings. The Chair is also expected to keep the Board apprised on important issues he or she discusses with management.

The Chair operates in a capacity as a member of the Board and not as a member of the Corporation's management and is expected to respect and reinforce the appropriate roles of the Board and management.

### ***President***

The President leads management's efforts in implementing and achieving the priorities that are adopted by the Board. He or she has discretion in determining the most appropriate means to achieve those priorities.

The President is also responsible for keeping the Board appropriately informed regarding the Corporation's significant activities and undertakings. The President is responsible for providing the Board with information regarding the Corporation that is relevant both to specific decisions that the Board is required to make and to the Board's effective fulfillment of its general responsibility for oversight of the Corporation's affairs. In particular, the President is responsible for ensuring that the Board is notified of the items identified under the caption "Matters About Which the Board Must be Notified" in the Approvals/Notifications Guidelines.

## **Specific Situations**

The language above defines the general roles and responsibilities of the Board, the Chair, and the President and will guide the parties in their respective roles. What follows is a description of how these roles and responsibilities are to be applied in regularly occurring matters affecting the Corporation.

### ***Budget-Setting***

Each year the President, working with his or her senior staff and in consultation with the Chair, will develop a proposed annual budget. The proposed budget represents the Corporation's plans for fulfilling the Board's annual priorities and will be presented to the Board (or if the Board so chooses, a committee of the Board) for consideration and approval. Additionally, as part of the President's long-term budget planning, each year the President, in consultation with the Board, the public broadcasting system, and CPB senior staff, will develop a proposed appropriations request. The proposed request will be presented to the Board for approval prior to submitting the request to the Federal government. Any request for appropriations outside of the annual cycle (i.e., emergency requests) will be conducted in a similar fashion.

### ***Personnel Decisions Regarding the President and CEO; Executive Vice President and COO; Treasurer/CFO; and General Counsel***

In accordance with Corporation's governance documents and human resources policies, the Board of Directors as a body will evaluate and make decisions regarding the hiring and termination of the Corporation's President.

The Board will also be responsible for approving the hiring and termination of the Corporation's Executive Vice President and Chief Operating Officer, Treasurer/Chief Financial Officer and General Counsel. It will make these decisions, however, only after the President has presented his or her recommendations regarding the same.

The Board delegates to the President the authority to hire, fire, promote, and set compensation and bonuses for all staff other than the Corporation's Executive Vice President and Chief Operating Officer, Treasurer/Chief Financial Officer and General Counsel, in accordance with CPB policies, procedures, and board committee charters.

### ***Programming Grants***

The Board will set programming priorities through the annual budget process. CPB management will make programming and content decisions, including delivery, strategies, program strands, and individual programs, in accordance with CPB policies and procedures.

### ***Station Grants***

As required by CPB's authorizing legislation, CPB management will conduct consultations with the public broadcasting system regarding operational grants to public broadcasting stations. Management will then summarize the results of these consultations, and having considered them, present them along with its recommendations to the Board for consideration and approval.

### ***Communications/Press***

The President acts as the chief spokesman for the Corporation to the public, press, legislative bodies and other related organizations.

### ***Annual Schedule of Standing Agenda Items***

Each year the Board and its committees will be presented with a list of standing agenda items that reflect the matters referenced above and other recurring matters that require the consideration and approval of the Board.

**Exhibit A****CORPORATION FOR PUBLIC BROADCASTING****GUIDELINES REGARDING REQUIRED  
BOARD APPROVALS AND NOTIFICATIONS****Matters Requiring Board Approval**

1. Contracts and grants of and over \$1 million in total contemplated payments for non-“program funding or program related” activities unless
  - a. The contracts and grants are specifically included in corporate budget approved by the Board; or
  - b. The grant is to a public radio or television station and is calculated in accordance with eligibility criteria or awarded according to priorities that were established after consultation with representatives of the public broadcasting system and approved by the Board.
2. Hiring and employment separation decisions regarding any of the Corporation’s Senior Officers, provided that in extraordinary circumstances the Corporation’s President and Chief Executive Officer (the “President”) may, after consultation with the Chairman, if practicable, fire any such officer without prior Board approval. For purposes of these Guidelines, the Senior Officers of the Corporation shall be deemed to be the Corporation’s President, Executive Vice President and Chief Operating Officer, Treasurer/Chief Financial Officer, and General Counsel.
3. Engagement of consultants to review or analyze the content of public broadcasting programming for the purpose of monitoring compliance with the Corporation’s responsibilities under 47 U.S.C. Section 396(g)(1)(A) to “facilitate the full development of public telecommunications in which programs of high quality, diversity, creativity, excellence, and innovation, which are obtained from diverse sources, will be made available to public telecommunications entities, with strict adherence to objectivity and balance in all programs or series of programs of a controversial nature.”
4. Any reduction-in-force or layoff involving more than 15% of the Corporation’s employees.

**Matters About Which the Board Must be Notified**

1. Contracts over \$250,000 in total contemplated payments.
2. Any event of defalcation (i) by any employee involving amounts in excess of \$10,000 or (ii) by any officer of the Corporation, regardless of amount.

3. Any determination of a valid claim of harassment or discrimination lodged against a director, officer or vice president of the Corporation.
4. Any waiver of a requirement under the Corporation's Code of Ethics for Directors or Code of Ethics and Business Conduct for Employees.
5. Resignation by any officer or director of the Corporation.
6. Any issue characterized as material by outside auditors with respect to the Corporation's financial statements.
7. Any issue characterized as material by outside auditors with respect to the Corporation's internal controls.
8. Any findings of an internal investigation conducted by the management of the Corporation relating to possible material misconduct on the part of any employee or director.
9. The commencement of litigation by the Corporation involving (i) estimated legal fees in excess of \$100,000 in any year or \$300,000 over the course thereof or (ii) a potential counterclaim in excess of \$100,000
10. The commencement of litigation against the Corporation seeking amounts in excess of \$100,000.

*As adopted by the Board of Directors on January 9, 2006*

## **Exhibit B**

### **Fiduciary Duties of Directors**

Members of the Board of Directors of the Corporation for Public Broadcasting owe fiduciary duties to the Corporation. The principal duties are the duty of care, the duty of loyalty and the duty of candor.

#### *Duty of Care*

Directors owe to the Corporation a duty to exercise reasonable care when making corporate decisions and when performing their corporate responsibilities. Directors are obligated to perform their duties in good faith, in a manner reasonably believed to be in the best interests of the Corporation, and with the care that an ordinarily prudent person would reasonably be expected to exercise under similar circumstances. When making decisions, the duty of care requires directors to put forth a good faith effort to inform themselves of all material information reasonably available and to exercise appropriate judgment. The duty of care also requires directors to take adequate steps to see that the senior officers of the Corporation are properly managing the Corporation's business and affairs. This includes instituting (i) information and reporting systems reasonably designed to provide them and senior management with timely, accurate information sufficient to allow them to reach informed judgments concerning the Corporation's performance and (ii) compliance policies reasonably designed to ensure that the Corporation and its officers comply with laws applicable to the Corporation.

#### *Duty of Loyalty*

The duty of loyalty is a director's duty not to benefit personally at the expense of the Corporation. In order for a director to satisfy this obligation, the director must not allow personal or partisan political interests to prevail over the interests of the Corporation. Furthermore, directors may not use assets of the Corporation (including information) for personal gain or to the detriment of the Corporation.

#### *Duty of Candor*

The duty of candor requires that a director disclose to the other directors all facts of which the director is aware that could be material to the Board's consideration of the matters before it. The duty of candor is of particular relevance in those instances in which the director has a conflict of interest or a potential conflict of interest regarding a matter before the Board. Where there is such a conflict or potential conflict, the duty of candor requires that the director disclose the director's self-interest so that the disinterested directors can make an informed decision.

TAB 7

Charter of the Executive  
Compensation Committee

*Adopted January 9, 2006*

**CHARTER OF THE  
EXECUTIVE COMPENSATION COMMITTEE OF  
THE BOARD OF DIRECTORS OF  
THE CORPORATION FOR PUBLIC BROADCASTING**

**Purpose**

The purpose of the Executive Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of the Corporation for Public Broadcasting (the “Corporation”) is to assist the Board in discharging its responsibilities relating to compensation of the Corporation’s officers and other employees.

**Composition of Committee**

After each Annual Meeting of the Board of Directors, the Chair shall appoint, subject to the approval of the Board, three or more directors to serve on the Committee, including one to serve as chair. Members of the Committee shall serve for such terms as the Board may determine, or until their earlier resignation or removal by the Board.

The Committee may form, and delegate authority to, subcommittees when it deems appropriate.

**Meetings**

The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (i) any provision of this Charter, (ii) any provision of the By-Laws of the Corporation or (iii) the laws of the United States of America or the District of Columbia applicable to the Corporation. The Committee will maintain copies of the minutes of each meeting of the Committee, and each written consent to action taken without a meeting, reflecting the actions so authorized or taken by the Committee. A copy of the minutes of each meeting and all consents will be placed in the Corporation’s minute books.

**Authority**

The Corporation will provide the Committee with the resources necessary to discharge its duties and responsibilities, including retaining, at the Corporation’s expense, outside counsel or other experts or consultants, as it deems appropriate.

The Chair of the Committee shall, with the consent of a majority of the Committee, have the authority to retain and terminate executive search firms and compensation consultants to be used by the Corporation in connection with the hiring and compensation of the Corporation’s President and Chief Executive Officer (the “President”), including authority to approve the fees and other retention terms of such firms and consultants, in accordance with appropriate CPB policies.

With respect to the hiring and compensation of the Corporation's Senior Officers other than the President, the Committee shall have the authority, in consultation with the President, to direct management to retain and terminate executive search firms and compensation consultants to be used by the Corporation, including authority to approve the fees and other retention terms of such firms and consultants. For purposes of this Charter, the Senior Officers of the Corporation shall be deemed to be the Corporation's President, Executive Vice President and Chief Operating Officer, Treasurer/Chief Financial Officer, and General Counsel.

The Committee shall report annually to the Board and at such other times as it deems appropriate or when requested to do so by the Board.

### **Duties and Responsibilities**

The principal responsibilities and functions of the Committee are as follows:

1. In conjunction with the Chair of the Corporate Governance Committee, lead the Board's annual review of the performance of the President.
2. Review and recommend to the Board on an annual basis the compensation of the President. The Committee's recommendation will be considered by the Board when setting the President's compensation.
3. In consultation with the President, review and recommend to the Board on an annual basis the compensation of the Corporation's Senior Officers other than the President.
4. In consultation with the President, make recommendations to the Board concerning any compensation packages for new Senior Officers and termination and/or severance packages for departing Senior Officers.
5. In consultation with the President, develop and make recommendations to the Board concerning policies and procedures designed to prevent the use of political tests or qualifications in connection with personnel decisions at the Corporation, as required by the Public Broadcasting Act of 1967 (the "Act").
6. Provide oversight regarding the Corporation's compliance with any limits imposed by applicable law on the compensation to be paid to the Corporation's employees, including any such limits imposed by the Act or the Internal Revenue Code.
7. Review management's decisions regarding the compensation of senior staff (all employees at the vice president and officer level and above).
8. Provide oversight of management's decisions concerning the compensation programs for all officers and employees.
9. Oversee the Corporation's compliance with its policies and procedures applicable to the retention of consultants and other independent contractors who are engaged by the Corporation.

10. Review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.
11. Report to the Board on a regular basis and make such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.
12. Perform such other duties and responsibilities, consistent with this Charter, delegated to the Committee by the Board or required under the provisions of any compensation or benefit plan maintained by the Corporation.

*As adopted by the Board of Directors on January 9, 2006*

TAB 8

Procedures to Prevent Political Tests

*Adopted May 1, 2006*

## SUMMARY

### Preventing Political Tests in Employment Decisions

CPB's current personnel policies prohibit discrimination in employment on the basis of a number of factors, including political affiliation. This complies with the D.C. Human Rights Act. In addition, Section 396(e)(2) of the Communications Act states "...no political test or qualification shall be used in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, and employees of the Corporation."

After reviewing our policies and practices, and having consulted with Inspector General Konz, we will ensure compliance at CPB through the following recommended steps:

1. **Enhance personnel policies** – CPB has a number of policies that we have already begun to update. The following principles will apply to hiring and personnel policies. As we revise hiring and personnel policies we will incorporate these principles and require that they be followed. We will also be clear as to who has decision-making authority in hiring.
  - a. New language will be added to the personnel policy that expressly prohibits the use of political tests in employment and personnel decisions. Such language will also ban discrimination on the basis of political affiliation.
  - b. Vacant jobs will be posted widely in order to attract a diverse candidate pool. For VP level jobs and above, CPB will maintain flexibility to decide when the use of a search firm adds value to the search process and is cost effective; if a search firm is not used, a minimum of five external recruiting sources will be used.
  - c. Human Resources will be responsible for coordinating all job recruitment, promotion, and hiring efforts, including vice president level and above, and for assuring that policies and procedures are followed.
  - d. Candidates (both internal and external) will be reviewed and selected by those who have direct knowledge of the duties to be performed by the position and the qualifications required to perform the duties of the job. For all vice president level jobs and above, and when it is deemed appropriate by the hiring manager and Human Resources for other staff positions, an internal hiring panel may be used to review the candidates and make recommendations on the selection to the hiring manager.
  - e. The hiring decision requires a number of approvals: the hiring manager, vice president or officer to whom the hiring manager reports, the Senior Director of Human Resources, and the Office of the General Counsel. For director level

jobs and above, approval is also required by the COO; for vice president level jobs and above, the CEO will also review and approve the hiring decision.

The Senior Director of Human Resources will review the process for each job placement and certify that the process was rigorous and that the decision was based on job qualifications. The review information is then to be passed on to those who make the hiring approvals. They must also certify that the decision was made in accordance with CPB's recruitment and selection policies.

- f. The CEO can override the decisions of those reviewing the hire, however, the Executive Compensation Committee of the Board must be notified.

2. **Conduct related training** – Following the implementation of these revised policies and procedures, CPB will conduct separate training for those in managerial/supervisory roles and the rest of staff. The training will review and reinforce our hiring and personnel policies, including the policy regarding political tests. CPB's outside employment attorney, who has experience training on these topics, will conduct our training. He will review all aspects of the law in which discrimination is prohibited, with particular emphasis on political affiliation.

TAB 9

Personnel Action Oversight and  
Documentation (Internal)

*Draft April, 2006*

**DRAFT**

**HIRING APPROVAL REVIEW FORM**

<b>Position:</b>	<b>Department:</b>
<b>Candidate Name:</b>	<b>Hiring Manager:</b>
<b>Proposed Salary:</b>	<b>Recruiting Source:</b>
<b>Date of Review:</b>	

**Human Resources Summary of Search**

	<b>Item</b>	<b>Comments</b>
	<b>Position Description:</b> I have reviewed the position description and agree that it contains a realistic and relevant description of the job duties, reporting relationships, and qualifications.	
	<b>Internal Posting:</b> The position was posted internally.	
	<b>Internal Applicants</b> Information about internal applicants and whether they were interviewed is listed here:	
	<b>External Sources:</b> External sources used in this search are listed here. I agree that an appropriate number of relevant external sources was used in the search in order to attract a diverse applicant pool.	
	<b>Applicants Interviewed:</b> I agree that a representative sample of applicants was interviewed.	
	<b>Employment Applications:</b> I have verified that all candidates completed employment applications.	
	<b>Background Verification:</b> Reference checks were appropriate and thorough; at least 2 professional references were contacted. Background checks (if required ) are satisfactory.	
	<b>Applicant Evaluations:</b> The hiring manager completed Interviewee Evaluation Forms for all applicants and has strong job-related reasons for his/her candidate selection.	

**DRAFT**

	<b>Compensation and Job Level:</b> I agree that the compensation and job level are appropriate.	
	<b>Discriminatory Treatment:</b> I see no evidence in the recruiting file nor do I have personal knowledge of discriminatory treatment occurring during this search. I believe that this recruiting process was fair.	

**Overall Evaluation of Hiring Process**

Based on my thorough review of the recruiting file, I have no concerns about the hiring decision.

Comments:

Based on my thorough review of the recruiting file, I have concerns about the hiring decision that I would like to discuss further.

Comments:

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Senior Director of Human Resources



PERSONNEL ACTION REQUEST FORM

May 2, 2006

TO: Hiring Approval Team

FROM:

RE: Personnel Action Request

Approval for the following new hire is requested:

TITLE: INCUMBENT: DEPT:

Justification:

1. Funds are available to accommodate this request:

Yes [ ] Charge to: \_\_\_\_\_

No [ ] N/A [ ] \_\_\_\_\_ Date \_\_\_\_\_  
Budget Department

1. I have reviewed the attached information and agree that the Corporation's recruitment and selection policies were followed during this search. I approve this hiring decision.

Table with 3 columns: Signature, Date, Comments. Rows for Senior Director of Human Resources, Hiring Manager, and Vice President Requesting Action.

2. General Counsel Review

I have reviewed the attached information and agree that the Corporation's recruitment and selection policies were followed during this search.

Table with 3 columns: Signature, Date, Comments. Row for General Counsel.

**3. Additional Approvals (as required)**

**I have reviewed the attached information and agree that the Corporation's recruitment and selection policies were followed during this search. I approve this hiring decision.**

_____	_____	Comments:
Chief Operating Officer <i>(for Director level positions and above)</i>	Date	
_____	_____	Comments:
Chief Executive Officer <i>(for Vice President level positions and above)</i>	Date	
<b>Board of Directors <i>(for Senior Officers and Office of the Inspector General positions)</i></b>		
_____	_____	Comments:
Chair	Date	
_____	_____	Comments:
Vice Chair	Date	
_____	_____	Comments:
Member	Date	
_____	_____	Comments:
Member)	Date	
_____	_____	Comments:
Member	Date	
_____	_____	Comments:
Member	Date	

cc: Copy of final signed form to:  
Budget and Finance  
Controller

Attachments: Hiring Approval Review Form  
Affirmative Action Report  
Interviewee Evaluation Form for candidate  
Candidate's resume

FORMS: PAR  
Rvsd. 4/06

*HRIS Input*  
By: \_\_\_\_\_ Date: \_\_\_\_\_

TAB 10

Corporate Expense Signature Authority  
and Delegation

*April 17, 2006*



**Policy: Delegation of Authority for Financial Activities**

**Dated: April 17, 2006**

### **Delegation of Authority**

All Senior Vice Presidents and Officers, and those Vice Presidents who serve as the heads of their department, hereafter know as “delegates,” are hereby authorized to approve transactions within their respective departments as outlined below.

### **Re-delegation**

Delegates may re-delegate the authority for payments up to \$5,000 to appropriate managers within their department, hereafter known as “sub-delegates,” if they so choose. Re-delegation to staff does not relieve delegates of their responsibility for oversight and proper handling of CPB funds. Re-delegation should be done by completing the “Signature Authority Delegation to CPB Staff” form and submitting the request to OBF.

The authority being delegated is as follows:

#### **1. Authority to Approve Payments (Trade Payables)**

CPB’s preferred method for obligating and spending funds is through negotiation and contract. Expenses that do not require a contract in accordance with the *CPB Contracts Policy* and that are within the budget(s) assigned to that department may be approved by an authorized delegate of the corporation. **An “expense” is defined as a single invoice or receipt for goods or services, including a single charge on a CPB corporate American Express card.** Prior to payment of expenses above \$25,000, the Chief Operating Officer must review and sign the expense form or invoice. Expenses that exceed \$250,000 require review and signature of the Chief Executive Officer. The signature and expense authority is subject to the terms set forth in the policy *Corporate Funds – Custody, Obligation and Disbursement*.

#### **2. Budget Authority**

Within the limits of the CPB statute and the decisions made by the Board and management, this authorization allows delegates and sub-delegates to approve reallocations between individual lines of their department’s budget.

#### **3. Employee Expense Reports**

Employee expense reports follow the same guidelines described in “Authority to Approve Payments” above, with the following exceptions:

1. Expense reports for officers of the company will be reviewed by the Controller;
2. Expense reports for all other delegates must be approved by the COO;
3. No sub-delegate (other than the Controller) can approve expense reports for a person to whom they report; and
4. Expense reports for sub-delegates must be approved by the delegate in that department.

### **Exceptions**

The Office of the Inspector General will not be subject to the policies and procedures outlined here. The Memorandum of Understanding between the OIG and the Office of the President outline the terms for expenses and authority within that department.