



**Corporation for Public Broadcasting**

**Office of Inspector General**

***ANNUAL PLAN***

***October 1, 2007 to September 30, 2008***

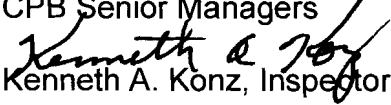


Corporation  
for Public  
Broadcasting

Office of Inspector General

DATE: October 1, 2007

TO: The Board of Directors  
CPB Senior Managers

FROM:   
Kenneth A. Konz, Inspector General

SUBJECT: Fiscal Year 2008 Office of Inspector General, Annual Plan

It is my pleasure to present the Office of Inspector General's FY 2008 Annual Plan. We are committed to helping CPB achieve its goals to improve governance practices, accountability, and transparency by improving its internal controls and providing oversight of reporting systems.

In this fiscal year, we plan to continue our efforts to work cooperatively with the Board and CPB management, as we have done throughout the last three fiscal years. We will meet regularly with corporate executives and managers to complete the reforms being implemented through Project Champion. In addition, we will focus our efforts to evaluate the processes used throughout public broadcasting to develop and bring new program productions to air.

In this regard, we are evaluating the processes used to select, produce, and air the "America at a Crossroads" series. Such evaluations will focus on making recommendations to better document these processes, as well as, establish adequate controls to ensure projects are delivered as planned. Finally, we are striving to help to clarify the expectations, requirements, and terms of CPB contracts to ensure adequate accountability over contractor performance.

In addition, our office will continue to conduct audits, evaluations, and investigations of CPB grants and contracts awarded to public broadcasting stations and program producers to ensure accountability and performance. These efforts will also help keep CPB management aware of the current challenges facing the public broadcasting community. Further, we will use this information to work with management to improve grant and contract reporting systems and guidelines. Finally, we will continue to share this information with the station community to keep them informed of the weaknesses identified during our work and the corrective actions that are being taken to reduce these vulnerabilities in the future.

As part of our continual planning process, we want to increase our ability to assist management in overseeing CPB processes. So if you or your staff members encounter issues where you believe an audit, evaluation, or an investigation is warranted, please contact Bill Richardson, Deputy Inspector General, or myself at any time. We will work with you to determine what assistance we can provide, and the time frames for providing it. Together, we can enhance CPB governance practices, accountability and transparency, while improving the efficiency, economy, and effectiveness of CPB operations.

## **VISION, MISSION, AND VALUES**

### **OUR VISION**

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

### **OUR MISSION**

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

### **OUR VALUES**

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

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

## FY 2008 ANNUAL PLAN

To accomplish our statutory mission, we must not only identify and report on problems, but also provide meaningful recommendations to management and provide assistance in evaluating needed corrective actions. Thus, our mission is achieved when we: (1) focus our activities on the right issues at the right time; (2) perform our work professionally; and (3) report the results fairly and accurately to achieve timely and effective corrective action. This means our work must be relevant, timely, and credible.

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

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

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

As part of our planning process, we have had continual contact with CPB's Board of Directors, Senior Managers, and Program Officials to identify areas where we can best serve their needs. We have also discussed areas of concern and interest with representatives of congressional committees. We reviewed prior audit reports and obtained ideas and suggestions from a variety of sources including OIG staff, other OIGs, and the Government Accountability Office.

As we implement our annual plan, we will be using new information technology to help us work more efficiently and effectively. We are updating our *TeamMate* procedures so that our automated work papers contain all the information necessary to demonstrate our compliance with changes made to the Generally Accepted Government Auditing Standards (GAGAS). This will enhance our ability to create and oversee audit and investigative projects, while streamlining operating practices.

In addition to *TeamMate*, we also are using the *Idea* software, a sophisticated data management software package. We intend to use *Idea* to analyze large volumes of

data currently residing in the *Integrated Station Information System (ISIS)* or other databases. *Idea* will enable us to identify trends and significant reporting anomalies for further audit review. This will help ensure that we are maximizing the effectiveness of our planning decisions and resource allocations. We believe that implementation of this plan will assist in making recommended improvements in some of CPB's most critical programs, functions, and activities.

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

| <u>Functional Area</u>                    | <u>% of Resources</u> |
|---|-----------------------|
| Public Broadcasting Systems and Processes | 28*                   |
| Program Contracts                         | 30                    |
| Station Grants                            | 17                    |
| Investigations/Allegations                | 8                     |
| Special Reviews                           | 5                     |
| General & Administrative                  | 12                    |

*\* In accordance with CPB's Authorizing Statute, its Financial Statements are audited annually by an Independent Public Accountant. The OIG works together with CPB management to assist CPB's Audit Committee in procuring these audit services and in assessing the quality of the audit.*

## **PUBLIC BROADCASTING SYSTEMS AND PROCESSES**

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

During Fiscal Year 2007, the Board of Directors began receiving complaints about the public broadcasting system's handling of the "America at a Crossroads" show titled "Islam vs. Islamists: Voices from the Muslim Center". This program was funded primarily with CPB appropriations, as were the other programs in the series. However, complaints from the "Islam vs. Islamists" producers, members of Congress, and the press raised questions concerning the actions taken by CPB, WETA, and PBS. At the request of the Board of Directors and subsequently members of Congress, the OIG has initiated a review to determine the facts of the situation. We are currently reviewing available documentation to identify whether systems and processes were adequate and

were used consistently to ensure programs were dealt with fairly and properly to produce the contracted programs. This information will provide the basis for determining whether system and process improvements are needed to protect the interests of involved parties and the public broadcasting community. Further, this information will also help ensure that the programming provided on controversial subjects is fair and balanced.

A central theme for all of our work during this year and the coming years, will be to evaluate the adequacy of Corporation's policies, procedures, and processes. Additionally, we will continue our efforts to work with CPB's Board of Directors, executives, and managers to complete the implementation of the Project Champion corrective actions. In FY 2008, we are planning to expend approximately 28 percent of our resources in this area.

### **Financial Statements**

CPB's authorizing legislation requires an annual audit of CPB's financial statements by an independent public accountant. The Inspector General Act requires that the OIG be involved in setting the policy direction for conducting such audits. In addition, the OIG must be involved in assuring that all such audits are properly planned, performed, and the results are properly reported. To fulfill our statutory obligation, we will work with the Chief Financial Officer in planning the audit, monitoring its progress to ensure that the work is being properly performed, and reported in accordance with auditing standards.

### **Advisory and Assistance Services**

In past years, we have been asked to perform various tasks. These tasks included special requests to audit an organization, perform a review or study to answer a specific question, or resolve a problem. These requests cannot be planned, but to provide maximum service to CPB, we will respond to any and all requests as timely as resources permit. We will utilize an estimated 5 percent of our resources to address such special requests.

## **PROGRAM CONTRACTS**

CPB is the largest single funding source for public television and radio programming. In accordance with its legislative mandate, CPB gives contracts to organizations and individual producers for the production or acquisition of new programs for public television and radio. In doing so, CPB functions as a facilitator for talented producers in pursuit of their craft. Program grants account for approximately 24 percent of CPB's funding.

CPB devotes significant internal resources to working with organizations and individual producers to develop and oversee grants related to the production of television and

radio programming. During the coming year, we plan to conduct selected reviews of programming grants to ensure that the necessary controls and oversight processes are in place to protect CPB's interests. In addition, unlike station grants, CPB generally does not require that program grant recipients submit audited financial statements related to their program grants. As a result, CPB relies on the OIG to provide audit coverage, assess accountability, and ensure that CPB's and the public's interests are served.

During FY 2008, we will continue to work cooperatively with CPB management to address these issues. We will utilize information from recent and planned contract audits to evaluate CPB's processes for:

- soliciting and analyzing cost information received regarding project budgets, information;
- establishing appropriate contract terms to protect CPB interests and provide necessary deliverables and reporting; and
- providing necessary contract administration oversight to ensure that production contracts are properly awarded and completed at a fair and reasonable price.

This effort focuses on accountability of costs, and the contract close-out process. As part of this audit, we will also evaluate the contract terms, given the complexities of multiple funding arrangements, and the adequacy of accountability over how CPB funds are used. These audits will also provide the Corporation with feedback on whether that they are making prudent use of the federal dollars appropriated to support public broadcasting programming activities.

We are currently conducting an audit of selected production contracts awarded to a major public broadcasting station. During FY 2008, we plan to initiate additional audits of program contracts awarded to the Independent Television Service (ITVS), as well as, one or two of the Minority Consortia members, and several other stations or producers. Our audit objectives for these audits will be determined based on the results of our current work, and based on our analysis of the procurement and contract administration processes utilized by those organizations. Overall, we plan to expend 30 percent of our resources in this area in FY 2008.

## **STATION GRANTS**

CPB is the largest single funding source for public radio and television stations in the public broadcasting community. CPB Community Service Grants (CSG) and Interconnection Grants help stations serve their communities more efficiently and effectively. Each year, CPB makes these grants to the more than 1,000 public

television and radio stations. These grants account for approximately 65 percent of CPB's annual funding. Therefore, we will continue to devote at least 17 percent of our resources to station grant audits.

In this regard, we will review selected CPB grants awarded to stations to ensure that each is receiving its applicable share of public funds. We will continue to emphasize audits of station grants to ensure compliance with statutory requirements and adherence to Non-Federal Financial Support (NFFS) reporting requirements. We will also utilize the audited financial statements provided by stations and other grant recipients and the input received from CPB staff and the public, to target areas or organizations for review.

To maximize the effectiveness of our efforts, we will begin to use our *Idea* software program to selectively review CPB summary reports of station grant recipients to identify potential vulnerable areas for review. By combining this analysis with our knowledge of the CPB guidance that needs improvement and allegations of improprieties or misstatements, our office can focus our audits on stations which have the greatest potential vulnerabilities.

Audit of selected stations will focus primarily on the identified vulnerabilities, rather than a comprehensive assessment of all station activities. Reports will be issued highlighting suspected problems and where adjustments to grant funding amounts are needed. Problems found will then be further analyzed to evaluate the adequacy of CPB guidance and the sufficiency of audit coverage by the station's independent auditors. Where necessary, additional reports will be issued to CPB regarding guidance and/or the adequacy of the independent auditor's work, so that better oversight can be provided to ensure the reliability and acceptability of information provided to CPB.

In addition, we will expand audit efforts at selected grantee stations to review other CPB grants. This portion of the review will examine whether stations complied with the terms and conditions of the grant, utilized funds for authorized purposes, and filed accurate and timely financial reports.

With available resources, we expect to complete two station grant audits in FY 2008. We will use the information gathered during these audits to identify potential systematic problems.

## **INVESTIGATIONS/ ALLEGATIONS**

The Inspector General Act requires that the OIG be a leader in the prevention and detection of fraud, waste, and abuse, as well as, investigate any improprieties with respect to CPB programs and operations. In addition to our continued vigilance during our own work, the OIG must consider any allegations received from the public or

complaints received on our hot line.

In each instance where a complaint is received, a preliminary evaluation will be made to assess the potential impact and merits of the complaint, the extent CPB funding is involved, and take appropriate action. In some cases, the complaint may be referred to other CPB officials. In other instances, an audit, evaluation, or a formal investigation may be initiated. OIG staff will perform the preliminary review and any audit work that is required. A formal criminal investigation, if necessary, will be referred to another OIG office or to a firm under contract with the OIG.

Many complaints we receive are related to the Public Broadcasting Service's programs or are under the jurisdiction of another agency. Whenever substantive complaints or allegations of this nature are received, we direct the complainant to the proper authority or refer the matter to the appropriate organization. During Fiscal Year 2008, we estimate that the OIG will be involved in 5 such cases which will use approximately 8 percent of our resources.

### **Whistleblower and Other Investigations**

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

During FY 2008, we will also be preparing an Investigations Manual to provide uniform procedures and policies to meet our criminal investigatory responsibilities under the Inspector General Act and CPB policies.

### **ASSIGNMENTS IN PROCESS AT YEAR END**

Review of CPB Grants Awarded to Maryland Public Television, Owings Mills MD

Review of CPB Program Grants awarded to WNET, New York, NY.

Review of Systems & Processes Used in Awarding and Administering CPB's "America At A Crossroads" Series

### **ASSIGNMENTS TO START IN FIRST QUARTER OF FISCAL YEAR 2008**

Review of CPB Station Grants Awarded to the WGBH, Boston MA

## **FY 2008 Performance Indicators**

During this year we will initiate 6 to 10 new audits, evaluations, or investigations. These assignments will involve reviews of compliance with grant or contract requirements and accountability over CPB funds at public broadcasting stations and/or program producers. They will also focus on the adequacy of CPB systems and procedures to provide oversight and accountability of CPB funded activities. In addition, we will continue to work with CPB's Board of Directors, executives, and managers to complete implementation of Project Champion reforms and begin reviewing the effectiveness of newly implemented control processes.

OIG management will continue to work closely with CPB managers to improve coordination and cooperation in seeking ways to enhance governance, accountability, and transparency, while improving the efficiency and effectiveness of CPB and OIG management activities. The OIG will continue efforts to alert station managers to the results of ongoing audits and provide feedback as to areas susceptible to possible waste, fraud, and abuse. We will continue to work cooperatively in providing oversight of the audit of CPB financial statements.

During fiscal year 2008, the OIG will focus on updating its audit and investigative procedures to reflect recent changes to professional standards and update our *TeamMate* automated work papers to support improved OIG operating procedures. We will ensure that OIG staff members receive required training to maintain their professional expertise and the ability to provide the Corporation with necessary technical expertise. In FY 2008 we will initiate planned efforts to begin hiring part-time OIG staff members around the country, so we can respond better to audit or investigative needs.

We will report our accomplishments to the Board of Directors at the end of FY 2008.



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