



Corporation
for Public
Broadcasting

September 26, 2017

VIA ELECTRONIC MAIL

Ms. Mary Mitchelson
Inspector General
Corporation for Public Broadcasting
401 Ninth Street NW
Washington, D.C. 20004

Dear Ms. Mitchelson:

RE: Audit Issues Concerning CPB in the Audit of PBS and CPB Grants awarded to The Fred Rogers Company for the productions of *Peg+ Cat* and *Daniel Tiger's Neighborhood* for the period July 1, 2012 through September 30, 2015, APT1604-1704

We appreciate the opportunity to comment on your report referenced above which directs, in recommendation 2, that the Corporation for Public Broadcasting (CPB), implement certain changes to its ancillary revenue reports.

Specifically, the report recommends that CPB amend its current terms and conditions for production agreements requiring that grantees report total production project funding on their financial reports to provide complete accountability over the projects' funding sources and expenditures, and require reconciliations of the final financial reports to future ancillary revenue reports.

We agree that requiring grantees to report both production revenues received and current production deficits will allow us to better understand and oversee the current balance of any existing deficit. In fact, most grantees report to us in this fashion. For clarity, we will revise our terms and conditions to require that grantees identify the total project funding on their final financial reports. We will also update the form ancillary revenue report to require that grantees identify their production budget deficit balance and reconcile it to the final financial report. The form will be attached as an exhibit to applicable grants beginning in August.

We trust that this addresses your concerns and consider this matter closed.

Please let me know if you have any questions.

Kind regards,

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

CC: VIA ELECTRONIC MAIL

William J. Richardson, Deputy Inspector General, CPB

Steven J. Altman, Executive Vice President and Chief Operating Officer, CPB

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