



Corporation
for Public
Broadcasting

February 7, 2019

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 of Community Service Grants at Milwaukee PBS, Milwaukee, Wisconsin, for the Period July 1, 2015 through June 30, 2017 (Report No. AST1805-1808)

Thank you for your observations although it is important to recognize that some college and university stations have applied the basic methodology correctly or with minimal errors. Moreover, it should not be overlooked that the basic method is one of three available, and we have repeatedly cautioned stations of its complexity in the Financial Reporting Guidelines (Guidelines) and through our "Compliance Alert" in 2018.

Considering the issues that Milwaukee PBS faced, it may have been beneficial if you had encouraged Milwaukee PBS to review the other methodologies to determine whether one would be easier to administer and as we require, "achieves the objective of distributing costs in proportions reasonably consistent with the nature and extent of the station's use of licensee resources". To safeguard against the methodology's misapplication, the Guidelines also require that the station's independent accountant confirm that the outcome was consistent with this purpose.

As we have previously advised you, we have engaged a consultant to assist us in evaluating all appropriate methodologies for calculating indirect costs to improve the consistency and accuracy of reporting those costs. Since the process involves a consultation with representatives of the public broadcasting system, it will be time consuming, but we look forward to reviewing the results.

Regards,

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

CC: VIA ELECTRONIC MAIL

Michael Levy, Executive Vice President & Chief Operating Officer, CPB
Steven J. Altman, Executive Vice President & Chief Policy & Business Affairs Officer, CPB
J. Westwood Smithers, Jr., Senior Vice President & General Counsel, CPB
William P. Tayman, Jr., Chief Financial Officer & Treasurer, CPB

Greg Schnirring, Vice President, CSG & Station Initiatives, CPB
Katherine Arno, Director, TV CSG Policy & Review, CPB
William J. Richardson, Deputy Inspector General, CPB