



## **Fiscal Audit**

### **Department of Innovation & Performance Comcast Franchise Trust Fund (CFTF)**

Report by the  
Office of City Controller

**MICHAEL E. LAMB  
CITY CONTROLLER**

Douglas W. Anderson, Deputy Controller

Caleb Mejias-Shell, MSA, Fiscal Audit Manager

Rajesh Mehta, CPA, Fiscal Auditor

Tom Kenitz, Fiscal Auditor

October 24, 2019

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MICHAEL E. LAMB

CITY CONTROLLER

First Floor City-County Building • 414 Grant Street • Pittsburgh, Pennsylvania 15219

October 24, 2019

To the Honorables: Mayor William Peduto and  
Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this Fiscal Audit of the **Comcast Franchise Trust Fund (CFTF)**, conducted pursuant to the Controller's powers under Section 404(b) of the Pittsburgh Home Rule Charter.

### EXECUTIVE SUMMARY

The Comcast Franchise Trust Fund was established in 2010 via Resolution 432 to account for the payment of PEG grants from Comcast to the City. Furthermore, funds deposited into the account were to be used to support the purchase, acquisition, and maintenance of cable and network communications equipment, in addition to software, licensing fees, and professional services. Resolution 639 of 2013 authorized City Information Systems (CIS) to enter into a contract with Pittsburgh Community Television (PCTV) to continue to act as the City's public access television provider for a term to end on September 18, 2019. The resolution also directed the City to apply certain amounts of PEG Grants received from Comcast and Verizon to the City Cable Bureau and then release the remaining funds to PCTV.

We performed certain procedures to determine whether policies, procedures, and internal controls relating to the administration of the fund are adequate and that expenditures charged to the fund are allowable and properly supported. Additional procedures were performed to determine if grants issued to the City from Comcast were properly allocated to both the Cable Bureau and PCTV. Based on these procedures, we uncovered weaknesses in existing internal controls. Furthermore, we noted a lack of policies and procedures, unallowable funding source, irregularities in PEG grant processing, as well as a lack of oversight for PCTV.

Improved controls in the form of a complete set of policies and procedures, in conjunction with increased oversight of PCTV, will help to further ensure compliance with applicable contracts and agreements. These issues and our recommendations along with responses from the Department of Innovation & Performance, are further discussed in the Findings & Recommendations section of this report.

We appreciate the cooperation of the staff involved with the management of the fund as well as their patience during the course of our audit.

Sincerely,

Michael E. Lamb  
City Controller

## **INTRODUCTION**

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This fiscal audit of the **Comcast Franchise Trust Fund (CFTF)** was conducted pursuant to the Controller's powers under [Article IV, Section 404\(b\)](#) of the Pittsburgh Home Rule Charter.

## **SCOPE AND METHODOLOGY**

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Our procedures were conducted pursuant to the Article IV, Section 404(b) of the City of Pittsburgh Home Rule Charter. Our procedures covered the period January 1, 2013, to December 31, 2018.

The objectives of this audit are to determine whether procedures and internal controls relating to the administration of the trust fund are adequate. In order to achieve these objectives, we performed the following procedures:

- Interviewed personnel from the Department of Innovation & Performance (I&P) involved with the fund to gain an understanding of the fund's operations, processes, and internal controls.
- Interviewed personnel from the Department of Finance to gain an understanding of the fund's receipt of grants from Comcast.
- Reviewed the [Cable Franchise Agreement](#) between the City of Pittsburgh and Comcast of California/Pennsylvania/Utah/Washington, Inc.
- Reviewed the [Agreement for Services for PEG Channel Administrator](#) between the City of Pittsburgh and Pittsburgh Community Television, Inc. (PCTV).
- Reviewed the Pittsburgh Cable Communications and Advisory Committee (PCCAC) Two-Year Strategic Plan.
- Reviewed procedures and related internal controls over the administration of the fund as well as procedures for the receipt and deposit of all revenue categories.
- Reviewed the City of Pittsburgh's Purchasing Policy.
- Applied procedures to a sample of expenditures to determine whether they were properly incurred and administered.
- Performed variance analysis on expenditures for plausible relationships as well as summarized revenues by source and expenditures by category for the period of our audit.
- Performed tests of PEG Grant payments Comcast issued to the City for completeness and timeliness according to the Franchise Agreement.

- Performed tests of PEG Grant payments the City retained for the Cable Bureau as well as issued to PCTV for completeness and timeliness according to the PCTV Agreement.
- Evaluated whether the audited entity took appropriate corrective action to address findings and recommendations from the [previous audit engagement](#).

## **BACKGROUND**

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The Comcast Franchise Trust Fund (CFTF) was established in June of 2010 via [Resolution 432](#) to account for all grants paid by Comcast to the City. Funds deposited into the trust fund are utilized by the Department of Innovation & Performance (I&P) to cover all expenditures used to support the purchase, acquisition, and maintenance of cable and network communications equipment, in addition to software, licensing fees, and professional services. The Resolution requires that any disbursement from the CFTF to a public access channel administrator in the City be in accordance with a separate agreement between the City and such public administrator. Lastly, grants disbursed from the CFTF are to be in accordance with distribution schedules contained in the Cable Franchise Agreement.

### ***FUNDING SOURCES***

[Resolution 431](#) of 2010 authorized the City to enter into a cable franchise agreement with Comcast of California/Pennsylvania/Utah/Washington, Inc., which resulted in the Cable Franchise Agreement (“the Agreement”). This agreement provides for the payment of grants from Comcast to the City for public, educational, and governmental (PEG) access channel support grants. Specifically, upon receipt of Comcast-issued PEG Grants, the City was to remit a portion of the funds to Pittsburgh Community Television (PCTV). PEG grants received are restricted by the [Communications Act](#) and therefore must be deposited, maintained, and distributed in a manner consistent with federal law and separate from the general funds of the City.

In December of 2011, the existing Agreement with Comcast was modified to allow a portion of PEG Grants to be issued directly to PCTV instead of through the City. In January of 2012, the Agreement was formally modified through the signing of the PEG Support Payment Modification Agreement.

In 2013, the Cable Franchise Agreement with Comcast reverted back to the original contract conditions, wherein the City receives total payments and distributes a portion to PCTV. The Agreement further outlines the disbursement of Fixed PEG Grants and Annual PEG Grants. Comcast pays the City an annual grant based on monthly subscriber counts (the “Annual PEG Grant”) in accordance with a schedule. The schedule outlines the time period as well as the corresponding amount per subscriber, which gradually increased from \$0.45 to \$0.90 during the term of the contract. The Annual PEG Grant payment along with a brief summary of the subscriber information upon which it is based, is to be sent to the City within 60 days after the beginning of each calendar year during the scope of the audit.

Fixed PEG Grants support the funding of PEG Access facilities and other technological needs throughout the City. Comcast was required to pay the City a total of \$350,000 in five installments of \$70,000 over the term of the agreement (2010-2020) for the Fixed PEG Grant. The grant is payable to the City within 90 days of the Effective Date (i.e. July 1, 2010) of the agreement for the first year and within 90 days of each subsequent anniversary of the Effective Date thereafter. Auditors confirmed the receipt of the fourth and fifth (final) installment of Fixed PEG Grant.

Auditors completed testing of the PEG Grants<sup>1</sup> received from Comcast based on the terms provided in the Cable Franchise Agreement with Comcast and [Resolution 639](#) of 2013. Furthermore, we tested the completeness and timing of payments issued to the City by Comcast. We confirmed that the Comcast-issued PEG grants were complete as prescribed in the Cable Franchise Agreement. We were unable, however, to confirm the receipt of the summary of information upon which the Annual PEG Grants were based, due to omissions in I&P's records. The results of said testing will be further discussed in the Findings and Recommendations section of the report.

## ***EXPENDITURE OF FUNDS***

### ***AUTHORIZATION***

Departments within the City of Pittsburgh utilize JDE to initiate the purchase of goods and services via Purchase Orders (POs). Expenditures made with POs required approval via two separate signatures on paper Departmental Invoices (DIs) up until July 31, 2017. On August 1, 2017 the Office of Management and Budget (OMB), by way of the Procurement Optimization Project, replaced the physical signatures on DIs with electronic approvals in the JDE system for POs and explanatories<sup>2</sup> only. Encumbrances still require approval by way of physical signatures.

While the majority of expenditures require that POs be generated through JDE, other types of expenditures can be executed with a Bank of America issued Purchasing Card (P-Card). P-Cards are Visa credit cards that are individually issued to designated cardholders for business-related purposes. The City's Purchase Card Policy guides cardholders in determining whether to use the P-Card or a PO for departmental expenditures. Once approved, the cardholder can use the P-Card at the Point of Sale similar to a credit card. All transactions are subject to City Council review, as Council is provided with a list of transactions on a weekly basis.

### ***PAYMENT TO PCTV***

Resolution 639 of 2013 specifies the application of PEG Grant payments received from Verizon and Comcast to the Cable Bureau and the subsequent release of remaining funds to PCTV. Concurrently, the City renewed the prior Agreement for Services for PEG Channel Administrator with PCTV ("PCTV Agreement") detailing the amounts and timing of PEG Grants, for a term to expire September 18, 2019. Per the PCTV Agreement, the City shall use reasonable efforts to remit PCTV's allocation of Fixed PEG Grant payments to PCTV within 45 days of either the Effective Date of the Agreement (i.e. November 1st) or the receipt of the payment (from Comcast) by the City, whichever is last. Additionally, the City shall use reasonable efforts to remit Annual PEG Grants within 45 days of their receipt by the City from Comcast and Verizon. Lastly, the City is required to provide PCTV with Comcast statements accompanying PEG Grant payments showing the basis for computation.

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<sup>1</sup> Auditors noted that Comcast sent 7 of the 8 PEG Grants by check, which is further discussed in Finding #4.

<sup>2</sup> Explanatory purchases over \$3,000, which are not covered by a contract, require City Council approval.



I&P issues communication with PCTV regarding the PEG Grant amounts to be invoiced in the given year. PCTV then issues an invoice to I&P listing the invoice date, description (fund/grant), and dollar amount. Auditors completed testing of PEG Grants issued to PCTV to verify the amounts and timing of such payments. While all invoices detailed the correct grant category and amount due, not all were processed accordingly<sup>3</sup>. We were also unable to confirm timely issuance of grant payments. This will be further discussed in the Findings and Recommendations section of the report.

A total of \$1,135,772 was retained from the Comcast and Verizon Franchise Trust Funds for the Cable Bureau during the period of our audit, January 1, 2013 through December 31, 2018 as detailed below:

<i>Year</i>	<i>Fixed PEG Grant</i>	<i>Annual PEG Grant</i>	<i>Total Grants</i>
<b>2013</b>	\$70,000	\$60,754	\$130,754
<b>2014</b>	70,000	200,000	270,000
<b>2015</b>		165,018	165,018
<b>2016</b>		190,000	190,000
<b>2017</b>		180,000	180,000
<b>2018</b>		200,000	200,000
<i>Total</i>	<b><i>\$140,000</i></b>	<b><i>\$995,772</i></b>	<b><i>\$1,135,772</i></b>

A total \$1,099,007 of was paid out of the trust fund to PCTV during the period of our audit, January 1, 2013 through December 31, 2018 as detailed below:

<i>Year</i>	<i>Fixed PEG Grant</i>	<i>Annual PEG Grant</i>	<i>Total Grants</i>
<b>2013</b>			
<b>2014</b>	\$35,000	\$138,016	\$173,016
<b>2015</b>		168,678	168,678
<b>2016</b>		183,315	183,315
<b>2017</b>		204,550	204,550
<b>2018</b>		369,448	369,448
<i>Total</i>	<b><i>\$35,000</i></b>	<b><i>\$1,064,007</i></b>	<b><i>\$1,099,007</i></b>

<sup>3</sup> See [Finding #4](#).

## *EXPENDITURE OF REMAINING FUNDS*

During the period of this audit, I&P utilized funds to support various expenditure items relating to cable and network communication, along with PEG Grants issued to PCTV. Expenditures not related to issuance of PEG Grants to PCTV represented 36.7% of the total expenditures recorded in the Comcast Franchise Trust Fund (CFTF). Auditors tested a sample of expenditures for their proper approval, allowable usage, and correct recording into JD Edwards (JDE) accounting software. No exceptions were noted.

I&P utilizes JDE to record revenues and expenditures for the trust fund. Additionally, trust fund activity is tracked internally in a PO Number Ledger, which includes information useful to the department such as internal Purchase Order (PO) number, department, vendor, description, estimated cost, order dates, notes, ticket number, JDE PO number, and receipt number. Auditors requested said ledger, but instead were emailed a screen shot of the spreadsheet, which was insufficient to confirm the adequacy of their internal accounting/recordkeeping of fund activity.

Additionally, auditors noted two wire transfers out of the TF for the amount of \$165,795 in 2017 and 2018. Per [Resolution 457](#) of 2015, the Department of Public Works allowed I&P to “spend down the 2015 Facilities Capital Improvement capital job for cable studio improvements.” The two aforementioned payments totaling \$331,590 thereby satisfied the repayment of said capital job and facilitated ongoing cable studio improvements.

## ***SUMMARY OF REVENUES/EXPENDITURES***

A total of \$2,075,686 in revenue was deposited into the trust fund during the period of our audit, January 1, 2013 through December 31, 2018 as detailed below:

<i>Year</i>	<i>Fixed PEG Grant</i>	<i>Annual PEG Grant</i>	<i>City Channel DVDs</i>	<i>Total Grants</i>
<b>2013</b>	\$70,000	\$36,519		\$106,519
<b>2014</b>	70,000	338,016		408,016
<b>2015</b>		333,678		333,678
<b>2016</b>		373,315		373,315
<b>2017</b>		384,550		384,550
<b>2018</b>		469,448	160	469,608
<b>Total</b>	<b>\$140,000</b>	<b>\$1,935,526</b>	<b>\$160</b>	<b>\$2,075,686</b>

A total of \$2,067,481 was paid out of the trust fund during the period of our audit, January 1, 2013 through December 31, 2018 as detailed below:

<i>Year</i>	<i>Machinery &amp; Equipment</i>	<i>Professional Services</i>	<i>Repairs</i>	<i>Cable Studio Improvements</i>	<i>Total</i>
<b>2013</b>	\$70,062				\$70,062
<b>2014</b>	434,738	5,765			440,503
<b>2015</b>	223,402	1,252			224,654
<b>2016</b>	422,956				422,956
<b>2017</b>	204,618	593		165,795	371,006
<b>2018</b>	369,448		3,057	165,795	538,300
<b>Total</b>	<b>\$1,725,224<sup>4</sup></b>	<b>\$7,610</b>	<b>\$3,057</b>	<b>\$331,590</b>	<b>\$2,067,481</b>

<sup>4</sup> Machinery & Equipment expenditures include \$1,099,007, which were issued to PCTV. See [Table II](#).

## **FINDINGS AND RECOMMENDATIONS**

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### **2019 FINDINGS & RECOMMENDATIONS**

We randomly selected a 20% sample for testing from each of the 5 Cost Types<sup>5</sup> (i.e. expenditure categories) used to record expenditures in JDE for the TF. Auditors tested whether expenditures were: properly recorded into JDE accounting software; properly approved and documented; and used for allowable purchases. As noted in the background of the report, additional testing was completed on the receipt of PEG Grants from Comcast as well as the issuance of PEG Grants to PCTV based on Resolution 639 of 2013 and the PCTV Agreement. The results of the testing are further detailed in the remainder of the report, in addition to findings, recommendations, the auditee's response, and status<sup>6</sup>.

Additionally, MuniServices was contracted by the City of Pittsburgh as a third party to conduct a compliance review of its Cable Franchise Agreement with Comcast in 2018. The scope of the audit covered the period of January 1, 2013 through December 31, 2017. The objectives of the audit were to determine if franchise fees and PEG Grants were properly calculated and to ensure that all appropriate revenues were included in those calculations. The audit noted that as a result of Comcast's erroneous internal mathematical calculation(s), the City was underpaid in franchise fees and was due \$97,837; receipt of payment in 2019 was confirmed.

#### **Finding #1: Lack of Formal Policies and Procedures**

I&P references Resolution 432 of 2010 and 639 of 2013, which established the trust fund and the PEG Grant payment schedule, which they consider to be their current policy and procedures. Auditors were not provided any actual policies and procedures for the management of the Trust Fund. It was noted however that a number of processes would benefit from the existence of documented procedures, including the receipt, issuance, and use of PEG Grant funds. The absence of documented policies and procedures facilitates weakened internal controls, which lead to increased levels of potential risk.

#### **Recommendation**

Develop written policies and procedures to include duties and responsibilities for administration of the fund, thereby ensuring consistency in the processing of PEG Grant funds.

#### **Auditee's Response:**

Accept. I&P will develop written policies and procedures to include duties and responsibilities for administration of the fund, thereby ensuring consistency in the processing of PEG Grant funds.

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<sup>5</sup> Cost Types included Machinery & Equipment, Professional Services, Repairs, and Special Revenue-Out. Repairs consisted of two distinct Cost Type account numbers.

<sup>6</sup> See Addendum for further definition of [status types of current audit recommendations](#).

## **Finding #2: Unallowable Funding Source**

I&P deposited funds from an unallowable funding source into the CFTF, which included payments for City Channel DVDs. Resolutions 432 of 2010 designates the sole source of funding to be grants issued by Comcast. The deposit of these funds demonstrates a lack of oversight and review of account activity. Funds deposited into the incorrect account and left unnoticed may be unrecoverable and/or not used for their designated purpose.

### **Recommendation:**

Ensure that funds deposited into the CFTF are issued from Comcast.

### **Auditee's Response:**

Accept. I&P will closely monitor the deposits of funds to ensure they are posted to the correct account.

## **Finding #3: Lack of Supporting Documentation**

I&P was unable to provide Comcast-issued documentation supporting the basis of computation of Annual PEG Grants, which is required to accompany payments to PCTV as cited in both the Comcast Franchise Agreement and the PCTV Agreement.

### **Recommendation:**

The Department must issue and retain supporting documentation showing the basis of computation for Annual PEG Grants to ensure amounts received/issued were properly derived, while complying with contractual obligations of said agreements.

### **Auditee's Response:**

Accept. I&P will issue and retain supporting documentation showing the basis of computation for Annual PEG Grants to ensure amounts received/issued were properly derived while complying with contractual obligations of said agreement.

## **Finding #4: Irregularities in PEG Grant Processing**

I&P was unable to provide copies for 5 of the 7 checks received from Comcast during the period of 2013-2018. Furthermore, auditors were unable to determine if the 5 checks in question were time stamped due to the lack of supporting documentation. As a result, the absence of time stamps precludes confirmation of receipt from Comcast, which validates timely issuance of pass-through funds to PCTV.

In addition, processing of PCTV invoices was not consistently paid from the proper fund. Specifically, an invoice for PCTV Share of Comcast Fixed Grant for \$35,000 was paid out of the Verizon Franchise Trust Fund.

**Recommendation:**

I&P should create a policy and procedure for administering PEG Grants, which details the receipt and remittal of funds, thereby ensuring timely processing of funds. In addition, a policy and procedure regarding PCTV invoices needs to be established to ensure invoices are processed in a consistent and correct manner.

**Auditee's Response:**

Accept. I&P will create policy and procedure for administration of PEG Grants to ensure the payments from the Trust Funds are allocated to the correct fund according to agreements.

**Finding #5: Lack of Oversight for PCTV**

As per the current PCTV Agreement, I&P is expected to provide oversight of PCTV operations, including reviews of Annual Reports, Capital Plans, Operating Budgets, Independent Auditor Reports, and goals cited in the initial Strategic Plan. Upon inquiry, we noted that I&P demonstrated a significant lack of oversight for PCTV. This was compounded by the absence of policies and procedures outlining receipt/retention and review of PCTV's operational activity and the high turnover of personnel in I&P. This was seen in the lack of both documentation maintained by I&P and general knowledge regarding their responsibilities as per the PCTV Agreement.

The PCTV Agreement provides for additional oversight by the Pittsburgh Cable Communications Advisory Committee (PCCAC), which was established to "act as an advisory body to City Council with regard to optimal use of the cable communications system in the City". [Ordinance 425.07](#) of the City of Pittsburgh's Code of Ordinances, further cites PCCAC in their advisory capacity to Council. It is unclear the extent to which PCCAC was utilized, evidenced by the [recently proposed amendment](#) of Ordinance 425.07 to "remove the Pittsburgh Cable Communications Advisory Committee and all mentions in city code".

The current PCTV Agreement is set to expire on September 18, 2019. Section 19 of the Agreement requires PCCAC to appoint a Steering Committee to assess PCTV's fulfillment of their contractual obligations, as well as whether they should continue as the City's public access administrator. Given the disbanding of the PCCAC and the minimal oversight by I&P, proper assessment of PCTV's performance has not been addressed.

**Recommendation:**

I&P should devote appropriate efforts regarding oversight of PCTV. This would include establishment of procedures for the review of PCTV's operational activity and subsequent reports

regarding the evaluation thereof. In addition, an evaluation of whether PCTV's continuation as the City's public access administrator is warranted, needs to be conducted by I&P.

**Auditee's Response:**

Accept. I&P will review the agreement with PCTV to ensure the City's interests are protected through increased oversight. The revised agreement should be in place in the summer of 2020.

## **UPDATE TO PRIOR 2014 REPORT**

A fiscal audit of the Comcast Franchise Trust Fund (CFTF) was conducted in 2014 and a report was formally released in March of 2014. As a standard practice, we reviewed prior findings to assess the progress made on the implementation of prior recommendations. Below are findings noted in 2014, along with progress achieved to date<sup>7</sup>.

### **Prior Finding #1: Per Subscriber Rates Changes not Formally Approved**

Our procedures revealed that the actual monthly per subscriber rates based on which the annual PEG grants are calculated, and paid to the City were less than the rates specified in the schedule included in the cable franchise contract with Comcast. The monthly rates were reduced by an average of \$0.17 per subscriber each month which resulted in the City receiving \$151,731 less in annual PEG grants for 2012. The new rates were neither approved nor formally documented. CIS indicated that the contract terms provide for modifications to be made without written amendments that are formally approved. However the language under *Section 14.7* of the Cable Franchise Agreement specifically state those changes cannot be made without written approval by both the City and Comcast.

### **Prior Recommendation:**

Payments of the annual PEG grants should be made based on the original rates stipulated in the contract. Changes to the contract should be properly approved and documented. City Administration should also consider pursuing the reimbursement of the \$151,731 from Comcast.

### **Prior Auditee's Response:**

Response was not available.

### **Current Status Update: Open**

It is unclear what attempts were made by the prior administration of I&P to pursue recovery of said underpayment. It is expected that I&P make concerted efforts to determine the current feasibility of retrieving the underpayment and pursue actions necessary. The Controller's Office intends to monitor the progress of efforts regarding recovery of the underpayment<sup>8</sup>.

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<sup>7</sup> See Addendum for further definition of [status types of prior audit recommendations](#).

<sup>8</sup> The prior fiscal audit covered September 1, 2010 to December 31, 2012, therefore involving subscriber counts during that period as a basis for the underpayment of Annual PEG Grants. It should be noted that the scope of the MuniServices compliance review covered 2013-2018 and thus did not address this specific issue.



## **Prior Finding #2: PEG Grants Allocation**

Substantial amounts of the PEG grants received to support PEG channel programming from Comcast under the Cable Franchise contract are allocated to PCTV. Of the \$ 1,088,613 total received, only \$163,848 was allocated to the City Cable Bureau during the period September 1, 2010 to December 31, 2012 with \$924,765 remitted to PCTV. Also, the terms of the 20 year contract expiring in June 30, 2020 stipulates that the remainder of the fixed grants of \$280,000 is to be paid to PCTV. In addition, PCTV is to receive ninety percent (90%) of the annual grant for the remainder of the contract term too.

PCCAC in its advisory capacity, highlighted as a priority that the City's Cable Bureau be adequately funded to enable it to provide support for the City's governmental access channels. Recommendations included in its two year Strategic Plan highlight that PEG grants are to be allocated to PCTV only after the City Cable Bureau has been adequately funded.

### **Prior Recommendation:**

Provide for a more equitable allocation of PEG grants between the City and PCTV. Reassess revenue allocation procedure to ensure that the City Cable Bureau is adequately funded in the future by allocating to it more of the PEG grants to enable much needed equipment upgrades and efficient operation.

Prior to the release of our audit, City Council passed a resolution amending the distribution of the PEG grants allocating the remaining Fixed PEG Grants in 2013 and 2014 equally between the City Cable Bureau and PCTV. The amended resolution also specified amounts from the annual PEG grants to be paid to the City Cable Bureau first with the remainder allocated to PCTV. Although it is reasonable to estimate the expected annual PEG grants payments based on prior year, this sharing methodology does not guarantee equitable sharing of the grants since amounts are based on number of subscribers which may fluctuate over the years.

### **Prior Auditee's Response:**

Response was not available.

### **Current Status Update-Closed**

Auditors noted that during the scope of the audit the Cable Bureau retained the total amount of Fixed and Annual PEG Grants prescribed in Resolution 639 of 2013.

### **Prior Finding #3: No Follow Up on Strategic Plan Goals**

PCCAC in its advisory capacity developed a two year strategic plan dated March 2010 outlining goals and objectives relating to oversight over use of PEG resources and monitoring of compliance with the City's cable franchise agreement with Comcast. However it is not clear whether these goals and objectives have been accomplished since no follow up was performed.

#### **Prior Recommendation:**

Consider performing a follow up to evaluate whether the goals and objectives outlined in the Strategic Plan have been accomplished.

#### **Prior Auditee's Response:**

Response was not available.

#### **Current Status Update: Closed<sup>9</sup>**

A primary intent of the Two-Year Strategic Plan was to provide support that would confirm the viability of PCTV continuing as the City's public access administrator, as evidenced by the current PCTV Agreement. Additionally, financial oversight is cited as a primary component of ensuring adequate contractual compliance, which the Controller's Office intends to continue monitoring.

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<sup>9</sup> See [Current Finding #5](#).

## **ADDENDUM**

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### *CURRENT AUDIT RECOMMENDATIONS*

Auditors obtain and report views of responsible individuals of the audited entity concerning the findings, conclusions, recommendations in the examination report, as well as any planned corrective actions. A specific status type has been assigned to the current audit findings and recommendations, using the following criteria:

- **Accepted**-Auditee agrees with the recommendation and plans to implement within the prescribed time frame. Management is informed of a follow-up review that will be performed by the auditors.
- **Declined**-Auditee does not agree with the recommendation and is not planning to implement. When management elects this option, they are advised of the responsibility for accepting the identified risk that generated the recommendation.

### *STATUS OF PRIOR RECOMMENDATIONS*

Auditors evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. A specific status type has been assigned to the prior findings and recommendations in the audit report, using the following criteria:

- **Open**-Auditee has not fully implemented the prior recommendation; rationale may include:
  - Auditee declined prior audit recommendations and risk remains as described in current findings.
  - Efforts to address corrective actions have yet to commence.
- **Work In Progress**-Auditee has initiated efforts to implement recommendations and corrective action steps continue as a work in progress.
- **Closed**-One of the following conditions was noted:
  - Auditee implemented the prior recommendation, which was confirmed by auditors during the current fiscal audit; or
  - The recommendation is no longer relevant based upon changed conditions.