



Corporation  
for Public  
Broadcasting

August 21, 2017

VIA ELECTRONIC MAIL AND HARDCOPY TO FOLLOW

Mr. Brian Sickora  
Executive Director  
UNC-TV  
P.O. Box 14900  
Research Triangle, N.C. 27709-4900

RE: Audit of the Corporation for Public Broadcasting (CPB) Community Service Grants (CSG) for the period July 1, 2014 through June 30, 2016 at UNC-TV – Public Media North Carolina, Research Triangle Park, North Carolina, Report No. AST1703-1707.

Dear Mr. Sickora:

Congratulations on receiving an audit with minimal discrepancies. The audit, conducted by CPB's Office of Inspector General (OIG), covered a wide range of issues and found that UNC-TV:

- complied with each of the five categories of Communications Act requirements;
- was compliant with the numerous requirements in the CSG Legal Agreement and Certification of Eligibility;
- complied with all the grant requirements for its CSGs totaling \$7,291,800; and
- mistakenly included funds from two ineligible sources in its non-federal financial support (NFFS), that resulted in a \$38,276 overpayment of its \$7,291,800 CSGs.

Although not mentioned in the report, the OIG reviewed the methodology UNC-TV developed to determine its indirect administrative support. It is our understanding that UNC-TV was found to have used a sound methodology and properly applied it to calculate and report \$1,072,217 of indirect administrative support as NFFS.

The specific audit findings and CPB's determinations for them follow.

**OIG Recommendations 1 & 2:** The OIG recommends that CPB recover the \$38,276 CSG overpayments from UNC-TV and require UNC-TV to identify the corrective actions and controls it will implement to ensure future compliance with NFFS Guidelines.

UNC-TV included in its NFFS, funds from the ineligible sources below resulting in a \$38,276 overpayment of its \$7,291,800 CSGs.

Ineligible NFFS Fiscal Year	Ineligible Sources	Overstated NFFS	CSG Overpayment <sup>1</sup>
FY 2015	Federal Funds	\$310,201	\$37,081
FY 2015	Public Broadcasting Entity	\$ 10,000	\$ 1,195
<b>Total</b>		<b>\$320,201</b>	<b>\$38,276</b>

CPB Determination: CPB agrees that funds from these sources are ineligible and requires that UNC-TV revise its AFR accordingly, which will allow CPB to recoup the CSG overpayment. Pursuant to our CSG Non-Compliance Penalty Policy, we will assess a penalty of 10% of its CSG overpayment or \$3,828, against UNC-TV.

Regarding new controls to avoid similar reporting errors, CPB is confident that UNC-TV understands the error and will ensure future compliance with the Financial Reporting Guidelines.

Action: CPB requires that UNC-TV forward the penalty of \$3,828 to CPB by sending a check, within 45 days of the date of this correspondence, to the attention of Nick Stromann, Vice President, Controller, Corporation for Public Broadcasting, 401 Ninth Street N.W., Washington, D.C. 20004-2129.

UNC-TV must also reduce the NFFS on its 2016 AFR by \$320,201 within 45 days of the date of this correspondence. Please contact Kate Arno, Director, TV CSG Policy & Review for specific instructions at: karno@cpb.org. If the actual incentive rate of return used to calculate UNC-TV's NFFS is different than the estimate, we will work with UNC-TV to address the over or under payment.

If you wish CPB to consider additional information relating to this matter, please provide the same in writing within 30 days of the date of this letter. Failing that, CPB will consider these determinations final and UNC-TV will be required to comply with the actions set forth above. CPB reserves the right to take any other action CPB deems appropriate until these issues are resolved to CPB's satisfaction.

Kind regards,



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

CC: VIA ELECTRONIC MAIL

Kathy Crooke, Senior Director of Finance and Administration, University of North Carolina  
Jonathan Pruitt, Senior Vice President for Finance and Budget, University of North Carolina  
Mary Mitchelson, Inspector General, CPB  
William J. Richardson, Deputy Inspector General, 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 and Station Initiatives, CPB  
Nick Stromann, Vice President, Controller, CPB  
Katherine Arno, Director, TV CSG Policy & Review, CPB  
Nadine Feaster, Director, Grants Administration, CPB

<sup>1</sup> 2017 fiscal year incentive rate of return: 0.119537648.