Why We Did This Audit

We performed this limited scope evaluation in response to a Corporation for Public Broadcasting (CPB) request to review WLRN’s restatement of underwriting revenues for fiscal years (FYs) 2008 through 2015 that WLRN submitted to CPB in February 2017.

The objective of our review was to determine the accuracy of the restated underwriting revenue split between TV and radio for the period July 1, 2007 through June 30, 2015 based on reconciling restated underwriting to Friends’ general ledgers. We performed this limited scope evaluation to provide CPB with an assessment of the restated revenues, give CPB a basis to recoup excess CSG funds paid to WLRN, and provide WLRN with an understanding of its liability to prepare its FY 2016 Annual Financial Reports (AFR).

CPB management will make the final determination on our findings and recommendations.

Send all inquiries to our office at (202) 879-9669 or email OIGemail@cpb.org or visit www.cpb.org/oig

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What We Found

Our evaluation confirmed the accuracy of WLRN’s restated underwriting revenue split between TV and radio. WLRN overstated TV underwriting revenues by $9,477,139, and understated radio underwriting revenues by the same amount. Inaccurate reporting of underwriting resulted in CSG overpayments of $1,128,247.

We found WLRN’s misreporting resulted in it receiving $1,128,247 in TV CSG funds it was not entitled to receive. Had WLRN correctly reported underwriting, WLRN would have received a smaller TV CSG and CPB would have distributed the remaining funds to other public TV stations. WLRN would have also received a larger radio CSG award. However, no radio CSG funds are now available to reimburse WLRN based upon its understated radio revenues.

In response to our draft report, WLRN agreed it misreported underwriting revenue but contended the proper remedy would be to repay $544,700, the difference between the TV CSG overpayments and the radio CSG it would have received if it had properly reported its radio underwriting. WLRN also disagreed that penalties are appropriate. WLRN’s response is generally responsive to our third recommendation.

What We Recommend

That CPB:
- recover TV CSG overpayment of $1,128,247;
- apply appropriate penalties in accordance with CPB’s CSG Non-Compliance Policy; and
- require WLRN to identify the corrective actions and controls it will implement to ensure future compliance.