



July 1, 2015

Via Electronic Mail and Hardcopy to Follow

Mr. James Rand
Station Manager
WMPG-FM
University of Maine System
96 Falmouth Street
Portland, ME 04104-9300

RE: Evaluation of CPB Restricted Funds Awarded to WMPG-FM, Portland, Maine, for Fiscal Year Ending June 30, 2014, Report No. ASR1408-1504

Dear Mr. Rand:

The Corporation for Public Broadcasting's (CPB) Office of Inspector General (OIG) completed its evaluation of Community Service Grant (CSG) funds awarded by CPB to WMPG-FM (WMPG) for the period July 1, 2013 – June 30, 2014. The stated objectives of this evaluation were to determine whether WMPG: a) spent CPB restricted funds on national programming; b) discretely accounted for CPB revenues and expenditures in its accounting system; and c) complied with the Communications Act requirements for open meetings, open financial records, Equal Employment Opportunity (EEO) reporting, and donor lists/political activities prohibitions.

The OIG report determined that WMPG was in compliance with the Communications Act requirements but found:

- Questionable restricted expenditures totaling \$6,873 for broadcast services not exclusively related to distributing national program content; and
- WMPG's accounting system did not discretely account for restricted and unrestricted expenditures within its CPB general ledger account.

This document sets forth CPB's determination regarding the issues raised by the OIG and the actions required of WMPG.

I. OIG Recommendation 1: Recover \$6,873 for broadcast services not exclusively related to distributing national program content.

CPB Determination: CPB agrees with the OIG finding that \$6,873 was not used for expenses to broadcast, market, produce, or distribute national programming (national programming) as required by Section 6 of the FY2014 Radio Community Service Grant General Provisions and Eligibility Criteria (General Provisions). However, since WMPG has until September 30, 2015¹, to spend these funds on national programming expenses, CPB requests that WMPG report to CPB whether said funds have been expended consistent with the General Provisions, as detailed below.

The CSG provided WMPG with \$18,608 in restricted funds. The OIG determined that \$11,735 may be allocated to national programming expenses, with a portion computed by applying a percentage of national programming in WMPG's weekly schedule. While this approach is reasonable and appreciated, it should be made very clear to stations that this is not the only approach, nor does it establish a policy or standard that stations must apply in the future.

Given the nature of the error discovered by the OIG, and to ensure that WMPG did not make a similar error in FY2012 or FY2013, CPB requests that WMPG review the amounts reported as expenses for national programming and provide written confirmation (signed by the station's general manager and chief financial officer) to CPB that the amounts were in fact expenses incurred for national programming, consistent with the General Provisions. If WMPG discovers that any of the expenses were not used for national programming, WMPG must return those amounts to CPB as set forth below.

Action: With regard to the \$6,873, CPB requests that WMPG notify CPB in writing no later than November 3, 2015 (the correspondence must be signed by the station's general manager and chief financial officer), what portion has been spent on national programming from October 1, 2014, through September, 30, 2015. In addition, WMPG must return to CPB any portion not spent by this date.

To ensure that WMPG did not make a similar error in FY2012 or FY2013, CPB requests that WMPG provide CPB with the report referenced above, and return to CPB any amount reported but not spent on national programming, within 60 days of the date of this correspondence.

¹The spending period for the FY2014 CSG is October 1, 2013 through September 30, 2015.

II. OIG Recommendation 2: Provide additional guidance on the use of restricted funds.

CPB Determination: CPB provides clear and in-depth guidance to stations regarding the use of restricted funds in the General Provisions (Section 4).

Action: No further action by CPB or WMPG is required.

III. OIG Recommendation 3: Require WMPG to separately account for its restricted expenditures in its accounting system.

CPB Determination: The General Provisions (Section 4) require that WMPG use discrete accounting to track restricted expenditures. As evidence of WMPG's compliance, CPB requests that WMPG provide to CPB its trial balance and general ledger for FY 2015 expenditures through June 1, 2015, showing restricted and unrestricted CSG transactions.

Action: WMPG must provide its trial balance and general ledger to CPB within 60 days of the date of this correspondence.

Please send the required documentation to:

Ms. Katherine Arno
Director, TV CSG Policy & Review
Corporation for Public Broadcasting
401 Ninth Street, NW
Washington, D.C. 20004-2129

For more information about CPB's determination, please contact Katherine Arno, Director, TV CSG Policy & Review, at karno@cpb.org or 202-879-9629.

If you wish CPB to consider additional information relating to this matter, please provide the same in writing within thirty (30) days of the date of this letter. Failing that, CPB will consider these determinations final, and WMPG will be required to comply with the actions set forth above. In the event WMPG fails to comply with these actions, CPB reserves the right to withhold payment of any CSG funding due WMPG and to take any other action CPB deems appropriate until these issues are resolved to CPB's satisfaction.

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We would like to congratulate WMPG for receiving a “clean” audit with regard to the Communications Act. Your station is one of just a few within the public broadcasting system to achieve this. We trust that the remaining issues may be resolved quickly.

Sincerely,



Jackie Livesay
Assistant General Counsel & Vice President, Compliance

CC: Via Electronic Mail

Mary Mitchelson, Inspector General, CPB
William J. Richardson, Deputy Inspector General, CPB
Steven Altman, Senior Vice President, Business Affairs, CPB
West Smithers, Senior Vice President & General Counsel, CPB
William P. Tayman, Jr., Chief Financial Officer & Treasurer, CPB
Ted Krichels, Senior Vice President, System Development & Media Strategy, CPB
Bruce Theriault, Senior Vice President, Journalism and Radio, CPB
Cindy Campbell, Vice President, Operations, CPB
Kristina Cushing de Recinos, Vice President, Media Strategy Operations, CPB
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Greg Schnirring, Vice President, Station Grants & Television Station Initiatives, CPB
Erika Pulley-Hayes, Vice President, Radio, CPB
Katherine Arno, Director, TV CSG Policy & Review, CPB
Andrew Charnik, Director, Radio CSG Administration, CPB
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