



## Background

We performed this audit based on a suggestion from CPB officials and complaints received by our office.

Our objectives were to examine the station's certifications of compliance with Corporation for Public Broadcasting (CPB) grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFR) in accordance with CPB Financial Reporting Guidelines (Guidelines); b) expend Community Service Grant (CSG) and other grant funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility requirements and the statutory provisions of the Communications Act of 1934, as amended (Act). The amount of NFFS a station reports to CPB affects the amount of CSG funding the station receives.

This report contains the views of the OIG. CPB will make the final decision on our findings and recommendations.

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

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## *Audit of Community Service Grants, Mendocino County Public Broadcasting, KZYX-FM, Philo, California, for the Period July 1, 2015 through June 30, 2017*

### What We Found

Based on our audit we found that KZYX:

**Overstated NFFS of \$23,311 resulting in excess CSG payments of \$1,234.**

- overstated NFFS of \$23,311 for FY 2016 resulting in excess CSG payments of \$1,234 in FY 2018; and
- was not in full compliance with Act requirements for open Board and committee meetings, as well as discrete accounting requirements for CPB expenditures (restricted and unrestricted).

In response to our draft report, station officials agreed with our findings and initiated corrective actions to comply with grant requirement. In September the station submitted a revised FY 2017 AFR correcting overstated NFFS for FY 2017, which CPB approved. Further, station officials indicated they will be developing a corrective action plan for CPB to ensure complete and full compliance with all grant requirements. CPB management will make the final determination on our findings and recommendations.

### What We Recommend

That CPB take the following actions to:

- recover CSG overpayments of \$1,234;
- require KZYX to identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting, open meeting, and discrete accounting requirements; and
- properly classify CSG expenditures by expense categories on the AFR, Schedule E.