Corporation
for Public
Broadcasting

December 21, 2017

VIA ELECTRONIC MAIL AND HARDCOPY TO FOLLOW

Mr. Mark Vogelzang
President & CEO
Maine Public
1450 Lisbon Street
Lewiston, Maine 04240-3595

Dear Mr. Vogelzang:

RE: Audit of the Community Service Grants (CSG) at Maine Public Broadcasting Network (Maine Public), Lewiston, Maine for the Period July 1, 2014 through June 30, 2016, Report No. ASJ1707-1709

The audit, conducted by the Corporation for Public Broadcasting's (CPB) Office of Inspector General (OIG), covered a wide range of issues and found that Maine Public:

- expended $2,223,480 in CPB grant funds in accordance with the grant requirements;
- properly claimed more than $8,000,000 in non-federal financial support (NFFS) but misreported $42,330, resulting in a $4,975 CSG overpayment;
- met all but one of five Communications Act requirements; and
- was compliant with all but one of the numerous requirements in the CSG Agreement and Certification of Eligibility.

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

Recommendations 1 & 2: The OIG recommends that CPB recover $4,975 for a fiscal year (FY) 2017 CSG overpayment from Maine Public. The overpayment occurred when Maine Public reported as NFFS, funds from two ineligible sources. In addition, the OIG recommends that CPB require Maine Public to identify the corrective action and controls it will implement to ensure its future compliance with the Financial Reporting Guidelines on these matters.

CPB Determination: CPB agrees that Maine Public should return the $4,975 CSG overpayment to CPB. To do so, we require that Maine Public reduce its NFFS by $42,330 in its FY 2017 annual financial report (AFR). This will enable CPB to recoup the overpayment when the 2019 CSGs are calculated[1]. CPB's CSG Non-compliance Policy provides for a penalty of 10% of a CSG overpayment. Therefore, we are assessing a penalty of $497 against Maine Public.

Based on our conversations with Maine Public, we are confident that it has identified corrective action and controls to ensure its future compliance with the Financial Reporting Guidelines. Therefore, we consider this issue closed and no further action is required.

[1] Because the incentive rate of return varies each year, the 2019 calculations may produce a slight overpayment or underpayment. If so, an additional grant adjustment will occur to ensure the proper amount is recovered.

Action: Maine Public must send the $497 penalty to CPB within 45 days of the date of this correspondence. Maine Public must reduce its NFFS by $42,330 when it files its 2017 AFR with CPB. Please contact Kate Arno, Director, TV CSG Policy & Review for specific instructions at: karno@cpb.org.

Recommendation 3: The OIG found that Maine Public did not maintain discrete accounting codes to identify expenses paid with CSG funds and recommends that CPB verify the corrective actions undertaken by Maine Public to meet this requirement set forth in the CSG Agreement and Certification of Eligibility.

CPB Determination: Maine Public explained to the OIG that its CSG funds were spent on programming and production consistent with the grant terms. The OIG conducted a sampling and found no issues. Nonetheless, CPB agrees with the OIG's finding that Maine Public must add unique accounting codes.

The CSG Non-compliance Policy provides for a penalty of $1,000 for each instance of noncompliance with CSG General Provisions and Eligibility Criteria, which includes the requirement to maintain unique accounting codes. Considering the results of the OIG's testing and that Maine Public promptly adopted the required codes, we will assess a reduced penalty of $500 against Maine Public.

Since Maine Public has adopted unique accounting codes, we will not require it to further verify their corrective actions. Accordingly, we consider this part of the recommendation closed and no further action is required of Maine Public.

Action: Maine Public must send the $500 penalty to CPB within 45 days of the date of this correspondence.

Recommendation 4: The OIG found that Maine Public did not comply with the open meeting requirements of the Communications Act because it failed to document the reasons for closing executive sessions that took place in seven of 24 board of trustees and its committee meetings. The OIG reported that Maine Public took immediate corrective action and recommends that CPB verify during the audit resolution process that the station is complying with this documentation requirement.

CPB Determination: The Communications Act requires that stations make the documentation explaining the reason(s) for closing a meeting available to the public for inspection[2]. We find stations compliant if, within 10 days of the meeting, they post that documentation to their website or make it available for inspection at their central office. Considering that the OIG found Maine Public took immediate corrective action, and based on our conversations with the grantee, we are confident that Maine Public understand and is compliant with the documentation requirement. The CSG Non-compliance Policy permits a penalty of $5,000 for each instance of noncompliance with Communications Act requirements. Because Maine Public followed all but one of the requirements for open and closed meetings and took immediate corrective action, CPB will assess a reduced penalty of $2,500.

Action: Maine Public must send the $2,500 penalty to CPB within 45 days of the date of this correspondence.

[2] §47 U.S.C. 396 (K) (4)

Please send a check payable to CPB for the CSG overpayment and penalties, which total $3,497, to the attention of Nick Stromann, Vice President, Controller, Corporation for Public Broadcasting, 401 Ninth Street N.W., Washington, D.C. 20004-2129.

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 Maine Public will be required to comply with the action 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
Marion Freeman, Treasurer, Maine Public Board of Trustees
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
Erika Pulley-Hayes, Vice President, Radio, CPB
Greg Schnirring, Vice President, CSG and Station Initiatives, CPB
Nick Stromann, Vice President, Controller, CPB
Katherine Arno, Director, TV CSG Policy & Review, CPB
Andrew Charnik, Director Radio CSG Policy & Administration, CPB
Nadine Feaster, Director, Grants Administration, CPB