Corporation
for Public
Broadcasting

March 24, 2016

VIA ELECTRONIC MAIL, HARD COPY TO FOLLOW

Mr. Curtis Monk
President & Chief Executive Officer
Commonwealth Public Broadcasting Corporation
23 Sesame Street
Richmond, VA 23235

RE: Audit of Community Service Grants at Commonwealth Public Broadcasting Corporation, WCVE-TV/FM, Richmond, VA, for the Period July 1, 2012, through June 30, 2014 - Report No. ASJI505-1602, dated December 10, 2015

Dear Mr. Monk:

The Corporation for Public Broadcasting's (CPB) Office of Inspector General (OIG) completed its audit of Commonwealth Public Broadcasting Corporation, WCVE-TV/FM (WCVE). The objectives were to examine WCVE's certification of compliance with CPB grant terms to determine whether:

(a) the non-Federal financial support (NFFS) WCVE claimed on its annual financial reports (AFR) complied with CPB's Financial Reporting Guidelines (Guidelines);

(b) WCVE spent CSG and other grant funds in accordance with the contract terms; and

(c) WCVE complied with CPB's Communications Act Certification Requirements for Community Service Grant Recipients (CSGs) (Act Requirements) and the Communications Act of 1934, as amended (Communications Act or Act).

The reporting and compliance errors the OIG identified were limited to two items, an NFFS overstatement resulting in potential CSG overpayments of $29,340[1] and a lack of advance notice of board committee meetings pursuant to the Act Requirements. Considering the scope of this audit, which includes a review of $2.6 million in grant funding and $11.9 million in NFFS spanning a two-year period, WCVE has achieved impressive results. CPB appreciates the attention and resources WCVE has allocated for compliance.

[1] $4,822 for 2015 and $24,518 for 2016.

Below are the OIG findings, followed by CPB determinations.

I. OIG Recommendation 1: Potential CSG Overpayment of $29,340

The CSG overpayment is categorized by the OIG as a potential overpayment, because the amount concerning WCVE's 2016 CSG payment (i.e. $24,518) has been only partially paid by CPB to WCVE. (The remainder, which concerns 2013, has been paid.) The misreported revenues are shown on Exhibit A attached hereto. WCVE indicated that it has adjusted its accounting practices to ensure future compliance with the Guidelines[2].

To correct the reporting errors above, the OIG recommends that CPB:

A. require WCVE to provide CPB with revised 2013 and 2014 AFRs for its television and radio stations, eliminating the ineligible NFFS above;

B. identify the corrective actions and controls WCVE has or will implement to ensure future compliance with the Guidelines;

C. recover $4,822[3] from WCVE for the 2013 radio and television CSG overpayments as shown on Exhibit A; and

D. reduce WCVE's second 2016 fiscal year CSG payment by $24,518 ($21,740[4] television and $2,779[5] for radio) to adjust for the ineligible revenues included in NFFS for fiscal year 2014 detailed above.

CPB Determination: Using electronic forms that CPB will provide, WCVE must revise its 2013 and 2014 fiscal year AFRs for television and radio, eliminating the funds that may not be included as NFFS pursuant to the Guidelines. CPB will recover the $24,518 CSG overpayment by reducing the station's second 2016 fiscal year CSG payment.

Pursuant to CPB's Grantee Non-Compliance Policy, CPB is assessing a penalty of $2,934 against WCVE for overstating its NFFS, which is 10 percent of the CSG overpayment.

As the OIG requested, WCVE has provided in its response to the OIG confirmation of its understanding and future compliance with reporting NFFS consistent with the requirements in the Guidelines[6]. Accordingly, CPB considers finding 1(B) closed and resolved.

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[2] Exhibit G of the audit report.
[3] Radio CSG overpayments: $655 + $615; Television CSG overpayments: $1,428 + $2,123.
[4] Television CSG overpayments: $10,638 + $1,309 + $3,731 + $571 + $1,208.
[5] Radio CSG overpayments: $1,598 + $808 + $373.
[6] Exhibit G of the audit report.

Action: Within 60 days of this correspondence, WCVE must provide CPB with the following:

- revised 2013 and 2014 fiscal year AFRs to remove the misreported revenues detailed in Exhibit A, using the electronic forms CPB will provide;
- a check for $4,822 for the 2013 fiscal year CSG overpayment; and
- a check for the $2,934 penalty.

CPB will not release WCVE's second CSG payment for fiscal year 2016 until the audit actions required herein are completed to CPB's satisfaction and after reducing it by $24,518 for overstated CSG payments.

II. **OIG Recommendation 2:** Communications Act – Open Meetings

The OIG found that WCVE complied with almost all of the Communications Act requirements, including providing advance notice of all its governing board and CAB meetings, failing only to provide notice of governing board committee meetings. The OIG also issued a finding because the station did not have written policies documenting the process it follows to comply with each Communications Act requirement. In its response to the OIG, WCVE reported that it has corrected its practices[7].

The OIG recommends that CPB require WCVE to provide:

- reasonable notice to the public for all board, committees and CAB open meetings; and

- a copy of its newly written policies to CPB, explaining how the station complies with each of the five Communications Act requirements to ensure the policies adequately meet CPB requirements.

CPB Determination: With regard to drafting new policies, as the OIG explains in its footnote 5, CPB has updated its Act Requirements eliminating this obligation. Accordingly, CPB considers this matter closed and resolved.

As for the open meeting notice finding, because WCVE complied with all but one of the numerous open meeting notice requirements and promptly instituted corrective action, CPB will not impose a penalty against WCVE pursuant to the CSG Non-compliance Policy. CPB accepts WCVE's representations as confirmation of compliance and considers this matter closed and resolved.

Action: No further action.

[7] Correspondence dated November 9, 2015.

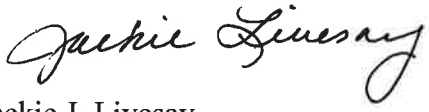
Mr. Curtis Monk
President & Chief Executive Officer
WCVE-TV/FM

The required documentation should be sent to the attention of Katherine Arno, Director, TV CSG Policy and Review, at karno@cpb.org, with a copy to Andrew Charnik, Director, Radio CSG Policy and Administration, at acharnik@cpb.org. Please make your check payable to CPB in the amount of $7,756 ($4,822 for the 2013 CSG overpayment and $2,934 for the penalty) to: Nick Stromann, Vice President, Controller, Corporation for Public Broadcasting, 401 Ninth Street, NW, Washington, D.C. 20004-2129

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

We appreciate the work that WCVE does in support of public media and trust that we can resolve these issues cooperatively.

Kind regards,



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

CC: VIA ELECTRONIC MAIL
Michael Bisceglia, Chairman of the Board, WCVE-TV/FM
Mary Mitchelson, Inspector General, CPB
William J. Richardson, Deputy Inspector General, CPB
Steven J. Altman, Executive Vice President and Chief Operating Officer, CPB
J. Westwood Smithers, Jr., Senior Vice President & General Counsel, CPB
William P. Tayman, Jr., Chief Financial Officer & Treasurer, CPB
Bruce Theriault, Senior Vice President, Journalism and Radio
Ted Krichels, Senior Vice President, System Development and Media Strategy
Greg Schnirring, Vice President, Station Grants and Television Station Initiatives, CPB
Erika Pulley-Hayes, Vice President, Radio, CPB
Nick Stromann, Vice President, Controller, CPB
Katherine Arno, Director, TV CSG Policy and Review, CPB
Nadine Feaster, Director, Grants Administration, CPB
Andrew Charnik, Director, Radio CSG Policy and Administration, CPB

Summary of Audit Findings Exhibit A

Findings	FY2013 NFFS Misreported	FY2013 IRR	FY2013 CSG Overpayment	FY2014 NFFS Misreported	FY2014 IRR	FY2014 CSG Overpayment	Total NFFS Misreported	Total CSG Overpayment
Ineligible payment sources (producer paid fee for production services, studio rental, etc.)	$ 10,595	0.134808383	$ 1,428	$ 90,371	0.132193338	$ 11,946	$ 100,966	$ 13,375
Ineligible recipient of contributions (underwriting due other public broadcasting stations)				$ 41,693	0.057691639	$ 2,405	$ 41,693	$ 2,405
Ineligible recipient of contributions (underwriting due other public broadcasting stations)				$ 32,546	0.132193338	$ 4,302	$ 32,546	$ 4,302
Premiums exclusions not deducted				$ 32,400	0.132193338	$ 4,283	$ 32,400	$ 4,283
Ineligible contributions sources (federal funds)	$ 10,640	0.061540331	$ 655				$ 10,640	$ 655
Ineligible contributions sources (federal and public broadcasting entity)	$ 15,750	0.134808383	$ 2,123				$ 15,750	$ 2,123
Inkind fundraising and duplicates (tickets donated for fundraising purposes and funds already reported in previous year)	$ 10,000	0.061540331	$ 615	$ 6,465	0.057691639	$ 373	$ 16,465	$ 988
Inkind duplicates (already reported in previous year)				$ 9,140	0.132193338	$ 1,208	$ 9,140	$ 1,208
	$ 46,985		**$ 4,822**	**$ 212,615**		**$ 24,518**	**$ 259,600**	**$ 29,340**