

*Corporation for Public Broadcasting*  
*Message from the Inspector General*



January 2021

Station Officials,

I am writing to advise you to some of the Non-Federal Financial Support (NFFS) reporting errors and Communications Act violations we identified in our audits of stations in the last fiscal year (which ended September 30). Knowing the errors identified in our station audits should help you ensure that you accurately report your financial information to the Corporation for Public Broadcasting (CPB).

Last year, we audited more than \$134 million of reported NFFS revenue and identified over \$12 million in overstated NFFS. This overreporting resulted in excess Community Service Grants (CSG) payments of \$1.4 million. An error in a station's NFFS reporting affects not only that station's CSG award but also the pool of CSG funds available to all the other eligible stations. Therefore, accurate NFFS reporting is critical to permit CPB to distribute the CSG funds equitably.

Inaccurate reporting also can subject your station to penalties. Last year, CPB imposed about \$42,000 in penalties on stations for misreporting NFFS information or Communications Act noncompliance. The penalties were all based on findings from our station audits.

Some of the findings we identified this past year are listed below. To read our audit reports, go to our website at <https://www.cpb.org/oig/reports>.

*NFFS Reporting Errors*

Revenues improperly claimed as NFFS include:

- payments from ineligible sources (public broadcasting entities, the federal government, and CPB);
- ineligible indirect administrative support (IAS):
  - one station claimed IAS from a university that was not its licensee, and
  - another incorrectly calculated its IAS;
- revenue from fees for services (ineligible exchange transactions);
- ineligible television capital equipment revenues;
- high-value premiums were understated resulting in overstated membership revenues;
- ineligible presenting fee revenues;
- net special fundraising revenues were overstated as NFFS because related expenses were understated;
- overstated interest and dividend revenues;
- ineligible in-kind instructional television services for production and studio cost revenues; and
- radio revenues were erroneously claimed as television NFFS.

NFFS reporting guidelines are at <https://www.cpb.org/stations/frg/>. For questions on NFFS, please contact CPB at [csq@cpb.org](mailto:csq@cpb.org).

### *CPB Questioned Costs*

Our station audits also identified questionable CPB grant expenditures for expending CSG funds after the two-year grant period had expired and staff labor charges for a CPB production grant were not adequately documented to verify their accuracy.

#### *Communications Act Noncompliance*

We also found stations that were not fully compliant with Communication Act requirements to:

- give seven-day advance notice for each of their board and committee meetings;
- make available to the public on a timely basis the reasons for closing some meetings;
- make its Employment Statistical Report available to the public; and
- post its most recent financial statement audit and Annual Financial Report on its website.

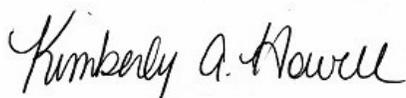
For more information on Communications Act compliance go to CPB's website at <https://www.cpb.org/stations/certification>.

#### *New OIG Initiative*

I also want to inform you that we will be undertaking a new initiative this fiscal year to further address station accountability. Specifically, we will be conducting limited scope evaluations of station requirements to post information to its website of various Communication Act and transparency requirements per our Annual Plan. The evaluations will be unannounced engagements conducted by our office of the information posted to your website and are not full scope audits of your CSG agreements. These limited scope evaluations will be conducted in accordance with the Council of Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*.

These engagements will begin any time after January as staff is available and will continue throughout the fiscal year. If your station is selected for one of these reviews, we will share our initial findings with you before preparing a draft and final report to afford you ample opportunity to respond to our findings.

Sincerely,



Kimberly A. Howell  
Inspector General

**To report suspected fraud, waste, or abuse, please contact our hotline: [oigemail@cpb.org](mailto:oigemail@cpb.org) or 800-599-2170.**