



October 2022

Station Officials,

I am writing to advise you that we continue to find Non-Federal Financial Support (NFFS) reporting errors and Communications Act violations during our station audits and evaluations. Awareness of the errors identified should help you ensure that you are compliant with Communications Act requirements and accurately report your financial information to the Corporation for Public Broadcasting (CPB).

In fiscal year 2022, we audited more than \$68 million of reported NFFS revenue and identified nearly \$3 million in overstated NFFS. This overreporting resulted in excess Community Service Grants (CSG) payments of \$505,622. 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. 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 \$95,547 in penalties on stations for misreporting NFFS information or for Communications Act noncompliance. The penalties were all based on findings from our station audits and evaluations.

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

### **NFFS Reporting Errors**

Revenues improperly claimed as NFFS include:

- ineligible contributions from TV capital campaign funds;
- payments from ineligible sources (public broadcasting entities and the federal government);
- ineligible payments for exchange transactions; and
- incorrect premium offsets against membership revenues.

Please review NFFS reporting guidelines at [FY 2021 Financial Reporting Guidelines \(cpb.org\)](https://www.cpb.org/fy-2021-financial-reporting-guidelines) for questions on NFFS, please contact CPB at [csg@cpb.org](mailto:csg@cpb.org).

### **Communications Act Noncompliance**

We also found stations that were not fully compliant with Communications Act and grant term requirements to:

- post its most recent Annual Financial Report and financial statement audit on its website;
- 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;

- post the names of the governing board and Community Advisory Board members to its website; and
- make its current and updated diversity statement available to the public.

For more information on Communications Act compliance please review CPB's website at [Communications Act Compliance | CPB](#).

### **New OIG Initiative**

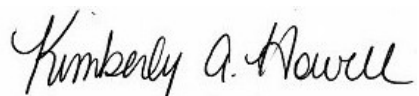
I also want to inform you that we will be undertaking a new initiative in addition to our station audits and transparency evaluations for fiscal year 2023 to further address station accountability. Specifically, we will be conducting unannounced limited scope evaluations of the Diversity Statement requirements set forth in the [CSG General Provisions and Eligibility Criteria](#). Stations are required to:

1. Annually review with the station's governing board or licensee official: a.) the diversity goal and any revisions thereto; and b.) practices designed to fulfill the station's commitment to diversity and to meet the applicable FCC guidelines (47 C.F.R. section 73.2080).
2. Maintain on its website or make available at its central office, a diversity statement (approximately 500 words) that reflects on the following points, reviewing and updating the same annually with station management: a.) the elements of diversity that Grantee finds important to its public media work; b.) the extent to which Grantee's staff and governance reflect such diversity; c.) the progress Grantee has made to increase its diversity in the last two to three years; and d.) Grantee's diversity plans for the coming year.

These limited scope evaluations will be conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*.

These engagements will begin in FY 2023 as staff is available and will continue throughout the fiscal year. We also intend to evaluate the Diversity Statement requirements, referenced above, in our other audits and evaluations. If your station is selected for one of these evaluations, 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. For questions, please contact us at [oigquestions@cpb.org](mailto:oigquestions@cpb.org).**