



Corporation
for Public
Broadcasting

March 21, 2017

VIA ELECTRONIC MAIL AND HARDCOPY TO FOLLOW

Mr. Roger LaMay
General Manager
WXPB-FM
University of Pennsylvania
3025 Walnut Street
Philadelphia, PA 19104-3402

RE: Audit of the Corporation for Public Broadcasting (CPB) Community Service Grants (CSG) for the period July 1, 2013 through June 30, 2015 at the WXPB-FM radio station (WXPB) licensed to the Trustees at the University of Pennsylvania (Report No. ASR1606-1703).

Dear Mr. LaMay:

We are pleased that the captioned report found no discrepancies in WXPB's compliance with the Communications Act, the expenditure of \$1,011,594 in grant funds and with CPB's Certification of Eligibility requirements. The report does, however, note unintentional errors in reporting non-federal financial support (NFFS), resulting in a potential CSG overpayment of \$58,703. Considering the level of NFFS raised by your station and the range of topics covered by the audit, the overall results are not unfavorable.

The report recommends that CPB:

- recover the potential CSG overpayment of \$58,703; and
- require WXPB to identify the corrective actions and controls it will implement to ensure future compliance.

With regard to the CSG overpayment, WXPB agreed in principle with the report except for the calculation of indirect administrative support. While we appreciate the information WXPB provided to us, we agree with the report's recommendations and request that WXPB refund the CSG overpayments of \$31,845 and \$26,858, summarized below.

Ineligible Sources	Overstated NFFS		Overpayment CSG	
	FY 2014	FY 2015	FY 2016	FY 2017
Premiums	\$51,903	\$234,902	\$2,994	\$13,294
Bad Debt Expense	295,813	0	17,066	0
Federal Work Study	34,903	26,679	2,014	1,510
Special Fund Raising Expenses	20,434	0	1,179	0
Indirect Administrative Support	148,925	212,999	8,592	12,054
Total	\$551,978	\$474,580	\$31,845	\$26,858

CPB Determination: CPB requires WXPB reduce NFFS reported on its 2016 annual financial report (AFR) by the overstated amount. We recognize that the adjustment may produce an over or under payment because the incentive rate of return changes from year to year. Accordingly, WXPB will be responsible for any shortfall in recovery and CPB will be responsible for returning any overpayment. In accordance with CPB's CSG Non-compliance Policy, which imposes a ten percent penalty on the amount of any CSG overpayment, CPB is assessing a penalty of \$5,870 against WXPB.

Action: WXPB must revise line 21 on Schedule A of its 2016 AFR (which we have not yet processed) to reflect a \$1,026,448 reduction in NFFS and pay the penalty of \$5,870 to CPB within 60 days of the date of this correspondence. CPB will release WXPB's second 2017 CSG payment once these actions are completed. Please make the check payable to CPB and forward it to Nick Stromann, Vice President, Controller, Corporation for Public Broadcasting, 401 Ninth Street N.W., Washington, D.C. 20004-2129.

In response to the second finding, WXPB provided the Office of the Inspector General (OIG) with information about the new practices it has adopted for handling premiums and plans to claim indirect costs using the MTDC Base methodology in its correspondence dated January 10, 2017. The OIG considers this recommendation resolved and CPB accepts these corrective actions and considers this matter closed.

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 WXPB will be required to comply with the actions set forth above. CPB reserves the right to take any other action deemed appropriate until these issues are resolved to CPB's satisfaction.

We appreciate the work that the WXPB 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

Esperanza Flury, Assistant General Manager, Finance and Accounting, WXPB
Stuart Wilson, Associate Director, Office of Research Services, University of Pennsylvania
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
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