

CORPORATION FOR PUBLIC BROADCASTING

OFFICE OF INSPECTOR GENERAL

**AUDIT OF COMMUNITY SERVICE GRANTS AWARDED TO
VERMONT PUBLIC RADIO
COLCHESTER, VERMONT
FOR THE PERIOD OCTOBER 1, 2016 THROUGH SEPTEMBER 30, 2018**

REPORT NO. ASR1908-1907

September 25, 2019



Report in Brief

Why We Did This Audit

We performed this examination based on our Annual Plan to audit a number of public television and radio stations.

Our objectives were to examine Vermont Public Radio's (WVPS) certifications of compliance with Corporation for Public Broadcasting (CPB) grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFR) in accordance with CPB Financial Reporting Guidelines; b) expend Community Service Grants (CSG) grant funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility requirements and the statutory provisions of the Communications Act of 1934, as amended (Act). The amount of NFFS a station reports to CPB affects the amount of CPB funding the station receives.

Send all inquiries to our office at (202) 879-9669 or email OIGemail@cpb.org or visit www.cpb.org/oig

[Listing of OIG Reports](#)

Audit of Community Service Grants Awarded to Vermont Public Radio, Colchester, Vermont for the Period October 1, 2016 through September 30, 2018

What We Found

The station over and understated NFFS in both fiscal years (FY) with a net understatement of \$118,926 in FY 2017 and \$71,173 in FY 2018.

The station reported a net NFFS understatement of \$118,926 in FY 2017 and \$71,173 in FY 2018.

We also found noncompliance with the discrete accounting requirements for unrestricted radio revenues and expenditures.

In addition, we found the station did not fully comply with open and closed meeting requirements of the Act. It did not provide seven days advance notice for some of its public meetings in FY 2018 and FY 2019 and did not make available to the public the reason(s) for some closed executive sessions in FY 2018.

The station agreed to take corrective actions on our recommendations to ensure future compliance. Based on advice from CPB Grants Administration, the station revised and resubmitted the FY 2018 AFR for under and overstated NFFS identified in the draft report.

CPB management will make the final determination on our findings and recommendations.

What We Recommend

That CPB:

- require WVPS to identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting, discrete accounting; and open and closed meeting requirements.
- verify that WVPS properly identified its unrestricted radio revenues and expenditures accounting codes in its FY 2020 grant application.



Corporation
for Public
Broadcasting

Office of Inspector General

Date: September 25, 2019

To: Jackie J. Livesay, Vice President, Compliance
Ted Krichels, Senior Vice President, System Development and Media Strategy
Kathy Merritt, Senior Vice President, Journalism and Radio
William J. Richardson III

From: William J. Richardson III, Acting Inspector General

Subject: Audit of Community Service Grants awarded to Vermont Public Radio,
Colchester, Vermont for the Period October 1, 2016 through September 30, 2018,
Report No. ASR1908-1907

Enclosed please find our final report which contains our findings and recommendations. CPB officials must make a final management decision on the findings and recommendations in accordance with established audit resolution procedures.

Accordingly, we request that you provide us with a draft written response to our findings and recommendations within 90 days of the final report. We will review your proposed actions and provide our feedback before you issue a final management decision to the grantee, which is due within 180 days of the final report. For corrective actions planned but not completed by the response date, please provide specific milestone dates so that we can track the implementation of corrective actions needed to close the audit recommendations.

We will post this report to the Office of Inspector General's website and distribute to appropriate Congressional committees as required by the Inspector General Act of 1978, as amended. Please refer any public inquiries about this report to our website or our office.

Enclosure

cc: Bruce M. Ramer, Chair, CPB Board of Directors
Liz Sembler, Chair, Audit and Finance Committee, CPB Board of Directors
U.S. Senate Committee on Homeland Security and Governmental Affairs
U.S. House of Representatives Committee on Oversight and Government Reform
U.S. Senate Committee on Commerce, Science and Transportation
U.S. House of Representatives Energy and Commerce Committee
U.S. Senate Committee on Appropriations
U.S. Senate Labor-HHS-Education Appropriations Subcommittee
U.S. House of Representatives Committee on Appropriations
U.S. House of Representatives Labor-HHS-Education Appropriations Subcommittee

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EXECUTIVE SUMMARY

We have completed an audit of the Corporation for Public Broadcasting (CPB) Community Service Grants (CSG) awarded to Vermont Public Radio (WVPS) for the period October 1, 2016 through September 30, 2018. Our objectives were to examine WVPS's certifications of compliance with CPB grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFR) in accordance with CPB Financial Reporting Guidelines (Guidelines); b) expend CSG grant funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility (Eligibility) requirements and the statutory provisions of the Communications Act of 1934, as amended (Act).

Based on our audit, WVPS complied with CPB grant and Act requirements except for the following. WVPS:

- over and understated NFFS in various revenue categories during fiscal years (FY) 2017 and 2018, with net understatements of \$118,926 in FY 2017 and \$71,173 in FY 2018;
- was not compliant with discrete accounting requirements for CPB CSG unrestricted radio revenues and expenditures; and
- was not compliant with Act requirements for open and closed board committee meeting requirements.

We recommend that CPB:

- require WVPS to identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting, discrete accounting, and open and closed meeting requirements; and
- verify that WVPS properly identified its unrestricted radio revenues and expenditures accounting codes in its FY 2020 grant application.

In response to the draft report, WVPS officials agreed with our findings and stated that they had either already taken corrective action or are in the process of ensuring that they are in full compliance with CPB CSG and Act requirements. WVPS's written response to the draft report is presented in Exhibit E.

This report presents the conclusions of the Office of Inspector General (OIG) and the findings reported do not necessarily represent CPB's final position on these issues. While we have made recommendations that we believe would be appropriate to resolve these findings, CPB officials will make final determinations on our findings and recommendations in accordance with established CPB audit resolution procedures. Based on WVPS's response to the draft report, we consider recommendations one, two, and four resolved but open pending CPB's final determination accepting WVPS's corrective actions. We consider recommendations three unresolved pending CPB's final determination resolving this recommendation.

We performed this audit based on the OIG's annual plan. We conducted our examination in accordance with *Government Auditing Standards* for attestation engagements. Our scope and methodology are discussed in Exhibit D.

BACKGROUND

Vermont Public Radio is a not-for-profit corporation that operates two non-commercial public radio stations in Vermont; one airs classical music and the other airs news programming, VPR Classical and VPR News. The station's website mentions that as Vermont's only statewide public radio network, WVPS provides an independent voice for news, music, and cultural exploration for listeners. The station is focused on providing local content that addresses community issues, needs, and interests. For example, the station produced a limited run podcast series titled *Jolted*, about the school shooting threat against Fair Haven High School. The podcast was later broadcast on the air.

CPB awards annual CSG grants to public television and radio stations based in part on the amount of NFFS claimed by all grantees on their AFRs. The CSG calculation process starts with separate amounts appropriated for the television and radio CSG pools adjusted by base and supplemental grants. The funds that remain are called the Incentive Grant Pools; one is for television and the other is for radio. The Incentive Rate of Return (IRR) is calculated by dividing the Incentive Grant Pools by the total amount of NFFS claimed by all television/radio stations. The IRR is then multiplied by each station's total amount of adjusted NFFS to calculate the incentive award amount of the station's total CSG. There is a two-year lag between the reported NFFS and CPB's calculation of the FY's CSG amount. For example, CPB used the NFFS claimed by WVPS on its FY 2017 AFRs to determine the amount of the CSG the station received in FY 2019.

During our audit period WVPS received \$1,511,114 from CPB for two CSGs as itemized in Exhibit A. WVPS reported NFFS of \$9,527,426 in FY 2017 and \$8,576,797 in FY 2018 per Exhibit C. WVPS's audited financial statements reported revenues of \$12,978,706 in FY 2017 and \$11,355,535 in FY 2018. WVPS's FY begins October 1 and ends on September 30.

RESULTS OF AUDIT

In our opinion, except for the noncompliance issues described below, WVPS has complied with the requirements in the following paragraph for the FY 2017 and FY 2018 Radio CSGs, including the AFR/NFFS reporting in Exhibit B.

We examined WVPS's management's assertions of compliance with CPB grant requirements: a) CSG Certification of Eligibility; b) CSG Legal Agreement; and c) AFR Signature Page. The CSG Certification of Eligibility includes WVPS's compliance with AFR/NFFS reporting in accordance with CPB's Guidelines; Act requirements for open and closed meetings, open financial records, Equal Employment Opportunity (EEO) reporting, Community Advisory Board (CAB), and donor lists; and discrete accounting requirements. Our responsibility is to express an opinion on management's assertions about its compliance based on our examination.

Our examination was conducted in accordance with the *Government Auditing Standards* for attestation engagements and, accordingly, included examining, on a test basis, evidence about WVPS's compliance with those requirements and performing such other procedures as we

considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on WVPS's compliance with specified requirements.

Our examination found the following issues of noncompliance with NFFS financial reporting requirements, CPB grant agreement requirements, and Act and Eligibility requirements. WVPS:

- over and understated NFFS in various revenue categories during FY 2017 and FY 2018, with net understatements of \$118,926 in FY 2017 and \$71,173 in FY 2018;
- was not compliant with discrete accounting requirements for CPB CSG unrestricted radio revenues and expenditures; and
- was not compliant with Act requirements for open and closed board committee meeting requirements.

FINDINGS AND RECOMMENDATIONS

I. NFFS REPORTING

Our audit found that WVPS both overstated and understated various revenue categories of NFFS as summarized in the following table. Overstated NFFS included interest and dividends on endowment and other passive investment funds and membership high-end premium adjustments from revenues. Understated NFFS included interest and dividends on endowment and other passive investment funds. The net effect is that the station could have claimed additional NFFS in both FYs. The station cannot retroactively claim underpaid CSG based upon underreporting of NFFS, however it may offset the understated NFFS against overstated NFFS caused by other conditions.

NFFS Reporting Issues

Conditions	Misstated FY 2017 NFFS	Misstated FY 2018 NFFS	Total Misstated NFFS
Understated revenues for interest and dividends on AFR lines 15A and 17B	(\$150,198)	(\$75,586)	(\$225,784)
Understated membership high-end premium exclusions	\$31,272	\$4,413	\$35,685
Net Understated NFFS	(\$118,926)	(\$71,173)	(\$190,099)

The station cited multiple reasons for its under and overstated NFFS, e.g., lack of training, prior station officials not fully understanding CPB's criteria for AFR preparation, and errors in applying CPB's Guidelines. Further discussion on our findings are presented below.

a) Understated Revenues in AFR line 15A and 17B

Net Understated Revenues for Interest and Dividends

Conditions	Misstated FY 2017 NFFS	Misstated FY 2018 NFFS	Total Misstated NFFS
Understated revenues for investment fees and amortized loan premiums on AFR lines 15A and 17B	(\$161,894)	(\$75,586)	(\$237,480)
Overstated revenues for realized gains from the sale of shares	\$11,696	\$0	\$11,696
Net Understated revenues in AFR line 15A and 17B	(\$150,198)	(\$75,586)	(\$225,784)

Our audit found a net understatement of eligible NFFS for interest and dividends on passive income and on endowment funds totaling \$150,198 in FY 2017 and \$75,586 in FY 2018. WVPS offset eligible passive income and endowment revenue with investment fees and amortized loan premiums; CPB Guidelines do not require this offset. In doing so, the station understated NFFS by \$161,894 in FY 2017 and \$75,586 in FY 2018. In FY 2017, the understatement was partially offset by \$11,696 in overstated NFFS in realized gains related to proceeds from the sale of shares.

CPB allows certain investment income as NFFS from passive investments and endowments and its Guideline instructions explain how to report this income on the AFRs as follows:

Line 15 – Passive Income

Passive income derived from the use of property (e.g. from real estate and business investments...

A. Interest and Dividends

Report interest and dividend income, except earnings on endowment funds (see line 17). Do not use this line to report realized and unrealized gains and losses on marketable securities (see instructions for Lines 16 and 17).

Line 17 – Endowment Revenue

Report all contributions to endowment fund principal regardless of source or form of the amounts contributed. Also, report passive income (interest and dividends) derived from endowment funds and realized and unrealized gains or losses from investments held by endowment funds.

B. Interest and Dividends on endowment funds

Use this line to report interest and dividends earned on endowment funds.

C. Realized net investment gains and losses on endowment funds

Use this line to report realized net investment gains and losses on endowment funds...The revenue on Line 17C will forward to Line 27 and will be automatically excluded from NFFS.

D. Unrealized net investment gains and losses on endowment funds

CPB Guidelines state how to record special fundraising activities in the AFR. Use this line to report unrealized net investment gains and losses on endowment funds ... The revenue reported on Line 17D will forward to Line 27 and will be automatically excluded from NFFS.

CPB Guidelines, Part III AFR and FSR line item instructions. Schedule A, Line 15A and 17B-D. (2017 and 2018)

The Guidelines are silent on the treatment of investment fees and amortized loan premiums; CPB does not require stations to offset passive income and endowment revenue with investment fees and amortized loan premiums.

Station officials stated that the station underreported NFFS by a net \$150,198 in FY 2017 and \$75,586 in FY 2018 because of the following:

- the lack of training and understanding of CPB requirements in preparation of the AFR; and
- the station reported the proceeds from the sale of shares in error.

WPVS over and understated NFFS related to interest and dividends on passive investments and endowments. The net understatement was \$150,198 on its FY 2017 AFR and \$75,586 on its FY 2018 AFR. The station cannot retroactively claim underpaid CSG based upon underreporting of NFFS, but we offset the understatement against overstated NFFS caused by not adjusting membership contributions by high-end premiums as further discussed below.

b) Understated Membership High-End Premium Exclusions

We found that WVPS understated the exclusion for high-end premiums by \$31,272 and \$4,413 in FY 2017 and FY 2018, respectively.

CPB Guidelines instruct stations to adhere to IRS guidance and limit the contribution to the amount in excess of the fair market value (FMV) of premiums.

The contribution portion that is deductible for federal income tax purposes is limited to the excess of the payment over the fair market value of the premium(s) provided by the charitable organization.

For CPB's purposes the portion of the payment that is not considered a contribution by the IRS may not be included as NFFS. CPB expects that all grantees are compliant with IRS rules and regulations on these matters.

Guidelines, Part III – AFR and FSR Line Item Instructions, 5 Schedule A – Direct Revenue, 10.1 NFFS Exclusion – Fair Market Value of high-end premiums that are not of insubstantial value (2017 and 2018). (Emphasis in original.)

Based on discussion with station officials, the station made an error in calculating the FMV exclusion in FY 2017. The station re-ran the FMV of the premiums report and noted that the exclusion amount reported in its 2017 AFR had been understated by \$31,272. In FY 2018, the station did not include all high-end premiums with a FMV that exceeded the IRS threshold on the AFR. Although not certain of prior officials reasoning, current station officials believe that the premium's FMV was not reported because it was so close to the threshold.

WVPS understated the FMV exclusion for high-end premiums, which resulted in overstated NFFS totaling \$31,272 and \$4,413 in FY 2017 and FY 2018, respectively.

Recommendation

We recommend CPB management:

- 1) require WVPS to identify the corrective actions and controls it will implement to ensure future compliance with the various NFFS reporting requirements.

WVPS Response

In response to the draft report, WVPS agreed with all findings on over and understated NFFS. The station outlined several corrective actions it will take to ensure future compliance including: modifying the investment income calculation so that investment fees and amortized premiums do not reduce investment income; hiring an additional person in accounting to help relieve understaffing; having all accounting staff participate in more CPB training; and having more training for staff responsible for producing premium reports and review of premium calculations.

In August 2019, CPB Grants Administration notified the station that the FY 2020 CSG grant calculations were not complete. CPB allowed the station to revise the FY 2018 AFR and correct the over and understated NFFS findings identified in the draft report. Based on subsequent discussion, the FY 2018 AFR was revised and resubmitted to CPB in August 2019.

OIG Review and Comment

Based on the station's response to the draft report, we consider recommendation one resolved but open pending CPB's final determination accepting WVPS's corrective actions addressing this recommendation. We confirmed with CPB's Grants Administration that it had received the revised FY 2018 AFR.

II. DISCRETE ACCOUNTING

WVPS maintains discrete accounting for CPB CSG restricted radio revenues and expenditures. However, it did not discretely account for CPB CSG unrestricted radio revenues and expenditures so that CPB or its auditor could identify CPB-funded expenditures. In FY 2017, CPB unrestricted radio expenditures of \$625,671 were comingled with non-CPB unrestricted radio expenditures of \$15,418 that totaled \$641,089 in the account. In FY 2018,

CPB unrestricted radio expenditures of \$509,410 were comingled with non-CPB unrestricted radio expenditures of \$183,917 that totaled \$693,327 in the account. In FY 2017, the station recorded \$113,030 in CPB unrestricted radio revenues to a non-CPB account.

The CPB recordkeeping requirements contain a discrete accounting requirement that requires:

The use of unique accounting codes by CSG recipients to identify CSG funds – both revenues and expenses, restricted and unrestricted – so that both CPB and an auditor can discretely track those funds within the recipient’s accounting system.

CPB Radio CSG General Provisions and Eligibility Criteria, Part II. Definitions, S. Discrete Accounting Requirement (2017 and 2018).

The station commingled CPB unrestricted radio expenditures with non-CPB unrestricted expenditures in error during FY 2017 and FY 2018. However, in FY 2019, the station created a discrete account to record CPB unrestricted radio expenditures in compliance with CPB recordkeeping requirements.

Station officials stated that in FY 2017 CPB unrestricted radio revenues were recorded in an account not identified as relating to CPB in error. In FY 2018, the station complied with discrete accounting requirements for CPB unrestricted radio revenues.

The station was not fully compliant with CSG discrete accounting requirements for unrestricted radio revenues and expenditures during our audit period.

Recommendations

We recommend CPB management take the following actions to:

- 2) require WVPS to identify what processes it has implemented to ensure compliance with discrete accounting requirements; and
- 3) verify that WVPS properly identified its unrestricted radio revenues and expenditures accounting codes in its FY 2020 grant application.

WVPS Response

In its response, WVPS officials agreed that the station was noncompliant with discrete accounting for unrestricted revenues and expenditures in FY 2017 and unrestricted expenditures in FY 2018. The station took corrective action in FY 2019 by creating a discrete account to record CPB unrestricted radio expenditures. The station stated that they will closely monitor coding of invoices charged to CPB related accounts to ensure future compliance.

OIG Review and Comment

After reviewing WVPS's response, we consider recommendation two resolved but open pending CPB's final determination accepting WVPS's corrective actions resolving noncompliance with discrete accounting requirements. We consider recommendation three unresolved, pending CPB's final management decision resolving this recommendation.

III. ACT COMPLIANCE

Our examination found that WVPS did not fully comply with open and closed meeting requirements of the Act. For 3 out of 51 board and committee open meetings tested, WVPS did not provide seven days advance notice for upcoming open meetings. Two meetings occurred in FY 2018 and one meeting in FY 2019.

For 3 out of 14 board and committee meetings with closed sessions, WVPS did not post to its website or make available to the public the reason(s) for the closed executive sessions. All three instances occurred in FY 2018. The 4 closed meetings in FY 2019 met the closed meeting requirement.

The Act and CPB require that stations make reasonable advance notice of open meetings to the public. The Act provides for the following:

Funds may not be distributed pursuant to this subsection to the Public Broadcasting Service or National Public Radio (or any successor organization), or to the licensee or permittee of any public broadcast station, unless the governing body of any such organization, any committee of such governing body, or any advisory body of any such organization, holds open meetings preceded by reasonable notice to the public.

Act, Subpart D – Corporation for Public Broadcasting, Sec. 396, 47 U.S.C. 396 (k)(4) Financing Restrictions

CPB's Communications Act Compliance requirements clarify that stations may satisfy the reasonable notice requirement by doing the following:

Stations may satisfy that requirement by providing at least seven days advance notice of an Open Meeting, including the time and date of the meeting, by:

1. posting notice on the station's website¹;
2. broadcasting notice on-air between 6 a.m. and 11 p.m., as shown by the station's log;
3. placing notice in the "Legal Notices" section of a local newspaper in general circulation in the station's primary coverage area; or
4. giving notice through a recorded announcement accessible on the station's phone system.

¹ "Station website," as defined in the General Provisions, includes the CSG recipient's station website, if it has one, and if not then its licensee's website or an affiliated station's website. If the CSG recipient has none of the foregoing, it may, with CPB's approval, use a website shared by other public broadcasting stations.

CPB's Communications Act Compliance requirements, I. Open Meetings, E. Notice of Open Meetings (June 2016 and June 2018).

The Act and CPB require that stations make available to the public the reasons for closing a meeting or part of a meeting. The Act provides for the following:

Nothing contained in this paragraph shall be construed to prevent any such board, committee, or body from holding closed sessions to consider matters relating to individual employees, proprietary information, litigation and other matters requiring the confidential advice of counsel, commercial or financial information obtained from a person on a privileged or confidential basis, or the purchase of property or services whenever the premature exposure of such purchase would compromise the business interests of any such organization. If any such meeting is closed pursuant to the provisions of this paragraph, the organization involved shall thereafter (within a reasonable period of time) make available to the public a written statement containing an explanation of the reasons for closing the meeting.

Communications Act of 1934, Subpart D – Corporation for Public Broadcasting, Sec. 396 (k)(4) Financing Restrictions, [47 U.S.C. § 396(k)(4)].

CPB guidance defines a reasonable period of time for an explanation as 10 days:

CPB also requires that the written statement be made available for inspection, either at the CSG recipient's central office or posted on its station website, within 10 days after each closed meeting.

CPB Communications Act Compliance, II. Closed Meetings, C. Closed Meeting Documentation (June 2016 and June 2018).

Based on discussion with station staff, advance notices for board and committee meetings were posted to the web at the beginning of the fiscal year. Two meetings were not posted in advance because they were contingent upon other events that occurred during the year. For the third meeting that lacked adequate advance notice, the station could not provide a screenshot to verify when it was posted to the website. During our audit fieldwork, the station changed its policy and now posts notices for meetings at the beginning of the fiscal year and as any changes occur. The station also captures screenshots more frequently.

Station officials stated that the three meetings with closed sessions that lacked explanations failed to be posted to the station's website in error. To ensure future compliance, the station has updated its after meeting checklist to ensure that it posts its reason for closed meetings.

Our examination found that WVPS did not fully comply with open and closed meeting requirements of the Act to provide the public with information about its meetings.

Recommendation

We recommend CPB management take the following action to:

- 4) review the adequacy of WVPS' corrective actions to comply with open and closed meeting requirements.

WVPS Response

In response to the draft report, WVPS agreed with all findings concerning Act compliance and stated it had taken corrective actions to comply with open and closed meeting requirements. Specifically, the station changed the board support position from a part-time employee to a full-time employee to better monitor posting of meetings. In addition, the station changed its policy to post all meetings at the beginning of the year and as any changes occur and started capturing screen shots more frequently. For closed meetings, the station has updated the after meeting checklist to include posting the reason for closed meetings.

OIG Review and Comment

Based on the station's response to the draft report, we consider recommendation four resolved but open, pending CPB's final determination accepting WVPS's corrective actions for noncompliance with Act requirements.

**CPB Payments to WVPS
October 1, 2016 – September 30, 2018**

CPB Grants	FY 2017	FY 2018	Total
Unrestricted Community Service	\$595,297	\$485,838	\$1,081,135
Restricted Community Service	209,921	172,748	382,669
Rural Support	23,738	23,572	47,310
WVPS Total	\$828,956	\$682,158	\$1,511,114

WVPS Annual Financial Reports
Year Ending September 30, 2017 and 2018

Description	FY 2017	FY 2018
Schedule A		
1. Amounts provided directly by federal government agencies	\$0	\$0
A. Grants for facilities and other capital purposes	\$0	\$0
B. Department of Education	\$0	\$0
C. Department of Health and Human Services	\$0	\$0
D. National Endowment for the Arts and Humanities	\$0	\$0
E. National Science Foundation	\$0	\$0
F. Other Federal Funds (specify)	\$0	\$0
2. Amounts provided by Public Broadcasting Entities	\$835,592	\$694,390
A. CPB - Community Service Grants	\$828,956	\$682,158
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$6,636	\$7,232
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$5,000
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$0	\$0
F. Other PBE funds (specify)	\$0	\$0
3. Local boards and departments of education or other local government or agency sources	\$22,310	\$19,958
3.1 NFFS Eligible	\$22,310	\$19,958
A. Program and production underwriting	\$22,310	\$19,958
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
3.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
4. State boards and departments of education or other state government or agency sources	\$40,546	\$40,874

WVPS Annual Financial Reports
Year Ending September 30, 2017 and 2018

Description	FY 2017	FY 2018
4.1 NFFS Eligible	\$40,546	\$40,874
A. Program and production underwriting	\$40,546	\$40,874
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
4.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
5. State colleges and universities	\$65,821	\$55,453
5.1 NFFS Eligible	\$65,821	\$55,453
A. Program and production underwriting	\$65,821	\$55,453
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
5.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
6. Other state-supported colleges and universities	\$0	\$0
6.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0

WVPS Annual Financial Reports
Year Ending September 30, 2017 and 2018

Description	FY 2017	FY 2018
6.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
7. Private colleges and universities	\$68,040	\$53,743
7.1 NFFS Eligible	\$68,040	\$53,743
A. Program and production underwriting	\$68,040	\$53,743
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
E. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
F. Other income eligible as NFFS (specify)	\$0	\$0
7.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
8. Foundations and nonprofit associations	\$727,113	\$739,991
8.1 NFFS Eligible	\$727,113	\$739,991
A. Program and production underwriting	\$708,820	\$691,676
B. Grants and contributions other than underwriting	\$18,293	\$48,315
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
8.2 NFFS Ineligible	\$0	\$0
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
9. Business and Industry	\$1,482,291	\$1,613,286
9.1 NFFS Eligible	\$1,361,157	\$1,488,864
A. Program and production underwriting	\$1,361,157	\$1,488,864
B. Grants and contributions other than underwriting	\$0	\$0

WVPS Annual Financial Reports
Year Ending September 30, 2017 and 2018

Description	FY 2017	FY 2018
C. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (Radio only)	\$0	\$0
D. Gifts and grants received through a capital campaign but not for facilities and equipment	\$0	\$0
E. Other income eligible as NFFS (specify)	\$0	\$0
9.2 NFFS Ineligible	\$121,134	\$124,422
A. Rental income	\$118,409	\$120,492
B. Fees for services	\$2,725	\$3,930
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
10. Memberships and subscriptions (net of membership bad debt expense)	\$3,703,031	\$3,744,628
10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$27,200	\$18,948
10.2 NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (unless netted elsewhere in Schedule A)	\$18,709	\$48,079
10.3 Total number of contributors. 2017 data 2018 data 27,787 27,228		
11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
11.1 Total number of Friends contributors. 2017 data 2018 data		
12. Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$0
A. Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
B. NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
C. NFFS Ineligible – For-profit subsidiaries regardless of the nature of its activities	\$0	\$0
D. NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$0
Form of Revenue		
13. Auction revenue (see instructions for Line 13)	\$0	\$0
A. Gross auction revenue	\$0	\$0
B. Direct auction expenses	\$0	\$0
14. Special fundraising activities (see instructions for Line 14)	\$0	\$0
A. Gross special fundraising revenues	\$0	\$0
B. Direct special fundraising expenses	\$0	\$0
15. Passive income	(\$129,411)	\$111,087
A. Interest and dividends (other than on endowment funds)	(\$129,411)	\$39,468
B. Royalties	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
C. Station operating expenses	\$0	\$0
D. Other (see specific line item instructions in Guidelines before completing)	\$0	\$0

WVPS Annual Financial Reports
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Description	FY 2017	FY 2018
C. PBS or NPR pass-through copyright royalties	\$0	\$71,619
16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$288,750	\$110,349
A. Gains from sales of property and equipment (do not report losses)	\$207,000	\$0
B. Realized gains/losses on investments (other than endowment funds)	\$1,232	\$182,795
C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$80,518	(\$72,446)
17. Endowment revenue	\$1,411,121	\$1,130,141
A. Contributions to endowment principal	\$0	\$1,578
B. Interest and dividends on endowment funds	\$240,203	\$242,819
C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$563,726	\$1,113,017
D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$607,192	(\$227,273)
18. Capital fund contributions from individuals (see instructions)	\$2,039,561	\$77,742
A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$2,039,561	\$0
B. Other	\$0	\$77,742
19. Gifts and bequests from major individual donors	\$1,434,964	\$2,067,087
19.1 Total number of major individual donors 2017 data 2018 data 490 507		
20. Other Direct Revenue	\$57,246	\$5,126
Line 21. Proceeds from the FCC Spectrum Incentive Auction, interest and dividends earned on these funds, channel sharing revenues, and spectrum leases	\$0	\$0
22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	\$12,046,975	\$10,463,855
Adjustments to Revenue		
23. Federal revenue from line 1.	\$0	\$0
24. Public broadcasting revenue from line 2.	\$835,592	\$694,390
25. Capital funds exclusion—TV (3.2D, 4.2D, 5.2D, 6.2D, 7.2D, 8.2D, 9.2D, 18A)	\$0	\$0
26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$57,246	\$5,126
27. Other automatic subtractions from total revenue	\$1,626,711	\$1,187,542
A. Auction expenses – limited to the lesser of lines 13a or 13b	\$0	\$0
B. Special fundraising event expenses – limited to the lesser of lines 14a or 14b	\$0	\$0
C. Gains from sales of property and equipment – line 16a	\$207,000	\$0

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Description	FY 2017	FY 2018
D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$1,232	\$182,795
E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$80,518	(\$72,446)
F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$1,170,918	\$885,744
G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$118,409	\$120,492
H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$2,725	\$3,930
I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$0
J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$0	\$0
K. FMV of high-end premiums (Line 10.1)	\$27,200	\$18,948
L. All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (Line 10.2)	\$18,709	\$48,079
M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
N. Proceeds from spectrum auction and related revenues from line 21.	\$0	\$0
28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$9,527,426	\$8,576,797
Schedule C		
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$0	\$0
A. Legal	\$0	\$0
B. Accounting and/or auditing	\$0	\$0
C. Engineering	\$0	\$0
D. Other professionals (see specific line item instructions in Guidelines before completing)	\$0	\$0
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$0	\$0
A. Annual rental value of space (studios, offices, or tower facilities)	\$0	\$0
B. Annual value of land used for locating a station-owned transmission tower	\$0	\$0
C. Station operating expenses	\$0	\$0
D. Other (see specific line item instructions in Guidelines before completing)	\$0	\$0
3. OTHER SERVICES (must be eligible as NFFS)	\$0	\$0
A. ITV or educational radio	\$0	\$0
B. State public broadcasting agencies	\$0	\$0
C. Local advertising	\$0	\$0
D. National advertising	\$0	\$0

WVPS Annual Financial Reports
Year Ending September 30, 2017 and 2018

Description	FY 2017	FY 2018
4. Total in-kind contributions - services and other assets eligible as NFFS (sum of lines 1 through 3), forwards to Line 3a. of the Summary of Nonfederal Financial Support	\$0	\$0
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$931,731	\$891,679
A. Compact discs, records, tapes and cassettes	\$0	\$0
B. Exchange transactions	\$53,520	\$90,608
C. Federal or public broadcasting sources	\$0	\$0
D. Fundraising related activities	\$0	\$0
E. ITV or educational radio outside the allowable scope of approved activities	\$0	\$0
F. Local productions	\$0	\$0
G. Program supplements	\$0	\$0
H. Programs that are nationally distributed	\$0	\$0
I. Promotional items	\$878,211	\$801,071
J. Regional organization allocations of program services	\$0	\$0
K. State PB agency allocations other than those allowed on line 3(b)	\$0	\$0
L. Services that would not need to be purchased if not donated	\$0	\$0
M. Other	\$0	\$0
6. Total in-kind contributions - services and other assets (line 4 plus line 5), forwards to Schedule F, line 1c. Must agree with in-kind contributions recognized as revenue in the AFS.	\$931,731	\$891,679
Schedule D		
1. Land (must be eligible as NFFS)	\$0	\$0
2. Building (must be eligible as NFFS)	\$0	\$0
3. Equipment (must be eligible as NFFS)	\$0	\$0
4. Vehicle(s) (must be eligible as NFFS)	\$0	\$0
5. Other (specify) (must be eligible as NFFS)	\$0	\$0
6. Total in-kind contributions - property and equipment eligible as NFFS (sum of lines 1 through 5), forwards to Line 3b. of the Summary of Nonfederal Financial Support	\$0	\$0
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$0	\$0
a) Exchange transactions	\$0	\$0
b) Federal or public broadcasting sources	\$0	\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$0	\$0
d) Other (specify)	\$0	\$0
8. Total in-kind contributions - property and equipment (line 6 plus line 7), forwards to Schedule F, line 1d. Must agree with in-kind contributions recognized as revenue in the AFS.	\$0	\$0

WVPS Annual Financial Reports
Year Ending September 30, 2017 and 2018

Description	FY 2017	FY 2018
Schedule E		
1. Programming and production	\$5,379,152	\$5,309,324
A. Restricted Radio CSG	\$209,921	\$172,748
B. Unrestricted Radio CSG	\$625,671	\$509,410
C. Other CPB Funds	\$0	\$7,232
D. All non-CPB Funds	\$4,543,560	\$4,619,934
2. Broadcasting and engineering	\$1,671,996	\$1,697,957
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,671,996	\$1,697,957
3. Program information and promotion	\$0	\$0
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
4. Management and general	\$1,821,757	\$1,574,821
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,821,757	\$1,574,821
5. Fund raising and membership development	\$1,089,631	\$1,062,392
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$1,089,631	\$1,062,392
6. Underwriting and grant solicitation	\$363,367	\$394,269
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$363,367	\$394,269
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0

WVPS Annual Financial Reports
Year Ending September 30, 2017 and 2018

Description	FY 2017	FY 2018
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$10,325,903	\$10,038,763
A. Total Restricted Radio CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$209,921	\$172,748
B. Total Unrestricted Radio CSG (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$625,671	\$509,410
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$0	\$7,232
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$9,490,311	\$9,349,373
9. Total capital assets purchased or donated	\$383,896	\$285,220
9a. Land and buildings	\$11,872	\$0
9b. Equipment	\$364,911	\$285,220
9c. All other	\$7,113	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$10,709,799	\$10,323,983
11. Total expenses (direct only)	\$9,394,172	\$9,147,084
12. Total expenses (indirect and in-kind)	\$931,731	\$891,679
13. Investment in capital assets (direct only)	\$383,896	\$285,220
14. Investment in capital assets (indirect and in-kind)	\$0	\$0
Schedule F		
1. Data from AFR		
a. Schedule A, Line 22	\$12,046,975	\$10,463,855
b. Schedule B, Line 5	\$0	\$0
c. Schedule C, Line 6	\$931,731	\$891,679
d. Schedule D, Line 8	\$0	\$0
e. Total from AFR	\$12,978,706	\$11,355,534
2. FASB		
2. FASB		
a. Total support and revenue - unrestricted	\$10,698,303	\$11,020,297
b. Total support and revenue - temporarily restricted	\$2,215,632	\$286,898
c. Total support and revenue - permanently restricted	\$64,771	\$48,340
d. Total from AFS, lines 2a-2c	\$12,978,706	\$11,355,535
a. Operating revenues	\$0	\$0
b. Non-operating revenues	\$0	\$0
c. Other revenue	\$0	\$0
d. Capital grants, gifts and appropriations (if not included above)	\$0	\$0
e. Total From AFS, lines 2a-2d	\$0	\$0

WVPS Annual Financial Reports
Year Ending September 30, 2017 and 2018

Description	FY 2017	FY 2018
a. Charges for services	\$0	\$0
b. Operating grants and contributions	\$0	\$0
c. Capital grants and contributions	\$0	\$0
d. Other revenues	\$0	\$0
e. Total From AFS, lines 2a-2d	\$0	\$0
3. Difference (line 1 minus line 2)	\$0	(\$1)
4. If the amount on line 3 is not equal to \$0, click the “Add” button and list the reconciling items.	\$0	(\$1)

Summary of Non-Federal Financial Support
For the period ending September 30, 2017 and 2018
Certified by Head of Grantee and Independent Accountant's Report

Line	Description	WVPS FY 2017	WVPS FY 2018	Total WVPS
	<i>Summary of Non-Federal Financial Support:</i>			
1	Direct Revenue (Schedule A)	\$9,527,426	\$8,576,797	\$18,104,223
2	Indirect Administrative (Schedule B)	0	0	0
3	In-Kind Contributions (Schedule C)	0	0	0
4	Total Non-Federal Financial Support	\$9,527,426	\$8,576,797	\$18,104,223

Scope and Methodology

We performed an attestation examination to determine WVPS's compliance with CPB Financial Reporting Guidelines, provisions of the Act, grant certification requirements, and other grant provisions. The scope of the examination included reviews and tests of the information reported by the station on its AFRs and reconciled to audited financial statements for the year ending September 30, 2017 and 2018; grant certifications of compliance with Act requirements; and certifications on its financial reports submitted to CPB.

We tested the allowability of NFFS claimed on WVPS's AFRs by performing financial reconciliations and comparisons to underlying accounting records (general ledger) and the audited financial statements. We reviewed underwriting and grant agreements, as well as other documentation supporting revenues reported. Specifically, we reviewed 69 NFFS revenue transactions totaling \$1,694,308 of \$18,104,223 (9 percent) in FY's 2017 and 2018.

We reviewed the allowability of expenses charged to CPB CSGs. To determine that expenditures were incurred in accordance with the grant terms, we tested 100 percent of CPB expenditures of \$1,511,114 reported on the Restricted Radio CSG, Unrestricted Radio CSG, and Rural Support grants in FY 2017 and FY 2018. We reviewed journal entry details, vendor invoices, and other documentation supporting expenditures.

We reviewed policies, records, and documents supporting the station's compliance with the Act requirements to: provide advance notice of public meetings; provide reasons for closed or partially closed meetings; have a CAB; make financial and equal employment opportunity information available to the public; and safeguard donor lists. We also reviewed the station's website and policies to determine its compliance with CPB's eligibility transparency requirements. Furthermore, we reviewed the independent public accountant's (IPA) audit planning, internal controls, and attestation working papers. Our procedures included interviewing station officials and its IPA.

We gained an understanding of internal controls over the preparation of AFRs, cash receipts, and cash disbursements. We also gained an understanding of WVPS's policies and procedures for compliance with certification of eligibility requirements, Act, and CPB grant agreement terms for allowable costs. We used this information to assess risks and plan the nature and extent of our testing to conclude on our objectives.

Our fieldwork was conducted from May through July 2019. Our examination was performed in accordance with the *Government Auditing Standards* for attestation engagements.



Vermont Public Radio
365 Troy Avenue
Colchester, VT 05446

August 28, 2019

William J. Richardson III
Acting Inspector General
Corporation for Public Broadcasting
401 Ninth Street, NW
Washington, DC 20004-2129

RE: Audit of Community Service Grants awarded to Vermont Public Radio – WVPS
Colchester, Vermont for the Period October 1, 2016 through September 30, 2018
Draft Report No. ASR1908-XXXX

Dear Mr. Richardson:

We agree with the audit's preliminary findings across three areas as noted: Understated NFFS, Discrete Accounting and Communications Act Compliance. We appreciate that these areas were brought to our attention and have either already taken corrective action or are in the process of ensuring that we are in full compliance with CPB Community Service Grant and Communications Act requirements. Vermont Public Radio ("VPR") went through key employee turnover during the period covered by the audit which led to misunderstandings of requirements and some errors by replacement personnel. Our long term Controller and Chief Financial Officer both left shortly before the audit period and were replaced by interim employees. A permanent replacement was not hired until October, 2018.

Understated NFFS

OIG Recommendation

1) Require WVPS to identify the corrective actions and controls it will implement to ensure future compliance with the various NFFS reporting requirements.

VPR Response

Vermont Public Radio offset eligible passive income and endowment revenue with investment fees and amortized premiums. CPB guidelines do not require this offset. We will modify the investment spreadsheet that is used for calculation of AFR investment items to accurately reflect that investment fees and amortized premiums do not reduce investment income. We also overstated realized gains by the amount of the proceeds from a sale of shares. This was due to the staffing issues mentioned above

and a resulting error in reading the investment statements. VPR also understated the FMV exclusion for high-end premiums.

We have budgeted for an additional person in accounting to help relieve understaffing. In addition we intend to have all accounting members participate in more internal training and CPB web training. One member of staff will be attending the next PMBA related conference for further instruction. Individuals producing the premium reports have undergone more training and management will review all premium calculations.

In regard to NFFS misstatements for FY2018, VPR was notified by CPB that we could revise the AFR for the findings identified in the OIG draft report since the FY2020 CSG grant calculations have not been completed. Those revisions were done August 28th. Since the final AFR for FY2018 will not include those misstatements, we would request that OIG indicate in their final audit report that the NFFS misstatements for FY2018 have been corrected.

Discrete Accounting

OIG Recommendation

- 2) Require WVPS to identify what processes it has implemented to ensure compliance with discrete accounting requirements; and
- 3) Verify that WVPS properly identified its unrestricted radio revenues and expenditures accounting codes in its FY2020 grant application.

VPR Response

VPR commingled CPB unrestricted radio expenditures with non-CPB unrestricted expenditures in error during FY17 and FY18. In FY17, CBP radio revenues were recorded in an account not identified as relating to CPB in error. However, in FY18, we complied with discrete accounting requirements for CPB unrestricted radio revenues.

While the auditor was here, we created a discrete account to record CPB unrestricted radio expenditures. All general ledger accounts are now in place for FY19 to ensure accurate discrete accounting going forward. Coding of invoices charged to these accounts will be closely monitored.

Act Compliance

OIG Recommendation

- 4) Review the adequacy of WVPS' corrective actions to comply with open and closed meeting requirements.

VPR Response

Although VPR posts advance notice for Board and committee meetings at the beginning of the fiscal year, two meetings were missed because they depended on other events to occur and one meeting lacked a screenshot for verification. VPR also failed to post three closed sessions.

VPR has changed the board support position from a part time employee to a full time employee that will better be able to monitor postings for accuracy. We also changed the policy to post all meetings at the beginning of the year and then as any changes occur. We started the practice of capturing screen shots more frequently.

In regard to closed meeting notices, we have updated our after meeting checklist to ensure that we post the reason for closed meetings.

Summary

On behalf of the staff and board, we wish to thank Ms. Julia Stancil for her professionalism and the courtesy she extended to us during the audit. We are pleased to learn from the audit process and to improve our compliance and understanding of the Communications Act requirements.

Sincerely,

X 

Scott Finn
CEO/President

X 

RaMona C. Sheppard
Director of Human & Financial Resources