



Corporation
for Public
Broadcasting

July 27, 2017

VIA ELECTRONIC MAIL AND HARDCOPY TO FOLLOW

Mr. Scott Mullins, General Manager
WTMD-FM
1 Olympic Place
Suite 100
Towson, MD 21204

RE: Audit of the Corporation for Public Broadcasting (CPB) Community Service Grants (CSG) for the period July 1, 2014 through June 30, 2016 at the WTMD-FM radio station, Report No. ASR1701-1706.

Dear Mr. Mullins:

We are pleased that WTMD received an audit report with very few discrepancies. Of \$4,750,133 in non-federal financial support (NFFS) audited, CPB's Office of the Inspector General (OIG) identified an error that resulted in an overpayment of WTMD's CSG for two years, totaling approximately \$1,285. This and one other discrepancy were identified in the OIG's report. Its recommendations and CPB's determinations follow.

- I. **Recommendations 1 & 2:** The OIG recommends that CPB recover from WTMD, a CSG overpayment of \$602 for fiscal year 2017 and a potential overpayment of \$683 for fiscal year 2018. It also recommends that CPB require WTMD to identify the corrective action and controls it will implement to ensure future compliance.

WTMD did not exclude the fair market value of premiums (i.e. \$22,708) from the membership revenues it reported as NFFS on the applicable year annual financial reports (AFR), resulting in a CSG overpayment of \$602 in 2017 and potentially \$683 in 2018. WTMD recognized its reporting error.

CPB Determination: WTMD must revise its 2016 AFR, reducing NFFS by \$22,708, which will allow CPB to recoup the overpayments. CPB's practice is to assess a penalty of 10% for any CSG overpayment pursuant to the CSG Non-compliance Policy. However, considering the amounts involved, CPB will not assess a penalty.

Regarding the requirement that WTMD implement processes to ensure future reporting of premiums is accurate, we accept WTMD's representation in its correspondence of April 7, 2017, as confirmation that its General Manager and Director of Finance & Administration now have a clear understanding of the reporting requirements and will report premiums consistent with the Financial Reporting Guidelines going forward.

Action: WTMD must submit its revised 2016 AFR, reducing NFFS by \$22,708 within 45 days of the date of this correspondence CPB will assist WTMD so that it may submit the information electronically and will use the revised NFFS to calculate WTMD's CSG for 2018. CPB will also advise WTMD if it adjusts WTMD's 2018 CSG to account for any under or overpayment in the event the actual incentive rate of return in 2018 is different than the estimated one.

II. OIG Recommendation 3: The OIG recommends that CPB verify that WTMD has posted on its website notice of upcoming board of director's committee meetings.

The audit found that WTMD complied with the multiple requirements in each of the five categories set forth in the Communications Act, except for the open meetings requirement pertaining to board committee meetings. Specifically, WTMD did not provide notice of three board committee meetings, although it provided notice of each board and community advisory board meeting and met the other open/closed meeting requirements.

CPB considers a station compliant with the Act if it provides at least seven days-notice of these meetings. Posting notice on the station's website is one of the four methods that CPB recognizes as valid. Upon learning of the error, WTMD promptly posted notice of the committee meetings on its website. CPB spoke with WTMD and confirmed that it has implemented processes to ensure notice is posted timely, and confirmed that it has posted committee notices for 2017.

CPB Determination: Because WTMD promptly updated its website to include the committee meeting notices and complied with all other requirements in the Communications Act, CPB will not impose a penalty under the CSG Non-compliance Policy and considers this matter closed and resolved.

Action: No further action is required.

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

We appreciate the importance WTMD places on being compliant and the work that it does in support of public media.

Kind regards,



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

CC: VIA ELECTRONIC MAIL

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