

CORPORATION FOR PUBLIC BROADCASTING
OFFICE OF INSPECTOR GENERAL

**AUDIT OF COMMUNITY SERVICE GRANTS AWARDED TO
MORGAN STATE UNIVERSITY, WEAA-FM
BALTIMORE, MARYLAND
FOR THE PERIOD JULY 1, 2016 THROUGH JUNE 30, 2018**

REPORT NO. ASR1904-1906

September 24, 2019



Report in Brief

Background

We performed this audit based on our annual audit plan to audit public television and radio stations.

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

This report contains the views of the OIG. CPB will make the final decision on our findings and recommendations.

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 Morgan State University, WEAA-FM, Baltimore, Maryland, for the Period July 1, 2016 through June 30, 2018

What We Found

Our audit found that Morgan State University, WEAA-FM (WEAA) complied with CPB requirements except for the following findings. WEAA:

- overstated NFFS in the amount of \$130,848 resulting in actual and potential CSG overpayment of \$6,821, which we have reported as funds put to better use;
- spent \$1,900 of fiscal year (FY) 2018 CSG funds on non-CPB qualified programming; and
- did not fully comply with Act requirements for open financial records and equal employment opportunity (EEO) requirements; and grant requirements to make the Local Content and Service Report (LCSR) available to the public.

Overstated NFFS resulted in potential excess CSG payments of \$6,821 (\$4,037 FY 2019 and potentially \$2,784 in FY 2020).

WEAA disagreed that it overstated NFFS resulting from its calculation of indirect administrative support. The station agreed that it spent CSG funds on non-CPB qualified programming and it took corrective actions during the audit field work to address compliance with Act requirements.

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

What We Recommend

That CPB take the following actions:

- recover potential CSG overpayments of \$6,821;
- recover \$1,900 in questioned CPB expenditures; and
- require WEAA to identify the corrective actions and controls it will implement to ensure compliance with: 1) CPB's NFFS reporting requirements, 2) grant spending restrictions; and 3) Act requirements.

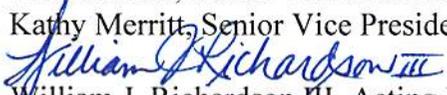


Corporation
for Public
Broadcasting

Office of Inspector General

Date: September 24, 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

From: 
William J. Richardson III, Acting Inspector General

Subject: Audit of Community Service Grants Awarded to Morgan State University,
WEAA-FM, Baltimore, Maryland, for the Period July 1, 2016 through June 30, 2018
Report No. ASR1904-1906

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, CPB 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

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND	2
RESULTS OF AUDIT	3
FINDINGS AND RECOMMENDATIONS.....	3
OVERSTATED NFFS – INDIRECT ADMINISTRATIVE SUPPORT	3
QUESTIONED COMMUNITY SERVICE GRANT EXPENSES	7
COMMUNICATIONS ACT AND GRANT COMPLIANCE.....	8
EXHIBITS	
Exhibit A – CPB Payments to WEAA.....	12
Exhibit B – WEAA Annual Financial Reports	13
Exhibit C – Summary of Non-Federal Financial Support	24
Exhibit D – OIG Calculation of FYs 2017 & 2018 Schedule B IAS	25
Exhibit E – FY2017 Institutional Support Cost Center Operating Expenditures	27
Exhibit F – FY2018 Institutional Support Cost Center Operating Expenditures	28
Exhibit G – FY2017 Physical Plant Cost Center Operating Expenditures.....	29
Exhibit H – FY2018 Physical Plant Cost Center Operating Expenditures	30
Exhibit I – OIG Calculation of Institutional Support Allocation Rate	31
Exhibit J – Scope and Methodology	32
Exhibit K – WEAA Response to the Draft Report	33

EXECUTIVE SUMMARY

We have completed an audit of the Corporation for Public Broadcasting (CPB) Community Service Grants (CSG) awarded to Morgan State University, WEEA-FM (WEEA), for the period July 1, 2016 through June 30, 2018. Our objectives were to examine WEEA'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 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 we found that WEEA:

- overstated NFFS by \$130,848, which resulted in fiscal year (FY) 2019 and potential FY 2020 CSG overpayments totaling \$6,821, which we will report as funds put to better use;
- spent \$1,900 in FY 2018 CSG funds on non-CPB qualified programming; and
- was not in full compliance with Act requirements for open financial records and equal employment opportunity (EEO) requirements; and grant requirements to make the Local Content and Service Report (LCSR) available to the public.

We recommend that CPB:

- recover the potential CSG overpayments of \$6,821;
- recover \$1,900 in questioned CSG costs; and
- require WEEA to identify the corrective actions and controls it will implement to ensure future compliance with NFFS, CSG expenditures, and Act reporting requirements.

In response to the draft report, WEEA disagreed that it had overstated NFFS. The station responded that it believed its calculation of the indirect administrative support was reasonable, in accordance with CPB guidelines, and conservative in the nature of the accounting estimate. The station agreed with the finding that CSG funds were spent on non-CPB qualified programming. WEEA agreed it did not comply with the Act and LCSR transparency requirements and took corrective actions during audit fieldwork to address these requirements. WEEA's written response to the draft report is presented in Exhibit K.

This report presents the conclusions of the Office of Inspector General (OIG); the findings reported do not necessarily represent CPB's final position on these issues. While we have made recommendations, 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 WEEA's response to the draft report, we consider recommendations one and two unresolved and open pending receipt of CPB's management decision on these recommendations. Recommendations three to five are resolved but open pending the receipt of CPB's final management decision that accepts WEEA's corrective actions and recovers the questioned costs.

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 J.

BACKGROUND

WEAA's mission describes itself as the National Public Radio (NPR) affiliated public radio station licensed to Morgan State University and is an educational component of the University's School of Global Journalism and Communication. The station serves as a learning lab to educate and prepare students for careers in journalism and media, while also providing the broader listener community with music and news programming that enlightens and entertains. Broadcasting in the Baltimore-Washington corridor, the station is one of the regions' leading providers of jazz and quality locally produced talk, public affairs, and news programming created by a professional staff and undergraduate and graduate students.

Operating since 1977, the station operates free from commercial influence in a 24-hour format that attracts the continual support from members, underwriters, and grant-makers nationally and across the region.

CPB's Community Service Grant Program

The Act provides that specific percentages of the appropriated funds CPB receives annually from the United States Treasury must be allocated and distributed to licensees and permittees of public TV and radio stations. After funds are designated as either TV or radio funds, they are placed in the appropriate CSG grant pool for distribution to eligible stations. TV funds can be distributed only to TV stations and radio funds must go to radio stations.

CPB awards annual CSG grants to public television and radio stations based in part on the amount of NFFS claimed by all stations 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 the 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 WEAA on its FY 2015 AFR to determine the amount of the CSG the station received in FY 2017.

During our audit period WEAA received \$439,390 in CSG funds from CPB as itemized in Exhibit A. WEAA reported NFFS of \$1,666,520 in FY 2017 and \$1,498,275 in FY 2018 per Exhibit C. WEAA's audited financial statements for the two years reviewed reported revenues of \$2,007,871 in FY 2017 and \$1,719,089 in FY 2018. WEAA's fiscal year begins July 1 and ends on June 30.

RESULTS OF AUDIT

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

We examined WEAA'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 WEAA's compliance with AFR/NFFS reporting in accordance with CPB's Guidelines; Act requirements for open meetings, open financial records, Equal Employment Opportunity (EEO) reporting, and donor lists; and discrete accounting requirements. WEAA's management is responsible for their assertions. 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 WEAA'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 WEAA's compliance with specified requirements.

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

- overstated NFFS by \$130,848, which resulted in FY 2019 and potential FY 2020 CSG overpayments totaling \$6,821, which we have reported as funds put to better use;
- spent \$1,900 in FY 2018 CSG funds on non-CPB qualified programming; and
- did not fully comply with Act requirements for open financial records and equal employment opportunity (EEO) requirements; and grant requirements to make the Local Content and Service Report (LCSR) available to the public.

FINDINGS AND RECOMMENDATIONS

OVERSTATED NFFS – INDIRECT ADMINISTRATIVE SUPPORT

Our audit found that WEAA's calculation of Indirect Administrative Support (IAS) did not fully comply with CPB guidance for reporting IAS under the Basic Method. Our review of the university's detailed institutional and physical plant support cost pools (Exhibits E – H), used to support its IAS reporting, identified overstated NFFS of \$130,848. This resulted in actual and potential CSG overpayments totaling \$6,821. We classified these overpayments as funds put to better use for reporting purposes, because they could have been distributed to other public broadcasting entities. The following table breaks this down by fiscal year.

Overstated IAS NFFS

Condition	Overstated FY 2017 NFFS	Overstated FY 2018 NFFS	Total Overstated NFFS	CSG Overpayment
Overstated Indirect Administrative Support	\$77,441	\$53,407	\$130,848	
2019 Incentive Rate of Return ¹	5.212599%	5.212599%		
Potential CSG Overpayments	\$4,037	\$2,784		\$6,821

Specifically, we found that WEEA:

- overstated institutional support cost pools benefiting the station in its calculations by including cost pools that did not provide essential and continuous benefit to the station;
- overstated its institutional support rate by understating licensee net direct activities - (which is the denominator in the formula used in calculating the support rate) resulting in an overstatement of the general institutional costs allocated as having benefited the station; and
- overstated physical plant support cost pools benefiting the station in its calculations by including cost pools that did not provide essential and continuous benefit to the station.

Overstated institutional and physical plant support cost pools are primarily attributable to the station’s position that it received benefits from various academic support cost pools because of the station’s role as an educational component of the University’s School of Global Journalism and Communication. Under CPB’s Basic Method for reporting IAS costs, academic support cost pools do not meet CPB’s criteria to be claimed as NFFS. These overstatements are presented in Exhibit D, Line 4 which compares what was reported to CPB on AFR, Schedule B to the OIG’s calculation of allowable NFFS as detailed in Exhibits E - H.

Institutional Support

The station erroneously included various cost categories (e.g., VP Academic Outreach & Engagement, VP Enrollment Management & Student Success, Financial Aid Office, VP International Affairs and VP Students Affairs Office) in its administrative cost pools; however, these cost categories did not provide essential and continuous benefits to the station. The amounts for these categories totaled \$2,644,072 in FY 2017 (Exhibit E) and \$2,316,479 in FY 2018 (Exhibit F). These cost pools relate to academic functions of the college, and do not provide an essential and continuous benefit to the station. OIG adjusted the allowable cost pools which are shown in Exhibit D.

Institutional Support Rate

The station also understated the licensee’s net direct activities in calculating the institutional support rate applied to the general institutional cost pools to allocate the general institutional

¹ We applied the FY 2019 IRR to calculate potential FY 2020 CSG overpayments, because the FY 2020 rate has not yet been established by CPB.

costs to the station. Some of the station's costs recorded in the functional category of Academic Support (\$1,008,789 in FY 2017 and \$923,072 in FY 2018) should have been added to the total functional costs of Instruction, Research and Public Service to calculate an equitable rate. All station costs need to be included in the licensee's net direct activities base, i.e., the denominator used to calculate the institutional support rate. This is essential to calculate a meaningful rate. These adjustments were made by the OIG to calculate revised institutional support rates of 1.38075 percent for FY 2017 and of 1.2189 percent for FY 2018 per Exhibit I.

Physical Plant Support

The station included the Financial Aid Office and Murphy Fine Arts Center as part of the cost pools benefiting the station. These cost pools primarily support the academic functions of the college, and do not provide an essential and continuous benefit to the station. They should not have been included in the cost pools benefiting the station under physical plant support. OIG made deductions totaling \$3,312 in FY 2017 (Exhibit G) and \$3,170 in FY 2018 (Exhibit H) for these cost pools and those adjustments are shown in Exhibit D.

The CPB Guidelines address the identification of general administrative expense cost pools that benefit the station, inclusion of licensee costs per the financial statements, and the calculation of the physical plant support allocation.

Select all the cost groups that provide an essential and continuous benefit to the station operations. The station must demonstrate that the benefits provided:

- (1) include services that are an essential part of station operations;
- (2) services are continuous and ongoing in support of the station; and
- (3) the station uses the services or is required to use the service provided.

CPB Guidelines, Part III – AFR and FSR Line Item Instructions, Section 6 – Schedule B – Indirect Administrative Support, Worksheet II: Basic Method, Institutional support calculation, Line 2c.1 and Physical plant support rate calculation, Line 3d.1 (2017 and 2018)

Inherent in the calculation of the institutional support rate instructions is the logic that the station's net direct expenses are in the licensee's net direct activities (total cost of instruction, research, and public service net of capital outlays) to establish an equitable ratio. CPB's earlier guidance (during FYs 1996 – 2009) explicitly addressed this stating, "In calculating these ratios, be sure to include the station's cost and square footage in the applicable denominator." While this language was eliminated from more recent Guidelines, this principle still applies. Such issues have been found in other recent audits and CPB has upheld this principle in resolving these findings.

Station officials stated that they applied CPB's guidance and believe that all the cost groups claimed, except the Alumni House, Commencement, VP Institutional Advance, and Print Shop benefited the station. These costs pools were appropriately excluded by the station in its original Schedule B reporting.

Station officials further explained that they were conservative in calculating its IAS, followed CPB guidelines, and therefore did not include the Dean's office expenses in the indirect cost pools because the Dean's costs were in the academic support function. Despite its treatment, the station believes that the Dean's office provided a direct benefit to the station. Station management provided information on the Dean's office costs to show that excluding these costs resulted in an understatement of NFFS of close to \$100,000. The station believes that it had reasonably approximated the indirect costs and had actually understated them by excluding the Dean's office costs from the calculation. The station requested that this finding be removed as it did not reflect the true state of the university's indirect costs methodology. In response to the station's argument, OIG explained that under CPB's Basic Method option, the Dean's office costs would not qualify because they were reported under the academic support functional category.

To summarize, the station incorrectly calculated its indirect administrative support which resulted in an overstatement of NFFS totaling \$130,848 (\$77,441 in FY 2017 and \$53,407 in FY 2018). This overstatement resulted in a CSG overpayment of \$4,037 in FY 2019 and a potential overpayment of \$2,784 in FY 2020.

Recommendations

We recommend CPB management take the following actions to:

- 1) recover potential CSG overpayments totaling \$6,821; and
- 2) require WEAA to identify the corrective actions and controls it will implement to ensure future compliance with IAS NFFS reporting requirements.

WEAA Response

In response to our draft report, WEAA officials disagreed that the station was noncompliant in reporting its IAS and "believes that the calculation of the IAS is reasonable, in accordance with CPB guidelines, and conservative in the nature of an accounting estimate." Further, officials reiterated that WEAA-FM is an educational component of the University's School of Global Journalism and Communication and the Dean's office for this school provided essential benefits to the station though not included in its IAS. Had the Dean's office been included in the calculation NFFS would have been increased by close to \$100,000.

OIG Review and Comment

Based on WEAA's response to the draft report, we have not changed our findings and recommendations. We acknowledge that the station receives benefit from the Dean's office of the School of Global Journalism and Communications, however, under CPB's Basic Method option, the Dean's office costs would not qualify because they were reported under the academic support functional category.

Based on WEAA’s response to the draft report, we consider recommendations 1 and 2 unresolved and open pending CPB’s final management decision resolving these recommendations.

QUESTIONED COMMUNITY SERVICE GRANT EXPENSES

Our testing of CSG expenditures found \$1,900 was spent on productions of Morgan State University’s pregame football show program, which was not a CPB-qualified program. The individual programs and costs are detailed in the following table.

Questioned CPB Costs

Date	PO Number	Description	Amount
September 09,2017	P0014954	Morgan vs Albany pre-game show	\$750
September 23,2017	P0014954	Morgan vs NC A&T pre-game show	\$750
September 23,2017	P0014961	MSU Bears vs NC A&T	\$200
November 18,2017	P0014961	MSU Bears vs Norfolk St	\$200
Total			\$1,900

The CPB General Provisions contain a definition of CPB-Qualified Programming that provides:

General audience programming broadcast that serves a station’s demonstrated community needs of an educational, informational, or cultural nature. Programs that are not considered CPB-Qualified Programming include but are not limited to: 1) programming that further the principles of particular political or religious philosophies; and 2) programming designed primarily for in-school or professional in-service audiences.

CPB Radio CSG General Provisions and Eligibility Criteria, Part II. Definitions, P. CPB-Qualified Programming (2018).

The station initially paid the costs with appropriations from the State of Maryland due to the late receipt of its CPB grant funds. Subsequently, officials initiated an internal transfer to move the costs from the state account to the CPB grant through a journal entry. The station thought the pregame football shows were CSG CPB-qualified programming.

The station was not fully compliant with CSG CPB-qualified programming requirements that requires general audience programming broadcast to serve a station’s demonstrated community needs of an educational, informational, or cultural nature.

Recommendations

We recommend CPB management take the following actions to:

- 3) recover \$1,900 in questioned CSG expenditures; and
- 4) ensure that WEAA identifies the corrective actions and controls it will implement to ensure future compliance with grant spending restrictions.

WEAA Response

In response to our draft report, station officials agreed with our finding and stated that WEAA had made an error in including the \$1,900 as a CSG expense and it no longer includes this type of expense in the radio station budget.

OIG Review and Comment

Based on WEAA's response to the draft report, we consider recommendations 3 and 4 resolved but open pending CPB's final management decision that accepts the corrective actions taken by WEAA and recovery of questioned costs.

COMMUNICATIONS ACT AND GRANT COMPLIANCE

Our review of Act and grant requirements found that the station was not in full compliance with all requirements for open financial records, employment statistical reporting, and Local Content and Service Report requirements.

Open Financial Records

WEAA did not fully comply with the open financial records requirements of the Act and CPB's compliance guidance by not making the current AFS and the AFR available to the public on its website. At the time of our audit, the station's website only identified the FY 2016 AFS and FYs 2014 and 2015 AFRs, but the website link did not work to enable the public to see these reports. The more current FY 2016-2017 AFS and AFR were not identified on the website.

The Act requires stations to make available to the public their annual financial and audit reports and other financial information they are required to provide to CPB (47 U.S.C. § 396(k)(5) and § 396(l)(3)(b)). CPB's compliance guidance also requires that each CSG recipient post the following documents on its station website:

1. its most recent audited financial statement or un-audited financial statement for stations exempt from providing audited financial statements; and
2. its most recent annual financial report (AFR) or annual financial summary report (FSR) (whichever is applicable).

CPB's Communications Act Compliance requirements, III. Open Financial Records, E. The Public's Access to Financial Information. (June 2018).

In response to this finding, station management attributed its noncompliance to the departure of previous station management and changes in personnel at the station during the audit period.

During our audit period the public did not have access to WEAA's most current annual financial and audited reports as required by the Act and by CPB's compliance guidance. However, during our audit fieldwork, WEAA posted its current AFS and AFR on its website.

Employment Statistical Report

WEAA did not fully comply with the Equal Employment Opportunity (EEO) requirements of the Act to make CPB's Station Activity Survey (SAS) Employment Statistical Report available to the public. The Act and CPB's compliance guidance require that stations make the Employment Statistical Report available to the public.

The Act provides for the following:

A licensee or permittee of any public broadcast station with more than five full-time employees is required to file annually with the Corporation a statistical report, consistent with reports requirements by Commission regulation, identifying by race and sex the number of employees in each of the following full-time and part-time job categories:

- (i) Officials and managers.
- (ii) Professionals.
- (iii) Technicians.
- (iv) Semiskilled operatives.
- (v) Skilled craft persons.
- (vi) Clerical and office personnel.
- (vii) Unskilled operatives.
- (viii) Service workers.

... The statistical report shall be available to the public at the central office and at every location where more than five full-time employees are regularly assigned to work.

Act, Subpart D – Corporation for Public Broadcasting, Sec. 396, 47 U.S.C. §396(k) Financing Restrictions, (11)(B) and (C).

CPB's compliance guidance states that all stations [are] to provide this information annually in their Employment Statistical Report for review by the general public at their central offices. A footnote in the compliance guidance clarifies that this is the Employment (Section 1) of the SAS.

CPB's Communications Act Compliance requirements, V. CPB Employment Statistical Report, A. EEO Legislation and C. Access to the Employment Statistical Report. (June 2018).

Station officials attributed this noncompliance to staff turnover during the audit period.

During our audit period, the public did not have access to the CPB Employment Statistical Report as required. Station officials acted in December 2018 to comply by making this report available in the station's public file.

Local Content and Service Report

WEAA did not comply fully with the 2018 Radio Community Service Grants General Provisions and Eligibility Criteria. The station had the LCSR listed on its website, but the link to the report was not working. The station also did not have the LCSR available to the public at their central office.

CPB requires that stations should make available for public inspection the LCSR either by posting it on their website or maintaining them at the Grantee's Office. CPB's general provisions provides for the following:

C. Documents for Public Inspection: At Central Office or on Station Website

At a minimum each Grantee must maintain the following documents for public inspection at its central office or post the same on its website:

1. Diversity Statement (Section 8(B-2)); and
2. Local Content and Service Report which is Section 6 of the SAS.

CPB Radio CSG General Provisions and Eligibility Criteria, Part I. CSG Program, Section 9 Transparency, A. Public Inspection of Documents and Website Posting; and C. Documents for Public Inspection: At Central Office or on Station Website. (2018).

The station listed the LCSR on the website, but station officials were not aware that the link to the report was not working.

As a result, during our audit period the public did not have access to the station's LCSR submitted to CPB explaining the content and services provided to serve local needs. This condition was corrected during our fieldwork and the report is now available to the public.

Recommendation

We recommend that CPB management require WEAA to:

- 5) identify the corrective action and controls it will implement to ensure future compliance with Act and grant requirements.

WEAA Response

In response to our draft report, WEAA stated that it agreed with our finding that the station did not fully comply with Act requirements for open financial records. As noted in the body of the report and in the station's response the current AFS and AFR were updated on the WEAA's website during our audit fieldwork. In addition, station officials said, "the University will hire a web producer for the radio station, the business manager or station manager will post required communications as received, and the station manager will check quarterly that all website links work for public inspection."

WEAA did not specially address the employment statistical report or LCSR in its response to the draft report but had taken corrective actions during our audit fieldwork as noted in our finding.

OIG Review and Comment

Based on WEAA's response to the draft report, we consider recommendation 5 resolved but open pending CPB's final management decision that accepts WEAA's corrective actions addressing open financial records, the employment statistical report, and the LCSR.

**CPB Payments to WEAA
July 1, 2016 – June 30, 2018**

CPB Grants	FY 2017	FY 2018	Total
Community Service Grant	\$229,401	\$209,989	\$439,390
Total	\$229,401	\$209,989	\$439,390

**WEAA Annual Financial Reports
Years Ending June 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 (PTFP and others)	\$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	\$262,541	\$187,873
A. CPB - Community Service Grants	\$262,541	\$187,873
B. CPB - all other funds from CPB (e.g. DDF, RTL, Programming Grants)	\$0	\$0
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$0
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	\$0	\$0
3.1 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
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	\$0	\$0
4.1 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

Exhibit B (continued)

**WEAA Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
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	\$755,473	\$764,274
5.1 NFFS Eligible	\$755,473	\$764,274
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$755,473	\$764,274
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
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

Exhibit B (continued)

**WEAA Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
7. Private colleges and universities	\$0	\$0
7.1 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
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	\$0	\$0
8.1 NFFS Eligible	\$0	\$0
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
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	\$132,802	\$81,184
9.1 NFFS Eligible	\$132,202	\$80,284
A. Program and production underwriting	\$132,202	\$80,284
B. Grants and contributions other than underwriting	\$0	\$0
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	\$600	\$900
A. Rental income	\$600	\$900

Exhibit B (continued)

**WEAA Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
AFR Schedule B - Worksheet II: Basic Method		
1. Determine Station net direct expenses		
1a. Total station operating expenses and capital outlays (forwards from line 10 of Schedule E)	\$2,026,083	\$1,737,490
Deductions (lines 1b.1. through 1b.7.):		
1b.1. Capital outlays (from Schedule E, line 9 total)	\$0	\$0
1b.2. Depreciation	\$25,926	\$25,926
1b.3. Amortization	\$0	\$0
1b.4. In-kind contributions (services and other assets)	\$74,585	\$31,273
1b.5. Indirect administrative support (see Guidelines for instructions)	\$654,243	\$569,349
1b.6. Donated property and equipment (if not included on line 1b.1)	\$0	\$0
1b.7. Other	\$0	\$0
1b.8. Total deductions	\$754,754	\$626,548
1c. Station net direct expenses	\$1,271,329	\$1,110,942
2. Institutional support rate calculation (Note: Choose one method only - either 2a or 2b)		
2a. Net direct expense method		
2a.1. Station net direct Expenses (forwards from line 1)	\$1,271,329	\$1,110,942
2a.2. Licensee net direct activities	\$91,066,560	\$90,219,935
2a.3. Percentage of allocation (2a.1 divided by 2a.2) (forward to line 2c.5 below)	1.396044%	1.231371%
2b. Salaries and wages method		
2b.1. Station salaries and wages	\$0	\$0
2b.2. Licensee salaries and wages for direct activities	\$0	\$0
2b.3. Percentage of allocation (2b.1 divided by 2b.2) (forward to line 2c.5 below)	0%	0%
Institutional support calculation		
2c.2. Costs per licensee financial statements	\$42,079,546	\$41,420,072
2c.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$3,809,547	\$3,657,555
2c.4. Costs benefiting station operations	\$38,269,999	\$37,762,517
2c.5. Percentage of allocation (from line 2a.3 or 2b.3)	1.396044%	1.231371%
2c.6. Total institutional costs benefiting station operations	\$534,266	\$464,996
3. Physical plant support rate calculation		
3a. Net square footage occupied by station	5,519	5,519
3b. Licensee's net assignable square footage	998,588	1,148,826
3c. Percentage of allocation (3a divided by 3b) (forward to line 3d.5 below)	0.552680%	0.480403%
3d.2. Costs per licensee financial statements	\$21,731,950	\$21,731,950
3d.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$23,746	\$10,280
3d.4. Costs benefiting station operations	\$21,708,204	\$21,721,670

Exhibit B (continued)

**WEAA Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
3d.5. Percentage of allocation (from line 3c.)	0.552680%	0.480403%
3d.6. Total physical plant support costs benefiting station operations	\$119,976	\$104,351
4. Total costs benefiting station operations (forwards to line 1 on tab 3)	\$654,242	\$569,347
Occupancy List (Land)		
1. Land Area (in acres) Restricted to FCC requirements for the facility, unless local zoning requires additional land, in which case, the larger area may be used	0.00	0.00
2. Unit Value per acre Appraisals should include facts concerning, and analysis of, land-sale comparables. To arrive at a unit value per acre use community zoning laws or local codes for the property in question and base it on vacant lot value.	\$0	\$0
3. Land value (product of lines 1 and 2)	\$0	\$0
4. Rate of return on the land	0.00%	0.00%
5. Annual value before deductions (product of lines 3 and 4)	\$0	\$0
6. Payments made to landowner as part of a lease or rental agreement	\$0	\$0
7. Payments received from others as part of a sublease or rental agreement	\$0	\$0
8. Annual value for NFFS purposes (line 5 less lines 6 and 7)	\$0	\$0
Occupancy List (Building)		
1. Record building at original cost or at fair market value at the time the station took possession (use fair value only if original cost is unknown)	\$0	\$0
2. Total original cost of major improvements	\$0	\$0
3. Subtract federal and CPB funds used in construction or improvements	\$0	\$0
4. Total non-federal value of building/improvements	\$0	\$0
5. Enter year constructed or acquired	0	0
6. Estimated useful life of building/improvements from date of acquisition or construction	0	0
7. Remaining useful life of building (includes current reporting year) - if remaining useful life is zero, do not continue this computation	0	0
8. Annual value (line 4 divided by line 6)	0	0
9. Station's prorata use of building		
10. Annual prorated value (product of lines 8 and 9)	\$0	\$0
11. Payments made to building as a part of the lease or rental agreement	\$0	\$0
12. Payments received from others as a part of a sublease or rental agreement	\$0	\$0
13. Annual value for NFFS purposes (line 10 less lines 11 and 12)	\$0	\$0
Schedule B Totals		
1. Total support activity benefiting station	\$654,242	\$569,347
2. Occupancy value	\$0	\$0
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	\$0	\$0

Exhibit B (continued)

**WEAA Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
4. Deductions: Support shown on lines 1 and 2 in excess of revenue reported in financial statements.	\$0	\$0
5. Total Indirect Administrative Support (Forwards to Line 2 of the Summary of Nonfederal Financial Support)	\$654,242	\$569,347
6. Please enter an institutional type code for your licensee.		
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 (APBC, FL-DOE, eTech Ohio)	\$0	\$0
C. Local advertising	\$0	\$0
D. National advertising	\$0	\$0
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	\$74,584	\$31,274
A. Compact discs, records, tapes and cassettes	\$853	\$540
B. Exchange transactions	\$0	\$0
C. Federal or public broadcasting sources	\$0	\$0
D. Fundraising related activities	\$4,932	\$6,770
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	\$1,245	\$0
J. Regional organization allocations of program services	\$62,665	\$23,102
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	\$4,889	\$862

Exhibit B (continued)

**WEAA Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
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.	\$74,584	\$31,274
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
Schedule E		
1. Programming and production	\$437,473	\$229,540
A. Restricted Radio CSG	\$30,559	\$0
B. Unrestricted Radio CSG	\$1,741	\$4,041
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$405,173	\$225,499
2. Broadcasting and engineering	\$634,395	\$664,270
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$634,395	\$664,270
3. Program information and promotion	\$32,954	\$24,525
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$32,954	\$24,525
4. Management and general	\$548,774	\$526,555
A. Restricted Radio CSG	\$0	\$4,545

Exhibit B (continued)

**WEAA Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
B. Unrestricted Radio CSG	\$230,241	\$179,287
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$318,533	\$342,723
5. Fund raising and membership development	\$234,590	\$200,225
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$234,590	\$200,225
6. Underwriting and grant solicitation	\$137,897	\$92,375
A. Restricted Radio CSG	\$0	\$0
B. Unrestricted Radio CSG	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$137,897	\$92,375
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
8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements	\$2,026,083	\$1,737,490
A. Total Restricted Radio CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$30,559	\$4,545
B. Total Unrestricted Radio CSG (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$231,982	\$183,328
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$0	\$0
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$1,763,542	\$1,549,617
9. Total capital assets purchased or donated	\$0	\$0
9a. Land and buildings	\$0	\$0
9b. Equipment	\$0	\$0
9c. All other	\$0	\$0
10. Total expenses and investment in capital assets (Sum of lines 8 and 9)	\$2,026,083	\$1,737,490
11. Total expenses (direct only)	\$1,297,255	\$1,136,868
12. Total expenses (indirect and in-kind)	\$728,828	\$600,622
13. Investment in capital assets (direct only)	\$0	\$0
14. Investment in capital assets (indirect and in-kind)	\$0	\$0
Schedule F		
1. Data from AFR		
a. Schedule A, Line 22	\$1,279,043	\$1,118,468
b. Schedule B, Line 5	\$654,243	\$569,348

Exhibit B (continued)

**WEAA Annual Financial Reports
Years Ending June 30, 2017 and 2018**

Description	FY 2017	FY 2018
c. Schedule C, Line 6	\$74,584	\$31,274
d. Schedule D, Line 8	\$0	\$0
e. Total from AFR	\$2,007,869	\$1,719,089
2. GASB Model A proprietary enterprise-fund financial statements with business-type activities only		
2. GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities		
a. Total support and revenue - unrestricted	\$0	\$0
b. Total support and revenue - temporarily restricted	\$0	\$0
c. Total support and revenue - permanently restricted	\$0	\$0
d. Total from AFS, lines 2a-2c	\$0	\$0
a. Operating revenues	\$598,154	\$385,467
b. Non-operating revenues	\$1,409,715	\$1,333,622
c. Other revenue	\$0	\$0
d. Capital grants, gifts and appropriations (if not included above)	\$0	\$0
e. Total From AFS, lines 2a-2d	\$2,007,869	\$1,719,089
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	\$0
4. If the amount on line 3 is not equal to \$0, click the "Add" button and list the reconciling items.	\$0	\$0

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

Line	Description	WEAA FY 2017	WEAA FY 2018	Total WEAA
	<i>Summary of Non-Federal Financial Support:</i>			
1	Direct Revenue (Schedule A)	\$1,012,278	\$928,928	\$1,941,206
2	Indirect Administrative (Schedule B)	654,242	569,347	1,223,589
3	In-Kind Contributions (Schedule C)	0	0	0
4	Total Non-Federal Financial Support	\$1,666,520	\$1,498,275	\$3,164,795

OIG Calculation of FYs 2017 and 2018 Schedule B Indirect Administrative Support

AFR Schedule B Worksheet II: Basic Method	Per AFR			Per Audit			Over/Under Stated NFFS		Total
	FY 2017	FY 2018	Total	FY 2017	FY 2018	Total	FY 2017	FY 2018	
1. Determine Station net direct expenses									
1a. Total station operating expenses and capital outlays (forwards from line 10 of Schedule E)	\$2,026,083	\$1,737,490		\$2,026,083	\$1,737,490				
Deductions (lines 1b.1. through 1b.7.):									
1b.1. Capital outlays (from Schedule E, line 9 total)	\$0	\$0		\$0	\$0				
1b.2. Depreciation	\$25,926	\$25,926		\$25,926	\$25,926				
1b.3. Amortization	\$0	\$0							
1b.4. In-kind contributions (services and other assets)	\$74,585	\$31,273		\$74,585	\$31,273				
1b.5. Indirect administrative support (see Guidelines for instructions)	\$654,243	\$569,349		\$654,243	\$569,349				
1b.6. Donated property and equipment (if not included on line 1b.1)	\$0	\$0		\$0	\$0				
1b.7. Other	\$0	\$0							
1b.8. Total deductions	\$754,754	\$626,548		\$754,754	\$626,548				
1c. Station net direct expenses	\$1,271,329	\$1,110,942		\$1,271,329	\$1,110,942				
2. Institutional support rate calculation (Note: Choose one method only - either 2a or 2b)									
2a. Net direct expense method									
2a.1. Station net direct expenses (forwards from line 1)	\$1,271,329	\$1,110,942		\$1,271,329	\$1,110,942				
2a.2. Licensee net direct activities	\$91,066,560	\$90,219,935		\$92,075,349	\$91,143,007		(\$1,008,789)	(\$923,072)	
2a.3. Percentage of allocation (2a.1 divided by 2a.2) (forward to line 2c.5 below)	1.396044%	1.231371%		1.380749%	1.218900%		0.015295%	0.012471%	
2b. Salaries and wages method									
2b.1. Station salaries and wages	\$0	\$0		\$0					
2b.2. Licensee salaries and wages for direct activities	\$0	\$0		\$0					

Exhibit D (continued)

OIG Calculation of FYs 2017 and 2018 Schedule B Indirect Administrative Support

AFR Schedule B Worksheet II: Basic Method	Per AFR			Per Audit			Over/Under Stated NFFS		Total
	FY 2017	FY 2018	Total	FY 2017	FY 2018	Total	FY 2017	FY 2018	
2b.3. Percentage of allocation (2b.1 divided by 2b.2) (forward to line 2c.5 below)	\$0	\$0		\$0					
Institutional support calculation									
2c.2. Costs per licensee financial statements*	\$42,079,546	\$41,420,072		\$40,596,475	\$40,478,608		\$1,483,071	\$941,464	
2c.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$3,809,547	\$3,657,555		\$6,453,619	\$5,903,290		(\$2,644,072)	(\$2,245,735)	
2c.4. Costs benefiting station operations	\$38,269,999	\$37,762,517		\$34,142,856	\$34,575,318		\$4,127,143	318719944%	
2c.5. Percentage of allocation (from line 2a.3 or 2b.3)	1.396044%	1.231371%		1.380749%	1.218900%		0.015295%	0.012471%	
2c.6. Total institutional costs benefiting station operations	\$534,266	\$464,996	\$999,262	\$471,427	\$421,439	\$892,865	\$62,839	\$43,557	\$106,396
3. Physical plant support rate calculation									
3a. Net square footage occupied by station	\$5,519	\$5,519		\$5,519	\$5,519				
3b. Licensee's net assignable square footage	\$998,588	\$1,148,826		\$998,588	\$1,148,826				
3c. Percentage of allocation (3a divided by 3b) (forward to line 3d.5 below)	0.552680%	0.480403%		0.552680%	0.480403%				
3d.2. Costs per licensee financial statements*	\$21,731,950	\$21,731,950		\$19,069,290	\$19,674,409		\$2,662,660	\$2,057,541	
3d.3. LESS: Cost groups that do not benefit the operations of the public broadcast station	\$23,746	\$10,280		\$3,312	\$3,170		\$20,434	\$7,110	
3d.4. Costs benefiting station operations	\$21,708,204	\$21,721,670		\$19,065,978	\$19,671,239		\$2,642,226	\$2,050,431	
3d.5. Percentage of allocation (from line 3c.)	0.552680%	0.480403%		0.552680%	0.480403%				
3d.6. Total physical plant support costs benefiting station operations	\$119,976	\$104,351	\$224,327	\$105,374	\$94,501	\$199,875	\$14,602	\$9,850	\$24,452
4. Total costs benefiting station operations (forwards to line 1 on tab 3)	\$654,242	\$569,347	\$1,223,589	\$576,801	\$515,940	\$1,092,741	\$77,441	\$53,407	\$130,848
Occupancy List (Land)									
Total Overstated NFFS							\$77,441	\$53,407	\$130,848
CPB's FY 2019 Incentive Rate of Return							5.212599%	5.212599%	
<i>Potential CSG overpayment /funds put to better use</i>							\$4,037	\$2,784	\$6,821

* University officials provided detailed cost pools for institutional support (line 2c.2) and physical plant support (line 3d.2) that did not agree with licensee's GAAP statements as reported on Schedule B, because costs e.g., depreciation were not included in operating costs. The detailed cost pools are provided in Exhibits E-H.

Exhibit E

FY2017 Institutional Support Cost Center Operating Expenditures per Banner Finance

Report: FGRPDТА - Cost Center	Per WEAA Report	Eliminated By WEAA	Eliminated By OIG	OIG Cost Benefiting the Station
A0010 Academic Affairs Office Budget	\$2,120,666	\$0	\$0	\$2,120,666
A0011 VPAA Sundry Budget	(4,246)	0	(4,246)	0
A0300 Financial Aid Office Budget	80,214	0	80,214	0
E0100 VP Acad Outreach & Engagement Budget	497,495	0	497,495	0
F0100 Finance & Manage Office Budget	1,143,179	0	0	1,143,179
F0101 Admin Serv-Oper & Maint of Plant	(415)	0	0	(415)
F0102 Admin Services-Institutional Support	3,856,812	0	0	3,856,812
F0220 Human Resources Budget	1,296,305	0	0	1,296,305
F0231 Procurement & Property Control Budget	1,314,560	0	0	1,314,560
F0251 Utility Costs Budget	629	0	0	629
F0252 Motor Pool	337,819	0	0	337,819
F0253 Recycling Account	21,754	0	0	21,754
F0270 Communication Services Budget	1,037,835	0	0	1,037,835
F0310 Print Shop Budget	363,448	363,448	0	0
F0340 Bookstore Budget	19	0	0	19
F1101 Budget Office Budget	577,147	0	0	577,147
F1201 Bursar's Office Budget	1,128,168	0	0	1,128,168
F1301 Comptroller's Office Dept Budget	1,186,592	0	0	1,186,592
G0010 VP Institutional Advance Budget	3,065,564	3,065,564	0	0
M0010 VP Enrollment Mgmt & Student Success	320,062	0	320,062	0
N0100 VP International Affairs Budget	644,310	0	644,310	0
P0010 President's Office Budget	1,383,851	0	0	1,383,851
P0020 General Counsel Office Budget	921,152	0	0	921,152
P0011 Board of Regents	100,149	0	0	100,149
P0030 Internal Audit Budget	326,114	0	0	326,114
P0060 Morgan Innovation Day Budget	2,364	0	2,364	0
P0070 Government Relations	270,917	0	0	270,917
P0080 EEO	273,294	0	0	273,294
P0090 Office of Plan & Instit Effect Budget	5,516	0	0	5,516
P0100 Chief of Staff Office Budget	438,785	0	0	438,785
P0101 Commencement Budget	380,535	380,535	0	0
P0102 Sesquicentennial 150th Anniversary	267,992	0	267,992	0
R0100 VP Research & Econ Devel Budget	1,142,342	0	0	1,142,342
R0500 Restrict Funds Accounting Budget	696,728	0	0	696,728
S0100 VP Student Affairs Office Budget	834,461	0	834,461	0
S4000 Public Safety Budget	5,826,055	0	0	5,826,055
T0010 VP Planning & Infor Tech Budget	1,602,369	0	0	1,602,369
T0020 Academic Computer Center Budget	1,420	0	1,420	0
T0030 Information Technology Budget	4,381,440	0	0	4,381,440
T0031 Info Tech- Debt Svc & Maintenance	2,753,073	0	0	2,753,073
Total FY17 Institutional Support	\$40,596,475	\$3,809,547	\$2,644,072	\$34,142,856

Exhibit F

FY2018 Institutional Support Cost Center Operating Expenditures per Banner Finance

Report: FGRPDTA- Cost Center	Per WEAA Report	Eliminated by WEAA	Eliminated By OIG	Accepted by OIG
A0010 Academic Affairs Office Budget	\$1,950,549	\$0	\$0	\$1,950,549
E0100 VP Acad Outreach &Engagement Budget	429,217	0	429,217	0
F0100 Finance & Manage Office Budget	1,287,413	0	0	1,287,413
F0102 Admin Services-Institutional Support	3,314,060	0	0	3,314,060
F0220 Human Resources Budget	1,354,648	0	0	1,354,648
F0231 Procurement & Property Control Budget	1,337,829	0	0	1,337,829
F0251 Utility Costs Budget	87	0	0	87
F0252 Motor Pool	210,903	0	0	210,903
F0253 Recycling Account	31,123	0	0	31,123
F0270 Communication Services Budget	1,018,326	0	0	1,018,326
F0310 Print Shop Budget	272,705	272,705	0	0
F1101 Budget Office Budget	549,694	0	0	549,694
F1201 Bursar's Office Budget	1,082,766	0	0	1,082,766
F1301 Comptroller's Office Dept Budget	1,533,916	0	0	1,533,916
G0010 VP Institutional Advance Budget	2,994,935	2,994,935	0	0
M0010 VP Enrollment Mgmt & Student Success	799,916	0	799,916	0
M0070 Financial Aid Office Budget	89,832	0	89,832	0
N0100 VP International Affairs Budget	124,436	0	124,436	0
P0010 President's Office Budget	1,348,659	0	0	1,348,659
P0011 Board of Regents	89,067	0	0	89,067
P0020 General Counsel Office Budget	933,517	0	0	933,517
P0030 Internal Audit Budget	301,210	0	0	301,210
P0060 Morgan Innovation Day Budget	16,214	0	16,214	0
P0070 Government Relations	277,856	0	0	277,856
P0080 EEO	223,669	0	0	223,669
P0090 Office of Plan & Instit Effect Budget	2,259	0	0	2,259
P0100 Chief of Staff Office Budget	435,292	0	0	435,292
P0101 Commencement Budget	319,170	319,170	0	0
P0102 Sesquicentennial 150th Anniversary	22,511	0	22,511	0
P0103 Presidential Leadership Circle	11,464	0	11,464	0
R0100 VP Research & Econ Devel Budget	1,131,550	0	0	1,131,550
R0500 Restrict Funds Accounting Budget	708,104	0	0	708,104
S0100 VP Student Affairs Office Budget	822,888	0	822,888	0
S4000 Public Safety Budget	6,474,187	0	0	6,474,187
T0010 VP Planning & Infor Tech Budget	1,498,097	0	0	1,498,097
T0030 Information Technology Budget	3,822,512	0	0	3,822,512
T0031 Info Tech- Debt Svc & Maintenance	3,658,022	0	0	3,658,022
Total FY18 Institutional Support	\$40,478,607	\$3,586,810	\$2,316,479	\$34,575,318

Exhibit G

FY2017 Physical Plant Cost Center Operating Expenditure per Banner Finance

Report: FGRPDTA- Organization Cost Center	Per WEAA Report	Eliminated By OIG	Accepted by OIG
A0300 Financial Aid Office Budget	\$3,312	\$3,312	\$0
F0101 Admin Serv-Oper & Maint of Plant	56,854	0	56,854
F0210 Capital Planning Budget	67,973	0	67,973
F0240 Construction Budget (paid from 618)	547,728	0	547,728
F0241 Construct Mngmt Administr Budget	1,091,837	0	1,091,837
F0250 Physical Plant Department	12,063,911	0	12,063,911
F0251 Utility Costs Budget	4,964,993	0	4,964,993
F0252 Motor Pool	3,417	0	3,417
F0255 Facilities Renewal (Univ Supported)	267,591	0	267,591
F0270 Communication Services Budget	1,673	0	1,673
Total FY17 Physical Plant Operating Expenditures	\$19,069,290	\$3,312	\$19,065,978

Exhibit H

FY2018 Physical Plant Cost Center Operating Expenditure per Banner Finance

Report: FGRPDTA -Organization Cost Center	Per WEAA Report	Eliminated by OIG	Accepted by OIG
A0220 Murphy Fine Arts Center Budget	\$950	\$950	\$0
F0101 Admin Serv-Oper & Maint of Plant	83,132	0	83,132
F0210 Capital Planning Budget	19,040	0	19,040
F0240 Construction Budget (paid from 618)	1,465,835	0	1,465,835
F0241 Construct Mngmt Administr Budget	1,105,960	0	1,105,960
F0250 Physical Plant Department	10,818,120	0	10,818,120
F0251 Utility Costs Budget	5,250,204	0	5,250,204
F0252 Motor Pool	781	0	781
F0255 Facilities Renewal (Univ Supported)	928,166	0	928,166
M0070 Financial Aid Office Budget	2,220	2,220	0
Total FY18 Physical Plant Operating Expenditures	\$19,674,409	\$3,170	\$19,671,239

OIG Calculation of Institutional Support Allocation Rate

Functional Area Costs	WEAA Reported		OIG Calculated	
	FY 2017	FY 2018	FY 2017	FY 2018
<i>Licensee Net Direct Activities:</i>				
Instruction	\$65,480,283	\$64,150,601	\$65,480,283	\$64,150,601
Research	\$26,776,321	\$25,490,909	\$26,776,321	\$25,490,909
Public Service	\$527,472	\$578,426	\$527,472	\$578,426
<i>Sub-total</i>	<i>\$92,784,076</i>	<i>\$90,219,936</i>	<i>\$92,784,076</i>	<i>\$90,219,936</i>
Less: Pension liability adjustment	\$1,717,516		\$1,717,516	
<i>Licensee Reported Net Direct Activities</i>	<i>\$91,066,560</i>	<i>\$90,219,936</i>		
Add: OIG Calculated Academic Support Adjustment *			\$1,008,789	\$923,071
<i>OIG Calculated Licensee Net Direct Activities</i>			<i>\$92,075,349</i>	<i>\$91,143,007</i>
OIG Revised Percentage of Allocation Rate	FY 2017		FY 2018	
	AFR	OIG Adjusted Rate	AFR	OIG Adjusted Rate
Station net direct expenses	\$1,271,330	\$1,271,330	\$1,110,942	\$1,110,942
Licensee net direct activities	\$91,066,560	\$92,075,349	\$90,219,935	\$91,143,007
Percentage of allocation rate, Schedule B, Line 2c.5	1.40%	1.380750%	1.23%	1.218900%

* OIG Calculated Adjustment to Licensee Net Direct Activities:
 Station Net Direct Expenses
 Less: CPB Grant Reported under Research Functional Category
 Balance of Station Cost Reported Under Academic Support Functional Category

FY 2017	FY 2018
\$1,271,330	\$1,110,944
<u>\$262,541</u>	<u>\$187,873</u>
<u><u>\$1,008,789</u></u>	<u><u>\$923,071</u></u>

Scope and Methodology

We performed an attestation examination to determine WEAA's compliance with CPB's 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 AFR and reconciled to audited financial statements for the fiscal years ending June 30, 2017 and June 30, 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 WEAA'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 36 NFFS revenue transactions totaling \$227,274 of \$1,012,278 in FY 2017 (22%) and 30 NFFS revenue transactions totaling \$116,365 of \$ 928,928 in FY 2018 (13%).

We reviewed the allowability of expenses charged to the CSGs. To determine whether expenditures were incurred in accordance with the grant terms, we reviewed \$79,773 of \$450,414 expenses (18%) reported for the CSG grants received in FYs 2017 and FY 2018. We reviewed payroll and time reports, journal entry detail, vendor invoices, and other documentation supporting expenditures.

We reviewed corporate policies, records, and documents supporting the station's compliance with the Act requirements to provide advance notice of public meetings; make financial and equal employment opportunity information available to the public; and provide documents supporting compliance with donor lists and political activities prohibitions. We also reviewed the station's website and policies to determine its compliance with CPB's 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 WEAA'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 December 2018 through July 2019. Our examination was performed in accordance with the *Government Auditing Standards* for attestation engagements.



School of Global Journalism & Communication

August 26, 2019

William J Richardson, III
Acting Inspector General
Corporation for Public Broadcasting
401 9th Street NW
Washington, D.C. 20004

Dear Mr. Richardson,

In reply to your draft audit of the Community Service Grants awarded to Morgan State University radio station WEAA, I am submitting for your consideration and action the university's responses to your three findings.

Specifically, we take the following positions.

1. As it relates to your first finding, the university does not concur with the noncompliance issue of "overstated NFFS by \$130,848, which resulted in FY 2019 and FY 2020 CSG overpayments totaling \$6,821". The university believes that the calculation of the IAS is reasonable, in accordance with CPB guidelines, and conservative in the nature of an accounting estimate. WEAA-FM (the station) is an educational component of the university's School of Global Journalism & Communication. The station serves as a learning lab to educate and prepare students for careers in broadcast journalism, media management and program marketing. It also provides listeners across the university's campus and throughout the Baltimore metropolitan area with music, news and public affairs programming that is created by a staff of graduate and undergraduate students and broadcast professionals.

The Dean of the School of Global Journalism & Communication manages the station (hires personnel such as the station manager, serves as primary contact for OIG CPB audit, directs station management, evaluates the station's performance, approves critical decisions, and more). The administration department of the School of Global Journalism & Communication also serves the station (approves payments of expenses, monitors budget, approves budget adjustments, and more). None of these costs are included in IAS or charged directly to the radio station. If the university included these costs, this would result in an understatement of NFFS close to \$100,000.

William J. Richardson, III
August 26, 2019
Page 2

2. As to your second finding, the university concurs with the \$1,900 error. This program has transferred to another department in the university. The expenses for this program are no longer funded from the radio station budget.
3. And, finally, in response to your third finding, the university concurs that the station did not fully comply and now understands the CPB's Communications Act Compliance requirements of Open Financial Records. The university updated the station's website and posted its current AFS and AFR during the fieldwork of the OIG CPB auditors. In addition, the university will hire a web producer for the radio station, the business manager or station manager will post required communications as received, and the station manager will check quarterly that all website links work for public inspection.

Please accept the above comments as the university's official response to the CPB audit for inclusion in your final report.

Sincerely,



DeWayne Wickham
Dean
School of Global Journalism & Communication

cc: Sidney Evans
Deborah Flavin
Malarie Pinkard-Pierre
Monique Stanley
Landis Whitehurst
Kim Chase
Carl Hyden