

CORPORATION FOR PUBLIC BROADCASTING

OFFICE OF THE INSPECTOR GENERAL

**AUDIT OF CPB PRODUCTION GRANTS AWARDED
TO STORYCORPS, INC.
FOR THE PERIOD
SEPTEMBER 1, 2017 THROUGH FEBRUARY 29, 2020**

REPORT NO. APR2004-2103

March 30, 2021



Report in Brief

Why We Did This Audit

We performed this examination based on our annual audit plan.

Our objectives were to determine whether StoryCorps: a) financial reports fairly presented expenditures and revenues; b) costs were incurred in accordance with grant requirements; and c) complied with grant requirements for the period September 1, 2017 through February 29, 2020.

This report contains the conclusions of 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 CPB Production Grants Awarded to StoryCorps, Inc, for the Period September 1, 2017 through February 29, 2020

What We Found

Except for the matters discussed below, StoryCorps, Inc. (StoryCorps) financial reports submitted to the Corporation for Public Broadcasting (CPB) fairly present the costs of StoryCorps' activities in conformity with the CPB grant agreement requirements.

We found StoryCorps:

- was not in compliance with certain grant recordkeeping requirements to fully account for CPB and other funded expenditures on a grant agreement basis;
- incurred questioned costs totaling \$51,873 of which CPB funded \$33,882; and
- was not in compliance with CPB grant terms for annually reporting ancillary revenues.

In response to the draft report, StoryCorps officials agreed with our findings and responded that it has taken corrective actions.

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

What We Recommend

We recommend that CPB require StoryCorps to:

- recover \$33,882 in questioned CPB costs identified in final financial reports; and
- identify StoryCorps' corrective actions to ensure future compliance with CPB grant requirements for recordkeeping, incurring allowable CPB costs, and reporting ancillary revenues.



Corporation
for Public
Broadcasting

Office of the Inspector General

Date: March 30, 2021

To: Jackie J. Livesay, Vice President, Compliance
Kathy Merritt, Senior Vice President, Radio, Journalism and CSG Services

From: Kimberly A. Howell, Inspector General *Kimberly A. Howell*

Subject: Audit of CPB Production Grants Awarded to StoryCorps, Inc, for the Period
September 1, 2017 through February 29, 2020, Report No. APR2004-2103

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 the Inspector General's website and Oversight.gov and distribute it 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
Robert Mandell, 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

TABLE OF CONTENTS

Executive Summary	1
Background	2
Results of Audit	2
Findings and Recommendations	4
I. Recordkeeping	4
II. Questioned Costs.....	6
III. Reporting of Ancillary Revenues.....	12
Exhibit A - Animated Shorts 2017-2019 – CPB Grant No. 34598-TVP.....	14
Exhibit B - Military Voices Initiative 2017 – CPB Grant No. 34588-RAD.....	15
Exhibit C - Mobile Booth Tour 2018-2019 – CPB Grant No. 34716-RAD	16
Exhibit D - Military Voices Initiative 2018-2019 – CPB Grant No. 34883-RAD	17
Exhibit E - One Small Step Communities – CPB Grant No. 34835-RAD	18
Exhibit F - Mobile Booth 2019-2020 – CPB Grant No. 34923-RAD	19
Exhibit G - Unallowable Costs Summary.....	20
Exhibit H - Questioned Direct Production Costs Summary	21
Exhibit I - Scope and Methodology	22
Exhibit J - StoryCorps Response to the Draft Report.....	23

EXECUTIVE SUMMARY

We have completed an audit of the Corporation for Public Broadcasting (CPB) production grants awarded to StoryCorps, Inc. (StoryCorps) for the period September 1, 2017 through February 29, 2020. Our objectives were to determine whether: a) financial reports fairly present grant revenues and expenditures; b) costs were incurred in accordance with grant requirements; and c) the grantee complied with grant requirements.

Based on our audit, except for the matters discussed below, the financial reports presented in Exhibits A through F fairly present the results of StoryCorps' activities in conformity with CPB grant agreement compliance requirements for the period September 1, 2017 through February 29, 2020.

We found StoryCorps:

- was not in compliance with certain grant recordkeeping requirements to fully account for CPB and other funded expenditures on a grant agreement basis;
- incurred questioned costs totaling \$51,873 of which CPB funded \$33,882; and
- was not in compliance with CPB grant terms for annually reporting ancillary revenues.

We recommend that CPB management require StoryCorps to:

- repay \$33,882 in questioned CPB costs identified in final financial reports; and
- identify the corrective actions and controls it will implement to ensure future compliance with CPB grant requirements for recordkeeping, incurring allowable CPB costs, and reporting ancillary revenues.

In response to the draft report, StoryCorps agreed with our findings and recommendations and said it has taken corrective actions. StoryCorps' written response to the draft report is presented in Exhibit J.

This report presents the conclusions of the Office of the 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 StoryCorps' response to the draft report, we consider recommendations one, three and four resolved but open pending CPB's final management determination and acceptance of StoryCorps' corrective actions. We consider recommendation two unresolved pending CPB's final management decision resolving the audit findings.

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

BACKGROUND

StoryCorps, Inc. (StoryCorps) “is America’s oral history project” with a mission “to preserve and share humanity’s stories in order to build connections between people and create a more just and compassionate world.” Founded in 2003, StoryCorps allows individuals to record their stories and archive them at the Library of Congress for future generations. Since its founding, StoryCorps has created initiatives to support recording, preserving, and sharing stories from diverse individuals. These stories are shared on a variety of platforms including weekly NPR broadcasts, podcasts, animated shorts, and books.

Since its founding in 2003, CPB has supported and funded StoryCorps’ initiatives through multiple grants. During the audit period, CPB had six active grants with StoryCorps. CPB funding is shown in the table below.

CPB Funds Awarded to StoryCorps, Inc.

CPB Grant Number	Project	Total CPB Funding	Total Budget as Amended
34598-TVP	Animated Shorts 2017-2019	\$500,000	\$813,731
34588-RAD	Military Voices Initiative 2017	\$292,247	\$326,529
34716-RAD	Mobile Booth Tour 2018 to 2019	\$1,000,000	\$1,757,147
34883-RAD	Military Voices Initiative 2018-2019	\$300,000	\$355,918
34835-RAD	One Small Step Communities	\$481,490	\$486,135
34923-RAD	Mobile Booth 2019-2020	\$1,000,000	\$1,797,029
Total		\$3,573,737	\$5,536,489

The final financial reports for the StoryCorps projects are shown on Exhibits A through F.

RESULTS OF AUDIT

We have audited the accompanying StoryCorps’ final financial reports for the six grants audited, Exhibits A-F. The financial reports are the responsibility of StoryCorps’ management. StoryCorps prepared the final financial reports to comply with the grant financial reporting requirements. Our responsibility is to express an opinion on these reports based on our audit.

Our audit was conducted in accordance with *Government Auditing Standards* for financial audits and auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial reports are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial reports to determine compliance with the grant agreement requirements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial reports. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, except for the matters discussed below, the financial reports presented in Exhibits A-F fairly present the results of StoryCorps' activities in conformity with CPB grant agreement requirements for the period September 1, 2017 through February 29, 2020.

As discussed in the Findings and Recommendations section of this report, our audit found:

- noncompliance with certain grant recordkeeping requirements to fully account for CPB and other funded expenditures on a grant agreement basis;
- questioned costs totaling \$51,873 of which CPB funded \$33,882; and
- noncompliance with CPB grant terms for annually reporting ancillary revenues.

In accordance with *Government Auditing Standards*, we considered StoryCorps' internal control over financial reporting and its compliance with provisions of law and grant agreement requirements. The purpose of the following explanations is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. Accordingly, this information is not suitable for any other purpose.

Internal Control over Financial Reporting

In planning and performing our audit of the final financial reports submitted to CPB, we considered StoryCorps' internal control over financial reporting to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial reports provided to CPB but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of StoryCorps' internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement on the entity's financial reports will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether StoryCorps' financial reports are free from material misstatements, we performed tests of its compliance with certain provisions of law

and grant agreement requirements, noncompliance with which could have a direct and material effect on the determination of financial report amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed noncompliance with certain CPB requirements resulting in questioned costs of \$51,873, \$33,882 in CPB costs, discussed further in the Findings and Recommendations section of the report.

FINDINGS AND RECOMMENDATIONS

I. RECORDKEEPING

Our audit found that StoryCorps complied with recordkeeping requirements for CPB grant revenues but did not keep adequate records to identify CPB grant and other funded expenditures in the general ledger on a grant agreement basis.¹ StoryCorps' accounting system uses the department and project fields to identify program initiatives, some of which CPB funded. On a limited basis, some direct costs were coded to the "opportunity" field² to identify grant-related expenditures for each of the six CPB grants audited. However, direct salary costs were not assigned an "opportunity" field to track salary costs by the six CPB grant agreements.

Direct salaries were only tracked by the department and project fields and an audit trail did not exist to trace allocated salaries into each CPB grant in the accounting system. For the six grants audited, the majority of project expenditures related to salaries and benefits.³ The lack of an "opportunity" field to track allocated salaries were significant for these grants. Allocated salaries ranged from a low of \$85,412 (45 percent of the total salary and benefit costs) for the Military Voices 2017-2018 CPB grant to a high of \$837,916 (71 percent of the total salary and benefit costs) for the Mobilebooth 2019-2020 CPB grant.

Further, for non-salary costs the "opportunity" field was not consistently applied for the grants audited and we were unable to identify CPB and other funded grant expenditures on a grant agreement basis. As a result, we did not have an audit trail to facilitate an effective audit of all costs reported to CPB.

The CPB Terms and Conditions contain the following recordkeeping requirement:

Records. A Grantee and its subcontractors, if any, must keep books, records, and accounts relating to the Grant and the Grant Project sufficient to: ...

ii) allow CPB, by examination of Grantee's general ledger and other records, to account for the Grant Project level of activities in sufficient detail to enable an

¹ StoryCorps did not provide the OIG with a reconciliation of CPB grant revenues to the general ledger and Audited Financial Statements. For the audited grants, we were able to identify CPB grant revenues by using the "opportunity" or "dimension 2" code.

² "Opportunity" field is specific to StoryCorps' general ledger coding. The field was used to identify CPB grant-related revenues and expenditures.

³ For the six grants audited salaries and benefits averaged 59% of total project expenditures.

- audit to verify the investment of the CPB funds in the approved expenses of the Grant project;
- iii) disclose fully the amount and use of the proceeds of the Grant, the Total Project Cost, and the amount and nature of any portion of the Total Project Cost supplied by sources other than CPB; ...
- v) permit an effective audit.

CPB Terms and Conditions for Television, Radio and Other Media Production Grants, 4. Budget and Financial Reporting, G. Records. ii, iii, and v. (2015 and 2018).

StoryCorps officials explained that they had accounts for project level accounting to identify revenues and expenditures for its various programs, e.g., Military Voices, Mobile Tour, One Small Step, and Animation. In addition, StoryCorps used the “opportunity” field to identify expenditures that related to CPB grants. However, CPB grant expenditures were not consistently coded to the “opportunity” field on a grant agreement basis to fully account for all grant expenditures.

In November 2020, StoryCorps took corrective action to comply with recordkeeping requirements to identify all grant expenditures on a grant agreement basis. For StoryCorps’ current grants, it is using the “opportunity” field to identify CPB grant expenditures.

Recommendation

We recommend that CPB management take the following action to assess:

- 1) the adequacy of StoryCorps’ corrective actions to comply with CPB recordkeeping requirements to record all grant costs, including salary costs, on a grant agreement basis using the “opportunity” code or other convention that identifies grant agreement costs.

StoryCorps Response

In response to our draft report, StoryCorps officials agreed that the department, project, and period fields in the general ledger were used to track both personnel and non-personnel production costs for CPB grants. They stated that in most cases the department, project, and period fields were adequate to identify a particular expense to a grant, especially because grant periods infrequently overlap. However, at the beginning of 2020, there were two grants for StoryCorps’ One Small Step project that overlapped for a period of two months. They further stated that on a limited basis, the “opportunity” field (i.e., grant code) was used to track certain direct non-personnel costs. They noted that consistent use of the “opportunity” field would help minimize the risk of grant expenses being incorrectly attributed to the wrong CPB grant.

They stated that as of November 2020, StoryCorps has taken corrective action and now uses the “opportunity” field in the general ledger to track all personnel and non-personnel costs for CPB grants. They noted that this provides an additional level of allocation to ensure that all costs are identifiable to a specific CPB grant.

OIG Review and Comment

Based on StoryCorps' response to the draft report, we consider recommendation one resolved but open pending CPB's final determination accepting StoryCorps' corrective actions.

II. QUESTIONED COSTS

Our testing of \$416,330 in grant expenditures found questioned costs totaling \$51,873, of which CPB funded \$33,882 as itemized in the following table.

Total Questioned Costs

Condition	Gross Amount	CPB Amount
Lack of Supporting Documentation		
Direct Salary Costs	\$25,140	\$16,253
Direct Production Costs	\$19,104	\$12,645
Total Lack of Supporting Documentation	\$44,244	\$28,898
Unallowable CPB Costs		
Costs Incurred for Another Grant Activity	\$6,888	\$4,349
Excess Indirect Costs	\$481	\$476
Unallowable Costs Without Prior Approval	\$260	\$159
Total Unallowable CPB Costs	\$7,629	\$4,984
Total Questioned Costs	\$51,873	\$33,882

StoryCorps reported grant expenses totaling \$44,244 that were not supported with adequate documentation. CPB funded \$28,898 of these costs which we are questioning. StoryCorps also incurred unallowable production expenditures totaling \$7,629. CPB funded \$4,984 of these costs which we are also questioning as itemized in Exhibit G.

Lack of Supporting Documentation

Our testing found a lack documentation to support \$44,244 in reported costs, of which CPB funded \$28,898, as follows:

- direct salary costs of \$25,140 were not supported with contemporaneous project time records to support salaries allocated between different projects (CPB funded \$16,253); and
- direct production costs of \$19,104 that were not recorded in general ledger accounts as itemized in Exhibit H (CPB funded \$12,645).

Direct Salary Costs

Personnel costs reported for the six selected CPB-funded grants totaled \$3,263,640. A total of \$2,198,549 or 67%, were salaries and benefits for individuals who worked less than 100% of their time on the project. We tested \$55,362 of direct personnel expenditures and questioned \$25,140; CPB funded \$16,253. The questioned costs were for individuals who worked less than 100% of their time on the six projects. We questioned these costs for the lack of contemporaneous documentation (e.g., project timecards) to verify the allocation rates used.

As background, StoryCorps used the department, project, and period fields in the general ledger to identify direct personnel expenditures for its CPB grants. Direct salary costs were not assigned an “opportunity” code to track these costs by specific grant agreements. Employees either spent 100 percent of their time on a CPB project or split their time between different projects.

For those employees that allocated their time to various projects, StoryCorps officials explained that they had discussions with personnel to determine the allocation rates used to report grant agreement personnel costs based on time spent working on each project. These discussions occurred in preparation of interim financial reports (e.g., every 3 months for CPB Grant No. 34716) and final CPB financial reports; the rates were documented in Excel workbooks used to track grant expenditures.⁴ These discussions were not documented to identify the employees talked to or the dates of the discussions.

Salary allocations were calculated in Excel, outside of the general ledger, and were only reflected in the schedules prepared to support the financial reports submitted to CPB. There were no allocations of salary costs in the general ledger accounts between departments or project fields.

StoryCorps officials took corrective actions in November of 2020 for its current grants to comply with CPB personnel time keeping requirements by incorporating the allocation of personnel time into its timekeeping system and general ledger. Specifically, on a biweekly basis, employees are required to certify the accuracy of the time allocation for the pay period before approval and processing of their timecards.

Direct Production Costs

StoryCorps used the department, project, and period fields in the general ledger to identify both personnel and direct non-personnel production costs for CPB grants. We found that direct non-personnel expenditures for CPB grants were not consistently recorded on a grant agreement basis, which resulted in variances between the final financial reports submitted to CPB and the general ledger. In addition, one of the grants tested, Grant No. 34835 (One Small Step), overlapped with another CPB grant and the grant expenditures associated with the two grants were comingled in the general ledger. This did not facilitate our audit to trace reported costs to general ledger accounts for each grant. Our testing identified \$19,104 in production expenditures that were included in CPB final financial reports but were not recorded in the associated general ledger accounts (CPB funded \$12,645).⁵

StoryCorps officials agreed that historically, general ledger coding for direct non-personnel production expenditures was not done consistently. They explained that the variances identified between the final financial report and the general ledger were likely due to coding errors and that the final financial reports submitted to CPB were accurate. Further, they stated that several of

⁴ Noted that allocation rates were also applied to some direct non-personnel expenditures.

⁵ This amount does not include comparison of 2020 non-personnel expenditures for CPB Grants No. 34923 and 34835 because 2020 general ledger detail was not provided by StoryCorps.

the final financial reports were prepared by former employees and the basis for that reporting (e.g., a reconciliation of the final report to general ledger accounts) was not retained for audit.

StoryCorps officials took corrective action in November of 2020 for its current grants to comply with recordkeeping requirements to consistently identify direct non-personnel costs for CPB grants using the “opportunity” field.

* * * * *

The CPB Terms and Conditions contain the following recordkeeping requirement:

Records. A Grantee and its subcontractors, if any, must keep books, records, and accounts relating to the Grant and the Grant Project sufficient to:

- i) enable CPB to verify all direct costs, overhead, and administrative allocations associated with the Grant Project; ...
- iv) substantiate labor costs with timesheets or other relatively contemporaneous record-keeping documents, consistent with the representation of those costs within the budget of the Grant or the subcontract of the Grant. Specifically: ...b) costs represented in a budget as a percentage of annual time must be recorded no less frequently than every month; ...
- v) permit an effective audit.

CPB Terms and Conditions for Television, Radio and Other Media Production Grants, 4. Budget and Financial Reporting, G. Records. i, iv, and v. (2015 and 2018).

Further, the CPB Terms and Conditions contain the following grant project financial reporting requirement:

Grant Project Financial Reports. Each Grantee must provide CPB with interim financial reports during production of its Grant Project according to the schedule contained in the Grant Agreement. Each Grantee must also provide CPB with a final financial report when the Grant Project is completed and delivered. All financial reports shall: ...

- v) be reconcilable with the Grantee’s general ledger accounts; ...

CPB Terms and Conditions for Television, Radio and Other Media Production Grants, 4. Budget and Financial Reporting, K. Grant Project Financial Reports. v. (2015 and 2018).

To summarize our results, StoryCorps did not:

- Maintain adequate contemporaneous records required by CPB grant terms of the time employees spent on CPB grant activities which were needed to verify the salary costs claimed. As a result, we questioned tested allocated salary costs of \$25,140 claimed under the CPB grants which resulted in CPB questioned costs of \$16,253.

- Maintain documentation of how final financial reports were prepared to enable us to independently verify all costs claimed on the financial report submitted to CPB to general ledger accounts on a grant agreement basis. As a result, we questioned \$19,104 claimed under CPB grant agreements not supported by the general ledger which resulted in CPB questioned costs of \$12,645.

In total we questioned unsupported costs of \$44,244 reported under the CPB grants, which results in \$28,898 in CPB questioned costs.

Unallowable CPB Costs

Our audit found questioned costs of \$7,629 for unallowable expenditures as summarized in the following table and itemized in Exhibit G by CPB grant agreement. We identified \$4,984 in grant related CPB questioned costs.

Unallowable CPB Costs

Conditions	Total Questioned Costs	CPB Questioned Costs
Costs incurred for another grant activity	\$6,888	\$4,349
Excess Indirect Costs	\$481	\$476
Unallowable Costs Without Prior Approval	\$260	\$159
Total	\$7,629	\$4,984

Costs Incurred for Another Grant Activity

Our testing identified reported costs of \$6,888 were incurred for other or future grant activities not covered by the grant audited. The specific transactions and grants tested are detailed in Exhibit G.

CPB Terms and Conditions limits the use of CPB funds to only the authorizing grant.

Authorized Uses of CPB Funds. No Grantee may apply amounts received under a Grant to any purpose other than actual costs incurred in performance of the Grant Project in accordance with its Budget.... Grantee agrees to repay to CPB, immediately upon CPB's written request, any portion of the Grant which CPB determines has been expended in a manner that is inconsistent with either these Terms and Conditions or the individual Grant Agreement.

CPB Terms and Conditions for Television, Radio and Other Media Production Grants, 4. Budget and Financial Reporting, F. Authorized Uses of CPB Funds. (2015 and 2018).

In response to this finding, StoryCorps officials provided the following explanations.

- The digital advertising costs were believed to have been incurred during the grant term and were included in error.

- The travel costs were paid during the grant term for future travel outside of the grant period and they were included in error.
- Half of the phone charges were incurred during the grant term. The other half were included because it was a recurring charge and the phone charges at the end of the grant period were excluded.
- Expenditures related to future Mobile Booth tours were included in the final financial reports because they were related to the Mobile Booth tour program initiative.

As a result, we questioned \$4,349 in grant related CPB costs.

Excess Indirect Costs

We identified \$481 in excess indirect costs reported for StoryCorps' One Small Step Communities, Grant No. 34835. StoryCorps used the grantee calculated CPB rate for indirect costs. StoryCorps' allocation rate for finance and fundraising costs was calculated by dividing total direct grant costs by StoryCorps' total costs, less in-kind expenditures. StoryCorps understated total direct grant costs by \$4,018 in its calculation. This error resulted in a \$481 overstatement of reported indirect costs and related CPB questioned costs of \$476.

CPB's indirect costs policy provides guidance for claiming indirect costs.

The detailed expense accounts that comprise the cost pools of the CPB Rate calculation, as well as the direct cost accounts that comprise the allocation base, must be directly traceable to general ledger accounts that reconcile to the organization's financial statements described in paragraph (a) above. The departments, activities, projects, specific expenses and any adjustments needed to arrive at each cost pool must be fully documented at the time the grant is negotiated.

CPB Guidelines for Indirect Costs, Guidelines, Indirect Cost Rates, Method 3. Use the CPB Treatment to calculate an indirect cost rate ("CPB Rate"), b. (March 24, 2014).

StoryCorps officials explained that the indirect cost rate was calculated during the grant proposal process. During the approval process, finance and fundraising expenditures in the audited financial statements were adjusted. This adjustment was not included in the rate calculation in error.

StoryCorps overstated indirect expenditures for One Small Step, Grant No. 34835 by \$481 resulting in questioned CPB costs of \$476.

Unallowable Costs Without Prior Approval

Our testing of the StoryCorps Mobile Booth Tour 2019-2020, Grant No. 34923, identified that a \$260 fine for a traffic violation was reported as a production cost. StoryCorps did not receive consent from CPB to include the fine as a reimbursable cost.

CPB guidelines address costs that can be claimed in production agreements, including fines and penalties when they are duly authorized by CPB.

Fines and penalties. Not allowed without CPB's express consent on a case-by-case basis.

CPB Guidelines for Indirect Costs, Guidelines, Attachment A: CPB Treatment of Cost Elements under OMB Circular A-122 for CPB Funded Projects. 16. (March 24, 2014).

StoryCorps officials indicated that the traffic violation occurred when a StoryCorps employee was driving a company car and working on the Mobile Booth tour.

As a result, we questioned \$260 of which \$159 were grant related CPB costs.

Recommendation

We recommend CPB management take the following actions:

- 2) recover the \$33,882 in questioned costs; and
- 3) ensure that StoryCorps corrective actions comply with CPB grant requirements to:
 - a) record and report financial results on a grant agreement basis;
 - b) maintain adequate documentation to support reported costs; and
 - c) ensure costs are incurred on allowable activities.

StoryCorps Response

Lack of Supporting Documentation for Certain Direct Personnel Costs

In response to our draft report, StoryCorps officials stated that budgets were prepared for all CPB grants in consultation with relevant staff to confirm staff time allocated to CPB grants. The allocations were based on StoryCorps' historical experience managing these programs, many of which have run for several years, or were informed by similar projects. They stated that StoryCorps staff review and adjust the allocations with each new proposal to account for internal staffing changes, modifications to the program design, and/or learnings from the previous grant period. The percentages for each position were provided to CPB when presenting budgets for review and approval. In addition, a chart showing budgeted staff allocations across all CPB grants was regularly updated and provided to CPB.

In its response, StoryCorps explained that historically staff electronically signed biweekly timecards in the payroll system, with the understanding that the actual time worked was in accordance with the budgeted allocation. Any significant variances in actual hours worked, as compared to budgeted hours, were brought to the attention of the Finance department, and subsequently communicated to CPB.

As of November 2020, StoryCorps has taken corrective action to ensure full compliance with CPB timekeeping requirements by incorporating time allocations for staff members allocated at less than 100% on a CPB grant into its timekeeping system and general ledger.

Unallowable CPB Costs

StoryCorps officials noted that costs that were deemed unallowable per CPB Terms and Conditions generally fell into two categories. The first category were costs that were for the designated purpose of the grant but were incurred outside the grant period. These costs were therefore charged to one grant but should have been charged to the subsequent grant renewal. The second category were costs that were unallowable as part of CPB's share of costs without approval but would be allowable as part of the grantee's cost share. The specific cost, a minimal parking ticket, was approved internally by StoryCorps staff and would be allowable as part of the grantee's cost share if grant expenses had been separately identified by each funder.

StoryCorps officials agreed with the findings and have taken corrective actions to ensure that unallowable costs are not charged to grants in the future.

OIG Review and Comment

Based on StoryCorps' response to the draft report, we consider recommendation two unresolved and open pending CPB's final determination accepting the recovery of the grant overpayments to CPB. We consider recommendation three resolved but open pending CPB's final determination accepting StoryCorps' corrective actions.

III. REPORTING OF ANCILLARY REVENUES

We found that StoryCorps did not comply with CPB grant requirements to annually report ancillary revenues. The annual requirement starts in the November following the first broadcast for the Grant Project and reports activity for the twelve-month period ending September 30 for each grant agreement. For the six grants audited, annual submission of ancillary revenues was required even if no revenues were received. StoryCorps did not submit any ancillary revenue reports as required by the six grants.

Two of StoryCorps' CPB grant agreements include the following specific provision for annual ancillary revenue reporting:

6.1 Revenue Participation, CPB Share. In the event the Grantee generated Ancillary Revenue through the exercise of its Ancillary Rights, CPB is entitled to receive a share of all Net Proceeds generated in connection with the exercise of such rights ("CPB Share"). The CPB Share...shall be reported annually on the Ancillary Revenue Reporting Form (Attachment F), even if there were no Gross Proceeds during the prior year.

CPB Grant Agreements. "StoryCorps Animated Shorts 2017-2019" CPB ID #34598-TVP and "StoryCorps – Military Voices Initiative 2017" CPB ID #34588-RAD, Article 6. Sharing of Ancillary Revenue, 6.1. February 2014 Form.

Further, all of StoryCorps' CPB grant agreements require compliance with CPB Terms and Conditions. The Terms and Conditions provide the following requirement on annual ancillary revenue reporting:

- ii) Reporting Obligations; Records. Each Grantee must report to CPB by November 15 of each year all Net Proceeds received in the twelve-month period ending on the preceding September 30 (if there have been no Net Proceeds during the prior year, each Grantee shall so report). In addition to the other records a Grantee is required to maintain and retain, each Grantee must maintain and retain records of all Net Proceeds for three (3) years after the conclusion of the time period within which CPB may share in Net Proceeds.

CPB Terms and Conditions for Television, Radio and Other Media Production Grants, 6. Revenue Participation, B. Provisions for Revenue Sharing After the Lock Up Period. (2015 and 2018).

StoryCorps officials stated that there was no annual reporting to CPB on ancillary revenues because there were no ancillary revenues to report. The absence of reporting confirmed that no ancillary revenues were received. Furthermore, StoryCorps was not notified by CPB that it had not complied with ancillary revenue reporting requirements which led it to believe StoryCorps complied.

StoryCorps did not comply with CPB Grant requirements for annual reporting of ancillary revenues even when no ancillary revenues were received.

Recommendation

We recommend CPB management take the following action:

- 4) require StoryCorps to identify the corrective actions and controls it will implement to ensure future compliance with the annual ancillary revenue reporting requirement.

StoryCorps Response

In response to our draft report, StoryCorps stated that they did not submit ancillary revenue reports because there were no ancillary revenues to report. They stated that they will submit annual reports going forward even if there are no ancillary revenues to report.

OIG Review and Comment

Based on StoryCorps' response to the draft report, we consider recommendation four resolved and open pending CPB's final determination accepting StoryCorps' corrective actions.

Animated Shorts 2017-2019
Final Financial Report – August 31, 2019
CPB Grant Number 34598-TVP⁶

	Total Budget	Actual To Date	Variance	%
INCOME:				
Grantee Guarantee:				
StoryCorps – Foundations/Other	\$306,789	\$313,731	(\$6,942)	102%
Corporation for Public Broadcasting	\$500,000	\$450,000	\$50,000	90%
TOTAL INCOME	\$806,789	\$763,731	\$43,058	95%
EXPENSES:				
Personnel – StoryCorps:				
Project Management and Editorial	\$279,813	\$283,869	(\$4,056)	101%
Animation Promotion	48,597	50,421	(1,823)	104%
Total Personnel – StoryCorps	\$328,411	\$334,290	(\$5,879)	102%
Non-personnel – StoryCorps:				
Marketing and Promotion	135,300	135,834	(534)	100%
Total Non-Personnel – StoryCorps	\$135,300	\$135,834	(\$534)	100%
Production Expenses:				
Production Fee – Animation Studio*	\$240,000	\$240,000	\$0	100%
Music License Fees	3,000	3,000	0	100%
Translation and Captioning	15,000	14,487	513	97%
Total Production Expenses	\$258,000	\$257,487	\$513	100%
Total Direct Expenses	\$721,711	\$727,611	(\$5,900)	101%
Indirect Expenses	\$85,078	\$86,120	(\$1,042)	101%
GRAND TOTAL – EXPENSES	\$806,789	\$813,731	(\$6,942)	101%

* Indirect expense rate not applied to these sub-contractor costs.

⁶ For presentation purposes, we did not include itemized variance explanations that were provided in the final financial reports submitted to CPB. In addition, we consolidated individual personnel budget line items to protect confidential salary information.

Military Voices Initiative 2017
Final Financial Report – September 30, 2018
CPB Grant Number 34588-RAD⁷

	Total Budget	Total To Date	Variance	%
INCOME				
Corporation for Public Broadcasting	\$300,000	\$270,000	\$30,000	90%
Grantee Guarantee - StoryCorps	35,192	34,282	910	97%
TOTAL INCOME	\$335,192	\$304,282	\$30,910	91%
EXPENSES				
Personnel:				
Program Management and Outreach	\$66,250	\$66,586	(\$336)	101%
National - Interview Collection	47,237	45,284	1,953	96%
Production	29,014	28,634	379	99%
Marketing & Communications	9,088	9,282	(194)	102%
Data Analysis	1,239	1,236	3	100%
Recording & Archive	4,268	5,018	(750)	118%
Fringes	32,990	34,777	(1,787)	105%
Total Personnel Expenses	\$190,086	\$190,817	(\$731)	100%
Professional Fees:				
Freelance Producer	\$15,000	\$6,986	\$8,014	47%
Drivers - Transport Mobile Booth	3,200	979	2,221	31%
Total Professional Fees	\$18,200	\$7,965	\$10,235	44%
Community Events	\$3,000	\$2,844	\$156	95%
Printing & Materials	900	1,070	(170)	119%
Advertising & Promotion	\$3,900	\$3,914	(\$14)	100%
Travel	\$65,220	\$67,363	(\$2,143)	103%
Other	1,100	1,249	(149)	114%
Total Non-Personnel Expenses	\$88,420	\$80,491	\$7,929	91%
Total Personnel and Non-Personnel Expenses	\$278,506	\$271,308	\$7,198	97%
Indirect Expenses	\$56,687	\$55,222	\$1,465	97%
TOTAL EXPENSES	\$335,192	\$326,529	\$8,663	97%

⁷ For presentation purposes, we did not include itemized variance explanations that were provided in the final financial reports submitted to CPB. In addition, we consolidated individual personnel budget line items to protect confidential salary information.

Mobile Booth Tour 2018-2019
Final Financial Report – February 28, 2019
CPB Grant Number 34716-RAD⁸

	Total Budget	Total To Date	Variance	%
INCOME				
Grantee Guarantee:				
National Endowment for the Arts	\$100,000	\$100,000	\$0	100%
Foundations & Individual Donations	519,572	537,108	(17,536)	103%
In-Kind Contributions - Lodging	116,790	120,039	(3,249)	103%
Grantee Guarantee Total	\$736,362	\$757,147	(\$20,785)	103%
Corporation for Public Broadcasting	\$1,000,000	\$900,000	\$100,000	90%
TOTAL INCOME	\$1,736,362	\$1,657,147	\$79,215	95%
EXPENSES				
Personnel:				
Program Management	\$37,606	\$48,454	(\$10,849)	129%
Mobile Booth	282,680	297,495	(14,815)	105%
Marketing & Communication	52,123	51,108	1,015	98%
Public Information & Accessibility	7,800	7,286	514	93%
Data Analysis	9,440	9,217	223	98%
Recording & Archive	46,233	46,314	(82)	100%
Production	534,634	519,357	15,277	97%
Fringes	210,602	211,257	(655)	100%
Total Personnel Expenses	\$1,181,117	\$1,190,489	(\$9,372)	101%
Phone	\$2,340	\$1,831	\$509	78%
Professional Fees:				
Drivers - Transport Mobile Booth	\$12,000	\$10,229	\$1,771	85%
Reservation Services	5,760	6,175	(415)	107%
Scanning, Archiving, Transcription	1,613	2,576	(963)	160%
Total Professional Fees	\$19,373	\$18,979	\$393	98%
Advertising & Promotion	\$3,774	\$3,689	\$85	98%
Auto Expense	7,092	5,911	1,181	83%
Office & Facility Supplies	5,969	4,143	1,826	69%
Other Operating Expenses	12,885	14,466	(1,581)	112%
Repair & Maintenance	6,600	2,860	3,740	43%
Travel	85,100	96,220	(11,120)	113%
Lodging - In-Kind	116,790	120,039	(3,249)	103%
Total Non-Personnel Expenses	\$259,923	\$268,138	(\$8,215)	103%
Total Personnel and Non-Personnel Expenses	\$1,441,040	\$1,458,627	(\$17,587)	101%
Indirect Expenses (22.3011%)	\$295,322	\$298,520	(\$3,198)	101%
TOTAL EXPENSES	\$1,736,362	\$1,757,147	(\$20,785)	101%

⁸ For presentation purposes, we did not include itemized variance explanations that were provided in the final financial reports submitted to CPB. In addition, we consolidated individual personnel budget line items to protect confidential salary information.

Military Voices Initiative 2018-2019
Final Financial Report – September 30, 2019
CPB Grant Number 34883-RAD⁹

	Total Budget	Actual To Date	Variance	To Date vs. Budget
INCOME				
Corporation for Public Broadcasting	\$300,000	\$270,000	\$30,000	90%
Grantee Guarantee - StoryCorps	53,615	53,615	0	100%
TOTAL INCOME	\$353,615	\$323,615	\$30,000	92%
EXPENSES				
Personnel:				
Program Management and Outreach	\$67,000	\$67,537	(\$537)	101%
National - Interview Collection	51,217	51,309	(92)	100%
Production	29,892	29,689	204	99%
Marketing & Communications	9,225	9,223	3	100%
Data Analysis	1,035	1,711	(676)	165%
Recording & Archive	6,442	5,142	1,301	80%
Fringes	34,611	34,568	42	100%
Total Personnel Expenses	\$199,423	\$199,179	\$244	100%
Professional Fees:				
Freelance Producer	\$15,000	\$11,118	\$3,882	74%
Drivers - Transport Mobile Booth	4,400	5,000	(600)	114%
Total Professional Fees	\$19,400	\$16,118	\$3,282	83%
Community Events	\$4,000	\$2,846	\$1,154	71%
Printing & Materials	1,200	1,037	163	86%
Advertising & Promotion	5,200	3,883	1,317	75%
Travel	68,700	75,557	(6,857)	110%
Other	1,100	1,000	100	91%
Total Non-Personnel Expenses	\$94,400	\$96,558	(\$2,158)	102%
Total Personnel and Non-Personnel Expenses	\$293,823	\$295,737	(\$1,914)	101%
Indirect Expenses	\$59,791	\$60,181	(\$389)	101%
TOTAL EXPENSES	\$353,615	\$355,918	(\$2,303)	101%

⁹ For presentation purposes, we did not include itemized variance explanations that were provided in the final financial reports submitted to CPB. In addition, we consolidated individual personnel budget line items to protect confidential salary information.

One Small Step Communities
Final Financial Report – February 29, 2020
CPB Grant Number 34835-RAD¹⁰

	Total Budget	Total To Date	To Be Paid	Final Income/ %Expended
INCOME				
Corporation for Public Broadcasting	\$500,000	\$450,000	\$31,490	\$ 481,490
Grantee Guarantee	4,824	4,645	0	4,645
TOTAL INCOME	\$504,824	\$454,645	\$31,490	\$ 486,135
EXPENSES				
Personnel:				
Program Management and Outreach	\$103,200	\$104,448	(\$1,248)	101%
Recording Interviews and Station Training	14,288	14,389	(101)	101%
Production	7,382	7,295	87	99%
Marketing & Communications	4,541	4,691	(150)	103%
Research & Evaluation	1,647	1,701	(54)	103%
Recording & Archive	8,502	7,813	689	92%
Fringes	29,094	29,471	(377)	101%
Total Personnel Expenses	\$168,655	\$169,806	(\$1,151)	101%
Non-Personnel Expenses:				
Station Relations Consultant	\$10,000	\$10,000	\$0	100%
Space Rental, Materials for Station Training in NYC	5,000	1,649	3,351	33%
Portable Recording Equipment for Stations*	18,000	13,959	4,041	78%
Travel - Stations to NYC for Training	12,720	12,720	0	100%
Travel - StoryCorps Staff to Stations	14,520	12,704	1,816	87%
Live Event*	50,000	50,000	0	100%
Freelance Producer	3,000	5,380	(2,380)	179%
Stipends to Station Partners:			0	
Stipends to Radio Stations (6 at \$30,000)*	180,000	167,315	12,685	93%
Total Non-Personnel Expenses	\$293,240	\$273,728	\$19,512	93%
Total Direct Expenses	\$461,895	\$443,534	\$18,361	96%
Indirect Expenses	\$42,929	\$42,601	\$328	99%
TOTAL EXPENSES	\$504,824	\$486,135	\$18,690	96%

* Indirect expense rate not applied to these costs.

¹⁰ For presentation purposes, we did not include itemized variance explanations that were provided in the final financial reports submitted to CPB. In addition, we consolidated individual personnel budget line items to protect confidential salary information.

Mobile Booth 2019-2020
Final Financial Report – February 29, 2020
CPB Grant Number 34923-RAD¹¹

	Total Budget	Total To Date	Variance	%
INCOME				
Corporation for Public Broadcasting	\$1,000,000	\$900,000	\$100,000	90%
National Endowment for the Arts	100,000	85,000	15,000	85%
Foundations & Individual Donations	540,809	652,543	(111,734)	121%
in-Kind Contributions - Lodging	137,778	159,486	(21,708)	116%
TOTAL INCOME	\$1,778,587	\$1,797,029	(\$18,442)	101%
EXPENSES				
Personnel:				
Program Management	\$39,798	\$41,017	(\$1,219)	103%
Mobile Booth	296,593	297,301	(708)	100%
Marketing & Communication	54,224	56,080	(1,856)	103%
Public Support & Solutions	6,600	6,849	(249)	104%
Research & Evaluation	10,831	11,074	(242)	102%
Recording & Archive	52,243	53,026	(783)	101%
Production	501,993	496,367	5,626	99%
Fringes	217,476	217,347	129	100%
Total Personnel Expenses	\$1,179,758	\$1,179,059	\$699	100%
Professional Fees:				
Drivers - Transport Mobile Booth	\$12,500	\$11,954	\$546	96%
Reservation Services	6,480	9,608	(3,128)	148%
Scanning, Archiving, Transcription	1,814	1,784	31	98%
Total Professional Fees	\$20,794	\$23,345	(\$2,551)	112%
Advertising & Promotion	\$3,600	\$2,815	\$785	78%
Auto Expense	6,650	4,990	1,660	75%
Office & Facility Supplies	5,832	4,384	1,449	75%
Other Operating Expenses	12,385	12,582	(197)	102%
Phone	2,340	2,356	(16)	101%
Repairs & Maintenance	4,000	4,092	(92)	102%
Travel	89,480	88,578	902	99%
Lodging - In-Kind*	137,778	159,486	(21,708)	116%
Total Non-Personnel Expenses	\$282,860	\$302,630	(\$19,770)	107%
Total Personnel and Non-Personnel Expenses	\$1,462,618	\$1,481,689	(\$19,071)	101%
Indirect Expenses	\$315,969	\$315,340	\$629	100%
TOTAL EXPENSES	\$1,778,587	\$1,797,029	(\$18,443)	101%

¹¹ For presentation purposes, we did not include itemized variance explanations that were provided in the final financial reports submitted to CPB. In addition, we consolidated individual personnel budget line items to protect confidential salary information.

StoryCorps
Unallowable Costs Summary
For the period September 1, 2017 – February 29, 2020

Grant ID	Grant Name	Budget Line Item Description	Expense Description	Gross Amount	CPB Amount
Costs Incurred for Another Grant Activity:					
#34598-TVP	Animated Shorts	Advertising	Digital Advertising	\$3,725	\$2,289
#34835-RAD	One Small Step	Travel - StoryCorps Staff to Stations	Future flight for StoryCorps staff	337	334
#34923-RAD	Mobilebooth 2019-2020	Phone	Phone Charges related to outside grant term	47	29
#34923-RAD	Mobilebooth 2019-2020	Travel	Trip Expenses related to future tours	1,816	1,109
#34716-RAD	Mobilebooth 2018-2019	Travel	Trip Expenses related to future tours	621	379
#34716-RAD	Mobilebooth 2018-2019	Reservation Services - Professional Fees	Call center Charges related to outside grant term	242	148
#34716-RAD	Mobilebooth 2018-2019	Other Operating Expenses	Membership Dues related to another grant	100	61
Total Costs Incurred for Another Grant Activity				\$6,888	\$4,349
Excess Indirect Costs:					
#34835-RAD	One Small Step	Indirect Expenses	Indirect Cost Variance	\$481	\$476
Total Excess Indirect Costs				\$481	\$476
Unallowable Costs Without Prior Approval:					
#34923-RAD	Mobilebooth 2019-2020	Auto Expense	Traffic violation	\$260	\$159
Total Unallowable Costs Without Prior Approval				\$260	\$159
TOTAL UNALLOWABLE COSTS				\$7,629	\$4,984

StoryCorps
Questioned Direct Production Costs Summary
For the period September 1, 2017 – February 29, 2020¹²

Direct Production Costs						
Grant ID	Grant Name	Budget	Final Financial Report	GL Detail	Gross Questioned	CPB Questioned
34716-RAD	Mobile Booth 18-19	\$358,432	\$352,921	\$345,493	\$7,428	\$4,537
34598-TVP	Animated Shorts	\$283,735	\$283,589	\$282,125	\$1,464	\$899
34883-RAD	MVI 18-19	\$15,000	\$11,118	\$6,974	\$4,144	\$3,493
34835-RAD	One Small Step	\$35,062	\$35,438	\$35,411	\$27	\$27
34923-RAD	Mobilebooth 19-20	\$361,376	\$360,122	\$354,081	\$6,041	\$3,689
	Total	\$1,053,605	\$1,043,188	\$1,024,084	\$19,104	\$12,645

¹² Includes differences between direct personnel and non-personnel budget line items. For questioned salaries, we calculated the fringe benefit based on the salary that was questioned.

Scope and Methodology

We conducted our audit in accordance with Government Auditing Standards for financial audits to determine whether StoryCorps: a) submitted financial reports that fairly presented total project grant expenditures; b) incurred costs in accordance with grant requirements; and c) complied with grant requirements.

We performed our audit field work during the period April 2020 through January 2021. The scope of the audit included reviews and tests of the costs reported by StoryCorps on CPB Grant No. 34598-TVP, 34588-RAD, 34716-RAD, 34883-RAD, 34835-RAD, and 34923-RAD, during the period September 1, 2017 through February 29, 2020. These financial reports are provided in Exhibits A through F.

In conducting our audit, we reviewed CPB's grant files and discussed the award and administration of the grant with CPB officials from the Office of the General Counsel and Radio, Journalism, and CSG Services. We also discussed the grants with various StoryCorps officials, including its Chief Executive Officer, Chief Financial and Administrative Officer, Director of Finance, Military Voices Initiative Manager, and former Manager of the Mobile Tour Initiative, covering the grant agreements and management's policies and procedures. We also reconciled the financial data maintained by StoryCorps in its accounting records to StoryCorps' audited financial statements and general ledgers for the grants to the expenses it reported to CPB.

We tested the accuracy of grant expenditures that StoryCorps claimed by performing financial reconciliations and comparisons to underlying accounting records to verify transactions recorded in the general ledger and reported to CPB on payment requests. We also evaluated compliance with the grant agreement terms, in part, by testing 80 judgmentally selected expenditures of \$176,330 from the universe of \$5,536,489 in expenses reported under the grants to supporting documentation maintained by StoryCorps. In addition, we tested the animation production agreement expenses totaling \$240,000. We also reviewed StoryCorps' indirect cost rate methodology for compliance with CPB grant terms for costs incurred on all selected grants to determine reasonableness and allowability.

We gained an understanding of the internal controls over the preparation of the grant financial reports, cash receipts, and payment authorizations. We also gained an understanding of StoryCorps' policies and procedures for compliance with 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. Further, to obtain reasonable assurance that financial reports submitted to CPB were free of material misstatements, we performed tests of compliance with certain provisions of law and grant agreement requirements, when noncompliance could have a direct and material effect on the grant report amounts.



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

March 18, 2021

Dear Mr. Richardson:

Thank you for providing us with a copy of the OIG draft report No. APR2004-XXXX dated February 17, 2021 concerning production grants awarded to StoryCorps, Inc. (StoryCorps) by the Corporation for Public Broadcasting (hereinafter referred to as "CPB") for the period September 1, 2017 through February 29, 2020. We have reviewed the report's findings and welcome this opportunity to respond.

I. Recordkeeping

The OIG noted that StoryCorps complied with recordkeeping requirements for CPB grant revenues but did not keep adequate records to identify CPB grant and other funded expenditures in the general ledger on a grant agreement basis.

As the OIG notes, StoryCorps used department, project, and period fields in the general ledger to track both personnel and non-personnel production costs for CPB grants. In addition, on a limited basis, the "opportunity" field (i.e., grant code) was used to track certain direct non-personnel costs. In most cases, the department, project, and period fields are adequate to identify a particular expense to a grant, especially because grant periods infrequently overlap. However, as noted by the OIG, there were two grants for StoryCorps' One Small Step project that overlapped for a period of two months at the beginning of 2020. Consistent use of the "opportunity" field would help minimize the risk of grant expenses being incorrectly attributed to the wrong CPB grant.

As of November 2020, StoryCorps has taken corrective action, and now uses the "opportunity" field in our general ledger to track all personnel and non-personnel costs for CPB grants. This provides an additional level of allocation to ensure that all costs are identifiable to a specific CPB grant.

II. Questioned Costs

Lack of Supporting Documentation for Certain Direct Personnel Costs

The OIG noted that direct personnel costs for StoryCorps staff who are allocated at less than 100% on CPB grants lacked time allocations to grant-funded projects in the payroll system to verify these rates.

StoryCorps prepares budgets for all CPB grants in consultation with relevant staff to confirm staff time allocated to each grant. These allocations are based on StoryCorps' historical experience managing these programs, many of which have run for several years—and have been generously supported by CPB—or are informed by similar projects. StoryCorps reviews and adjusts these allocations with each new proposal to account for internal staffing changes, modifications to the program design, and/or learnings from the previous grant period. The percentages for each position are provided to CPB when presenting the budget for review and approval. In addition, a chart showing budgeted staff allocations across all CPB grants is regularly updated and provided to CPB.

Historically, StoryCorps staff electronically sign biweekly timecards in our payroll system, with the understanding that the actual time worked is in accordance with the budgeted allocation. Any significant variances in actual hours worked, as compared to budgeted hours, are brought to the attention of the Finance department, and subsequently communicated to CPB. As of November 2020, StoryCorps has taken corrective action to ensure full compliance with CPB timekeeping requirements by incorporating time allocations for staff members allocated at less than 100% on a CPB grant into our timekeeping system and general ledger.

Unallowable CPB Costs

OIG identified certain costs that were deemed unallowable per CPB Terms and Conditions. As noted, these costs generally fell into two categories, which are outlined below with examples.

1. Costs that were for the designated purpose of the grant but were incurred outside the grant period. Example: for grant #34598-TVP, funds were used for the allowable grant purpose of digital advertising to promote animations but were paid by credit card shortly after the end of the grant period. Costs were therefore charged to one grant but should have been charged to the subsequent grant renewal.
2. Costs that were unallowable as part of CPB's share of costs without approval but would be allowable as part of the grantee's cost share. Example: StoryCorps included a minimal parking ticket that is unallowable as part of CPB's cost share without explicit approval. This specific cost was approved internally by StoryCorps staff and would be allowable as part of the grantee's cost share if grant expenses had been separately identified by each funder.

StoryCorps does not dispute the above findings and has taken OIG verified corrective actions to ensure that unallowable costs are not charged to grants in the future.

III. Ancillary Revenue Reporting

The OIG noted that StoryCorps has not submitted ancillary revenue reports for CPB grants as required. StoryCorps did not submit reports because it had no ancillary revenue to

report. Per CPB's grant requirements, we will submit annual reports going forward even if there is no ancillary revenue to report.

In conclusion, we would like to thank the OIG for their patience and understanding while conducting this audit during the challenging time of the coronavirus pandemic. The OIG report provides us with helpful information to ensure full compliance with all CPB requirements, and we appreciate the work on the part of the OIG in producing the report. We also look forward to working with CPB on improving processes where needed and continuing our successful partnership.

Sincerely,

A handwritten signature in black ink, appearing to read "Robin Sparkman", with a long horizontal flourish extending to the right.

Robin Sparkman
Chief Executive Officer
StoryCorps