



Corporation  
for Public  
Broadcasting

## Office of the Inspector General

**Audit of Community Service and Other Grants Awarded To Howard  
University Television, WHUT-TV, Washington, District Of Columbia  
For The Period July 1, 2020 Through June 30, 2022**

**REPORT NO. AST2303-2412**

**July 2, 2024**



## Report in Brief

*Audit of Community Service and Other Grants Awarded To Howard  
University Television, WHUT-TV, Washington, District Of Columbia  
For The Period July 1, 2020 Through June 30, 2022*

### What We Found

WHUT-TV complied with Corporation for Public Broadcasting (CPB) requirements for Fiscal Years 2021 and 2022 except for:

- questioned Interconnection, Community Service Grants (CSG), and Ready to Learn grant costs totaling \$41,755 for fiscal years 2021 and 2022;
- overstating Non-Federal Financial Support (NFFS) totaling \$61,467, resulting in Community Service Grant (CSG) overpayments of \$7,848 (reported as funds put to better use); and
- not complying with Communications Act (Act) and CPB grant requirements to ensure required information is made available to the public for Board of Trustees' committee meetings and posting the most current CPB Annual Financial Report (AFR) on the station's website.

In response to our draft report, WHUT-TV disagreed with the questioned costs findings, agreed with the majority of the overstated NFFS findings and provided information we accepted to reduce the reported overstated NFFS. Regarding Act exceptions, WHUT-TV is taking corrective actions to ensure future compliance with open meeting notice requirements, as well as posting the most current AFR to the station's website. CPB management will make the final determination regarding our findings and recommendations.

### What We Recommend

We recommend that CPB management require WHUT-TV to:

- repay \$49,603 of questioned costs and funds put to better use (CSG overpayments);
- identify the corrective actions and controls it will implement to ensure future compliance with Interconnection, CSG, and Ready to Learn grant agreements, including expending funds within grant term periods;
- identify the corrective actions and controls it will implement to ensure future compliance with all CPB NFFS reporting requirements, including using GAAP to account for expenditures for capital assets;
- provide adequate notice of Board committee meetings that includes the date, time, and location of meetings, as well as a link to any future CAB virtual meetings; and
- identify the corrective actions it will implement to ensure future compliance with Act and CPB requirements for making the most recent AFR available to the public and advance notice requirements for open meetings.

### Why We Performed This Audit

We performed this audit based on our annual audit plan.

Our objectives were to determine whether the station: a) claimed NFFS on their AFRs in accordance with CPB's Financial Reporting Guidelines; b) complied with the Act and CPB's certification requirements; and c) expended CPB grant funds in accordance with grant requirements.

This report contains the conclusions of the Office of the Inspector General. CPB will make the final decision on our findings and recommendations.

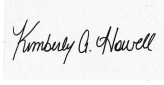


Corporation  
for Public  
Broadcasting

Office of the Inspector General

Date: July 2, 2024

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

From: Kimberly A. Howell, Inspector General  Digitally signed by  
Kimberly Howell  
Date: 2024.07.02  
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Subject: Audit of Community Service And Other Grants Awarded To Howard  
University Television, WHUT-TV, Washington, District Of Columbia for The  
Period July 1, 2020 Through June 30, 2022, Report No. AST2303-2412

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](https://www.oversight.gov) and distribute it to the 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: Laura Ross, Chair, CPB Board of Directors  
Elizabeth Sembler, CPB Board of Directors, Audit and Finance Committee  
U.S. Senate Committee on Homeland Security and Governmental Affairs  
U.S. House of Representatives Committee on Oversight and Accountability  
U.S. Senate Committee on Commerce, Science and Transportation  
U.S. House of Representatives Energy and Commerce Committee  
U.S. Senate Committee on Appropriations  
U.S. Senate Labor-HHS-Education Appropriations Subcommittee  
U.S. House of Representatives Committee on Appropriations  
U.S. House of Representatives Labor-HHS-Education Appropriations Subcommittee

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## **EXECUTIVE SUMMARY**

We have completed an audit of the Corporation for Public Broadcasting (CPB) grants awarded to Howard University Television, WHUT-TV, licensed to Howard University. The grants reviewed included Television Community Service grants (CSG); Interconnection; Ready to Learn; and Coronavirus Aid, Relief, and Economic Security Act (CARES Act) grants for the period July 1, 2020 through June 30, 2022. Our objectives were to examine WHUT's certifications of compliance with CPB grant terms to: a) claim Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFRs) in accordance with CPB Financial Reporting Guidelines (Guidelines); b) expend grant funds in accordance with grant agreement requirements; and c) comply with the Certification of Eligibility requirements and the statutory provisions of the Communications Act of 1934, as amended (Act).

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

- questioned Interconnection, CSG, and Ready to Learn grant costs totaling \$41,755 for fiscal years 2021 and 2022;
- overstated NFFS associated with claimed revenues totaling \$61,467, which resulted in CSG overpayments of \$7,848, which will be reported as funds put to better use;
- did not fully comply with Act and CSG General Provisions and Eligibility Criteria requirements for:
  - posting the most recent CPB AFR to their website; and
  - providing seven-day advance notice of open meetings.

We recommend that CPB require WHUT to:

- repay \$49,603 of questioned costs and funds put to better use (CSG overpayments);
- identify the corrective actions and controls it will implement to ensure future compliance with CSG, Interconnection, and Ready to Learn grant agreements, including expending funds within grant term periods;
- identify the corrective actions and controls it will implement to ensure future compliance with all CPB NFFS reporting requirements, including using GAAP to account for expenditures for capital assets;
- provide adequate notice of meeting of the Board Committees meetings that include the date, time, and location of meetings, as well as a link to any future CAB virtual meetings; and

- identify the corrective actions and controls it will implement to ensure future compliance with Act and CPB requirements for making the most recent AFR available to the public and advance notice requirements for open meetings, including dates, times, and locations.

In response to the draft report, WHUT did not agree with our questioned cost findings for spending \$39,926 after the grant period had expired for the Interconnection and CSG agreement terms, as well as \$1,829 questioned for not maintaining timekeeping records for the Ready to Learn cost reimbursable grant. WHUT agreed with the majority of the overreported NFFS findings and provided information to support undocumented labor charges of \$24,474, which we accepted; that adjustment is incorporated in the final report. Finally, WHUT's response outlined proposed corrective actions to ensure future compliance with posting the most current AFR on its website and fully complying with open meeting requirements. WHUT's complete response to the draft report is presented in Exhibit F.

Based on station management's response to the draft audit report, we consider recommendations one through four and six unresolved and open pending CPB's final management decision resolving the audit findings. We consider recommendation 5 resolved and open pending receipt of further actions for in-person meetings.

This report presents the conclusions of the Office of the Inspector General (OIG) and the findings do not necessarily represent CPB's final position on the issues. While we have made recommendations that are appropriate to resolve the findings, CPB officials will make final determinations on our findings and recommendations in accordance with established CPB audit resolution procedures.

We performed this audit based on the OIG's annual audit plan objective to audit multiple television and/or radio stations. We conducted our audit in accordance with *Government Auditing Standards* for attestation examination engagements. Our scope and methodology are discussed in Exhibit E.

## **BACKGROUND**

Howard University Television WHUT-TV is a public broadcasting station licensed to Howard University. According to their financial statement audit, WHUT-TV Channel 32 is an unincorporated nonprofit operating segment of Howard University located in Washington, D.C. Howard University is a private nonprofit institution of higher education that also operates a not-for-profit hospital as an unincorporated operating segment.

According to the station's website, WHUT-TV was founded in 1980 as WHMM. At its inception, the station became the first public television station in the United States to be licensed to and operated by a historically black college and university (HBCU). The station broadcasts reach over 2.5 million households in a 60-mile radius. WHUT is a broadcast leader providing quality, relevant, and informative programming to the Washington, D.C. metropolitan area, while offering students exceptional professional training in television production, engineering, and management. The mission of WHUT-TV is to deliver educational, entertaining, and intellectually stimulating multi-cultural intergenerational programming to the public. The station

endeavors to underscore Howard University's overall mission in its commitment to excellence, leadership, and public service.

According to WHUT's website, "The Dig," WHUT-TV, and Howard University were honored with the 2022 Excellence in Innovation Award, which was presented by America's Public Television Stations (APTS). APTS cited the station's leadership in bringing NEXTGEN TV broadcasting to the nation's capital and its pioneering work in the NEXTGEN TV Digital Learning Lab. WHUT launched its NEXTGEN TV service in December 2021, and now serves as the host station for NEXTGEN TV broadcasts for most local stations. In addition, according to a WHUT Annual Report, the station has won numerous Emmys and Communications Excellence to Black Audiences Awards.

### ***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, the funds 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.

Each year CPB awards CSG grants to public TV 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 TV and radio CSG pools adjusted by base grants and supplemental grants. The funds that remain are called the Incentive Grant Pools; one is for TV and the other is for radio.

The Incentive Rate of Return (IRR) is separately calculated for television and radio grantees. This is done by dividing the Incentive Grant Pools by the total adjusted NFFS claimed by all television grantees for the television IRR and by all radio grantees for the radio IRR. The IRR is then multiplied by each grantee's adjusted NFFS in various tiers to calculate the incentive award amount of its total CSG. There is a two-year lag between the reported NFFS and CPB's calculation of the fiscal year's (FY's) CSG amount. For example, CPB used the NFFS reported by WHUT on its FYs 2020 and 2021 AFRs to determine the amount of the TV CSG funds the station received in FYs 2022 and 2023.

As shown in Exhibit A, CPB awarded WHUT a total of \$2,604,882 for FYs 2021 and 2022 in CSG, Interconnection, Universal Service Support, and other grant funds. The station reported NFFS of \$2,757,243 in FY 2021 and \$3,793,036 in FY 2022 as shown in Exhibit C. The audited financial statements for the two FYs we audited reported total revenues of \$4,428,240 in FY 2021 and \$6,264,155 in FY 2022. The station's fiscal year begins July 1 and ends June 30.

## **AUDIT RESULTS**

In our opinion, except for the noncompliance issues described below, WHUT complied with the requirements in the following paragraph for the FY 2021 and FY 2022 grant funds examined in WHUT's FY 2021 and FY 2022 AFRs which are presented in Exhibit B.

We examined WHUT 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: WHUT's certification of compliance with AFR/NFFS reporting in accordance with CPB's Guidelines; Communications Act requirements for open meetings, open financial records, Community Advisory Board (CAB), Equal Employment Opportunity (EEO) reporting and donor lists; use of CPB funds; and discrete accounting requirements. Station management is responsible for their assertions of compliance. Our responsibility is to express an opinion on management's assertions about the station's compliance based on our examination.

Based on our audit, we found that WHUT complied with Act and CPB grant eligibility requirements, except for the following:

- questioned Interconnection, CSG, and Ready to Learn grant costs totaling \$41,755 for fiscal years 2021 and 2022;
- overstated NFFS associated with claimed revenues totaling \$61,467, which resulted in CSG overpayments of \$7,848, which will be reported as funds put to better use;
- did not fully comply with Act and CSG General Provisions and Eligibility Criteria requirements for:
  - posting the most recent CPB AFR to the website; and
  - providing seven-day advance notice of open meetings.

Our audit was conducted in accordance with the *Government Auditing Standards* for attestation examination engagements and accordingly included examining, on a test basis, evidence about WHUT's compliance with CPB's 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. However, it does not provide a legal determination on WHUT's compliance with specified requirements.

## **FINDINGS AND RECOMMENDATIONS**

### **I. QUESTIONED COSTS**

As a result of our audit testing, we identified questioned costs of \$41,755, including \$21,552 in FY 2021 and \$20,203 in FY 2022. The questioned costs occurred because WHUT did not comply with specific requirements for Interconnection, CSG, and Ready to Learn grants funds. Each category of questioned costs and the effect are presented in more detail in the following table.



### *Questioned Costs*

<b>Condition</b>	<b>Funds Used</b>	<b>Questioned 2021</b>	<b>Questioned 2022</b>	<b>Total Questioned</b>
Expired Grant Funds Spending	Interconnection and CSG	\$19,723	\$20,203	\$39,926
Unsupported Labor Charges	Ready to Learn	\$1,829	\$0	\$1,829
<b>Total Questioned</b>		<b>\$21,552</b>	<b>\$20,203</b>	<b>\$41,755</b>

### *Expired Interconnection and CSG Grant Funds Spending*

WHUT expended \$39,926, including \$38,515 of Interconnection Funds and \$1,411 of CSG funds, after the grant spending periods had expired. The questioned costs are summarized in the following table.

### *Funds Spent After Grant Terms Expired*

<b>Fiscal Year Reviewed</b>	<b>Questioned Costs</b>	<b>Type of CSG Funds Used</b>	<b>End of Grant Period</b>	<b>Date Expended</b>	<b>Grant Period Exceeded</b>
FY 2021	\$19,723	Interconnection FY 2020	9/30/2020	3/31/2021	6 months
FY 2022	\$18,792	Interconnection FY 2021	9/30/2021	3/11/2022	5 months
<b>Subtotal</b>	<b>\$38,515</b>				
FY 2022	\$1,411	CSG FY 2020	9/30/2021	2/01/2022	4 months
<b>Total</b>	<b>\$39,926</b>				

For our audit of FY 2021, we found that on March 31, 2021, WHUT recorded revenues and expenses of \$19,723 in the general ledger using its unspent FY 2020 Interconnection funds; this was six months after the FY 2020 Interconnection grant period for expensing funds had expired on September 30, 2020. Specifically, we found that initially, a portion of PBS dues were paid on February 1, 2021, using FY 2020 CSG funds. Subsequently, on March 31, 2021, that transaction was reclassified and charged to the FY 2020 Interconnection grant. This was after the Interconnection funds had lapsed on September 30, 2020.

For our audit of FY 2022, we found that on March 11, 2022, WHUT recorded revenues and expenses of \$18,792 in the general ledger using its FY 2021 Interconnection funds; this was over 5 months after the FY 2021 Interconnection grant term expired on September 30, 2021. We found that initially a portion of PBS dues were paid on October 1, 2021 and November 1, 2021 using FY 2021 CSG funds. Subsequently, on March 11, 2022, the transaction was reclassified and charged to the FY 2021 Interconnection grant. This was after the Interconnection funds lapsed on September 30, 2021.

Interconnection funds must be used within 12 months of award, unlike CSG funds, which are available for 24 months. WHUT officials stated that they initially paid PBS dues using CSG funds and subsequently transferred those expenses to the Interconnection funds. However, the Interconnection funds had already lapsed prior to the expense transfers and the unexpended

Interconnection Funds for FY 2020 and FY 2021 amounting to \$38,505 must be returned to CPB.

We also found that WHUT charged \$1,411 in supplies on February 1, 2022, using FY 2020 CSG funds, about 4 months after the September 30, 2021, grant term expiration date. Supporting documentation from Howard University staff indicated that the recorded expenses were part of an invoice dated October 12, 2021, in the amount of \$4,325 for a power rack system. We were unable to identify the source of the funds used to pay the remaining balance of \$2,914 on the invoice.

CPB's General Provisions for the FY 2021 Interconnection Grant provide that:

The Communications Act authorizes CPB to assist in the establishment and development of one or more interconnection systems to be used for the distribution of public telecommunications services. CPB will support the public television interconnection expenses in FY 2021 through TV-IC grants to stations qualified to receive a CSG. TV-IC awards are calculated as a share of \$4 million. Grantee's share is proportional to its share of the total CSG amount awarded to Grantees.

- A. Eligibility: Grantees of stations receiving a CSG are eligible to receive a TV-IC.
- B. TV-IC Awards: CPB automatically calculates station's TV-IC awards, and stations are not required to apply for the same.
- C. Use of Funds: Stations receiving a TV-IC must expend the same during period October 1, 2020, through September 30, 2021. Stations may use TV-IC funds to pay only for interconnection and/or program distribution costs. Grantees must return immediately to CPB any TV-IC funds not expended in accordance with these provisions.

CPB's General Provisions for the FY 2020 Interconnection Grant provide a similar requirement.

FY 2020 and FY 2021 Television Community Service Grants General Provisions and Eligibility Criteria, Part III. TV-IC.

Neither WHUT nor Howard University maintained a policy to ensure that grant funds are expended within the allowed periods. The accounting practice is to make expenditures against the largest vendors first, including PBS dues and the joint television tower, and then to allocate a portion of the expenditures to various grants at a later date. While a budget is established for each Interconnection grant to identify the funds that are available, accounting staff misinterpreted the spending period associated with the interconnection grants. For example, a Howard University official incorrectly stated that the end of the spending period for the FY 2021 Interconnection grant was 9/30/22, rather than 9/30/2021, the actual end date. Additionally, we found no procedures to prevent replacing expenditures or transferring expenditures recorded on one grant to another grant after the grant terms had expired.

As a result of the lack of controls, we have questioned \$39,926 for spending grant funds after the grant terms had expired.

### ***Unsupported Labor Charges***

WHUT did not maintain records to account for the time that an employee spent on the Ready to Learn program. WHUT allocated salary costs using a budget estimate that 15 percent of the employee's payroll costs would be dedicated to the grant. However, without timesheets or other contemporaneous timekeeping documentation, the \$1,829 of labor costs sampled for FY 2021 are unsupported and questioned. The Federal cost principles used to determine the allowability of compensation expense for universities prohibit use of pre-determined budgets for identifying the time expensed to Federal grants, except for temporary, short-term provisional billing purposes.

The Ready to Learn grant is a cost reimbursement grant which requires that the final amount be limited to the actual costs incurred. On February 28, 2021, WHUT charged \$1,829 to the Ready to Learn Project for labor costs for the period October 13, 2018 through June 20, 2020. We acknowledge that WHUT and Howard University (University) completed grant deliverables and incurred labor costs in support of the grant and station's operations, however without evidence of the hours worked, we could not attest to the accuracy of the labor costs WHUT claimed to provide those services.

WHUT payroll support for the labor accounting adjustment stated, "This retro adjustment was processed due to the employee's ePARs<sup>1</sup> not being completed/approved on time. In result, the employee was not fully expensed to the grant per the awarded budgeted amount of \$15,000.32." Our sample of \$1,829 in adjusted labor costs was included in the \$14,771 final total labor expense assigned to the grant. The adjustment journal entry was computed by applying a pre-determined 15 percent budget estimate to the employee's adjusted weekly payroll expense covering the period of performance. Without timecards or subsidiary records, we are unable to determine whether the 15 percent budget estimate was accurate and traceable to actual costs. Contrary to the University official's assertions that labor charges are adjusted to actual over the life of the grant, they provided no evidence that this occurred when we requested documentary support.

The grant terms and conditions provide:

6. Subrecipient shall comply with all applicable Government Laws and Regulations including the federal contract terms and conditions...and The Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards in 2 CFR Part 200, as adopted and amended in 2 CFR Part 3474, as applicable, and the GAN.<sup>2</sup>

CPB 34830-EDU (RTL 2015-CG-ELM) Part 1 Project.

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<sup>1</sup> ePARS is the accounting software that the University used to assign payroll costs to projects based on budgeted estimates of the percentages of times that an employee is anticipated to spend working on various projects.

<sup>2</sup> Grant Adjustment Notice.

The Federal Cost Principles applicable to universities also address the requirement to identify the hours and expense directly assigned to federal grants and provide:

(i) ***Standards for Documentation of Personnel Expenses***

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities ...;

(iv) Encompass federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; and ...

(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards;

2 CFR § 200.430 Compensation—personal services.

The grant further states:

4. In the event that CPB discovers any inaccuracies in reporting of financial information, or any improper use of funds provided by CPB, whether reported by Subrecipient or discovered during the course of an audit by the Office of the Inspector General or otherwise, CPB may recover any overpayment, in addition to any other rights and remedies CPB may have. If recovery of overpayment is required, CPB will notify the Subrecipient by letter of the actions CPB intends to take, and the Subrecipient shall have thirty (30) days from the date of the letter to respond to or seek clarification in writing about CPB's intended actions. If CPB does not receive any written response from the Subrecipient within such thirty (30) day period, CPB's intended actions shall be deemed to be acceptable as the final determination of the matter, and CPB will implement the actions described in the letter.

Grant 34830-EDU, Part II. Payments and Deliverables.

A University official stated that they believed that their practice was acceptable for accounting for labor worked on the grant. The official stated that there is no requirement for universities to use timecards or similar practices to account for labor charges on federal grants. The official stated that the ePars system that WHUT used for the Ready to Learn grant is used for all the University's Federal grants and added that their practice is similar to that used by other local universities. Also, University officials emphasized that the labor charges were adjusted based on an analysis of payroll charges to those that should have been



processed over the life of the grant. However, the University officials did not comment or provide evidence of how this adjustment occurred, e.g., the periodic review of budgeted charges to the actual hours spent working on the grant.

Our review of the labor recording practices for the Ready-to-Learn grant as documented in accounting records and as described by University officials found that the University's practices did not comply with the Federal Cost Principles for Universities for labor accounting on federal awards. The University relied on a budget estimate of the percentage of hours spent on the grant and the hours were not reconciled to the actual percentages spent on the grant. We were unable to identify the actual hours incurred on the Ready-to-Learn grant which resulted in \$1,829 of questioned costs.

### ***Recommendations:***

We recommend that CPB management require WHUT to:

- 1) repay \$41,755 in questioned costs;
- 2) identify the corrective actions and controls it will implement to ensure future compliance with CSG, Interconnection, and Ready to Learn grant agreement terms, including:
  - a) expending funds within grant term limits; and
  - b) accounting for direct labor hours on federal grants.

### ***WHUT-TV Management Response:***

In response to the draft report, WHUT disagreed with the questioned cost findings for expired Interconnection and CSG grant funds spendings totaling \$39,926 and unsupported labor charges of \$1,829 for the Ready to Learn program.

#### ***Expired Interconnection and CSG Grant Funds Spending***

WHUT disagreed that they had not spent the \$38,515 of Interconnection grants within the one-year spending period. WHUT also disagreed that \$1,411 of 2020 CSG funds were not expended prior to the two-year end date of the grants spending period.

In response to the questioned expired FY 2020 and FY 2021 Interconnection funds, WHUT's stated:

The questioned Fiscal Year 2020 Interconnect expenditures totaling \$19,723 were originally charged to the CSG grant GRT0009683 [FY 2020 CSG funds] as of March 31, 2020, which falls within the project's period of performance. The reclassification of this expense was then transferred to GRT0009682 [FY2020 Interconnection funds] on March 31, 2021.... The Fiscal Year 2021 Interconnect expenditures totaling \$18,792 were originally charged to the CSG grant GRT0009683 [FY 2020 CSG funds] as of July 31,

2021, which falls with the project's period of performance. The reclassification of these expenses was transferred to GRT009682B [FY 2021 Interconnection funds] on March 31, 2022. (Note: Bracketed information was provided by the OIG.)

WHUT agrees that the transfer of the original CSG expenses to the Interconnection grants were late for both years, but indicated that it was important to note that although the reclassifications were done in the subsequent fiscal year, the actual payments of the PBS dues were within the appropriate spending periods

Regarding unspent CSG funds, WHUT stated that a \$1,411 supply charge was encumbered and invoiced by the supplier prior to the FY 2020 CSG spending period end date, September 30, 2021. WHUT stated that they received an invoice from the supplier dated September 1, 2021 and that they issued a purchase order to obtain the supplies on September 21, 2021. WHUT concluded that the expenditure occurred within the spending period and that it was encumbered at the time.

*Unsupported Labor Charges:*

WHUT disagreed that it did not maintain adequate timekeeping practices for its RTL grant. WHUT stated that the employee that worked on the grant was a Howard University salaried employee with partial effort charged to the grant. Further, WHUT stated that salaried employees do not require timesheet maintenance. WHUT's response stated that, in lieu of timesheets, certifications occur every two years and indicated that the bi-annual certifications comply with the Federal Uniform Guidance.

WHUT's complete response to the questioned costs is presented in Exhibit F.

*OIG Review and Comment:*

Based on our review of WHUT's response to the draft report, we have not revised our audit findings or revised our recommendations. As a result, both recommendations one and two remain unresolved and open pending CPB's management decision resolving both findings.

Regarding expired grants fund spending questioned costs of \$38,515, the station's response acknowledged that the PBS dues were originally paid with CSG funds and the reclassification of these expenses to the Interconnection grant did not occur until after the Interconnection grant one-year term had expired. The fact remains that the Interconnection funds were received and were unspent on September 30, 2021 and 2022.

Regarding the supplies questioned costs of \$1,411, the station's response stated they received an invoice dated September 1, 2021 and the cost was encumbered at that time. However, as stated in our finding, this cost was supported by an invoice dated October 12, 2021 and was not paid until February 1, 2022, after the CSG grant term had expired. Our testing of this transaction identified that a purchase order was prepared on September 21, 2021 to acquire a power rack system for this expense. The purchase order created an obligation to acquire the power rack system. The obligation/liability associated with the encumbrance represents the intent to

purchase the power rack system. However, in accordance with GAAP, an expense would not occur until after the power rack system was delivered, which did not occur until after the CSG grant term had expired on September 30, 2021.

Regarding the unsupported labor charges, WHUT used a 15 percent rate to estimate RTL labor costs charged to the grant. The Federal guidelines applicable to RTL funding, the Uniform Guidance, does not allow the use of pre-determined budget rates, without additional procedures to evaluate the accuracy of the time spent on the federal project. While WHUT's response indicated that in lieu of timesheets, its bi-annual effort certifications are maintained that comply with the Uniform Guidance. However, during our fieldwork WHUT did not provide any evidence that they conducted any periodic reviews or maintained other subsidiary records to adjust budget estimates to actual time worked on the RTL project in accordance with Uniform Guidance requirements.

Howard University did conduct a review of the RTL employee's payroll expenses on April 14, 2021 because it found that the employee's payroll was not completely entered in the payroll system or approved. Based on that review, it concluded that not enough labor was charged to the RTL grant when closing the grant. That review only verified the employee's annual salary costs, and not the actual hours worked on the RTL grant. Howard University then applied the original 15 percent rate to estimate the remaining RTL labor costs claimed on the grant.

## II. INELIGIBLE REVENUE CLAIMED AS NFFS

Our audit testing found net overstated NFFS totaling \$61,467 for FYs 2021 and 2022. This overstatement resulted in CSG overpayments of \$7,848 as itemized in the following table. We classified the net overpayments as funds put to better use for reporting purposes because the funds overpaid to WHUT could have been distributed to other public broadcasting entities.

### *Overstated NFFS*

Condition	Overstated NFFS 2021	Overstated NFFS 2022	Total Overstated NFFS
Overstated Indirect Costs	\$23,100	\$8,280	\$31,380
Payment – Not Contribution	\$3,225	\$19,875	\$23,100
Misreported Endowment Funds	\$1,991	\$4,450	\$6,441
Unsupported Transaction	\$0	\$546	\$546
<b>Net Overstated NFFS</b>	<b>\$28,316</b>	<b>\$33,151</b>	<b>\$61,467</b>
IRR FY 2023 and FY 2024	.1258278200	.1292593300	
<b>CSG Overpayment FY 2021 and FY 2022</b>	<b>\$3,563</b>	<b>\$4,285</b>	<b>\$7,848</b>

### *Overstated Indirect Costs*

WHUT overstated indirect costs for FY 2021 and FY 2022 because it applied the University's federally approved indirect cost rate to WHUT's overstated direct cost base. Further, WHUT understated indirect costs for FY 2021 because it did not correctly enter the amount of depreciation into the CPB formula for computing indirect costs on Schedule B of the AFR. This resulted in net overstated indirect costs and NFFS of \$31,380 and a CSG overpayment of \$3,976.

### ***CPB OIG Indirect Costs Audit Adjustments***

<b>Description</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Total</b>
Overstated Direct Costs in Base	\$25,298	\$8,280	\$33,578
Understated Indirect Costs Due to Formula Error	(\$2,198)	\$0	(\$2,198)
<b>Total Adjustment</b>	<b>\$23,100</b>	<b>\$8,280</b>	<b>\$31,380</b>

WHUT overstated indirect costs by a total of \$31,380. WHUT overstated indirect costs by \$33,578 because it applied the University's indirect cost rate to WHUT's overstated direct cost base. The overstated indirect costs were partially offset by \$2,198 due to an error in computing indirect costs on Schedule B of the AFR for FY 2021.

WHUT overstated its direct costs (adjusted operating expenses) when it expensed fixed assets when those assets should have been capitalized according to the applicable accounting principles. Using GAAP, we computed overstated operating expenses totaling \$155,107; the station expensed the assets versus capitalizing and depreciating capital assets as itemized in Exhibit D.

To calculate the impact on NFFS for overstating its operating expenses, we: (1) reduced WHUT's base costs, (2) increased depreciation for the unrecognized assets following GAAP and IRS guidelines, and (3) applied the accepted university indirect rate to the overstated base costs to compute audit determined ineligible indirect costs.

Ineligible indirect costs due to the overstated base costs were computed as follows.

### ***Auditor Calculated Direct Cost Base Adjustment***

	<b>FY 2021</b>	<b>FY 2022</b>	<b>Total</b>
Expensed Assets	\$108,553	\$46,554	\$155,107
Increased Depreciation FY 2021	(\$21,319)	(\$21,319)	(\$42,638)
Increased Depreciation FY 2022	0	(\$5,980)	(\$5,980)
Overstated Base Costs	\$87,234	\$19,255	\$106,489
Indirect Rate	29%	43%	
<b>Ineligible Indirect Costs</b>	<b>\$25,298</b>	<b>\$8,280</b>	<b>\$33,578</b>

Our audit, including our examination of the independent auditor's working papers, found that WHUT has an established practice of expensing property, plant, and equipment (PP&E) expenditures, instead of capitalizing the PP&E and depreciating the assets when using grant funds. While CPB's Guidelines allow stations to use CSG funds to acquire assets, the CPB Guidelines require that stations follow GAAP when accounting for transactions and preparing their financial statements. WHUT's practice overstated its operating expenses, which resulted in overstated indirect costs when using CPB's standard indirect cost formula.

We found that WHUT understated indirect costs by \$2,198 for FY 2021 because it overstated depreciation in Schedule B when using the CPB formula to compute indirect costs. We used the depreciation recorded on WHUT's audited financial statements and its supporting records for



computing indirect costs. Overstating depreciation in the CPB formula resulted in understated indirect costs during FY 2021.

CPB's Guidelines provide the accounting principles for preparing financial statements and provide:

#### D. Financial Statement Requirements

When preparing their financial statements, CSG recipients must comply with Generally Accepted Accounting Principles (GAAP) and the Principles of Accounting, May 2005, or the most current edition. In the event of a conflict, GAAP will control.

FY 2021 and 2022 Guidelines, Part I, I. Financial Statements, D. Financial Statement Requirements.

CPB's Guidelines also address reporting requirements for accounting for capital investments:

##### **Investment in Capital Assets**

Grantees must report direct and indirect investments in capital assets on Lines 9a through 9c.

Line 9 - Total capital assets purchased or donated

Line 9a – Land and buildings

Line 9b – Equipment

Line 9c – All other

FY 2021 and 2022 Financial Reporting Guidelines, Part III, AFR and FSR Line Item Instructions, Schedule E, Investment in Capital Assets.

According to guidance provided in the accounting industry by public accounting firms, the requirements for accounting for PP&E applicable to Not-for-Profit (NFP) entities are provided in Accounting Standards Codification (ASC) 958-360, *Not-for-profit entities – Property, plant, and equipment*. ASC 958-360 provides incremental guidance on NFP requirements for accounting for PP&E. The general rules used in accounting for PP&E for NFPs are similar to business entities. Long-lived assets are capitalized and then depreciated over their estimated useful lives, in accordance with ASC 958-360.

Specific requirements in ASC 958-360 regarding initial recognition of a long-lived asset and subsequent depreciation include the following subsections:

Paragraph 835-20-05-1<sup>3</sup> states that the historical cost of acquiring an asset includes the costs necessarily incurred to bring it to the condition and location necessary for its intended use. As indicated in that paragraph, if an asset requires a period of time in which to carry out the activities necessary to bring it to that condition and location, the

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<sup>3</sup> Financial Accounting Standards Board, (FASB), Accounting Standards Codification (ASC) 825-20-05-1 Interest, Capitalization of Interest.

interest cost incurred during that period as a result of expenditures for the asset is a part of the historical cost of acquiring the asset.

The cost of a productive facility is one of the costs of the services it renders during its useful economic life. Generally accepted accounting principles (GAAP) require that this cost be spread over the expected useful life of the facility in such a way as to allocate it as equitably as possible to the periods during which services are obtained from the use of the facility. This procedure is known as depreciation accounting, a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit...

Financial Accounting Standards Board, (FASB), Accounting Standards Codification (ASC) 958-360 10-30-1 Property, Plant, and Equipment, Initial Measurement, Historical Cost Including Interest, and ASC 958-360 10-35-4 Property, Plant, and Equipment, Subsequent Measurement, Depreciation.

CPB Guidelines include a worksheet with procedures for completing Indirect Administrative Support. These procedures include identifying the Station's Total Operating Expenses and making an appropriate depreciation expense adjustment to arrive at the base costs (factor) for multiplication of the indirect expense rate (factor) for computing the indirect expenses that are reportable as NFFS. The procedures state:

### **Worksheet: Standard Method**

CSG recipients must use the Standard Method to report IAS.

To calculate IAS using the standard method, follow the five steps below, completing Schedule E before Schedule B....

### **Step 2: Identify the Base**

The station's base is its net direct expenses.

The line item, "Station's Total Operating Expenses," is automatically populated from AFR Schedule E, Line 8.

If station's total operating expenses include the following indirect expenses, deduct them by entering these costs on the appropriate lines and provide the AFS page number(s) from which the amounts were obtained.

A. Depreciation. Depreciation and amortization.

B. In-kind Contributions and Donations. In-kind contributions and donated property and equipment reported as expenses.

C. IAS. IAS, if included in total operating expense reported in the AFS. ...

## FY 2021 and 2022 Financial Reporting Guidelines, Part III, Completing AFR Schedule B – Indirect Administrative Support, Worksheet: Standard Method

A University official stated that it does not matter whether property, plant, and equipment is capitalized or expensed. For example, CPB allows expenditures recorded as either maintenance expense or as capital assets when CPB funds are used. While the University's independent public accountant informed University officials that expensing PP&E was noncompliant with GAAP, the IPA's guidance was not adopted. The IPA's judgment was that it was not significant enough to be a material weakness in the audited financial statements.

The effect of expensing assets, instead of capitalizing assets, overstates the station's operating expenses and applicable indirect costs for the capital assets that were expensed. The impact of overstated NFFS due to overstated operating costs was partially offset due to a WHUT error for entering depreciation expense into the CPB indirect expense formula.

The overstated indirect costs for FY 2021 in the amount of \$23,106 resulted in CSG overpayments in the amount of \$2,906 ( $\$23,106 \times .1258278200$ ). Overstated indirect costs for FY 2022 in the amount of \$8,280 resulted in CSG overpayments of \$1,070 ( $\$8,280 \times .1292593300$ ).

### ***Exchange Transaction Not Contribution***

We found that WHUT overstated NFFS when it incorrectly claimed \$23,100 as contributions instead of properly treating it as exchange transactions. WHUT received payments from National Cable and Satellite (C-Span) to reimburse WHUT for C-Span's share of utilities and maintenance costs under the terms of an operating lease for a shared facility (\$3,225 in FY 2021 and \$19,875 in FY 2022). The claimed contributions are ineligible as NFFS because they were an exchange transaction, rather than a contribution. The C-Span payments do not meet the CPB's recipient criteria to qualify as a contribution or CPB's recipient criteria to qualify as an eligible payment. As a result, WHUT received CSG overpayments of \$2,975.

In a contribution, cash or assets are voluntarily and unconditionally surrendered by the donor who does not expect anything in return, other than the satisfaction of helping a cause. In an exchange transaction, the payee agrees to exchange cash or assets and expects to receive an agreed upon benefit in return. The C-Span receipts represented ineligible exchanges because C-Span paid cash to WHUT to cancel its liabilities for utilities for shared office space.

FY 2021 and FY 2022 CPB Financial Reporting Guidelines address accounting for Payments:

### **II. Contribution vs. Payment**

Revenues are either a contribution or a payment, and must meet the recipient, form, source, and purpose criteria below to be reported as NFFS.

**A. Contribution.** A contribution is a gift, grant, bequest, donation or appropriation (i.e., the form criterion). For a contribution to be reported as NFFS, it must meet the following criteria.

1. **Recipient.** The contribution must be unconditionally provided to the CSG recipient. This includes contributions made indirectly, if Constructively Received...

**B. Payment.** A payment is a reciprocal transfer of cash, goods and/or services (e.g. exchange transaction) and may be reported as NFFS, if it meets the criteria below....

3. **Source:** The payment must be made by a state or any educational institution.

FY 2021 and FY 2022 CPB Financial Reporting Guidelines, Part II, Contribution vs. Payment.

CPB's Financial Reporting Guidelines provide guidance on the eligibility of contributions and payments for reporting NFFS.

The guidelines' instructions on completing the AFR address accounting for transactions for amounts received from Business and Industry.

### **NFFS Exclusions**

Payments received in exchange transactions that do not satisfy the recipient, form, source and purpose criteria for NFFS must be excluded from NFFS using Lines 9.2A to 9.2E. In particular, note that in order to be eligible as NFFS, payments for services must be received from: 1) a qualifying source, which would be a state or local government or educational institution and, 2) a qualifying purpose, which would be that the payment was in exchange for materials or services with respect to the provision of educational television or radio programs.

CPB Financial Reporting Guidelines 2021 and 2022, Part III. AFR and FSR Line Item Instructions, Schedule A – Direct Revenue Line 9 – Business and Industry, NFFS Exclusions.

The receipts from C-Span also represented payments, rather than contributions. The payments are ineligible because the only sources of payments that are eligible for NFFS are states and educational institutions. A WHUT official indicated that recording the payments as contributions was an oversight.

Recording a payment as a contribution for FY 2021 resulted in CSG overpayments of \$406 (\$3,225 x .1258278200.) Recording a payment as a contribution for FY 2022 results in CSG overpayments of \$2,569 (\$19,875 x .1292593300).



### ***Ineligible Endowment Revenue***

We found that WHUT overstated NFFS by \$6,441 because it did not accurately record interest income and unrealized losses from investments on Lines 17 b and d of the AFR. The results of our audit are summarized in the following table. As a result, WHUT received CSG overpayments totaling \$826.

#### ***Sampled Transactions AFR Schedule A, Line 17***

<b>Line 17 Category</b>	<b>AFR Claimed</b>		<b>Overstated NFFS</b>		
	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Total</b>
A. Contributions	\$0	\$0	\$0	\$0	\$0
B. Interest and Dividends	\$0	\$8,000	\$1,991	(\$107)	\$1,884
C. Realized Gains (Losses)	\$19,722	\$0	N/A	N/A	N/A
D. Unrealized Gains (Losses)	(\$4,984)	(\$4,557)	\$0	\$4,557	\$4,557
<b>Total</b>			<b>\$1,991</b>	<b>\$4,450</b>	<b>\$6,441</b>

CPB Guidelines provide that only contributions to endowment principle, as well as interest and dividends from endowments are eligible NFFS; the remainder, including realized and unrealized gains and losses and endowment distributions are not eligible to be claimed as NFFS.

Based on our audit, we found that WHUT overstated NFFS by \$6,441 because WHUT:

- Overstated NFFS by \$1,991 for FY 2021 because WHUT did not report a \$1,991 net decrease for an accounting adjustment reported for interest income identified in the FY 2021 audited financial statements.
- Understated NFFS by \$107 for interest and dividends for FY 2022. The financial statements indicate \$3,550 for interest and dividends. However, WHUT claimed only \$3,443 as eligible NFFS on Line 17 of the AFR, resulting in \$107 underclaimed.
- Overstated NFFS by \$4,557 for FY 2022, because it misreported fund distributions for operations as unrealized losses on investments. (Unrealized losses increase NFFS). Fund distributions cannot be used to increase amounts claimed as NFFS.

Specifically, CPB's Guidelines provide the following instructions for reporting endowment revenue.

#### **Line 17 - Endowment Revenue**

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

**A. Contributions on endowment principle**

Use this line to report contributions to endowment principal.

**B. Interest and Dividends on endowment funds**

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

**C. Realized net investment gains and losses on endowment funds**

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

**D. Unrealized net investment gains and losses on endowment funds**

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

CPB Guidelines, Part III AFR and FSR line-item instructions for Schedule A, line 17.

The inaccurately reported income together with inaccurately reported unrealized gains and losses on endowment investments resulted in CSG overpayments of \$251 for FY 2021 (\$1,991 x .1258278200.). The inaccurately reported income and unrealized gains and losses on endowment investments results in CSG overpayments of \$575 for FY 2022 (\$4,450 x .1292593300).

***Unsupported Transaction***

During our audit, we found that WHUT overstated NFFS by \$546 because it was unable to provide support for a claimed preauthorized ACH revenue settlement transaction. Without documentation or information from the associated credit card company or evidence of a contribution, we were unable to verify the existence or any details to determine the eligibility of the transaction.

CPB's General Provisions for television grants provides:

- A. Recordkeeping, Certification, and Audit Requirements:** The Communications Act mandates recordkeeping and auditing and provides CPB and its representatives access to all records concerning a CSG. Grantee must maintain such records as CPB may in its discretion require to facilitate an effective audit. (47 U.S.C. 396(1)(3)(B), (C), & (D)).

Additional information related to recordkeeping is found in the Principles of Accounting.

**B. Records and Documentation:** Grantee must retain all CSG records, including documentation sufficient to substantiate its CSG Agreement and Certification of Eligibility, for no less than three years after the end of the Spending Period. However, CSG records must be retained for no less than 10 years, after commencement of any of the events below:

1. when litigation or an audit begins before the expiration of the three-year period; and
2. when CPB requests otherwise in writing.

2022 Television Community Service Grants General Provisions and Eligibility Criteria, Part 1 CSG Program, Section 3. Record Keeping Requirements.

The University did not retain source documentation received from the credit card company or follow-up with the credit card company or bank to obtain the missing documentation to support the transaction.

The unsupported credit card company transaction resulted in CSG overpayments of \$71 for FY 2022 (\$546 x .1292593300).

***Recommendations:***

We recommend that CPB management require WHUT to:

- 3) repay \$7,848 in CSG overpayments;
- 4) identify the corrective actions and controls it will implement to ensure future compliance with all CPB NFFS reporting requirements, including:
  - a) using GAAP to record and depreciate capital investments and improvements;
  - b) identifying the difference between a contribution and an exchange transaction;
  - c) accounting for endowment fund transactions; and
  - d) identifying unsupported revenue transactions.

***WHUT-TV Management Response:***

In response to the draft report, WHUT agreed with the majority of ineligible NFFS, except for \$24,474 in unsupported General Appropriation labor charges and \$546 for an unsupported credit card transaction. WHUT provided additional documentation supporting the labor charged from the General Appropriation. Regarding the unsupported credit card transaction, WHUT stated that they contacted the credit card company, but were experiencing difficulties obtaining the necessary information. Due to the age of the transaction, the records were archived or not readily accessible.

Regarding corrective actions, station management is developing, implementing, and documenting specific processes so that proper controls are in place to ensure compliance with financial reporting requirements.

***OIG Review and Comment:***

Based on our review of WHUT's response to the draft report and the additional information provided to support the undocumented General Appropriation labor NFFS of \$24,474, we reduced the reported overstated NFFS to \$61,467. We revised the Ineligible Revenue Claimed as NFFS finding presentation in the body of the report, as well as the schedule addressing ineligible NFFS. We did not revise our finding that \$546 in unsupported credit card transaction represented ineligible NFFS. Without additional support, we are unable to verify the eligibility of the revenue transaction. As a result, we consider recommendations three and four unresolved and open pending CPB's final management decision.

**III. ACT AND CPB GENERAL PROVISIONS COMPLIANCE**

Based on our audit testing, we found that WHUT did not fully comply with Communications Act or CPB General Provisions and eligibility requirements for the following:

- posting the most recent CPB Annual Financial Report (AFR) to the website, and
- providing seven-day advance notice of open meetings.

***Public's Access to Station's AFR***

We found that WHUT was not fully compliant with Act and CPB General Provisions requirements to make financial records available to the public. Specifically, we found that WHUT had not posted its FY 2021 AFR or any prior-year's AFR to its website, as of the date of our website review on March 16, 2023. As a result of not posting the most recent AFR, the public was not made aware of the grant, contribution, and other financial information regarding the station.

The Act requires that specific financial information be maintained for public examination. The Act provides:

Funds may not be distributed pursuant to this subsection to any public telecommunications entity that does not maintain for public examination copies of the annual financial and audit reports, or other information regarding finances, submitted to the Corporation...

Communications Act, as amended, 47 U.S.C. Section 396 (k)(5). Financing Restrictions.

Further, CPB requires grantees to make AFRs available for public inspection on the station website.

**Documents for Public Inspection: Website Posting Required:** At a minimum, each Grantee must post the following for public inspection on its station website....

4. The most recent financial records (... AFR...) as required by Section 2(C), Communications Act Requirements.

FY 2023 CPB Television CSG General Provisions and Eligibility Criteria.

WHUT and University officials were unaware that the AFR was required to be posted to the website in addition to the audited financial statements. After being advised on March 29, 2023, the station took immediate corrective action to post the AFR for FY 2021 to its website and brought the station into compliance with this requirement. We reviewed the station's website on February 26, 2024 and found that the station has posted its most recent Financial Statements and AFR.

### ***Open Meeting Requirements***

We found that WHUT did not fully comply with Act requirements and CPB General Provisions for advance notice of open meetings for the Board of Trustees' committee meetings that discussed WHUT business or for Community Advisory Board (CAB) meetings.

Board committees that discussed WHUT business included the Audit and Legal Committee and the Development and Alumni Relations Committee. The WHUT website maintains a link to the University website that provides the public with notices of future meetings for the University's Board of Directors and the Committees of the Board. However, the time and location of meetings were not provided and dates for upcoming meetings of the Board's Committees were not specific; the notices gave various date ranges for periods of up to five days, although the actual meetings were held on a specific day.

Regarding the CAB, WHUT did not adequately notify the public of the station's CAB meetings that were conducted virtually during FY 2021 and FY 2022 due to the pandemic. Although the dates of CAB meetings were announced in advance on the WHUT website, WHUT did not provide the public with the link for joining the virtual meetings and did not identify the time of the meetings.

The Act requires that stations provide the public with reasonable advance notice of all open meetings, including committees of the Board. Specifically:

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

Communications Act, 47 U.S.C. § 396(k)(4).

CPB requires grantees to provide advance notice of open meetings and defines reasonable notice as seven days advance notice, as follows.

- A. Open Meetings: Meetings of Grantee's governing body, its committees and CAB must be open to the public (47 U.S.C. § 396(k)(4)). In addition, CPB requires Grantee to give at least seven days advance notice of meetings, including the time and place, by:
1. posting notice on its station website;
  2. broadcasting notice on-air between 6 a.m. and 11 p.m., as shown by the station's log;
  3. placing notice in the "Legal Notices" section of a local newspaper in general circulation in the station's primary coverage area; or
  4. giving notice through a recorded announcement accessible on the station's phone system.

2021 and 2022 CPB Television CSG General Provisions and Eligibility Criteria, Section 2. Communications Act Requirements.

The Board of Trustees for the University is not significantly involved with the business of the station. Also, the station did not monitor the Board or CAB's website to ensure that public meetings were announced in advance in a manner that complies with the Act or CPB General Provisions. As a result, the public was not provided with sufficient notice to know the time, place, or location when open meetings were held. Therefore, the public was not adequately informed about station activities.

While a WHUT official indicated that Board committee meetings were open to the public, the notices that WHUT and the University used for Board committee meetings did not sufficiently inform the public of the dates, times, and locations of specific meetings. After being advised on April 7, 2023 about the public's right to access to the CAB virtual meetings, the station took corrective action and now provides a link on its website for the time when CAB meetings will be held.

\* \* \* \* \*

WHUT was not in full compliance with Act and grant requirements during our audit period and may be subject to penalties under CPB's CSG Noncompliance policy.

***Recommendations:***

We recommend that CPB management require WHUT to:

- 5) provide adequate notice of meeting of the Board Committees meetings that include the date, time, and location of meetings, as well as a link to any future CAB virtual meetings; and
- 6) identify the corrective actions and controls it will implement to ensure future compliance with Act and CPB General Provision requirements for annually posting the station's most

recent AFR and providing adequate advance notice of open meetings, including the date, time, and location.

***WHUT-TV Management Response:***

In response to the draft report, WHUT stated that station management will implement a process to ensure compliance with the Communications Act and CPB General Provisions. Additionally, WHUT stated that it now posts the link for any virtual CAB on the website and will add the physical location of the in-person meetings. It also stated that it will coordinate with the Howard University Office of the Secretary of the Board to update calendars for committee meetings, including dates, times, and locations. WHUT stated that it has created a checklist to ensure the timely posting of the most current AFR on the station's website.

***OIG Review and Comment:***

Based on our review of WHUT's response to the draft report, we consider recommendation five resolved but open pending receipt of further actions for location of in-person meetings and recommendation six unresolved and open pending CPB's final management decision and receipt of WHUT's final corrective actions.

**CPB Grant Payments to WHUT-TV**  
**July 1, 2021 – June 30, 2023**

<b>CPB Grants</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Total</b>
<b>TV – CSG</b>			
Community Service	\$993,464	\$1,039,733	\$2,033,197
Interconnection	\$18,792	\$19,108	\$37,900
Universal Service Support	\$9,936	\$10,366	\$20,302
<b>Total TV CSG Payments</b>	<b>\$1,022,192</b>	<b>\$1,069,207</b>	<b>\$2,091,399</b>
<b>Other Grants:</b>			
American Rescue Plan Act	\$513,483	\$0	\$513,483
<b>Total All CPB Grants</b>	<b>\$1,535,675</b>	<b>\$1,069,207</b>	<b>\$2,604,882</b>



## WHUT-TV Annual Financial Report For the Fiscal Years Ending June 30, 2021 and 2022

Schedule A  
WHUT-TV (1731)  
Washington, DC

### NFFS Excluded?

If you have an NFFS Exclusion, please click the "NFFS X" button, and enter your NFFS data.



### Source of Income

	2021 data	2022 data
1. Amounts provided directly by federal government agencies	\$0	\$0
A. Grants for facilities and other capital purposes	\$0	\$0
B. Department of Education	\$0	\$0
C. Department of Health and Human Services	\$0	\$0
D. National Endowment for the Arts and Humanities	\$0	\$0
E. National Science Foundation	\$0	\$0
F. Other Federal Funds (specify)	\$0	\$0
2. Amounts provided by Public Broadcasting Entities	\$1,330,553	\$1,434,351
A. CPB - Community Service Grants	\$1,025,561	\$660,738
Variance greater than 25%.		
B. CPB - all other funds from CPB	\$265,910	\$730,558
Variance greater than 25%.		
C. PBS - all payments except copyright royalties and other pass-through payments. See Guidelines for details.	\$0	\$805
D. NPR - all payments except pass-through payments. See Guidelines for details.	\$0	\$0
E. Public broadcasting stations - all payments	\$36,832	\$33,950
F. Other PBE funds (specify)	\$2,250	\$8,300
Description	Amount	
ITVS	\$2,000	
POV	\$6,300	
Variance greater than 25%.		
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

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B. Fees for services	\$0	\$0
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$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	\$10,120
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
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	\$10,120
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$10,120
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
5. State colleges and universities	\$0	\$0
5.1 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
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
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0

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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
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
7. Private colleges and universities	\$935,921	\$1,359,222
7.1 NFFS Eligible	\$935,921	\$1,298,848
Variance greater than 25%.		
A. Program and production underwriting	\$0	\$0
B. Grants and contributions other than underwriting	\$0	\$0
C. Appropriations from the licensee	\$935,921	\$1,298,848
Variance greater than 25%.		
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	\$60,374
A. Rental income	\$0	\$0
B. Fees for services	\$0	\$60,374
C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
E. Other income ineligible for NFFS inclusion	\$0	\$0
8. Foundations and nonprofit associations	\$124,727	\$3,350
8.1 NFFS Eligible	\$24,727	\$3,350

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Variance greater than 25%.

— A. Program and production underwriting	\$0	\$0
— B. Grants and contributions other than underwriting	\$24,727	\$3,350

Variance greater than 25%.

— 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	\$100,000	\$0

Variance greater than 25%.

— A. Rental income	\$0	\$0
— B. Fees for services	\$0	\$0
— C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$0
— D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital campaign (TV only)	\$0	\$0
— E. Other income ineligible for NFFS inclusion	\$100,000	\$0

Variance greater than 25%.

— 9. Business and Industry	\$37,321	\$864,547
— 9.1 NFFS Eligible	\$10,996	\$95,781

Variance greater than 25%.

— A. Program and production underwriting	\$8,536	\$93,281
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Variance greater than 25%.

— B. Grants and contributions other than underwriting	\$2,460	\$2,500
— 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	\$26,325	\$768,766

Variance greater than 25%.

— A. Rental income	\$0	\$0
— B. Fees for services	\$0	\$70,355
— C. Licensing fees (not royalties – see instructions for Line 15)	\$0	\$900
— D. Gifts and grants for facilities and equipment as restricted by the donor or received through a capital	\$25,000	\$675,000

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campaign (TV only)

Variance greater than 25%.

E. Other income ineligible for NFFS inclusion	\$1,325	\$22,511
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<b>Description</b>	<b>Amount</b>
C- Span Reimbursed expenses transmitter	\$22,511

Variance greater than 25%.

10. Memberships and subscriptions (net of membership bad debt expense)	\$1,032,427	\$1,132,331
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10.1 NFFS Exclusion – Fair market value of premiums that are not of insubstantial value	\$199,381	\$202,065
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10.2 NFFS Exclusion – All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (unless netted elsewhere in Schedule A)	\$0	\$0
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	<u>2021 data</u>	<u>2022 data</u>
10.3 Total number of contributors.	7,488	7,085

11. Revenue from Friends groups less any revenue included on line 10	\$0	\$0
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	<u>2021 data</u>	<u>2022 data</u>
11.1 Total number of Friends contributors.	0	0

12. Subsidiaries and other activities unrelated to public broadcasting (See instructions)	\$0	\$0
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A. Nonprofit subsidiaries involved in telecommunications activities	\$0	\$0
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B. NFFS Ineligible – Nonprofit subsidiaries not involved in telecommunications activities	\$0	\$0
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C. NFFS Ineligible – For-profit subsidiaries regardless of the nature of its activities	\$0	\$0
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D. NFFS Ineligible – Other activities unrelated to public broadcasting	\$0	\$0
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**Form of Revenue**

	<u>2021 data</u>	<u>2022 data</u>
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13. Auction revenue (see instructions for Line 13)	\$0	\$0
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A. Gross auction revenue	\$0	\$0
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B. Direct auction expenses	\$0	\$0
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14. Special fundraising activities (see instructions for Line 14)	\$0	\$0
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A. Gross special fundraising revenues	\$0	\$0
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B. Direct special fundraising expenses	\$0	\$0
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15. Passive income	\$39,714	\$27
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A. Interest and dividends (other than on endowment funds)	\$0	\$0
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B. Royalties	\$0	\$27
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C. PBS or NPR pass-through copyright royalties	\$39,714	\$0
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Variance greater than 25%.

16. Gains and losses on investments, charitable trusts and gift annuities and sale of other assets (other than endowment funds)	\$0	\$0
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A. Gains from sales of property and equipment (do not report losses)	\$0	\$0
--	-----	-----

B. Realized gains/losses on investments (other than	\$0	\$0
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—	endowment funds)		
—	C. Unrealized gains/losses on investments and actuarial gains/losses on charitable trusts and gift annuities (other than endowment funds)	\$0	\$0
—	17. Endowment revenue	\$14,738	\$3,443
—	A. Contributions to endowment principal	\$0	\$0
—	B. Interest and dividends on endowment funds	\$0	\$8,000
—	C. Realized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$19,722	\$0
—	Variance greater than 25%.		
—	D. Unrealized net investment gains and losses on endowment funds (if this is a negative amount, add a hyphen, e.g., "-1,765")	\$-4,984	\$-4,557
—	18. Capital fund contributions from individuals (see instructions)	\$0	\$0
—	A. Facilities and equipment (except funds received from federal or public broadcasting sources)	\$0	\$0
—	B. Other	\$0	\$0
—	19. Gifts and bequests from major individual donors	\$0	\$79,063
		<b>2021 data</b>	<b>2022 data</b>
—	19.1 Total number of major individual donors	0	53
—	20. Other Direct Revenue	\$0	\$0
—	Line 21. Proceeds from the FCC Spectrum Incentive Auction, interest and dividends earned on these funds, channel sharing revenues, and spectrum leases	\$0	\$0
—	A. Proceeds from sale in spectrum auction	\$0	\$0
—	B. Interest and dividends earned on spectrum auction related revenue	\$0	\$0
—	C. Payments from spectrum auction speculators	\$0	\$0
—	D. Channel sharing and spectrum leases revenues	\$0	\$0
—	E. Spectrum repacking funds	\$0	\$0
—	22. Total Revenue (Sum of lines 1 through 12, 13.A, 14.A, and 15 through 21)	\$3,515,401	\$4,886,454
—	Variance greater than 25%.		

### Adjustments to Revenue

		<b>2021 data</b>	<b>2022 data</b>
—	23. Federal revenue from line 1.	\$0	\$0
—	24. Public broadcasting revenue from line 2.	\$1,330,553	\$1,434,351
—	25. Capital funds exclusion—TV (3,2D, 4,2D, 5,2D, 6,2D, 7,2D, 8,2D, 9,2D, 18A)	\$25,000	\$675,000
—	Variance greater than 25%.		
—	26. Revenue on line 20 not meeting the source, form, purpose, or recipient criteria	\$0	\$0
—	27. Other automatic subtractions from total revenue	\$315,444	\$361,768

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—	A. Auction expenses – limited to the lesser of lines 13a or 13b	\$0	\$0
—	B. Special fundraising event expenses – limited to the lesser of lines 14a or 14b	\$0	\$0
—	C. Gains from sales of property and equipment – line 16a	\$0	\$0
—	D. Realized gains/losses on investments (other than endowment funds) – line 16b	\$0	\$0
—	E. Unrealized investment and actuarial gains/losses (other than endowment funds) – line 16c	\$0	\$0
—	F. Realized and unrealized net investment gains/losses on endowment funds – line 17c, line 17d	\$14,738	\$-4,557

Variance greater than 25%.

—	G. Rental income (3.2A, 4.2A, 5.2A, 6.2A, 7.2A, 8.2A, 9.2A)	\$0	\$0
—	H. Fees for services (3.2B, 4.2B, 5.2B, 6.2B, 7.2B, 8.2B, 9.2B)	\$0	\$140,849
—	I. Licensing Fees (3.2C, 4.2C, 5.2C, 6.2C, 7.2C, 8.2C, 9.2C)	\$0	\$900
—	J. Other revenue ineligible as NFFS (3.2E, 4.2E, 5.2E, 6.2E, 7.2E, 8.2E, 9.2E)	\$101,325	\$22,511

Variance greater than 25%.

—	K. FMV of high-end premiums (Line 10.1)	\$199,381	\$202,065
—	L. All bad debt expenses from NFFS eligible revenues including but not limited to pledges, underwriting, and membership (Line 10.2)	\$0	\$0
—	M. Revenue from subsidiaries and other activities ineligible as NFFS (12.B, 12.C, 12.D)	\$0	\$0
—	N. Proceeds from spectrum auction and related revenues from line 21.	\$0	\$0
—	28. Total Direct Nonfederal Financial Support (Line 22 less Lines 23 through 27). (Forwards to line 1 of the Summary of Nonfederal Financial Support)	\$1,844,404	\$2,415,335

Variance greater than 25%.

### Comments

Comment	Name	Date	Status
Schedule B Worksheet WHUT-TV (1731) Washington , DC			
		2021	2022
<b>Step 1 - Compute the Rate - Licensee Indirect Costs/Licensee Direct Costs</b>			
Institutional Support (Enter this amount here only if station benefits from Institutional Support.)		\$130,145,393	\$246,367,458
Variance greater than 25%.			
AFS page or "n/a"	See attached financial statements pg 72	see attached financial statement pg 74	
Physical Plant Support (Enter this amount here only if station benefits from		\$62,935,742	\$52,871,488

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	2021	2022
Physical Plant Support.)		
AFS page or "n/a"	See attached financial statements pg 72	see attached financial statement pg 74
<b>Licensee Indirect Costs</b>	\$193,081,135	\$299,238,946
Variance greater than 25%.		
<b>Licensee Direct Costs</b>		
Total Operating expenses	\$857,402,000	\$990,197,000
AFS page or "n/a"	See attached financial statements pg 6	see attached financial statement pg 6
Less: Institutional Support (Enter this amount whether or not the station benefits from Institutional Support.)	\$130,145,393	\$246,367,458
Variance greater than 25%.		
AFS page or "n/a"	See attached financial statements pg 72	see attached financial statement pg 74
Less: Physical Plant Support (Enter this amount whether or not the station benefits from Physical Plant Support.)	\$62,935,742	\$52,871,488
AFS page or "n/a"	See attached financial statements pg 72	See attached financial statements pg 74
Licensee's Direct Costs (= Total operating expenses minus both Institutional Support and Physical Plant Support)	\$664,320,865	\$690,958,054
Indirect Cost Rate = (Licensee's Indirect Costs/Licensee's Direct Costs)	%29.064439	%43.307831
Variance greater than 25%.		
<b>Step 2 - Identify the Base (Station's Net Direct Expenses)</b>		
Station's Total Operating Expenses (from Schedule E, Line 8)	\$4,251,008	\$4,757,851
Less: Depreciation and Amortization - from station's AFS (if applicable)	\$197,428	\$204,299
AFS page or "n/a"	page 4 WHUT AFS	page 5 WHUT AFS
In-kind contributions and donated property and equipment reported as expenses per AFS (if applicable)	\$0	\$0
AFS page or "n/a"	n/a	n/a
Indirect Administrative Support (if included in station's total expenses) -per AFS	\$912,839	\$1,377,701



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	2021	2022
Variance greater than 25%.		
AFS page or "n/a"	page 4 WHUT AFS	page 5 WHUT AFS
Expenses for non-broadcast activities and UBIT-per AFS (if applicable)	\$0	\$0
AFS page or "n/a"	n/a	n/a
Expenses not supported by licensee - per AFS (Example: expenses of consolidated entities like Friends Groups, foundations, and component units (if applicable))	\$0	\$0
AFS page or "n/a"	n/a	n/a
Station's Net Direct Expenses	\$3,140,741	\$3,181,182
<b>Step 3: Apply the Rate to the Base (= total support activity benefiting the station)</b>	\$912,839	\$1,377,701
Variance greater than 25%.		
Upload the licensee's audited financial statement only. [NOTE: Only PDF files are allowed for upload.]	<a href="#">View Document</a>	1731_WHUT_BWA_fy22.pdf
<b>Comments</b>		
Comment	Name	Date
Occupancy List WHUT-TV (1731) Washington , DC		
Type of Occupancy Location		Value
Schedule B Totals WHUT-TV (1731) Washington , DC		
	2021 data	2022 data
1. Total support activity benefiting station	\$912,839	\$1,377,701
Variance greater than 25%.		
2. Occupancy value	0	\$0
3. Deductions: Fees paid to the licensee for overhead recovery, assessment, etc.	\$0	\$0
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)	\$912,839	\$1,377,701
Variance greater than 25%.		
6. Please enter an institutional type code for your licensee.	PU	PU
<b>Comments</b>		
Comment	Name	Date
Schedule C WHUT-TV (1731)		

**WHUT-TV Annual Financial Report  
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Washington , DC

	2021 data	Donor Code	2022 data
1. PROFESSIONAL SERVICES (must be eligible as NFFS)	\$		\$0
A. Legal	\$		\$0
B. Accounting and/or auditing	\$		\$0
C. Engineering	\$		\$0
D. Other professionals (see specific line item instructions in Guidelines before completing)	\$		\$0
2. GENERAL OPERATIONAL SERVICES (must be eligible as NFFS)	\$		\$0
A. Annual rental value of space (studios, offices, or tower facilities)	\$		\$0
B. Annual value of land used for locating a station-owned transmission tower	\$		\$0
C. Station operating expenses	\$		\$0
D. Other (see specific line item instructions in Guidelines before completing)	\$		\$0
3. OTHER SERVICES (must be eligible as NFFS)	\$		\$0
A. ITV or educational radio	\$		\$0
B. State public broadcasting agencies	\$		\$0
C. Local advertising	\$		\$0
D. National advertising	\$		\$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
5. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$		\$0
A. Compact discs, records, tapes and cassettes	\$		\$0
B. Exchange transactions	\$		\$0
C. Federal or public broadcasting sources	\$		\$0
D. Fundraising related activities	\$		\$0
E. ITV or educational radio outside the allowable scope of approved activities	\$		\$0
F. Local productions	\$		\$0
G. Program supplements	\$		\$0
H. Programs that are nationally distributed	\$		\$0
I. Promotional items	\$		\$0
J. Regional organization allocations of program services	\$		\$0
K. State PB agency allocations other than those allowed on line 3(b)	\$		\$0
L. Services that would not need to be purchased if not donated	\$		\$0
M. Other	\$		\$0
6. Total in-kind contributions - services and other assets (line 4 plus line 5), forwards to Schedule F, line 1c. Must agree with in- kind contributions recognized as revenue in the AFS.	\$		\$0

**Comments**

Comment	Name	Date	Status
Schedule D WHUT-TV (1731) Washington , DC			

**WHUT-TV Annual Financial Report  
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	2021 data	Donor Code	2022 data
1. Land (must be eligible as NFFS)	\$		\$0
2. Building (must be eligible as NFFS)	\$		\$0
3. Equipment (must be eligible as NFFS)	\$		\$0
4. Vehicle(s) (must be eligible as NFFS)	\$		\$0
5. Other (specify) (must be eligible as NFFS)	\$		\$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
7. IN-KIND CONTRIBUTIONS INELIGIBLE AS NFFS	\$		\$0
a) Exchange transactions	\$		\$0
b) Federal or public broadcasting sources	\$		\$0
c) TV only—property and equipment that includes new facilities (land and structures), expansion of existing facilities and acquisition of new equipment	\$		\$0
d) Other (specify)	\$		\$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

**Comments**

Comment	Name	Date	Status
Schedule E WHUT-TV (1731) Washington , DC			

**EXPENSES**

(Operating and non-operating)

**PROGRAM SERVICES**

	2021 data	2022 data
1. Programming and production	\$1,106,700	\$1,063,070
A. TV CSG	\$533,298	\$544,187
B. TV Interconnection	\$19,723	\$0
C. Other CPB Funds	\$144,372	\$82,178
D. All non-CPB Funds	\$409,307	\$436,705
2. Broadcasting and engineering	\$1,039,177	\$991,421
A. TV CSG	\$378,692	\$55,891
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$535,890
D. All non-CPB Funds	\$660,485	\$399,640
3. Program information and promotion	\$26,850	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$26,850	\$0

**SUPPORT SERVICES**

	2021 data	2022 data
4. Management and general	\$1,839,928	\$2,433,381
A. TV CSG	\$44,541	\$36,869

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	2021 data	2022 data
B. TV Interconnection	\$0	\$18,792
C. Other CPB Funds	\$49,167	\$72,917
D. All non-CPB Funds	\$1,746,220	\$2,304,803
5. Fund raising and membership development	\$238,353	\$269,979
A. TV CSG	\$49,306	\$5,000
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$72,371	\$39,573
D. All non-CPB Funds	\$116,676	\$225,406
6. Underwriting and grant solicitation	\$0	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
7. Depreciation and amortization (if not allocated to functional categories in lines 1 through 6)	\$0	\$0
A. TV CSG	\$0	\$0
B. TV Interconnection	\$0	\$0
C. Other CPB Funds	\$0	\$0
D. All non-CPB Funds	\$0	\$0
<b>8. Total Expenses (sum of lines 1 to 7) must agree with audited financial statements</b>	<b>\$4,251,008</b>	<b>\$4,757,851</b>
A. Total TV CSG (sum of Lines 1.A, 2.A, 3.A, 4.A, 5.A, 6.A, 7.A)	\$1,005,837	\$641,947
B. Total TV Interconnection (sum of Lines 1.B, 2.B, 3.B, 4.B, 5.B, 6.B, 7.B)	\$19,723	\$18,792
C. Total Other CPB Funds (sum of Lines 1.C, 2.C, 3.C, 4.C, 5.C, 6.C, 7.C)	\$265,910	\$730,558
D. Total All non-CPB Funds (sum of Lines 1.D, 2.D, 3.D, 4.D, 5.D, 6.D, 7.D)	\$2,959,538	\$3,366,554

**INVESTMENT IN CAPITAL ASSETS**

Cost of capital assets purchased or donated

	2021 data	2022 data
9. Total capital assets purchased or donated	\$374,660	\$20,585
9a. Land and buildings	\$0	\$0
9b. Equipment	\$374,660	\$20,585
9c. All other	\$0	\$0
<b>10. Total expenses and investment in capital assets (Sum of lines 8 and 9)</b>	<b>\$4,625,668</b>	<b>\$4,778,436</b>

**Additional Information**

(Lines 11 + 12 must equal line 8 and Lines 13 + 14 must equal line 9)

	2021 data	2022 data
11. Total expenses (direct only)	\$3,338,169	\$3,380,150
12. Total expenses (indirect and in-kind)	\$912,839	\$1,377,701
13. Investment in capital assets (direct only)	\$374,660	\$20,585

## WHUT-TV Annual Financial Report For the Fiscal Years Ending June 30, 2021 and 2022

				2021 data	2022 data								
14. Investment in capital assets (indirect and in-kind)				\$0	\$0								
<div> <div>Comments</div> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Comment</th> <th style="width: 20%;">Name</th> <th style="width: 20%;">Date</th> <th style="width: 30%;">Status</th> </tr> </thead> <tbody> <tr> <td colspan="4">           Schedule F            WHUT-TV (1731)            Washington , DC         </td> </tr> </tbody> </table> </div>						Comment	Name	Date	Status	Schedule F WHUT-TV (1731) Washington , DC			
Comment	Name	Date	Status										
Schedule F WHUT-TV (1731) Washington , DC													
				2022 data									
<b>1. Data from AFR</b>													
a. Schedule A, Line 22				\$4,886,454									
b. Schedule B, Line 5				\$1,377,701									
c. Schedule C, Line 6				\$0									
d. Schedule D, Line 8				\$0									
e. Total from AFR				\$6,264,155									
<b>Choose Reporting Model</b>													
You <b>must</b> choose one of the three reporting models in order to complete Schedule F. After making your selection, click the "Choose" button below, which will display your reporting model. When changing to a different reporting model all data entered in the current reporting model will be lost.													
<div> <input checked="" type="radio"/> FASB           <input type="radio"/> GASB Model A proprietary enterprise-fund financial statements with business-type activities only           <input type="radio"/> GASB Model B public broadcasting entity-wide statements with mixed governmental and business-type activities         </div>													
				2022 data									
<b>2. FASB</b>													
a. Total support and revenue - without donor restrictions				\$6,260,712									
b. Total support and revenue - with donor restrictions				\$3,443									
c. Total support and revenue - other				\$0									
d. Total from AFS, lines 2a-2c				\$6,264,155									
<b>Reconciliation</b>				2022 data									
<b>3. Difference (line 1 minus line 2)</b>				\$0									
4. If the amount on line 3 is not equal to \$0, click the "Add" button and list the reconciling items.				\$0									
<div> <div>Comments</div> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Comment</th> <th style="width: 20%;">Name</th> <th style="width: 20%;">Date</th> <th style="width: 30%;">Status</th> </tr> </thead> <tbody> </tbody> </table> </div>						Comment	Name	Date	Status				
Comment	Name	Date	Status										

**WHUT-TV**  
**Summary of Non-Federal Financial Support**  
**For the Years Ending June 30, 2021 and 2022**  
**Certified by Head of the Grantee and Independent Accountant's Report**

<b>AFR Line</b>	<b>WHUT-TV Description</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Totals</b>
1	Direct Revenue (Schedule A)	\$1,844,404	\$2,415,335	\$4,259,739
2	Indirect Administrative (Schedule B)	\$912,839	\$1,377,701	\$2,290,540
3	In-kind Contributions			
	3a. In-Kind Contributions (Schedule C)	\$0	\$0	\$0
	3b. In-Kind Contributions (Schedule D)	\$0	\$0	\$0
4	<b>Total Non-Federal Financial Support</b>	<b>\$2,757,243</b>	<b>\$3,793,036</b>	<b>\$6,550,279</b>

**Audit Identified Capital Acquisitions Expensed**  
**July 1, 2020 – June 30, 2022**

<b>Fiscal Year Fund Used</b>	<b>Transaction Number</b>	<b>Type of Expense</b>	<b>Product Acquired</b>	<b>Amount</b>
<b><i>FY 2021:</i></b>				
FY 2021 CSG	1CSG-8	Non-Capital Equipment, Repairs and Maintenance	Teleprompter Monitor Display	\$6,450
CARES Act	1ST-1	HVAC Systems, Repairs and Maintenance	Compressor	\$5,223
Contributions – Memberships	1HU-11 and 1HU-12	Telephone Equipment, Utilities	Video Wall Monitors	\$96,880
<b><i>Subtotal</i></b>				<b><i>\$108,553</i></b>
<b><i>FY 2022:</i></b>				
FY 2021 CSG	2CSG-6	Supplies - Maintenance, Repairs and Maintenance	Transmitter Equipment	\$17,245
CARES and FY 2021 CSG	2ST-2 and 2CSG-7	Services – Outside Other, Professional and Other Administrative	Steel Structure	\$24,984
FY 2020 CSG and Other	20CSG-1	Procurement Card, Supplies	Power Rack System	\$4,325
<b><i>Subtotal</i></b>				<b><i>\$46,554</i></b>
<b>Total</b>				<b>\$155,107</b>

*Our examination of judgmentally selected expense transactions found that WHUT did not follow GAAP because it accounted for acquired fixed assets (Property, Plant, and Equipment - PP&E) totaling \$155,107, as expenses, instead of capitalizing the PP&E. The associated equipment and capital improvements were expensed using CSG funds, other federal funds, or contributions claimed as NFFS.*

## Scope and Methodology

We performed an attestation examination to determine WHUT's compliance with CPB Financial Reporting Guidelines, provisions of the Communications Act, grant certification requirements, and other grant provisions. The scope of the audit included reviews and tests of the information reported by the grantee on its AFRs that we reconciled to audited financial statements for the fiscal years ending June 30, 2021, and June 30, 2022; grant certifications of compliance with Act requirements; and certifications on its financial reports submitted to CPB.

We tested the allowability of the NFFS claimed on WHUT's AFRs by performing financial reconciliations and comparisons to the station's underlying accounting records (general ledgers) and the audited financial statements. We reviewed underwriting and grant agreements, contracts, and other documentation supporting revenues reported. Specifically, we reviewed NFFS revenue transactions reported totaling \$928,983 of the \$1,844,404 reported in FY 2021 and \$695,065 of the \$2,415,335 reported in FY 2022.

We reviewed the allowability of expenses WHUT charged to the CSGs received from CPB during FYs 2021 and 2022. We reviewed the station's FY 2021 and FY 2022 general ledgers to verify CSG and Interconnection grant funds were expended within the spending periods. To determine whether WHUT incurred CSG expenditures in accordance with grant terms, we reviewed CSG expenses totaling \$1,269,161, \$184,134 of CARES Act funds, and \$22,771 Ready to Learn funds that were incurred by the station during our audit period. For all the grant expenses reviewed, we examined supporting documentation, including invoices, proof of payments, and other documentation for judgmentally selected transactions. We also performed analytical review procedures of indirect administrative support of \$912,839 and \$1,377,701 for FY 2021 and FY 2022, respectively.

We reviewed policies, records, and documents supporting the station's compliance with the Act's requirements to provide advance notice of public meetings, make financial and EEO information available to the public, CAB, and safeguard donor lists. We also reviewed WHUT's and the University's websites to determine its compliance with CPB's transparency requirements. We also reviewed the independent public accountant's audit planning, internal controls, and attestation working papers for FY 2021 and FY 2022. Our procedures included interviewing grantee officials.

We gained an understanding of internal controls over the preparation of AFRs, cash receipts, and cash disbursements. We also gained an understanding of WHUT's procedures for compliance with certification of eligibility requirements, Communications 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 the objectives.

We conducted fieldwork from March 21, 2023 through December 4, 2023. We performed our audit in accordance with the *Government Auditing Standards* for attestation examination.



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May 6, 2024

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

**RE: Audit of Community Service and Other Grants Awarded to Howard  
University Television, WHUT-TV, Washington, District of Columbia for the Period  
July 1, 2020 through June 30, 2022, Draft Report No. AST2303-XXXX**

Dear Mr. Richardson:

Thank you for the opportunity to respond to the Draft Audit Report. Throughout the audit process, we have worked closely with the OIG's staff and appreciate the diligence and collegiality of your audit team. We viewed this audit as an opportunity to review and improve our internal processes and procedures.

We would like to take this opportunity to address the recommendations and observations contained in the Draft Report. For convenience's sake, we will respond to the Draft Audit Report's conclusions and the resulting recommendations in the Draft Report, in the order they appear.

**OIG Recommendations 1 and 2:**

We recommend that CPB management require WHUT to: (1) repay \$41,755 in questioned costs; and (2) identify the corrective actions and controls it will implement to ensure future compliance with CSG, Interconnection, and Ready to Learn grant agreement terms, including: (a) expending funds within grant term limits; and (b) accounting for direct labor hours on federal grants.

**Howard University, WHUT's Response:**

The Draft audit Report questioned \$39,926 costs, including \$38,515 of Interconnection Funds and \$1,411 of CSG because the Draft Audit Report concluded these expenditures were made outside the appropriate spending period.

The questioned Fiscal Year 2020 Interconnect expenditures totaling \$19,723 were originally charged to the CSG grant GRT0009683 as of March 31, 2020, which falls within the project's period of performance. The reclassification of this expense was then transferred to GRT009682 on March 31, 2021. While Howard agrees that the transfer of the PBS dues costs was delayed, it is important to note that although the reclassification was done in 2021, the actual payment for the expenses occurred within the appropriate spending period.

The Fiscal Year 2021 Interconnect expenditures totaling \$18,792 were originally charged to the CSG grant GRT0009683 as of July 31, 2021, which falls within the project's period of performance. The reclassification of these expenses was transferred to GRT009682B on March 31, 2022. Again, Howard agrees that the transfer of the PBS

dues costs was delayed. However, it is important to note that although the reclassification was done in 2022, the actual payment for the expenses occurred during the appropriate spending period.

Regarding the Fiscal Year 2020 CSG expenditure totaling \$1,411, the supply charge on Purchase Order 10005646 was encumbered 09/21/2021, prior to the end date of the grant's spending period, 09/30/2021. The invoice date is 09/01/2021 but paid on February 25, 2022. This timing of the actual payment, though, does not change the fact the expenditures occurred within the spending period and were encumbered at that time. As such, it is not accurate to conclude WHUT did not comply with the spending period requirements for the Television CSG.

The Draft Audit Report also concluded WHUT did not maintain records to account for the time that an employee spent on the Ready to Learn program. This employee was a salaried employee with partial effort charged to the grant. Howard University's salaried employees do not require timesheet maintenance. In lieu of timesheets, bi-annual effort certifications are maintained. This process complies with the Uniform Guidance.

#### **OIG Recommendations 3 and 4:**

We recommend that CPB management require WHUT to: (3) repay \$10,986 in CSG overpayments; and (4) identify the corrective actions and controls it will implement to ensure future compliance with all CPB NFFS reporting requirements, including: (a) using GAAP to record and depreciate capital investments and improvements; (b) supporting labor charges for departmental employees paid with General Appropriated funds; (c) identifying the difference between a contribution and an exchange transaction; (d) accounting for endowment fund transactions; and (e) identifying unsupported revenue transactions.

#### **Howard University, WHUT's Response:**

Howard University agrees with the Draft Report's conclusion that WHUT overreported non-Federal Financial Support, which resulted in an overpayment of CSG funds, with two exceptions.

First, Howard University disagrees with the Draft Report's conclusion that University officials were unable to provide supporting documentation for claimed labor costs totaling \$24,474. Howard University can provide the Office of Inspector General with a list of the names of the employees who are charged to the Cost Center (CC8500 series including Institutional Designated Accounts and the amount charged to that Cost Center.

Second, Howard University disagrees with the Draft Audit Report's conclusion that WHUT overstated NFFS by \$546 because it was unable to provide support for a claimed preauthorized ACH revenue settlement transaction. WHUT contacted the credit card company but was facing difficulties obtaining information from the credit card company regarding this batch, due to the old age of the transaction which meant that the records are archived or not readily accessible.

Regarding corrective actions, Station management is developing, implementing, and documenting specific processes so that proper controls are in place to ensure compliance with financial reporting requirements. Station management is closely partnering with the University's Financial Grants & Contracts Office and the station's external auditors to ensure ongoing compliance.

#### **OIG Recommendations 5 and 6:**

We recommend that CPB management require WHUT to: (5) provide adequate notice of meeting of the Board Committees meetings that include the date, time, and location of meetings, as well as a link to any future CAB virtual meetings; and (6) identify the corrective actions and controls it will implement to ensure future compliance with Act

and CPB General Provision requirements for annually posting the station's most recent AFR and providing adequate advance notice of open meetings, including the date, time, and location.

**Howard University, WHUT's Response:**

WHUT station management will implement a process to ensure compliance with the Communications Act and CPB General Provisions. Regarding advance public notice of CAB meetings, WHUT has proceeded to post the link for any virtual meetings on the website and will add the physical location of the in-person meetings. WHUT will coordinate with the Howard University Office of the Secretary of the Board to get updated calendars for committee meetings, including dates, times, and locations. WHUT has also created a checklist to ensure the timely posting of the most current CPB AFR on the station's website.

Thank you once again for the opportunity to comment on the Draft Audit Report. Please feel free to contact WHUT if you have any questions or would like further information.

Sincerely,

A handwritten signature in cursive script that reads "Sean Plater".

Sean D. Plater, MBA  
General Manager

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## Contact CPB OIG

If you have information about fraud, waste, or abuse involving CPB funds, initiatives, or operations, please call, write, or e-mail the Office of the Inspector General or file a complaint through our website. Your report may be made anonymously.

Call: Inspector General Hotline  
202-879-9728 or  
800-599-2170

Email: [oigemail@cpb.org](mailto:oigemail@cpb.org)

Write: Inspector General Hotline  
Office of the Inspector General  
Corporation for Public Broadcasting  
401 Ninth Street, NW  
Washington, DC 20004-2129

Website: <https://cpboig.oversight.gov/hotline>



On October 1, 2017, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) announced the official launch of [Oversight.gov](https://oversight.gov). This new website provides a “one stop shop” to follow the ongoing oversight work of all Inspectors General that publicly post reports.

The Corporation for Public Broadcasting, like the other OIGs, will continue to post reports to its own website. But with the launch of Oversight.gov, users can now sort, search, and filter the site’s database of public reports from all of CIGIE’s member OIGs to find reports of interest. In addition, the site features a user-friendly map to find reports based on geographic location, and contact information for each OIG’s whistleblower hotline. Users can receive notifications when new reports are added to the site by following CIGIE’s new Twitter account, [@OversightGov](https://twitter.com/OversightGov).