



Report in Brief

Why We Did This Audit

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

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

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Audit of Community Service and other Grants Awarded to KUER-FM and KUED-TV licensed to the University of Utah, Salt Lake City, Utah, for the Period July 1, 2017 through June 30, 2019

What We Found

KUER and KUED overstated the NFFS reported on their FY 2018 and FY 2019 AFRs by \$960,424 because they claimed:

The \$960,424 of overstated NFFS resulted in \$100,091 of excess CSG payments.

- \$452,001 of ineligible endowment revenue;
- \$450,947 of unallowable indirect administrative support;
- \$70,800 of unsupported underwriting trades;
- \$24,000 of ineligible revenue from public broadcasting entities; and
- revenues of \$32,772 not used for public broadcasting purposes.

These revenues were offset with a \$70,096 premium adjustment due to low-value premiums reported on the AFR.

In response to the draft report, KUER and KUED management agreed with our findings and implemented corrective actions to ensure they properly report NFFS in the future. CPB management will make the final determination on our findings and recommendations.

What We Recommend

That CPB management:

- recover the \$100,091 of CSG overpayments;
- require KUED to reconcile membership premiums provided to donors in FY 2021 and in subsequent years to contributions received each year;
- require management to identify corrective actions it will implement to ensure future compliance with CPB requirements for reporting NFFS; and
- consider using CPB's new FY 2020 Standard Indirect Administrative Support (IAS) methodology to calculate the IAS KUER and KUED can use as NFFS in calculating FYs 2020 and 2021 CSG award amounts.