



Office of Inspector General
Corporation for Public Broadcasting
Report in Brief

Report No. ACJ1802-1801
January 23, 2018

Background

The objectives of our limited scope audit were to determine whether the station reported Indirect Administrative Support (IAS) as Non-Federal Financial Support (NFFS) on its Annual Financial Reports (AFR) in accordance with the Corporation for Public Broadcasting's (CPB) Financial Reporting Guidelines (Guidelines) for Fiscal Year (FY) 2016. Accurate reporting of NFFS is critical to ensure an equitable distribution of CPB funds among stations.

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Limited Scope Audit of Indirect Administrative Support Reported as Non-Federal Financial Support at Houston Public Media, A Division of the University of Houston System, Houston, TX for the Period September 1, 2015 through August 31, 2016

What We Found

Based on our audit, we found that Houston Public Media (HPM) overstated IAS it included as NFFS in FY 2016 by \$2,451,585, resulting in a Community Service Grant (CSG) overpayment of \$202,404 in FY 2018.

In response to our draft report, HPM agreed with our findings on its institutional and physical plant support rate calculations and said it has taken corrective actions. The station did not agree with some of the institutional cost pools OIG questioned that resulted in overstated IAS or that it had not complied with CPB Guidelines. We did not change our findings or recommendations in response to HPM's response.

What We Recommend

That CPB take the following actions:

- 1) recover the CSG overpayment of \$202,404;
- 2) require HPM to identify the corrective actions and controls it will implement to ensure future compliance with NFFS Guidelines; and
- 3) review and clarify the AFR Schedule B guidelines for the Basic Method to help institutional stations with varying and unique organizational structures apply guidance consistently in calculating their IAS NFFS to ensure there is an equitable distribution of CPB funds.

This report contains the conclusions of the Office of Inspector General and does not represent CPB's final position on the issues identified. CPB will issue a final determination in accordance with its audit resolution procedures.