



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 KUEN-TV's (KUEN) 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 The Utah State Board of Regents, KUEN-TV, Salt Lake City, Utah, for the Period July 1, 2017 through June 30, 2019

What We Found

Based on our audit, KUEN was not compliant with the following CPB grant requirements. Specifically, KUEN:

KUEN overstated \$11,205,979 in NFFS resulting in potential CSG overpayments of \$1,322,291 and incurred questioned CSG costs of \$9,238.

- overstated NFFS by \$11,205,979, which resulted in potential CSG overpayments of \$1,322,291, which we will report as funds put to better use; and
- incurred questioned CSG costs of \$9,238.

In response to the draft report, KUEN management agreed that the station overstated \$132,899 in NFFS from ineligible contribution sources and errors but disagreed that it had overstated \$6,117,350 in Indirect Administrative Support and \$4,955,730 in in-kind Instructional Television NFFS. The station agreed that the questioned costs should not have been charged to the CSG grants and stated it has taken corrective action for future reporting. CPB management will make the final determination on our findings and recommendations.

What We Recommend

That CPB require KUEN to:

- repay the potential CSG overpayments of \$1,322,291;
- repay the questioned CSG costs of \$9,238; and
- identify the corrective actions and controls it will implement to ensure future compliance with NFFS reporting and CSG grant spending requirements.