



Report in Brief

Background

We performed this audit in response to a Corporation for Public Broadcasting (CPB) request.

Our objectives were to examine the station's certifications of compliance with Corporation for Public Broadcasting 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 Community Service Grant (CSG) and other 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. The amount of NFFS a station reports to CPB affects the amount of CSG funding the station receives.

This report contains the views of the OIG. CPB will make the final decision on our findings and recommendations.

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Audit of Community Service Grants at WLRN TV/FM Licensed to The School Board of Miami-Dade County, Florida for the Period July 1, 2013 through June 30, 2015

What We Found

WLRN overstated NFFS on its 2014 and 2015 AFRs by \$7,348,897 because it:

Overstated NFFS resulted in excess CSG payments of \$459,719 in FY 2016 and \$324,299 in FY 2017.

- improperly reported lease reimbursement revenue and other exchange income, as well as inadequately supported subsidies and funds received from public broadcasting entities as NFFS;
- did not exclude premiums provided to donors, bad debt expense, loss on endowments, special fundraising expenses, and ineligible direct expenses; and
- incorrectly calculated indirect administrative support (IAS).

The station disagreed with our findings regarding the lease reimbursement revenue, inadequately supported subsidies, and calculation of IAS. WLRN also disagreed with our recommendation that CPB should assess penalties. Nonetheless, WLRN has initiated corrective actions, including negotiating an agreement with its affiliated non-profit fundraising corporation, to ensure future compliance with CPB requirements. CPB management will make the final determination on our findings and recommendations.

What We Recommend

That CPB take the following actions:

- recover potential CSG overpayment of \$784,018;
- apply appropriate penalties in accordance with CPB's CSG Non-Compliance Policy; and
- require WLRN to identify the corrective actions and controls it will implement to ensure future compliance.