



Report in Brief

Why We Did This Audit

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

Our objectives were to examine WTTW's 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 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 CPB funding the station receives.

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Audit of Community Service and Other Grants at WTTW, Chicago, Illinois, for the period July 1, 2015 through June 30, 2017

What We Found

Based on our audit we found that WTTW:

- overstated NFFS by \$5,558,152 which resulted in potential FY 2018 and FY 2019 CSG overpayments of \$659,226 which we will report as funds put to better use;
- was not in full compliance with Act requirements for open meetings and documenting reasons for closed meetings; and
- claimed American Graduate production grant costs that were not supported, resulting in questioned costs of \$2,497, and was not in full compliance with production grant requirements.

Overstated NFFS of \$5,558,152, resulting in potential CSG overpayments of \$659,226 in 2018 and 2019.

In response to our draft report the station did not agree with most of our overstated NFFS and Act noncompliance findings. WTTW did agree with our production grant findings and said it would take corrective actions. CPB management will make the final determination on our findings and recommendations.

What We Recommend

That CPB:

- a) recover the potential CSG overpayments of \$659,226;
- b) ensure WTTW's FY 2018 AFR excludes the presenting station/production services payments received in FY 2018;
- c) require WTTW to fully comply with open meeting requirements;
- d) recover \$2,497 in questioned American Graduate grant costs;
- e) require WTTW to correct its indirect cost rate on its American Creed financial reports and update its subcontracts to include CPB audit access; and
- f) require WTTW to identify the corrective actions it will implement to ensure future compliance with these various NFFS, open meetings, and other grant requirements.