

Compliance Alert
Indirect Administrative Support
February 2018

Recently, it has come to our attention that some stations and their auditors have not been reviewing their indirect administrative support calculations to ensure they are consistent with our Financial Reporting Guidelines. It is imperative that you work closely with your licensee to make these calculations and provide your auditors with appropriate supporting documentation. Please make sure that your auditors have access to the [Financial Reporting Guidelines](#).

Several audit findings could have been avoided if stations had made it a practice to review those calculations annually. A common error occurs when stations continue to include support services in their calculation when their licensees no longer provide those services. For example, a station receives IT support from its licensee for several years. The station assumed this responsibility at the beginning of 2017. Therefore, these costs no longer benefit the station's operations and cannot be included in its indirect administrative support calculation starting in 2017.

Please be reminded that services that benefit your station must meet the following criteria pursuant to the Guidelines.

- The services are an essential part of the station's operations;
- The services are continuous and ongoing in support of the station; and
- The station uses the services or is required to use those services.

We welcome an opportunity to discuss your concerns. Please contact us at: CSG@cpb.org.