



Corporation  
for Public  
Broadcasting

January 2, 2020

VIA ELECTRONIC MAIL AND HARDCOPY TO FOLLOW

Mr. DeWayne Wickham  
Dean, School of Global Journalism and Communication  
Morgan State University  
1700 East Cold Spring Lane  
Baltimore, MD 21251

Dear Mr. Wickham,

RE: Audit of Community Service Grants awarded to Morgan State University, WEAA-FM, Baltimore, Maryland, for the period July 1, 2016 through June 30, 2018, Report No. ASR1904-1906

The audit referenced above concluded that WEAA-FM complied with its CSG Certifications of Eligibility, the numerous provisions in the Communications Act of 1934, 47 U.S.C. §396, et sec. (Communications Act), CPB's Guidelines<sup>1</sup> concerning non-federal financial support (NFFS), and the terms of its community service grants (CSG), with some exceptions. Namely, that the station overstated its NFFS, resulting in CSG overpayments of \$6,712<sup>2</sup>, that it misspent \$1,900 in CSG funds, and that it did not fully comply with the Communications Act and CPB's requirements.

The specific findings and CPB's determinations for WEAA-FM follow.

I. Recommendations 1 & 2

A. Ineligible Indirect Administrative Support:

Stations licensed to institutions, like WEAA-FM, may report as NFFS, indirect administrative support (IAS) that they receive from their licensees pursuant to the Guidelines (Section 2.7.1). IAS is the value of services institutional licensees provide to their stations for general and administrative costs (institutional support), facilities costs (operations and maintenance of plant), and occupancy.

The audit identified several errors that WEAA-FM made in its IAS calculation, resulting in CSG overpayments totaling \$6,712.

- WEAA-FM overstated its institutional and physical plant cost pools because it included costs that are not permitted by CPB's Guidelines; and

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<sup>1</sup> Financial Reporting Guidelines for Preparing the Annual Financial Report (AFR) & Financial Summary Report (FSR), Fiscal Year(s) 2017 and 2018.

<sup>2</sup> This amount differs slightly from that in the audit which used an estimated incentive rate of return.

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- WEAA-FM understated its licensee's net direct activities when calculating the institutional support rate which partially offset the CSG overpayments.

While WEAA-FM argued that the costs were appropriate, we do not agree, and WEAA-FM must return the \$6,712 CSG overpayments to CPB.

The report recommends we require WEAA-FM to identify corrective action and controls it will implement to ensure its future compliance with the same. Considering the amounts involved and that we have adopted a new simplified method for calculating IAS, we will not require this information.

CPB adopted the CSG Non-compliance Policy to encourage stations to comply with the applicable provisions governing their CSG and the Communications Act. Failure to comply with these requirements which results in an overpayment of the recipient's CSG subjects the recipient to a penalty of ten percent of the amount of the overpayment, in addition to refunding the overpayment. Accordingly, CPB is assessing a \$671 penalty against WEAA-FM.

Action: WEAA-FM must send the \$671 noncompliance penalty to CPB within 45 days of the date of this correspondence and return the \$6,712 CSG overpayments to CPB through an adjustment to its 2019 NFFS. CPB will provide it with reporting instructions when that information is due.

## II. Recommendations 3 and 4

Stations may only use CSG funds to cover costs associated with CPB-qualified programming, which is defined as general audience programming broadcast that serve the station's community needs of an educational, informational, or cultural nature<sup>[1]</sup>. The audit disqualified \$1,900 of WEAA-FM's \$439,390 CSG expenditures as it found they were spent on pre-game football shows, which it determined did not meet the definition of CPB-qualified programming. Accordingly, the audit recommended that CPB recover the funds and require the station to identify the corrective actions and controls it will implement to ensure its future compliance. Sports programming is not excluded by the definition of CPB-qualified programming which expressly excludes only "programming that furthers the principles of particular political or religious philosophies" and "programming designed primarily for in-school or professional in-service audiences." Therefore, we will not uphold this finding and no further action is required of WEAA-FM.

Action: No further action is required of WEAA-FM.

## III. Recommendation 5

The audit found that WEAA-FM was not compliant with the requirements below and it recommended that CPB require WEAA-FM to identify corrective action and controls it will implement to ensure its future compliance with the same.

- A. Financial Reports: The Communications Act and the General Provisions require that stations make their financial records available to the public. Further the General Provisions require that stations post on their website their most recent audited financial statements and annual financial report (AFR) or annual financial summary report (FSR) (whichever is applicable). The audit found that WEAA-FM had not posted its most current audited financial reports or its AFR, although it did have a non-working link to its 2016 audited financial statements and its 2014 and 2015 AFRs. WEAA-FM explained that this was an oversight caused by personnel changes and the departure of the previous station management, in its August correspondence. It had corrected the issue before the audit was completed and indicated that its licensee would hire a web producer to assist it and that the business or

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<sup>[1]</sup> Radio General Provisions and Eligibility Criteria for 2017 and 2018.

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station manager would be posting the required documents, with the station manager checking quarterly to ensure that the website links are working.

The CSG Non-compliance Policy provides for a penalty \$5,000 for each instance of noncompliance with the Communications Act. Considering the factors above, the potential impact of a penalty on the station's operations, and that this is a minority audience service station, we are assessing a reduced penalty of \$1,000.

- B. Equal Employment Opportunity (EEO) Report: The Communications Act and the General Provisions require that stations make the employment information they submit to CPB available to the public to review at their central office and each location with six or more employees. This information is captured in stations' station activity survey that they submit to CPB annually. The audit found that WEAA-FM did not make this document available. The station attributed the non-compliance to staff turnover that occurred during the audit period and corrected the issue before the audit was issued. Considering the prompt action taken by WEAA-FM to correct the issue, the potential impact of a penalty on the station's operations, and the steps the station has explained that it will follow to avoid these issues in the future in its August correspondence, pursuant to the CSG Non-compliance Policy, we are assessing a reduced penalty of \$1,000.
- C. CPB Local Content and Services Report: The General Provisions require that stations make their CPB Local Content and Services Report available to the public for review by either posting it on their website or making a hard copy available at its central office. While the audit found that WEAA-FM had a link to the report on its website, that link was not working, and a hard copy of the report was not available at its central office. WEAA-FM explained that it was unaware that the link was not working and fixed the issue before the audit was completed. The station explained that it will have the manager check quarterly to ensure that the website links are operational, in its August correspondence. It appears that a technicality prevented the public from accessing the station's Report. Considering this, the prompt action it undertook to correct the issue, and in light of the other penalties for non-compliance with the Communications Act and their potential impact on the station's operations, a penalty in not appropriate.

Action: WEAA-FM must send the \$2,000 in noncompliance penalties to CPB within 45 days of the date of this correspondence.

Within 45 days of the date of this correspondence, please forward a check in the amount of \$2,671, for the noncompliance penalties, payable to CPB, to the attention of Nick Stromann, Vice President, Controller, Corporation for Public Broadcasting, 401 Ninth Street N.W., Washington, D.C. 20004-2129.

If you wish CPB to consider additional information relating to this matter, please provide the same in writing within 30 days of the date of this letter. Otherwise, CPB will consider these determinations final and Colorado must comply with the actions set forth above. CPB reserves the right to take any other action it deems appropriate until these issues are resolved to CPB's satisfaction.

Kind regards,



Jackie J. Livesay  
Assistant General Counsel & Vice President, Compliance

CC: VIA ELECTRONIC MAIL

Sidney Evans, Vice President for Finance and Management, Morgan State University

Mr. DeWayne Wickham  
Dean, School of Global Journalism and Communication  
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Malarie Pierre, Station manager, WEAA-FM  
Michael Levy, Executive Vice President & Chief Operating Officer, CPB  
J. Westwood Smithers, Jr., Senior Vice President & General Counsel, CPB  
William P. Tayman, Jr., Chief Financial Officer & Treasurer, CPB  
Kimberly Howell, Inspector General, CPB  
Ted Krichels, Senior Vice President, System Development & Media Strategies  
Kathy Merritt, Senior Vice President, Journalism & Radio, CPB  
Erika Pulley-Hayes, Vice President, Radio, CPB  
Katherine Arno, Acting Vice President, CSG & Station Initiatives, CPB  
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William J. Richardson, III, Senior Director and Deputy Inspector General, CPB  
Andrew Charnik, Director, Radio CSG Policy & Administration, CPB  
Nadine Feaster, Director, Grants Administration, CPB  
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