

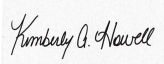


Corporation
for Public
Broadcasting

Office of the Inspector General

May 20, 2021

To: Jackie J. Livesay, Deputy General Counsel and Vice President, Compliance
Michael Levy, Executive Vice President and Chief Operating Officer
Kathy Merritt, Senior Vice President, Radio, Journalism and CSG Services

From: Kimberly A. Howell, Inspector General  Digitally signed by
Kimberly Howell
Date: 2021.05.20
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Subject: Evaluation of WVPE-FM Compliance with Selected Communications Act and
Transparency Requirements as of March 24, 2021, Report No. ECR2106-2106

We have completed an unannounced evaluation of compliance with selected requirements of the 2021 Corporation for Public Broadcasting (CPB) Community Service Grant (CSG) awarded to WVPE-FM, licensed to Elkhart Community Schools, Elkhart, Indiana. Our specific objectives were to verify compliance with twelve requirements of the Communications Act of 1934, as amended (Act) for open and closed meetings and open financial records, as well as the CSG General Provisions and Eligibility Criteria (General Provisions) for transparency as presented in Exhibit A. Background information on the station and CSG program can be found in Exhibit B. Our scope and methodology are discussed in Exhibit C.

Based on our review of the WVPE-FM website on February 26, 2021, we found the station was compliant with nine of the ten requirements applicable. Two requirements were not applicable. The station was not compliant with the open financial records requirement because the most recent CPB Annual Financial Report (AFR) was not posted on the station's website. Station management promptly posted the most recent AFR to the website after we presented our preliminary observations to them. WVPE-FM is now compliant with open financial record requirements.

We recommend that CPB require WVPE-FM to identify what controls it will implement to ensure future compliance with Act and CSG transparency requirements to post its AFR on the website.

In response to the draft report, WVPE-FM management said they have taken corrective actions to ensure its future compliance with Act and CSG transparency requirements. Based on WVPE-FM's response to the draft report, we consider our recommendation resolved but open

pending CPB's final management decision resolving our finding and acceptance of the station's corrective action. The station's response to the draft reported is presented in Exhibit D.

This report presents the conclusions of the Office of the Inspector General (OIG) and the findings do not necessarily represent CPB's final position on the issues. While we have made a recommendation that is appropriate to resolve the finding, CPB officials will make a final determination on our finding and recommendation in accordance with established CPB audit resolution procedures.

We initiated this evaluation to address station accountability as identified in our Annual Plan. We conducted our evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*.

cc: Bruce M. Ramer, Chair, CPB Board of Directors

Robert Mandell, Chair, Audit and Finance Committee, CPB Board of Directors

U.S. Senate Committee on Homeland Security and Governmental Affairs

U.S. House of Representatives Committee on Oversight and Government Reform

U.S. Senate Committee on Commerce, Science and Transportation

U.S. House of Representatives Energy and Commerce Committee

U.S. Senate Committee on Appropriations

U.S. Senate Labor-HHS-Education Appropriations Subcommittee

U.S. House of Representatives Committee on Appropriations

U.S. House of Representatives Labor-HHS-Education Appropriations Subcommittee

FINDING AND RECOMMENDATION

I. ACT COMPLIANCE

As of February 26, 2021, WVPE-FM had not posted its most recent AFR or prior AFRs on its website. Station management said they were unaware that they were required to do so. Station management assumed it was compliant with CPB requirements because they post its most recent audited financial statement to their website. The station did not realize that in addition to the audited financial statements the station also needed to post its most recent AFR submitted to CPB.

Station management promptly posted the most recent AFR to its website after we presented our preliminary observations to them. WVPE-FM is now compliant with open financial record requirements.

The station did not fully comply with the open financial records requirements because it did not post its most recent AFR on its website. The Act at 47 U.S.C. Section 396 (k)(5) provides:

Funds may not be distributed pursuant to this subsection to any public telecommunications entity that does not maintain for public examination copies of the annual financial and audit reports, or other information regarding finances, submitted to the Corporation pursuant to subsection (l)(3)(B).

CPB's Compliance Guidance for 2019 at III. Open Financial Records, Section E provides:

The Public's Access to Financial Information: The Act requires stations to make available to the public their annual financial and audit reports and other financial information they are required to provide to CPB. CPB also requires that each CSG recipient post the following documents on its station website:

- 1) its most recent audited financial statement or un-audited statement for stations exempt from providing audited financial statements; and
- 2) its most recent annual financial report (AFR) or annual financial summary report (FSR) (whichever is applicable).

The General Provisions contain the same requirements. Communications Act Requirements C. Open Financial Records.

In conclusion, the station was not fully compliant with Act open financial records requirements at the time of our review and may be subject to penalties under CPB's Non-Compliance Policy.

Recommendation:

We recommend that CPB management require WVPE-FM to:

- 1) identify what controls it will implement to ensure future compliance with Act and transparency requirements to post its AFR on its website.

**Summary Review of WVPE-FM
as of February 26, 2021**

Requirements	Met	Not Met	Unable to Determine
1) Seven-day advance notice of governing body meeting:			
a) available on website	X		
b) available by other means			
2) Seven-day advance notice of board committee meetings:			
a) available on website	X		
b) available by other means			
3) Seven-day advance notice of Community Advisory Board meetings:	N/A		
a) available on website			
b) available by other means			
4) If closed meetings were held, was documentation prepared explaining the basis for closing meeting in accordance with Act:			
a) available on website	X		
b) available at central office			
5) If closed meeting documentation was prepared, was it available within 10-days of the closed meeting	X		
6) Most recent Annual Financial Report or Financial Summary Report available on website		X	
7) Most recent audited financial statements or unaudited financial statements available on website	X		
8) Senior/executive management information on website	X		
9) governing body members on website	X		
10) CAB members on website	N/A		
11) Diversity Statement:			
a) available on website			
b) available at central office	X		
12) Local Service Content Report (Section 6 of the SAS):			
a) available on website	X		
b) available at central office			

Background

WVPE-FM is a public broadcasting station licensed to Elkhart Community Schools, Elkhart, Indiana. The station provides locally produced and network public programming for residents of north central Indiana and southwestern lower Michigan, reaching a total population of approximately one million. It has been broadcasting since 1972 as a student run lab and became a member of National Public Radio (NPR) in 1991.

The station's website states that its mission is to be a vital communications resource that educates, entertains, and inspires the communities it serves. It also states the station does this through its programming, services, and events reflective of its culture and diversity to create an informed public.

CPB's Community Service Grant Program

The Act provides that specific percentages of the appropriated funds CPB receives annually from the United States Treasury must be allocated and distributed to licensees and permittees of public TV and radio stations. CPB distributes these funds through its CSG program. Grant award amounts are based in part on the amount of Non-Federal Financial Support (revenues) claimed by all stations on their Annual Financial Reports (AFR) submitted to CPB.

In addition to the annual filing of a station's AFR(s) for radio and/or television, the chief executive of the station and a licensee official annually certify to CPB the station's compliance with Act requirements and selected General Provisions requirements in the legal agreement awarding the station CSG funds.

These certifications specifically address Open and Closed Meetings; Open Financial Records; Community Advisory Board, CPB Employment Statistical Report; and Donor information requirements under Section IV Communications Act Compliance of the agreement. Station officials responsible for closed meetings and the CPB Employment Statistical Report requirements are identified in the grant agreement. The certification also includes Website Postings Required under Section V. Selected General Provisions Requirements of the agreement.

Scope and Methodology

We performed an evaluation of WVPE-FM's compliance with selected CSG provisions of the Act and grant certification requirements. Our specific objectives were to verify compliance with selected Act requirements for open and closed meetings and open financial records, as well as Radio Community Service Grants General Provisions and Eligibility Criteria for Transparency. The scope of the evaluation included reviews of the information posted on the station's website as of February 26, 2021 and information provided to us in response to our Preliminary Observations received on March 24, 2021.

We reviewed documents supporting the station's compliance with the Act requirements to provide advance notice of public meetings; notice of closed meeting reasons; and make financial information available to the public. We also reviewed the station's website and processes to determine its compliance with CPB's transparency requirements for eligibility. We informed station management of our evaluation on March 17, 2021 and we requested the station provide us with transparency information maintained at its central office for information that was required to be made available to the public at its central office if not posted on its website.

We also reviewed CPB's integrated station information system to determine if the evaluated information made available to the public was the most recent information submitted to CPB. In addition, we verified with station management that board, and management listings posted to its website were current.

Our fieldwork was conducted from February through March 2021 and our evaluation was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*.

Station Response to Draft Report



DISTRICT COUNSEL/CHIEF OF STAFF
 PHONE: 574-262-5517 / FAX: 574-262-5733

ELKHART COMMUNITY SCHOOLS

J.C. RICE EDUCATIONAL SERVICES CENTER
 2720 CALIFORNIA ROAD • ELKHART, IN 46514
 PHONE: 574-262-5500

Via email (brichardson@cpb.org) and Regular United States Mail

May 10, 2021

William J Richardson III
 Deputy Inspector General
 Office of the Inspector General
 Corporation for Public Broadcasting
 401 Ninth St NW
 Washington DC 20004-2129

Dear Mr. Richardson:

WVPE Station Manager, Anthony Hunt, has apprised me both of the successful elements of our compliance, as well as his specific efforts to place the online records necessary to satisfy the open financial records requirement of the Corporation for Public Broadcasting (CPB). He and I have typically been the two individuals responsible for reviewing the requirements CPB expects of all its grantees prior to signing and returning our annual grant documentation. Now that this error has been identified, we will be sure to include it in our review going forward. Mr. Hunt has also suggested we add a third person to review our overall compliance.

In response to your findings of non-compliance, WVPE station management has developed a checklist to be reviewed and completed annually by the Station Manager, double-checked by myself, and triple-checked by WVPE's Promotions Manager, who is primarily responsible for maintaining the station website, all to insure CPB grant requirements are consistently met.

I believe this should fulfill the request for response and corrective measures taken. Should you have further questions related to this, please feel free to contact me.

Sincerely,

W. Douglas Thorne
 District Counsel/Chief of Staff

WDT/dls

Cc: Anthony Hunt