



Corporation  
for Public  
Broadcasting

Office of Inspector General

March 22, 2006

To: Brian Sickora, VP, System Development & Station Grants Administration  
John Thornburg, Senior Director & Controller

From: *Kenneth Konz*  
Kenneth Konz, Inspector General

Subject: Audit of Grants Awarded to Greater Dayton Public Television, Inc.,  
Licensee of Think<sup>TV</sup> Network, WPTD Channel 16 and WPTO  
Channel 14, Audit Report No. EST504-603

We have completed an audit of the Corporation for Public Broadcasting's (CPB) Community Service Grants (CSG) awarded to the Greater Dayton Public Television, Inc. Licensee of WPTD Channel 16 and WPTO Channel 14, also referred to Think<sup>TV</sup> Network for Fiscal Years (FY) 2003-2004. Our objectives were to determine that WPTD complied with CPB guidelines to: (1) accurately report Non-Federal Financial Support (NFFS) on its Annual Financial Report; (2) certify compliance with the terms and conditions of the Certificate of Eligibility requirements to receive CPB grants; and (3) follow the statutory provisions of the Communications Act of 1934, as amended (the Act), which required having open public meetings, financial reports and Equal Employment Opportunity (EEO) information available for public inspection, and establishing a Community Advisory Board (CAB). We conducted this audit in conjunction with the Office of Inspector General's (OIG) annual audit plan objective to perform reviews of a cross-section of institutions and stations comprising the public broadcasting system.

Based upon our audit, we identified noncompliance issues related to requirements of The Act and Certification of Eligibility, as the station did not have a fully active CAB. The CAB had never met as a separate body to fully address their responsibilities as advisors to the Board of Trustees by reviewing station programming and policies, as representatives of the community.

This report represents the conclusions of the OIG and the findings in this report do not necessarily represent CPB's final position on these matters. Accordingly, the report contains recommendations as to actions the OIG believes would be appropriate to resolve these findings. Final determinations on matters in this report will be made by CPB officials in accordance with established CPB procedures.

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Based on WPTD's attached response to the draft report, we consider recommendation one resolved and closed. WPTD did not provide a response to recommendation two. This recommendation remains unresolved and open until WPTD takes corrective action acceptable to CPB management. Accordingly, we are requesting that you provide us with a written response to our findings and recommendations within 90 days of the final report date. For corrective actions planned but not completed by the response date, please provide milestone dates to track the resolution and implementation of corrective actions.

## **BACKGROUND**

Greater Dayton Public Television, Inc. Licensee of, WPTD Channel 16 and WPTO Channel 14, more commonly referred to as Think<sup>TV</sup> Network, is the most widely used non-profit educational, cultural and informational resource in the community. Each week, more than 750,000 viewers watch quality programming on channels 16 and 14. More than 100 school districts, serving 20,000 teachers and more than 400,000 students, receive daily educational programming and services. The Think<sup>TV</sup> viewing audience is as diverse as the community it serves; people of all ages, financial status and levels of education benefit from the more than 17,000 hours of programming aired each year.

WPTD's president and general manager reports directly to the Board of Trustees (BOT) regarding issues related to station operations and programming. The BOT meets every quarter and consists of twenty-eight members. WPTD's Community Advisory Board currently consists of seven members, with one vacancy.

## **SCOPE AND METHODOLOGY**

We performed audit fieldwork during June of 2005. Our audit objectives were to determine whether WPTD complied with CBP guidelines to: (1) accurately report NFFS on its Annual Financial Report (AFR); (2) certify compliance with the terms and conditions of the Certificate of Eligibility requirements to receive CPB grants; and (3) follow the statutory provisions of the Communications Act of 1934, as amended.

The scope of the audit included tests of the financial and administrative records of WPTD as we considered necessary to evaluate the AFR schedules submitted for FYs ending June 30, 2003 and 2004. We reviewed the work papers the station provided to the auditors for their annual financial statement audit of WPTD and agreed the schedules to the AFR as well. On a limited basis we gained an understanding of selected internal controls for cash receipts, cash disbursements, accounts receivable and payables, underwriting, in-kind trades, and preparation of the AFR, but we did not perform tests of internal controls.

We tested the accuracy of WPTD AFRs primarily by performing audit tests of items claimed and tracing to source documents, analysis of reconciliations, comparisons of

the amounts reported to underlying accounting records, and verified the AFRs to the audited financial statements. We evaluated compliance with CPB Financial Reporting Guidelines (Guidelines), in part, by reviewing revenues, program development expenses, underwriting contractual agreements, and the fair value reported for in-kind contributions. For in-kind contributions we reviewed all vendor files for trade contracts and supporting documentation (invoices and donor letters).

Our audit also included a review of the station's compliance in providing adequate advance notice to the public of BOT and CAB public meetings, as well as, explanations for any closed meetings. In addition, we reviewed BOT approved station operation policies, financial records (e.g., audited financial statements and AFRs) and EEO information available for public inspection, and BOT meeting minutes.

We conducted our audit in accordance with *Government Auditing Standards* for financial audits issued by the Comptroller General of the United States.

## **RESULTS OF AUDIT**

We audited Schedules A, C, D, and F of WPTD's AFRs as of June 30, 2003, and 2004, the related accounts, schedules, and documentation for revenues, in-kind exchange contributions, and in-kind contributions for property and equipment. We reviewed the AFRs for compliance with CPB Guidelines, Certification of Eligibility requirements and compliance with certain provisions of the Act. The AFRs are the responsibility of WPTD executive management. Our responsibility is to conclude on the correctness of the AFRs, and compliance with the Guidelines and certain provisions of the Act based on our audit.

In our opinion, the schedules referred to above present fairly the NFFS reported by WPTD management for the years ended June 30, 2003, and 2004 in conformity with CPB Financial Reporting Guidelines. WPTD was not in compliance with certain provisions of the Act and Certificate of Eligibility by ensuring its CAB held regular public meetings.

### **Community Advisory Board Public Meetings**

Our audit identified that WPTD's CAB had never held a separate meeting of its members. The President of the station told us that in talks with CPB officials he had only recently become aware of the requirements for regular CAB meetings. In discussing this issue further, he stated he believed that various CAB members regularly attended BOT meetings and that their involvement with the BOT before and after meetings was sufficient for compliance with the Act and CPB Certification of Eligibility requirements, even though they had never held a public meeting. Initially, the president told us that he had scheduled a CAB meeting for later in June to be held before a BOT meeting and planned to have future meetings of the CAB on a quarterly basis.

Per CPB Certification of Eligibility requirements, community licensees must establish a viable CAB pursuant to the statutory requirements of the Act, Section 396(k) (8). This section states that CABs must meet at regular intervals and members must:

- regularly attend the meetings,
- review the programming goals established by the station,
- review the service provided by the station,
- review the significant policy decisions rendered by the station; and
- advise the governing board of the station whether the programming and other policies of the station are meeting the specialized educational and cultural needs of the communities served by the station, as determined by the advisory board.

We followed up with the President on June 28th to see if a CAB meeting had been held before the BOT meeting. The President said that the meeting was not held because a quorum of members was not present. He was planning another meeting in July or August.

We followed up with the President on November 28th to determine whether the CAB had met in public session in July or August and to obtain a copy of their minutes. The President informed us the CAB did not meet and he was in discussion with another public television station to learn how their CAB worked. Further, he said he was waiting for our report to help guide him in setting up an active CAB. In addition, he informed us that the Chairman of the CAB had recently passed away and a new Chairman had to be elected. He said he would arrange to have a meeting in January, as it was difficult to get people together during the holidays.

On December 13, 2005 we again spoke with the President and he advised us that a CAB meeting was held on December 12<sup>th</sup>, with five out of seven members attending. The President faxed us a copy of the CAB meeting minutes. A review of the minutes disclosed that, "Board members discussed the need for clear goals and responsibilities for the Citizens Advisory Board." Further, they briefly discussed regulatory and CPB requirements, but did not discuss how often they would meet, when the next regularly scheduled meeting would be held, or if meetings would be advertised for general public attendance.

Thus, during our audit period CAB members did not regularly meet as an independent body to review the station's programming goals, the educational services provided to the community, significant policy decisions, and provide the BOT with feedback on these matters, as required by the Act. Further, the BOT had not received the community's feedback, through their CAB representatives, as to whether the programming and policies of the station were meeting the specialized educational and cultural needs of their community.

## **Recommendations**

We recommend that CPB management take the following corrective actions:

1. Advise WPTD that their future funding is in jeopardy unless they immediately take corrective actions to bring the station into compliance with the Act's requirements for an active CAB.
2. Require WPTD to provide CPB with copies of the CAB agendas, meeting minutes, and advance notices of public meetings of the CAB for the next three CAB meetings. Additionally, WPTD should provide CPB with documentation of the information the CAB presents to the BOT on whether the station's programming is meeting the community's specialized educational and cultural needs.

## **Management Response**

In response to the draft report the President and General Manager expressed concerns that the draft report understated the participation of CAB members with the station and overstated that the CAB members never met or fully understood their responsibilities. Further, he said that CAB members have and do review programming goals established by the station. CAB members were also provided information on significant policy decisions made by the station, including those dealing with strategic plans, financial, and ethical management.

## **OIG Review and Comment**

Based upon management's response to the draft report, we acknowledge the CAB board members' involvement with the BOT. While the CAB had not met as a board in a public meeting before December 2005, given their further explanation of the CAB members' involvement, we consider recommendation one resolved and closed.

In responding to the draft report, the President and General Manager did not specifically respond to recommendation two. This recommendation remains unresolved until WPTD provides a response to CPB officials regarding future CAB activities.

cc: Westwood Smithers, Jr., Senior Vice President, General Counsel, CPB  
David M Fogarty, President & General Manager, Think<sup>TV</sup> Network  
Arthur G. Meyer, Chairman Board of Trustee's, Think<sup>TV</sup> Network  
Suzanne O'Brien, Director, Finance & Administration, Think<sup>TV</sup> Network

**Think<sup>TV</sup>**  
Greater Dayton Public Television

March 21, 2006

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

Dear Mr. Richardson:

Thank you for providing us a copy of the draft audit report of the Think<sup>TV</sup> Network for Fiscal Years 2003-2004. We have reviewed the draft audit and wish to provide the following comments.

**Noncompliance with Communication Act Requirements**

We appreciate the guidance provided in the audit process regarding the requirements, responsibilities and conduct of Think<sup>TV</sup>'s Community Advisory Board. We recognize that a more consistent schedule of independent and documented meetings are required. We are concerned, however, that the draft report understates the participation of CAB members with the station and overstates that the "community advisory board had never met or fully understood their responsibilities to the station and community."



CAB members have reviewed and do review the programming goals established by the station and stations educational services. They are provided information on significant policy decisions adopted by the station, including those in the organization's strategic plan and those related to financial and ethical management.

CAB members participate in a joint Community and Educational Service Committee with Board of Trustee members and can directly advise the governing board. As noted in the draft report, we have initiated discussions with the CAB to improve understanding of the Board's responsibilities and membership. We understand the audit's findings related to the station's CAB to be serious and welcome the opportunity to take corrective action.

Thank you for the opportunity to respond to the draft report. Please contact me if any additional information would be helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Fogarty".

David M. Fogarty  
President and General Manager

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