

**CORPORATION FOR PUBLIC BROADCASTING  
OFFICE OF INSPECTOR GENERAL**

**SPECIAL REVIEW OF  
YOUR PUBLIC RADIO CORPORATION**

**REPORT NO. ECR901-903**

**March 20, 2009**

A handwritten signature in cursive script, reading "Kenneth A. Konz", is written over a horizontal line.

**Kenneth A. Konz  
Inspector General**



Corporation  
for Public  
Broadcasting

Office of Inspector General

Date: March 20, 2009

To: Bruce Theriault, Senior Vice President, Radio  
Mark Erstling, Senior Vice President, System Development & Media Strategy

From: Kenneth A. Konz, Inspector General

Subject: Special Review of Your Public Radio Corporation, Report No. ECR901-903

We initiated this review in response to complaints of alleged violations by Your Public Radio Corporation (WYPR), located in Baltimore, Maryland, of the terms and eligibility requirements for CPB grants, including the statutory provisions of the Communications Act of 1934, as amended (the Act). The complainants alleged that because WYPR did not have a functioning Community Advisory Board (CAB), the station did not comply with the Act, and therefore was not eligible to receive a Community Service Grant (CSG) from CPB. The objectives of this limited scope special review were to determine whether WYPR complied with CPB requirements and the statutory provisions of the Act regarding:

- a functioning CAB;
- open meetings;
- open financial records;
- EEO reports; and
- donor information and political activities.

We also reviewed WYPR's accounting and recordkeeping procedures for preparing its Fiscal Year 2007 Annual Financial Report (AFR) submitted to CPB. We performed the review in accordance with the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency *Quality Standards for Inspections*. Our scope and methodology is discussed in Exhibit A.

Based on our limited review, we found that WYPR was not in full compliance with all of the requirements of the Act, 47 U.S.C. §396 for:

- CAB meetings;
- other public meetings;
- open financial records; and
- EEO compliance.

We also found that WYPR was not maintaining discrete accounting records for CSG funds as required by the terms of its CPB grant agreement.

In response to the draft report, WYPR management generally agreed with our findings on compliance with the Communications Act, and the need to maintain discrete accounting for CSG funds. They explained that, at all times they were aware of and complied with the substantive requirements of the Act, and "... where we have come short, as the audit has discovered, is primarily in our record-keeping..." WYPR also explained that the reporting issues have all been addressed and they look forward to a final report that reflects subsequent compliance. WYPR's complete response to the draft report is attached in Exhibit B.

This report presents the conclusions of the OIG. The findings and recommendations contained in this report do not necessarily represent CPB management's final position on these matters. Accordingly, this report contains recommendations the OIG believes would be appropriate to resolve these findings.

In accordance with CPB audit resolution procedures, CPB management is responsible for determining the corrective actions to be taken. Based on WYPR's response to the draft report, we consider recommendation 1 resolved but open pending receipt of documentation evidencing compliance over the next fiscal year. Recommendation 2 requires CPB to make a policy determination and is unresolved pending receipt of CPB's response. Recommendation 3 is resolved, but open until CPB receives and concurs with documentation from WYPR that demonstrates how discrete recordkeeping requirements have been implemented.

Final determinations on our recommendations will be made by CPB management. Accordingly, we are requesting that you provide us a written response to our findings and recommendations within 180 days of this final report. For corrective actions planned, but not completed by the response date, please provide specific milestone dates when planned corrective actions will be completed.

## **BACKGROUND**

In early 2001, Johns Hopkins University decided to sell its radio station, WJHU. A talk show host, who had been airing a two-hour weekly show on WJHU for eight years, and several other station employees attempted to purchase the station. However, they could not raise the necessary funds. Subsequently, an acquaintance of the talk show host introduced him to a potential purchaser. This individual formed a group that purchased the station on February 1, 2002, and the call letters of the station were changed to WYPR.

In February 2008, WYPR terminated the talk show host. The station received numerous complaints from its membership for terminating this individual. Subsequently, CPB received complaints alleging that WYPR was violating the Act because they did not have a functioning CAB. In response to these initial complaints, we reviewed their concerns to

determine whether the CAB was operating. This review determined that WYPR's CAB was currently operating and provided a mechanism for citizens to provide feedback on programming changes. After this initial review, we received additional complaints alleging continued violations of CAB requirements and other violations of the Act. As a review, we conducted this special review of WYPR's compliance with all requirements of the Act, accounting for the CSG, and the preparation of their AFR in response to the latest citizen complaints.

## **RESULTS OF REVIEW**

Based on our limited review, we found that WYPR was not in full compliance with all requirements of the Act, 47 U.S.C. §396 for:

- CAB meetings;
- other public meetings;
- open financial records; and
- EEO compliance.

We also found that WYPR was not maintaining discrete accounting records for CSG funds as required by the terms of its CPB grant agreement.

In response to the draft report, WYPR management generally agreed with our findings on compliance with the Act, and the need to maintain discrete accounting for CSG funds. They explained that, at all times they were aware of and complied with the substantive requirements of the Act, and "... where we have come short, as the audit has discovered, is primarily in our record-keeping...." WYPR also explained that the reporting issues have all been addressed and they look forward to a final report that reflects subsequent compliance. WYPR's complete response to the draft report is attached in Exhibit B.

## **FINDINGS AND RECOMMENDATIONS**

### **Communications Act Noncompliance**

WYPR needs to strengthen procedures to fully comply with the Communications Act. Procedures for documenting CAB operations, conducting public meetings, as well as maintaining open financial records, and EEO reports required by CPB did not fully comply with CPB and Act requirements. Despite these omissions, WYPR certified its compliance with these requirements annually when it applied for the CSG grant. Our review found that WYPR had not:

- maintained complete documentation of CAB meetings;
- maintained adequate documentation to evidence posting of notices to its web site to announce Board of Directors or CAB meetings;
- provided on-air advance notice of Board of Directors and CAB meetings;
- made available for public inspection financial records and EEO reports required by CPB; and
- implemented procedures that described their compliance with the open meetings, open records, CAB, and EEO provisions of the Act.

Without adequate notice of public meetings, the public did not have the opportunity to actively observe the activities and decision-making of the Board of Directors and CAB. Further, the lack of documentation for CAB meetings, open financial records, EEO information required by CPB, and implementing procedures describing compliance with the open meetings, open records, CAB, and EEO provisions of the Act did not provide the public with the informational transparency envisioned under CPB’s guidelines.

***CAB Recordkeeping Incomplete***

WYPR records indicated that the station did have a currently operating CAB as of December 2008. However, there was no record of CAB meetings prior to May 2007. WYPR’s records also indicated there were a total of seven CAB meetings in 2007 and 2008. Because only the agendas and several e-mails were available for four of these meetings, we could not determine whether these meetings were open to the public and actually took place. It appears these meetings were intended to formalize the role of the CAB, or to facilitate elections of new members. For example, the available e-mails described one meeting as a “strategy meeting,” another as a “task force meeting” for elections.

For the remaining three meetings, we were able to view information concerning the meetings posted on the WYPR web site indicating these meetings were open to the public. Additionally, e-mails to the OIG from citizens confirmed the February 2008 meeting was open to the public.

The information on the web site included:

<b>Meeting Date</b>	<b>Information Posted On WYPR’s Web Site</b>	<b>Other Available Information</b>
October 10, 2007	Minutes and the Public’s Responses to the Minutes	Agenda and Minutes
February 20, 2008	Announcement to Public and Meeting Handouts	Agenda
November 20, 2008	Announcement to Public	None

