



April 21, 2016

VIA ELECTRONIC MAIL AND HARD COPY TO FOLLOW

Mr. Thomas Hodson  
Director and General Manager  
WOUB Center for Public Media  
1 Ohio University - RTV Bldg.  
Athens, Ohio 45701

RE: Audit of CPB Radio Restricted Fund Expenditures, Communications Act, Transparency, and Discrete Accounting Requirements at Selected Grantees for Fiscal Year 2014 - Report No. ACR1506-1508, dated September 29, 2015

Dear Mr. Hodson:

The Corporation for Public Broadcasting's (CPB) Office of the Inspector General (OIG) completed its audit of WOUB Center for Public Media (WOUB) and nine other stations that received the Community Service Grants (CSG) referenced above. The OIG's audit objectives were to determine whether these grantees: (a) spent CSG restricted funds on national programming; (b) discretely accounted for CSG revenues and expenditures in their accounting systems; (c) complied with the Communications Act (Act) requirements for open meetings, open financial records, Community Advisory Board (CAB), equal employment opportunity reporting, and donor lists and political activities prohibitions; and (d) complied with website transparency requirements in the General Provisions and Eligibility Criteria (General Provisions).

CPB is pleased to note that the OIG found that WOUB and the other stations properly spent CPB restricted funds on national programming and related activities and generally complied with the Act, transparency, and discrete accounting requirements, with some exceptions.

Below are the OIG findings that involve WOUB, followed by CPB's determinations.

**I. OIG Recommendation 1: On-air Announcements (Communications Act)**

The OIG found that WOUB did not make quarterly on-air announcements<sup>1</sup> regarding the station's open meeting practices required by the Communications Act Certification Requirements for Community Service Grant Recipients<sup>2</sup> (CSG Requirements). WOUB has reported that it now makes these announcements consistent with the recent policy adopted by its governing body<sup>3</sup>.

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<sup>1</sup> Page of the audit report.

<sup>2</sup> May 2015 edition.

<sup>3</sup> Exhibit D.

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CPB Determination: We are currently reviewing this requirement and anticipate removing it from the General Provisions. Accordingly, CPB considers this matter resolved and closed.

Action: No further action is required of WOUB.

## **II. Recommendation 2: AFR (Communications Act) & Instructions (General Provisions)**

The OIG found that WOUB did not make its AFR<sup>4</sup> available to the public for review, pursuant to the CSG Requirements. The audit report acknowledges that WUOB had met this requirement by placing a copy of its AFR in its public file<sup>5</sup>.

The OIG also found that WOUB did not post instructions<sup>6</sup> for obtaining a copy of the stations AFRs, as required by the General Provisions. WOUB provided a screen shot of its website showing that the instructions had been posted on its website<sup>7</sup>.

CPB Determination: CPB appreciates that WOUB promptly corrected these compliance issues. With regard to the instructions, CPB is in the process of reviewing this requirement and anticipates removing it from the General Provisions. Under these circumstances, it would be unfair to assess a compliance penalty for this matter or to require WOUB to take further action.

Concerning WOUB's failure to make its AFRs available for public review, CPB acknowledges that WOUB did make two of the three types of records available for the public's review. Stations that fail to comply with the CSG Requirements<sup>8</sup> are subject to a penalty of \$5,000 for each finding, pursuant to CSG Non-compliance Policy. Because WOUB has met a majority of the requirements for open financial records, and in light of the quick action WOUB took to correct the findings, CPB will assess a reduced compliance penalty of \$2,500.

Action: WOUB must remit a penalty payment of \$2,500 to CPB within 60 days of the date of this correspondence.

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<sup>4</sup> Page 6 of the audit report.

<sup>5</sup> Page 7 of the audit report.

<sup>6</sup> Page 6 of the audit report.

<sup>7</sup> Exhibit D of the audit report.

<sup>8</sup> Communications Act Certification Requirements for Community Service Grant Recipients, May 2015 (CSG Requirements).

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### **III. OIG Recommendation 3: Instructions (General Provisions)**

The Transparency section of the General Provisions lists nine items that stations must post on their website. The OIG found that WOUB failed to post one of these items, i.e. instructions explaining how the public may obtain a copy of its annual financial reports<sup>9</sup>.

CPB Determination: This issue has been addressed in Section II above.

Action: No further action is required of WOUB

### **IV. OIG Recommendation 6: Discrete Accounting (General Provisions)**

The General Provisions require that stations use unique accounting codes to identify CPB funds – revenues and expenses, restricted and unrestricted. This allows an auditor to track those funds within the CSG recipient’s accounting system. Although the OIG found that WOUB correctly spent its CSG funds, it did not separate the restricted CSG revenues or expenses from those that were not-restricted<sup>10</sup>. In its response to the OIG<sup>11</sup>, WOUB explained that it had added an accounting code to its accounting system to address this issue, providing screen shots as confirmation. The OIG recommends that WOUB comply with CPB’s discrete accounting requirements and provide documentation identifying the account codes to be used to record CSG unrestricted and restricted revenues and expenses.

CPB Determination: CPB finds that the documentation WOUB provided to the OIG demonstrated that discrete accounting codes are now being used to track CSG funds as required by the General Provisions.

Stations that fail to comply with the General Provisions are assessed a penalty of \$1,000 for each non-compliant finding, pursuant to the CSG Non-compliance Policy. The Policy was adopted to encourage compliance. Considering that WOUB had taken steps to employ discrete accounting and its prompt efforts to correct the non-compliance, CPB will assess a reduced penalty of \$500 against WOUB.

Action: WOUB must remit the \$500 penalty to CPB within 60 days of the date of this correspondence.

The required documentation should be provided to Katherine Arno, Director, TV CSG Policy and Review, at: [karno@cpb.org](mailto:karno@cpb.org). Please make your check payable to CPB for the penalties of \$3,000 to:

Nick Stromann  
Vice President, Controller  
Corporation for Public Broadcasting  
401 Ninth Street, NW  
Washington, DC 20004-2129

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<sup>9</sup> Page 10 of the audit report.

<sup>10</sup> Page 13 of the audit report.

<sup>11</sup> Exhibit D of the audit report.

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If WOUB has any additional information concerning CPB's determinations that it requests CPB review, please provide that information in writing within 30 days of the date of this letter. Failing that, CPB will consider these determinations final, and WOUB will be required to comply with the actions set forth above. In the event WOUB fails to comply with these actions, CPB reserves the right to withhold the pending CSG payment due WOUB, and to take any other action CPB deems appropriate until these issues are resolved to CPB's satisfaction.

We appreciate the work that WOUB does in support of public media and trust that we can resolve these issues cooperatively.

Kind regards,



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

CC: VIA ELECTRONIC MAIL

Joseph Shields, Vice President for Research, Ohio University  
Mary Mitchelson, Inspector General, CPB  
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