



April 21, 2016

VIA ELECTRONIC MAIL AND HARDCOPY TO FOLLOW

Mr. Joseph Hutchins
General Manager
Baltimore City Community College
WBJC-FM
6776 Reisterstown Road, Suite 202
Baltimore, MD 21215

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. Hutchins:

The Corporation for Public Broadcasting's (CPB) Office of the Inspector General (OIG) completed its audit referenced above of Baltimore City Community College (WBJC) and nine other stations that received the Community Service Grants (CSG). The OIG's 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 WBJC 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 WBJC and CPB's determinations.

I. OIG Recommendation 3: Instructions (General Provisions)

The OIG found that WBJC failed to post one of the nine required items on its website as required by the Transparency section of the General Provisions, i.e. instructions explaining how the public may obtain a copy of its AFR¹. The

¹ Page 10, paragraph 6 of the audit report.

OIG recommends that WBJC provide CPB with documentation demonstrating its compliance with this requirement (e.g., website screen shots or similar evidence to show that omissions are corrected). WBJC reports that, instead of providing instructions on its website, it has posted its AFR and will continue to post all required financial reports².

CPB Determination: We are currently reviewing this requirement and anticipate removing it from the General Provisions. Consequently, it would be unfair to require WBJC to take further action. CPB considers this matter resolved and closed.

Action: No further action is required of WBJC.

II. **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. The OIG found that WBJC had separate CPB accounts but comingled unrestricted and restricted funds within one revenue account, which is not consistent with the General Provisions³. WBJC indicated that it has established codes to ensure it properly records CSG revenues and expenses⁴. Based on WBJC’s response, the OIG considers this issue resolved but open, pending CPB’s verification that the new codes have been implemented.

CPB Determination: CPB agrees with these findings and requires that WBJC provide CPB with a copy of its trial balance and general ledger for the period October 1, 2015, through December 31, 2015, as evidence it has implemented the new accounting codes.

Stations that fail to comply with the requirements in the General Provisions are subject to a fine of \$1,000 for each non-compliant finding, pursuant to the CSG Non-compliance Policy. Because WBJC has complied in part with the discrete accounting requirements and promptly added the accounting codes in response to the OIG’s findings, CPB is assessing a reduced penalty of \$500 against WBJC.

Action: WBJC must provide the documentation and \$500 penalty to CPB within 60 days of the date of this correspondence.

² Exhibit J of the audit report.

³ Page 13 of the audit report.

⁴ Exhibit J of the audit report.

Mr. Joseph Hutchins

Baltimore City Community College – WBJC-FM

Please send the required documentation to the attention of Katherine Arno, Director, TV CSG Policy and Review, CPB at: karno@cpb.org, and forward a check made payable to CPB in the amount of \$500 for the penalty to:

Nick Stromann
Vice President, Controller
Corporation for Public Broadcasting
401 Ninth Street NW
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. Failing that, CPB will consider these determinations final, and WBJC will be required to comply with the required actions set forth above. In the event WBJC fails to comply with these actions, CPB reserves the right to withhold payment of the pending or any other CSG funding due it, and to take any other action CPB deems appropriate until these issues are resolved to CPB's satisfaction.

We appreciate the work that WBJC 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

Gordon May, President and Chief Executive Officer, Baltimore City Community College
Mary Mitchelson, Inspector General, CPB
William J. Richardson, Deputy Inspector General, CPB
Steven J. Altman, Executive Vice President and Chief Operating Officer, CPB
J. Westwood Smithers, Jr., Senior Vice President & General Counsel, CPB
William P. Tayman, Jr., Chief Financial Officer & Treasurer, CPB
Ted Krichels, Senior Vice President, System Development & Media Strategy, CPB
Bruce Theriault, Senior Vice President, Journalism and Radio, CPB
Erika Pulley-Hayes, Vice President, Radio, CPB
Greg Schnirring, Vice President, Station Grants and Television Station Initiatives, CPB
Nick Stromann, Vice President, Controller, CPB
Katherine Arno, Director, TV CSG Policy and Review, CPB
Nadine Feaster, Director, Grants Administration, CPB
Andrew Charnik, Director, Radio CSG Policy and Administration, CPB