



Corporation
for Public
Broadcasting

Office of the Inspector General

February 7, 2022

To: Jackie J. Livesay, Deputy General Counsel and Vice President, Compliance
Kathy Merritt, Senior Vice President, Radio, Journalism and CSG Services

From: Kimberly A. Howell, Inspector General

Digitally signed by
Kimberly Howell
Date: 2022.02.07
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Subject: Evaluation of WSHU-FM/WSHU Public Radio Compliance with Selected
Communications Act and Transparency Requirements, Report No. ECR2203-2204

We have completed an unannounced evaluation of compliance with selected requirements of the FY 2022 Corporation for Public Broadcasting (CPB) Community Service Grant (CSG) awarded to WSHU-FM/WSHU Public Radio (WSHU), licensed to Sacred Heart University, Fairfield, Connecticut. 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.

Based on our review of WSHU's website on October 21, 2021, we found the station was compliant with six of the nine requirements applicable. Three requirements were not applicable. The station was not compliant with the following three requirements to:

- post the most recent CPB Annual Financial Report (AFR) on the station's website;
- post the most recent Audited Financial Statements (AFS) on the station's website; and
- post names of the members of its Community Advisory Board (CAB) on the station's website.

Station management promptly took corrective action and posted the most recent AFR, AFS, and current CAB members on its website. WSHU is now compliant with open financial records and CAB requirements. Further, station management acknowledged the errors and stated a commitment to full compliance with CPB requirements and belief that those errors will not happen again. We recommended that CPB management require WSHU to identify the controls it will implement to ensure future compliance with CPB's open financial records and CSG transparency requirements.

In response to our draft report, WSHU management accepted our findings, reiterated that they took corrective action immediately, and were fully committed to compliance in the future. Based on WSHU's response to the draft report, we consider our recommendation resolved but

open pending CPB's management decision accepting the station's corrective actions. The station's response to the draft report 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 recommendations that are appropriate to resolve the findings, CPB officials will make final determinations on our findings and recommendations 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*. Our scope and methodology are discussed in Exhibit C.

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

FINDINGS AND RECOMMENDATION

Our review found that WSHU was not fully compliant with Act requirements for posting its most recent AFR, most recent AFS, and current CAB members on the station's website.

ACT COMPLIANCE

Annual Financial Report – Public Access

Our evaluation found that WSHU did not fully comply with the open financial records requirement to post the most recent Annual Financial Report (AFR) on its website.

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: ...

2. Its most recent annual financial report (AFR) or annual financial summary report (FSR) (whichever is applicable).

CPB's Communications Act Compliance requirements, 3. E. The Public's Access to Financial Information (June 2021).

Station management stated the reason for noncompliance was a change in station leadership during the pandemic that resulted in a lack of understanding compliance requirements.

Audited Financial Statements – Public Access

Our evaluation found that WSHU did not fully comply with the Act open financial records requirement to post the station's most recent Audited Financial Statements (AFS) on its website.

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 financial statement for stations exempt from providing audited financial statements; and

CPB's Communications Act Compliance requirements, 3. Open Financial Records E. The Public's Access to Financial Information (June 2021).

Station management stated the reason for noncompliance was a change in station leadership during the pandemic that resulted in a lack of understanding compliance requirements.

TRANSPARENCY COMPLIANCE

Members of the CAB

Our evaluation found that the names of the members of WSHU's CAB were not posted on the station's website.

The Radio CSG General Provisions and Eligibility Criteria require stations to post a list of CAB members on the station's website.

B. Documents for Public Inspection: Website Posting Required: At a minimum, each Grantee must post the following for public inspection on its station website...

3. CAB Members: A list of its CAB members;

CPB's Radio Community Service Grants General Provisions and Eligibility Criteria, Section 9. Transparency B. Documents for Public Inspection: Website Posting Required (October 2020).

Station officials stated that it was an oversight and error not to update the website with the names of the new CAB members.

* * * * *

During fieldwork, the station took corrective action and promptly posted its most recent AFR, its most recent AFS, and the names of current members of the CAB on its website. Station management acknowledged the errors and stated their commitment to full compliance with CPB requirements. WSHU is now compliant with Act requirements for open financial records and the transparency requirement to post current members of its CAB on its website.

In summary, at the time of our review on October 21, 2021, the station was not compliant with Act requirements for open financial records to post the most recent AFR and AFS and CSG transparency requirement to post names of current members of the CAB and may be subject to penalties under CPB's CSG Non-Compliance Policy.

Recommendation:

We recommend that CPB management require WSHU to:

- 1) identify the controls it will implement to ensure future compliance with CPB's open financial records requirements to post its most recent AFR and AFS on its website and CSG transparency requirements to post the names of its current CAB members on its website.

WSHU Response:

In response to our draft report, WSHU management accepted our findings, reiterated that they took corrective action immediately, and were fully committed to compliance in the future. They stated that the reason for noncompliance was a change in organizational leadership and, as a result of the review, CPB requirements were now shared among a group of senior managers, as well as the WSHU Digital Editor.

OIG Review and Comment:

Based on WSHU's response, we consider recommendation one resolved but open pending CPB's acceptance of the station's corrective actions to ensure future compliance.

**Summary Review of WSHU- FM/WSHU Public Radio
Website Evaluation as of October 21, 2021**

Requirements	Met	Not Met	Unable to Determine
1) Seven-day advance notice of governing body meeting:	N/A		
a) available on website			
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:			
a) available on website	X		
b) available by other means			
4) If closed meetings were held, was documentation prepared explaining the basis for closing meeting in accordance with Act:	N/A		
a) available on website			
b) available at central office			
5) If closed meeting documentation was prepared, was it available within 10-days of the closed meeting	N/A		
6) Most recent Annual Financial Report available on website		X	
7) Most recent audited 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		X	
11) Diversity Statement:			
a) available on website	X		
b) available at central office			
12) Local Service Content Report (Section 6 of the SAS) available on website	X		

BACKGROUND

WSHU Public Radio, Fairfield, Connecticut, is a public broadcasting station licensed to Sacred Heart University. According to its website, WSHU broadcasts news, talk, and classical music over 13 frequencies to parts of Connecticut and New York. The station's mission is, "to be the unifying voice of our region: on-air, online, and in person." In addition to its wide range of on-air broadcasting, the station engaged the community by delivering a variety of podcasts including *Everytown: The Hamptons*, *Capital Avenue and Ebong Udoma*, *Off the Path*, and *Baum on Books* and hosted a virtual event entitled *Through the Looking Glass* that included a panelist discussion on important issues concerning the presidential election.

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 WSHU'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 Grant 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 October 21, 2021, as well as information provided through November 8, 2021, in response to our Preliminary Observations issued on November 2, 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 November 2, 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 information made available to the public was the most recent information submitted to CPB. In addition, we verified with station management that board, CAB, and management listings posted to its website were current.

Our fieldwork was conducted from October 21 through December 6, 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*.



January 19, 2022

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

Dear Mr. Richardson:

Thank you for the draft report of your office's review of WSHU Public Radio's adherence to the requirements of the Communication Act.

I apologize for our lapse in compliance on three areas of transparency. Thank you for bringing these errors to our attention, and for the opportunity to address them.

As noted in your draft report, once these issues were brought to our attention, we began to correct them immediately. As your report states, the reasons for our non-compliance are the change in our organization's leadership which resulted in a lack of understanding of certain requirements, and therefore, our oversights.

Your report recommends that we identify and implement controls to ensure proper reporting and transparency in the future. As a result of your office's review, full CPB requirements are now shared among a group of senior managers as well as the WSHU Digital Editor.

Again, we apologize for non-compliance on the above issues. More than anything, we appreciate your evaluation. We are committed to full compliance in the future, and we look forward to continuing to serve as a vital community resource.

Should you have the need for any additional information, please feel free to contact me at (917)583-3648 or rdael@ex.wshu.org.

Respectfully,

A handwritten signature in black ink that reads "A. Rima Dael".

A. Rima Dael
WSHU General Manager