



July 16, 2024

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: 2024.07.16
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Subject: Evaluation of KABU-FM, Dakota Healing Journey, Inc., Compliance with
Selected Communications Act and General Provisions Transparency Requirements,
Report No. ECR2403-2413

We have completed an unannounced evaluation of compliance with selected requirements of the 2024 Corporation for Public Broadcasting (CPB) Community Service Grant (CSG) awarded to KABU-FM, licensed to Dakota Healing Journey, Inc., Fort Totten, North Dakota. Our specific objectives were to verify compliance with 11 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 KABU-FM's website on March 1, 2024, and the station's response to our preliminary observations, we found the station was compliant with three of the six applicable requirements. The station was not compliant with three requirements. The remaining five requirements were not applicable.

Specifically, we found that KABU-FM:

- did not post its most recent audited financial statements (AFS) on its website; and
- the listing of Governing Board and CAB members on the station's website was not accurate (two requirements).

In response to our Preliminary Observations, issued on March 7, 2024, station management stated that it would post the most recent audited financial statements to the website.

We recommend that CPB require KABU-FM to identify the corrective actions and controls it will implement to ensure future compliance with Act requirements for:

1. open financial records; and
2. updating Board and CAB members posted to the website.

In response to the draft report, KABU-FM management stated that it had updated its website to

include the most recent audited financial statements and current listings of governing board and CAB members. Additionally, management stated that going forward the station would be working with its proxy website officials at Native Public Media (NPM) to make and maintain timely website entries. The station is also planning to add a new staff position which would include website compliance duties. The station's response to the draft report is presented in Exhibit D.

After receiving the station's response on June 10, 2024, we reviewed the proxy website on June 27 and July 8, 2024, and verified that KABU had updated its website to include the 2023 audited financial statements and current listings of governing board and CAB members. As a result, we consider recommendations one and three resolved and closed. We consider recommendations two and four resolved but open, pending CPB's final management decision to accept the station's corrective actions.

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*. We have summarized our KABU-FM website review on Exhibit A, provided background on Dakota Healing Journey, Inc., KABU-FM, and the CSG program on Exhibit B, and provided our evaluation scope and methodology on Exhibit C.

FINDINGS AND RECOMMENDATIONS

I. ACT AND GENERAL PROVISIONS COMPLIANCE

We found that KABU-FM was not fully compliant with Act and General Provisions requirements for making open financial records available to the public.

Open Financial Records

The station did not comply with the open financial records requirements because it did not post its current audited financial statements on its website. The website advised interested parties to contact the station's General Manager to request a copy of the audited financial statements. At the time of our initial website review, the station's most recent audited financial statements covered the year ending September 30, 2022, and were submitted to CPB on March 27, 2023.

The Act provides:

Funds may not be distributed pursuant to this subsection to any public telecommunications entity that does not maintain for public examination copies of the annual financial and audit reports, or other information regarding finances, submitted to the Corporation pursuant to subsection (l)(3)(B).

The Act, 47 U.S.C. Section 396 (k)(5).

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

4. The most recent financial records (audited or unaudited financial statements and the AFR or FSR) as required by Section 2(C), Communications Act Requirements.

2024 Radio Community Service Grants General Provisions and Eligibility Criteria, Section 9 Transparency.

After receiving our Preliminary Observations, dated March 7, 2024, the station's General Manager advised us that the AFS had not been posted to the website because he thought he was meeting the open financial record requirement by providing copies of the audited financial statements to the public upon request. The General Manager further advised us that the most recent audited financial statements would be posted to the website.

The station was not compliant with CPB's General Provisions requirements for open financial records on the date of our review and may be subject to penalties under CPB's Non-Compliance Policy.

Recommendations:

We recommend that CPB management require KABU-FM to:

- 1) fully comply with General Provisions requirements to make its current audited financial statements available to the public; and
- 2) identify the corrective actions and controls it will implement to ensure future compliance with Act and General Provisions requirements for making financial information available to the public.

KABU-FM Response

In their response to our draft report, KABU management stated that the station had now posted its most recent financial statements on the website. Management further stated that going forward the station would be working with proxy website officials to make and maintain timely website entries. The station is also planning to add a new staff position which would include website compliance duties.

OIG Review and Comment

We reviewed the station's proxy website on June 27, 2024, and verified that the station's most recent audited financial statements (2023) were posted to the website. Therefore, we consider recommendation one resolved and closed and recommendation two resolved but open pending CPB's management decision accepting the station's corrective actions to ensure future compliance.

II. GENERAL PROVISIONS TRANSPARENCY COMPLIANCE

The station listed names of its station staff, governing body, and CAB members on its website. However, in response to our March 7, 2024, Preliminary Observations, the station identified two additional CAB members who should have been listed on the website as of the date of our website review (March 1, 2024). There were also two individuals listed as CAB members and one governing body member on that date who were no longer on the CAB or governing body.

CPB's General Provisions contain specific transparency requirements for making information available to the public and require certain documents be made available on the station's website:

A. Public Inspection of Documents and Website Posting

To ensure transparency and public confidence in the use of CPB funds, the Communications Act requires Grantees to make certain documents available for public inspection. As set forth below, CPB also requires public access to other documents, and specifies how all documents must be made available for inspection, either by maintaining them at Grantee's office or by posting them on its station 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:

1. Station Senior/Executive Management: The names, titles, and contact information;
2. Governing Body: A list of the members of its governing body;
3. CAB Members: A list of CAB members

CPB 2024 Radio CSG General Provisions and Eligibility Criteria, Section 9 Transparency.

KABU-FM was not fully compliant with CPB CSG transparency requirements at the date of our review and may be subject to penalties under CPB's CSG Non-compliance Policy.

Recommendations:

We recommend that CPB management require KABU-FM to:

- 3) post the current governing body and CAB members on the station website, and
- 4) identify the corrective actions and controls it will implement to ensure future compliance with CPB's General Provisions requirements for transparency.

KABU-FM Response

In response to our draft report, KABU management stated that current lists of the members of the governing board and CAB are included in the licensee's updated Articles of Incorporation which is posted on the station's proxy website. Management further stated that going forward the

station would be working with proxy website officials to make and maintain timely website entries. The station is also planning to add a new staff position which would include website compliance duties.

OIG Review and Comment

We reviewed the station's proxy website on June 27, 2024, and verified that the lists of governing board and CAB members were included in the updated Articles of Incorporation on the proxy website. We consider recommendation three resolved and closed and recommendation four resolved but open pending CPB's management decision accepting the station's corrective actions to ensure future compliance.

While the current listings of governing board and CAB members listed in the Articles of Incorporation webpage technically meet CPB requirements, the station risks noncompliance when governing board or CAB members change. It may not be practical or possible to quickly revise the Articles of Incorporation each time Board members change. In our judgment, a better option to provide this information to the public would be to place the board and CAB information in the Station Information section on the proxy website. Station management is already listed under that section. Alternatively, the station could establish a separate folder on the website for the governing board and CAB members.

Exhibit A

**Summary of KABU-FM Website Review
as of March 1, 2024**

Requirements	Met	Not Met
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:	N/A	
a) available on website		
b) available by other means		
3) Seven-day advance notice of CAB meetings:	N/A	
a) available on website		
b) available by other means		
4) If closed meetings were held, was documentation prepared explaining the basis for closing meeting in accordance with the 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 AFR or FSR available on website	X	
7) Most recent audited financial statements 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) Grantee's annual report on local content and services included in the grantee's current 2023 SAS on its content and services that serve local needs; and analysis about the reach and impact of the local services in its community.		
a) available on website		
b) available at central office	X	

Background

On January 30, 2024, the Federal Communications Commission authorized Dakota Healing Journey, Inc., as licensee of KABU-FM. Dakota Healing Journey, Inc. is a nonprofit domestic corporation registered in good standing with the North Dakota Secretary of State. It is located on the Spirit Lake Sioux Indian Reservation. The station seeks to encourage unity with the listening public by promoting a greater cultural understanding through educational programming with a commitment to actively engage in the changing contemporary world. Major revenue sources are Community Service Grants (CSG) received from CPB.

KABU-FM does not maintain a website. Instead, the station uses NPM as a proxy website. According to NPM's website, it provides station support "to assist Native stations with ... CSG compliance" and serves as a proxy for six stations including KABU-FM to "maintain their transparency requirements."

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. Each year CPB awards CSG grants to public TV and radio stations based in part on the amount of Non-Federal Financial Support (revenues) claimed by all stations on their Annual Financial Report (AFR) or Financial Summary Report (FSR) submitted to CPB. The CSG calculation process starts with separate amounts appropriated for the TV and radio CSG pools, adjusted by base grants and supplemental grants. The funds that remain are called Incentive Grant Pools; one is for TV and the other for radio.

In addition to the annual filing of the station's AFR or FSR for radio and/or television, the chief executive of the station and a licensee official 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. Additionally, the certification also addresses Website Postings Required under Section V. Selected General Provisions Requirements of the agreement.

Scope and Methodology

We performed an evaluation of KABU-FM's compliance with selected CSG provisions of the Act, grant certification, and General Provisions transparency requirements. Our specific objectives were to verify compliance with selected Communications Act requirements for open meetings and open financial records, as well as 2024 Radio Community Service Grants General Provisions and Eligibility Criteria for Transparency. The scope of the examination included reviews of the information posted on the station's website as of March 1, 2024 and information retained at the station's central office.

We reviewed corporate policies, records, and documents supporting the station's compliance with the Act requirements to provide advance notice of public meetings, closed meeting disclosures, and make financial information available to the public. We also reviewed the station's website and policies to determine its compliance with CPB's transparency requirements.

Our fieldwork was conducted from March 1, 2024, through April 24, 2024 and our evaluation was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*.



KABU-FM RADIO - ST. MICHAEL, ND
7889 Hwy 57 - Phone 701-766-1995 Fax 701-766-4068

Exhibit D

June 10, 2024

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

**RE: Evaluation of KABU-FM, Dakota Healing Journey, Inc., Compliance with
Selected Communications Act and General Provisions Transparency
Requirements, Draft Report No. ECR2403-XXXX**

Dear Mr. Richardson:

Thank you for this opportunity to provide our comments regarding the above referenced Office of Inspector General's Draft Evaluation Report.


The recent COVID epidemic left KABU-FM severely understaffed. As a result, our remaining staffing resources have frequently been overwhelmed, with the remaining staff performing duties that were previously carried out by multiple employees. As such, we have viewed this evaluation as a learning experience. While the evaluation contained findings that our website was not complete, we are confident our staff will be able to ensure KABU-FM posts the required information in the future.

Regarding the specific findings, the evaluation found KABU-FM had not posted its most recent financial statements on its website when the website was evaluated. KABU-FM has now posted its most recent financial statements to the website. Similarly, the evaluation found KABU-FM's website did not contain an up-to-date listing of the members of its governing board and its community advisory board ("CAB"). A current listing of the members of our governing board and the CAB are included in our updated Articles of Incorporation document, which is now also posted on the website.

Going forward, KABU-FM will be working with Native Public Media to assist me and our staff with making and maintaining timely entries to our website. We are also planning to add a new paid staff position whose duties will include website compliance. As part of these duties, the new staff member will be trained in CPB's transparency requirements.

Please let me know if I can be of any further assistance.

Sincerely,


John Chaske
General Manager