



Corporation
for Public
Broadcasting

Office of the Inspector General

December 8, 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: 2022.12.08 12:05:26 -05'00'

Subject: Evaluation of WUTC-FM, University of Tennessee at Chattanooga, Compliance
with Selected Communications Act and Transparency Requirements, Report No.
ECR2208-2302

We have completed an unannounced evaluation of compliance with selected requirements of the 2022 Corporation for Public Broadcasting (CPB) Community Service Grant (CSG) awarded to WUTC-FM Public Radio, licensed to the University of Tennessee, Chattanooga, Tennessee. 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 the WUTC-FM website on April 26, 2022 and subsequent information provided, we found the station was compliant with two of the six requirements reviewed. WUTC-FM was not compliant with:

- posting the most recent CPB Annual Financial Report (AFR) on the station's website;
- posting the most recent audited financial statement on the station's website;
- posting members of the governing body, Board of Trustees, on the station's website; and
- making the CPB prescribed Local Content and Service report available to the public.

The remaining six requirements were not applicable.

In response to our draft report, WUTC-FM management stated their commitment to accountability and success of the station. They noted the steps they have already taken to achieve compliance with CPB requirements including making the following information available to the public: station financial records, their Local Content and Service report, the names of the Board of Trustees and information about Board's governing authority, their upcoming and archived meeting information, the names of key station staff, as well as analyzing

and updating the station's Diversity Statement. The station's full response to the draft report is attached as Exhibit D.

Based on WUTC-FM's response to the draft report, we consider our recommendations resolved but open pending CPB's management decision accepting the station's corrective actions.

This report presents the conclusion of the Office of the Inspector General (OIG) and the findings do not necessarily represent CPB's final determination. While we have made recommendations that are appropriate to resolve the findings, CPB officials will make the final determination on our recommendations in accordance with established CPB audit resolution procedures.

We initiated this evaluation to address station accountability as identified in our Annual Plan and to address issues raised in a hotline complaint. 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: Laura Ross, 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 RECOMMENDATIONS

I. ACT COMPLIANCE

Open Financial Records

Our evaluation found that WUTC-FM was not fully compliant with the Act requirements for open financial records to be available on the station's website. Specifically, we found that WUTC-FM had not posted either its FY 2020 or FY 2021 audited financial statements or its FY 2020 AFR¹ to its website, as of the date of our review, April 26, 2022.

The FY 2021 audited financial statements were dated January 10, 2022, and therefore were available to be posted. The FY 2021 AFR was submitted to CPB on January 12, 2022, more than three months before our review, but not yet approved by CPB. If the station was compliant with the AFR posting requirement, we should have found its FY 2020 AFR posted to its website.

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 ...

47 U.S.C. Section 396 (k) Financing Restrictions (5). CPB's compliance guidance restates the requirement:

The Public's Access to Financial Information: 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 statement for stations exempt from providing audited financial statements; and
- 2) its most recent annual financial report (AFR) or annual financial summary report (FSR) (whichever is applicable).

CPB Act Compliance 2021 - 3. Open Financial Records, Section E. The Public's Access to Financial Information (May 2021)

After receiving our Preliminary Observations on June 8, 2022, the station took corrective action to post both documents to its website and brought the station into compliance with the open financial records requirements.

The station was not compliant with Act open financial records requirements and may be subject to penalties under CPB's Non-Compliance Policy.

¹ The FY 2021 AFR had been submitted to submitted to CPB on January 12, 2022 but was not approved until June 3, 2022, after the date of our review.

Recommendation:

We recommend that CPB management take the following actions, require WUTC-FM to:

- 1) identify the corrective actions and controls it will implement to ensure future compliance with Act requirements for open financial records.

Station Response

The station's response identified a condition of rapid and extensive turnover and a loss of institutional memory and practice pertaining to compliance matters from 2012. It also stated that the required financial reports were made available online in an accessible location of the station's website.

OIG review and comment

We confirmed that the most recent AFR and audited financial statement for the station are available on the station's website and can be easily found thus correcting the non-compliance that we found on the date of our website review. Based on WUTC-FM's response to the draft report, we consider our recommendation resolved but open pending CPB's management decision accepting the station's corrective actions to ensure future compliance.

II. GENERAL PROVISIONS AND ELIGIBILITY COMPLIANCE

WUTC-FM did not fully comply with CPB Radio General Provisions requirements to make available to the public on the station's website or available at the station:

- the station's Local Content and Service Report,² i.e., the Station Activity Survey (SAS), Section 6 document, specified under the transparency requirements; and
- the names of the members of the Board of Trustees were available on the University's website, but not on the station's website.

CPB's 2022 Radio General Provisions impose specific transparency requirements for making information available to the public and require certain documents be made available on the station's website or at its central office:

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,

² While the station had created its own Local Content and Service Report, that document did meet the specific CPB requirement to make its Section 6, SAS document available to the public.

either by maintaining them at Grantee's office or by posting them on its station website...

C. Documents for Public Inspection: At Central Office or on Station Website: At a minimum, each Grantee must maintain the following documents for public inspection at its central office, or post the same on its station website:

1. Diversity Statement (Section 8(B-2)); and
2. Local Content and Service Report which is Section 6 of the SAS.

CPB FY 2018 Radio CSG General Provisions, Section 9 Transparency.

After receiving our Preliminary Observations, the station explained its non-compliance with these requirements by saying there had been substantial employee and management turnover at the station which led to a loss of institutional memory and practices affecting its compliance. After discussions with the OIG, the station updated its website to include links to the university's posting of its Board of Trustee members, and its Local Content and Service Report (Section 6 of the SAS report). The station is now compliant with these requirements.

WUTC-FM was not fully compliant with CPB CSG transparency requirements and may be subject to penalties under CPB's CSG Non-compliance policy.

Recommendation:

We recommend that CPB management require WUTC-FM to:

- 2) identify the corrective actions and controls it will implement to ensure future compliance with CPB's General Provision requirements.

Station Response

The station's response indicated that the station manager has taken responsibility for future compliance at the station and that he has taken a number of actions to demonstrate his commitment to accountability. The station manager will do quarterly checks that the Local Content and Service report is available on the station website, that the names of the Governing board members, future and archived meetings is posted, as well as other information about the Board, that the list of station staff is current and that the station's Diversity Statement is analyzed and updated. Moreover, the station manager has reviewed all CPB instructions and resources to ensure compliance requirements are met going forward and has instituted quarterly staff meetings to focus of compliance with CPB requirements to ensure shared knowledge.

OIG review and comment

We confirmed that the items of noncompliance had been corrected on the station's website, including posting of the Local Content and Service report, current names of Board and station staff, advance notice of meetings, and a current Diversity Statement. Based on WUTC-FM's response to the draft report, we consider our recommendation resolved but open pending CPB's management decision accepting the station's corrective actions to ensure future compliance.

**Summary Review of WUTC-FM
as of April, 26, 2022**

Requirements	Met	Not Met	Unable to Determine
1) Seven-day advance notice of governing body meeting:	N/A ³		
a) available on website			
b) available by other means			
2) Seven-day advance notice of board committee meetings:	N/A ³		
a) available on website			
b) available by other means			
3) Seven-day advance notice of Community Advisory Board 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 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 ³		
6) Most recent Annual Financial Report or Financial Summary Report available on website		X	
7) Most recent audited financial statements 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	N/A		
11) Diversity Statement:			
a) available on website			
b) available at central office	X		
12) Local Content and Service Report (Section 6 of the SAS):		X ⁴	
a) available on website			
b) available at central office			

³ Neither the station's governing board, the Board of Trustees for the University of Tennessee, nor the Board's committees held any open or closed meetings that discussed WUTC-FM operations during our evaluation period, WUTC's 2022 fiscal year.

⁴ The Local Content and Service Report (Section 6 of the SAS) was not available on the website or at central office.

Background

WUTC-FM is a public broadcasting station licensed to the University of Tennessee. According to the university and the station websites, the station operates from the University's Chattanooga campus, one of five University locations in the state. WUTC-FM operates in the public interest by serving the needs of its audience with editorial independence from university administration and the University's Board of Trustees. It seeks to inform, educate, entertain, and enhance the lives of listeners throughout the Chattanooga area and the Tennessee Valley by providing NPR programming – along with local voices and music – for a public radio, community, and student audience.

The station's website states that it is funded by a varied group of sources including the University; federal and state government; underwriting from agencies, corporations, foundations, and businesses; gifts and grants, minimal earned revenue; with the largest source of funding is individuals who contribute to become members.

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) and Financial Summary Reports (FSR) submitted to CPB.

In addition to the annual filing of a station's AFR(s) or FSR 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 WUTC-FM's compliance with selected CSG provisions of the Act and grant certification requirements. Our specific objectives were to verify compliance with selected Communications Act requirements for open meetings and open financial records, as well as Radio Community Service Grants General Provisions and Eligibility Criteria. The scope of the examination included reviews of the information posted on the station's website as of April 26, 2022, as well as information provided in response to our Preliminary Observation issued on June 8, 2022.

We reviewed 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 for eligibility. We informed station management of our evaluation on June 8, 2022, and we requested information to support the station's compliance, including as applicable transparency information maintained at its central office for documents that are 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 (ISIS) to determine if the evaluated information made available to the public was the most recent information submitted to CPB. In addition, we verified with station management that board and management listings subsequently posted to its website were current.

Our fieldwork was conducted from April 26, 2022 through June 28, 2022 and our evaluation was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Inspection and Evaluation*.

Dear Mr. Richardson,

Thank you for this opportunity to share information in response to the compliance and transparency matters we discussed with our audit. The following is intended to provide relevant background and describe steps already taken to resolve issues or concerns.

The previous full-time manager of WUTC retired in 2012. In the interim, there have been as many as nine full-time staff positions. Turnover has occurred in every position except one, which is an on-air personality only. Today, including myself, the station has six full-time employees. I and the one employee who remains from 2012 have a combined 80 years' experience in radio. None of the other four full-time employees came to WUTC with prior radio broadcast experience.

Amongst the turnover since 2012 were senior positions in station management, financial reporting and news direction. A contract engineer who provided some support with FCC filings was also recently replaced.

As a result of the rapid and extensive turnover, there was an apparent lack of transfer of institutional memory and practice pertaining to compliance matters. I regret not realizing that sooner.

Given my commitment to accountability and the success of WUTC, I am assuming full responsibility as WUTC Station Manager and compliance officer. Respectfully, in response to issues of non-compliance and other concerns noted in the CPB email of June 8, please note the below:

Per the audit conducted in June 2022, the following actions have been completed and/or structures implemented to ensure continual ongoing compliance:

- With oversight from the UTC Executive Director of Budget and Finance and the WUTC Financial Specialist, we have made financial records publicly available online including our financial and audit reports and related financial information as required by CPB. I, along with the WUTC Editorial Director (who edits the WUTC website), will ensure going forward that the most recently audited financial statement and CPB Annual Financial Report are posted to the WUTC website via links in the footer area of the WUTC homepage.

- Station Manager will ensure quarterly Local Content and Services reporting that is transparently accessible from the WUTC website, prepared in the CPB-specified format and provided to CPB as an annual report, per CSG requirements (in conjunction with WUTC Editorial Director).
- Thoroughly review all CPB online instruction and other resources toward full understanding of compliance requirements to include reporting, documentation, certification and any other related matters.

The Station Manager, in conjunction with the WUTC Editorial Director, has completed the following per the audit and will continue ongoing website management to ensure that General Provisions are met and posted on the WUTC website in a timely manner, including:

- 1) Link to members of Governing Body, the UT Board of Trustees, which oversees all campuses of the UT system, including the University of Tennessee at Chattanooga, of which WUTC-FM is an affiliated entity, as well as:
 - Information about the Board of Trustees and their governing authority
 - Members of the Board of Trustees
 - Information on upcoming and archived meetings of the Board of Trustees
 - Public Notice practice and bylaws (Section 3.4) for meetings of the Board of Trustees
- 2) In conjunction with public notice issued by the Board of Trustees office of upcoming meetings of the Board, a link to each posted notice has been added to the footer area of the WUTC website home page adjacent to the link to the Board of Trustees website.
- 3) Routinely and as needed update the listing of key WUTC staff members on the WUTC website (including principal CPB grantee)
- 4) Routinely and as needed analyze and update the WUTC Diversity Statement.

To ensure ongoing compliance, the Station Manager has convened a series of quarterly, staff meetings focused solely on compliance requirements for WUTC and the role of all employees in compliance. This meeting will include a compliance education component for staff to ensure shared knowledge among the team and will touch on the current status of various compliance elements for the fiscal year in progress.

Thank you again for this opportunity to report back to you on actions completed toward resolving the issues you brought to my attention. As stated above, I am committed to accountability and the success of WUTC, and I look forward to working with CPB in that regard going forward.



Bryan Lane
Station Manager
WUTC
University of Tennessee at Chattanooga