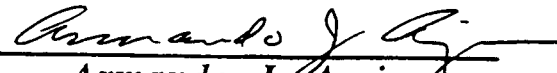


CORPORATION FOR PUBLIC BROADCASTING
OFFICE OF INSPECTOR GENERAL

COMPLIANCE AUDIT
of
PACIFICA FOUNDATION
BERKELEY, CALIFORNIA
AUDIT REPORT No. 97-01

APRIL 9, 1997


Armando J. Arvizu
Inspector General

EXECUTIVE SUMMARY

PURPOSE AND OBJECTIVE

On July 11, 1996, members of a California organization, known as 'Take Back KPFA,' filed with the Office of Inspector General a complaint regarding Pacifica Foundation, owner and operator of a network of local public radio stations. The complaint alleged that the Pacifica Foundation, headquartered in Berkeley, California, had failed to comply with the 'open board meetings' and 'advisory board' provisions of the Communications Act, and consequently, the public had not been able to effectively voice its concerns regarding operations and programming by the Berkeley local station, KPFA.

We reviewed Pacifica Foundation's operating procedures pertaining to the governing board and local advisory boards, and minutes of their meetings to determine if the Foundation had been complying with provisions of the 1934 Communications Act, as amended.

AUDIT SCOPE

We performed the audit at the Pacifica Foundation during March 24-28, 1997. The audit included reviews of minutes taken at meetings held by Board of Directors and the KPFA Local Advisory Board since May 1994. We also reviewed the minutes taken at four strategic planning sessions conducted by the Board of Directors since March 1996; the planning sessions were conducted in conjunction with the scheduled board meetings.

We reviewed policies and procedures for announcing board meetings to the public and for conducting governing and advisory board meetings. We interviewed members of Pacifica's Board of Directors, KPFA's Local Advisory Board, and members of Take Back KPFA.

AUDIT RESULTS

We noted a strong willingness by the Pacifica Board of Directors, the Executive Director, and staff to continually improve the organization; however, the Foundation had not been adhering to all Communications Act provisions it had agreed to follow when accepting CPB funding. Specifically,

- The limited documentation available on public announcements made for Board of Directors meetings reflected that announcements were being made only in the city where the meeting was being held, and not in the other four cities where Pacifica had stations;
- The documentation available on two public announcements reflected the time periods for the entire Board proceedings, but did not state the time reserved for Public Comment;
- The public was not being offered the opportunity to observe Board of Directors deliberations as all board sessions were being held in closed session, with the exception of one hour for Public Comments;
- The Foundation had not been issuing written notices to the public to provide the reasons for holding closed Board meetings; and
- The advisory boards were not being provided with the autonomy they needed to perform their functions. Advisory Boards had not been advising the Board of Directors.

AUDIT PROCEDURES

PURPOSE AND OBJECTIVES

We audited Pacifica Foundation's records pertaining to the Board of Directors and the five Local Advisory Boards to determine if provisions of the Communications Act were being followed, a condition for continued funding by the Corporation for Public Broadcasting.

Section 396(k)(4) of the Act specifies, in part, that "Funds may not be distributed pursuant to this subsection to ... the licensee or permittee of any public broadcast station, unless the governing body of any such organization, any committee of such governing body, or any advisory body of such organization, holds open meetings preceded by reasonable notice to the Public."

Regarding advisory boards, Section 396(k)(8) of the Communications Act states that, "The board shall be permitted to review the programming goals established by the station, the service provided by the station, and the significant policy decisions rendered by the station. ... The board shall advise the governing body of the station with respect to whether the programming and other policies of such station are meeting the specialized educational and cultural needs of the communities served by the station, and may make such recommendations as it considers appropriate to meet such needs."

SCOPE AND METHODOLOGY

We reviewed the following Pacifica Foundation records:

- The file of documents being made available to the public;
- Minutes taken at Board of Directors meetings held since May 1994;
- Minutes taken at four Board of Directors retreats held since March 1996;
- Minutes taken at KPFA Local Advisory Board meetings held since March 1994; and
- Various Board of Directors memoranda issued to the Local Advisory Boards.

We discussed operating policies and procedures with the Foundation's Executive Director and staff. We also conducted personal and phone interviews with members of the Board of Directors, the KPFA Advisory Board, and members of Take Back KPFA.

AUDITOR

The audit was performed by Armando J. Arvizu, CPA, CIA, in accordance with generally accepted government auditing standards.

AUDIT RESULTS

I. STRONG INTEREST IN IMPROVING PACIFICA'S STRUCTURE

Any network of radio stations, such as Pacifica, needs strong, central leadership when it comes to organizational and operational matters. Pacifica is improving its central management in those areas. In our review of governing board minutes and discussions with the Executive Director and her staff, we noted a strong interest in improving Pacifica's organizational structure, listener ratings, and financial status. For the last year, the governing board and the staff have undertaken efforts to prepare a strategic plan and place it into effect.

One recent improvement has been the initiation of phone conferences between the Board of Directors Chairman and the five Advisory Board Chairmen to ensure better flow of information.

Another positive step was to discontinue the practice of allowing station personnel to serve as members of the Board of Directors. We agree that the governing board is to be independent of operational matters.

According to the Executive Director and documentation for the June 23, 1996 and January 26, 1997 meetings, the announcements were being made only in those cities where the meetings were to be held. The Executive Director readily agreed that since Pacifica has stations in five cities, that the public in all five cities needed to be informed regarding upcoming board meetings and the locations.

Because of the relative proximity of Berkeley and Los Angeles, as well as Washington, DC and New York City, listeners in those areas could attend board meetings in either city. The five to seven days notice of meetings may not be sufficient time for listeners living outside the immediate area to make arrangements to attend.

The two available announcements did not provide the times for the open sessions, or any contact person who could provide additional information. The June 23, 1996 and January 26, 1997 newspaper announcements stated that the governing board meetings were to be held from 8:30 AM to 12:30 or 1:30 PM; however, only one hour of those stated time frames were to be open to the public. The June 16, 1996 and January 21, 1997 newspaper announcements read as follows:

"Notice is hereby given for the Pacifica Foundation Board of Directors' (National) Meeting in Washington, DC on Sun. June 23, 1996 at the Hotel Sofitel from 8:30 am-1 pm to discuss agenda and related issues."

"Notice is hereby given of a meeting of the National Board of Directors of the Pacifica Foundation in Galveston, Texas on Sunday, January 26, 1997 from 8:30 AM-12:30 PM. The meeting will take place at the Hotel Galvez, ... for the purpose of transacting matters of the agenda and any other matters which come before the Directors of the Corporation."

In what may be an isolated case, the time scheduled for the Public Comment session at the September 30, 1995 Board meeting was changed at the last minute. A representative of Take Back KPFA claimed attending the Board of Directors meeting in Houston on September 30, 1995 and obtaining a meeting agenda that morning. The agenda reflected that the Public Comment session was to be held from 5:00 to 6:00 PM that same day. However, according to the representative, the Board actually started the comment period about three hours earlier than scheduled. The representative claimed pointing out to the Board that other people may have wanted to attend the Public Comment session expecting it would be held at the originally scheduled time. In our review of Board minutes, we confirmed that the Board held two Public Comment sessions on September 30, 1995.

CONCLUSION

Pacifica had not been providing adequate notice of pending governing board meetings to the public. However, we did see a willingness by the Executive Director to make the appropriate changes.

RECOMMENDATION

The Pacifica Foundation Executive Director should ensure that public notices of pending governing board meetings are made in all five cities where stations are located, with sufficient advance notice for members of the public to make arrangements to attend. Also, public notices should include the time for the open sessions. Proper documentation on public announcements should be maintained.

