

PNB Audit Committee Meeting
Final Minutes -- Monday, May 24, 2010

8:30 pm EDT, 5:30 pm PT & 7:30 pm CT

Note: Minutes interspersed between agenda items.

1. Call meeting to order

Nia Bediako, Chair, called the meeting to order at 8:38pm (EDT) at that time we went on stream.

2. Roll call

Present members (9 at roll call, quorum present): Nia Bediako (WBAI); Wesley Bethune (KPFT); Bill Crosier (KPFT); Lisa Davis (WBAI); Jane Gatewood (WPFW); Seth Goldberg (WBAI); Melinda Iley-Dohn (KPFT); Campbell Johnson (WPFW); Nia Turner (WPFW) *her name needs to be added to the roster.*

Absent members: Matthew Hallinan (KPFA); Chandra Hauptman (KPFA); Dutch Merrick (KPFK); Leslie Radford (KPFK); Joe Wanzala (KPFA); Donna Warren (KPFK).

Also present: Arlene Englehart; LaVarn Williams; Tony Pohl

3. Approve agenda (10 mins) Agenda was approved without objection.

4. Discuss with auditor and LaVarn; revenue discrepancy (10 mins)

Nia B. indicated that a director brought up the discrepancy in revenue in the LA PNB meeting. LaVarn said she gave an explanation to the NFC in 2008 when she looked at Pledges Receivable and determined problems in their value and the method to compute the fulfillment rate to cash. She went on to say that as last year unfolded, it (the Pledges Receivable) was determined that computation used to figure the conversion of pledges to cash was not close to reality. Pledges Receivable for the year ended '08 was \$723,000; in '09 this amount was determined to be \$68,000. (LaVarn noted that she didn't have her figures available at this time.) (Tony mentioned that he was not aware that this matter would be on tonight's agenda.)

LaVarn indicated that due to inefficiencies "we" could not prove installation (or installments) through the Memsys report. However, she indicated that installment reserves could be proved at other stations. But, she could not prove that installments were being processed at WBAI since April 2009. She further stated that actual amounts paid in '08 include amounts from '07.

Tony indicated that his people were trying to get information from NY and they were not in a position to provide it up to the PNB meeting in DC (January 2010). We kept asking and asking for that information and it wasn't forthcoming.

LaVarn said that what we were able to look at toward the end were “reserves” from the Memsys report. We couldn’t prove these. She went on to say that, “the good thing about this audit is that we could reveal things that were seriously impacting the balance sheet and the net income (statement) of the Foundation. There was a check at KPFA that hadn’t been deposited and that reserves (?) and lapsed members are not being processed as much. There’s no direct mail. They’re late getting the pledge cards into Memsys. We can put on a sheet that these things are not being done”. (Nia had been dropped for a while.)

Campbell reviewed part of the discussion: Reserves in Memsys report could not be proved?

Nia asked: what can we do going forward? How can we fix it (this discrepancy)? Should I wait to get a report from you guys (Tony & LaVarn) at the next meeting? Tony said, “that’s probably a good idea. And, this whole thing about the revenue numbers not panning out is due to the fact that NY is not following the policies and procedures of the organization. And that’s causing issues in getting any sort of information valid and usable. This is what LaVarn and I were supposed to be meeting on in July was to look at in the context of this year’s audit, so we could see how things had progressed”.

Nia said, “it sounds to me that we need to wait for a report. Is there any way this can be done before the end of this month? It shouldn’t take that long to say exactly what happened between Tony and LaVarn”. Tony said, “yes we can do that, I wish I had known it was on tonight’s agenda. I could have put something together for you with LaVarn’s help”. Tony continued, **“If it’s alright with you, LaVarn, you, Celina and I can get together on a call tomorrow, have Celina draw something up and have the explanation for the Board tomorrow evening”**. **ACTION ITEM**. LaVarn said, “I have meetings tomorrow morning. But that sounds good”.

Nia said “I thought LaVarn talked with you before”. LaVarn said, “Celina and I talked, she was over for the pension audit”. I looked at the points and made the points for the Finance Comm.

Seth said that she has numbers; that I hope she can share that with the Audit Committee so we can have that sort of thing in writing. Because my understanding of the issue with regard to \$10,000 per month . . . still makes for a large discrepancy with the \$700,000. **ACTION ITEM**: Second, is it possible for the management and the auditor to list 4 or 5 things they think are the most serious things where WBAI is not following procedures. This can help educate management in a friendly way. This would help us to do better in the audit.

LaVarn commented that in response to the management letter that we have developed a performance report that she’s sent out to the business managers for the month of April. She said that she didn’t want to release that until they review it and it comes back. We’ve also had meetings with Database managers and Development Directors to go over exactly what you’re saying to make sure the processes have been done. She added that

those things I can send out to you. The time lines for the election I've sent out but I don't have this.\

Seth said his impression is that the GMs aren't in the loop. Arlene said that she has also been meeting with her and pointing out how it is important to stay on top of everything. (Tony's phone is about to go out. Will call back in when he gets home.)

Lisa indicated her frustration with the process that as a member of the LSB we were not able to get any budget information. We couldn't get any answers on things. And the auditor is also indicating that he hasn't been able to get any answers. Further, she said that management at WBAI would have been proactive in saying why there were significant year to year results.

(Moved by Campbell to extend 10 minutes, without objection) **ACTION ITEM:** Bill said he'd really like to see a plan. He's glad LaVarn mentioned the problems, but would like a report in writing on how these things will be addressed.

Nia asked LaVarn, if the management letter had been updated. She asked LaVarn to send it to her and then Nia would send it to the committee.

LaVarn said the detailed information is not in the management letter it's the audit communications letter. Nia asked her to send whatever she has. Bill reiterated that he wanted to know what the plan was because we've known a lot about the problems.

Arlene indicated that as long as LaVarn is communicating the information well she doesn't need to say anything. Nia asked if LaVarn has sent the info to her, but she needs to update it.

Lisa asked about business manager's performance review. Arlene mentioned that they will be reviewed by the GM and CFO. **ACTION ITEM:** A motion was passed in the L.A. Board meeting regarding performance evaluations of the business managers.

(Nia asked Bill to make her and Campbell managers of the google group. He agreed.)

Nia asked about "action items". LaVarn said it would be good for Nia to be on the call also with them.

5. Follow-up on Mgt. Letter (20 mins)

LaVarn indicated that Tony said an issue was the audit trail going from the Pledge Card >> Memsys >>Processing of the Credit Cards >> deposit in the WBAI account. (>> identifies sequential steps.)

Seth said he wants a written explanation of this process. LaVarn indicated that Arlene had sent this out before.

Nia indicated she was reviewing LaVarn's forwarded May 13th Business Manager's conference call document. Reference made to COSO (acronym for Committee of Sponsoring Organizations). It was noted that the Audit Committee is supposed to get a copy of the related documentation so it can be sent out to the Committee members.

Discussion then focused on the provision of Finance 101 training for the PNB. Nia noted that the Audit Committee is not authorized to provide training to staff.

Chandra indicated that she has a training report regarding the Executive Service Corps. She told them about Pacifica's situation. They have chapters in four of our areas: Houston, Washington, New York & L.A. They'll provide training without charge to us. She'll get the necessary information to LaVarn and cc it to Arlene.

Tony indicated he would come out at no cost beyond travel costs. Arlene indicated the training should be done in Berkeley.

Motion: That Tony Pohl, independent auditor, provide COSO training to PNB Directors and others (including the Audit Committee, LSB Finance Committees and others at meeting in Berkeley.

Point of information: Would this be available to other staff and LSB? Tony said he may be able to do a web cast from his office. It was subsequently agreed that the COSO training would be provided in person.

6. Discuss 990 (15 mins)

7. Determine next committee meeting date (5 mins)

8. Review action items (10 mins)

“Action Items” are noted in the text in all caps and were identified at this time from a review of the notes.

9. Adjourn by 10:30 pm EST, 7:30 pm PT & 9:30 pm CT

Respectfully submitted,

Campbell Johnson, Secretary

Approved as amended, without objection, January, 18, 2011.