

EXECUTIVE DIGEST

DEPARTMENT OF CIVIL RIGHTS

INTRODUCTION This report contains the results of our financial audit*, including the provisions of the Single Audit* Act, of the Department of Civil Rights (DCR) for the period October 1, 1998 through September 30, 2000.

AUDIT PURPOSE This financial audit of DCR was conducted as part of the constitutional responsibility of the Office of the Auditor General and is required on a biennial basis by Act 251, P.A. 1986, to satisfy the requirements of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

BACKGROUND DCR was established in 1965 to implement policy established by the Civil Rights Commission. DCR's mission* is to secure the full enjoyment of civil rights guaranteed by law and the State Constitution and to redress unlawful discrimination against any person in accordance with law.

DCR is authorized to receive and investigate complaints through an agreement with the U.S. Equal Employment Opportunity Commission to enforce the following federal laws: Title VII of the Civil Rights Act of 1964, as amended;

the Age Discrimination in Employment Act of 1967; and the Americans With Disabilities Act of 1990.

During the audit period, DCR completed implementation of a reengineering process called the Problem Resolution Process*. The four service options of the new process are: information, referral, outreach and education, and complaint resolution. The Grand Rapids office piloted the new process in July 1998, and the first components of the process were implemented in all of DCR's other offices in November 1998. In April 1999, DCR proceeded to full implementation.

The Office of Management Services has responsibility for DCR's accounting and financial reporting, including federal financial reporting. DCR's total expenditures for fiscal year 1999-2000 were \$14,646,385 and, as of September 30, 2000, DCR had 145 classified, full-time equated employees and 8 limited-term employees.

**AUDIT OBJECTIVES
AND CONCLUSIONS**

Audit Objective: To audit DCR's financial schedules and to examine the supplemental financial schedules, including the schedule of expenditures of federal awards, in relation to DCR's financial schedules for the fiscal years ended September 30, 2000 and September 30, 1999.

Conclusion: We expressed an unqualified opinion* on DCR's financial schedules. In addition, we expressed an unqualified opinion on DCR's supplemental financial schedules, including the schedule of expenditures of federal awards, in relation to the financial schedules taken as a whole.

Audit Objective: To assess and report on DCR's compliance with certain provisions of laws, regulations,

contracts, and grants, noncompliance with which could have a direct and material effect of the financial schedules, and on its internal control* over financial reporting, based on our audit of the financial schedules.

Conclusion: Our assessment of compliance did not disclose any instances of noncompliance that could have a direct and material effect on the financial schedules. Also, our assessment of internal control over financial reporting did not disclose any material weaknesses*.

In addition, our assessment indicated that DCR was in substantial compliance with the requirements set forth in Sections 18.1483 - 18.1487 of the *Michigan Compiled Laws* pertaining to its systems of internal accounting and administrative control.

Audit Objective: To assess and report on DCR's compliance with requirements applicable to each major federal program and on its internal control over compliance in accordance with OMB Circular A-133.

Conclusion: We issued an unqualified opinion on DCR's compliance with requirements applicable to DCR's major federal program. Also, our assessment of internal control over compliance applicable to DCR's major federal program did not disclose any material weaknesses.

AUDIT SCOPE

Our audit scope was to examine the financial and other records of the Department of Civil Rights for the period October 1, 1998 through September 30, 2000. Our audit was conducted in accordance with auditing standards

generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

PRIOR AUDIT
FOLLOW-UP

As disclosed in DCR's summary schedule of prior audit findings, DCR fully corrected both prior Single Audit findings.