

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 for the period October 1, 1992 through September 30, 1994.

AUDIT PURPOSE

This financial audit of the Department 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 of 1984 and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*.

BACKGROUND

The Department of Civil Rights is responsible for processing complaints alleging unlawful discrimination, enforcing the laws governing discrimination, and approving plans to correct past discriminatory practices which have caused or resulted in a denial of equal opportunity for individuals.

The Department has an annual contract with the U.S. Equal Employment Opportunity Commission (EEOC) which provides federal funds for the Department to investigate

complaints of discrimination under several federal laws, such as Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans With Disabilities Act. The contract requires the Department to comply with federal laws, regulations, and procedures for investigating and reporting the results of investigations.

The Department and the EEOC have entered into a work sharing agreement that defines which agency will investigate a given complaint and other routine interactions between the agencies. The Department's total expenditures were \$12,382,479 for fiscal year 1993-94 and, as of September 30, 1994, the Department had 181 full-time employees.

**AUDIT
OBJECTIVES AND
CONCLUSIONS**

Audit Objective: To assess the adequacy of the Department's internal control structure, including applicable administrative controls related to the management of federal financial assistance programs.

Conclusion: Our assessment of the internal control structure did not disclose any material weaknesses. However, we noted reportable conditions involving the Department's internal audit function and data processing controls (Findings 1 and 2).

Also, our assessment indicated that the Department was in substantial compliance with the requirements set forth in Sections 18.1483 - 18.1488 of the *Michigan Compiled Laws* pertaining to its systems of internal accounting and administrative control. However, the Department did not

appoint an internal auditor during the period covered by our audit (Finding 1).

Audit Objective: To assess the Department's compliance with both State and federal laws and regulations that could have a material effect on either the Department's financial schedules or its major federal financial assistance program.

Conclusion: Our assessment of compliance with laws and regulations did not disclose any instances of noncompliance that could have a material effect on the Department's financial schedules or its major federal financial assistance program. We did not identify any questioned costs during the audit period.

Audit Objective: To audit the Department's financial schedules for the fiscal years ended September 30, 1994 and September 30, 1993. **Conclusion:** We expressed an unqualified opinion on the Department's financial schedules for the fiscal years ended September 30, 1994 and September 30, 1993.

AUDIT SCOPE

Our audit scope was to examine the financial and other records of the Department of Civil Rights for the period October 1, 1992 through September 30, 1994. Our audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit objective for the assessment of the internal control structure included an evaluation of the Department's implementation of the requirements for establishing and maintaining systems of internal accounting and administrative control as set forth in Sections 18.1483 - 18.1488 of the *Michigan Compiled Laws*.

**AGENCY
RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report includes 2 findings and 3 recommendations. The Department concurred with both findings and is in the process of implementing the recommendations.

The Department complied with 4 of the 7 prior audit recommendations included within the scope of our current audit. Three of the prior audit recommendations are repeated in this report.