



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. McTAVISH, C.P.A.
AUDITOR GENERAL

“...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.”

– Article IV, Section 53 of the Michigan Constitution

Audit report information may be accessed at:

<http://audgen.michigan.gov>



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Selected Activities Within the Problem
Resolution Process
Department of Civil Rights

Report Number:
 15-200-04

Released:
 September 2005

The Civil Rights Commission, the governing authority of the Department of Civil Rights (DCR), was created by the State Constitution. DCR's mission is to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws. Constitutional and legislative mandates prohibit discrimination based on religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, and physical and mental disabilities.

Audit Objective:

To assess the effectiveness and efficiency of DCR's efforts to resolve discrimination issues.

~ ~ ~ ~ ~

Audit Conclusion:

We concluded that DCR's efforts to resolve discrimination issues were effective and efficient. However, we noted reportable conditions related to documentation of contact activity and performance standards (Findings 1 and 2).

~ ~ ~ ~ ~

Agency Response:

DCR's preliminary response indicated that it agreed with both of the recommendations.

~ ~ ~ ~ ~

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General
 201 N. Washington Square
 Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
 Auditor General

Scott M. Strong, C.P.A., C.I.A.
 Deputy Auditor General



STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
201 N. WASHINGTON SQUARE
LANSING, MICHIGAN 48913
(517) 334-8050
FAX (517) 334-8079

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

September 30, 2005

Valerie P. Simmons, J.D., Chair
Civil Rights Commission
and
Linda V. Parker, J.D., Director
Department of Civil Rights
Capitol Tower Building
Lansing, Michigan

Dear Ms. Simmons and Ms. Parker:

This is our report on the performance audit of Selected Activities Within the Problem Resolution Process at the Department of Civil Rights.

This report contains our report summary; description of agency; audit objective, scope, and methodology and agency responses and prior audit follow-up; comment, findings, recommendations, and agency preliminary responses; and a glossary of acronyms and terms.

The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

TABLE OF CONTENTS

SELECTED ACTIVITIES WITHIN THE PROBLEM RESOLUTION PROCESS DEPARTMENT OF CIVIL RIGHTS

	<u>Page</u>
INTRODUCTION	
Report Summary	1
Report Letter	3
Description of Agency	6
Audit Objective, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up	7
COMMENT, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES	
Effectiveness and Efficiency of Efforts to Resolve Discrimination Issues	11
1. Documentation of Contact Activity	11
2. Performance Standards	13
GLOSSARY	
Glossary of Acronyms and Terms	16

Description of Agency

The Civil Rights Commission, the governing authority of the Department of Civil Rights (DCR), was created by the Constitution of the State of Michigan of 1963 to carry out the guarantees against discrimination. The State Constitution directs the Commission to investigate alleged discrimination against any person because of religion, race, color, or national origin and to "secure the equal protection of such civil rights without such discrimination." Acts 453 and 220, P.A. 1976, and subsequent amendments have added sex, age, marital status, height, weight, arrest record, and physical and mental disabilities to the original four protected categories.

DCR was established in 1965 to provide a staff complement to the policy-making responsibilities of the Commission. DCR's mission* is to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws. DCR investigates and resolves discrimination complaints. In addition, DCR provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities and feasibility studies, and joint venture/strategic alliance partnerships. A complaint may be filed at any of DCR's offices if the alleged discrimination has occurred within the past 180 days.

In April 1999, after the completion of a reengineering process, DCR implemented the Problem Resolution Process* (PRP). An important part of PRP was the cross-training of all civil rights representatives in the use of problem resolution techniques and new technology, i.e., the Contact Management System (CMS). CMS was implemented in August 2000.

PRP teams are located in Benton Harbor, Detroit, Flint, Grand Rapids, Kalamazoo, Lansing, Marquette, and Saginaw. As of July 17, 2004, DCR had 137 employees classified as follows: 114 full-time employees (unlimited appointment), 17 full-time employees (limited term appointment), 3 unclassified employees, and 3 full-time employees on medical leave with return rights.

* See glossary at end of report for definition.

Audit Objective, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Audit Objective

The audit objective for our performance audit* of Selected Activities Within the Problem Resolution Process (PRP), Department of Civil Rights (DCR), was to assess the effectiveness* and efficiency* of DCR's efforts to resolve discrimination issues.

Audit Scope

Our audit scope was to examine the program and other records of the Problem Resolution Process. Our audit was conducted in accordance with *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.

Audit Methodology

Our audit procedures, performed from June through October 2004, included examination of DCR records and activities primarily for the period October 1, 2001 through September 30, 2004. To accomplish our audit objective, our audit methodology included the following phases:

1. Preliminary Review and Analysis Phase

We conducted a preliminary review of DCR operations and identified PRP as one of the primary operations of DCR. We obtained an overview of the business process and management control* for PRP from DCR staff and a review of documentation.

We reviewed documentation detailing DCR's reengineering process, including the development and implementation of PRP and the new Contact Management System (CMS).

We performed an assessment of management control over CMS, including an understanding of the purpose of CMS and how it processes data. We considered the initial input of data, how the data is processed within CMS, and the data outputs from CMS.

* See glossary at end of report for definition.

2. Detailed Analysis and Testing Phase

We identified and analyzed the five service options*: information, referral, outreach and education, mediation, and complaint resolution.

To determine the effectiveness and efficiency of PRP, we:

- a. Reviewed a sample of service center records from all DCR service centers and looked for documentation within CMS that would indicate that all contacts were provided with one of the five service options.
- b. Analyzed controls over CMS. We obtained an understanding of controls over the input and output of data in CMS from discussion with DCR's application project manager.
- c. Queried CMS for all complaint issues from October 1, 2001 through July 27, 2004. We analyzed the contacts to determine the number of contacts in various PRP stages (evaluation, early resolution*, and investigation), the number of open and closed cases, and the average length of time that contacts remained in the various stages within PRP.
- d. Analyzed the contacts to determine if a record of contact activity existed, including the frequency at which each contact was reviewed by management.
- e. Reviewed various management-prepared production reports and PRP team meeting minutes to identify tools used to monitor and manage caseload activity.
- f. Compared the information documented in CMS for a sample of contacts within CMS to hard copy records, the sign-in sheet, and the master file* to verify the completeness and accuracy of the data entered into CMS.
- g. Reviewed documentation of DCR's efforts to reduce its complaint issue case inventory.

* See glossary at end of report for definition.

- h. Reviewed PowerPoint presentations used to provide diversity training to outside businesses and observed one of the PRP diversity training sessions at a Detroit area business.
- i. Observed service center activity and a case call at one service center location.

3. Evaluation and Reporting

We evaluated and reported on the results of the detailed analysis and testing phase.

Agency Responses and Prior Audit Follow-Up

Our audit report contains 2 findings and 2 corresponding recommendations. DCR's preliminary response indicated that it agreed with both of the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require DCR to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

We released our prior performance audit of the Enforcement Bureau, Department of Civil Rights (#1520094), in October 1995. Within the scope of this audit, we followed up 4 of the 7 prior audit recommendations. DCR complied with 3 of the 4 prior audit recommendations. The other prior audit recommendation was rewritten for inclusion within this report.

COMMENT, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

EFFECTIVENESS AND EFFICIENCY OF EFFORTS TO RESOLVE DISCRIMINATION ISSUES

COMMENT

Audit Objective: To assess the effectiveness and efficiency of the Department of Civil Rights' (DCR's) efforts to resolve discrimination issues.

Conclusion: **We concluded that DCR's efforts to resolve discrimination issues were effective and efficient.** However, we noted reportable conditions* related to documentation of contact activity and performance standards* (Findings 1 and 2).

FINDING

1. **Documentation of Contact Activity**

DCR did not ensure that civil rights representatives* and team coordinators* documented all contact activity in the contact notes of the Contact Management System (CMS). As a result, information in CMS was not complete and management could not fully utilize controls inherent in CMS to ensure that all complaint issue contacts were effectively and efficiently processed.

CMS is the database that maintains DCR's caseload. CMS is used to document all contacts, including formal complaints, outreach, education, referrals, information, and other preventative initiatives. The database can be queried to provide customer* service information to any staff to address the specific needs of customers who call in. In addition, it can be queried to provide management reports to show the status of the caseload, open cases, closed cases, case type, and Problem Resolution Process (PRP) stage by individual or by team. Information entered into CMS can only be edited or updated by the owner (the civil rights representative who initiated the contact) or the owner's immediate supervisor; however, any staff with access to CMS can enter notes for a specific contact. CMS maintains an audit trail of all activity. All information entered in the contact notes is documented in the chronology of activity report.

We reviewed the chronology of activity and the master file, where applicable, for 94 complaint issue contacts from 9 judgmentally selected weeks during the period

* See glossary at the end of report for definition.

October 1, 2001 through June 18, 2004. We selected contacts to review that were outside of the documented time line goal of 84 days. We found that:

- a. For 53 (56%) contacts reviewed, there was no documentation of activity by the civil rights representative for time periods ranging from 41 to 566 days. These contacts were open from 114 to 1,027 days.
- b. For 17 (18%) contacts reviewed, there was no documentation of review by the team coordinator in the contact notes.

In addition, for 13 (14%) of the 94 contacts reviewed, the master files did not contain a closing transmittal signed by the team coordinator. For 5 of these 13 contacts, there was also no documentation of the team coordinator's review in the contact notes. DCR procedures require a signed copy of the closing transmittal to document the team coordinator's final review and approval of the contact closing.

Inquiries indicated that civil rights representatives may follow up on contacts but do not take the time to enter activity on CMS. Also, team coordinators are required to monitor caseload activity of their teams on a monthly basis; however, maintaining documentation of the monitoring is not required. As of September 30, 2004, DCR had no formal requirements in place for documentation of caseload monitoring activities.

RECOMMENDATION

We recommend that DCR ensure that civil rights representatives and team coordinators document all contact activity in the contact notes of CMS.

AGENCY PRELIMINARY RESPONSE

DCR informed us that it agreed with this recommendation. DCR indicated that as of February 2005, it had developed a formal requirement for the team coordinators to monitor caseload activities by performing a monthly workload review and by using the elapsed time analysis report, a new report generated from CMS.

FINDING

2. Performance Standards

DCR needs to reevaluate its performance standards and establish reasonable time frames for the processing of customer complaint issues.

Without attainable performance standards, DCR is limited in its ability to (1) identify areas in which PRP could be made more effective or efficient, (2) monitor staff to identify training needs and best practices, or (3) accurately communicate to its customers the length of time that it will take to resolve a case. DCR is also limited in its ability to document the need for additional resources necessary to shorten the processing time for complaint issues.

In the prior performance audit of the Enforcement Bureau (released in October 1995), it was recommended that DCR establish measurable performance goals for processing alleged discrimination complaints. In addition, it was noted that the establishment of lapsed times within the process to close a case are important measures in determining the effectiveness and efficiency of the complaint process. DCR agreed with the recommendation and indicated that it planned to contract for a professional study of time spent on the complaint investigation process to facilitate the establishment of measurable performance goals.

DCR contracted for an operational assessment, and the resulting report for this assessment was received on November 7, 1995. Soon after the completion of this assessment, DCR began the Reengineering Our Services for Everyone (ROSE) project. The ROSE report documented the methodology used to implement PRP, including the methodology used to establish the time line goals for PRP. The initial time line goals for PRP were based on 10% of the average time to resolve complaint issues at the time of the operational assessment. While this may have been a reasonable expectation of performance when PRP was implemented in April 1999, changes in staffing level, case loads, and the experience of staff may have made these expectations obsolete.

We compared DCR's established time line goals for selected PRP stages to the actual average processing times for those stages for all closed contacts in CMS from October 1, 2001 through July 27, 2004:

<u>PRP Stage</u>	<u>Documented Time Line Goal</u>	<u>Actual Average Processing Time</u>	<u>Difference</u>
Evaluation	1 day	45 days	44 days
Early resolution	14 days	32 days	18 days
Investigation	70 days	220 days	150 days

In order to be effective, performance standards relevant to the current operating environment need to be established.

The majority of DCR's customers seek its services because they believe someone has discriminated against them. Often, they are in crisis because they have been discharged from their job, are being harassed, or have been denied housing or education. The use of relevant time line goals can assist DCR in measuring the effectiveness and efficiency of its efforts to resolve complaint issues.

RECOMMENDATION

We recommend that DCR reevaluate its performance standards and establish reasonable time frames for the processing of customer complaint issues.

AGENCY PRELIMINARY RESPONSE

DCR informed us that it agreed with this recommendation. DCR indicated that it had evaluated the performance standards and will be implementing new time frames by October 1, 2005.

GLOSSARY

Glossary of Acronyms and Terms

civil rights representative	An individual who (1) evaluates customer concerns to determine the appropriate service option; (2) conducts investigations of formal civil rights complaints; (3) performs outreach and education to prevent unlawful discrimination; (4) offers mediation; and (5) provides information and makes referrals.
CMS	Contact Management System.
customer	Anyone with whom DCR interacts regarding a civil rights related issue or concern. This includes but is not limited to individuals, businesses, groups, claimants, respondents, State and local organizations or agencies, public and private institutions, the Governor, the Legislature, the media, and the Civil Rights Commission. A customer can be internal or external to the organization.
DCR	Department of Civil Rights.
early resolution	A complaint resolution option providing for resolution of civil rights issues and concerns within 14 days of the customer's initial contact. Early resolution is an attempt to discuss the customer's concerns and allegation with the respondent to resolve the concern.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
management control	The plan of organization, methods, and procedures adopted by management to provide reasonable assurance that goals are met; resources are used in compliance with laws and regulations; valid and reliable data is obtained and reported;

and resources are safeguarded against waste, loss, and misuse.

master file A file containing correspondence between DCR and outside parties and documentation for the final disposition of formal complaints in the form of a closing transmittal signed by the team coordinator.

mission The agency's main purpose or the reason that the agency was established.

performance audit An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.

performance standard A desired level of output or outcome.

Problem Resolution Process (PRP) The tasks performed when a customer interacts with DCR regarding a civil rights related need or concern, specifically those activities associated with information, referral, outreach and education, mediation, and complaint resolution.

reportable condition A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.

ROSE Reengineering Our Services for Everyone.

service options

DCR's five service options are as follows:

1. Information - DCR distributes various forms of printed information defining the mission of DCR and providing details about civil rights laws.
2. Referral - When services provided by DCR cannot appropriately address a customer's needs, issues, or concerns, DCR will provide a referral to more appropriate services when possible.
3. Outreach and education - DCR provides a variety of outreach and education initiatives to prevent unlawful discrimination in the workplace, schools, and communities.
4. Mediation - Mediation is a form of alternative dispute resolution offered by DCR as an option in the complaint resolution process. Mediation is an informal process in which opposing parties may negotiate a voluntary resolution of their dispute with the help of a neutral person (mediator).
5. Complaint resolution - A component of PRP that includes evaluation, early resolution, and investigation.

team coordinator

An individual who coordinates and manages the work of the PRP team (supervisor).

