

STATE OF CONNECTICUT

**AUDITORS' REPORT
COMMISSION ON HUMAN RIGHTS AND OPPORTUNITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2002**

**AUDITORS OF PUBLIC ACCOUNTS
KEVIN P. JOHNSTON ♦ ROBERT G. JAEKLE**

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October 21, 2003

**AUDITORS' REPORT
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FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2002**

We have made an examination of the financial records of the Commission on Human Rights and Opportunities for the fiscal years ended June 30, 2001 and 2002. This report on that examination consists of the Comments, Condition of Records, Recommendations and Certification, which follow.

Financial statement presentation and auditing have been done on a Statewide Single Audit basis to include all State agencies. This audit has been limited to assessing the Commission's compliance with certain provisions of financial related laws, regulations, contracts and grants and evaluating the Commission's internal control structure policies and procedures established to ensure such compliance.

COMMENTS

FOREWORD:

The Commission on Human Rights and Opportunities (CHRO) operates primarily under the provisions of Chapter 814c, Sections 46a-51 through 46a-104 of the General Statutes. Its principal duty is to enforce State laws prohibiting discrimination in employment, housing, credit, and public accommodations through civil and human rights law enforcement. The CHRO investigates all discrimination complaints and attempts to correct any violation it finds through conciliation, public hearing, or court action. It also enforces laws regarding affirmative action and contract compliance of Connecticut State agencies. The CHRO functions through a central office and four regional offices that accept and investigate civil rights complaints. The central office is located in Hartford and the regional offices are currently located in Hartford, Norwich, Bridgeport, and Waterbury.

Members of the Commission and Officials

Pursuant to Section 46a-52 of the General Statutes, the Commission consists of nine members. Five Commission members are selected by the Governor and are appointed for five-year terms. One of the five is appointed as the chairperson. The President Pro Tempore of the Senate, Minority Leader of the Senate, Speaker of the House of Representatives and Minority Leader of the House of Representatives each appoint one member for a three-year term.

The Commissioners serve without compensation except when conducting public hearings, in accordance with Section 46a-57, of the General Statutes. The Commissioners are allowed to incur reasonable expenses including educational training and necessary stenographic and clerical help in the course of serving on the Commission. As of June 30, 2002, the following were Commission members:

Amalia Vazquez Bzdyra, Esquire, Chairperson
Benjamin F. Rhodes, Jr., Secretary
Esther Armmand
Debra M. Borrero
Edward Mambruno
George A. Marshall
Andrew M. Norton
Edith Pestana
Vacancy

In addition to the above, the following also served on the Commission during the audited period.

Vivien Blackford
Julia O'Brien
Reverend Leroy Bailey

A commission-appointed executive director implements the Commission's policies. Ms. Cynthia Watts Elder served as Executive Director during the audit period.

RÉSUMÉ OF OPERATIONS:

On and after October 1, 1999, Section 46a-57, subsection (2)(A), of the Connecticut General Statutes allows the Governor to appoint seven human rights referees to conduct authorized hearings, with the advice and consent of both houses of the General Assembly. Three human rights referees will serve for two-year terms and four human rights referees will serve for three-year terms. Commencing July 1, 2001, Section 46a-57, subsection (2)(B), of the Connecticut General Statutes allows the Governor to appoint five human rights referees with the advice and consent of both houses of the General Assembly. These five human rights referees will serve for three-year terms. .

These human rights referees are full time employees with applicable fringe benefits. The budget for the human rights referees is a separate line item within the budget of the CHRO.

General Fund Receipts and Expenditures:

General Fund receipts totaled \$736,402 and \$1,092,567 for the fiscal years ended June 30, 2001 and 2002, respectively, as compared to \$1,098,346 for the fiscal year ended June 30, 2000. Receipts consisted primarily of Federal aid received under agreements with the Department of Housing and Urban Development and the Equal Employment Opportunity Commission (EEOC). Under these agreements, CHRO was paid a fixed fee per case processed; for instance, CHRO received \$500 for each EEOC case processed. Receipts were relatively flat for the audit period.

A summary of General Fund expenditures for the fiscal years ended June 30, 2001 and 2002, as compared with June 30, 2000, is presented below:

		<u>Fiscal Year Ended June 30,</u>	
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Budgeted Accounts:	\$	\$	\$
Personal services	5,956,909	5,985,586	6,242,955
Contractual services	573,175	606,920	584,745
Commodities	90,216	103,821	85,708
Sundry charges	3,450	60	(6,940)
Equipment	<u>1,487</u>	<u>-</u>	<u>-</u>
Total Budgeted Accounts	6,625,237	6,696,387	6,906,468
Restricted Contributions Accounts:	<u>57,519</u>	<u>46,530</u>	<u>48,742</u>
Totals	<u>\$6,682,756</u>	<u>\$6,742,917</u>	<u>\$6,955,210</u>

Personal services costs increased by \$286,046 (4.8 percent) from fiscal year 2000 to fiscal year 2002. This increase is primarily due to cost of living and other merit increases paid to employees during the audit period.

PROGRAM EVALUATION:

Under the provisions of Section 2-90 of the General Statutes the Auditors of Public Accounts are authorized to perform audits of programs and activities. We reviewed the public hearing process for our program evaluation.

Section 46a-83(f) of the General Statutes requires once a determination that a reasonable cause exists that a discriminatory practice has been or is being committed an investigator shall attempt to eliminate the practice by conference, conciliation and persuasion within fifty days of a finding of reasonable cause. If the attempt to settle the complaint by the investigator is unsuccessful, then Section 46a-84(a) requires that the complaint be certified for public hearing within ten days with the start of the public hearing process within ninety days. The decision, which can be appealed, is required to be issued within ninety days after the public hearing is completed.

During the fiscal year ended June 30, 2002 we noted 60 cases were certified to hearing because the complaints could not be successfully settled. Of these 60 cases certified to hearing - 3 were dismissed due to no shows, 34 were dismissed because the parties subsequently reached an agreement, 2 were dismissed because the parties withdrew their complaints either before the public hearing process was completed or before the hearing referee issued a final decision, and 9 cases were

closed following a full hearing process and a final decision issued by the hearing referee.

We noted the number of staff attorneys who were available to represent the CHRO at the public hearing processes during fiscal year ended June 30, 2002 was 10. Therefore, an average of less than 1 case was required for the staff attorney to present the facts and the hearing referee to analyze the evidence and issue a decision. It should be noted that the staff attorneys perform other duties and special projects in addition to representing the CHRO at the public hearing processes. However, the average caseload where the staff attorneys put on a hearing and the hearing referees conducted the public hearing during the fiscal year ended June 30, 2002 does appear to be particularly low. Therefore, it appears that the staff attorneys' positions may be overstaffed for the available caseload.

We believe that management should review the available caseload and determine whether the numbers of staff attorneys' positions are more than necessary to effectively administer the public hearing process. (See Recommendation 3.)

CONDITION OF RECORDS

Our examination of the financial records of the Commission on Human Rights and Opportunities revealed the following areas that warrant comment.

Cash Receipts:

- Criteria:* Section 4-32 of the Connecticut General Statutes requires that receipts totaling \$500 or more must be deposited within 24 hours and that receipts totaling less than \$500 must be deposited within seven days.
- Condition:* Three receipts with a total amount of \$14 were received between July 3 and July 6, 2000 was not deposited until July 14, 2000.
- Effect:* The Commission was not in compliance with the seven-day deposit provision of Section 4-32 of the Connecticut General Statutes. On January 10, 2001 we brought this matter to the attention of the Governor and other State Officials as required by Section 2-90 of the Connecticut General Statutes.
- Cause:* The employee “forgot” to make the deposit.
- Recommendation:* As noted in our previous report, the Commission should be more diligent in complying with Section 4-32 of the Connecticut General Statutes. (See Recommendation 1.)
- Agency Response:* “The agency will be more diligent in the future deposits of cash receipts.”

Over Obligation of Other Expenses:

- Criteria:* The Agency should only commit obligations against available appropriations in accordance with Section 4-98, subsection (a) of the

General Statutes.

Conditions: Four reservations within the Other Expenses appropriation (SID 002) were over obligated in the amount of \$1,415 as of June 30, 2002 but were paid and recorded as expenditures during the 2002-2003 fiscal year.

Effect The Agency's over obligated their appropriations in violation of Section 4-98, subsection (a) of the General Statutes.

Cause: The Other Expenses appropriation (SID 002) had an unexpended balance of \$1,866 and there was \$3,281 in invoices that could not be paid until the 2002-2003 fiscal year Other Expenses appropriation was available.

Recommendation: Outstanding obligations should only be committed against available appropriations in accordance with Section 4-98, subsection (a) of the General Statutes. (See Recommendation 2.)

Agency Response: "The agency will follow §4-98(a) more carefully in future fiscal years."

Inefficient Use of Resources:

- Criteria:* CHRO's resources should be efficiently managed.
- Condition:* Staff attorneys for the public hearing process for the fiscal year ended June 30, 2002 administered an average of less than one case.
- Effect:* Resources may not be efficiently managed.
- Cause:* The cause could not be determined.
- Recommendation:* Management should review the available caseload and determine whether the number of staff attorneys' positions is more than necessary to efficiently administer the public hearing process. (See Recommendation 3.)
- Agency Response:* *"The Conclusion that staff attorneys administered an average of less than one case is not accurate. The auditor's print-out shows that 5 cases were fully prosecuted by the office counsel. That figure is in error; there were 6 other such cases that do not appear on the auditor's list. More importantly, the list shows that 34 cases were settled at the public hearing process. These cases were should be included in any discussion of "efficiency." Cases often settle at the 11th hour, sometimes even in the middle of the hearing proper, after all the trial preparation has been completed. In addition, Commission attorneys have responsibility for court appeals, complaints filed directly in court, declaratory rulings, regulation revisions, reopening requests, and a host of other tasks that are not reflected as public hearing case processing."*
- Conclusion:* *There were a grand total of 60 cases certified to hearing for the 2001-2002 fiscal year. Therefore, the 10 Commission attorneys were responsible for an average of 6 cases certified to hearing. This still appears to be a particularly low caseload.*

RECOMMENDATIONS

Status of Prior Audit Recommendations:

- The Automated Personnel System (APS) data files should be thoroughly reviewed and all discrepancies promptly corrected. The five employees with incorrect pay rates from the prior report were corrected. In addition, no exceptions were noted in the sample selection for the current audit.
- The Commission should comply with Section 4-32 of the General Statutes. We noted one cash receipt that was not deposited within the time limits specified by Section 4-32 of the General Statutes. This matter will be repeated as Recommendation 1 below.

Current Audit Recommendations:

1. **As noted in our previous report, the Commission should be more diligent in complying with Section 4-32 of the Connecticut General Statutes.**

Comment:

We noted three receipts that were not deposited within the time frame specified by Section 4-32 of the General Statutes.

2. **Outstanding obligations should only be committed against available appropriations in accordance with Section 4-98, subsection (a) of the General Statutes.**

Comment:

We noted numerous differences between several of CHRO and the Comptroller's appropriation accounts.

3. **Management should review the available caseload and determine whether the number of staff attorneys' positions is more than necessary to efficiently administer the public hearing process.**

Comment:

We noted that staff attorneys for the fiscal year ended June 30, 2002 administered an average of less than one case through the public hearing process.

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes we have audited the books and accounts of the Commission on Human Rights and Opportunities for the fiscal years ended June 30, 2001 and

2002. This audit was primarily limited to performing tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grants, and to understanding and evaluating the effectiveness of the Agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grants applicable to the Agency are complied with, (2) the financial transactions of the Agency are properly recorded, processed, summarized and reported on consistent with management's authorization, and (3) the assets of the Agency are safeguarded against loss or unauthorized use. The financial statement audits of the Commission on Human Rights and Opportunities for the fiscal years ended June 30, 2001 and 2002 are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial-related audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Commission on Human Rights and Opportunities complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grants and to obtain a sufficient understanding of the internal control to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

Compliance:

Compliance with the requirements of laws, regulations, contracts and grants applicable to the Commission on Human Rights and Opportunities is the responsibility of the Commission on Human Rights and Opportunities' management.

As part of obtaining reasonable assurance about whether the Agency complied with laws, regulations, contracts, and grants, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the Agency's financial operations for the fiscal years ended June 30, 2001 and 2002, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial or less than significant instance of noncompliance, which is described in the accompanying "Condition of Records" and "Recommendations" sections of this report.

Internal Control over Financial Operations, Safeguarding of Assets and Compliance:

The management of the Commission on Human Rights and Opportunities is responsible for establishing and maintaining effective internal control over its financial operations, safeguarding of assets, and compliance with the requirements of laws, regulations, contracts and grants applicable to the Agency. In planning and performing our audit, we considered the Agency's internal control over

its financial operations, safeguarding of assets, and compliance with requirements that could have a material or significant effect on the Agency's financial operations in order to determine our auditing procedures for the purpose of evaluating the Commission on Human Rights and Opportunities' financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grants, and not to provide assurance on the internal control over those control objectives.

However, we noted certain matters involving the internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over the Agency's financial operations, safeguarding of assets, and/or compliance that, in our judgment, could adversely affect the Agency's ability to properly record, process, summarize and report financial data consistent with management's authorization, safeguard assets, and/or comply with certain provisions of laws, regulations, contracts, and grants. We believe the following findings represent reportable conditions: violation of the seven-day deposit provision of Section 4-32 of the General Statutes, over obligation of appropriations in violation of Section 4-98, subsection (a) of the General Statutes, and inefficient use of resources.

A material or significant weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants or the requirements to safeguard assets that would be material in relation to the Agency's financial operations or noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions to the Agency being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over the Agency's financial operations and over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material or significant weaknesses. However there were no reportable conditions that were a material or significant weakness.

This report is intended for the information of the Governor, the State Comptroller, the Appropriations Committee of the General Assembly and the Legislative Committee on Program Review and Investigations. However, this report is a matter of public record and its distribution is not limited.

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation shown to our representatives by the Commission on Human Rights and Opportunities personnel during the course of our examination.

Wendell M. Hinds
Auditor II

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

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