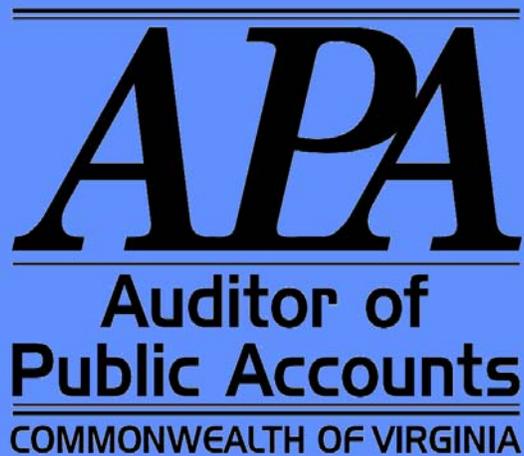


HUMAN RIGHTS COUNCIL

**REPORT ON AUDIT
FOR THE YEARS ENDED
JUNE 30, 2009, JUNE 30, 2010, AND JUNE 30, 2011**



AUDIT SUMMARY

Our audit of the Human Rights Council, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System.
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

- TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
AGENCY HIGHLIGHTS	1-2
INDEPENDENT AUDITOR'S REPORT	3-4
AGENCY OFFICIALS	5

AGENCY HIGHLIGHTS

The Human Rights Council (Council) seeks to safeguard all individuals within the Commonwealth from unlawful discrimination because of race, color, religion, national origin, sex, pregnancy, childbirth or related medical conditions, age, marital status, or disability. These safeguards extend to places of public accommodation, including educational institutions, real estate transactions, employment; and protect against unfounded charges of unlawful discrimination.

The Council complies with the Virginia Human Rights Act in Title 2.2 Chapter 39 of the Code of Virginia. The Council has the following duties under the Act.

- Issue regulations,
- Receive, investigate, and refer complaints of unlawful discrimination,
- Hold hearings and make findings and recommendations regarding complaints of unlawful discrimination practices,
- Promote local human rights commissions, which support the same function within their communities.

The following schedule provides information on the original and final operating budget and actual expenses.

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
2011	\$402,703	\$415,516	\$375,131
2010	\$437,688	\$456,398	\$454,823
2009	\$489,325	\$479,514	\$471,011

The Council receives funding primarily from the General Fund of the Commonwealth. It also receives a small percentage of its appropriation from federal grants for federal cases and training. The final budget for fiscal year 2009 was comprised of 90 percent General Funds and the final budgets for fiscal years 2010 and 2011 consisted of 92 percent General Funds. The decrease in the original budget for fiscal year 2009 was part of the Governor's 2008-2012 Budget Reduction Plan. The increase in the original budget for fiscal year 2010 was due to an appropriation for federal grants and a legislative appropriation to cover unanticipated expenses. The increase in the original budget for fiscal year 2011 was due to appropriations for federal grants and an increase in general fund appropriations for a three percent bonus for state employees.

Personal services accounts for most of the Council's expenses. Personal services were 90 percent of total expenses for 2009, 76 percent for 2010, and 81 percent for 2011.

Expenses by Major Object Code

	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>
Personal services	\$302,848	\$345,038	\$422,320
Contractual services	20,707	23,016	17,879
Supplies and materials	1,519	1,039	2,113
Transfer payments	4,977	18,688	1,972
Continuous charges	42,798	64,842	24,727
Equipment	<u>2,282</u>	<u>2,200</u>	<u>2,000</u>
Total	<u>\$375,131</u>	<u>\$454,823</u>	<u>\$471,011</u>

Subsequent Events

During the 2012 Session of the General Assembly, the Governor submitted the budget for the period 2012 – 2014 and a bill to transfer the Human Rights Council’s duties to the Office of the Attorney General effective July 1, 2012. As of the date of this report, the bill that includes this provision has passed the General Assembly and is currently awaiting the Governor’s signature.



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 27, 2012

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Human Rights Council** (Council) for the years ended June 30, 2009, June 30, 2010, and June 30, 2011. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Council's internal controls, and test compliance with applicable laws and regulations.

Audit Scope and Methodology

The Council's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

- Contractual services expenses
- Continuous charges
- Payroll expenses
- Revenues

We performed audit tests to determine whether the Council's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Council's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Council properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Council records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this report with management on April 9, 2012.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

LJH/clj

COUNCIL ON HUMAN RIGHTS

Lisa Hicks-Thomas, Secretary of Administration

Sandra D. Norman, Director