

UNITED STATES COMMISSION ON CIVIL RIGHTS

PERFORMANCE & ACCOUNTABILITY REPORT

FISCAL YEAR 2007



Serving as the Conscience of the
Nation on Civil Rights Since 1957



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Nation on Civil Rights Since 1957



Contents

Message from the Chairman of the US Commission on Civil Rights	2
Management's Discussion and Analysis	6
Our Mission	6
Our Organizational Structure	7
Performance Overview: Achieving Measureable Results that Inform National Civil Rights Policy and Strengthen Enforcement	11
Financial Management Overview: Being Good Stewards of Our Financial Resources	17
Improving Performance Management and Overcoming Challenges	18
Statement of Quality Assurance	21
Performance Accountability	22
Financial Accountability	30
Message from the Director of Management.	31
Limitations on the Principal Financial Statements	32
Independent Auditor's Report	33
Independent Auditor's Report on Internal Control	35
Independent Auditor's Report on Compliance with Laws and Regulations	37
Financial Statements	39
Notes to Financial Statements	43
Required Supplemental Information	48
Appendices.	49
Appendix A.	49
Appendix B.	51
Appendix C.	54

Message from the Chairman of the US Commission on Civil Rights

This year marks the 50th anniversary of our creation by the passage of the Civil Rights Act of 1957. Then, as now, our tasks are to “gather facts instead of charges” and make recommendations which will assist reasonable people in shaping national civil rights policy. At the time of our founding, particularly in the South, gathering facts and making recommendations that would form the foundation of the nation’s civil rights policies was physically dangerous. Today, the danger in our work is in accepting conventional thinking and supporting the same old solutions that have not yielded the promised results. As I reflect upon the past year, I am pleased that we have tackled difficult topics, challenged conventional thinking, and boldly proposed new solutions to lingering problems. By so doing, we have contributed to the great legacy established by those early Commissioners and dedicated agency staff that tirelessly challenged discrimination and risked their safety to ensure that African Americans could exercise their right to vote.

Fiscal Year 2007 (FY07) was an extraordinary year for our agency. We issued 58 findings and recommendations to strengthen federal civil rights enforcement and protections.

Our annual report evaluating federal civil rights enforcement, *Becoming Less Separate? School Desegregation, Justice Department Enforcement, and the Pursuit of Unitary Status*, found that school districts no longer under court supervision are no more racially segregated than those districts under continuing supervision of the courts. This report is based on original social scientific research and examines seven states, Alabama, Georgia, Florida, Louisiana, Mississippi, North Carolina, and South Carolina, and includes 780 school districts. If fully implemented, our recommendations for federal, state, and local action should decrease the number of school districts under court supervision.

Our report on public school desegregation, titled *The Benefits of Racial and Ethnic Diversity in Elementary and Secondary Education*, was released less than one week before the U.S. Supreme Court heard oral arguments in two significant cases involving race-based student enrollment plans at public school districts in Seattle, Washington and Louisville, Kentucky. We concluded that social science studies provide scant evidence of the existence of academic benefits for racial and ethnic groups resulting from diversity in elementary and secondary education. The Court later struck down policies in these school districts because they unconstitutionally relied on race when making student school placement assignments. In his concurring opinion, Justice Thomas echoed the findings of our report when he wrote that “Simply putting students together under the same roof does not necessarily mean that the students will learn together or even interact.”

Similarly, our *Affirmative Action in American Law Schools* report significantly contributed to the national policy debate. This report explored Richard Sander's *Stanford Law Review* article, "A Systemic Analysis of Affirmative Action in American Law Schools." Our report, like Sander's work, generated considerable public attention and discussion. We concluded that affirmative action may well harm African Americans by mismatching them with law schools where their educational background would likely doom them to failure or low-performance. We also found a lack of transparency in the use of race in law school admissions, and the future prospects for students admitted under affirmative action policies. The release of our briefing report informed discussion of the merits of proposed legislation, the *Racial and Ethnic Preferences Disclosure Act*. This measure would require institutions of higher education receiving federal funds to submit a report to the Department of Education regarding their student admissions process and the extent to which race is taken into account in making admissions decisions. Other required information would include, for example, any correlation between membership in an ethnic or racial group to placement in remediation programs, graduation rates, and student loan default rates.

During the Department of Education's review of the American Bar Association's (ABA) application as an accrediting agency for the nation's law schools we made several recommendations. The ABA's proposed Standard 211 would require a law school seeking accreditation to demonstrate by "concrete action" a commitment to having a student body that is diverse with respect to race, gender, and ethnicity. We expressed grave concern about the ABA's underlying premise that classroom diversity is central to learning. We, therefore, recommended that the ABA omit standards that require law schools seeking accreditation to demonstrate, by concrete action, a commitment to diversity in student populations and faculty. Instead, we recommended that law schools be permitted, consistent with *Grutter v. Bollinger*, the freedom to determine whether diversity is essential to their academic mission. We also recommended that the ABA repeal its interpretation of its standards so that it clearly preserves a law school's academic freedom in the accreditation process.

This important report captured national media attention including coverage by the *Wall Street Journal*, the *Chronicle of Higher Education*, the *National Review*, and the *National Law Journal*. The report also spurred debate in law schools and across academia.

We increased public awareness of contemporary civil rights issues through holding a number of important public briefings. Among them were briefings on voter fraud and voter intimidation, domestic wiretapping in the war on terror, Blaine Amendments and school choice, supplemental educational services under the *No Child Left Behind Act* (NCLB), Title IX athletics, and minority children in foster care and adoption.

Strengthening the nation's civil rights enforcement by issuing three authoritative reports containing findings and recommendations for action.

Educating the public by providing opportunities to hear distinguished civil rights experts discuss and debate the issues.

Combating discrimination by using today's technology to reach new audiences.

As strong defenders of voting rights we urged the Department of Justice (DOJ) to “fully and vigorously” investigate alleged Hispanic voter intimidation in Orange County, California. Individuals with Hispanic surnames were threatened with deportation or incarceration if they cast ballots in elections. We urged DOJ to take immediate steps to assure Latino voters that there was no penalty to lawful voting and to correct any misimpressions or misrepresentations.

We fought against discrimination by launching a new and innovative interactive Web site as a part of our campaign to end campus anti-Semitism. This Web site, as well as posters, postcards, and fliers we also created, educates college students and others about anti-Semitism, urges victims and witnesses of anti-Semitism to report such incidents, and lists sources of assistance for students. This Web site is part of a campaign we undertook following the occurrence of anti-Semitic incidents on several university and college campuses, and after receiving testimony from a panel of experts that too many college students are unaware of their rights and protections against anti-Semitic behavior. The *Jewish Daily Forward* characterized our recent work in this field as “groundbreaking,” and other organizations have described it as “historic” and “momentous.”

Because we understand the importance of our nation’s civil rights history, we ensured that this history is preserved for others to learn from and be inspired by. We did so by continuing to provide access to the historical record of our agency to the Thurgood Marshall Law Library, which is a GPO Federal Depository Library. Through this partnership, the Thurgood Marshall Law Library will offer the public an opportunity to examine the efforts of the Commission more closely, while aiding the Commission in its role as a clearinghouse for information about civil rights.

We demonstrated that the Commission is a research institution that values rigorous scholarship and is represented by some of the best minds in the country. Two notable examples are the recent honors bestowed upon our Vice Chair who received the 2007 Fordham Prize for Distinguished Scholarship for her scholarly contributions to education reform, and a 2007 Bradley Prize in recognition of outstanding achievements in advancing equality and superior scholarly contribution toward engendering a society built on equality for all.

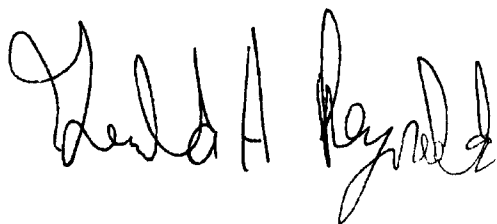
While this was an extraordinary year for completion of our mission, it was equally extraordinary in terms of our ongoing commitment to management excellence. We strengthened our strategic planning and agency accountability for results by embracing a new Strategic Plan for FY 2009 through FY2013 that provides a strong foundation as we shape civil rights policy in the 21st century.

For the second year in a row, we received a clean financial audit from an independent auditing firm. This unprecedented accomplishment by our agency is possible as a result of improvements in internal control and human capital

Moving from being an agency in financial management disarray to receiving a clean financial audit with no material weaknesses or other deficiencies in internal control over financial reporting.

management. These, and other improvements, ensure that the financial data reported for FY07 is reliable and complete, and that related systems are lacking in material weaknesses under OMB guidance, the Federal Managers' Financial Integrity (FMFIA) and the Federal Financial Management Improvement Act (FFMIA).

What you will see in this FY07 performance and accountability report is that we are boldly asserting our national importance as an authority on new and emergent civil rights issues in the 21st century. The improved management practices discussed in this report will continue to aid us in ensuring that we wisely use our financial and human resources to support our 21st century mission and vision.

A handwritten signature in black ink, reading "Gerald A. Reynolds". The signature is fluid and cursive, with the first name "Gerald" being more prominent and the last name "Reynolds" following in a similar style.

Gerald A. Reynolds
Chairman
United States Commission on Civil Rights
November 15, 2007

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) provides an overview of our agency's mission, organizational structure, and program and financial performance overviews. This section also analyzes the adequacy of our internal control and compliance with applicable laws, identifies risks to the attainment of our mission and goals, and discusses significant reform initiatives.

Our Mission

Our agency was created in 1957 by the Civil Rights Act of 1957,¹ and was reauthorized by the United States Commission on Civil Rights Acts of 1983 and 1991,² and the Civil Rights Commission Amendments Act of 1994.³ Established as an independent, bipartisan, fact-finding federal agency, our mission is to inform the development of national civil rights policy and enhance enforcement of Federal civil rights laws. We pursue this mission by studying alleged deprivations of voting rights and alleged discrimination on the basis of race, color, religion, sex, age, disability, or national origin, or in the administration of justice. We play a vital role in advancing civil rights through objective and comprehensive investigation, research, and analysis on issues of fundamental concern to the federal government and the public.

In FY07 our Commissioners, national and regional office staff of civil rights analysts, social scientists, attorneys, and our state advisory committees, carried out this mission by:

- Being an authoritative voice on some of the most critical issues of our time by testifying before Congress on voting rights and the reauthorization of the Voting Rights Act.
- Improving civil rights protections and enforcement by making 58 findings and recommendations for corrective action by federal agencies and others.
- Promoting greater public awareness by convening six national public briefings and providing the public opportunities to hear renowned experts discuss some of today's most important civil rights issues.
- Improving the effectiveness and efficiency of federal agency civil rights enforcement by examining DOJ's role in reviewing school district compliance with court ordered desegregation orders in a report titled *Becoming Less Separate? School Desegregation, Justice Department Enforcement, and the Pursuit of Unitary Status*.

¹ Civil Rights Act of 1957, Pub. L. No. 85-315, § 101, 71 Stat. 634 (1957).

² United States Commission on Civil Rights Act of 1983, Pub. L. No. 98-183, 97 Stat. 1301 (1983); United States Commission on Civil Rights Act of 1991, Pub. L. No. 102-167, ___ Stat. ___ (1991).

³ Civil Rights Commission Amendments Act of 1994, Pub. L. No. 103-419, 108 Stat. 4338 (1994) (codified at 42 U.S.C.S. § 1975 (2005)).

- Ensuring a comprehensive assessment of civil rights issues by reinvigorating our state advisory committees.
- Promoting greater public awareness of civil rights issues by providing public access to information on our Web site, including promptly publishing all our FY07 reports on the Web and making these reports available to the public through our national civil rights library.
- Creating an organizational culture of excellence, integrity, and accountability by eliminating waste and inefficiencies, reducing personnel costs, approving new ethics regulations and information quality control guidelines, and maintaining sound financial management practices.

Our Organizational Structure

The Commission's civil rights policy direction is established by its eight Commission members or Commissioners. Other responsibilities of the Commissioners include adopting program plans, goals and priorities, and reviewing and approving national office reports. The President and Congress appoint four Commissioners each; and each Commissioner serves a six year term. The Staff Director is the administrative head of the agency and is appointed by the President with the concurrence of a majority of the Commissioners.

A. Headquarters Organization

There are seven offices and divisions in our national office, and six regional offices. Of the national offices, two are primarily responsible for civil rights-related research and study: the Office of Civil Rights Evaluation and the Office of General Counsel. The key functions of each office and division are briefly described below.

1. Office of the Staff Director

This office, through the Staff Director, oversees the overall operation and day-to-day management of the agency including:

- disseminating and interpreting policies established by the Commissioners to our staff,
- recommending program activities or projects for approval by the Commissioners,
- evaluating program results,
- overseeing and coordinating all substantive civil rights work,
- ensuring that the budget is executed consistent with established priorities,
- serving as liaison with the Executive Office of the President, the Congress, and other federal agencies, and

Hawaii State Advisory Committee held widely attended public briefings on the Senate's Akaka Bill proposing Native Hawaiian sovereignty.

Seven state advisory committees gathered and evaluated comprehensive public school desegregation data and contributed to the national office report on school desegregation.

- serving as agency spokesperson, together with the Chairman of the Commission.

This office oversees agency activities that support our mission and the achievement of all our strategic goals and objectives.

2. Office of General Counsel

The Office of General Counsel provides the legal expertise and advice required to conduct hearings and briefings, ensures the legal integrity of our written products, and supports the lawful operation of the agency. This office also develops concepts for civil rights studies, conducts briefings on current and emerging issues, and prepares fact-finding reports.

3. Office of Civil Rights Evaluation

The Office of Civil Rights Evaluation provides the subject matter and analytical expertise required to prepare social scientific evaluations of civil rights issues. Consistent with agency resources, this office monitors the activities of numerous federal agencies as well as national and regional civil rights trends. Based on information gathered through monitoring and other sources, this office develops concepts for civil rights studies and projects. It also conducts briefings on issues of current interest and emerging issues; receives, researches, analyzes, and refers civil rights complaints; and responds to public and Congressional inquiries.

4. Office of Management

The Office of Management provides administrative support to all our offices. Several divisions fall under the umbrella of this office:

- Budget and Finance Division,
- Human Resources Division, and
- Administrative Services and Clearinghouse Division.⁴

The Office of Management supports all the agency's strategic goals and objectives by ensuring that human and financial capital are available, and that logistical support is in place to support the agency's mission. Examples of how this office supported our civil rights-related goals and objectives in FY07 are below.

- Ensuring that our reports were designed, edited, published and made available to the public online and in our public library.
- Ensuring that our reports were directly distributed to interested parties by mail and other distribution means.
- Ensuring that our Web site has timely information about Commission reports, briefings, and other activities.

⁴ The Administrative Services and Clearinghouse Division is responsible for five areas: Information Technology, Procurement and Acquisition, the Robert Rankin National Civil Rights Library, Copying and Printing, and Mail Services/Distribution.

- Ensuring that our Web site uses the latest technology to support our outreach and public education campaign, including viral marketing techniques that allow users of our anti-Semitism Web site to spontaneously share this information with friends via e-mail from our Web site.

5. Congressional Affairs Unit

During FY07, as in previous years, this unit was not funded or staffed, and its functions were assumed by the Office of the Staff Director. However, when staffed, this unit serves as the liaison with Congress, responding to requests for specific information and ensuring the distribution of the Commission's studies and reports to all members. The unit monitors the legislative activities of Congress and provides support in the conceptualization and production of studies and reports with information gathered via monitoring activities.

6. Public Affairs Unit

Like the Congressional Affairs Unit, this unit was vacant again during FY07, and its functions were conducted by the Office of Civil Rights Evaluation. The Public Affairs Unit, when staffed, serves as the public voice of the Commission.

7. Regional Programs Coordination Unit

The Regional Programs Coordination Unit coordinates regional activities across six regions and within headquarters. It also ensures that headquarters provides support and guidance, where appropriate, to the regional offices and the state advisory committees. Due to budget challenges, in FY07 there was no permanent staff assigned to RPCU; however, there was an acting RPCU chief.

B. Regional Organization

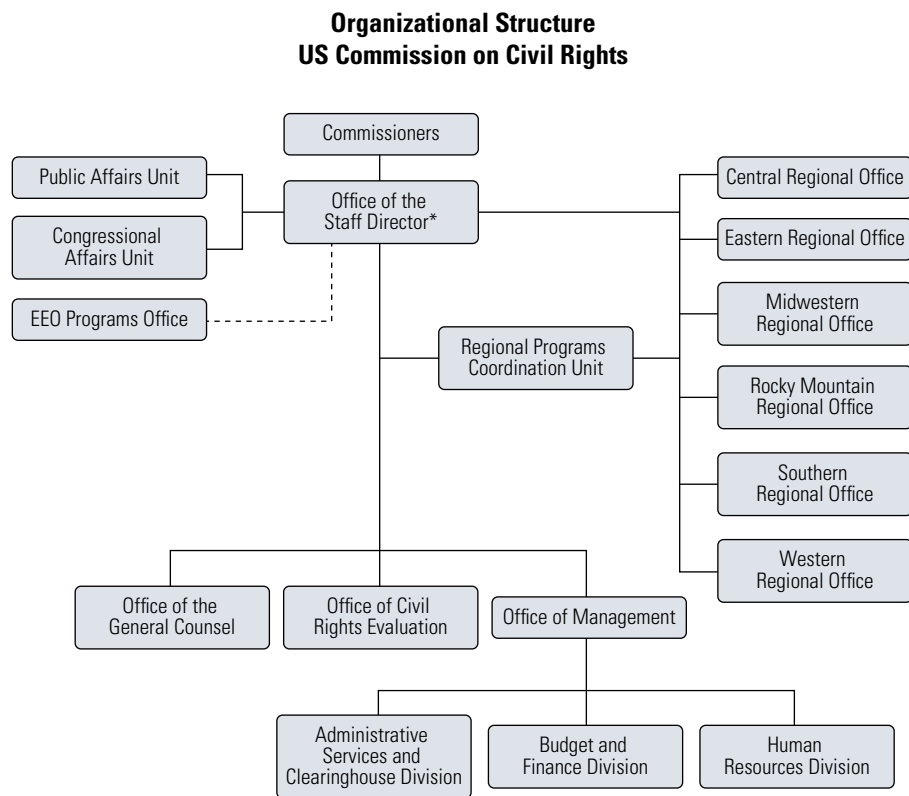
The six regional offices provide critical support to our 51 state advisory committees. Each office is headed by a regional director, and has historically included one or more civil rights analysts, and a secretary. These offices coordinate the Commission's operations in their regions and assist the advisory committees with their activities. Regional directors are also responsible for the day-to-day administration of their office and the supervision of office staff. Because of budgetary challenges, many regional office positions were vacant during most of FY07.

Our regional alignment is presented below.

- *Central Region* (CRO): Alabama, Arkansas, Iowa, Kansas, Louisiana, Mississippi, Missouri, Nebraska, and Oklahoma.
- *Eastern Region* (ERO): Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia.

- *Western Region* (WRO): Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Texas, and Washington.
- *Southern Region* (SRO): Florida, Georgia, Kentucky, North Carolina, South Carolina, and Tennessee.
- *Rocky Mountain Region* (RMRO): Colorado, Montana, New Mexico, North Dakota, South Dakota, Utah, and Wyoming.
- *Midwestern Region* (MWRO): Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.

An organization chart is provided to visually depict our structure.



* Although current agency regulations describe an “Office of the Deputy Staff Director,” the Commission eliminated that office and the position of Deputy Staff Director has been transferred to the Office of the Staff Director.

Performance Overview: Achieving Measureable Results that Inform National Civil Rights Policy and Strengthen Enforcement

Our agency performs an important role in identifying emergent civil rights trends and evaluating federal agency civil rights enforcement programs. As an independent agency in the Federal government concerned with the full range of issues related to civil rights, the Commission is charged with informing the President, Congress and the public about current civil rights issues, including discrimination or denial of equal protection of the laws because of race, color, religion, sex, age, disability, or national origin, or in the administration of justice.

Our agency's strategic plan articulates the Commission's vision for executing its vital mission over the next five years and for overcoming administrative challenges during a time of diminishing resources. The plan, adopted in October 2007, contains four long-term strategic goals and several objectives.

- *Shaping a national conversation on current and future civil rights issues that identifies civil rights priorities for policy makers.*
- *Expanding the capacity of federal agencies to raise public awareness of civil rights and efficiently and effectively execute their civil rights enforcement responsibilities by engaging in strategic partnerships.*
- *Serving as an authoritative national clearinghouse and repository of civil rights data and information.*
- *Normalizing the Commission's financial and operational controls, and modernizing its information technology management and dissemination.*

The strategic goals describe the general long-term aims of the agency. Associated with each of these goals are one or more objectives or specific statements of how we plan to accomplish each of our long-term strategic goals. This plan also includes performance measures. The draft strategic plan that underlies the FY07 annual plan is different in tone and substance from the plan that was ultimately adopted. The FY07 draft plan includes four strategic goals and numerous objectives. Our FY07 strategic goals were to:

- *Conduct hearings, briefings, and issue civil rights-related reports; Examine allegations of the denial of the right to vote; and Study and collect data on denials of equal protection or in the administration of justice.*
- *Promote greater public awareness of civil rights issues, enforcement efforts and protections, and serve as a national clearinghouse for credible and reliable civil rights information.*
- *Evaluate and identify ways of improving the effectiveness and efficiency of federal agency enforcement of civil rights laws and policies.*

- *Create an organization that operates with excellence, integrity, and accountability, consistent with its resources, to achieve its statutory mission.*

Our FY07 annual performance plan includes performance goals, against which we proposed to measure performance, that support accomplishment of our strategic objectives. During FY07, our annual plan focused on activities, outputs, and outcomes that support the nine objectives identified below.

- Providing the President and Congress high-quality, data-driven information on civil rights issues, and enforcement and protections.
- Using our regional structure to increase data collection at the state and local levels related on civil rights issues, and enforcement and protections.
- Providing opportunities for the public to obtain information on civil rights issues through issuing Commission and advisory committee reports, studies, and statements.
- Providing technical assistance and policy analyses to federal, state, and local governments, individuals, community groups, organizations, and other stakeholders.
- Increasing federal agency implementation of Commission report recommendations that address specific findings and conclusions.
- Collecting and providing the President and Congress data and information assessing the effectiveness of federal civil rights enforcement efforts that incorporate appropriate federal, state, and regional data sources.
- Improving financial and management control.
- Improving management of human capital.
- Improving organizational performance in the areas of program planning, communications, and ethics.

Six National Civil Rights Briefings:

Voter Fraud and Voter Intimidation

Domestic Wiretapping in the War on Terror

Blaine Amendments and School Choice

Supplemental Educational Services under the *No Child Left Behind Act (NCLB)*

Title IX Athletics

Minority Children in Foster Care

We served these objectives during FY07 by providing the President, Congress, and the public quality civil rights data and information, and using our regional structure to increase our data collection at the state level. We completed six national office briefings on a range of civil rights topics,⁵ issued three national office reports, testified before Congress, and implemented a plan to reinvigorate our advisory committees. This plan includes collecting and incorporating more state-level data into national reports, recruiting more diverse advisory committee members, and increasing the number of chartered (operational) advisory committees. These accomplishments are summarized below.

⁵In FY07 the Commissioners adopted a policy of conducting five briefing per year. We exceeded this goal.

Our national briefings use various subject matter experts, with different views, opinions, and perspectives, to discuss civil rights issues. These experts include researchers and social scientists, lawyers, federal and state government decision-makers, national and local organizations, and those directly affected by the policies or alleged discrimination.

During one of these briefings we assembled a panel of experts to discuss the frequent allegations of voter fraud and intimidation that have questioned federal and state elections in recent years. Alleged incidents of voter fraud involved non-citizens voting, eligible voters casting two or more ballots or impersonating other voters, and other types of fraud. Claims of voter intimidation have involved officials inappropriately challenging voters with requests for identification and deliberately providing incorrect information on voter eligibility.

Another briefing included a panel of experts discussing the authorized use of covert wiretapping in the war on terror. In 2005, it was reported that the President had authorized the National Security Agency to conduct electronic surveillance of international communications into and out of the United States of persons reasonably believed to be in communication with a member or agent of al Qaeda, or an affiliated terrorist organization. In 2007, the Attorney General announced that, as the result of a recent Foreign Intelligence Surveillance Court (FISC) order, any electronic surveillance that was occurring as part of the terrorist surveillance program will now be conducted subject to the approval of the FISC. Although this change indicates that warrants will be obtained for future surveillance, significant questions regarding the implications of the program remain. In light of these significant actions, we examined the constitutional and statutory authority to conduct electronic surveillance; the constitutional limits and due process implications of warrantless phone-taps; and the standards for federal enforcement and resolution of disputed cases.

We addressed school choice during our Blaine Amendments and anti-Catholicism public briefing. Briefing panelists examined whether certain state constitutional barriers to school choice legislation – known as Blaine Amendments – discriminate against Catholics and whether, more generally, they discriminate against religion. Many state constitutions contain Blaine Amendments that prohibit the use of public school funds to support private religious schools. Some scholars argue that these constitutional amendments were originally enacted with the specific intent of limiting the availability of sectarian religious education and that, in this context, sectarianism may be euphemism for Catholicism. Others argue that the amendments were motivated by other concerns as well or that the passage of time since their enactment assuages any constitutional concerns. In this public briefing, the Commission considered whether the Blaine Amendments are anti-Catholic and, if so, their ramifications.

We assembled three expert panels to provide a briefing on whether school districts are implementing or impeding the Supplemental Educational Services (SES) program under the *No Child Left Behind Act* (NCLB). The SES program is intended to provide low-income students with academic assistance, including tutoring and remediation, as well as summer school. Some school districts have been criticized for failing to provide appropriate SES and for failing to provide parents with adequate information about their rights under the SES program. This briefing was a source of information for Congress for the proposed reauthorization of NCLB in FY07, including revisions to the SES provisions. The related briefing report, planned for release in FY08, will serve the same purpose as Congress takes up reauthorization of NCLB in 2008.

The briefing on Title IX athletics was reported in a May 25, 2007 issue of the *Chronicle of Higher Education*, thus extending its sphere of influence directly to the higher education community. The briefing involved five panelists vigorously discussing the impact of the Department of Education's Model Survey. The department's Office for Civil Rights made the survey available to institutions receiving federal funds for elective use in determining student interest in participating in intercollegiate varsity athletics. The key question about the Model Survey is whether it is an appropriate means of ascertaining student interest in varsity sports participation.

During the briefing on foster care expert panelists discussed whether trans-racial foster care and adoption serve the best interest of children, including the impact on the development of racial identity. These experts also explored whether the *Multiethnic Placement Act of 1994* (MEPA), by prohibiting discrimination on the basis of the race, color, or national origin of the child or the prospective parent, is successfully removing barriers to the placement of minority children in permanent homes.

Prior to the enactment of MEPA, it was common adoption practice to favor placing children with families of the same race or ethnicity even if this kept children into foster care for longer periods. Accordingly, how well HHS enforces MEPA is an ongoing concern as many children may languish in foster care as prospective parents of a different racial group are not provided the opportunity to adopt them. An estimated 15% of the 36,000 adoptions of foster children in FY 1998 were trans-racial or trans-cultural adoptions. Currently, there are more than 126,000 children in foster care.⁶

During FY07, we issued three national office reports.⁷ More than 7,700 copies of these reports were printed and made available to the President, Congressional members, federal agencies, and the general public through direct

Three National Reports:

Becoming Less Separate?
School Desegregation,
Justice Department
Enforcement, and the Pursuit
of Unitary Status

Affirmative Action in
American Law Schools

The Benefits of Racial
and Ethnic Diversity in
Elementary and Secondary
Education

⁶ *Listening to Parents: Overcoming Barriers to the Adoption of Children from Foster Care*, Evan B. Donaldson Adoption Institute, New York, NY (March 2005), p. 2.

⁷ The reports on affirmative action in law schools and school desegregation were approved in August 2007, and the report on the benefits diversity of elementary and secondary education was approved in November 2006.

mail and our civil rights library located in Washington, DC. Nine additional reports were underway during FY07.

- Voter Fraud and Intimidation
- Covert Wiretapping in the War on Terror
- School Choice and Blaine Amendments
- Supplemental Education Services Under *No Child Left Behind*
- Title IX Athletics
- Minority Children in Foster Care
- Use of Racial Categories in the US Census
- Historically Black Colleges and Universities
- Racially Identifiable School Districts (Omaha)

National Office Briefings, Hearings, and Reports						
	FY02	FY03	FY04	FY05	FY06	FY07
Reports	2	4	4	3	4	3
Hearings	1	0	0	0	0	0
Briefings	3	1	4	1	9	6

By providing Congressional testimony on pending and proposed legislation we further informed and guided national policy. In June 2007, one of our Commissioners testified before the Senate Judiciary Committee during a full committee hearing on S. 453, the *Deceptive Practices and Voter Intimidation Prevention Act of 2007*, and another testified in September 2007 before the Senate Judiciary Committee on the 50th anniversary of the Civil Rights Act of 1957.

In FY07, we adopted an aggressive plan to eliminate the long-time backlog of expired state advisory committee charters and appoint new advisory committee members. We also developed and began implementing a plan to submit approved appointment and re-charter packages for newly expiring advisory committees within 60-days of charter expiration.

The Commission's guidelines provide for diverse committees which reflect a variety of backgrounds, experiences, skills, and perspectives. We appointed 178 new state advisory committee members under these new membership standards. The vast majority of these new appointments, 80 percent, were made in FY07. We recruited and appointed impressive advisory committee members, including a former state Senate Majority Leader, state Attorney General, U.S. Assistant Secretary of Agriculture for Civil Rights, heads of state civil rights commissions, heads of think tanks and advocacy organizations, and renowned scholars.

Provided Congressional testimony on voter fraud and intimidation, and the Civil Rights Act of 1957.

Five Advisory Committee Reports:

Migrant Education:
Education Resources Equal
But Achievement Still Lags
(April 2007)

Equal Education Opportunity:
An Analysis of the Racial
Achievement Gap in
Kentucky Urban Schools
School Desegregation in
Georgia: 34 Public School
Districts Have Unitary
Status, 75 Districts Still
Under Court Jurisdiction
(August 2007)

An Analysis of Title I
Allocations by North
Carolina's Ten Largest
School Districts (April 2007)

Desegregation of Public
School Districts in Florida:
18 Public School Districts
Have Unitary Status,
16 Remain Under Court
Jurisdiction

	FY03	FY04	FY05	FY06	FY07
Advisory Committee Planning Meetings	Data Not Available*	93	36	24	11
Advisory Committee Regional Staff Reports	4	4	2	4	5
Briefings/Forums/Fact-Finding Meetings	Data Not Available*	30	11	15	16
Advisory Committee Re-Chartered	Data Not Collected and Reported	Data Not Collected and Reported	3	4	13
Advisory Committee Appointments	Data Not Collected and Reported	Data Not Collected and Reported	38	66	180**

*Previous Commission data collection for GPRA reporting did not disaggregate the various types of advisory committee meetings.

** 143 of these appointments are new members and 37 are re-appointments.

These reinvigoration efforts supported the participation of several state advisory committees in collecting data that contributed state and regional data to our national civil rights studies. The committees in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, and South Carolina, for example, contributed original research which the Commission used in its national report on unitary status or desegregation of school districts. Advisory committees also completed independent reports.

The Hawaii advisory committee held two highly-publicized fact-finding briefings and four widely attended open sessions on the *Native Hawaiian Reorganization Act*, referred to as the Akaka Bill. Proponents assert that it would give Native Hawaiians home rule and control of lands and other assets currently managed in their name by several state and federal agencies. Opponents suggest that the bill is a sweeping measure that would create race-based government and create unequal privileges and, as such, would be unconstitutional. Our FY06 report on the bill, *The Native Hawaiian Government Reorganization Act of 2005*, voiced our concern and opposed the measure which later failed to be passed by Congress. The Hawaii briefings served as a source of information for Congress as it proposed to take up the matter by the end of year, and provided a forum for those potentially affected by the bill to be heard on the national stage.

Beyond informing policy-makers, the public, and scholars the Commission continues assisting citizens by serving as a clearinghouse for complaints and making timely and appropriate referrals to federal and state agencies with enforcement authority. We received 3,744 civil rights complaints in FY06 and 3,680 complaints in FY07.

Complaints most often involve discrimination in the administration of justice and employment, law enforcement misconduct, and the rights of institutionalized persons. Other types of complaints received and referred by us include discrimination in housing, education, federal programs, voting, and public ac-

commodations, violence or threats of violence based on prohibited animus, and human rights violations. More than 20 federal departments and agencies receive referrals from the Commission including the departments of Agriculture, Justice, Education, Housing, Labor, State, Transportation, and Defense. During FY07, we began brainstorming ways to work in partnership with other federal agencies to use our complaint referral system to identify trends and be more proactive in spotting emerging patterns of discrimination. This should allow us, as well as other federal agencies, to target our civil rights resources to effectively respond to and prevent civil rights-related problems.

We took concrete steps toward improving our information technology capacity in late FY07, including enhanced IT security and improved compliance with applicable laws and regulations. By investing in Federal Information Security Management Act (FISMA) compliance, and mandates issued by OMB through M-06-15 and M-06-16, we implemented six of eight previously planned FISMA initiatives and are on pace to fully comply with FISMA in FY08 (a full year ahead of schedule).

Complaints & Referrals						
	FY02	FY03	FY04	FY05	FY06	FY07
National Office Complaints	4,132	3,714	2,988	3,006	2,945	2,956
Regional Office Complaints	Not Available	Not Available	Not Available	Not Available	799	724

Financial Management Overview: Being Good Stewards of Our Financial Resources

We continued to strengthen our agency's financial management during FY07 by building upon reforms we developed and implemented during FY06. One significant example is the expansion of the type of financial services we receive from our external accounting services provider in FY07. Our accounting services provider, the General Services Administration (GSA)'s Heartland Finance Center, now delivers a broad range of financial reports and services, and internal controls, including:

- maintaining the agency's standard general ledger;
- using a system (Pegasys) that is compliant with federal government standards;
- generating timely required financial reports for the Commission;
- requiring appropriate documentation of financial transactions prior to payment; and
- strategic financial planning.

The Financial Management Information System (FMIS) used by GSA allows us to view and retrieve data to reconcile financial reports. Reconciliation safeguards against under-spending and over-spending our appropriation; both of which occurred at the agency in the past. FY07 was the first full year that we used the reconciliation procedures we put in place during late FY06. Our new detailed written procedures allow us to determine the accuracy and completeness of each of the financial reports prepared and provided by our accounting services provider. The procedures, developed by an experienced consulting firm, allow us to review, understand, and reconcile reports prepared by our accounting services provider to ensure their accuracy and completeness.

During FY07, we monitored and evaluated the implementation and effectiveness of financial management practices developed in FY06. In FY06, for example, we worked with a financial management consultant and developed budgetary reconciliation procedures to ensure the accuracy of financial information, created policies and forms to ensure our procurement transactions were appropriately documented, revised our travel policies to comply with federal regulations and ensure necessary documentation, and contracted with an accounting services provider to supplement our budget staff and provide an accounting system that complies with all applicable federal laws and regulations.

As a result of these and other actions we received a clean financial audit for an unprecedented second consecutive year with no material weaknesses related to our financial operation.

Improving Performance Management and Overcoming Challenges

In March 2006, we voluntarily reviewed our program using the Program Assessment Rating Tool (PART) as part of our proactive approach toward improving program management and demonstrating the results that our agency achieves. After assessing the PART results, in FY07, we have aggressively implemented an improvement plan and made concrete progress toward demonstrating that our civil rights program is effective and achieves results. The improvements we made are identified below.

- Adoption of a new 5-year Strategic Plan to focus agency annual program planning.
- Development of annual and long-term performance measures, including targets that demonstrate progress towards long-term programmatic outcomes.
- Increase use of statutorily mandated state advisory committees.
- Implementation of agency oversight and fiscal controls, including a human capital accountability system that ties performance to achieving strategic goals and the use of sound management practices.

One thing is of particular note, as related to our recently adopted Strategic Plan for FY2009-FY2013. That is, our FY09 performance budget is rooted in this new plan and includes annual performance measures and targets that will allow us to demonstrate progress towards long-term programmatic outcomes.

We also began another management improvement initiative in FY07. This initiative, which focuses on improving business processes, will improve two of our key program functions. In late FY07 we began a process improvement initiative to ensure that activities key to achieving our performance goals and objectives are both effective and efficient. Using Booz Allen Hamilton, a consulting firm with a national and international reputation for quality, we are applying the Lean Six Sigma (LSS) methodology to our national office report production and state advisory committee re-chartering functions.

The Lean methodology is designed to deliver immediate results in efficiency, specifically, increased speed and decreased cost. During this process, we are identifying specific steps and activities involved in two key functions and then pinpointing ways to make the processes “lean.” Lean means that we are reducing and eliminating unnecessary complexity and waste. The Six Sigma methodology focuses in eliminating process defects or variation that is, standardizing a process to achieve “perfection” or improve product quality. Lean and Six Sigma, when combined, provide higher quality, faster, and at a lower cost.

Our anticipated LSS outcomes include, among other things, the:

- creation of a streamlined, standardized and documented processes for state advisory committee re-chartering and national office report production;
- completion of national office reports within established timeframes;
- reduction in the average time required to complete advisory committee re-chartering and appointments;
- delivery of higher quality advisory committee member appointment packages to the Staff Director and Commissioners; and
- increase in the number of chartered advisory committees.

At the conclusion of this initiative we anticipate improved staff efficiency in advisory committee re-chartering/appointments. For example, production hours are estimated to decrease from between 190 and 600 hours to an estimated average of 230 hours. Our national office report production process will similarly benefit from this process improvement initiative.

To complement the knowledge and skills developed by our staff during the LSS process on report production, in FY07 we invested in Web-based project

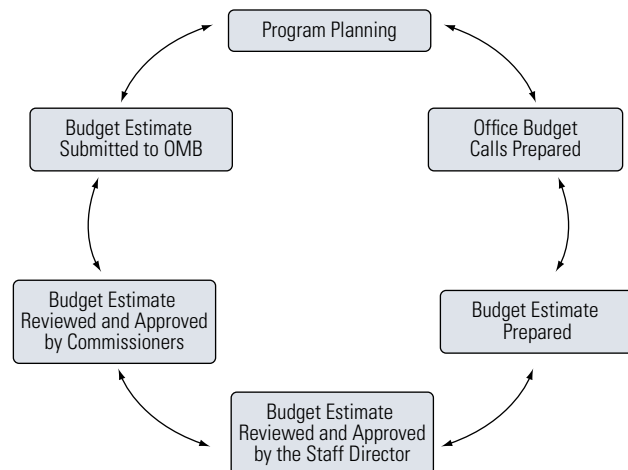
management software. Features of this management system allow the appropriate office supervisors, managers, and staff to, among other things:

- input the national office report preparation process developed as a result of our LSS initiative into a database to support report production efficiency (e.g., timelines) and quality;
- develop, review, update, and monitor project timelines to ensure timely project completion; and
- capture and consolidate performance information required for annual OMB performance reporting.

When this system is fully implemented we expect to demonstrate improvement in our program management, including the management of human and financial resources and agency performance accountability.

We also re-evaluated and improved our budget formulation process during FY07. The result is stronger linkage between agency program planning, the strategic plan, and program performance evaluation (i.e., the importance of establishing target performance and measuring actual results and outcomes).

The below diagram generally depicts our budget formulation process.



Program planning is the process that begins our budget formulation cycle and it involves the formal adoption of specific program activities for the funding year. Changes in the budget call allowed us to capture more anticipated program activity costs and represent them by project or activity. This aids in establishing a realistic operating budget for each office, setting office program priorities and performance goals, and evaluating performance. Also, activities and projects proposed for consideration and approval during program planning must identify their anticipated outcomes and demonstrate how these outcomes are clearly related to our agency's strategic goals and objectives.

Statement of Quality Assurance

The management of the U.S. Commission on Civil Rights (referred to as “the Commission”) is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers’ Financial Integrity Act (FMFIA). The Commission is able to provide a qualified statement of assurance that the internal controls over financial reporting and financial management systems meet the objectives of FMFIA as of September 30, 2007. The agency has identified FMFIA operational weaknesses, unrelated to financial reporting and control, which are identified in Appendix B.

The Commission conducted an assessment of the effectiveness of internal control over its operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management’s Responsibility for Internal Control*. Based on the results of this evaluation, the Commission identified only one instance of non-compliance in its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2007. More specifically, non-compliance with FMFIA related to two outstanding FISMA deficiencies. The FISMA non-compliance issue is considered a significant deficiency, though not a material weakness, in the enclosed audit report. The internal controls were operating effectively and no material weaknesses were found in the design or operation of the internal controls.

In addition, the Commission conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, the Commission identified no material weakness in the design or operation of its internal control over financial reporting as of June 30, 2007.

A handwritten signature in black ink, appearing to read 'K. Marcus', with a stylized, flowing script.

Kenneth L. Marcus
Staff Director
United States Commission on Civil Rights
November 15, 2007

Performance Accountability

This section describes program results and progress in achieving strategic goals. Project costs during FY07, including both national and regional programs, totaled \$612,841.⁸ This is 21 percent less than our FY05 costs, even though we conducted more briefings and approved a comparable number of reports in FY07.⁹

Strategic Goal 1: Conduct hearings, briefings, and issue civil rights-related reports; Examine allegations of the denial of the right to vote; and Study and collect data on denials of equal protection or in the administration of justice.

An estimated forty experts, including federal, state and local government representatives, professors, attorneys, educators, parents, representatives of civil rights-related organizations, and representatives of research and public policy institutions appeared before us to discuss, explain, and debate today's and tomorrow's civil rights challenges.

These public briefings provided opportunities for the study, investigation, and comment on policy, and existing and emergent civil rights issues. Our FY07 national office briefings are:

- Voter Fraud and Voter Intimidation
- Domestic Wiretapping in the War on Terror
- Blaine Amendments and School Choice
- Title IX Athletics
- Minority Children in Foster Care
- Supplemental Educational Services Under the *No Child Left Behind Act* (NCLB)

Varied groups and organizations appear before us during our briefings, including the following:

American Atheists	Becket Fund for Religious Liberty
American-Arab Anti-Discrimination Committee	Child Welfare League of America
American Civil Liberties Union	College Sports Council
Baptist Joint Committee for Religious Liberty	Brazile and Associates
	Evan B. Donaldson Adoption Institute Liberty

⁸ This includes \$577,864 for actual FY07 approved activities and additional costs in the amount of \$34,977 for fact-finding by the regions that was not completed in FY07 related to projects on discrimination against Native Americans in border towns (held in FY08) and the restoration of voting rights for ex-offenders.

⁹ FY05 is the last year for which we reported reliable project cost data.

George Mason University	Excellent Education for Everyone
Institute for Justice	Newark, New Jersey Public
National Women’s Law Center	School System
National Collegiate Athletic Association	Detroit Public School System
National Council for Adoption	National School Boards Association
National Education Association	U.S. Department of Education
North American Council on Adoptable Children	U.S. Department of Health and Human Services
Harvard Law School	U.S. Government Accountability Office
Hispanic Council for Reform and Educational Options	Washington College of Law, American University
Black Alliance for Educational Options	

In FY07, we issued a report examining the status of school districts currently and formerly under desegregation orders, and approved two national office briefing reports. These reports are identified below.

- *The Benefits of Racial and Ethnic Diversity in Elementary and Secondary Education*
- *Becoming Less Separate? School Desegregation, Justice Department Enforcement, and the Pursuit of Unitary Status*
- *Affirmative Action in American Law Schools*

Our regional structure is the foundation for our state civil rights monitoring and data collection. We charted 13 new committees to add to those previously chartered. During FY07 we used several of our advisory committees to collect data and report on state and regional issues. Our Hawaii advisory committee held two public briefings and four open sessions to gather information on the Native Hawaiian federal recognition bill that was revisited by Congress after pending since 2000. These briefings follow a report we previously issued, *The Native Hawaiian Government Reorganization Act of 2005*, condemning the bill as a racial preference scheme that raises constitutional law issues.

The Kentucky advisory committee examined the racial achievement gap in a report titled *Equal Education Opportunity: An Analysis of the Racial Achievement Gap in Kentucky Urban Schools* is one example. This report concludes that poverty is a key factor that impedes academic success and makes a recommendation for future action.

Four other advisory committees also concluded fact-finding projects and issued reports exploring civil rights issues in their respective state.

- *School Desegregation in Georgia: 34 Public School Districts Have Unitary Status, 75 Districts Still Under Court Jurisdiction* (Georgia Advisory Committee August 2007);
- *Desegregation of Public School Districts in Florida: 18 Public School Districts Have Unitary Status, 16 Remain Under Court Jurisdiction* (Florida Advisory Committee, August 2007);
- *An Analysis of Title I Allocations by North Carolina's Ten Largest School Districts* (North Carolina Advisory Committee, April 2007); and
- *Migrant Education: Education Resources Equal But Achievement Still Lags* (Florida Advisory Committee, April 2007).

Data collected by the Georgia and Florida committees for their school desegregation reports was incorporated into our national study and report on the Department of Justice's oversight of court desegregation orders. Similarly, data collected by five other advisory committees from school districts in their state was also incorporated into our *Becoming Less Separate? School Desegregation, Justice Department Enforcement, and the Pursuit of Unitary Status*. Florida's report on migrant education compared equity in educational resources between migrant children and other children, and North Carolina's report on Title I examined racial equity of school district distribution of Title I funds to local schools.

We further shaped national civil rights policy during FY07, and served the objectives of this strategic goal, by providing:

- Congressional testimony before the Senate Judiciary Committee on a bill being considered that would make voter intimidation a federal crime.
- Congressional testimony before the Senate Judiciary Committee on the 50th Anniversary of the Civil Rights Act of 1957.

Strategic Goals	Output	Outcome
Conduct hearings, briefings, and issue civil rights-related reports; Examine allegations of the denial of the right to vote; and Study and collect data on denials of equal protection or in the administration of justice.	6 National Briefings	Provided Policy-Makers Authoritative Civil Rights Data and Recommendations
	3 National Briefing Reports	
	5 Advisory Committee Reports	Effectively Used Advisory Committees to Execute the Agency's Mission and Civil Rights Fact-Finding
	16 Advisory Committee Briefings/ Forums/Fact-finding Meetings	
	2 Appearances Before Congress to Provide Testimony on Civil Rights Issues	Reinvigorated Our Advisory Committee and Regional Structure
	1 National Statutory Report Incorporating Data from 7 States	State/Local Data Contributed to a National Civil Rights Report Evaluating Federal Enforcement Efforts
	143 Advisory Committee Members Recruited Under New Agency Criteria	Committee Members Represent Diverse Skills, Abilities, and Views that Support Civil Rights Research and Reporting at the State Level

Strategic Goal 2: Promote greater public awareness of civil rights issues, enforcement efforts and protections, and serve as a national clearinghouse for credible and reliable civil rights information.

Our anti-Semitism Web site won praise from several groups, including the Anti-Defamation League, the Association of College and University Housing Officers—International (ACUHO-I), and the Zionist Organization of America. The Web site provides those who believe that they have been victims of anti-Semitism on campus with information on their rights. It also provides useful information on discerning between insensitive or offensive remarks and possible violations of the law, filing a complaint, and federal, state, and private resources that can provide assistance.

In addition to this targeted campaign, we presented information to the public in several other ways, including making research and reports available online, in our library, and through direct mail. We also provided external groups and organizations with an opportunity to submit ideas for topics we could research or study. During FY07, we specifically promoted public awareness of civil rights enforcement and protections, and served as a clearinghouse for information, as demonstrated below.

- Completing and issuing four advisory committee reports: *Migrant Education: Education Resources Equal But Achievement Still Lags* (April 2007); *School Desegregation in Georgia: 34 Public School Districts Have Unitary Status, 75 Districts Still Under Court Jurisdiction* (August 2007); *An Analysis of Title I Allocations by North Carolina's Ten Largest School Districts* (April 2007); and *Desegregation of Public School Districts in Florida: 18 Public School Districts Have Unitary Status, 16 Remain Under Court Jurisdiction*.
- Publishing two advisory committee reports on the Web site for greater public access: *Desegregation of Public Schools in Florida* and *Equal Education Opportunity: An Analysis of the Racial Achievement Gap in Urban Kentucky Schools*.
- Publishing two briefing reports on *Affirmative Action in American Law Schools*¹⁰ and *The Benefits of Racial and Ethnic Diversity in Elementary and Secondary Education*,¹¹ on the Web site for public access.
- Posting a federal civil rights enforcement report, *Becoming Less Separate?* on the Web site for public access to information.
- Posting 12 transcripts of monthly Commission meetings, including briefings, on our web site for the public to access.
- Providing a web-based complaint referral service for citizens to

¹⁰ The underlying briefing was held in June 2006.

¹¹ The underlying briefing was held in July 2006.

ensure civil rights complaints are submitted to the appropriate enforcement agencies.

- Ensuring that our reports are credible and authoritative by strengthening our internal policies and procedures governing quality, transparency, and accountability.
- Soliciting the input of Commissioners, regional offices and advisory committees into annual program planning.

Strategic Goal	Output	Outcome
Promote greater public awareness of civil rights issues; and Serve as a national clearinghouse for credible and reliable civil rights information.	1 New Resource Web Site on Identifying, Reporting, and Obtaining Resources on Anti-Semitism	Increased Public Opportunities to Obtain Ready Access To Civil Rights Research and Information
	7,700 Copies of Civil Rights Reports Published and Made Publically Available	Provided a Formal Opportunity for Stakeholders to Provide Input on Commission Program Planning and Identify Priority Civil Rights Issues
	2 Advisory Committee Reports on Web site	3,680 Complaints Received and Processed ¹² for Handling by the Appropriate Enforcement Agencies
	3 National Office Reports on Web Site	
	12 Commission Meeting and Briefing Transcripts on the Web site	Provided Access to Information and Resources on Anti-Semitism
	Web-based National Complaint/Referral Service	
	Interactive Viral Web site on Campus Anti-Semitism	
	18 Press Advisory on Commission Reports, Activities, and Civil Right-related Information	

Strategic Goal 3: Evaluate and identify ways of improving the effectiveness and efficiency of federal agency enforcement of civil rights laws and policies.

In our FY07 statutory report on federal agency civil rights enforcement we concluded that school districts no longer under court supervision are no more racially segregated than those districts under continuing supervision of the courts. Our report, *Becoming Less Separate? School Desegregation, Justice Department Enforcement, and the Pursuit of Unitary Status*, made twenty-seven findings and six recommendations for improved civil rights enforcement. Three of these recommendations are directed specifically to the Department of Justice (DOJ), two pertain to DOJ as well as other government agencies, and one calls for action by State Boards of Education.

We called on DOJ, for example, to increase its efforts to ensure that school districts comply with existing court orders and that they address the various factors established in *Green v. County School Board of New Kent County*¹² for de-

¹² 391 U.S. 430 (1968).

termining whether desegregation has been achieved. This would allow schools to be removed from court supervision.

We used our regional structure to collect data at the state and local levels, when available, that informed our study and the findings and recommendations in our report. Consequently, *Becoming Less Separate?* incorporates original social scientific research from several states. The Florida advisory committee, as a result of its work, issued a report titled *Desegregation of Public School Districts in Florida* that reviewed 67 public school districts in Florida and found that almost half (34 districts) are subject to litigation with respect to school desegregation. Eighteen of those districts have since received a declaration of “unitary status” or integration for the courts and were released from further court supervision. Another 16 school districts remain subject to court supervision.

The Florida committee then analyzed integration patterns, that is, the extent to which racial clustering exists within schools. This analysis is relevant to the question of whether formerly segregated school districts are reverting back to their prior patterns of clustering. The committee analyzed three categories of schools: those in districts still subject to court supervision, those in districts with unitary status, and those in districts never involved in desegregation litigation. The finding was that there is no significant difference in the school-level integration.

The following chart presents our output and outcomes related to this goal.

Strategic Goal	Output	Outcome
Evaluate and identify ways of improving the effectiveness and efficiency of federal agency enforcement of civil rights laws and policies.	1 Annual Statutory Report on Federal Civil Rights Enforcement 2 National Office Briefing Reports	33 Findings and Recommendations for Improved DOJ Oversight of Desegregation Orders in <i>Becoming Less Separate?</i> School Desegregation, Justice Department Enforcement, and the Pursuit of Unitary Status 25 Findings and Recommendations for Improved Civil Rights Enforcement and Protection in <i>The Benefits of Racial and Ethnic Diversity in Elementary and Secondary Education and Affirmative Action in American Law Schools</i>

Strategic Goal 4: Create an organization that operates with excellence, integrity, and accountability, consistent with its resources, to achieve its statutory mission.

We are committed not only to shaping national civil rights but also to serving as a model of management excellence, integrity, efficiency, and accountability. FY07 was a year of monitoring and fully implementing prior changes to our financial and operational management. The result was resolution of almost all of our previously identified financial and managerial operations challenges.

With improved audit procedures, we completed our audit on schedule and timely submitted the audit report as required by the Accountability of Tax Dollars Act. This year the audit resulted in a clean audit, that is, clean opinions on all four financial statements. Moreover, this year's audit confirmed for the first time that the Commission had eliminated all material weaknesses and significant deficiencies in internal control over financial reporting.

We improved our compliance with applicable laws and regulations, including our reporting obligations. We continued, and expanded, our contract for accounting services with GSA. This allowed us to continue using an integrated financial management system and recording financial transactions using the USSGL. We vigilantly monitored and reconciled, using procedures developed in FY06, our financial accounts and avoided having significant unobligated funds at the end of this fiscal year. Specifically, in FY07, we eliminated all audit non-compliance issues with the Accountability of Tax Dollars Act and fully implemented our Federal Managers' Financial Integrity Act corrective action plan.

We also successfully eliminated operational (not related to financial reporting and control) weaknesses previously identified during our annual Federal Managers' Financial Integrity Act (FMFIA) assessment.

- Integrity and Ethical Values
- Commitment to Competence and Excellence
- Human Resource Policies and Procedures
- Risk Identification
- Risk Analysis

We reduced weaknesses related to strategic planning by 66 percent due to the development of a strategic plan, and improvements in long-term and annual planning. Significant reductions in weaknesses were achieved in several other areas: monitoring and evaluation, common control activities, security management, and information systems.

For the second year in a row, no Prompt Payment Act and Improper Payment Act violations were identified as a result of sampling conducted by the independent auditors.

By making FISMA compliance a FY07 priority, we successfully resolved six of the eight deficiencies that existed at the beginning of the fiscal year. We are on pace to resolve the remaining two deficiencies during FY08, a full year ahead of our scheduled completion date.¹³

¹³ The two remaining deficiencies are: 1) the absence of a comprehensive contingency operations plan, and 2) the lack of written authorization and procedures to operate systems on an interim basis. The six resolved deficiencies are: no independent review since the last significant change, no penetration testing, no certification and accreditation, no written record of who implemented disposal actions and verified information; no digital signature; and outdated remote connection software.

Working with the Office of Personnel Management, we continued developing our final human capital assessment and accountability system that will be completed in FY08. This supports ongoing agency management improvement initiatives and the *President's Management Agenda* (PMA). Once fully in place, this system should increase our performance by linking core human resource activities (e.g., recruitment, skills assessment, succession planning, performance reviews) to achieving our mission and strategic goals.

Ensuring that our work is credible and authoritative was the catalyst for changes to how we propose, plan, and execute national office civil rights projects. Consequently, our policies providing quality, transparency, and accountability in our national reports were also strengthened. We require that national office briefings, hearings, and written products reflect a consideration of varied and opposing views, opinions, and perspectives, and implemented a certification process to support achieving this goal.

Financial Accountability

In FY07, we implemented a budget decentralization pilot that created manager accountability for budget and program performance at the office and division levels, and identified funds for regional office operations and advisory committee activities, consistent with given budgetary constraints.

Finally, as mentioned earlier in the MD&A section of this report, we began a facilitated process improvement initiative in FY07 to improve the quality and efficiency of our national office reports process. The results should include completion of these reports within established timeframes, effective use of existing human and budgetary resources, and improve quality. A similar process is being used for our advisory committee re-chartering process.

Strategic Goal	Output	Outcome
Create an organization that operates with excellence, integrity, and accountability, consistent with its resources, to achieve its statutory mission.	Decentralized Budget	Clean Financial Audit for the Second Consecutive Year
	1 New Policy on National Office Program Planning	No Material Weaknesses in Internal Control Over Financial Reporting
	Retained an Independent IG to Review National Office Report Procedures	No Prompt Payment Act Violations
	Expanded Services Provided by External Accounting Services Provider	No Improper Payment Act Violations
	Used Senior Management Council to Support Changes/Reforms	Improved Budget-Performance Integration
	Resolved FY06 FFMIA Deficiencies	Eliminated Risks and Vulnerabilities in 5 Operational Areas Under FMFIA
	Resolved 6 FISMA Deficiencies	
	New 5 Year Strategic Plan	

This section demonstrates our commitment to effective stewardship over our funds and compliance with applicable federal financial management laws and regulations. It includes the message from the director of management who is responsible for the Budget and Finance Division, Limitations on the Principal Financial Statements, the *Independent Auditors' Report* – an independent opinion on the Financial Statements, Financial Statements, Notes to Financial Statements, and Required Supplemental Information.

Message from the Director of Management

Message from the Director of Management

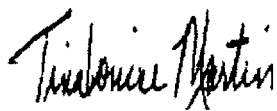
During fiscal year 2007 (FY07) the Office of Management (OM) for the U.S. Commission on Civil Rights worked tirelessly to ensure we addressed the material weaknesses identified in the previous year's audit. I am very pleased to report that we accomplished our objectives and achieved our goal.

- We received an unprecedented unqualified "clean" opinion for the second year in a row.
- We also eliminated all material weaknesses identified in the previous year's audit report.

These achievements are proof that we have sound financial management practices that include transparency and accountability. With the attainment of the independent auditor's unqualified financial statement opinion, we are committed to ongoing improvement in our internal control.

During FY07, we monitored and evaluated the implementation and effectiveness of financial management practices developed in FY06. In FY06, for example, we worked with a financial management consultant and developed budgetary reconciliation procedures to ensure the accuracy of financial information, created policies and forms to ensure our procurement transactions were appropriately documented, revised our travel policies to comply with federal regulations and ensure necessary documentation, and contracted with an accounting services provider to supplement our budget staff and provide an accounting system that complies with all applicable federal laws and regulations. This effort and the tireless reconciliation work completed by the division within the Office of Management enabled us to earn a clean financial audit for the second consecutive year and no material weaknesses related to our financial operation.

We are committed to using our resources to improve on the delivery of our agency's mission and continue to strive for excellence in financial management. These significant accomplishments are a testament to the dedication and commitment of our financial and acquisition professionals. While mindful that the Commission must continue to implement and monitor the effectiveness of its agency financial management, I am confident that we will continue to have a bright financial future, and I look forward to meeting our financial objectives in FY 2008.



Tina Louise Martin
Director of Management

Limitations on the Principal Financial Statements

The financial statements reflect the Commission's financial transactions processed during fiscal years 2007 and 2006. The Commission's assets are the actual funds in the agency's central account at Treasury, and liabilities are outstanding payments still due by the Commission. The program costs reflect cost of agency programs. Revenue is not reflected. Obligations reflect what was obligated (or entered as a monetary outlay, either immediately or in the future) by the Commission's accounting services provider in fiscal years 2007 and 2006. Outlays include what was disbursed or paid during fiscal years 2007 and 2006.

The principal financial statements have been prepared to report the Commission's financial position and results of operations, pursuant to the requirements of Title 31 of the United States Code §3515(b). The statements have been prepared from the agency's records in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by the OMB. They are additional to the financial reports used to monitor and control the Commission's budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides the resources to do so.

Independent Auditor's Report

Chairman

Staff Director

U.S. Commission on Civil Rights

We have audited the accompanying balance sheets of the United States Commission of Civil Rights (the Commission) as of September 30, 2007 and 2006 and the related statements of net cost, changes in net position and budgetary resources for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Commission on Civil Rights as of September 30, 2007 and 2006, and its net cost, changes in net position and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 31, 2007 on our consideration of the Commission's internal control over financial reporting, and on our tests of the Commission's compliance with certain provisions of laws and regulations. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in Management's

Discussion and Analysis and Required Supplementary Information sections are not a required part of the basic financial statements, but are supplementary information required by OMB Circular A-136, *Financial Reporting Requirements*. We have applied certain limited procedures to such information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information.

Walker & Company, LLP

October 31, 2007

Independent Auditor's Report On Internal Control

Chairman
Staff Director
U.S. Commission on Civil Rights

We have audited the financial statements of the United States Commission on Civil Rights (the Commission) as of and for the years ended September 30, 2007 and 2006, and have issued our report thereon dated October 31, 2007. We conducted our audits 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 the Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audits, we considered the United States Commission on Civil Rights' internal control over financial reporting by obtaining an understanding of the design effectiveness of the Commission's internal controls; determined whether internal controls had been placed in operation; assessed control risk; and performed tests of controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 07-04. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982 (FMFIA)*, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Consequently, we do not provide an opinion on internal control.

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies. Under standards issued by the American Institute of Certified Public Accountants, a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

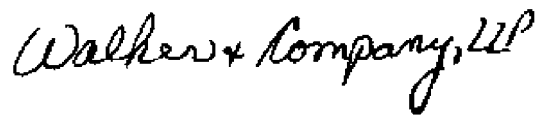
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the

organization's internal control. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Finally, with respect to internal control related to performance measures reported in the Commission's Performance and Accountability Report as of September 30, 2007, we obtained an understanding of the design of internal controls relating to the existence and completeness assertions, as required by OMB Bulletin No. 07-04, and determined whether they have been placed in operation. Our procedures were not designed to provide assurance on internal control over reported performance measures, and, accordingly, we do not provide an opinion on such controls.

We noted certain immaterial instances of noncompliance that we reported to management of United States Commission on Civil Rights in a separate letter dated October 31, 2007.

This report is intended for the information and use of the Commission's management, the OMB, the Government Accountability Office, and the U.S. Congress, and is not intended to be and should be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Walker & Company, LLP". The signature is written in a cursive, flowing style.

October 31, 2007

Independent Auditor's Report On Compliance With Laws And Regulations

**Chairman
Staff Director
U.S. Commission on Civil Rights**

We have audited the financial statements of the United States Commission of Civil Rights (the Commission) as of and for the year ended September 30, 2007, and have issued our report thereon dated October 31, 2007. We conducted our audit 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 the Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

The management of the Commission is responsible for complying with laws and regulations applicable to the Commission. As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 07-04, including requirements referred to in the Federal Financial Management Improvement Act (FFMIA) of 1996. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to the Commission. Providing an opinion on compliance with laws, regulations, contracts, and grants agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 07-04 and FFMIA, we are required to report whether the Commission's financial management systems substantially comply with: (1) federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a) requirements.

The results of our tests disclosed that the Commission did not fully comply with the FFMIA, which is required to be reported under *Government Auditing Standards* or OMB Bulletin No. 07-04.

Under FFMIA, we are required to report whether the Commission's financial management systems substantially comply with the Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger (USSGL) at the transaction level. To meet this requirement we performed tests of compliance with FFMIA section 803(a) requirements.

The results of our tests disclosed an instance of noncompliance with laws and regulations.



A. The Commission Does Not Fully Comply with the Federal Information Security Management Act (FISMA)

In fiscal 2005 the Commission prepared a FISMA report and identified twelve significant non-compliance issues with FISMA requirements. The Commission acknowledged that it had not met the majority of the FISMA requirements identified in fiscal 2005. This was attributable to not having an information technology specialist on staff during most of fiscal 2006.

In May of 2006, the Commission hired an IT Specialist who resolved four of the twelve issues previously identified and, as of September 30, 2007, corrected six of the eight remaining deficiencies reported to OMB. The Commission's IT specialist, working with a contractor, is currently working on a timetable for correcting the two remaining deficiencies. The Commission continues to comply with its FISMA obligations by conducting the required assessments and implementing corrective action plans. The Commission has created a timetable for compliance that would effect systematic implementation of its corrective action plan through fiscal 2009.

We are reporting this deficiency as required by the guidance issued by the Office of Management and Budget. However, because this deficiency is being addressed, we are not making any recommendations in this report.



This report is intended for the information and use of the Commission's management, the OMB, the Government Accountability Office, and the U.S. Congress, and is not intended to be and should be used by anyone other than these specified parties.

Walker & Company, LLP

October 31, 2007

Financial Statements

UNITED STATES COMMISSION ON CIVIL RIGHTS BALANCE SHEETS September 30, 2007 and 2006 (In Dollars)

	2007	2006
ASSETS		
Intragovernmental		
Fund Balance with Treasury (Note 2)	\$ 2,784,285	\$ 1,815,924
Total Intragovernmental	2,784,285	1,815,924
General Property, Plant and Equipment (Note 3)	75,618	
TOTAL ASSETS	\$ 2,859,903	\$ 1,815,924
LIABILITIES (Note 4)		
Intragovernmental		
Accounts Payable	\$ 27,491	\$ 4,548
Total Intragovernmental	27,491	4,548
Accounts Payable	620,037	194,820
Other (Note 5)	484,612	583,333
Total Liabilities	1,132,140	782,701
NET POSITION		
Unexpended Appropriations - Other Funds	1,939,741	1,347,860
Cumulative Results of Operations - Other Funds	(211,978)	(314,637)
Total Net Position	1,727,763	1,033,223
TOTAL LIABILITIES AND NET POSITION	\$ 2,859,903	\$ 1,815,924

The accompanying notes are an integral part of these statements.

STATEMENTS OF NET COST
For The Years Ended September 30, 2007 and 2006
(In Dollars)

	<u>2007</u>	<u>2006</u>
PROGRAM COSTS		
Gross Costs (Note 6)	<u>\$ 8,271,321</u>	<u>\$ 7,899,216</u>
Net Program Costs	<u>8,271,321</u>	<u>7,899,216</u>
NET COST OF OPERATIONS	<u>\$ 8,271,321</u>	<u>\$ 7,899,216</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2007 and 2006

(In Dollars)

	2007		2006	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended Appropriations
Beginning Balances	\$ (314,637)	\$ 1,347,860	\$ (355,185)	\$ 326,517
Prior Period Adjustments				
Beginning Balances, as Adjusted	(314,637)	1,347,860	(355,185)	326,517
Budgetary Financing Sources:				
Appropriations Received		8,971,527		9,048,000
Other Adjustments (Recissions, etc.)		(5,666)		(86,893)
Appropriations Used	8,373,980	(8,373,980)	7,939,764	(7,939,764)
Other Financing Resources (Non-Exchange):				
Imputed Financing from Costs Absorbed by Others				
Total Financing Sources	8,373,980	591,881	7,939,764	1,021,343
Net Cost of Operations	8,271,321		7,899,216	
Ending Balances	\$ (211,978)	\$ 1,939,741	\$ (314,637)	\$ 1,347,860

The accompanying notes are an integral part of these statements.

STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2007 and 2006
(In Dollars)

	2007	2006
Budgetary Resources		
Unobligated balances		
Beginning Period	\$ 775,314	\$
Recoveries of Prior Year Obligations	17,979	-
 Budget authority		
Appropriations Received	8,971,527	9,048,000
Earned		
Collected	34,652	
Subtotal	9,006,179	9,048,000
 Permanently Not Available	(5,666)	(115,561)
Total Budgetary Resources	\$ 9,793,806	\$ 8,932,439
 Status of Budgetary Resources		
Obligations Incurred		
Direct (Note 7)		
Category A	\$ 9,021,858	\$ 8,157,125
Subtotal	9,021,858	8,157,125
 Unobligated Balances		
Apportioned		
Balance, Current Available	91,793	775,314
Unobligated Balances-Not Available	680,155	
Total Status of Budgetary Resources	\$ 9,793,806	\$ 8,932,439
 Change in Obligated Balances		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, Net	1,406,471	\$
Obligations Incurred	9,021,858	8,157,125
Gross Outlays	(8,398,013)	(7,116,515)
Recoveries of Prior-Year Unpaid Obligations, Actual	(17,979)	
Obligated Balance, Net, End of Period		
Unpaid Obligations (Note 8)	2,012,337	1,040,610
Total Unpaid Obligated Balance, Net, End of Period	\$ 2,012,337	\$ 1,040,610
 Net Outlays		
Gross Outlays	8,398,013	7,116,515
Offsetting Collections	(34,652)	
Net Outlays	\$ 8,363,361	\$ 7,116,515

The accompanying notes are an integral part of these statements.

Notes To Financial Statements

September 20, 2006 and 2006

Note 1. Organization and Summary of Significant Accounting Policies

The U.S. Commission on Civil Rights (USCCR) was established to (1) investigate complaints alleging that citizens are being deprived of their right to vote by reason of their race, color, religion, sex, age, disability or national origin or by reason of fraudulent practices, and (2) study and collect information, appraise federal laws and policies and serve as a national clearinghouse for information in respect to discrimination or denial of equal protection of the laws because of race, color, religion, sex, age, disability or national origin. USCCR also submits reports, findings and recommendations to the President and Congress and issues public service announcements to discourage discrimination or denial of equal protection of the laws.

Basis of Presentation

These financial statements have been prepared from the accounting records of the USCCR in accordance with generally accepted accounting principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, as amended. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants.

OMB Circular No. A-136 requires agencies to prepare principal statements, which include a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. The balance sheets present, as of September 30, 2007 and 2006, amounts of future economic benefits owned or managed by the USCCR (assets), amounts owed by the USCCR (liabilities), and amounts, which comprise the difference (net position). The Statements of Net Cost report the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within the USCCR and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with standard government practice. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

Notes To Financial Statements

September 20, 2006 and 2006

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenues and Other Financing Sources

The USCCR is an appropriated fund and receives an annual appropriation.

Note 2. Fund Balance with Treasury

The USCCR fund balance with treasury are appropriated funds.

	2007	2006
A. Fund Balance with Treasury Trust Fund	<u>\$ 2,784,285</u>	<u>\$ 1,815,924</u>
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a. Available	91,793	775,314
b. Unavailable	680,155	
2) Obligated Balance not yet Disbursed	<u>2,012,337</u>	<u>1,040,610</u>
Total	<u>\$ 2,784,285</u>	<u>\$ 1,815,924</u>

Note 3. General Property, Plant And Equipment

As of September 30, 2007, USCCR shows the total cost of equipment of \$77,117 and a net book value of \$75,618. The Accumulated Depreciation to date shows a balance of \$1,499. The depreciation calculation method used is straight-line with a useful life of 5 years. A \$5,000 threshold is used to determine whether items are capitalized.

	Equipment	Software	Total
Cost	\$ 12,277	\$ 64,840	\$ 77,117
Accumulated depreciation	(1,499)		(1,498)
Net Book Value	<u>\$ 10,778</u>	<u>\$ 64,840</u>	<u>\$ 75,618</u>

There were no general property, plant and equipment at September 30, 2006.

Notes To Financial Statements

September 20, 2006 and 2006

Note 4. Liabilities Not Covered By Budgetary Resources

Liabilities of the USCCR are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2007 and 2006, liabilities covered by budgetary resources were \$844,543 and \$468,064, respectively and liabilities not covered by budgetary resources were \$287,597 and \$314,637, respectively.

Liabilities covered by budgetary resources as of September 30, 2007 and 2006 are comprised of Accounts Payable \$647,528 and 199,368, respectively and Accrued Funded Payroll and Leave of \$197,015 and \$268,696 respectively.

	2007	2006
With the Public		
Other (Unfunded leave liability)	\$ 287,597	\$ 314,637
Total liabilities not covered by budgetary resources	287,597	314,637
Total liabilities covered by budgetary resources	844,543	468,064
Total liabilities	\$ 1,132,140	\$ 782,701

Note 5. Other Liabilities

Other liabilities with the public as of September 30, 2007 and 2006 consist of Accrued Funded Payroll and Leave of \$197,015 and \$268,696, respectively and Unfunded Leave in the amount of \$287,597 and \$314,637, respectively.

	With the Public	Non-Current	Current	Total
2007	Other Liabilities	\$ 287,597	\$ 197,015	\$ 484,612
2006	Other Liabilities	\$ 314,637	\$ 268,696	\$ 583,333

Note 6. Intragovernmental Costs And Exchange Revenue

	2007	2006
Program A		
Intragovernmental costs	\$ 2,107,689	\$ 2,036,408
Public costs	6,163,632	5,862,808
Total Program A costs	8,271,321	7,899,216
Total Program A earned revenue	\$ 8,271,321	\$ 7,899,216

Notes To Financial Statements

September 30, 2007 and 2006

Note 7. Apportionment Categories Of Obligations Incurred

All obligations for the USCCR represent direct obligations incurred against amounts apportioned under category A on the latest SF132.

	2007	2006
Category A	\$ 9,021,858	\$ 8,157,125
Category B		
Exempt		

Note 8. Undelivered Orders At The End Of The Period

The amount of Unpaid Obligated Balance, Net, End of Period includes obligations relating to Undelivered Orders (goods and services contracted for but not yet received at the end of the year) and Accounts Payable (amounts owed at the end of the year for goods and services received).

	Undelivered Orders	Accounts Payable	Unpaid Obligated Balance, Net
2007	\$ 1,167,794	\$ 844,543	\$ 2,012,337
2006	\$ 572,547	\$ 468,063	\$ 1,040,610

Note 9. Reconciliation Of Net Cost Of Operations (Proprietary) To Budget

As of September 30, 2007 and 2006, liabilities not covered by budgetary resources total \$287,597 and \$314,637, respectively and the change in components requiring or generating resources in future periods shows (\$27,040) and \$314,637, respectively. The \$287,597 is the amount of future funded expenses – accrued leave as of September 30, 2007. Accrued funded payroll liability is covered by budgetary resources and is included in the net cost of operations. The unfunded leave liability includes the expense related to future annual leave liability for which the budgetary resources will be provided in a subsequent period.

	2007	2006
Liabilities not covered by budgetary resources	\$ 287,597	\$ 314,637
Change in components requiring/generating resources	\$ (27,040)	\$ 314,637

Notes To Financial Statements

September 20, 2006 and 2006

Note 9. Reconciliation Of Net Cost Of Operations (Proprietary) To Budget (Continued)

	2007	2006
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	\$ 9,021,858	\$ 8,157,125
Less: Spending Authority from Offsetting Collections and Recoveries	52,631	451,021
Obligations Net of Offsetting Collections and Recoveries	8,969,227	8,608,146
Less : Offsetting Receipts		
Total Resources Used to Finance Activities	<u>8,969,227</u>	<u>8,608,146</u>
 Resources Used to Finance Items Not Part of Net Cost of Operations		
Change in Budgetary Resources Obligated for Goods, Services, and Benefits		
Ordered But Not Yet Provided	(595,248)	(572,546)
Resources That Fund Expenses Recognized in Prior Periods	(77,117)	
Other		(451,021)
Total Resources Used to Finance Items Not Part of Net Cost	<u>(672,365)</u>	<u>(1,023,567)</u>
Total Resources Used to Finance the Net Cost of Operations	<u>8,296,862</u>	<u>7,584,579</u>
 Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period		
Components Requiring or Generating Resources in Future Periods		
Increase in Annual Leave Liability	(27,040)	314,637
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	(27,040)	314,637
 Components Not Requiring or Generating Resources		
Depreciation and Amortization	1,499	
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	<u>1,499</u>	<u>-</u>
Total Components of Net Cost of Operations That Not Will Require or Generate Resources in the Current Period	<u>(25,541)</u>	<u>314,637</u>
Net Cost of Operations	<u>\$ 8,271,321</u>	<u>\$ 7,899,216</u>

Required Supplemental Information

Intragovernmental Balances by Trading Partner

Intragovernmental Assets by Trading Partner:

Trading Partner	Fund Balance with Treasury	Accounts Receivable	Other Assets
Library of Congress (03)	\$ -	\$ -	\$
Government Printing Office (04)	-	-	
General Accounting Office (05)	-	-	
U.S. Capital Police (09)	-	-	
U.S. Postal Service (18)	-	-	
Department of State (19)	-	-	
Department of Treasury (20)	2,784,285	-	
Office of Personnel Management (24)	-	-	
General Services Administration (47)	-	-	
National Science Foundation (49)	-	-	
Department of Transportation (69)	-	-	
Treasury General Fund (99)	-	-	
Other Material Agency (Please List)	-	-	
Others - Immaterial Agencies (Please List)	-	-	
Total	\$ 2,784,285	\$ -	\$
Total Intragovernmental Assets	\$ 2,784,285		

Intragovernmental Liabilities by Trading Partner:

Trading Partner	Accounts Payable	Other Liabilities
Library of Congress (03)	\$ -	\$ -
Government Printing Office (04)	-	-
General Accounting Office (05)	-	-
U.S. Capital Police (09)	-	-
U.S. Postal Service (18)	-	-
Department of State (19)	-	-
Department of Treasury (20)	-	-
Office of Personnel Management (24)	-	27,491
General Services Administration (47)	-	-
Department of Transportation (69)	-	-
Other Material Agency (Please List)	-	-
Others - Immaterial Agencies (Please List)	-	-
Total	\$ -	\$ 27,491
Total Intragovernmental Liabilities	\$ 27,491	

Appendices

Appendix A

Management Audit Response Memorandum

TO: Roy G. Layne
Partner
Walker & Company, LLP

FROM: 
Kenneth L. Marcus
Staff Director

Date: November 13, 2007
RE: Management Audit Response

The Commission has demonstrated a strong commitment to improved financial management. The Commission is pleased to receive this report and believes it has made great progress as evidenced by a clean audit for a second year in a row. This year's clean audit further demonstrates the Commission's commitment to improve financial management in that there are no material weaknesses and only one significant deficiency.

The Commission reports that in FY07 it resolved many of the issues identified in FY06. Many of the reforms and initiatives that were developed in FY05 and FY06 were fully implemented in FY07. In addition new reforms were implemented in FY07 as the agency continued to monitor and evaluate its internal controls. The Commission recognizes that it must continue to implement and to monitor the effectiveness of its policies, practices and procedures to ensure their appropriateness as controls over agency financial management. After reviewing the report, the Commission understands the specific audit report findings to be as follows:

I. Financial Statements

Statement of Net Cost	Opinion
Statement of Net Position	Opinion
Statement of Budgetary Resources	Opinion
Balance Sheet	Opinion

The financial statements present fairly, in all material respects, the financial position of the United States Commission on Civil Rights as of September 30, 2007 and 2006, and its net cost, changes in net position and budgetary resources for the years ended in conformity with accounting principles generally accepted in the United States of America.

II. Internal Control over Financial Reporting

No material weakness.

No significant deficiencies.

III. Compliance with Laws and Regulations

Finding: Failure to comply with the Federal Information Security Management Act (FISMA) is a significant deficiency. The Commission resolved ten of twelve previously identified FISMA deficiencies. The two remaining deficiencies, the absence of a contingency operations plan and written policies for operating systems on an interim basis, are currently being addressed. It is projected that both items will be completely resolved during FY08, a full year ahead of our corrective action plan.

Recommendation: No recommendations were made by the independent auditor because they acknowledge that the agency is already addressing the problem.

Corrective Action: In May of 2006, the Commission hired an IT Specialist who, as of September 30, 2007, has resolved ten of the twelve previously identified issues since FY06. This agency IT Specialist, and a contractor, are currently working to resolve the remaining deficiencies before the end of FY08.

Appendix B

Chart 1: Updated FFMIA Corrective Action Plan FY06-FY07

	First Target Date	Second Target Date	Current Status
Ensure the Assessment of GSA's Financial System to Demonstrate Compliance with OMB Circular A-127	FY06	FY07	Implemented
Establish Controls (i.e. reconciliation procedures) that Ensure GSA's Reporting to the Commission is Complete and Accurate	FY06	N/A	Implemented
Obtain an SAS 70 Report from NFC and GSA to Review for Compliance with FFMIA	FY06	N/A	Implemented

Chart 2: Updated FISMA Corrective Action Plan FY06-FY07

	First Target Date	Second Target Date	Third Target Date	Current Status
Retain an Information Technology Specialist	FY06	N/A	N/A	Implemented
Conduct Independent Review of Systems	FY06	FY07	N/A	Implemented
Conduct Penetration Testing	FY06	FY07	N/A	Implemented
Obtain Systems Certification	FY06	FY09	N/A	Implemented
Develop Coop Plan	FY06	FY07	FY08	Pending
Create Written Authorization to Operate System on Interim Basis	FY06	FY08	FY08	Pending
Maintain Written Records of Disposal Actions	FY06	FY09	N/A	Implemented
Install Intrusion Protection System	FY06	FY07	N/A	Implemented
Use Digital Signature	FY06	FY09	N/A	Implemented (FY07)

Chart 3: Updated FMFIA Corrective Action Plan FY06

	First Target Date	Second Target Date	Third Target Date	Current Status
Create Budget Call, Execution, and Formulation Guidance	FY06	N/A	N/A	Implemented
Retain a Contractor to Assist ASCD and BFD in Locating and Filing Supporting Documentation for their Files	FY07	N/A	N/A	Implemented
Direct the Director of Human Resources to Review and Approve the Timekeeper's Time and Attendance Information Before and After it is Placed into the System to Compensate for a Design Flaw in the NFC Payroll System	FY06	N/A	N/A	Implemented
Strengthen Adherence to AI 3-14 on Travel by BFD, including Maintaining Travel Files that Include Supporting Documentation	FY07	N/A	N/A	Implemented
Monitor ASCD's Use of Existing Document Control Forms to Ensure Procurement Documents are Available and Can be Produced for Inspection	FY07	N/A	N/A	Implemented
Revise Guidance on Reporting Time and Attendance and the Responsibilities for Various Reviewing/ Approving Official to Minimize Errors	FY07	N/A	N/A	Implemented
Instruct ASCD and BFD to Use Credit Card and telephone Calling Card Certification Forms to Document Receipt of Card(s) by the Employee	FY07	N/A	N/A	Implemented
Review and Revise (as necessary) Existing Policies to Reinforce to Staff that Calling and Credit Cards are for Official Use Only	FY07	N/A	N/A	Implemented
Use the Senior Management Council to Review and/or Coordinate FMFIA Assessment Results and Corrective Plans	FY07	N/A	N/A	Implemented
Communicate and Enforce AI 1-13 on FMFIA Assessments	FY07	FY08	N/A	Implemented (seeking 100% response in FY08)

Chart 4: FMFIA Corrective Action Plan FY07

	First Target Date	Second Target Date	Current Status
Provide Managers Training on Linking New Strategic Plan to Office/Division Planning and Activities	FY08		
Complete Human Capital Assessment and Accountability Plan	FY08 ¹⁵		
Complete Records Management Schedule	FY08		

¹⁵ This is the first target date related to an FMFIA assessment.

Appendix C

Updated Briefings and Reports: Planned v. Actual Accomplishments FY06-FY07

	Planned Briefing Conducted	Briefing Report Approved	Met Target Goal	Comments
Reauthorization of the Temporary Provisions of the Voting Rights Act (FY06 Project)	Yes	Yes	Yes	Report Completed and Approved in FY06
Voting Rights Enforcement the Department of Justice's Record of Enforcing the Temporary Provisions of the VRA (FY06 Statutory Report)	N/A	Yes	Yes	Report Completed and Approved in FY06
An Assessment of the Effectiveness of Historically Black Colleges and Universities (FY06 Project)	Yes	No	No	Report Not Completed; 1st Target Completion Date was FY07
Representation of Minorities in the Census (FY06 Project)	Yes	No	No	Report Not Completed; 1st Target Completion Date was FY07
Campus Anti-Semitism (FY06 Project)	Yes	Yes	Yes	Completed and Approved in FY06
Disparity Studies As Evidence of Discrimination in Federal Contracting (FY 06 Project)	Yes	Yes	Yes	Completed and Approved in FY06
Hawaiian Government Reorganization Act (FY06 Project)	Yes	Yes	Yes	Report Completed in and Approved in FY06
Law School Affirmative Action (FY06 Project)	Yes	Yes	Yes	Report Completed in and Approved in FY07
Racial Diversity in Grades K-12 (FY06 Project)	Yes	Yes	Yes	Report Completed and Approved in FY07
Racially Identifiable School Districts in Omaha (FY06 Project)	Yes	No	No	Report Not Completed; 1st Target Completion Date was FY07
Minority Children in State Foster Care (FY07 Project)	Yes	No	Pending	Report Scheduled for Completion in FY08
School Choice and Anti-Catholic Blaine Amendments (FY07 Project)	Yes	No	Pending	Report Scheduled for Completion in FY08

Updated Briefings and Reports: Planned v. Actual Accomplishments FY06-FY07

	Planned Briefing Conducted	Briefing Report Approved	Met Target Goal	Comments
Voting Rights in the Territories (FY07 Project)	No	No	No	Removed from the FY07 Schedule; Currently Scheduled for FY08
Religious Discrimination in the Workplace (FY07 Project)	No	No	No	Removed for the Schedule; Currently Scheduled for FY08
Minority Students in Special Education (FY07 Project)			N/A	Removed for the Schedule; Currently Scheduled for FY08
Domestic Wiretapping (FY07 Project)	Yes	No	Pending	Report Scheduled for Completion in FY08; Project not originally proposed for FY07
Title IX Athletics (FY07 Project)	Yes	No	Pending	Report Scheduled for Completion in FY08; Project not originally proposed for FY07
Voter Fraud and Intimidation (FY07 Project)	Yes	No	Pending	Report Scheduled for Completion in FY08; Project not originally proposed for FY07
Elementary and Secondary School Desegregation (briefing and briefing report) (FY07 Project)	No	No	No	Briefing Cancelled Due to Severe Weather
Elementary and Secondary School Desegregation (statutory report) (FY07 Project)	N/A	N/A	Yes	Completed and Approved in FY07
4 FY07 Emerging Issues Briefings ¹⁶ (one briefing held: Supplemental Education Services Under NCLB)	Yes	No	No	Report Scheduled for Completion in FY08

¹⁶ These briefings, as originally proposed, are to address issues that require study but cannot be reasonably predicted for planning purposes. As originally proposed these were to be held in conjunction with the Commission's monthly meetings. However, in FY07, the Commissioners approved holding a total of 5 briefings per calendar year. This is based on an alternating business meeting and briefing schedule, with no activity planned during the month of August.



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