

**UNITED STATES
COMMISSION ON CIVIL RIGHTS**



**PERFORMANCE AND ACCOUNTABILITY REPORT (PAR)
FOR FISCAL YEAR 2011**

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MESSAGE FROM THE CHAIRMAN



I am pleased to present the annual Performance and Accountability Report (PAR) for the U.S. Commission on Civil Rights for Fiscal Year 2011. This report reflects the agency's program and financial accomplishments over the past year.

For the sixth consecutive year, the Commission received an unqualified opinion from its independent auditors on the agency's FY 2011 annual financial statements. This unqualified opinion attests to the Commission and its staff's commitment to sound financial management performance.

In FY 2011, the Commission continued to deliver quality civil rights programming, studies, policy analysis, and recommendations to the President, Congress, and the Nation. To promote public awareness of current civil rights laws, remedies, and enforcement agencies, we held three successful briefings. The briefings were School Discipline and Disparate Impact; Civil Rights Implications of Eminent Domain Abuse; and Peer-to-Peer Student Violence and Bullying: Examining the Federal Response. The Federal Enforcement of Civil Rights Laws to Protect Students against Bullying, Violence, and Harassment briefing was the basis for our FY 2011 statutory enforcement report, Peer-to-Peer Violence and Bullying: Examining the Federal Response. The report focuses on the government's efforts to enforce federal civil rights laws with respect to peer-to-peer violence based on race, national origin, sex, disability, religion, and sexual orientation or gender identity. The report contained findings and recommendations for the

U.S. Department of Education and Department of Justice. Including the statutory report, the Commission issued six reports in FY 2011.

Our state advisory committee members, working with regional office staff, held 13 civil rights briefings and fora, and 105 business, orientation, and subcommittee meetings, for 118 meetings. This activity exceeds the 111 meetings various types held the previous year. In addition to holding meetings, state advisory committees, with regional office support, completed nine SAC reports and processed 546 civil rights complaints from members of the public seeking to protect and enforce their rights. I was pleased to attend and observe the Minnesota SAC's briefing on "Unemployment Racial Disparity in the Twin Cities," and the Wisconsin SAC's Community Forum on "The Somali Community in Barron, Wisconsin and the American Dream." I have also been pleased in my capacity as Chair of the Commission to meet with representatives of state civil and human rights agencies, community groups, civil rights advocates and public officials regarding the work of the Commission and the civil rights challenges facing diverse communities.

Fiscal Year 2011 has been a transitional year for the Commission as we welcomed the appointment of new Commissioners and a new Chair in the middle of the fiscal year. We have also continued to be challenged by limited resources. Despite the challenges we face as an agency, I am proud of the Commission's FY 2011 performance and look forward to building on its performance to continue to advance civil rights through objective and comprehensive investigation, research, and analysis on issues of fundamental concern to the federal government and the public.

A handwritten signature in black ink, appearing to read "Martin R. Castro", with a stylized flourish extending to the right.

Martin R. Castro
Chairperson
United States Commission on Civil Rights
November 15, 2011

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis (MD&A) section explains our mission, describes our organizational structure, presents performance highlights, analyzes our internal control environment, identifies financial highlights, and discusses the limitation of financial statements.

A. USCCR Mission

The Commission on Civil Rights was created pursuant to the Civil Rights Act of 1957, which was signed into law by President Eisenhower.¹ Since then, Congress has reauthorized or extended the legislation creating the Commission several times; the last reauthorization was in 1994 by the Civil Rights Commission Amendments Act of 1994.² 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 based on 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.

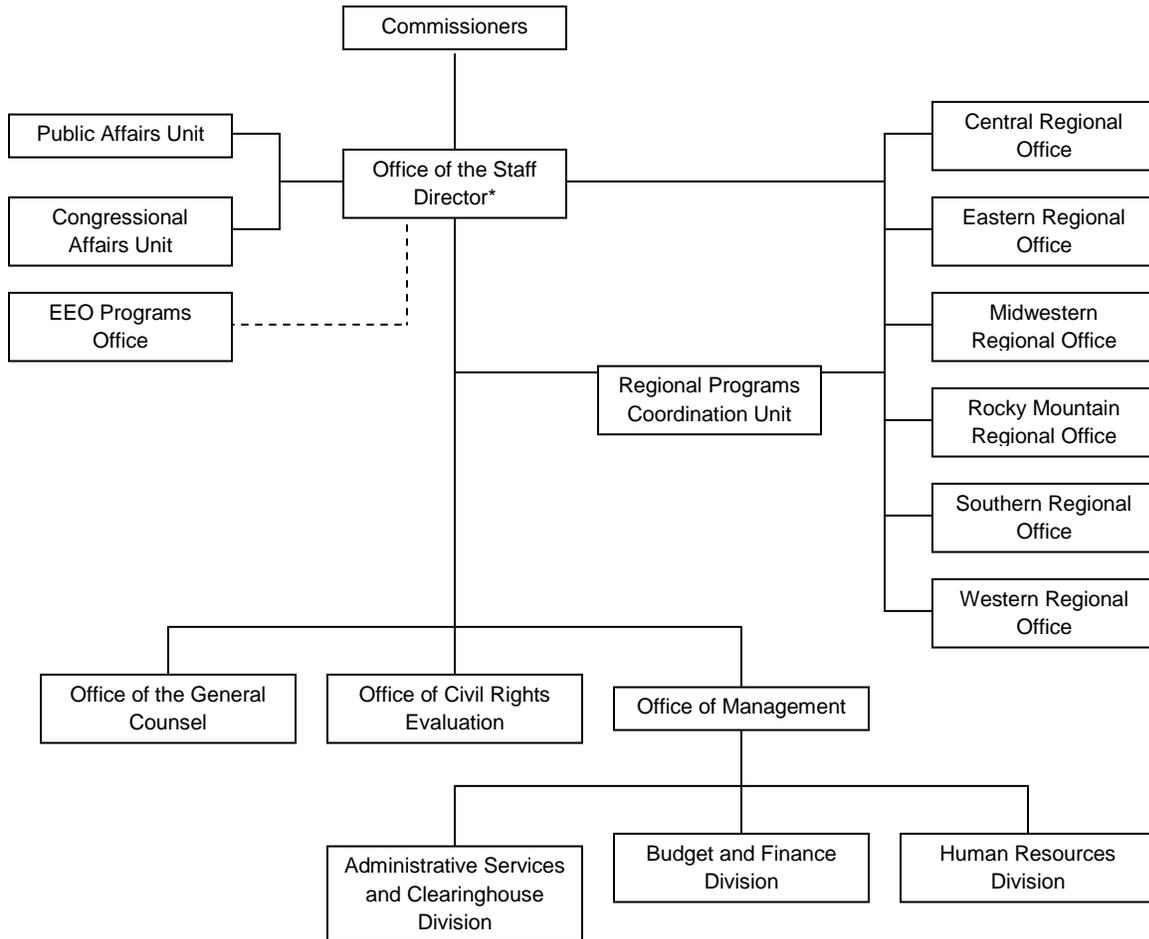
B. USCCR Organizational Structure

The Commission is an independent federal agency led by eight appointed commissioners. Their responsibilities include establishing agency policy on civil rights issues; adopting program plans, goals, and priorities; approving national office project proposals; and adopting the agency's budget. The staff director, appointed by the President with the concurrence of a majority of the commissioners, is the administrative head of the agency. The organizational chart below shows our current structure.

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

²Civil Rights Commission Amendments Act of 1994, Pub. L. No. 103-419, 108 Stat. 4338 (1994) (codified at 42 U.S.C.A. § 1975 (2005)).

Organizational Structure
U.S. Commission on Civil Rights



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

i. Headquarters Organization

There are seven offices and units 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 the General Counsel. Descriptions of the key functions for each Commission office and unit are below.

Office of the Staff Director

The Office of Staff Director (OSD), through the staff director, oversees the overall operation and management of our agency including:

- disseminating policies established by the commissioners to staff,
- recommending program activities and projects for approval by the commissioners,
- managing agency-wide performance and evaluating program results,
- overseeing and coordinating the completion of the agency's substantive civil rights work,
- ensuring that the budget is executed in a manner consistent with established agency priorities, and
- serving as the liaison between the Commission and the Executive Office of the President, Congress, and other federal agencies.

The staff director and deputy staff director positions are currently vacant. The acting general counsel is serving as the acting staff director.

Office of the General Counsel

The Office of the General Counsel (OGC) provides the legal expertise and advice that is required to support our fact-finding and ensure the legal integrity of our written products. This office supports the lawful operation of the agency and advises agency leadership and managers on a range of legal matters. This may include analyzing proposed legislation, interpreting various laws and regulations, advising on the scope of the agency's jurisdiction, and representing the agency in contractual disputes. The general counsel and his or her staff also represent the agency in personnel matters including litigation arising from equal employment discrimination complaints and other alleged employment violations. In addition, this office develops concepts for briefings and hearings on civil rights issues and generates related reports for public dissemination. The general counsel, solicitor, and attorney advisor positions are currently vacant.

Office of Civil Rights Evaluation

The Office of Civil Rights Evaluation (OCRE) provides the subject matter and analytical expertise required to prepare social-scientific evaluations of civil rights issues. 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, and conducts, civil rights studies and other projects. In addition to these functions, this office receives, reviews, and refers civil rights complaints to other agencies for appropriate

enforcement action. The director position is currently filled through an internal temporary appointment.

Office of Management

The Office of Management (OM) supports all the agency's strategic goals and objectives by ensuring that human and financial capital are available, and administrative support is in place to achieve the agency's mission. The Office of Management (OM) provides administrative support to all the other Commission offices. Several divisions fall within this office: the Budget and Finance Division, the Human Resources Division, and the Administrative Services and Clearinghouse Division. The Administrative Services and Clearinghouse Division is responsible for information technology, procurement and acquisition, copying, printing, mail and distribution services, and the Rankin National Civil Rights Library. The human resource director position is currently vacant.

Congressional Affairs Unit

The Congressional Affairs Unit (CAU) serves as our liaison with Congress, responding to requests for specific information, identifying opportunities for our commissioners and others to provide testimony and information to congressional members and their staff on civil rights matters, and ensuring the distribution of our studies and reports to all members. CAU monitors the legislative activities of Congress and provides support in the conceptualization and production of studies and reports with information gathered via its monitoring activities. All staff positions in CAU are vacant. The Office of the Staff Director performs the congressional affairs responsibilities.

Public Affairs Unit

The Public Affairs Unit (PAU) serves as the public voice of the Commission and ensures that the public knows about our activities and publications. It is also responsible for coordinating and carrying out such activities as briefing reporters, holding press conferences, issuing press releases, arranging press interviews and speaking engagements for commissioners and approved staff, and monitoring press activity regarding the Commission and civil rights issues. PAU deals directly with the public in responding to inquiries and by attending meetings of civil rights organizations. All staff positions in PAU are vacant. The Office of the Staff Director performs the public affairs responsibilities.

Equal Employment Opportunity Programs

The Equal Employment Opportunity Programs (EEO) office is responsible for the overall management of our equal employment opportunity compliance system. This system affords applicants for employment and employees of the Commission, who believe that they were victims of discrimination based on race, color, age, religion, national origin, sex (including

sexual harassment), physical or mental disability, or reprisal in connection with EEO-related activities, with a means of review and appeal. This office currently has no full-time staff; a staff member for the Office of Civil Rights Evaluation serves as the head of our EEO office as a collateral duty.

ii. Regional Programs

Regional Programs Coordination Unit

The chief of the Regional Programs Coordination Unit (RPCU) coordinates the activities of the Commission's six regional offices. This position has no supervisory relationship with regional office staff but is responsible for coordinating, monitoring, and reporting on regional activities for the national office, and communicating national office policies and priorities to regional offices. The chief of RPCU also serves as the agency's Committee Management Officer (CMO) regarding the agency's public reporting under the Federal Advisory Committee Act (FACA) on its 51 state advisory committees. The regional director of the Southern Regional Offices currently serves as the acting chief of RPCU.

Regional Offices: Organization and State Alignment

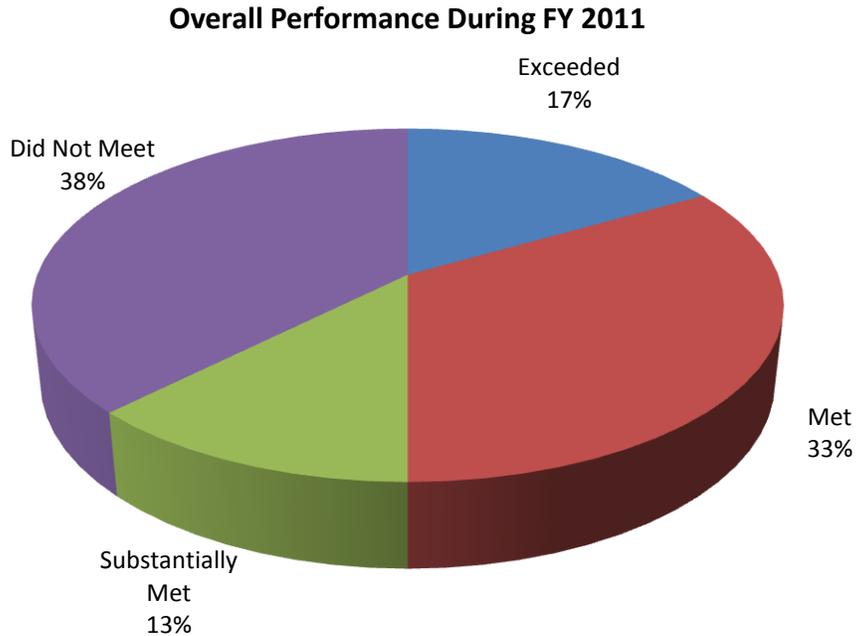
The six regional offices provide critical support to the 51 state advisory committees required by our statute. A regional director leads each office and generally has one administrative assistant. These offices coordinate the Commission's operations in their regions and assist the state advisory committees in their activities. Regional directors are also responsible for the day-to-day administration of their office and the supervision of office staff.

Presented below is our regional alignment.

- 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.

C. Performance Highlights

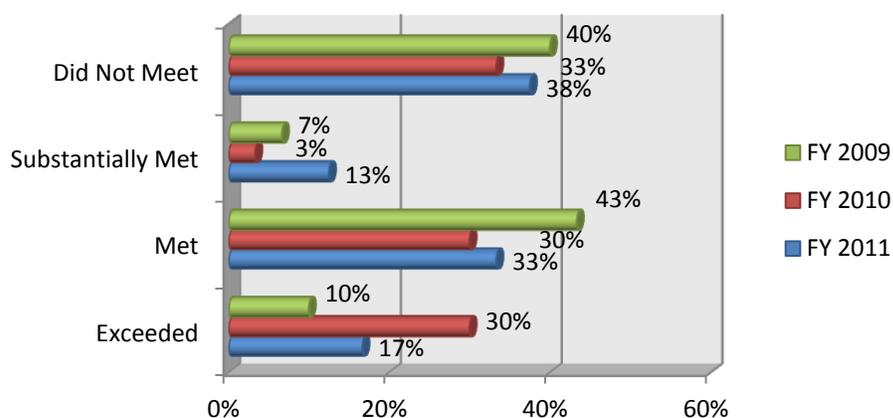
This subsection highlights our performance during the fiscal year. We met or exceeded 50 percent of our performance targets and substantially met another 12 percent. The pie chart represents our overall level of performance for the year.



While we faced significant financial, staffing, and management constraints, we were able to accomplish most of our goals. In spite of our challenges, we view FY 2012 as full of opportunities to further our progress on our long-term strategic goals and objectives.

A detailed discussion of each strategic goal, its FY 2011 target performance, and our actual performance are in the section titled “FY 2011 Performance: USCCR Goals, Objectives, and Results”. A comparison of agency performance for the last three years is presented in the below bar chart.

3-Year Comparison of Performance Data



D. Federal Manager's Financial Integrity Act (FMFIA)

OMB Circular A-123, Management's Responsibility for Internal Control, the Federal Managers' Financial Integrity Act (FMFIA), and the Federal Financial Management Improvement Act (FFMIA) require Federal managers to improve accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal controls. Commission management is responsible for establishing and maintaining an effective internal control and financial management system. The Commission's Administrative Instruction 1-13 requires office and division heads to complete an annual self-assessment of internal controls as of June 30 each year. In FY 2011, all offices and division heads completed a self-assessment. While the assessments did not identify any material weaknesses, regional and headquarters offices did identify several immaterial weaknesses. Management is reviewing these to determine the appropriate action. Based on this evaluation, the Commission is able to provide a statement of assurance that the internal controls and financial systems are compliant.

E. Financial Highlights

The Commission continues to use the General Services Administration's (GSA) Heartland Finance Center as our accounting services provider. GSA provides a broad range of financial and accounting services including:

- maintaining the agency's standard general ledger;
- using a system (Pegasys) that is compliant with federal government standards;
- generating required financial reports for the Commission; and

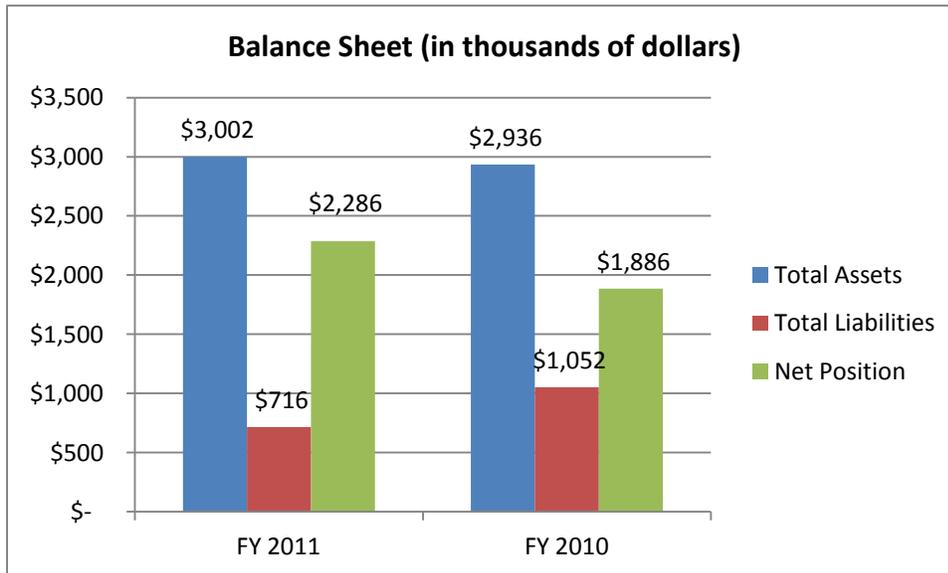
- requiring appropriate documentation of financial transactions prior to payment.

With the Commission’s limited budget and accounting staff, the services provided by GSA are essential to the financial stewardship of our resources.

The Commissioner’s FY 2011 financial statements were prepared in accordance with Office of Management and Budget (OMB) Circular A-136. The Commission prepares four financial statements: the Balance Sheet, Statement of Net Costs, Statement of Changes in Net Position, and the Statement of Budgetary Resources.

Balance Sheet

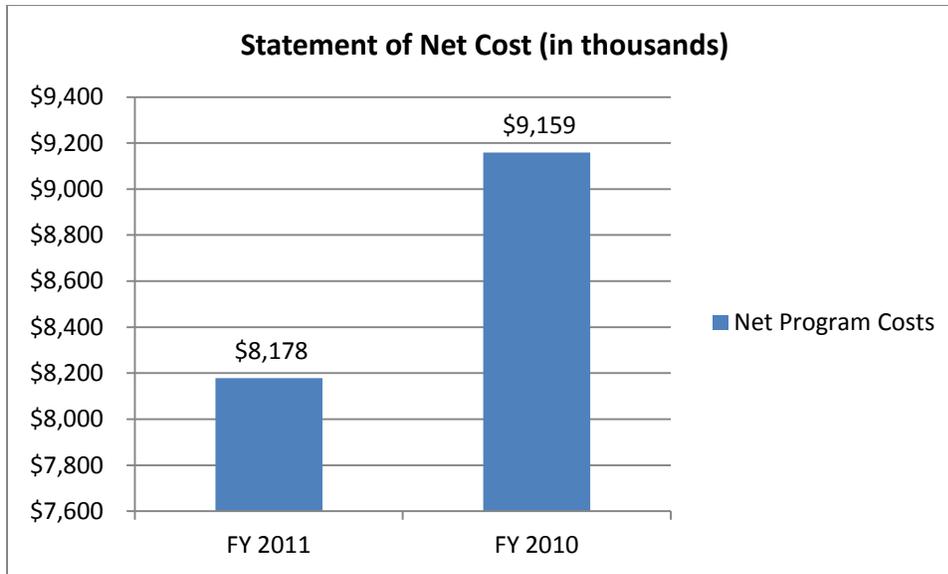
The balance sheet presents amounts of future economic benefits owned or managed by the reporting entity (assets), amounts owed by the entity (liabilities), and amounts which comprise the difference (net position).



The Commission’s total assets increased slightly in FY 2011 to \$3,002,154. The Commission’s assets consist mainly of Fund Balance with Treasury (FBWT) with minimal amounts in General Property, Plant and Equipment, and Accounts Receivable. Total liabilities decreased from \$1,052,468 in FY 2010 to \$715,659 in FY 2011. Net Position increased from \$1,886,122 in FY 2010 to \$2,286,495 in FY 2011. The decrease in total liabilities and increase in Net Position were primarily due to a reduction in accrued funded payroll and unfunded leave liability.

Statement of Net Costs

The Statement of Net Cost presents the annual cost of operating the Commission’s programs.



The Commission’s net cost of operation decreased from \$9,159,231 in FY 2010 to \$8,178,208 in FY 2011. The \$981,023 or 11 percent decrease was primarily due to normal delays in expenses for the Commission’s headquarters relocation project.

Statement of Changes in Net Position

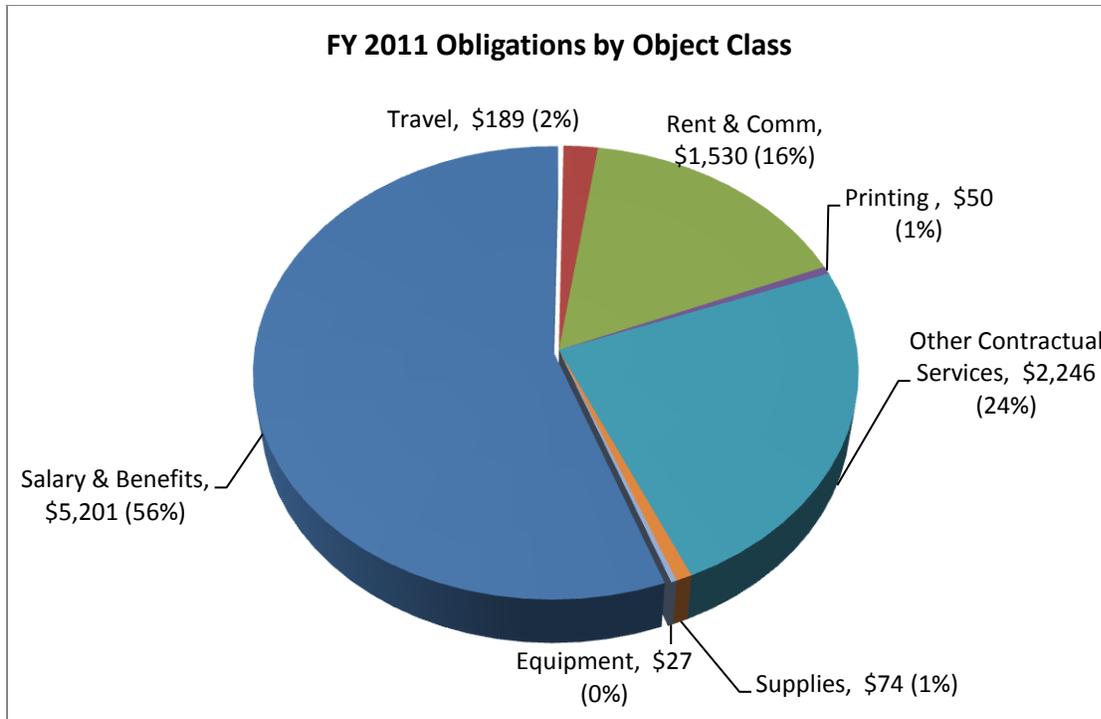
The Statement of Changes in Net Position reports the change in Net Position between FY 2010 and FY 2011. Between the end of FY 2010 and FY 2011, the Commission’s Net Position increased from \$1,886,122 to \$2,286,495. The \$400,373 or 21 percent increase is primarily due to lower appropriations used in FY 2011 and higher adjustments to unexpended appropriations for expiring fiscal years.

Statement of Budgetary Resources

The Statement of Budgetary Resources provides information on the sources of budgetary resources and their status at the end of the period. The Commission received \$9,400,000 in new budgetary authority in FY 2011, but an across-the-board rescission of \$18,800 reduced Budget Authority to \$9,381,200. The Total Budgetary Resources and Status of Budget Resources increased slightly from \$9,981,888 in FY 2010 to \$10,059,360 in FY 2011.

Resources by Major Object Class

During FY 2011, the Commission obligated \$9,316,230 of its appropriation of \$9,381,000 for an obligation rate of 99.3 percent.



Salary and Benefits (56 percent), Other Contractual Services (24 percent), and Rent and Communications (16 percent) consume 96 percent of the Commission’s resources. The remaining 4 percent consists of travel, printing, supplies, and equipment.

F. Limitations on Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control 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.

MANAGEMENT STATEMENTS OF ASSURANCE

The U.S. Commission on Civil Rights 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 issue an unqualified statement of assurance that the internal controls over financial reporting and financial management systems meet the objectives of FMFIA as of September 30, 2011.

Statements of Assurance: Federal Managers' Financial Integrity Act, OMB Circular A-123, and the Federal Financial Managers Improvement Act of 1996

The management of the U.S. Commission on Civil Rights 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 conducted its assessment of the effectiveness of internal control and efficiency of 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 can provide reasonable assurance that our internal control over the effectiveness and efficiency of operations, and compliance with applicable laws and regulations as of September 30, 2011, 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. This includes safeguarding of assets and compliance with applicable laws and regulations. Based on the results of this evaluation, the Commission can provide reasonable assurance that its internal control over financial reporting as of June 30, 2011 was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

The Federal Financial Managers' Improvement Act of 1996 (FFMIA) requires that "each agency shall implement and maintain financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the United States Government Standard General Ledger at the transaction level." The Commission's external accounting services provider, the General Services Administration (GSA), uses Pegasys Financial Management Application to process our accounting transactions. This application is a commercial-off-the-shelf (COTS) package based on CGI Federal's Momentum Financials. We also use the National Finance Center (NFC), a service provider agency within the Department of Agriculture, for our payroll and personnel processing. Both of these systems meet the standards established by FFMIA.

The performance and financial data contained in this report, to the best of my knowledge, are complete and reliable.



Kimberly Tolhurst
Acting Staff Director
United States Commission on Civil Rights
November 15, 2011

FY 2011 PERFORMANCE: USCCR GOALS, OBJECTIVES, AND RESULTS

Our agency performs an important role in identifying emergent civil rights trends and evaluating federal agency civil rights enforcement programs. Our agency's strategic plan articulates the Commission's vision for executing our vital mission from FY 2008 through FY 2013 and for overcoming various administrative challenges. The plan contains four long-term strategic goals. Associated with each of these goals are one or more objectives or specific statements of what we plan to accomplish.

Our FY 2011 annual performance plan includes performance goals and targets that support the accomplishment of our strategic objectives. Below, we describe our FY 2011 annual plan performance targets. We evaluate and report our performance using these categories: Exceeded, Met, Substantially Met (at least 75% of target performance), and Did Not Meet.

A. Reliability of Performance Data

Over the course of the year, Commission managers monitor and record their progress on achieving their performance goals.

In headquarters, the Office of General Counsel, Office of Civil Rights Evaluation, and Office of Management typically begin reporting performance data during the last quarter of the fiscal year. The Office of General Counsel and Office of Civil Rights Evaluation performance data is on the quantity, quality, effectiveness, and efficiency of their civil rights reports and briefings. While the agency continues to make progress, data collection, annual planning, and determining accurate cost to achieve performance goals, remain challenging. The Office of Management reports on the administrative functions of the Commission. Senior managers review and validate headquarters performance data for accuracy.

For our regional staff, performance management involves determining which advisory committees should be re-chartered in order to meet their annual goals, and documenting their advisory committee re-charter and member appointment progress. It also involves submitting quarterly and end-of-year reports on their complaint referral services, participating in periodic meetings with the chief of RPCU, and submitting end-of-the-year performance data using standardized agency reporting forms. RPCU is responsible for thoroughly reviewing, verifying, and consolidating regional data into one document for performance reporting.

B. Strategic Goal One: Shape a National Conversation on Civil Rights

Fifty years after the founding of the Commission, an extensive governmental structure has been erected to protect civil rights. Bulwarks against discrimination are well-entrenched features of

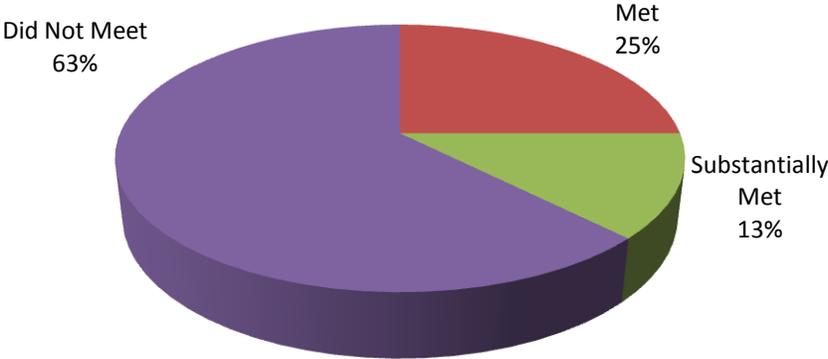
America's legal landscape and include the Equal Employment Opportunity Commission (EEOC); the Office of Federal Contract Compliance Programs (OFCCP) of the Department of Labor; the Civil Rights Division of the Department of Justice; the Office for Civil Rights of the Department of Education; the Office of Civil Rights of the Department of Health and Human Services; the Office of Fair Housing and Equal Opportunity of the Department of Housing and Urban Development; the various state civil rights commissions; the innumerable local civil rights commissions; the tens of thousands of private attorneys who pursue actions under Title VII of the Civil Rights Act of 1964, Title VI and Title IX of the 1972 Education Amendments, the Voting Rights Act of 1965, the Fair Housing Act of 1968, the Civil Rights Act of 1991, Executive Order 11246, the Americans with Disabilities Act, the Age Discrimination and Employment Act, and their state and local comparatives; and affirmative action compliance officers in thousands of corporations and political subdivisions.

The Commission's unique position in the civil rights landscape allows it to think and act prospectively and to ask the question: Is the nation's civil rights infrastructure equipped to address the civil rights challenges of the 21st century? During FY 2011, the Commission worked to answer these questions and shape a national conversation on current civil rights issues. We sought to accomplish this by:

- Reinvigorating the Commission's state advisory committees (SACs).
- Energizing the Commission's SACs by enhancing their institutional role in program planning and increasing their productivity.
- Commissioning a multi-state report, in which the Commission's individual SACs identify civil rights priorities facing their states/regions.
- Convening a national conference to elicit diverse, multi-disciplinary, and bipartisan perspectives on civil rights in the 21st century.

Charts with more details on our FY 2011 annual performance plan, including specific performance measures, indicators and target levels, are in Appendix B. The below pie chart shows how well we executed the activities, strategies, and initiatives we proposed to achieve in our first strategic goal of shaping a national civil rights conversation.

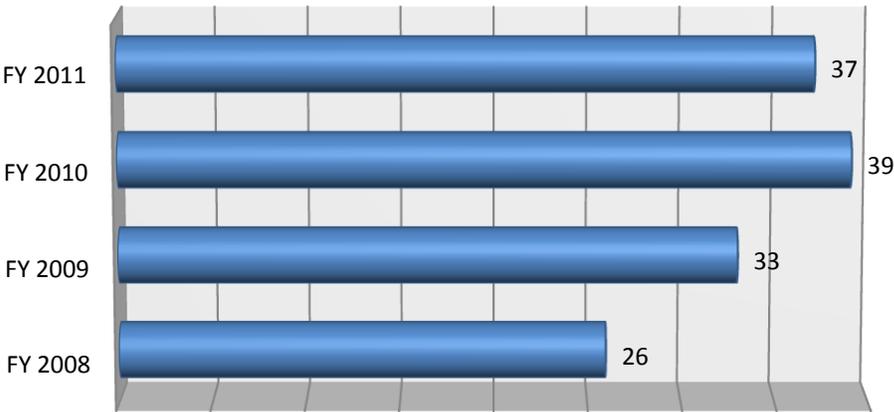
**Strategic Goal 1: Shaping a National Conversation
on Civil Rights
(actual v. target performance)**



i. State Advisory Committee Charters

In FY 2011, the Commission focused on bringing more state advisory committees online. While we were unable to eliminate the backlog of expired charters and renew all expiring charters, we were able to reduce the backlog to three. Due to expiring charters, the total active state advisory committees decreased by three to 36 as of September 30, 2011. However, the Commission rechartered California, Nebraska, and Georgia state advisory committees on October 21, 2011.

**Active State Advisory Committee Charters
By Fiscal Year**



As a part of the re-chartering process, commissioners approve recommendations for committee member appointments. Our chartered advisory committee members, working with regional office

staff, held 13 civil rights briefings and forums, and 105 business, orientation, and subcommittee meetings, for 118 meetings. This activity exceeds the 111 meetings of various types held the previous year.

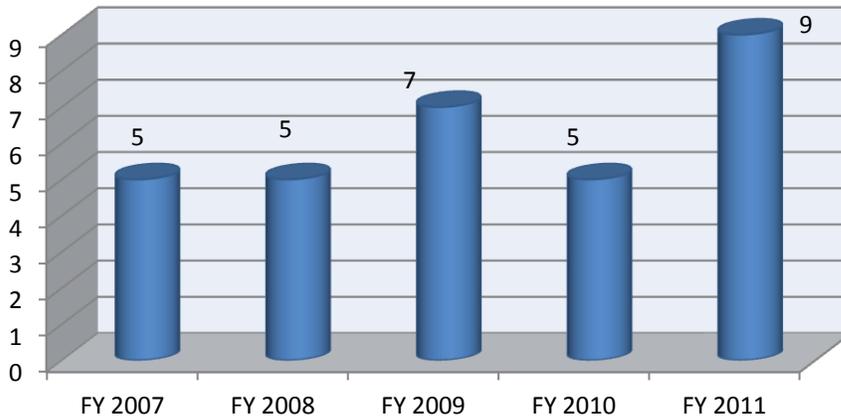
ii. State Advisory Committee Reports

In addition to holding meetings, state advisory committees, with regional office support, completed the following nine SAC reports in FY 2011:

Advisory Committee	Report Title
New Hampshire	Gender Disparities in New Hampshire Prisons
District of Columbia	Affirmatively Furthering Fair Housing in the District of Columbia
Kentucky	School Discipline in Kentucky: An examination of school discipline in the Jefferson County Public School District
Tennessee	School Discipline: Are School Discipline Practices Pushing Too Many African-American Children Out of School
Florida	Educational Opportunities for Migrant Children
Minnesota	Resources Devoted to Civil Rights Enforcement in Minnesota: An Update
Michigan	Civil Rights Implications of Michigan House Bill No. 6256, Immigration Law Enforcement Act
Hawaii	Disparities in the Administration of Justice and Native Hawaiians
Arizona	Affirmative Action in College Admissions: Hispanic enrollment to state universities following state bans on the consideration of race and ethnicity

This is an increase over FY 2010 and it is the highest level in five years.

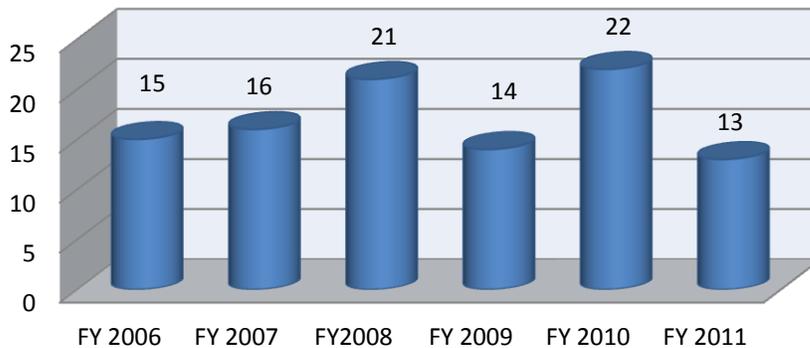
**Number of State Advisory Committee Reports
by Fiscal Year**



Advisory committee fact-finding activities decreased last year and were the lowest in the past six years. Of the nine completed reports in FY 2011, only three were fact-finding activities. The main reason for the decrease in fact-finding activity by state advisory committees is the lack of civil rights analyst in the six regional offices. Civil rights analysts do the background research necessary for state advisory committees to carry out fact-finding activities. Presently, the Eastern Regional Office is the only regional offices with a civil rights analyst. As a result, state advisory committee reports employ briefings and community forum formats to complete the majority of state advisory committee reports.

iii. Other SAC Activity

**Other SAC Activity by Fiscal Year
(meetings, briefings and forums)**



While re-chartering, completing civil rights reports, and holding meetings and briefings account for a sizable portion of the regional activity, we also dedicated regional resources to complaint referral service to the public. Our regional staff received 546 civil rights complaints from members of the public seeking to protect and enforce their rights. This is less than the 746 complaints in FY 2010. On average regional offices processed complaints in one day, well under the 30-days target.

iv. Regional Office Civil Rights Complaint Referral

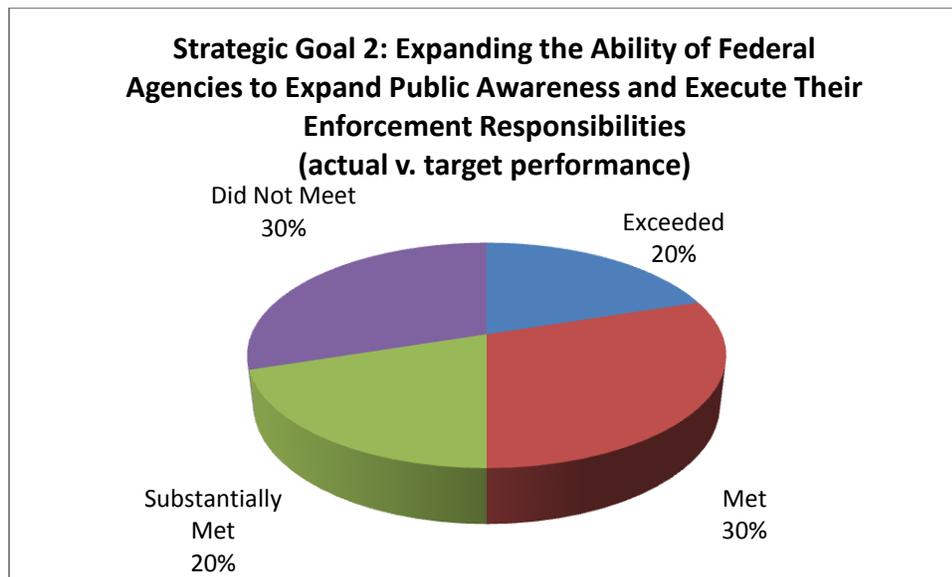


C. Strategic Goal Two: Expand the Capacity of Federal Agencies to Raise Public Awareness of Civil Rights

We continue to work toward 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. We seek to accomplish this by:

- Studying the role and effectiveness of the different federal enforcement agencies and making recommendations as to how those agencies might enhance their effectiveness.
- Partnering with other federal civil rights agencies to raise public awareness of civil rights laws, remedies, and enforcement agencies.
- Partnering with other civil rights agencies to collect and analyze data on various civil rights topics.
- Partnering with other civil rights agencies in studying the effectiveness of current civil rights laws, in developing reasonable interpretations of unclear laws, and in making recommendations for updates or changes to current law.
- Promoting public awareness of current civil rights laws, remedies, and enforcement agencies.

Because the Commission is not an enforcement agency itself, it is in a unique position to provide leadership and advice on civil rights enforcement within the executive and legislative branches. We are also well positioned to inform and serve the public by providing opportunities to hear experts and others debate and discuss current and emerging civil rights issues, which is critical to creating a national civil rights conversation. As shown below, we had success in this area.



We exceeded, met, or substantially met 70 percent of our FY 2011 targets.

i. Briefings and Hearings

To promote public awareness of current civil rights laws, remedies, and enforcement agencies, we held three successful briefings. The briefings were School Discipline and Disparate Impact, Peer-to-Peer Student Violence and Bullying: Examining the Federal Response, and Civil Rights Implications of Eminent Domain Abuse.

School Discipline and Disparate Impact

In February 2011, the Commission held a public briefing on the Department of Education's initiative to investigate school districts for disparities in discipline rates among racial and ethnic groups under Title VI, a statute that bans disparate treatment. The Department had announced that it intended to initiate compliance reviews based on a disparate impact analysis in an effort to find districts that have such disparities. The Commission's briefing asked teachers and administrators of large, racially-diverse public school districts to discuss their schools' discipline policies, and whether they suspect racial bias in administering discipline. In addition, the Commission asked how they have responded to the Department of Education's new policy, and whether they have changed their discipline practices in response to the new initiative and/or weakened disciplinary standards for all students. The Commission also sought data from school

districts showing the extent of the disparities and the effect the schools' policies have had on reducing such disparities.

In addition to classroom teachers from the larger metropolitan areas and Pennsylvania, speakers included the principal of T.C. Williams High School in Alexandria, VA; an assistant principal of East Lake High School in the Tampa Bay area (Pinellas County FL); the former director of all alternative schools in Austin (Travis County TX) that receives all suspended or expelled students from the 80,000 plus student district; the associate superintendent of Fresno County CA schools in charge of prevention and intervention; and the superintendents of school districts in Evanston/Skokie (Cook County IL), Blanding (San Juan County UT), and Rochester (Olmstead County MN).

Peer-to-Peer Student Violence and Bullying: Examining the Federal Response

In May 2011, the Commission held a public briefing in connection with its FY 2011 statutory enforcement report. For this briefing, the Commission brought in four panels of 20 experts in the areas related to bullying and harassment in K-12 public schools. Among other issues, the panelists discussed (1) the scope and seriousness of student-on-student bullying, harassment, and violence against students who are targeted due to their race/national origin, religion, disability, gender, and/or their real or perceived sexual orientation or gender expression; (2) the content of applicable federal laws, the enforcement of those laws, and the effectiveness of the Departments of Education and Justice in carrying out their enforcement responsibilities; (3) the range of effective intervention and prevention efforts and programs currently promoted by the federal government; and (4) recommendations for enhanced enforcement practices, and/or the need for additional legislation, as appropriate, with respect to efforts by the Departments of Education and Justice.

Panelists included Russlynn Ali, Assistant Secretary For Civil Rights, Department of Education; Jocelyn Samuels, Senior Counselor to the Assistant Attorney General for Civil Rights, Department of Justice; Fatima Goss Graves, National Women's Law Center; Roger Clegg, Center for Equal Opportunity; Gregory Herek, University of California, Davis; Ilan Meyer, Columbia University; Hiram Sasser, Liberty Institute; Eliza Byard, Gay, Lesbian and Straight Education Network; John Eastman, Chapman University; Paula Goldberg PACER Center; Helen Gym, Asian Americans United; Stuart Buck, University of Arkansas; Kenneth Marcus, Institute for Jewish & Community Research; Hilary Shelton, NAACP; Rajdeep Singh, Sikh Coalition; Tammy Aaberg, Parent Advocate; Francisco Negron, National School Boards Association; Ken Trump, National School Safety and Security Services; Eugene Volokh, UCLA School of Law; and Deborah Lauter, Civil Rights Director at the Anti-Defamation League.

Civil Rights Implications of Eminent Domain Abuse

In August 2011, the Commission held a public briefing on eminent domain abuse. The briefing included scholars and civil rights advocates who discussed the history of eminent domain abuse, its impact on poor and minority communities, and efforts by federal or state legislatures to curb abuses. Some civil rights advocates have argued that urban renewal condemnations permitted by the Supreme Court's decision in *Berman v. Parker* have historically been used to target racial and ethnic minorities, using the term "blight" as a facially-neutral word that masked discriminatory motives behind takings. Many states have enacted laws attempting to limit the scope of eminent domain power further sanctioned by the Court's subsequent decision in *Kelo v. City of New London*, a decision that upheld its use for private economic redevelopment, but some legislative attempts to reform abusive practices have been criticized as ineffective.

Panelists included: David T. Beito, Chairman of the Alabama State Advisory Committee to the U.S. Commission on Civil Rights; J. Peter Byrne, Professor of Law, Georgetown University Law Center; Hilary O. Shelton, Senior Vice-President for Advocacy, NAACP; and Ilya Somin, Associate Professor of Law, George Mason Law School.

ii. Statutory Reports

New Black Panther Party Enforcement Report

In January 2011, the Commission published online its FY 2010 statutory enforcement report on enforcing prohibitions against voter intimidation, including an examination of DOJ and the New Black Panther Party litigation. In the course of the investigation, the Commission held four public hearings and took several depositions. The report contained findings and recommendations approved at the November 19, 2010 business meeting.

Peer-to-Peer Violence and Bullying: Examining the Federal Response

In September 2011, the Commission published on line its FY 2011 statutory enforcement report. The report focuses on the government's efforts to enforce federal civil rights laws with respect to peer-to-peer violence based on race, national origin, sex, disability, religion, and sexual orientation or gender identity. The report contained findings and recommendations approved at the August 12, 2011 business meeting.

The Commission, by majority vote, concluded that bullying and harassment, including bullying and harassment based on sex, race, national origin, disability, sexual orientation, or religion, are harmful to American youth, and developed findings and recommendations to address the problem, including the following recommendations:

- The U.S. Departments of Education and Justice should track their complaints/inquiries regarding sexual harassment or gender-based harassment by creating a category that explicitly encompasses Lesbian, Gay, Bisexual, and Transgender (LGBT) youth.
- The U.S. Departments of Education and Justice should track complaints that they receive regarding harassment based solely on sexual orientation that are closed for lack of jurisdiction.
- The U.S. Department of Education should track complaints that it receives regarding harassment based solely on religion that are closed for lack of jurisdiction.
- The U.S. Department of Education should consider issuing a new Dear Colleague Letter regarding the First Amendment implications of anti-bullying policies. The new Letter should provide concrete examples to clarify the guidance that the Department of Education previously provided in its Dear Colleague Letter on the First Amendment dated July 28, 2003.

iii. Briefing Reports

School Choice, the Blaine Amendments, and Anti-Catholicism

The Commission posted panelists' written statements and the transcript of the briefing on school choice, Blaine Amendments, and anti-Catholicism to its website in December 2010. On June 1, 2007, the U.S. Commission on Civil Rights (the "Commission") conducted a briefing in Washington, D.C. on the status and effect of Blaine Amendments, which are provisions in state constitutions that restrict the use of public funds to support private religious schools. The Commission heard testimony from Anthony R. Picarello, Jr., Vice President and General Counsel of the Becket Fund; K. Hollyn Hollman, General Counsel of the Baptist Joint Committee for Religious Liberty; Ellen Johnson, President of American Atheists; and Richard D. Komer, Senior Litigation Attorney at the Institute for Justice.

Discrimination against Native Americans in Border Towns

The Commission published an online report based on a November 2007 briefing that included two panels of experts representing Native American reservations and the contiguous towns. The briefing examined recent changes for Native American communities on or off reservations. Specifically, the Commission sought information from panelists on policies, procedures, or events that had improved relationships between Native Americans and residents of border towns in local areas, and that other areas could implement. As part of this examination, panelists assessed (1) the number of reported incidents of alleged discrimination against Native Americans in the communities selected for study; (2) the state of race relations in the selected communities, including both conflicts and efforts to alleviate tensions; (3) the ways in which perceived discrimination was inflicted, felt, and understood in border towns have changed over time; and

(4) how Native Americans' experiences in border towns differ from their experiences elsewhere in the country.

Health Care Disparities

The Commission published a briefing report on health care disparities based on a June 2009 briefing. In the briefing, Commissioners examined health disparities through the microcosm of cardiovascular disease and the related condition of hypertension. Conditions arising from cardiovascular disease are the leading cause of death in America, cutting across all racial and ethnic groups, socioeconomic levels, and affecting both men and women. Among other issues, the panelists discussed (1) why disparities persist, (2) possibly-flawed conclusions resulting from omission of important variables in earlier studies such as the 2002 Institute of Medicine report, (3) health care delivery system differences, (4) recent and ongoing research, (5) access to care and quality of care, (6) patient behavior, and (7) other differences between population groups in terms of cardiac/hypertension health and cardiac/hypertension care.

English-Only in the Workplace

Commissioners approved a briefing report on English-only policies in the workplace based on a briefing in December 2008 concerning the Equal Employment Opportunity Commission's (EEOC) enforcement policies that view efforts by some employers to require their employees to speak English while on the job as violations of law. Among the reasons employers give for such requirements are (1) the need for more effective supervision, (2) ensuring safety of both workers and customers, (3) preventing sexual or other illegal harassment among employees, and (4) the need to serve customers effectively. The body of the report was approved on October 8, 2010 by then-Chairman Reynolds and Commissioners Gaziano, Heriot, Kirsanow, and then-Commissioner Taylor. Commissioner Yaki voted in opposition. Voting for and against the Commission's Findings and Recommendations was conducted on November 19, 2010 and December 3, 2010.

iv. Public and Congressional Affairs

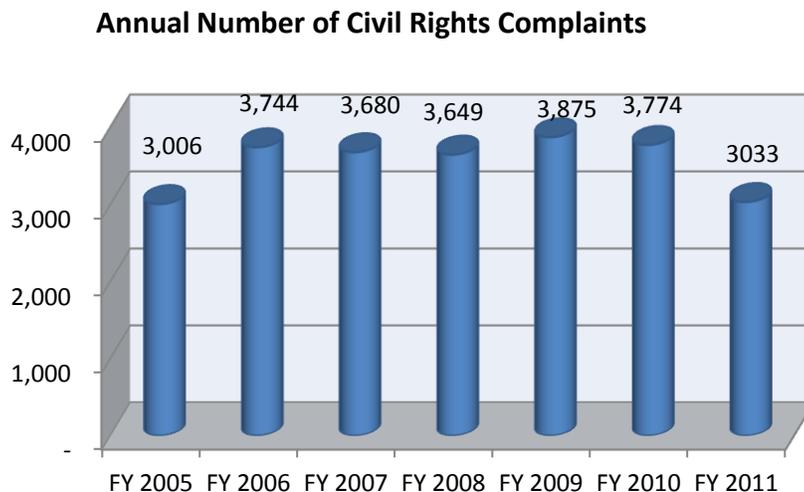
We issued 29 press releases on Commission activities, including Commission meetings, SAC activities and reports, and announcements or comments on significant civil rights-related events. This is significant public outreach activity for an agency without full-time, experienced staff in our Public Affairs and Congressional Affairs Units. For example, since October 2007, we have not held a press conference announcing publication of our annual enforcement reports or other significant Commission activity as called for in our strategic plan. In addition, the agency's plan to develop and distribute a public service announcement will remain unrealized.³ Without a

³ U.S. Commission on Civil Rights, *Reinvigorating the Nation's Civil Rights Debate: The Strategic Plan of the United States*

public and congressional affairs staff, we miss opportunities to provide testimony and timely civil rights research on pending and proposed legislative initiatives. However, Commissioners did submit a letter to members of the Senate in December 2010 expressing their concerns about the proposed Native Hawaiian Government Reorganization Act.

v. Complaint Referral Program

Besides providing the public with information on current issues, we also increase public awareness and federal civil rights enforcement through our complaint referral program. The Office of Civil Rights Evaluation (OCRE) receives complaints alleging denial of civil rights because of color, race, religion, sex, age, disability, or national origin and refers these complaints to the appropriate government agency for investigation and resolution. In FY 2011, OCRE processed 2,487 complaints. The response time was 10 days or less, an outcome far superior to the performance target of 30-day. Regional offices posted an average response time of one day for their 546 complaints.



The majority of complaints are from inmates (26 percent), African Americans (7 percent), and persons with disabilities (5 percent). Of the complaints received, OCRE referred 677 complaints to civil rights enforcement agencies. The majority of referrals went to the Department of Justice (DOJ) and the Equal Employment Opportunity Commission (EEOC). The Commission is currently examining its complaint referral processes and tools to improve services to Limited English Proficiency (LEP) communities.

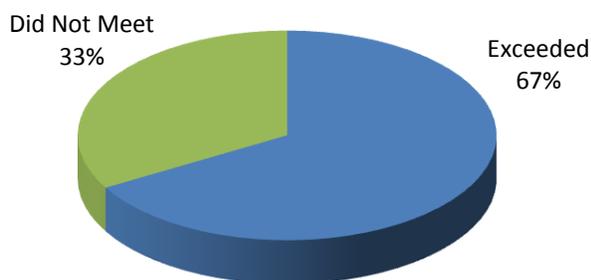
D. Strategic Goal Three: Serve as an Authoritative National Clearinghouse and Repository of Civil Rights Data and Information

The Commission is charged with keeping the President, Congress, and the public informed of 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. As such, the Commission is committed to making information on civil rights enforcement and civil rights issues available to the broadest range of stakeholders. We accomplish this goal by:

- Strengthening the quality and objectivity of the Commission’s reporting.
- Collecting and analyzing existing data on disparities among racial and ethnic groups, between the sexes, between the disabled and those who are not disabled, and among other protected classes.
- Issuing reports that assess the credibility of claims of systemic or pervasive discrimination and, where discrimination is found to be present, illuminate the causes of such discrimination and make recommendations for policy changes to address the problem.
- Conducting original social scientific research that brings new or unique information to the civil rights policy debate.

This year we exceeded 67 percent of our performance targets. Since the GAO recommendation and quality standard performance measures were no longer effective measures, the Commission discontinued their use at the end of FY 2010.

Strategic Goal 3: Serving as an Authoritative National Clearinghouse and Repository of Civil Rights Data and Information
(actual v. target performance)



E. Strategic Goal Four: Normalize the Commission’s Financial and Operations Controls and Modernize its Information Technology

The Commission is committed not only to serving as the nation’s conscience on civil rights matters, but also as a model of management excellence, integrity, efficiency, and accountability. We sought to accomplish this through our strategic goals by:

- Adhering to integrated budgeting, planning, and performance management.
- Achieving sound financial management, demonstrating financial accountability, and streamlining and/or reorganizing the Commissioner’s structure to efficiently execute its mission and make efficient use of its appropriations
- Continuing implementation of adopted GAO and OPM recommendations
- Modernizing of information technology infrastructure and improving IT management to enhance program efficiency

Strategic Goal 4: Normalizing the Commission's Financial and Operational Controls, and Modernizing its Information Technology (actual v. target performance)

Met
100%



The Commission in FY 2012 fully complied with OMB Circular A-11, received an unqualified opinion for the sixth consecutive year from independent auditors, and continued to improve policies and procedures regarding its internal financial controls in FY 2011.

F. Other Information Related to Annual Performance Reporting

The Government Performance and Results Act of 1993 requires that the Annual Performance Report include information on program evaluations that are relevant to an agency’s efforts to attain its goals and objectives as identified in its Strategic Plan or to performance measures and goals reported at the agency level. There were no program evaluations conducted during the fiscal year that meet the criteria established by PART guidance.

No significant contribution to the preparation of our annual performance report was made by a non-federal entity.

FY 2011 FINANCIAL MANAGEMENT: BEING GOOD STEWARDS OF OUR FINANCIAL RESOURCES

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

A. Message from the Chief of Budget and Finance

I am pleased to report that, for fiscal year 2011, the Commission once again received an unqualified audit opinion on its financial statements. This marks the sixth straight year that we have received a clean audit opinion with no identified material weaknesses in internal control over financial reporting. In light of these successes, we proudly report that we fully achieved our target performance level related to financial management, including obtaining a timely financial audit under the Accountability of Tax Dollars Act and receiving a clean audit opinion. The Commission remains committed to continuous improvement in financial management and internal controls, even with the receipt of this clean audit opinion.

During FY 2011, we continued to monitor and evaluate the implementation and effectiveness of the financial management practices developed over the past few years. We also continued our contract with an accounting services provider to supplement our budget staff and provide an accounting system that complies with all applicable federal laws and regulations. On behalf of the Commission, I thank the employees who worked tirelessly each day to achieve our goals. This report is a reflection of their extraordinary dedication to the Commission and our mission.

The auditors' report on Compliance with Laws and Regulations for this year does contain compliance issues and related recommendations for action. We accept responsibility for addressing these issues, and we expect to take the appropriate action.

While we are pleased with our FY 2011 accomplishments, we will continue striving to improve all aspects of our financial management and anticipate even greater accomplishments during FY 2012.

John Ratcliffe
Chief, Budget and Finance Division
November 15, 2011

B. Financial Statements & Notes, and Auditors' Report

UNITED STATES COMMISSION ON CIVIL RIGHTS

AUDIT REPORTS
IN ACCORDANCE WITH THE REPORTING REQUIREMENTS OF THE FEDERAL
ACCOUNTING STANDARDS ADVISORY BOARD

For the Years Ended September 30, 2011 and 2010



Walker & Company
Assurance, Business and Advisory Services

UNITED STATES COMMISSION ON CIVIL RIGHTS

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Walker & Co., LLP

Assurance, Business and Advisory Services

REPORT OF INDEPENDENT AUDITORS

Chairman and the Staff Director
United States Commission on Civil Rights

We have audited the accompanying balance sheets of the United States Commission on Civil Rights (the Commission or Agency) as of September 30, 2011 and 2010, 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; 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*, as amended. 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 Commission as of September 30, 2011 and 2010, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in the 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. We also reviewed such information for consistency with the related information presented in the Commission's financial statements. We did not audit this information, however and, accordingly, express no opinion on it.

The other accompanying information on performance and accountability and appendices are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards* and OMB Bulletin 07-04, as amended, we have also issued our reports dated November 14, 2011 on our consideration of the Agency's internal control over financial reporting, and on our tests of the Commission's compliance with certain provisions of laws and regulations and other matters. 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 audits performed in accordance with *Government Auditing Standards* and OMB Bulletin 07-04, as amended, and should be considered in assessing the results of our audits.

We issued a draft of this report to the Commission's management and requested its comments. Management replied by indicating its general agreement with the audit results. In accordance with *Government Auditing Standards*, we issued separate reports dated November 14, 2011 on the Commission's internal control and compliance with laws and regulations. Our reports on internal control and compliance are an integral part of an audit conducted in accordance with *Government Auditing Standards* and, in considering the results of the audit, those reports should be read together with this report.

Walker & Co., LLP

November 14, 2011

UNITED STATES COMMISSION ON CIVIL RIGHTS
BALANCE SHEETS

	September 30,	
	2011	2010
ASSETS		
Intra-governmental		
Fund balance with Treasury (Note 3)	\$ 2,962,571	\$ 2,901,965
Accounts receivable (Note 4)	5,516	5,516
Total intra-governmental	2,968,087	2,907,481
General property, plant and equipment, net (Note 5)	34,067	31,109
Total Assets	\$ 3,002,154	\$ 2,938,590
LIABILITIES (Note 6)		
Intra-governmental		
Accounts payable	\$ 28,633	\$ 4,955
Other	3,668	13,936
Total intra-governmental	32,301	18,891
Accounts payable	37,093	149,183
Other	674,898	884,394
Total Liabilities	744,292	1,052,468
NET POSITION		
Unexpended appropriations - other funds	2,590,161	2,280,590
Cumulative results of operations - other funds	(332,299)	(394,468)
Total Net Position	2,257,862	1,886,122
Total Liabilities and Net Position	\$ 3,002,154	\$ 2,938,590

The accompanying notes are an integral part of these statements.

UNITED STATES COMMISSION ON CIVIL RIGHTS
STATEMENTS OF NET COST

	Year ended September 30,	
	<u>2011</u>	<u>2010</u>
GROSS PROGRAM COSTS		
Program A		
Gross costs (Note 7)	\$ <u>8,206,842</u>	\$ <u>9,159,231</u>
Net program costs	<u>8,206,842</u>	<u>9,159,231</u>
 NET COST OF OPERATIONS	 <u>\$ 8,206,842</u>	 <u>\$ 9,159,231</u>

The accompanying notes are an integral part of these statements.

UNITED STATES COMMISSION ON CIVIL RIGHTS
STATEMENTS OF CHANGES IN NET POSITION

	Year ended September 30,	
	2011	2010
Cumulative Results of Operations		
Beginning balances	\$ (394,468)	\$ (275,359)
Budgetary Financing Sources		
Appropriations used	8,269,011	9,040,122
Total financing sources	8,269,011	9,040,122
Net cost of operations	8,206,842	9,159,231
Net Change	62,169	(119,109)
Cumulative Results of Operations	\$ (332,299)	\$ (394,468)
Unexpended Appropriations		
Beginning balances	\$ 2,280,590	\$ 2,196,037
Budgetary Financing Sources		
Appropriations received	9,400,000	9,400,000
Other adjustments	(821,418)	(275,325)
Appropriations used	(8,269,011)	(9,040,122)
Total Budgetary Financing Sources	309,571	84,553
Total Unexpended Appropriations	\$ 2,590,161	\$ 2,280,590
Net Position	\$ 2,257,862	\$ 1,886,122

The accompanying notes are an integral part of these statements.

UNITED STATES COMMISSION ON CIVIL RIGHTS
STATEMENTS OF BUDGETARY RESOURCES

	Year ended September 30,	
	<u>2011</u>	<u>2010</u>
Budgetary Resources		
Unobligated balance, brought forward, October 1	\$ 709,078	\$ 648,970
Recoveries of prior year unpaid obligations	764,397	199,010
Budget authority		
Appropriations received	9,400,000	9,400,000
Collected	7,303	9,233
Permanently not available	(821,418)	(275,325)
Total Budgetary Resources	<u>\$ 10,059,360</u>	<u>\$ 9,981,888</u>
Status of Budgetary Resources		
Obligations incurred		
Direct, Category A (Note 8)	\$ 9,459,914	\$ 9,272,810
Unobligated balances		
Apportioned	64,970	50,250
Unobligated balances-not available	534,476	658,828
Total unobligated balances-not available	599,446	709,078
Total Status of Budgetary Resources	<u>\$ 10,059,360</u>	<u>\$ 9,981,888</u>
Change in Obligated Balance		
Unpaid obligations, brought forward, net	2,192,887	2,276,770
Obligations incurred, net	9,459,914	9,272,810
Gross outlays	(8,525,280)	(9,157,683)
Recoveries of prior-year unpaid obligations, actual	(764,397)	(199,010)
Total Unpaid Obligated Balance, Net, End of Period (Note 9)	<u>\$ 2,363,124</u>	<u>\$ 2,192,887</u>
Net Outlays		
Gross outlays	8,525,280	9,157,683
Offsetting collections	(7,303)	(9,233)
Net Outlays	<u>\$ 8,517,977</u>	<u>\$ 9,148,450</u>

The accompanying notes are an integral part of these statements.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 1 ORGANIZATION AND PURPOSE

Reporting entity

The statutory mandate of the United States Commission on Civil Rights (the Commission or Agency) is to:

- investigate allegations in writing, under oath or affirmation relating to deprivations because of color, race, religion, sex, age, disability, or national origin; or as a result of any pattern or practice of fraud; or of the right of citizens of the United States to vote and have votes counted, 42 U.S.C. §1975a(1); and
- study and collect information, appraise the laws and policies of the federal government, serve as a national clearinghouse for information, and prepare public service announcements and advertising campaigns to discourage discrimination or denials of equal protection of the laws under the Constitution of the United States because of color, race, religion, sex, age, disability, or national origin, or in the administration of justice, 42 U.S.C. §1975a(2).

The Commission also issues a report annually to the President of the United States and Congress on monitoring federal civil rights enforcement and establishing state advisory committees in each of the fifty states and the District of Columbia.

Powers

In furtherance of its fact-finding duties, the Commission may hold hearings and issue subpoenas (within states in which hearings are being held and within a 100-mile radius of such sites) for the production of documents and the attendance of witnesses. The Commission also uses depositions and written interrogatories to collect information and testimony about matters subject to hearings or reports. In addition to these more formal measures, the Commission conducts public briefings on existing and emerging civil rights issues and produces briefing reports. The Commission maintains state advisory committees, and consults with representatives of federal, state and local governments in addition to private organizations.

Since the Commission lacks enforcement powers that would enable it to apply specific remedies in individual cases, its civil rights reports contain findings and recommendations for corrective action by federal and state agencies and other civil rights stakeholders as deemed appropriate. The Commission also provides a complaint referral service that receives complaints from citizens and other sources which are forwarded to appropriate federal, state, or local government agencies or private organizations for action.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 1 ORGANIZATION AND PURPOSE (Continued)

Organization and structure of the Commission

The Office of the Staff Director is responsible for the day-to-day management of the Commission and for executing the policy direction established by the Agency's eight appointed Commissioners.

The Commission is comprised of two programmatic units, the Office of General Counsel and the Office of Civil Rights Evaluation, in addition to six regional offices. The activities of these regional offices are coordinated through the Regional Programs Coordination Unit (Unit). The chief of this Unit reports directly to the Staff Director.

Administratively, Office Management oversees the work of three divisions: Administrative Services and Clearinghouse (ASCD), Budget and Finance and Human Resources. Included within ASCD are the Commission's procurement services, public civil rights library, copy/print shop, and information technology services.

Other Commission offices, which at present remain unstaffed, include:

- Public Affairs Unit,
- Congressional Affairs Unit, and
- Equal Employment Opportunity Programs

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies utilized in the preparation of the financial statements is as follows:

Basis of presentation

The Commission's financial statements are prepared from the accounting records of the Commission in accordance with accounting principles generally accepted in the United States (GAAP), and the form and content for entity's financial statements specified by the Office of Management and Budget (OMB) in OMB Circular No. A-136, *Financial Reporting Requirements*, as revised. 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 (AICPA).

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation (continued)

OMB Circular No. A-136 requires agencies to prepare basic financial statements, which include a balance sheet, statement of net cost, statement of changes in net position and a statement of budgetary resources. The balance sheets present, as of September 30, 2011 and 2010, amounts of future economic benefits owned or managed by the Commission (assets), amounts owed by the Commission (liabilities) and amounts which comprise the difference (net position). The statements of net cost report the full cost of the Agency's program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within the Commission. The statement of budgetary resources reports the Commission's budgetary activity.

Basis of accounting

The Commission prepares financial statements to report its financial position and results of operations pursuant to the requirements of 31 U.S.C. 3515(b), the Chief Financial Officers Act of 1990 (P. L. 101-576), as amended by the Government Management Reform Act of 1994, and in accordance with the requirements in OMB Circular No. A-136, as revised. These statements have been prepared from the Commission's financial records using the accrual basis in conformity with GAAP. GAAP for federal entities are the standards prescribed by the FASAB and recognized by the AICPA as federal GAAP. These financial statements are, therefore, different from financial reports prepared pursuant to other OMB directives used primarily to monitor and control the Commission's use of budgetary resources.

Transactions are recorded on accrual and budgetary bases of accounting. According to the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when resources are consumed, without regard to the payment of cash. Budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of accrual based transactions. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of federal funds. The Commission uses the cash basis of accounting for some programs with accrual adjustments made by recording year-end estimates of unpaid liabilities.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with GAAP 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.

Fund balance with Treasury

The Commission maintains its available funds with the Department of the Treasury (Treasury). The fund balance with Treasury is available to pay current liabilities and finance authorized purchases. Cash receipts and disbursements are processed by Treasury and reconciled with those of Treasury on a regular basis. Note 3, Fund Balance with Treasury, provides additional information.

Accounts receivable

Accounts receivable consist of the amounts owed to the Commission as the result of the provision of goods and services. Intra-governmental accounts receivable generally arise from the provision of reimbursable work to other federal agencies and no allowance for uncollectible accounts is established as those accounts are considered to be fully collectible. Accounts receivable also include interest due to the Commission directly attributable to delinquent receivable balances. They are presented net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is determined based on past collection experience and an analysis of outstanding balances. Note 4, Accounts Receivable, provides additional information.

General property and equipment

General property and equipment (P&E) consists of equipment used for operations and internal use software. The basis for recording purchased P&E is full cost, which includes all costs incurred to bring the P&E to a form and location suitable for its intended use. All P&E with initial acquisition cost of \$5,000 or more and estimated useful lives of five years or more, are capitalized except for internal use software discussed below.

The P&E is depreciated using the straight-line method over the estimated useful lives of assets. Maintenance and repair costs are expensed as incurred. Statement of Federal Financial Accounting Standards (SFFAS) No. 10, *Accounting for Internal Use Software*, requires that the capitalization of internally-developed, contractor-developed and commercial off-the-shelf (COTS) software begins in the software development phase.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General property and equipment (continued)

For amortization purposes, the estimated useful life of internal use software was determined to be five years. SFFAS No. 10 also requires that amortization begin when the asset is placed in use. Costs below threshold levels are expensed. Software is depreciated for a period of time consistent with the estimated useful life used for planning and acquisition purposes.

Liabilities

Liabilities are recognized for amounts of probable, measurable future outflows or other sacrifices of resources as a result of past transactions or events. Since the Commission is a component of the U.S. Government, a sovereign entity, its liabilities cannot be liquidated without legislation providing resources to do so. Payments of all liabilities other than contracts can be abrogated by the sovereign entity. In accordance with public law and existing federal accounting standards, no liability is recognized for future payments to be made on behalf of current workers contributing to the Medicare Health Insurance Trust Fund, since liabilities are only those items that are present obligations of the government. The Commission's liabilities are classified as covered by budgetary resources or not covered by budgetary resources.

Liabilities Covered by Budgetary Resources: Available budgetary resources include: (1) new budget authority, (2) spending authority from offsetting collections, (3) recoveries of expired budget authority, (4) unobligated balances of budgetary resources at the beginning of the year, and (5) permanent indefinite appropriations or borrowing authority. *Liabilities Not Covered by Budgetary Resources:* Sometimes funding has not yet been made available through Congressional appropriations or current earnings. The major liabilities in this category include employee annual leave earned but not taken. *Liabilities Covered by Budgetary Resources and Liabilities Not Covered by Budgetary Resources* are combined on the balance sheet.

Accounts payable

Accounts payable primarily consist of amounts due for goods and services received, progress on contract performance, interest due on accounts payable and other miscellaneous payables.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued payroll and benefits

Accrued payroll and benefits consist of salaries, wages, leave and benefits earned by employees, but not disbursed as of September 30. Liabilities for annual and other vested compensatory leave are accrued when earned and reduced when taken. At the end of each fiscal year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. Annual leave earned but not taken is considered an unfunded liability since this leave will be funded from future appropriations when actually taken by employees. Sick leave and other types of leave are not accrued and are expensed when taken.

Revenue and financing sources

The Commission receives the funding needed to support its programs through an annual Congressional appropriation. The United States Constitution mandates that no money may be expended by a federal agency unless and until funds have been made available by Congressional appropriation. Appropriations are recognized as financing sources when related expenses are incurred or assets purchased.

The Commission receives an annual appropriation that may be used within statutory limits. For example, funds for general operations are typically made available for one fiscal year. The Statement of Budgetary Resources reflects information about the resources appropriated to the Commission.

Federal employee benefits

Most Commission employees participate in either the Civil Service Retirement System (CSRS) – a defined benefit plan, or the Federal Employees Retirement System (FERS) – a defined benefit and contribution plan. For employees covered under CSRS, the Commission contributes a fixed percentage of pay. Most employees hired after December 31, 1983, are automatically covered by FERS. For employees covered under FERS, the Commission contributes the employer's matching share for Social Security and Medicare Insurance. A primary feature of FERS is that it offers a Thrift Savings Plan (TSP) into which the Commission automatically contributes one percent of employee pay and matches employee contributions up to an additional four percent of pay.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal employee benefits (continued)

The U.S. Office of Personnel Management is the administering agency for both of these benefit plans and, thus, reports CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities applicable to federal employees. Therefore, the Commission does not recognize any liability on its balance sheet for pensions, other retirement benefits, and other post employment benefits.

NOTE 3 FUND BALANCE WITH TREASURY

The fund balance with the Treasury is as follows at September 30:

	2011	2010
Fund balance with Treasury		
Trust fund	<u>\$ 2,962,571</u>	<u>\$ 2,901,965</u>
Status of fund balance with Treasury		
1) Unobligated balance		
a. Available	64,970	50,250
b. Unavailable	534,475	658,828
2) Obligated balance not yet disbursed	<u>2,363,126</u>	<u>2,192,887</u>
Total	<u>\$ 2,962,571</u>	<u>\$ 2,901,965</u>

In fiscal 2011 and 2010, the Commission cancelled its fiscal 2006 and 2005 remaining funds, respectively, and returned the balances of \$802,618 and \$275,325, respectively to the Treasury. In fiscal 2011, the Commission also returned \$18,800 of its fiscal 2011 funds to the Treasury as the amount was rescinded by Congress.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable balance was established for a vendor overpayment and as of September 30, 2011 and 2010, was \$5,516.

NOTE 5 GENERAL PROPERTY, PLANT AND EQUIPMENT

Property and equipment consisted of the following at September 30:

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 5 GENERAL PROPERTY, PLANT AND EQUIPMENT (Continued)

	2011	2010
Equipment	\$ 43,365	\$ 17,277
Software	64,840	64,840
	108,205	82,117
Less: Accumulated depreciation and amortization	(74,138)	(51,008)
Property and equipment, net	\$ 34,067	\$ 31,109

Depreciation and amortization expense for the fiscal years ended September 30, 2011 and 2010, was \$23,129 and \$16,363, respectively.

NOTE 6 LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The Commission's total liabilities were comprised of the following at September 30:

	2011	2010
Liabilities not covered by budgetary resources-with the public		
Other (unfunded leave liability)	\$ 343,249	\$ 431,093
Total liabilities covered by budgetary resources	401,043	621,375
Total liabilities	\$ 744,292	\$ 1,052,468

Liabilities not covered by budgetary resources include liabilities for which congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely, it is not certain that appropriations will be enacted to fund these liabilities.

Liabilities covered by budgetary resources as of September 30, 2011 and 2010, were respectively comprised of accounts payable of \$65,726 and \$154,138, employer's retirement contribution of \$3,668 and \$13,936, and accrued funded payroll of \$331,649 and \$453,301.

Non-current and current portions of these liabilities that have been summarized in the Commission's balance sheets under other liabilities as of September 30, are as follows:

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 6 LIABILITIES NOT COVERED BY BUDGETARY RESOURCES
(Continued)

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2011	Other liabilities	\$ 343,249	\$ 331,649	\$ 674,898
2010	Other liabilities	\$ 431,093	\$ 453,301	\$ 884,394
	<u>Intra-governmental</u>	<u>Current</u>	<u>Total</u>	
2011	Other liabilities	\$ 3,668	\$ 3,668	
2010	Other liabilities	\$ 13,936	\$ 13,936	

NOTE 7 INTRA-GOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intra-governmental costs and related exchange revenue were comprised of the following for the fiscal years ended September 30:

	<u>2011</u>	<u>2010</u>
Program A		
Intra-governmental costs	\$ 2,930,713	\$ 2,150,294
Public costs	5,276,129	7,008,937
Total program A costs	<u>8,206,842</u>	<u>9,159,231</u>
Total program A earned revenue	<u>\$ 8,206,842</u>	<u>\$ 9,159,231</u>

NOTE 8 APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations of the Commission represent direct obligations incurred against amounts apportioned under category A on the latest Apportionment and Reapportionment Schedule.

	<u>2011</u>	<u>2010</u>
Category A	\$ <u>9,459,914</u>	\$ <u>9,272,810</u>

NOTE 9 UNDELIVERED ORDERS AT THE END OF THE PERIOD

The Unpaid Obligated Balance of \$2,363,124 and \$2,192,887 for the fiscal years ended September 30, 2011 and 2010, respectively, is comprised of obligations relating to Undelivered Orders (goods and services contracted for but not yet received at year end) and accounts payable accrued payroll (amounts owed at year end for goods and services received).

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 9 UNDELIVERED ORDERS AT THE END OF THE PERIOD (Continued)

Undelivered orders for the fiscal years ended September 30, 2011 and 2010, amounted to \$1,962,083 and \$1,571,512, respectively.

NOTE 10 OPERATING LEASES

The Commission has various leases for offices and branches throughout the United States. The longest term of those obligations extends through 2022. Certain of the leases contain renewal options and escalation clauses. No leases include restrictions on the Commission's activities. The aggregate rent expense totaled \$1,254,060 and \$1,316,110 for fiscal years ended September 30, 2011 and 2010, respectively. Future minimum rent payments for the fiscal years ended September 30, are as follows:

2012	\$	1,234,524
2013		550,925
2014		1,351,795
2015		1,356,861
2016		1,323,765
Thereafter		<u>7,352,869</u>
Total	\$	<u>13,170,739</u>

NOTE 11 BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's Budget that will include fiscal year 2011 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2012 and can be found at the OMB Web site <http://www.whitehouse.gov/omb/>.

No material differences exist between the amounts reported in the fiscal year 2010 Statement of Budgetary Resources and the 2010 actual amounts reported in the 2012 Budget of the United States Government.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 12 RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET

The Commission has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations as follows:

	<u>2011</u>	<u>2010</u>
Resources Used to Finance Activities		
Budgetary resources obligated		
Obligations incurred	\$ 9,459,915	\$ 9,272,810
Less: Spending authority from offsetting collections and recoveries	(771,700)	(208,243)
Obligations net of offsetting collections and recoveries	<u>8,688,215</u>	<u>9,064,567</u>
Total Resources Used to Finance Activities	8,688,215	9,064,567
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	(390,571)	(24,445)
Resources that finance the acquisition of assets	<u>(26,088)</u>	<u>-</u>
Total resources used to finance items not part of net cost of operations	<u>(416,659)</u>	<u>(24,445)</u>
Total Resources Used to Finance the Net Cost of Operations	<u>8,271,556</u>	<u>9,040,122</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	<u>(87,844)</u>	<u>102,746</u>
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	(87,844)	102,746
Components Not Requiring or Generating Resources:		
Depreciation and amortization	<u>23,130</u>	<u>16,363</u>
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	<u>(64,714)</u>	<u>119,109</u>
Net Cost of Operations	<u>\$ 8,206,842</u>	<u>\$ 9,159,231</u>

NOTE 13 SUBSEQUENT EVENTS

In preparing these financial statements, the Commission has evaluated events and transactions through November 14, 2011, the date financial statements were available to be issued, for potential recognition or disclosure in the financial statements for the year ended September 30, 2011.

SUPPLEMENTAL INFORMATION

UNITED STATES COMMISSION ON CIVIL RIGHTS
Required Supplemental Information

Intra-governmental Balances by Trading Partner:

Intra-governmental 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. Capitol Police (09)	-	-	-
U.S. Postal Service (18)	-	-	-
Department of State (19)	-	-	-
Department of Treasury (20)	2,962,571	-	-
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	\$ 2,962,571	\$ -	\$ -
Total Intra-governmental Assets	\$ 2,962,571		

Intra-governmental Liabilities by Trading Partner:

Trading Partner	Accounts Payable	Other Liabilities
Library of Congress (03)	\$ -	\$ -
Government Printing Office (04)	-	-
General Accounting Office (05)	-	-
U.S. Capitol Police (09)	-	-
U.S. Postal Service (18)	-	-
Department of State (19)	-	-
Department of Treasury (20)	-	-
Office of Personnel Management (24)	-	3,668
General Services Administration (47)	28,633	-
Department of Transportation (69)	-	-
Other Material Agency (Please List)	-	-
Others - Immaterial Agencies (Please List)	-	-
Total	\$ 28,633	\$ 3,668
Total Intra-governmental Liabilities	\$ 28,633	\$ 3,668

GOVERNMENT REPORTS



Walker & Co., LLP
Assurance, Business and Advisory Services

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL

Chairman and the Staff Director
United States Commission on Civil Rights

We have audited the financial statements of the United States Commission on Civil Rights (the Commission or Agency) as of and for the years ended September 30, 2011 and 2010, and have issued our report thereon dated November 14, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States; 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*, as amended.

In planning and performing our audits, we considered the Commission's 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, as amended. 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 audits 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 was for the limited purposes described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of the Commission in a separate letter dated November 14, 2011.

We issued a draft of this report to the Commission's management and requested its comments. Management replied by indicating its general agreement with the audit results. 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 not be used by anyone other than these specified parties.

Walkers Co., LLP

November 14, 2011



Walker & Co., LLP
Assurance, Business and Advisory Services

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH LAWS AND REGULATIONS

Chairman and the Staff Director
United States Commission on Civil Rights

We have audited the financial statements of the United States Commission on Civil Rights (the Commission or Agency) as of and for the year ended September 30, 2011 and 2010, and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States; 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*, as amended.

Management of the Commission is responsible for complying with laws and regulations applicable to the Agency. 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, as amended, 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 grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 07-04, as amended, 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 General Ledger (USSGL) at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a) requirements.

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 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 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, as amended.

The results of our tests disclosed two instances of noncompliance with laws and regulations as described below:

A. The Commission does not fully comply with the Federal Information Security Management Act (FISMA)

During 2009, the Commission prepared a Plan of Action and Milestones and identified two significant non-compliance issues with FISMA requirements.

The Commission's Information Technology Specialist, working with a contractor, has implemented 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. One of these two deficiencies, the Continuity of Operations (COOP) Plan, which was scheduled to be eliminated in December 2009, was adopted in June 2010, while the other, Offsite/Remote Operations for COOP, is scheduled to be completed in fiscal year 2012.

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

B. The Commission Did Not Fully Comply with the Prompt Payment Act

Condition

Based on our sample of forty-five disbursements that were selected for testing, we identified four payments that were processed after the contractual due date but the required interest penalties on these payments were not made by the Commission's accounting service provider.

Criteria

The Prompt Payment Act (the Act) requires that interest penalties be assessed on payments made to vendors after the due date. This date is generally within thirty days after the receipt of a properly executed and accurate invoice or the date consistent with the contractual terms of the agreement.

Cause

Management did not give the reasons for the late payment of the invoices.

Effect

The Commission was not in compliance with the Prompt Payment Act.

Recommendation

We recommend that the Commission thoroughly review payment reports provided by its accounting service provider to ensure that interest penalties are calculated on invoices paid after their due dates.

We issued a draft of this report to the Commission's management and requested its comments. Management replied by indicating its general agreement with the audit results. 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 not be used by anyone other than these specified parties.

Walker & Co., LLP

November 14, 2011

APPENDICES

Appendix A: Strategic Plan Goals, Objectives, and Measures

SUMMARY OF THE COMMISSION'S MISSION AND GOALS (as adopted in October 2007)

MISSION STATEMENT

To inform the development of national civil rights policy and enhance enforcement of Federal civil rights laws by investigating allegations of widespread deprivations of voting rights or allegations of pervasive discrimination on the basis of race, color, religion, sex, age, disability, or national origin, or in the administration of justice; and through quality research, objective findings, and sound recommendations.

Strategic Goal 1: Shape a national conversation on current and future civil rights issues that identifies civil rights priorities for policy makers.	
Objectives:	Performance Measures:
1. Reinvigorate the Commission's state advisory committees (SACs).	1(a). Increase the number of SACs re-chartered annually. 1(b). Eliminate the backlog of SACs with charters that expire on or before January 30, 2007 by FY 2011. 1(c). Recharter SACs with charters expiring after January 30, 2007 within 60 days of charter expiration.
2. Energize the Commission's SACs by enhancing their institutional role in program planning and increasing their productivity.	2(a). Obtain input from SACs as a part of the program planning cycle annually by October 31st. 2(b). Conduct a joint national office and SAC project every two years (i.e., biennially) and issue a report within 12 to 18 months following initiation of each project. 2(c). Solicit SAC ideas for SAC follow-up activities on Commission (national office) projects at the regional, state, and local levels

	annually during October.
3. Commission a multi-state report, requesting the Commission’s individual SACs to identify civil rights priorities facing their states/regions.	3. Complete the multi-state report by FY 2009.
4. Convene a national conference in FY 2009 to elicit diverse, multidisciplinary, and bipartisan perspectives on civil rights in the 21st century.	<p>4(a). Attract at least 100 civil rights practitioners, experts and others to the conference.</p> <p>4(b). Issue a report based on the findings of the conference entitled “Civil Rights Priorities for the 21st Century” during FY 2010.</p> <p>4(c). Identify 6 civil rights issues and research topics appropriate for incorporation into the Commission’s programmatic planning cycles for FY 2010 through FY 2012.</p> <p>4(d). Identify civil rights issues and research topics that could lay the foundation for updating the Commission’s Strategic Plan in 2011.</p> <p>4(e). Identify areas where the Commission’s powers and mission need to be expanded to respond to emerging challenges and publish these areas by FY 2011.</p>
<p>Strategic Goal 2: Expand 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.</p>	
Objectives:	Performance Measures:
1. Study the role and effectiveness of the different federal enforcement agencies and make recommendations as to how those agencies might enhance their effectiveness.	1. Produce one report per fiscal year that addresses how particular civil rights agencies might enhance their effectiveness, including conducting exit or follow-up activities with agencies.

<p>2. Partner with other federal civil rights agencies to raise public awareness of civil rights laws, remedies, and enforcement agencies.</p>	<p>2. Implement Memoranda of Understanding (MOUs) with one or more federal agencies.</p>
<p>3. Partner with other civil rights agencies to collect and analyze data on various civil rights topics.</p>	<p>3. Collect data from other agencies on complaint types to identify discrimination issues and/or trends (e.g., information on types of complaints nationally, geographic areas experiencing increases in types of complaints or number of complaints over time) to identify for agencies, policy-makers, and the public areas requiring concentrated enforcement efforts.</p>
<p>4. Partner with other civil rights agencies in studying the effectiveness of current civil rights laws, in developing reasonable interpretations of unclear laws, and in making recommendations for updates or changes to current law.</p>	<p>4(a). Participate in at least one major civil rights working group established in the executive branch.</p> <p>4(b). Issue guidance to the executive branch on civil rights enforcement efforts.</p> <p>4(c). Cooperate and coordinate with civil rights enforcement agencies during times of national emergencies, such as significant natural disasters and homeland security emergencies, to support the continuity of civil rights protections and enforcement.</p> <p>4(d). Participate in inter-agency working groups responsible for developing and proposing civil rights policy as substantive experts.</p> <p>4(e). Establish Congressional contacts that provide substantive insight and direction on proposed civil rights legislative agenda items.</p>
<p>5. Promote public awareness of current civil rights laws, remedies, and enforcement agencies.</p>	<p>5(a). Host five public briefings or hearings annually on civil rights issues.</p> <p>5(b). Issue 10 press releases annually related to civil rights issues and Commission activities.</p> <p>5(c). Hold one press conference annually announcing the issuance of the Commission's</p>

	<p>statutory report or other significant Commission publication or activity.</p> <p>5(d). Post all Commission meeting and briefing transcripts, and approved reports, on the USCCR website.</p> <p>5(e). Provide assistance to members of the public who seek advice and information about protecting their civil rights by offering a complaint referral service.</p> <p>5(f). Increase Commission participation in public policy symposia and venues in which the Commission shares its views concerning civil rights policies.</p>
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Strategic Goal 3: Serve as an authoritative national clearinghouse and repository of civil rights data and information.

Objectives:	Performance Measures:
<p>1. Strengthen the quality and objectivity of the Commission’s reports.</p>	<p>1(a). Written work products issued by the Commission meet rigorous standards for accuracy, objectivity, transparency, and accountability.</p> <p>1(b). Implement adopted GAO findings and recommendations consistent with any Commissioner-approved timeline.</p>
<p>2. Collect and analyze existing data on disparities among racial and ethnic groups, between the sexes, between the disabled and those who are not disabled, and among other protected classes.</p>	<p>2. Issue report(s) and conduct follow-up research where necessary.</p>
<p>3. Issue reports that assess the credibility of claims of systemic or pervasive discrimination and, where discrimination is found to be present, illuminate the causes of such discrimination, and make recommendations for policy changes to address the problem.</p>	<p>3. Issue report(s) and conduct follow-up research where necessary.</p>

<p>4. Conduct original social scientific research that brings new or unique information to the civil rights policy debate.</p>	<p>4. Incorporate original social scientific research into Commission reports.</p>
<p>Strategic Goal 4: Normalize the Commission’s financial and operational controls, and modernize its information technology management and dissemination.</p>	
<p>Objectives:</p>	<p>Performance Measures:</p>
<p>1. Adhere to integrated budgeting, planning, and performance management.</p>	<p>1(a). Fully comply with OMB A-11 guidance for integrated budget by FY 2010.</p> <p>1(b). Receive an OMB PART Program Management assessment score of at least “moderately effective” by FY 2010.</p>
<p>2. Achieve sound financial management, demonstrate financial accountability, and streamline and/or reorganize the Commission’s structure to efficiently execute its mission and make efficient use of its appropriations</p>	<p>2(a). Maintain a “clean” or unqualified financial audit status each fiscal year beginning in FY 2008.</p> <p>2(b). Full compliance with laws and regulations respecting the stewardship of tax dollars.</p> <p>2(c). Complete an evaluation of the Commission’s organizational structure and operations by FY 2009 to identify and implement changes necessary to support increased effectiveness and improved efficiency in light of existing fiscal and human capital resources.</p> <p>2(d). Conduct an assessment during FY 2008 of the effectiveness and efficiency of the Commission’s current administrative structure and, based on the results, develop during FY 2009 a plan of action for achieving increased agency effectiveness and efficiency.</p> <p>2(e). Execution of workforce planning and human capital accountability systems by FY 2008.</p>
<p>3. Continued implementation of adopted GAO and OPM recommendations.</p>	<p>3. Implement adopted GAO and OPM audit findings and recommendations that address financial and operational procedures.</p>

4. Modernize information technology infrastructure and improve IT management to enhance program efficiency.	4. Establish Web site similar to USA.com. by FY 2012.
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Appendix B: FY 2011 Annual Performance Plan, Targets, and Results

<i>STRATEGIC GOAL 1: Shape a national conversation on current and future civil rights issues that identifies civil rights priorities for policy makers.</i>						
	FY 2007 (actual)	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (target)	FY 2011 (actual)
Increase the # of SACs re-chartered (1.1.1(a))	33% Chartered	51% Chartered	65% Chartered	76% Chartered	100 % Chartered	71% Chartered
Eliminate the backlog of un-chartered SACs[1] (1.1.1(b))	13% Reduction	50%	56%	76%	100% Chartered	91% Chartered
Achieve an average re-charter time of 60 days (1.1.1(c))	N/A	24 days	78 days	204 days	60 days	124 Days
Obtain input from SACs as a part of national program planning (1.2.2(a))	Once by October 31	Once by October 31	Once by October 31	Once by October 31	Once by October 31	Not Solicited
Solicit SAC ideas for SAC follow-up activities on national office projects (1.2.2(c))	Completed one solicitation	Completed one solicitation	Completed one solicitation	Not Solicited	Once annually by October 31	Not Solicited
Conduct a joint national and SAC project every two years and issue a report within 12-18 months (1.2.2(b))	Report Approved and Issued[2]	Report Approved and Issued[3]	No Joint Report Approved and Issued	Not Approved and Issued	Approve and Issue a Joint Report	Not Approved and Issued
Complete multi-state SAC report (1.3)	N/A	N/A	Report Pending Completion in FY 2010	Completed	N/A	N/A
Convene a national civil rights conference (1.4(a))	N/A	N/A	FY 2009 Civil Rights Conference postponed until FY 2010	Completed	Complete and Distribute a national civil rights conference report	Developed website (photos, transcripts, & video segments)

STRATEGIC GOAL 2: Expand 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.

	FY 2007 (actual)	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (target)	FY 2011 (actual)
Produce a report that addresses how civil rights agencies might enhance their effectiveness, including conducting exit or follow-up activities with agencies (2.1.1)	Statutory Report (School Desegregation)	Statutory Report (Religious Freedom)	Statutory Report (Mortgage Crisis)	Not Released in FY 2010	Once annually (statutory report)	Peer-to-Peer Violence and Bullying: Examining the Federal Response
Issue guidance to the executive branch on civil rights enforcement efforts (2.4.4(b))	N/A	N/A	5 policy and enforcement letters (Baseline Year)	9 policy and enforcement letters	Issue 3 policy and enforcement letters	0%
Participate in at least one inter-agency working group responsible for developing civil rights policy (2.4(d))	N/A	N/A	N/A	0 inter-agency working group memberships	N/A	0 inter-agency working group memberships
Establish congressional contacts and provide substantive input on proposed civil rights legislative agenda items (2.4.4(e))	Baseline Year	0	3	4	3	1
Host public briefings or hearings annually on civil rights issues (2.5.5(a))	1	6	3	6 (including the national conference)	4	3
Issue press releases related to civil rights issues and Commission activities (2.5.5(c))	18	10	21	41	10	29

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STRATEGIC GOAL 2: Expand 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.

	FY 2007 (actual)	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (target)	FY 2011 (actual)
Post all public meeting and briefing transcripts, and approved reports on the Web site (2.5.5(d))	12	17	14	21	21	17
Provide assistance to members of the public who seek advice and information about protecting their civil rights by offering a complaint referral service (2.5.5(e))	30-day complaint referral response time	21-day complaint referral response time	14-day complaint referral response time	10-day complaint referral response time	30-day complaint referral response time	10-day complaint referral response time
Increase participation in public policy symposia and venues in which the Commission shares its views concerning civil rights policies (2.5.5(f))	Baseline Year	0	0	0	N/A	N/A

STRATEGIC GOAL 3: *Serve as an authoritative national clearinghouse and repository of civil rights data and information.*

	FY 2007 (actual)	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (target)	FY 2011 (actual)
Written work products meet rigorous standards for accuracy, objectivity, transparency, and accountability (3.1.1.(a))	N/A	N/A	No reversals of Commission decisions on appeal (Baseline Year)	No reversals of Commission decisions on appeal	N/A	N/A
Implement adopted GAO findings and recommendations related to report quality (consistent with any Commissioner-approved timeline) (3.1.1.(b))	95%	95%	100%	N/A	N/A	N/A
Issue a report(s) and conduct follow-up research, where necessary, on disparities (3.2.3)	2 briefing reports	1 briefing report	2 briefing reports	3 briefing reports	2 reports	6 reports
Issue a report(s) and conduct follow-up research, where necessary, assessing the credibility of claims of systemic or pervasive discrimination (3.3.3)	N/A	1 briefing report	2 briefing reports	3 briefing reports	2 reports	6 reports
Incorporate original social scientific research into Commission reports (3.4.4)	1 report containing original research data (statutory report)	1 report containing original research data (statutory report)	1 report containing original research data (statutory report)	0	1 report	0

STRATEGIC GOAL 4: *Normalize the Commission's financial and operational controls, and modernize its information technology management and dissemination.*

	FY 2007 (actual)	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (target)	FY 2011 (actual)
Full compliance with OMB A-11 guidance for integrated budget by FY 2011 (4.1.1(a))	N/A	Baseline Year	Created annual plans and revised budget(s)	Completed	Timely submit budget, create and post agency annual performance plans; budget priorities based on actual appropriations, post congressional budget justification materials on the Agency Web site	Completed
Receive a PART score of at least "moderately effective" by FY 2010 (4.1.1(b))	N/A	Baseline Year	Updated PART Improvement Plan Data	N/A	N/A	N/A
Receive a "clean" or unqualified financial audit (4.2(b))	"Clean Audit"	"Clean Audit"	"Clean Audit"	"Clean Audit"	"Clean Audit"	"Clean Audit"
Full Compliance with laws and regulations respecting stewardship of tax dollars (4.2(b))	N/A	Baseline Year	Resolved two of three FISMA weaknesses	Resolved one of two FISMA weaknesses; timely completed financial audit	Resolve identified FISMA weaknesses; timely complete financial audit	Resolved one of two FISMA weaknesses; Timely completed financial audit
Conduct an assessment during FY 2008 of the effectiveness and efficiency of the Commission's current administrative structure and develop plan of action in FY 2009 (4.2.2(d))	N/A	No assessment conducted	No assessment conducted	N/A	N/A	N/A
Evaluate the agency's organizational structure to support increased effectiveness and efficiency(4.2.2(c))	N/A	N/A	No assessment conducted	N/A	N/A	N/A

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STRATEGIC GOAL 4: Normalize the Commission's financial and operational controls, and modernize its information technology management and dissemination.

	FY 2007 (actual)	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (target)	FY 2011 (actual)
Implement adopted GAO and OPM audit findings and recommendations that address financial and operational procedures (4.3.3)	N/A	Baseline Year	Implemented adopted GAO and OPM audit findings/recommendations for financial and operational procedures	Completed	N/A	N/A

Appendix C: Management Audit Response



UNITED STATES COMMISSION ON CIVIL RIGHTS

624 NINTH STREET, NW, WASHINGTON, DC 20425

www.usccr.gov

November 15, 2011

Ronald P. Walker
Managing Partner
Walker & Company, LLP
5101 Wisconsin Avenue, N.W., Suite 500
Washington, DC

RE: FY 2011 Audit Findings and Recommendations

Dear Mr. Walker:

I have received and reviewed the independent audit report recently completed by your firm for the U.S. Commission on Civil Rights ("the Commission"). The Commission continues to improve upon the great progress we have made in our financial management as evidenced by our sixth consecutive clean financial audit. This year's clean audit is further proof of our commitment to sound financial management practices.

As noted in your audit report, our financial statements fairly present the financial position of the Commission as of September 30, 2011 and 2010 and conform to accounting principles generally accepted in the United States of America. I am gratified to see that your audit did not identify any deficiencies in internal control over financial reporting that are considered material weaknesses. Furthermore, as you note in your audit report, the Commission continues to comply with its legal and regulatory obligations by conducting the required FISMA assessments and implementing corrective action plans, as appropriate. We are scheduled to complete our remaining deficiency, Offsite/Remote Operations for COOP, in fiscal year 2012. We will continue to work with our accounting service provider to improve compliance with the Prompt Payment Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Kimberly Tolhurst", written over a horizontal line.

KIMBERLY TOLHURST
Acting Staff Director