

**UNITED STATES
COMMISSION ON CIVIL RIGHTS**



**PERFORMANCE AND ACCOUNTABILITY REPORT (PAR)
FOR FISCAL YEAR 2012**

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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 2012. This report reflects the agency's program and financial accomplishments over the past year.

For the seventh consecutive year, the Commission received an unqualified opinion from its independent auditors on the agency's FY 2012 annual financial statements. This unqualified opinion attests to the Commission and its staff's commitment to sound financial management performance.

In FY 2012, 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 Redistricting and the 2010 Census: Enforcing Section 5 of the Voting Rights Act; Sex Trafficking: A Gender-Based Violation of Civil Rights; and The Civil Rights Implications of Current State-level Immigration Laws. The Redistricting and the 2010 Census: Enforcing Section 5 of the Voting Rights Act briefing was the basis for our FY 2012 statutory enforcement report, Redistricting and the 2010 Census: Enforcing Section 5 of the Voting Rights Act. Furthermore, our briefing on the Civil Rights Implications of Current State-level Immigration Laws was held in Birmingham, Alabama—the first time we have held a briefing outside of Washington, DC in many years.

The statutory enforcement report examines the U.S. Department of Justice Civil Rights Division's enforcement of Section 5 of the Voting Rights Act in the 2011-2012

redistricting cycle. The Commission also issued the School Discipline and Disparate Impact briefing report that examined the effect of the U.S. Department of Education's disparate impact initiative announced in the fall of 2010 for schools and school districts across the county.

Our state advisory committee members, working with regional office staff, held 29 civil rights briefings and forums, and 100 business, orientation, and subcommittee meetings, for 129 meetings. This activity exceeds the 118 meetings held the previous year. In addition to holding meetings, state advisory committees published four SAC reports and regional staff processed 640 civil rights complaints from members of the public seeking to protect and enforce their rights. I have been pleased in my capacity as Chair of the Commission to attend meetings of some of our State Advisory Committees and 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. I am also pleased we have included members of our State Advisory Committees on panels of various Commission briefings this Fiscal Year.

In FY 2012, the Commission issued new strategic priorities for the agency for our new Strategic Plan. Agency staff also oversaw our move to new Commission headquarters, which will allow us to better serve the public and utilize technology to better and more efficiently perform our mandate. I am also pleased that the Commissioners have worked in a bi-partisan manner on many issues in order to move forward on our agency's mission.

This fiscal year, the Office of the Inspector General of the Commission on Civil Rights was established at our agency and we have worked cooperatively with the Office of the Inspector General to ensure it has the information and tools it needs to serve our agency.

We continue to be challenged by staff vacancies and limited resources. Despite the challenges we face as an agency, I am proud of the Commission's FY 2012 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.



Martin R. Castro
Chairperson
United States Commission on Civil Rights
November 15, 2012

Section I: Management Discussion and 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

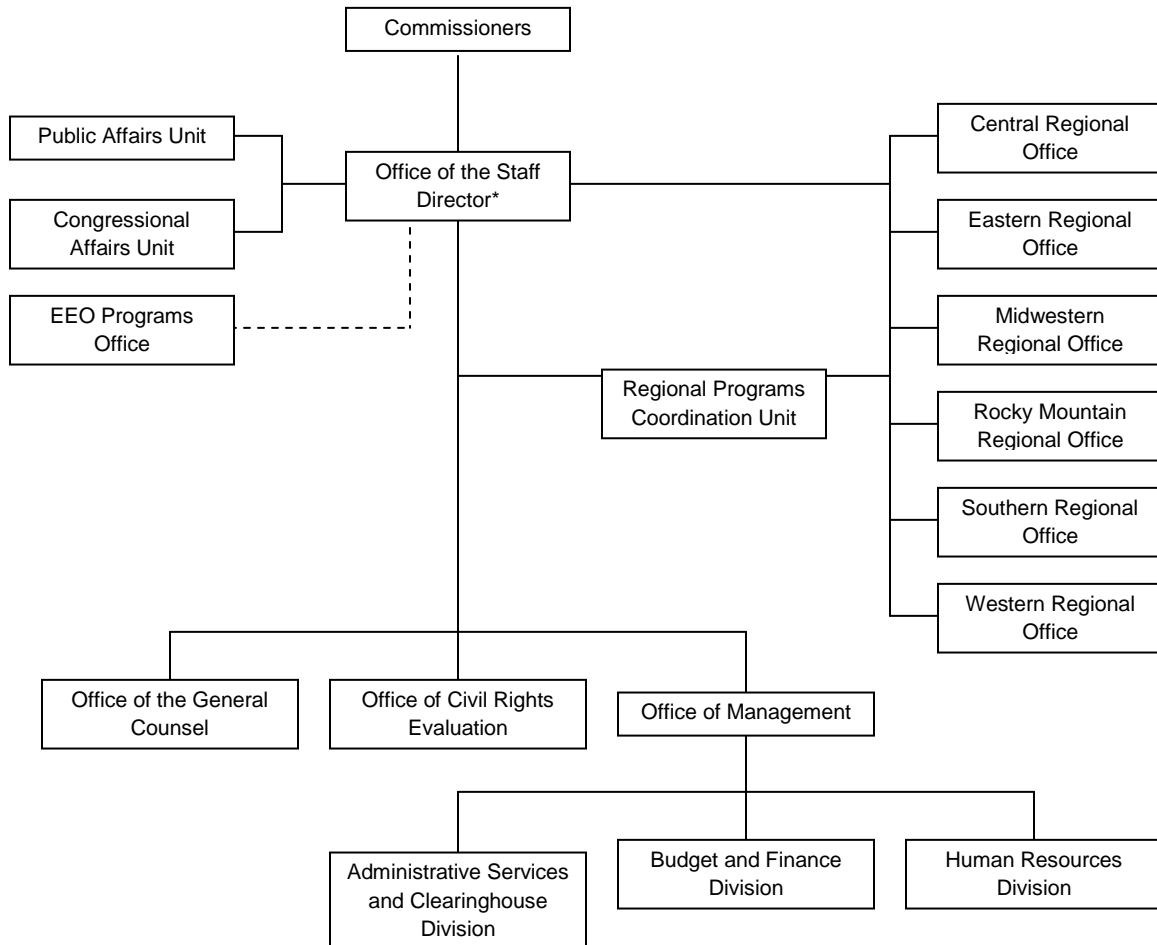
The Commission is an independent federal agency led by eight appointed commissioners. Their responsibilities include establishing agency policy on civil rights issues; adopting program plans, goals, and priorities; approving national office project proposals; and adopting the agency's budget. The staff 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 eight 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. The Inspector General of the U.S. Government Accountability Office (GAO) also holds the

position of Inspector General of the Commission on Civil Rights. Descriptions of the key functions for each 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.

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 position is 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 a 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. An attorney advisor in the Office of the Staff Director performs the essential responsibilities of the congressional and public affairs units.

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. An attorney advisor in the Office of the Staff Director performs the essential responsibilities of the congressional and public affairs units.

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.

Office of Inspector General

The Consolidated and Further Continuing Appropriation Act of 2012 created the Inspector General of the Commission and designated that the Inspector General of the U.S. Government Accountability Office (GAO) would hold the position of Inspector General of the Commission on Civil Rights.³ The Inspector General conducts audits and investigations relating to programs and operations administered or financed by the Commission and keeps the commissioners and the Congress fully and currently informed concerning fraud or other serious problems, abuses, and deficiencies identified. The Inspector General also recommends and reports on the progress of Commission corrective actions to address such problems, abuses, and deficiencies.

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 and Western Regional Offices served as the acting chief of RPCU during Fiscal Year 2012.

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

³ Pub. L. No. 122-55, 125 Stat. 552, 628 (Nov. 18, 2011)

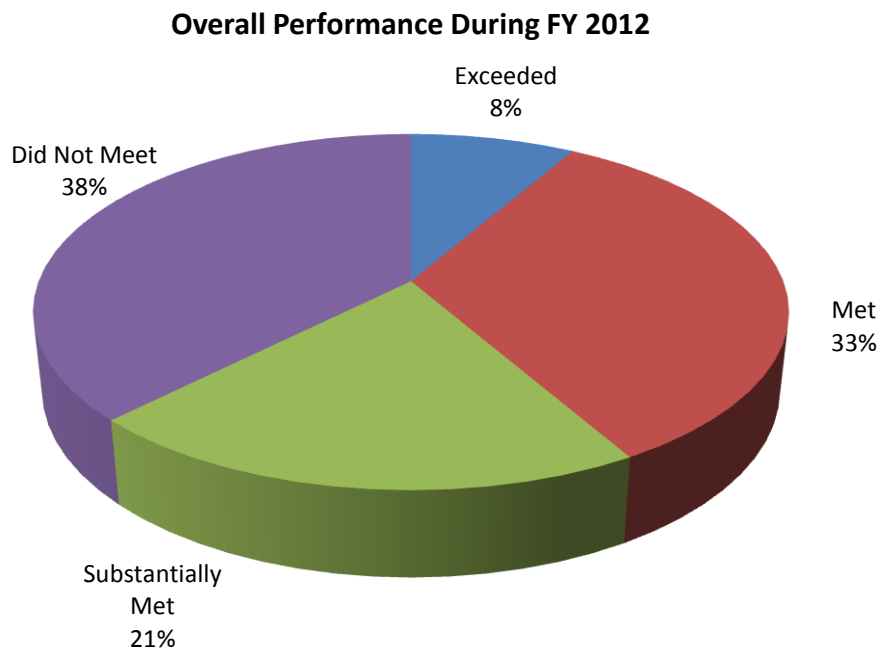
also responsible for the day-to-day administration of their office and the supervision of office staff.

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.

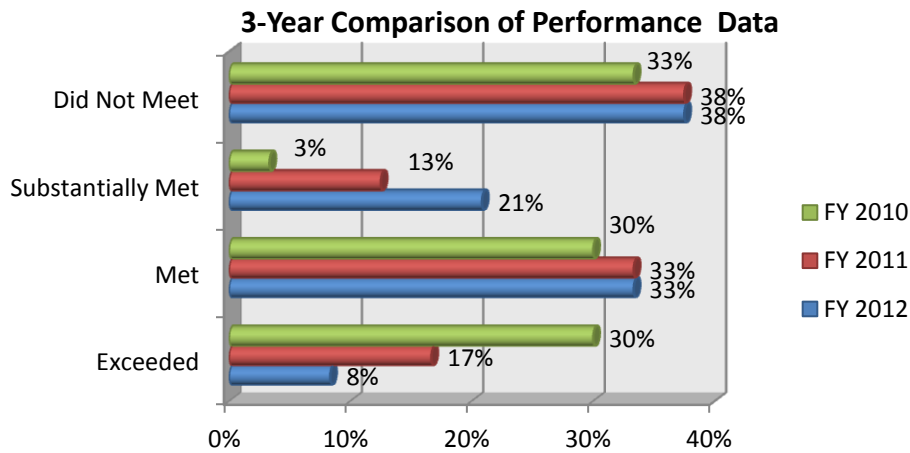
C. Performance Highlights

This subsection highlights our performance during the fiscal year. We met or exceeded 41 percent of our performance targets and substantially met another 21 percent. The pie chart represents our overall level of performance for the year.



While we faced significant staffing, and management constraints, we were able to meet or substantially meet most of our goals.

A detailed discussion of each strategic goal, its FY 2012 target performance, and our actual performance are in the section titled “Section II: Performance Report.” A comparison of agency performance for the last three years is presented in the below bar chart.



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 2012, 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. 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 its accounting services provider. GSA provides a broad range of financial and accounting services including:

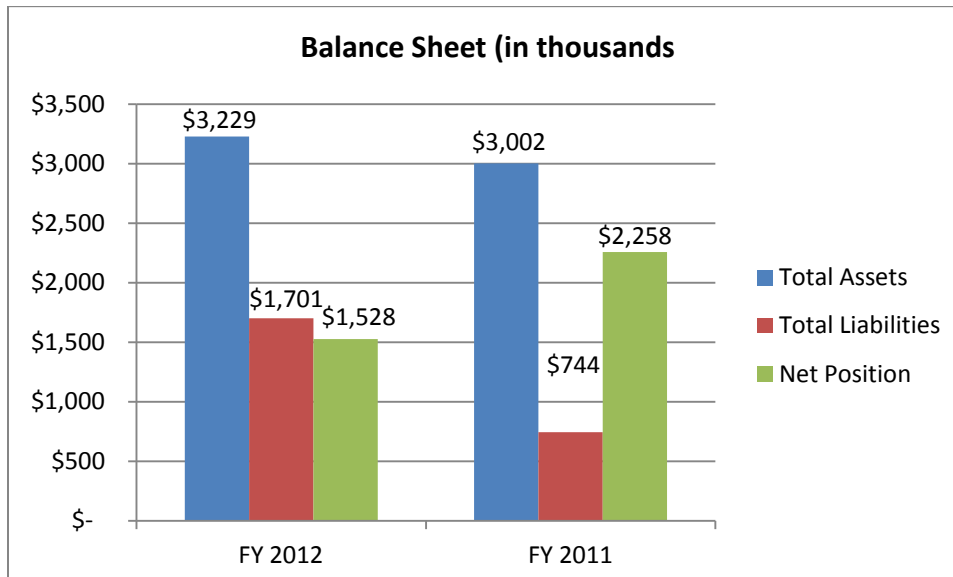
- maintaining the agency's standard general ledger;
- using a system (Pegasys) that is compliant with federal government standards;
- generating required financial reports for the Commission; and
- requiring appropriate documentation of financial transactions prior to payment.

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

The Commission's FY 2012 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).

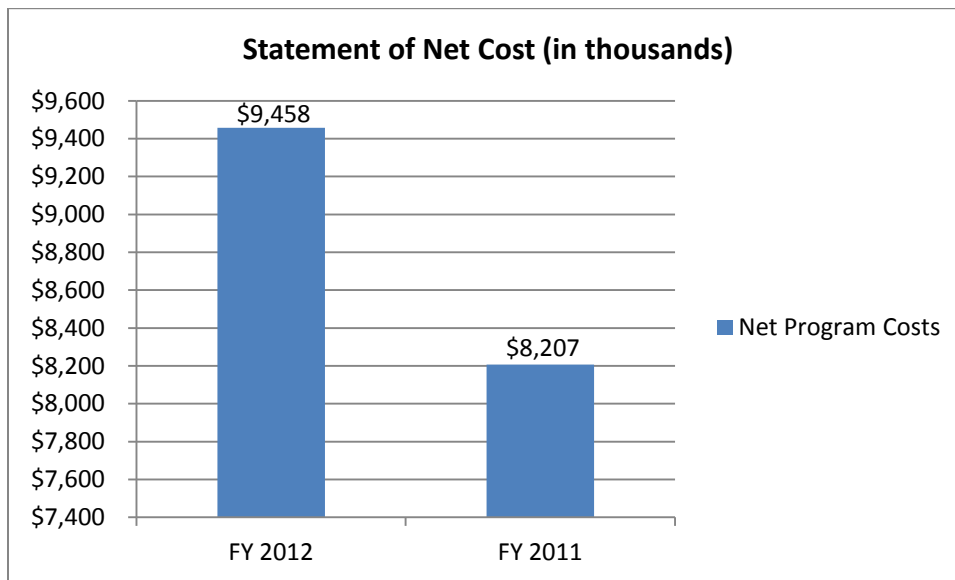


The Commission's total assets increased slightly in FY 2012 to \$3,299,414. The Commission's assets consist mainly of Fund Balance with Treasury (FBWT) with minimal amounts in General Property, Plant, and Equipment. Total liabilities increased

from \$744,292 in FY 2011 to \$1,701,431 in FY 2012. Net Position decreased from \$2,257,862 in FY 2011 to \$1,527,984 in FY 2012. The increase in total liabilities and decrease in Net Position were primarily due to the Commission's headquarters office move.

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 increased from \$8,206,841 in FY 2011 to \$9,458,229 in FY 2012. The \$1,251,388 or 15 percent increase was primarily due to expenses for the Commission's headquarters relocation project.

Statement of Changes in Net Position

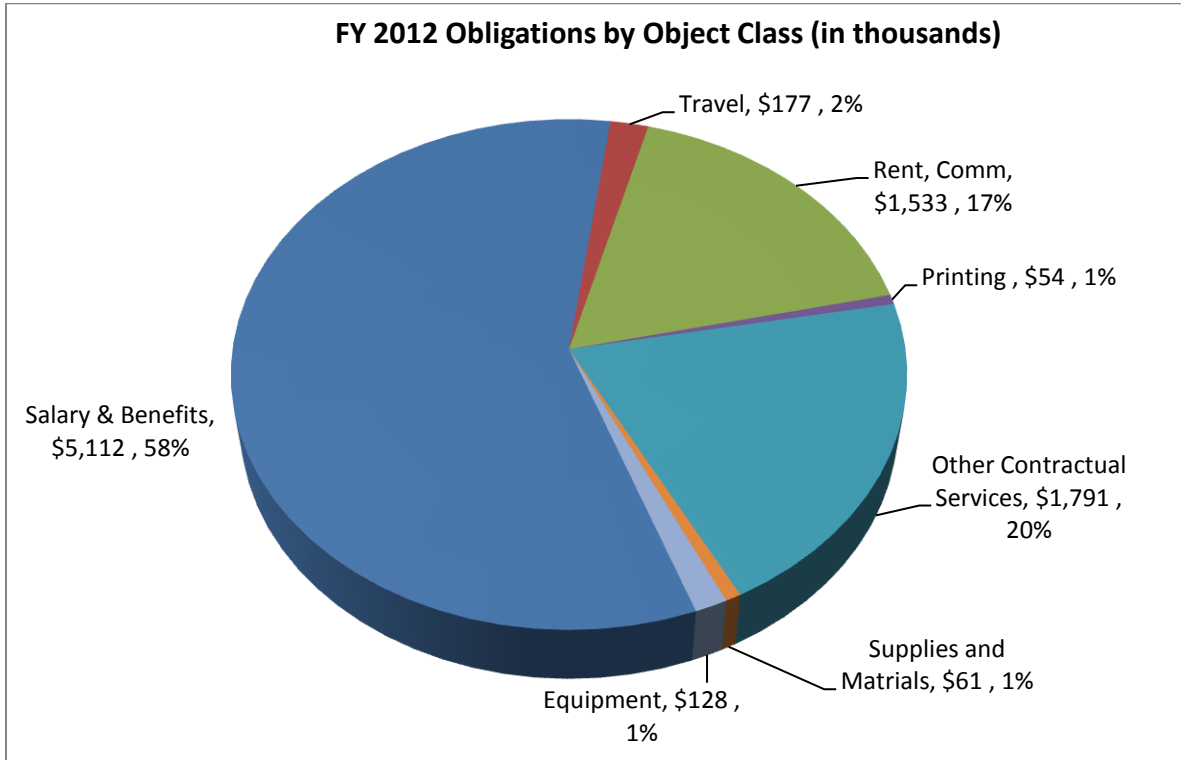
The Statement of Changes in Net Position reports the change in Net Position between FY 2011 and FY 2012. Between the end of FY 2011 and FY 2012, the Commission's Net Position decreased from \$2,257,862 to \$1,527,984. The \$729,878 or 32 percent decrease is primarily due to higher appropriations used in FY 2012.

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 \$8,943,000 in new budgetary authority in FY 2012. The Total Budgetary Resources and Status of Budget Resources decreased from \$10,059,360 in FY 2011 to \$9,534,454 in FY 2012.

Resources by Major Object Class

During FY 2012, the Commission obligated \$8,855,676 of its appropriation of \$8,943,000 for an obligation rate of 99 percent.



Salary and Benefits (58 percent), Other Contractual Services (20 percent), and Rent and Communications (17 percent) consume 95 percent of the Commission’s resources. The remaining 5 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.

G. Management Statement 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, 2012.

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, 2012, 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, 2012 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.



Martin R. Castro
Chairperson
United States Commission on Civil Rights
November 15, 2012

Section II: Performance Report

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 2012 annual performance plan includes performance goals and targets that support the accomplishment of our strategic objectives. Below, we describe our FY 2012 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.

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

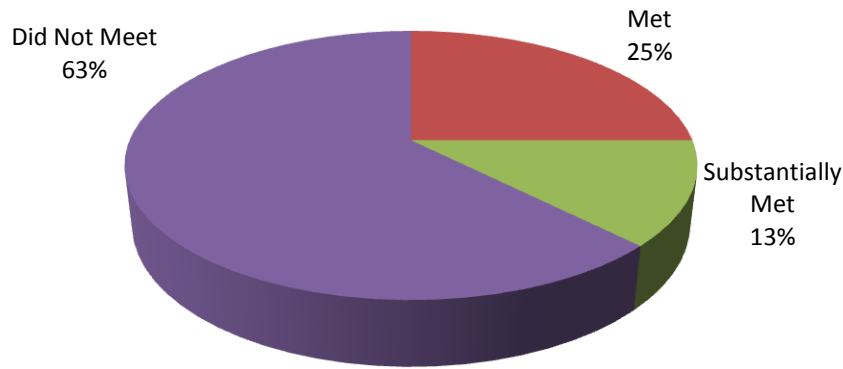
Opportunity Commission (EEOC); the Office of Federal Contract Compliance Programs (OFCCP) of the Department of Labor; the Civil Rights Division of the Department of Justice; the Office for Civil Rights of the Department of Education; the Office of Civil Rights of the Department of Health and Human Services; the Office of Fair Housing and Equal Opportunity of the Department of Housing and Urban Development; the various state civil and human rights commissions; the innumerable local civil and human 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 2012, the Commission worked to answer these questions and shape a national conversation on current civil rights issues. We sought to accomplish this by:

- Seeking to reinvigorate the Commission's state advisory committees (SACs).
- Energizing the Commission's SACs by enhancing their institutional role in program planning and increasing their productivity.

Charts with more details on our FY 2012 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.

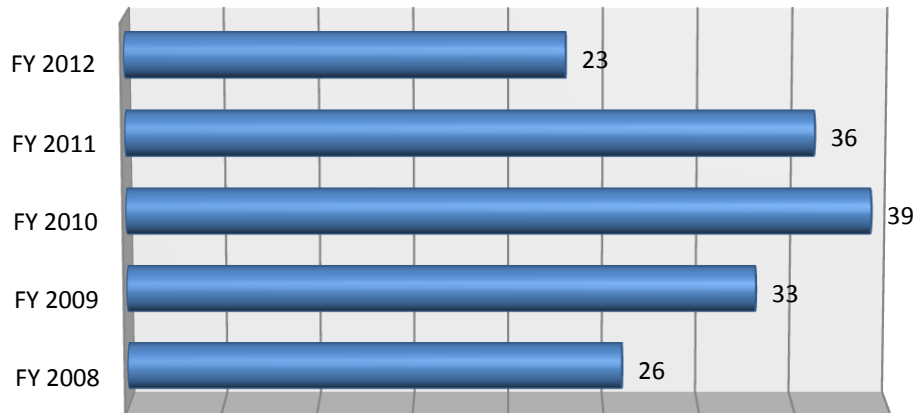
**Strategic Goal 1: Shaping a National Conversation
on Civil Rights
(actual v. target performance)**



i. State Advisory Committee Charters

With vacancies in key positions and 22 expiring state advisory committees (SACs), the Commission faced a daunting challenge in bringing more SACs online. The total active state advisory committees decreased by 13 to 23 as of September 30, 2012.

**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 29 civil rights briefings and forums, and 100 business, orientation, and subcommittee meetings, for 129 meetings. This activity exceeds the 118 meetings held the previous year. In an effort to engage our State Advisory Committees in

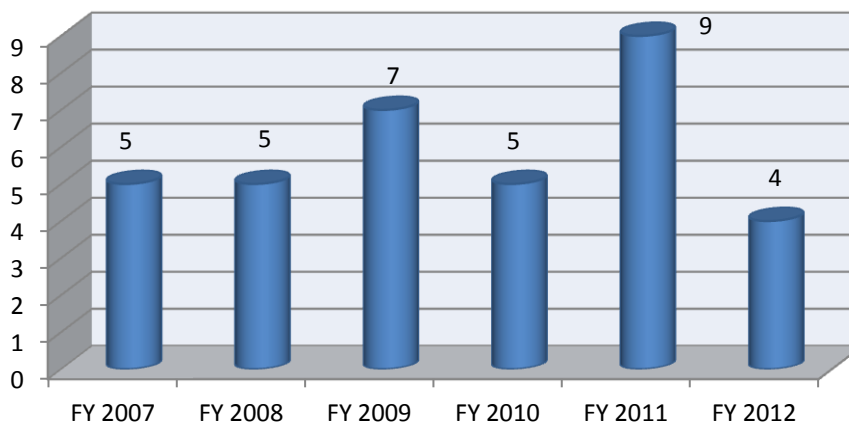
the work of the Commission, we have also included SAC members in panels on several of our briefings. In a further attempt to reinvigorate our SACs, our Chairman has personally attended SAC meetings or met with SAC Chairs in their home states. This Fiscal Year one of the SAC's in our Eastern Region innovatively conducted a webinar on Human Trafficking.

ii. State Advisory Committee Reports

In addition to holding meetings, state advisory committees, with regional office support, published the following four SAC reports in FY 2012:

Advisory Committee	Report Title
Illinois	Food Deserts in Chicago
Illinois	Health Facilities in Illinois and Patients' Access to Quality Language Interpreters
Nevada	Civil Rights in Nevada: Issues and Concerns Moving into the 21 st Century
Texas	Human Trafficking in Texas: More Resources and Resolve Needed to Stem Surge of Modern Slavery

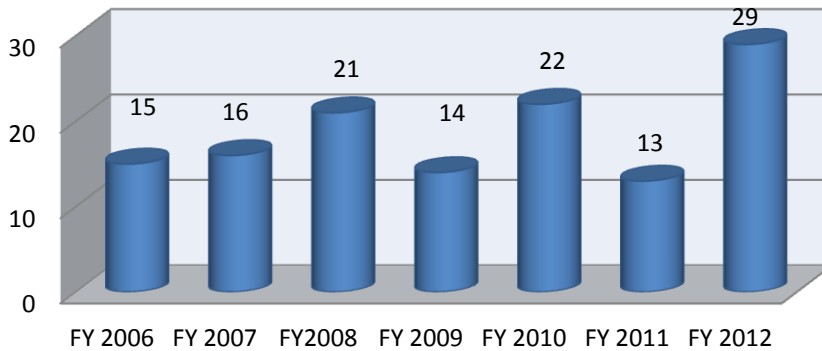
**Number of State Advisory Committee Reports
by Fiscal Year**



Since our state advisory committees completed nine reports in FY 2011, we anticipated fewer report in FY 2012. Beside the four published reports, state advisory committees did complete two additional reports that are pending review by headquarters staff. Electronic reports are considered published when they are posted to the Commission’s website.

iii. Other SAC Activity

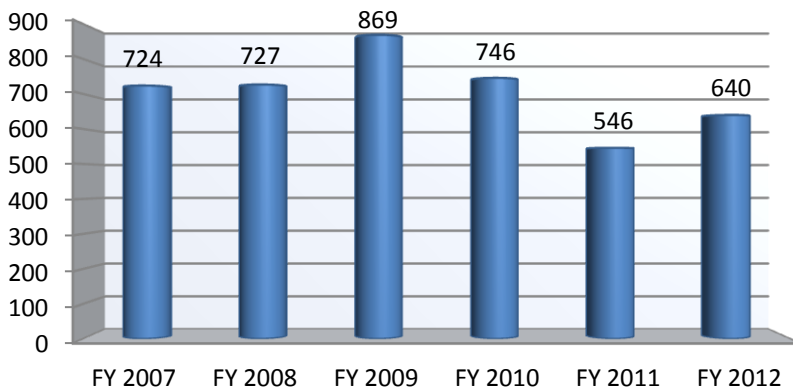
**Regional Office Fact-Finding
By Fiscal Year
(meetings, briefings and forums)**



State advisory committee fact-finding activities increased last year from 13 in FY 2011 to 29 in FY 2012. This is the highest number of meetings, briefings, and forums held in the past seven years.

iv. Regional Office Civil Rights Complaint Referral

**# of Civil Rights Complaints Received By Regional
Offices By Fiscal Year**



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 640 civil rights complaints from members of the public seeking to protect and enforce their rights. This is more than the 546 complaints in FY 2011. On average regional offices processed complaints in one day, well under the 30-days target.

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.
- Studying the effectiveness of current civil rights laws and 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 78 percent of our FY 2012 targets.

i. Briefings

To promote public awareness of current civil rights laws, remedies, and enforcement agencies, we held three successful briefings. The briefings were

Redistricting and the 2010 Census: Enforcing Section 5 of the Voting Rights Act

The United States Commission on Civil Rights held a public briefing on Friday, February 3, 2012 to hear testimony on the enforcement of Section 5 of the Voting Rights Act during the 2011-2012 redistricting cycle. The briefing supported the annual statutory report on federal civil rights enforcement efforts in the United States.

Section 5 of the Voting Rights Act (VRA) requires any jurisdiction identified in the Act as having a history of voting-rights discrimination to submit to the Attorney General or the U.S. District Court for the District of Columbia any proposed changes that the jurisdiction intends to make to its voting practices and procedures, including redistricting plans. A covered jurisdiction must demonstrate in the submission that its proposal “neither has the purpose nor will have the effect of denying or abridging the right to vote” on account of race, color, or membership in a language minority group. In reauthorizing the VRA in 2006, Congress amended the statute’s purpose and effect standards in response to two recent Supreme Court decisions, *Reno v. Bossier Parish Sch. Bd.* and *Georgia v. Ashcroft*. These amendments have been effectuated by new guidance and preclearance procedures issued by the Justice Department.

The briefing included two panels of experts. Panel I included voting rights scholars Professor Guy-Uriel Charles of Duke Law School, Professor Keith Gaddie of the University of Oklahoma, Professor Justin Levitt of Loyola Law School, Los Angeles, and Professor Nathaniel Persily of Columbia Law School who discussed the 2006 VRA amendments and post-census redistricting. Panel II included present redistricting counsel from the States of Georgia and Alabama, and counsel from the ACLU and the Lawyers Committee for Civil Rights Under Law who gave their views on the current redistricting cycle and their interactions with the Justice Department.

Sex Trafficking: A Gender-Based Violation of Civil Rights

The United States Commission on Civil Rights held a public briefing on Friday, April 13, 2012 to hear testimony on sex trafficking as a gender-based violation of civil rights and to examine the Trafficking Victims Protection Act of 2000 (TVPA).

The trafficking of persons has been called a modern form of slavery in which most victims are female. The TVPA established an interagency task force to combat trafficking

with the participation of more than a dozen agencies. The Commission requested information from the task force and the Departments of Justice, State, and Health and Human Services, as to enforcement efforts. The Commission heard testimony on sex trafficking as a form of gender discrimination.

The briefing included three panels of experts. Panel I included Maggie Wynne, Director of the Division of Anti-Trafficking in Persons, HHS, and Greg Zoeller, Attorney General of the State of Indiana and a representative of the National Association of Attorneys General. Panel II included Bridgette Carr, Professor and Director of the Human Trafficking Clinic, The University of Michigan Law School and member of the Michigan Human Trafficking Task Force; Salvador Cicero, Cicero Law Firm and member of the Anti-Trafficking Task Force, Cook County, Illinois; Merrill Matthews, Resident Scholar, Institute for Policy Innovation and Chairman of the Texas SAC; and Karen Hughes, Lieutenant, Las Vegas Metropolitan Police Department, manager of the Vice Section of the Vice/Narcotics Bureau. Panel III included Mary Ellison, human rights lawyer and Director of Policy, Polaris Project; Amy Rassen, Licensed Clinical Social Worker and Senior Advisor, SAGE Project; Rhacel Parrenas, Professor and Chair, Sociology Department, University of Southern California; and Tina Frundt, Executive Director/Founder of Courtney's House and a survivor of domestic child sex trafficking.

The Civil Rights Implications of Current State-level Immigration Laws

The United States Commission on Civil Rights held a public field briefing in Birmingham Alabama on Friday, August 17, 2012 on the effects of recently enacted state immigration enforcement laws on the civil rights of individuals in the wake of the U.S. Supreme Court decision in *Arizona v. United States*.

The briefing consisted of four panels. Panel I included Kris Kobach, Secretary of State, Kansas; Chris England, Representative, Alabama House of Representatives; Scott Beason, Senator, Alabama Senate; and Stacey Abrams, House Minority Leader for the Georgia General Assembly. Panel II included Tammy Beshers, South Carolina Appleseed Legal Justice Center; Chris Chmielenski, NumbersUSA; Chuck Ellis, Councilman, City of Albertville, Alabama; William Lawrence, Principal, Foley Elementary School, Alabama; Steve Marshall, District Attorney, Marshall County, Alabama; and Isabel Rubio, Executive Director, Hispanic Interest Coalition of Alabama. Panel III included Marie Provine, Professor, Arizona State University; Carol Swain, Professor, Vanderbilt University; Mark Krikorian, Director, Center for Immigration Studies; Michele Waslin, American Immigration Council; Dan Stein, President, Federation for American Immigration Reform; Mary Bauer, Southern Poverty Law Center, and Victor Viramontes, Mexican American Legal Defense and Educational Fund. Panel IV included Joseph Knippenberg, Georgia SAC and Professor, Oglethorpe University; Jerry Gonzalez, Georgia SAC and Executive Director, Georgia Assn. of

Latino Elected Officials; and Joanne Milner, Utah SAC Chair and Office of the Mayor, Salt Lake City Corp. The Commission also heard from two undocumented students regarding the effect of these laws on their civil rights.

ii. Statutory Report

Redistricting and the 2010 Census: Enforcing Section 5 of the Voting Rights Act

This Report examines the U.S. Department of Justice Civil Rights Division's (DOJ's) enforcement of Section 5 of the Voting Rights Act (Section 5) in the 2011-2012 redistricting cycle. Section 5 requires certain jurisdictions with a history of discrimination to obtain preclearance from DOJ or the U.S. District Court for the District of Columbia for any proposed changes to their voting practices and procedures, including redistricting plans.

To obtain preclearance, a jurisdiction must show that the proposed voting changes (1) will not have the effect of denying or abridging the right to vote on the basis of race, color, or membership in a language minority group, and (2) do not have a discriminatory purpose.

Historically, both DOJ and the courts have understood a discriminatory "effect" under Section 5 to mean that the proposed change will result in retrogression—a decrease in minorities' ability to elect their preferred candidate. In 2003, however, the U.S. Supreme Court in *Georgia v. Ashcroft* called for a more expansive legal standard. In explaining how this new standard would be implemented, the Court articulated the notion of "coalition" districts in which coalitions of voters would help to elect minorities' preferred candidate. Congress rejected this more expansive legal standard, and it amended Section 5 in 2006 to explicitly state that a discriminatory "effect" means retrogression. However, the House and Senate Committee Reports contradicted each other on whether "coalition" districts are protected under Section 5.

In 2011, the DOJ issued new guidance and preclearance procedures that accounted for the 2006 amendments to Section 5. The new guidance described the "functional analysis" DOJ uses to determine whether a redistricting plan has a discriminatory effect. Rather than looking at census data in isolation, a "functional analysis" also includes consideration of voter history, electoral cohesiveness, and minority political activity.

Although DOJ's guidance did not address the ambiguity with respect to "coalition" districts, in practice, DOJ has taken the position that Section 5 prohibits retrogression of "coalition" districts. DOJ has also taken the position that Section 5 prohibits "proportional regression"—situations where the total number of seats in an electoral body

increases but there is no increase in the number of districts where minorities can elect their candidate of choice.

In determining whether a redistricting plan has a discriminatory purpose, DOJ and courts consider several factors, including but not limited to: the impact on minority groups; historical background; the sequence of events leading up to the redistricting plan; any departure from normal procedures in the decision-making process; and the legislative or administrative history. In 2000, the Supreme Court in *Reno v. Bossier Parish School Board* held that a discriminatory “purpose” is limited to an intent to retrogress. But in 2006, Congress rejected the Court’s ruling and amended Section 5 to define “purpose” as “any discriminatory purpose.”

While Section 5 prohibits discrimination based on race, ethnicity, or membership in a language minority group, gerrymandering based on political party affiliation is both legal and commonplace. Where voters’ membership in a minority group correlates with their political preference, discriminatory purpose is difficult to identify. Despite the potential breadth of the “any discriminatory purpose” standard, DOJ’s objections based on the “purpose” prong have tended to be based on an intent to retrogress.

In 2011, an unprecedented number of redistricting plans were submitted to the Federal District Court for the District of Columbia for preclearance, either in lieu of or simultaneously with a submission to DOJ. As of approval of this report, the vast number of cases filed in Federal District Court have been resolved.

iii. Briefing Report

School Discipline and Disparate Impact

The Commission held a briefing entitled, “School Discipline and Disparate Impact” on February 11, 2011 to examine the effect of the U.S. Department of Education’s disparate impact initiative announced in the fall of 2010 for schools and school districts across the country. The Commission asked teachers and administrators from racially diverse public school districts how they have responded to the new initiative; specifically, whether their teachers and administrators have changed their policies and practices as a result, and what those changes were. The Commission was interested also in whether the districts kept statistics to track the effectiveness of policies; how they train their teachers in implementing discipline policies; and what other means the districts used to evaluate whether their policies worked.

The Commission asked the U.S. Department of Education (Department) to describe its disparate impact initiative and supply case documents indicating the manner in which the Department implemented disparate impact theory in its enforcement work. The

Department's civil rights enforcement unit, the Office for Civil Rights, provided documents relating only to closed cases, which showed investigations that proceeded to resolution based initially on a disparate impact theory. The Department's policy as stated during the briefing is that statistically disparate results create a presumption of discrimination that must be rebutted by the school or district with evidence that the school or district has a legitimate educational justification and that there are no equally effective alternative policies that would achieve the school's educational goals. The Department indicated that it would continue to use disparate impact theory in its investigations, including those currently open, in addition to disparate treatment theory.

Teachers appearing before the Commission were Mr. Allen Zollman, Ms. Andrea Smith, Ms. Jamie Frank, Mrs. Louise Seng, and Mr. Patrick Welsh. Administrators appearing before the Commission were Ms. Suzanne Maxey, Principal at TC Williams High School in Alexandria City, Virginia; Dr. Osvaldo Piedra, Assistant Principal, East Lake High School, Pinellas County, Florida; Mr. Joseph Oliveri, Retired Director of Alternative Schools for the Austin Independent School District, Texas; Mr. Edward Gonzalez, Associate Superintendent, Department of Prevention and Intervention, Fresno Unified School District, Fresno County, California; Dr. Hardy Murphy, Superintendent, Evanston/Skokie District 65, Cook County, Illinois; Dr. Hertica Martin, Executive Director for Elementary and Secondary Education, Rochester Public Schools, Olmstead County, Minnesota; and Dr. Douglas Wright, Superintendent, San Juan School District, Blanding, Utah. Mr. Ricardo Soto, Principal Deputy Assistant Secretary for Civil Rights, Office for Civil Rights, U.S. Department of Education, appeared for the Department.

iv. Public and Congressional Affairs

We issued 29 press releases on Commission activities (a number of press releases were also issued in Spanish in an effort to reach Limited English Proficiency Communities), 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. In addition, our Chairman has conducted numerous press interviews on the work of the Commission and has personally met with members of Congress and congressional staff. However, since October 2007, we have only held one press conference. In July 2011, Chairman Castro held a press conference in Chicago to discuss increasing limited English proficiency (LEP) access at the Commission. In addition, the agency's plan to develop and distribute a public service announcement will remain unrealized.⁴ Without a public and congressional affairs staff, we miss

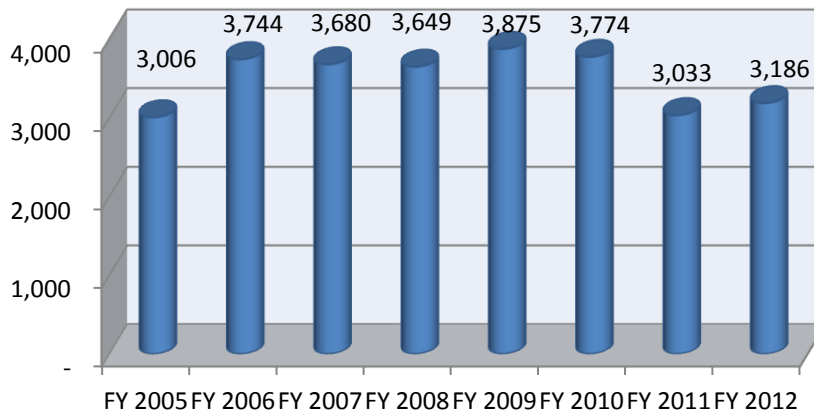
⁴ U.S. Commission on Civil Rights, *Reinvigorating the Nation's Civil Rights Debate: The Strategic Plan of the United States Commission on Civil Rights for Fiscal Years 2008-2013*, page 16.

opportunities to provide testimony and timely civil rights research on pending and proposed legislative initiatives.

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 2012, OCRE processed 2,546 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 640 complaints. We also made our telephone complaint process accessible to certain LEP communities by recording it in Spanish and having Spanish-speaking staff review the complaints received.

Annual Number of Civil Rights Complaints



The majority of complaints are from inmates (23 percent), African Americans (6 percent), and persons with disabilities (5 percent). Of the complaints received, OCRE referred 657 complaints to civil rights enforcement agencies. The majority of referrals went to the Department of Justice (DOJ) and the Equal Employment Opportunity Commission (EEOC).

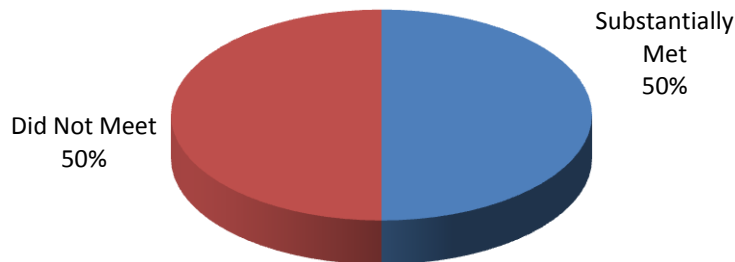
D. Strategic Goal Three: Serve as an Authoritative National Clearinghouse and Repository of Civil Rights Data and Information

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 substantially met 50 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)

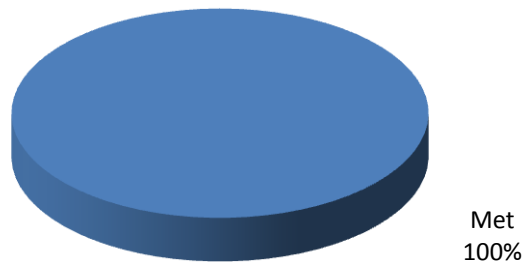


E. Strategic Goal Four: Normalize the Commission's Financial and Operations Controls and Modernize its Information Technology

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
- 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)



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

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.

Section: III: Auditors Report and Financial Statements

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 2012, the Commission once again received an unqualified audit opinion on its financial statements. This marks the seventh 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 2012, 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.

While we are pleased with our FY 2012 accomplishments, we will continue striving to improve all aspects of our financial management and anticipate even greater accomplishments during FY 2013.



John Ratcliffe
Chief, Budget and Finance Division
November 15, 2012

B. Auditor's Report, Financial Statements & Notes

UNITED STATES COMMISSION ON CIVIL RIGHTS
AUDIT REPORT
IN ACCORDANCE WITH THE REPORTING REQUIREMENTS OF THE FEDERAL
ACCOUNTING STANDARDS ADVISORY BOARD

For the Years Ended September 30, 2012 and 2011



Walker & Co., LLP

Assurance, Business and Advisory Services

UNITED STATES COMMISSION ON CIVIL RIGHTS

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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, 2012 and 2011, 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. In connection with the audit of the Commission as of and for the year ended September 30, 2012, we also considered the Commission's internal control over financial reporting and tested the Commission's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on these financial statements. We have also examined the Commission's compliance with section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA) as of September 30, 2012.

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying balance sheets of the United States Commission on Civil Rights as of September 30, 2012 and 2011; the related statements of net cost and changes in net position and the statements of budgetary resources for the years then ended. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Commission on Civil Rights as of September 30, 2011 and 2010; its net costs, changes in net position, and budgetary resources for the years then ended, in conformity with U.S. generally accepted accounting principles.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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 a 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.

COMPLIANCE AND OTHER MATTERS

The results of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in the FFMIA, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, as amended.

OPINION ON COMPLIANCE WITH FFMIA

The Commission represented that, in accordance with the provisions and requirements of FFMIA, the Chairman determined that the Commission's financial management systems were in substantial compliance with FFMIA as of September 30, 2012.

We have examined the United States Commission on Civil Rights' compliance with section 803(a) of the *Federal Financial Management Improvement Act of 1996* as of September 30, 2012. Under section 803(a) of FFMIA, the United States Commission on Civil Rights' financial management systems are required to 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. We used OMB's *Implementation Guidance for the Federal Financial Management Improvement Act*, dated January 9, 2009, to determine compliance.

The results of our tests disclosed an instance 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 2013.

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.

RESPONSIBILITIES

Management's Responsibilities

Management is responsible for the financial statements; establishing and maintaining effective internal control; and complying with laws, regulations, contracts, and grant agreements applicable to the Commission.

Auditors' Responsibilities

Our responsibility is to express an opinion on the FY 2012 and 2011 financial statements of United States Commission on Civil Rights based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 07-04, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our audit as of and for the year ended September 30, 2012, we considered the Commission's internal control over financial reporting by obtaining an understanding of the Commission's internal control, determining whether internal controls had

been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Commission's internal control over financial reporting. We did not test all controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

As part of obtaining reasonable assurance about whether the Commission's financial statements as of and for the year ended September 30, 2012 are free of material misstatement, we performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, as amended. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Commission. However, 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.

Our responsibility also included expressing an opinion on the Commission's compliance with FFMI section 803(a) requirements as of and for the year ended September 30, 2012, based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence about the Commission's compliance with the requirements of FFMI section 803(a) and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Commission's compliance with specified requirements.

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 solely for the information and use of the Commission's management, the Commission's Office of Inspector General, OMB, the U.S. 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 15, 2012

UNITED STATES COMMISSION ON CIVIL RIGHTS
BALANCE SHEETS

	September 30,	
	2012	2011
ASSETS		
Intra-governmental		
Fund balance with Treasury (Note 3)	\$ 3,207,302	\$ 2,962,571
Accounts receivable (Note 4)	-	5,516
Total intra-governmental	3,207,302	2,968,087
General property, plant and equipment, net (Note 5)	22,112	34,067
Total Assets	\$ 3,229,414	\$ 3,002,154
LIABILITIES (Note 6)		
Intra-governmental		
Accounts payable	\$ 805,947	\$ 28,633
Other	-	3,668
Total intra-governmental	805,947	32,301
Accounts payable	248,945	37,093
Other	646,538	674,898
Total Liabilities	1,701,430	744,292
NET POSITION		
Unexpended appropriations - other funds	1,843,650	2,590,161
Cumulative results of operations - other funds	(315,666)	(332,299)
Total Net Position	1,527,984	2,257,862
Total Liabilities and Net Position	\$ 3,229,414	\$ 3,002,154

The accompanying notes are an integral part of these statements.

UNITED STATES COMMISSION ON CIVIL RIGHTS
STATEMENTS OF NET COST

	<u>Year ended September 30,</u>	
	<u>2012</u>	<u>2011</u>
GROSS PROGRAM COSTS		
Program A		
Gross costs (Note 7)	\$ 9,458,228	\$ 8,206,842
Net program costs	<u>9,458,228</u>	<u>8,206,842</u>
NET COST OF OPERATIONS	<u>\$ 9,458,228</u>	<u>\$ 8,206,842</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,	
	2012	2011
Cumulative Results of Operations		
Beginning balances	\$ (332,299)	\$ (394,468)
Budgetary Financing Sources		
Appropriations used	9,474,861	8,269,011
Total financing sources	9,474,861	8,269,011
Net cost of operations	9,458,228	8,206,842
Net Change	16,633	62,169
Cumulative Results of Operations	<u>\$ (315,666)</u>	<u>\$ (332,299)</u>
Unexpended Appropriations		
Beginning balances	\$ 2,590,161	\$ 2,280,590
Budgetary Financing Sources		
Appropriations received	9,193,000	9,400,000
Appropriations transferred in (out)	(250,000)	
Other adjustments	(214,650)	(821,418)
Appropriations used	(9,474,861)	(8,269,011)
Total Budgetary Financing Sources	(746,511)	309,571
Total Unexpended Appropriations	<u>\$ 1,843,650</u>	<u>\$ 2,590,161</u>
Net Position	<u>\$ 1,527,984</u>	<u>\$ 2,257,862</u>

The accompanying notes are an integral part of these statements.

UNITED STATES COMMISSION ON CIVIL RIGHTS
STATEMENTS OF BUDGETARY RESOURCES

	Year ended September 30,	
	2012	2011
Budgetary Resources		
Unobligated balance, brought forward, October 1	\$ 599,446	\$ 709,078
Recoveries of prior year unpaid obligations	202,407	764,397
Other changes in unobligated balance	<u>(214,650)</u>	<u>(821,418)</u>
Unobligated balance from prior year budget authority, net	587,203	652,057
Appropriations received	8,943,000	9,400,000
Spending authority from offsetting collections	4,251	7,303
Total Budgetary Resources	<u>\$ 9,534,454</u>	<u>\$ 10,059,360</u>
Status of Budgetary Resources		
Obligations incurred	\$ 8,918,581	\$ 9,459,914
Unobligated balance, end of year:		
Apportioned	87,323	64,970
Unobligated balances-not available	<u>528,550</u>	<u>534,476</u>
Total unobligated balance, end of year	<u>615,873</u>	<u>599,446</u>
Total Budgetary Resources	<u>\$ 9,534,454</u>	<u>\$ 10,059,360</u>
Change in Obligated Balance		
Unpaid obligations, brought forward, net	\$ 2,363,124	\$ 2,192,887
Obligations incurred, net	8,918,581	9,459,914
Gross outlays	(8,487,869)	(8,525,280)
Recoveries of prior-year unpaid obligations, actual	<u>(202,407)</u>	<u>(764,397)</u>
Total Unpaid Obligated Balance, Net, End of Year	<u>\$ 2,591,429</u>	<u>\$ 2,363,124</u>
Budget Authority and Outlays, Net		
Budget authority, gross	\$ 8,947,251	\$ 9,388,503
Actual offsetting collections	<u>(4,251)</u>	<u>(7,303)</u>
Budget Authority, Net	<u>8,943,000</u>	<u>9,381,200</u>
Outlays, gross	8,487,869	8,525,280
Actual offsetting collections	<u>(4,251)</u>	<u>(7,303)</u>
Net Outlays	<u>\$ 8,483,618</u>	<u>\$ 8,517,977</u>

The accompanying notes are an integral part of these statements.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2012 and 2011

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.

In fiscal 2012, Congress appointed the Inspector General of the Government Accountability Office (GAO) as the Inspector General of the Commission to perform the duties, responsibilities and authorities specified in the Inspector General Act of 1978, as amended, Public Law 112:55.

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

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2012 and 2011

NOTE 1 ORGANIZATION AND PURPOSE (Continued)

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.

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, 2012 and 2011

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, 2012 and 2011, 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.

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

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2012 and 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates (continued)

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, 2012 and 2011

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, 2012 and 2011

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.

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.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2012 and 2011

NOTE 3 FUND BALANCE WITH TREASURY

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

	2012	2011
Fund balance with Treasury		
Trust fund	\$ 3,207,302	\$ 2,962,571
Status of fund balance with Treasury		
1) Unobligated balance		
a. Available	87,324	64,970
b. Unavailable	528,550	534,475
2) Obligated balance not yet disbursed	<u>2,591,428</u>	<u>2,363,126</u>
Total	<u>\$ 3,207,302</u>	<u>\$ 2,962,571</u>

In fiscal 2012 and 2011, the Commission cancelled its fiscal 2007 and 2006 remaining funds, respectively, and returned the balances of \$214,650 and \$802,618, respectively to the Treasury. In fiscal 2012, the Commission transferred \$250,000 to the Office of the Inspector General of GAO for salaries and expenses necessary to carry out the duties of the Inspector General of the Commission, as required by Public Law 112-55. 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

During fiscal year 2012, the account receivable balance of \$5,516, which was established for a vendor overpayment, was written off as management determined that it was uncollectible.

NOTE 5 GENERAL PROPERTY, PLANT AND EQUIPMENT

Property and equipment consisted of the following at September 30:

	2012	2011
Equipment	\$ 44,766	\$ 43,365
Software	<u>64,840</u>	<u>64,840</u>
	109,606	108,205
Less: Accumulated depreciation and amortization	<u>(87,494)</u>	<u>(74,138)</u>
Property and equipment, net	<u>\$ 22,112</u>	<u>\$ 34,067</u>

Depreciation and amortization expense for the fiscal years ended September 30, 2012 and 2011, was \$20,130 and \$23,129, respectively. During fiscal year 2012,

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2012 and 2011

NOTE 5 GENERAL PROPERTY, PLANT AND EQUIPMENT (Continued)

the Commission disposed of \$6,774 of property and equipment and reduced its cost and accumulated depreciation by this amount.

NOTE 6 LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

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

	2012	2011
Liabilities not covered by budgetary resources-with the public		
Other (unfunded leave liability)	\$ 337,778	\$ 343,249
Total liabilities covered by budgetary resources	1,363,652	401,043
Total liabilities	\$ 1,701,430	\$ 744,292

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, 2012 and 2011, were respectively comprised of accounts payable of \$1,051,532 and \$65,726, accrued funded payroll of \$308,760 and \$331,649, payments in transit of \$3,360 at September 30, 2012 and employer's retirement contribution of \$3,668 at September 30, 2011.

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:

		With the Public	Non-Current	Current	Total
2012	Other liabilities	\$ 337,778	\$ 308,760	\$ 646,538	\$ 646,538
2011	Other liabilities	\$ 343,249	\$ 331,649	\$ 674,898	\$ 674,898

		Intra-governmental	Current	Total
2012	Other liabilities	\$ -	\$ -	\$ -
2011	Other liabilities	\$ 3,668	\$ 3,668	\$ 3,668

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2012 and 2011

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:

	2012	2011
Program A		
Intra-governmental costs	\$ 4,321,651	\$ 2,930,713
Public costs	<u>5,136,577</u>	<u>5,276,129</u>
Total program A costs	<u>9,458,228</u>	<u>8,206,842</u>
Total program A earned revenue	\$ <u>9,458,228</u>	\$ <u>8,206,842</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.

	2012	2011
Category A	\$ <u>8,918,581</u>	\$ <u>9,459,914</u>

NOTE 9 UNDELIVERED ORDERS AT THE END OF THE PERIOD

The Unpaid Obligated Balance of \$2,591,429 and \$2,363,124 for the fiscal years ended September 30, 2012 and 2011, 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).

Undelivered orders for the fiscal years ended September 30, 2012 and 2011, amounted to \$1,227,776 and \$1,962,083, 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 \$1,339,790 and \$1,254,060 for fiscal years ended September 30, 2012 and 2011, respectively. In July 2012, the Commission entered into a ten-year lease moved its headquarters to a new location in Washington, DC. The lease agreement stipulates a fourteen-month rent abatement for a total of \$1,295,460 from the beginning of the lease term.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2012 and 2011

NOTE 10 OPERATING LEASES (Continued)

Future minimum rent payments for the fiscal years ended September 30, are as follows:

2013	\$ 432,277
2014	1,417,987
2015	1,355,377
2016	1,317,985
2017	1,328,007
Thereafter	<u>5,893,395</u>
Total	<u>\$ 11,745,028</u>

NOTE 11 CONTINGENCY

A former employee of the Commission filed a claim with the Merit System Protection Board (MSPB) against the Office of Personnel Management (OPM) appealing his removal as an adverse action under 5 U.S.C. chapter 75 subchapter II. On January 26, 2011, the MSPB directed the administrative judge to determine whether the employee received full due process, and, if not, whether OPM should have reached a different conclusion. The MSPB noted that should the administrative judge reverse or mitigate the removal actions, the employing agency would be responsible for providing back pay and benefits as appropriate, which are estimated to be approximately \$215,000. Although the outcome of this claim is uncertain, the Commission believes OPM's position could result in a settlement that does not have a material impact on its financial position. Therefore, no liability has been recorded at September 30, 2012 for this contingency.

NOTE 12 SUBSEQUENT EVENTS

In preparing these financial statements, the Commission has evaluated events and transactions through November 15, 2012, the date financial statements were available to be issued, for potential recognition or disclosure in the financial statements for the year ended September 30, 2012.

NOTE 13 BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's Budget that will include fiscal year 2012 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2013 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 2011 Statement of Budgetary Resources and the 2011 actual amounts reported in the 2012 Budget of the United States Government.

UNITED STATES COMMISSION ON CIVIL RIGHTS
NOTES TO FINANCIAL STATEMENTS
September 30, 2012 and 2011

NOTE 14 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 for the year September 30:

	<u>2012</u>	<u>2011</u>
Resources Used to Finance Activities		
Budgetary resources obligated		
Obligations incurred	\$ 8,918,581	\$ 9,459,915
Less: Spending authority from offsetting collections and recoveries	<u>(206,658)</u>	<u>(771,700)</u>
Obligations net of offsetting collections and recoveries	<u>8,711,923</u>	<u>8,688,215</u>
Total Resources Used to Finance Activities	8,711,923	8,688,215
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	734,305	(390,571)
Resources that finance the acquisition of assets	<u>(8,175)</u>	<u>(26,088)</u>
Total resources used to finance items not part of net cost of operations	<u>726,130</u>	<u>(416,659)</u>
Total Resources Used to Finance the Net Cost of Operations	<u>9,438,053</u>	<u>8,271,556</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>(5,471)</u>	<u>(87,844)</u>
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	(5,471)	(87,844)
Components Not Requiring or Generating Resources:		
Bad debt expense	5,516	-
Depreciation and amortization	<u>20,130</u>	<u>23,130</u>
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	<u>20,175</u>	<u>(64,714)</u>
Net Cost of Operations	\$ <u>9,458,228</u>	\$ <u>8,206,842</u>

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)	3,207,302	-	-
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	\$ 3,207,302	\$ -	\$ -
Total Intra-governmental Assets	\$ 3,207,302		


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)	-	-
General Services Administration (47)	805,947	-
Department of Transportation (69)	-	-
Other Material Agency (Please List)	-	-
Others - Immaterial Agencies (Please List)	-	-
Total	\$ 805,947	\$ -
Total Intra-governmental Liabilities	\$ 805,947	\$ -

Section: IV: Other Accompanying Information

A. Inspector General Statement on FY 2012 Serious Management and Performance Challenges

Memorandum

Date: November 7, 2012
To: The Honorable Commissioners
From: Frances Garcia, Inspector General 
Subject: Fiscal Year 2012 Management and Performance Challenges

The Reports Consolidation Act of 2000 requires the Inspector General (IG) to report annually on the most serious management and performance challenges facing the U.S. Commission on Civil Rights (Commission) and to assess the Commission's progress in addressing those challenges.¹ For fiscal year 2012, we have identified two challenges: (1) aligning the organizational structure with the budget, and (2) better leveraging state advisory committees. (See attachments I and II for more information about these challenges.)

To identify these management and performance challenges, we systematically reviewed Commission reports (annual performance and accountability reports, strategic plan, and strategic human capital plan) to determine what challenges, if any, the Commission had previously reported. We also analyzed past audit reports issued by GAO and reviewed Commission policies and procedures relevant to these issues and concerns. In addition, we used a semi-structured interview to obtain the opinions of the eight Commissioners, eight Commission managers located at headquarters and in the regional offices, two past Commission managers, and the financial statement auditor. In particular, we asked these officials to discuss issues and concerns they believe seriously affect the ability of the Commission to achieve its mission and goals, how such issues or concerns affect the Commission, and what actions were taken during fiscal year 2012 to address them. The scope of our work did not include contacting members of the state advisory committees. It should be noted that additional challenges and weaknesses may exist in areas where we have yet to perform audits or investigations or in areas concerning fraud or other serious problems, abuses, and deficiencies.

We conducted this performance audit from July 2012 to November 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

¹Pub. L. No. 106-531, 114 Stat. 2537 (Nov. 22, 2000).

Agency Comments

The Inspector General provided the Commission with a draft of this report for review and comment. The Commission agreed with these challenges. The Commission also provided technical comments that were incorporated, as appropriate.

If you would like to discuss these challenges please contact me at (202) 512-5748 or garciaf@gao.gov.

List of Addressees

The Honorable Martin R. Castro, Chairman

The Honorable Abigail Thornstrom, Vice Chair

The Honorable Roberta Achtenberg

The Honorable Todd Gaziano

The Honorable Gail Heriot

The Honorable Peter Kirsanow

The Honorable David Kladney

The Honorable Michael Yaki

Attachment I

Aligning Organizational Structure with the Budget

The United States Commission on Civil Rights' (Commission) organizational structure is rooted in the past and does not effectively support the operations of the Commission. While facing flat appropriations of about \$9 million for more than a decade, the Commission has continued to operate with fewer staff. Staff reductions were generally achieved through attrition, with no subsequent organizational restructuring to improve mission efficiency. As a result, the Commission has an organizational structure that has vacancies in key positions, little flexibility to fill those vacancies, and employees that are holding multiple management positions. Moreover, the Commission has been operating without a staff director, who would normally serve as the administrative head of the agency. Given these conditions, the Commission is faced with a serious challenge of aligning its organizational structure with its budget to efficiently and effectively accomplish its statutory mission.

In its 2008-2013 strategic plan, the Commission established an objective to "streamline and/or reorganize the Commission's structure to efficiently execute its mission and make efficient use of its appropriations."² To address this objective, the Commission identified the need to conduct an assessment of the effectiveness and efficiency of its administrative structure, and based on the results, develop a plan of action for achieving increased agency effectiveness and efficiency. However, in its fiscal year 2010 Performance and Accountability Report,³ the Commission concluded that it did not have the resources to conduct an assessment of its structure and develop a plan of action. Furthermore, in the approved goals and objectives for the Commission's 2014-2018 Strategic Plan, the Commission does not include a goal or objective to restructure the Commission. The commissioners are aware that restructure may be necessary and the plan could be updated to include this goal at a later date.

The Commission is a fact-finding federal agency required to report on civil rights issues. Established by the Civil Rights Act of 1957, the Commission is currently directed by eight part-time commissioners. The Commission has a number of responsibilities, including investigating claims of civil rights and voting rights violations and studying and disseminating information on the impact of federal civil rights laws and policies.⁴ The Commission accomplishes its mission by: (1) investigating alleged deprivations of voting rights and alleged discrimination based on race, color, religion, sex, age, disability, or national origin; and (2) (a) studying and collecting information, (b) appraising the relevant federal laws and policies, (c) serving as a national clearinghouse for information, and (d) preparing public service announcements or advertising campaigns regarding

²U.S. Commission on Civil Rights, *Reinvigorating the Nation's Civil Rights Debate—2008-2013 Strategic Plan* (as adopted October 2007).

³U.S. Commission on Civil Rights, *Performance and Accountability Report for Fiscal Year 2010*.

⁴Commissioners serve 6-year terms. Four commissioners are appointed by the President, two by the President pro tempore of the Senate, and two by the Speaker of the House of Representatives. No more than four commissioners can be of the same political party.

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. The Commission may hold hearings and, within specific guidelines, issue subpoenas to obtain certain records and have witnesses appear at hearings. The Commission must submit to the President and the Congress at least one report annually that monitors federal civil rights enforcement in the United States, and such other reports as deemed appropriate by the Commission, the President, or the Congress.

Our work identified the following serious concerns contributing to the need to align the Commission's organizational structure with the budget:

- **Organizational structure:** Our interviews confirmed that the Commission's current organizational structure is not efficient given the reduced staffing levels and flat appropriations. The Commission's organizational structure, governed by regulations issued in 2002,⁵ was predicated on an organization much larger than what exists today. In the past decade, staff levels have dropped by more than 40 percent, from about 70 in fiscal year 2002 to about 40 in fiscal year 2012, including the eight part-time commissioners. The Commission's current organizational structure is composed of seven operational units or offices in headquarters and six regional offices (see figure 1).
- **Lack of a staff director:** The staff director position has been vacant since January 2011, which significantly hinders the Commission's ability to establish an efficient and effective organizational structure. The staff director for the Commission serves as the administrative head of the Commission and is appointed by the President with the concurrence of a majority of the Commission. Our interviews confirmed that the lack of a staff director is a serious concern affecting the leadership of the Commission and the management of its human capital. Between February 2011 and April 2012, a senior attorney who was also the acting general counsel served as the acting staff director. In addition, the position of deputy staff director—responsible for day-to-day administration of the agency—has been vacant since at least fiscal year 2007.
- **Vacancies in other key positions:** In addition to the lack of a staff director and deputy staff director, the Commission has vacancies in other key positions. As shown in figure 1, as of September 30, 2012, nine of the top fourteen positions, including the staff director and deputy staff director (more than 64 percent), were either vacant, held by managers holding multiple positions, or held by acting managers. For example, the director of the southern regional office was also the acting director of the western regional office, and the acting chief of the Regional Programs Coordination Unit.⁶ Further, the Office of Civil Rights Evaluations

⁵45 C.F.R. Chapter VII, 67 Fed. Reg. 70482–70508, Nov. 22, 2002.

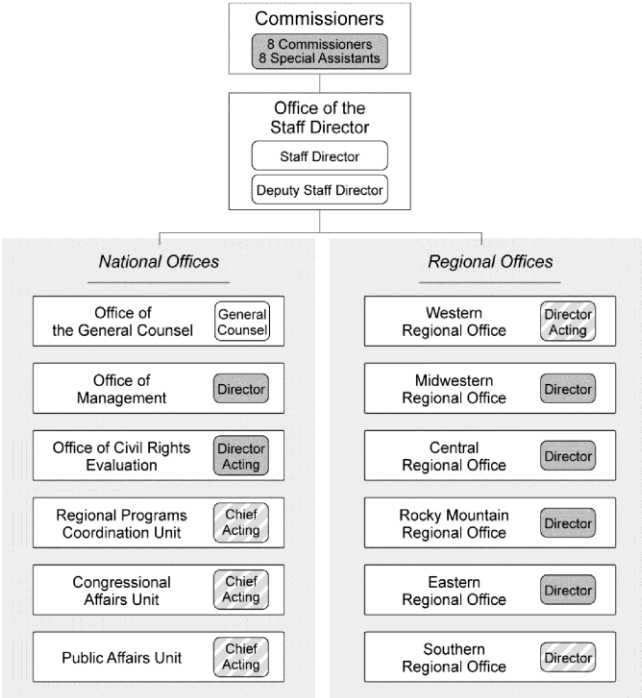
⁶The Regional Programs Coordination Unit is responsible for directing and coordinating the programs and work of the regional offices and 51 State Advisory Committees to the Commission and maintaining liaison between regional offices and the various headquarters' offices of the Commission.

(OCRE) has been under the supervision of an acting director for more than 2 years. This position is important because OCRE is often called upon to provide subject matter and analytical expertise for preparing evaluations of civil rights issues. As the Commission recently reported, significant gaps exist in all mission-critical positions (civil rights analyst, social science analyst, attorney, supervisor/manager, information technology specialist, chief of public affairs, and chief of congressional affairs).⁷

During fiscal year 2012, the Commission took steps to help expedite the appointment of a staff director or acting staff director. However, in the absence of such an appointment, the Commission ultimately revised certain policies and procedures, temporarily reassigning several functions of the staff director.

⁷United States Commission on Civil Rights, *Human Capital Management Report FY 2011*.

Figure 1: Organization Chart as of September 30, 2012



- Legend:
-  Filled Position
 -  Positions Filled by the Same Person
 -  Vacant Position

Source: OIG.

Attachment II

Better Leveraging State Advisory Committees

The Commission has long recognized the challenge of effectively utilizing the state advisory committees that it has established in each of the 50 states and the District of Columbia, as required by statute. However, the Commission continues to report mixed progress and acknowledges serious concerns regarding its efforts to reduce the number of committees not re-chartered after their 2-year charters expire, and to otherwise increase committee productivity. For example, at the end of fiscal year 2012, only 23 of the 51 committees had active charters, and the Commission had publicly released only three committee reports during the year. Therefore, we believe the Commission continues to face the challenge of leveraging these committees better in helping to achieve its mission.

State advisory committees are composed of private citizen volunteers appointed by the Commission to help identify local civil rights issues. Each committee must have a minimum of 11 members, but no more than 19. Membership is subject to certain general guidelines, such as balance in the representation of different viewpoints and fairness in the functions to be performed. The committees can investigate within their states any subject that the Commission itself is authorized to investigate and provide advice to the Commission in writing about their findings and recommendations.⁸ They are also authorized to hold public fact-finding meetings and to invite government officials and private persons to provide information and their views on various subjects. According to requirements of the Federal Advisory Committee Act, as amended, each committee must have a charter approved by the Commission that enables it to operate and which is valid for a term of 2 years.⁹ The Commission is then responsible for renewing the charters. If the charter is not renewed at the end of the term, the committee terminates.

A May 2006 GAO report highlighted the need for timely re-chartering and made recommendations to improve the re-chartering process and make the most effective use of the state advisory committees.¹⁰ The Commission subsequently implemented these recommendations through actions that included developing a formal process for approving charters within specific timetables; establishing a 65-day timeframe for national office review of committee reports, and incorporating the mission and work of

⁸State advisory committees advise the Commission about any (1) alleged deprivations of voting rights and alleged discrimination based on race, color, religion, sex, age, disability, or national origin, or in administration of justice, (2) matters related to discrimination or denial of equal protection of the law and the effect federal laws and policies have with respect to equal protection of the laws, and (3) matters of mutual concern in the preparation of reports of the Commission to the President and Congress. They are also charged to assist the Commission and receive reports, suggestions, and recommendations from individuals, public and private organizations, and public officials upon matters pertinent to advisory committee inquiries.

⁹Federal Advisory Committee Act, 5 U.S.C. appendix 2.

¹⁰GAO, *U.S. Commission on Civil Rights: The Commission Should Strengthen Its Quality Assurance Policies and Make Better Use of Its State Advisory Committees*, GAO-06-343 (Washington, D.C.: May 1, 2006).

these committees in its strategic plan. In addition, the Commission's 2008-2013 strategic plan established objectives and performance measures related to state advisory committees to help meet its goal of shaping a national conversation on current and future civil rights issues that identifies civil rights priorities for policymakers.¹¹ For example, an objective for this goal was to reinvigorate the state advisory committees, which included performance measures to (1) increase the number of committees re-chartered annually, (2) eliminate the backlog of un-chartered committees, and (3) achieve an average re-charter time of 60 days.

As indicated in table 1 below, annual performance measures reported by the Commission for its state advisory committees showed some limited improvements. In particular, the number of committees with active charters increased from 26 (51 percent) in fiscal year 2008 to 36 (71 percent) in fiscal year 2011. However, this progress had not continued in fiscal year 2012 as only 23 (45 percent) committees had active charters. Final fiscal year 2012 data on the number of fact-finding activities was not available at the time we completed our report. Regarding its fiscal year 2011 data, the Commission acknowledged that due primarily to the lack of civil rights analysts in all but one of its six regional offices, committee fact-finding activities had decreased and that of the nine completed reports, only three were fact-finding activities.

Table 1: Commission Performance Data for State Advisory Committees—Fiscal Years 2008 to 2012

Number of committee:	Fiscal year				
	2008	2009	2010	2011	2012
Active charters (percent of 51 committees)	26 (51%)	33 (65%)	39 (76%)	36 (71%)	23 (45%)
Reports	5	7	5	9	3
Fact-finding activities (meetings, briefings, forums)	21	14	22	13	^a

^aFinal fiscal year 2012 data on the number of fact-finding activities was not available at the time we completed our report. Source: OIG analysis of Commission data.

Our interviews confirmed that timely re-chartering of state advisory committees remains a serious Commission concern. They also highlighted a number of factors that they believe contribute to re-chartering delays and other committee productivity issues, which included:

- **Limited resources to support committee activities:** The Commission has six regional offices that assist the 51 state advisory committees in their planning, fact-finding, reporting, and re-chartering activities. However, regional office staffing to accomplish these duties is minimal. Most offices consist of two staff members,

¹¹U.S. Commission on Civil Rights, *Reinvigorating the Nation's Civil Rights Debate—2008-2013 Strategic Plan* (as adopted October 2007).

usually a director and an administrative person. Some commissioners and managers also noted that a lack of funding limited committee activities.

- **Commission partisanship:** The commissioners are responsible for approving the appointment of state advisory committee members. Some commissioners and managers believed that partisanship made it difficult to vet committee members, which affected the timeliness of re-chartering the committees.
- **Two-year committee appointments:** The Commission appoints its state advisory committee members for a 2-year term. Some commissioners and managers noted that the 2-year appointment term was not long enough, primarily given the requirements of the re-appointment process, and offered solutions such as having the Commission seek to increase the length of committee appointments.
- **Lack of staff director:** Duties of the staff director include submitting recommendations for committee appointments to the Commission prior to its vote on committee re-chartering as well as approving the release of SAC reports. During fiscal year 2012, the Commission had no Presidentially-appointed staff director and had an acting staff director for only about the first half of the year. As a result, some commissioners and managers identified this as an obstacle to timely committee re-chartering and to the low number of SAC reports published.

During fiscal year 2012, the Commission took several actions to address timely re-chartering. In particular, in the absence of a staff director, the Commission established temporary procedures that authorized the Commission Chair to review final committee reports, and created a bipartisan committee of two commissioners to make recommendations to the Commission on committee re-chartering. In addition, the Commission approved the goals and objectives for its next strategic plan (2014-2018) that included an overall goal of increasing the participation of the state advisory committees, with a specific objective of strengthening the re-chartering process.

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Reporting Fraud, Waste, and Abuse in the U.S. Commission on Civil Rights

To report fraud, waste, or abuse in Commission programs and operations, do one of the following. (You may do so anonymously.)

- Call toll-free (866) 680-7963 to speak with a hotline specialist, available 24 hours a day, 7 days a week.
- Report online at: <https://oig.alertline.com>.

Obtaining Copies of Office of the Inspector General Reports, Publications, and Testimonies

Copies of OIG reports, publications, and testimonies are available on the Commission's website: <http://www.usccr.gov/OIG/index.php>.

B. Summary of Financial Statement Audit and Management Assurances

Summary of Financial Statement Audit

Audit Opinion: Unqualified
 Restatement: No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting - Federal Managers' Financial Integrity Act (FMFIA) 2

Statement of Assurance: Unqualified

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations - FMFIA 2

Statement of Assurance: Unqualified

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Financial Management System Requirements - FMFIA 4

Statement of Assurance: Systems Conform

Non-Conformance	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformance	0	0	0	0	0	0

Compliance with Federal Financial Management Improvement Act - FFMIA

	Agency	Auditor
Overall Substantial Compliance	Yes	Yes
1. System Requirements	Yes	Yes
2. Federal Accounting Standards	Yes	Yes
3. United States Standard General Ledger at Transaction Level	Yes	Yes

C. Improper Payments Information Act Reporting Details

The Improper Payments Information Act (IPIA) of 2002, as amended by the Improper Payments Elimination and Recovery Act (IPERA) of 2010, requires agencies to review all programs and activities they administer, and identify those programs that are susceptible to significant erroneous payments. Significant erroneous payments are defined as annual erroneous payments in the program exceeding both \$10 million and 2.5 percent or \$100 million of total annual program payments.

Risk Assessment

Due to the Commission's mission and size, the Commission does not separate its mission into individual programs. We conducted a risk assessment for all relevant payments. The Commission evaluated the following risk factors: whether the program or activity was new to the agency; the complexity of the program, the volume of payments, how eligibility decisions are made, recent major changes in funding, authorities, practices, and procedures; the level and experience of personnel, and significant deficiencies in audit reports. The risk assessment determined that the risk of significant improper payments was low. Furthermore, since the Commission's total budget is less than the \$10 million threshold for significant improper payments, it is virtually impossible for the Commission to have improper payments over \$10 million. Based on the risk assessment, we determined that the Commission does not have significant improper payments.

Payment Recapture Audits

Section 2(H) of the Improper Payments Elimination and Recovery Act requires agencies to conduct payment recapture audits for each program and activity that expends \$1 million or more annually if conducting such an audit is cost effective. Since the Commission's payments as defined in OMB Circular A – 123, Appendix C exceed the \$1 million threshold, we conducted a cost-benefit analysis for the entire agency. To determine if it was cost effective for the Commission to engage in a Payment Recapture Audit, we estimated improper payments, determined the anticipated collections, examined the costs of a recapture audit, and applied OMB's criteria to decide if it is cost effective. Based on our analysis, we have determined that the costs of a payment recapture audit at the Commission would exceed the benefits. In accordance with OMB Circular A – 123, Appendix C, we provided OMB and our Inspector General with our analysis and notified them that we decided that a payment recapture audit is not cost-effective.

Improper Payment Reporting

We have no improper payment act violation in Fiscal Year 2012.

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).	<p>1(a). Increase the number of SACs re-chartered annually.</p> <p>1(b). Eliminate the backlog of SACs with charters that expire on or before January 30, 2007 by FY 2011.</p> <p>1(c). Recharter SACs with charters expiring after January 30, 2007 within 60 days of charter expiration.</p>
2. Energize the Commission’s SACs by enhancing their institutional role in program planning and increasing their productivity.	<p>2(a). Obtain input from SACs as a part of the program planning cycle annually by October 31st.</p> <p>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.</p> <p>2(c). Solicit SAC ideas for SAC follow-up activities on Commission (national office) projects at the regional, state, and local levels</p>

	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.
2. Partner with other federal civil rights agencies to raise public awareness of civil rights laws, remedies, and enforcement agencies.	2. Implement Memoranda of Understanding (MOUs) with one or more federal agencies.
3. Partner with other civil rights agencies to collect and analyze data on various civil rights topics.	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.
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>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>
5. Promote public awareness of current civil rights laws, remedies, and enforcement agencies.	<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</p>

	<p>civil rights issues and Commission activities.</p> <p>5(c). Hold one press conference annually announcing the issuance of the Commission’s 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>
<p>Strategic Goal 3: Serve as an authoritative national clearinghouse and repository of civil rights data and information.</p>	
<p>Objectives:</p>	<p>Performance Measures:</p>
<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</p>	<p>3. Issue report(s) and conduct follow-up</p>

and, where discrimination is found to be present, illuminate the causes of such discrimination, and make recommendations for policy changes to address the problem.	research where necessary.
4. Conduct original social scientific research that brings new or unique information to the civil rights policy debate.	4. Incorporate original social scientific research into Commission reports.
Strategic Goal 4: Normalize the Commission’s financial and operational controls, and modernize its information technology management and dissemination.	
Objectives:	Performance Measures:
1. Adhere to integrated budgeting, planning, and performance management.	1(a). Fully comply with OMB A-11 guidance for integrated budget by FY 2010. 1(b). Receive an OMB PART Program Management assessment score of at least “moderately effective” by FY 2010.
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	2(a). Maintain a “clean” or unqualified financial audit status each fiscal year beginning in FY 2008. 2(b). Full compliance with laws and regulations respecting the stewardship of tax dollars. 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. 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. 2(e). Execution of workforce planning and

	human capital accountability systems by FY 2008.
3. Continued implementation of adopted GAO and OPM recommendations.	3. Implement adopted GAO and OPM audit findings and recommendations that address financial and operational procedures.
4. Modernize information technology infrastructure and improve IT management to enhance program efficiency.	4. Establish Web site similar to USA.com. by FY 2012.

Appendix B: FY 2011 Annual Performance Plan, Targets, and Results

STRATEGIC GOAL 1: Shape a national conversation on current and future civil rights issues that identifies civil rights priorities for policy makers.

	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (target)	FY 2012 (actual)
Increase the # of SACs re-chartered (1.1.1(a))	51% Chartered	65% Chartered	76% Chartered	71% Chartered	100 % Chartered	45% Chartered
Eliminate the backlog of un-chartered SACs[1] (1.1.1(b))	50%	56%	76%	91% Chartered	100% Chartered	91% Chartered
Achieve an average re-charter time of 60 days (1.1.1(c))	24 days	78 days	204 days	124 Days	60 days	117 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	Not Solicited	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	Not Solicited	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[3]	No Joint Report Approved and Issued	Not 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	Report Pending Completion in FY 2010	Completed	N/A	N/A	N/A
Convene a national civil rights conference (1.4(a))	N/A	FY 2009 Civil Rights Conference postponed until FY 2010	Completed	Developed website (photos, transcripts, & video segments)	N/A	N/A

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 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (target)	FY 2012 (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 (Religious Freedom)	Statutory Report (Mortgage Crisis)	Not Released in FY 2010	Peer-to-Peer Violence and Bullying Examining the Federal Response	Once annually (statutory report)	Redistricting and the 2010 Census: Enforcing Section 5 of the Voting Rights Act
Issue guidance to the executive branch on civil rights enforcement efforts (2.4.4(b))	N/A	5 policy and enforcement letters (Baseline Year)	9 policy and enforcement letters	0%	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	0 inter-agency working group memberships	0 inter-agency working group memberships	N/A	N/A
Establish congressional contacts and provide substantive input on proposed civil rights legislative agenda items (2.4.4(e))	0	3	4	1	3	0
Host public briefings or hearings annually on civil rights issues (2.5.5(a))	6	3	6 (including the national conference)	3	4	3
Issue press releases related to civil rights issues and Commission activities (2.5.5(c))	10	21	41	29	10	12

(Cont'd)

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 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (target)	FY 2012 (actual)
Post all public meeting and briefing transcripts, and approved reports on the Web site (2.5.5(d))	17	14	21	17	17	15
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))	21-day complaint referral response time	14-day complaint referral response time	10-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))	0	0	0	N/A	N/A	N/A

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

	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (target)	FY 2012 (actual)
Written work products meet rigorous standards for accuracy, objectivity, transparency, and accountability (3.1.1.(a))	N/A	No reversals of Commission decisions on appeal (Baseline Year)	No reversals of Commission decisions on appeal	N/A	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%	100%	N/A	N/A	N/A	N/A
Issue a report(s) and conduct follow-up research, where necessary, on disparities (3.2.3)	1 briefing report	2 briefing reports	3 briefing reports	6 reports	2 reports	1 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)	1 briefing report	2 briefing reports	3 briefing reports	6 reports	2 reports	1 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)	0	0	1 report	0

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

	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (target)	FY 2012 (actual)
Full compliance with OMB A-11 guidance for integrated budget by FY 2011 (4.1.1(a))	Baseline Year	Created annual plans and revised budget(s)	Completed	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))	Baseline Year	Updated PART Improvement Plan Data	N/A	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))	Baseline Year	Resolved two of three FISMA weaknesses	Resolved one of two FISMA weaknesses; timely completed financial audit	Resolved one of two FISMA weaknesses; Timely completed financial audit	Resolve identified FISMA weaknesses; timely complete financial audit	Resolved 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))	No assessment conducted	No assessment conducted	N/A	N/A	N/A	N/A
Evaluate the agency's organizational structure to support increased effectiveness and efficiency(4.2.2(c))	N/A	No assessment conducted	N/A	N/A	N/A	N/A

(Cont'd)

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

	FY 2008 (actual)	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (target)	FY 2012 (actual)
Implement adopted GAO and OPM audit findings and recommendations that address financial and operational procedures (4.3.3)	Baseline Year	Implemented adopted GAO and OPM audit findings/recommendations for financial and operational procedures	Completed	N/A	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, 2012

Mr. Ronald Walker
Managing Partner
Walker & Co., LLP
5101 Wisconsin Avenue, N.W., Suite 500
Washington, DC 20016

FY 2012 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 seventh 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, 2012 and 2011 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. As you noted in your audit report, the Commission does not fully comply with the Federal Information Security Management Act (FISMA). We are working hard to resolve this issue.

Sincerely,

A handwritten signature in cursive script that reads "Tina Louise Martin".

Tina Louise Martin
Director of Management