

**UNITED STATES  
COMMISSION ON CIVIL RIGHTS**



**PERFORMANCE AND ACCOUNTABILITY REPORT (PAR)  
FOR FISCAL YEAR 2013**

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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 2013. This report reflects the agency's program and financial accomplishments over the past year.

Again this year, the Commission received an unqualified opinion from its independent auditors on the agency's FY 2013 annual financial statements. This unqualified opinion attests to the commitment of the Commission and its staff to sound financial management performance.

In FY 2013, 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 seven successful briefings: Federal Civil Rights Engagement with the Arab and Muslim American Communities Post 9/11; The Impact of Criminal Background Checks and the EEOC's Conviction Records Policy on the Employment of Black and Hispanic Workers; Fiscal Year 2013 Statutory Enforcement Report and Briefing on Sexual Assault in the Military; The Impact of Regulatory, Licensing, and Market Entry Barriers on Emerging Small Businesses; Reconciling Non-Discrimination Principles with Civil Liberties; Increasing Compliance with Section 7 of the National Voter Registration Act; and Protecting the Civil Rights of Our Veterans and Servicemembers.

Our state advisory committee members, working with regional office staff, held 14 civil rights briefings and forums. In addition, state advisory committees published five SAC

reports and regional staff processed 495 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.

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 2013 performance, and look forward to building on its performance to continue to advance civil rights through objective and comprehensive investigation, research, and analysis on issues of fundamental concern to the federal government and the public.

A handwritten signature in black ink, appearing to read "Martin R. Castro". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Martin R. Castro  
Chairperson  
United States Commission on Civil Rights  
December 16, 2013

## **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 U.S. Commission on Civil Rights was created pursuant to the Civil Rights Act of 1957, which was signed into law by President Eisenhower.<sup>1</sup> 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.<sup>2</sup> Established as an independent, bipartisan, fact-finding federal agency, our mission is to appraise 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.

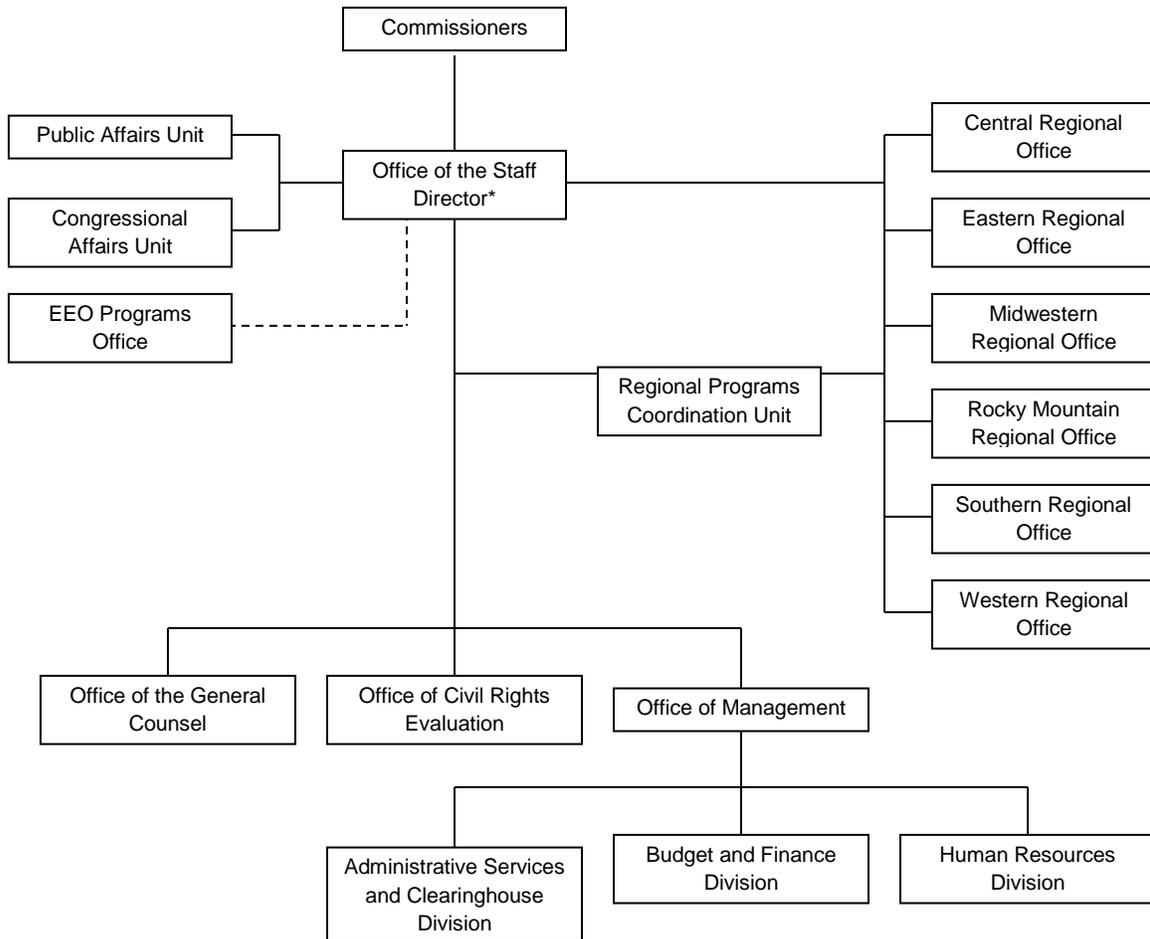
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<sup>1</sup>Civil Rights Act of 1957, Pub. L. No. 85-315, § 101, 71 Stat. 634 (1957). See United States Commission on Civil Rights Act of 1983, Pub. L. No. 98-183, 97 Stat. 1301 (1983); United States Commission on Civil Rights Act of 1991, Pub. L. No. 102-167, \_\_\_ Stat. \_\_\_ (1991).

<sup>2</sup>Civil 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 the 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.

#### Office of the General Counsel

The Office of the General Counsel (OGC) provides the legal expertise and advice 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.

#### 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.

### Office of Management

The Office of Management (OM) supports all of 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 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.

### 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 (EEO) Programs office is responsible for the overall management of our equal employment opportunity compliance system. This system provides a means of review and appeal for 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. 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 Appropriations 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.<sup>3</sup> 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 director of the Midwestern Regional Office served as the acting chief of RPCU during Fiscal Year 2013.

##### Regional Offices: Organization and State Alignment

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

Presented below is our regional alignment.

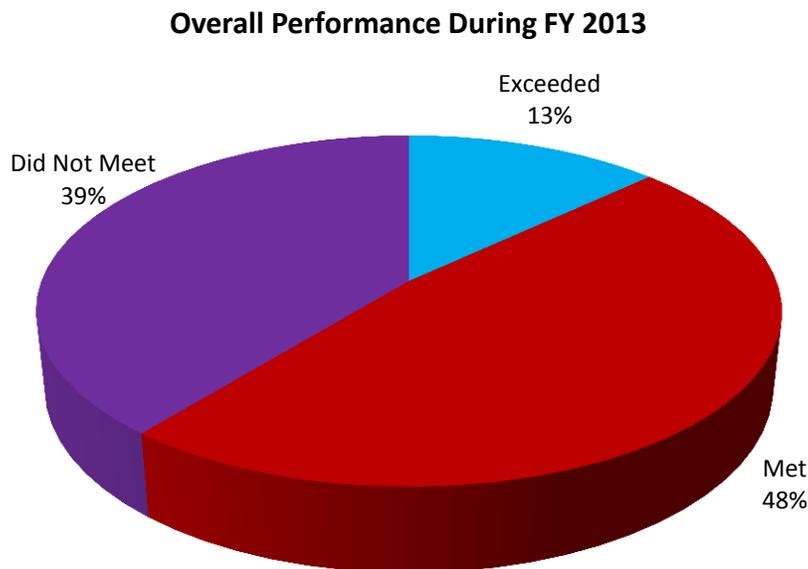
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<sup>3</sup> Pub. L. No. 122-55, 125 Stat. 552, 628 (Nov. 18, 2011)

- 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

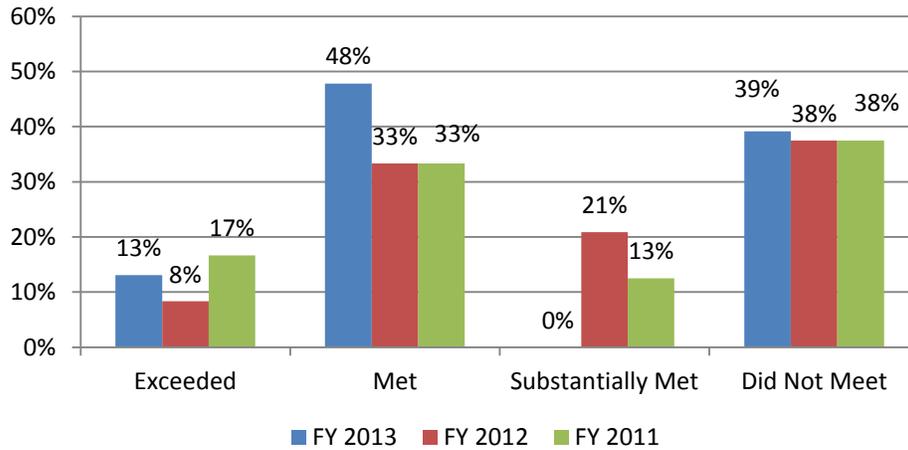
This subsection highlights our performance during the fiscal year. We met or exceeded 61 percent of our performance targets. The pie chart represents our overall level of performance for the year.



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 2013 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.

### 3-Year Comparison



#### D. Federal Managers’ 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 2013, 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:

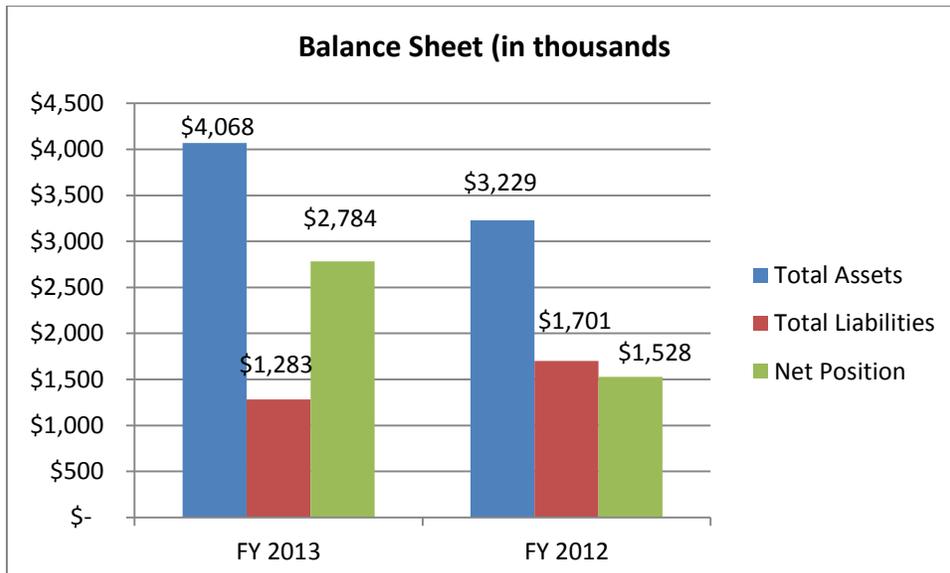
- maintaining the agency's standard general ledger;
- using a system (Pegasys) that is compliant with federal government standards;
- generating required financial reports for the Commission; and
- requiring appropriate documentation of financial transactions prior to payment.

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 2013 financial statements were prepared in accordance with Office of Management and Budget (OMB) Circular A-136. The Commission prepares four financial statements: Balance Sheet, Statement of Net Costs, Statement of Changes in Net Position, and 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).

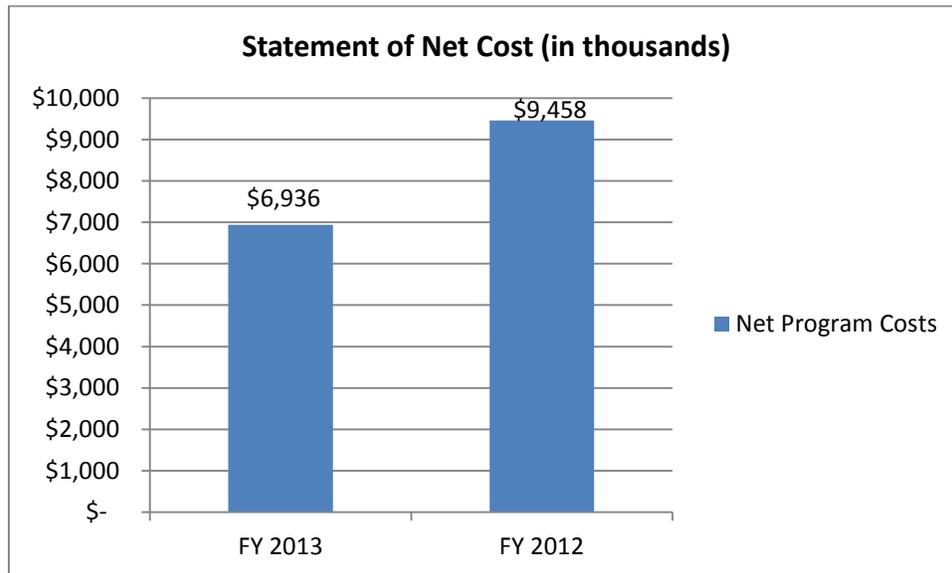


The Commission's total assets increased in FY 2013 to \$4,067,705. The Commission's assets consist mainly of Fund Balance with Treasury (FBWT) with minimal amounts in General Property, Plant, and Equipment. Total liabilities decreased from \$1,701,430 in

FY 2012 to \$1,283,615 in FY 2013. Net Position increased from \$1,527,984 in FY 2012 to \$2,784,090 in FY 2013.

### Statement of Net Costs

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



The Commission's net cost of operation decreased from \$9,458,229 in FY 2012 to \$6,936,325 in FY 2013.

### Statement of Changes in Net Position

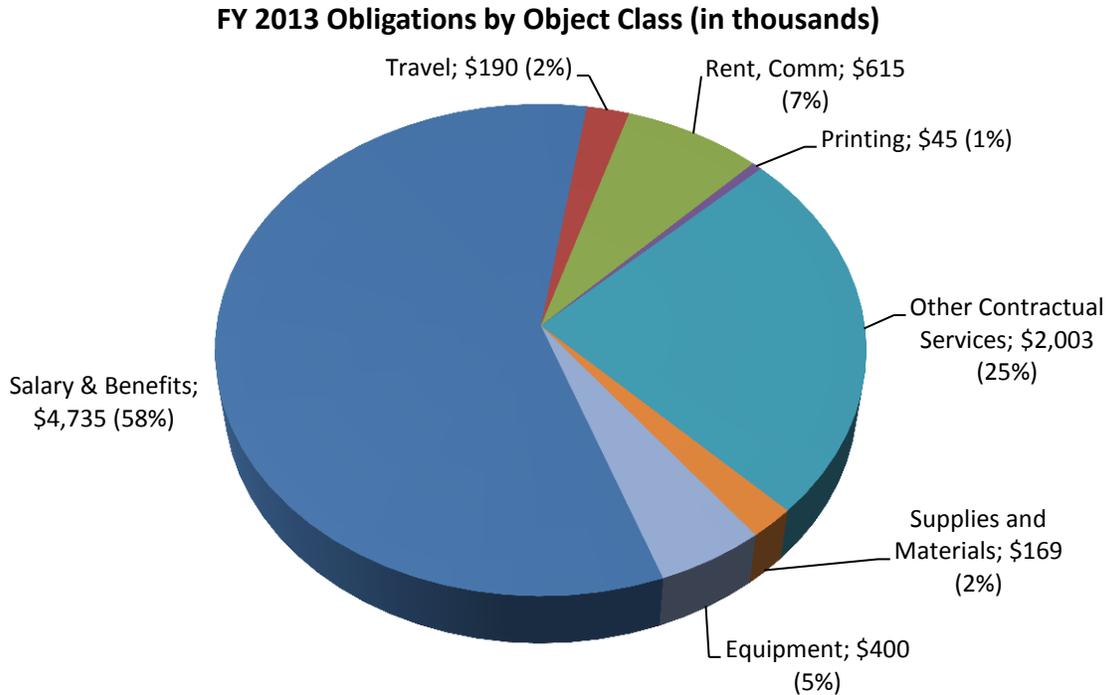
The Statement of Changes in Net Position reports the change in Net Position between FY 2012 and FY 2013. Between the end of FY 2012 and FY 2013, the Commission's Net Position increased from \$1,527,984 to \$2,784,090.

### 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 \$8,324,121 in new budgetary authority in FY 2013. The Total Budgetary Resources and Status of Budget Resources decreased from \$9,534,454 in FY 2012 to \$9,041,963 in FY 2013.

## Resources by Major Object Class

During FY 2013, the Commission obligated \$8,157,323 of its appropriation of \$8,324,121 for an obligation rate of 98 percent.



Salary and Benefits (58 percent), Other Contractual Services (25 percent), and Rent and Communications (7 percent) consume 90 percent of the Commission's resources. The remaining 10 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 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, 2013.

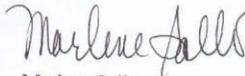
**Statements of Assurance: Federal Managers' Financial Integrity Act, OMB Circular A-123,  
and the Federal Financial Managers Improvement Act of 1996**

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, 2013, 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, 2013 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.



Marlene Sallo  
Staff Director  
United States Commission on Civil Rights  
December 13, 2013

## **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 2013 annual performance plan includes performance goals and targets that support the accomplishment of our strategic objectives. Below, we describe our FY 2013 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 in Employment Act, and their state and local comparatives; and affirmative action compliance officers in thousands of corporations and political subdivisions.

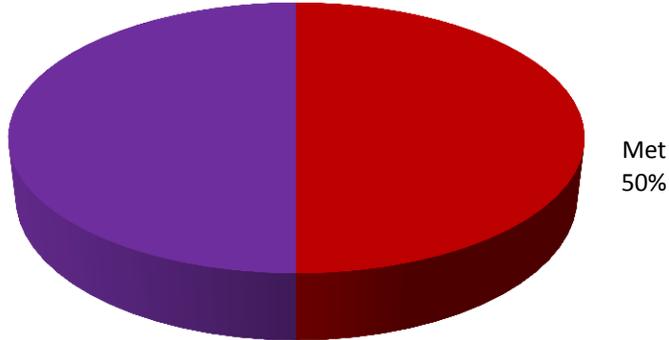
The Commission's unique position in the civil rights landscape allows it to think and act prospectively and to ask the question: Is the nation's civil rights infrastructure equipped to address the civil rights challenges of the 21st century? During FY 2013, the Commission worked to answer this question 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); and
- energizing the Commission's SACs by enhancing their institutional role in program planning and increasing their productivity.

Charts with more details on our FY 2013 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)**

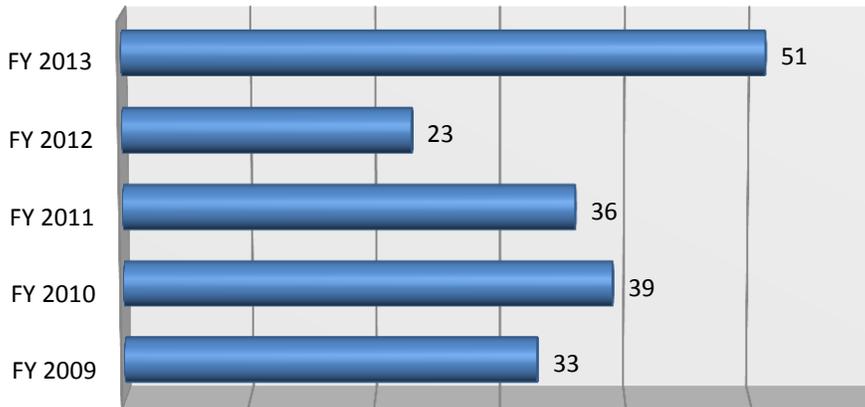
Did Not Meet  
50%



**i. State Advisory Committee Charters**

The Commission’s state advisory committees operate in compliance with the Federal Advisory Committee Act (FACA). FACA requires that agencies file federal advisory committee charters every two years. In FY 2013, the Commission started filing one charter for all state advisory committees. This will allow the Commission to ensure all 51 state advisory committees can operate.

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



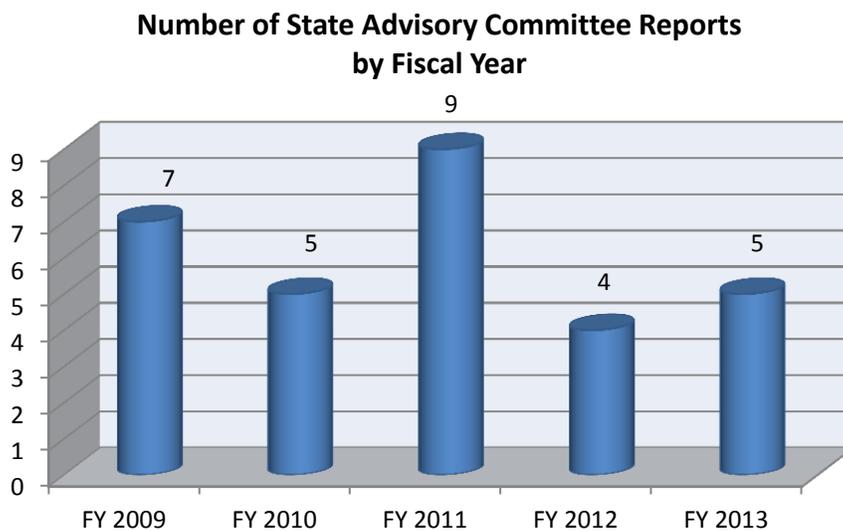
Along with chartering, commissioners approve recommendations for committee member appointments. Our chartered advisory committee members, working with regional office staff, held 14 civil rights briefings and forums, and 45 business, orientation, and

subcommittee meetings, for 59 meetings. In a further attempt to reinvigorate our SACs, our Chairman and Staff Director have personally attended SAC meetings or met with SAC Chairs.

## ii. State Advisory Committee Reports

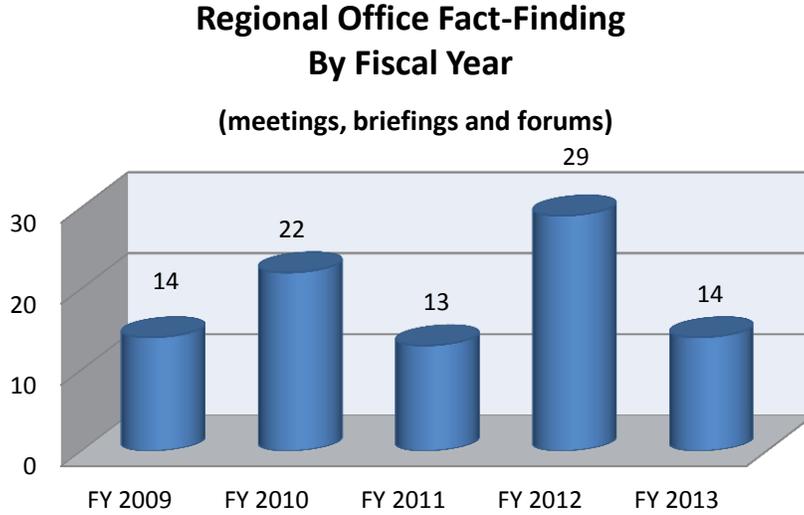
In addition to holding meetings, state advisory committees, with regional office support, published the following five SAC reports in FY 2013:

Advisory Committee	Report Title
Wisconsin	The Somali Community in Barron, WI, and The American Dream
Ohio	Fair Housing in Ohio
Georgia	School Discipline: African American students disproportionately disciplined in Georgia schools as well as other school districts in the South
South Carolina	Equal Educational Opportunity: African American students in South Carolina disparately affected by suspensions and alternative education placements
California	Equal Educational Opportunity and Free Speech on Public College and University Campuses in California



In addition to the five 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**



State advisory committee fact-finding activities decreased from 29 in FY 2012 to 14 in FY 2013.

**iv. Regional Office Civil Rights Complaint Referral**



While SAC appointments, completion of civil rights reports, and 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 495 civil rights

complaints from members of the public seeking to protect and enforce their rights. On average regional offices processed complaints in one day, well under the 10-day target.

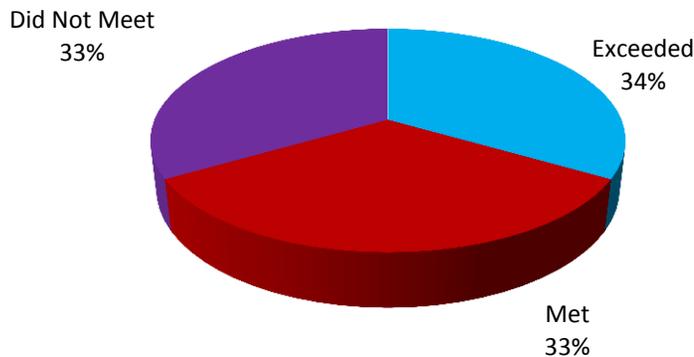
### **C. Strategic Goal Two: Expand the Capacity of Federal Agencies to Raise Public Awareness of Civil Rights**

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 improving this area.

#### **Strategic Goal 2: Expanding the Capacity of Federal Agencies to Raise Public Awareness and Execute Their Enforcement Responsibilities (actual v. target performance)**



We exceeded or met 77 percent of our FY 2013 targets.

## **i. Briefings**

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

### Federal Civil Rights Engagement with the Arab and Muslim American Communities Post 9/11

The U.S. Commission on Civil Rights held a public briefing on Friday, November 9, 2012 to examine the methods, goals, and effectiveness of the federal government's recent and proposed post-9/11 civil rights engagement with the Arab and Muslim-American community, including federal outreach to the general public to end prejudice and discrimination against these communities.

In the wake of September 11, 2001, federal government enforcement components made proactive engagement with the Arab and Muslim-American community a new, distinct, national civil rights priority. At the same time, the sustained national security emergency that began on September 11th prompted new anti-terrorism programs with resources and attention from federal agencies which saw in religious, national, and ethnic communities the seeds of a national security challenge—especially within the Arab and Muslim-American community. Some of these programs have created concerns regarding civil rights impacts on these American communities. Evaluating the success and failure of the federal government in engaging the Arab and Muslim-American community post-9/11 is significant in terms of redressing the very real discrimination faced by that community, but also may be instructive of how the federal government should respond in future national crises or similar events.

The briefing included three panels. Panel I included Zainab Al-Suwaij, Co-founder and Executive Director, American Islamic Congress; James Zogby, Founder and President, Arab American Institute; Kenneth Marcus, President, Louis D. Brandeis Center for Human Rights Under Law; Haris Tarin, Director of the Washington, DC Office, Muslim Public Affairs Council; and Asim Rehman, President, Muslim Bar Association of New York. Panel II included Jytte Klausen, Professor, Brandeis University; Sahar Aziz, Professor, Texas Wesleyan School of Law; Eugene Volokh, Professor, UCLA School of Law; Samuel Rascoff, NYU School of Law; and Peter Skerry, Professor, Boston College. Panel III included Eric Treene, Special Counsel for Religious Discrimination, Civil Rights Division, U.S. Department of Justice; and David Gersten, Director, Civil Rights and Civil Liberties Programs, U.S. Department of Homeland Security.

## The Impact of Criminal Background Checks and the EEOC's Conviction Records Policy on the Employment of Black and Hispanic Workers

On December 7, 2012 the U.S. Commission on Civil Rights held a briefing to examine the disparate impact provisions of the Equal Employment Opportunity Commission's (EEOC) April 2012 guidance concerning the use of criminal background histories (2012 Guidance or "new guidance"). The Commission wished to learn about the effects of the EEOC's revised policy on employers and on black and Hispanic applicants with or without a criminal record.

The briefing's 17 speakers included a high-ranking EEOC official, scholars, attorneys, social scientists, personnel executives, a former offender and now policy director of an advocacy and job placement service, a family member of a victim slain by an unscreened ex-convict sent to the victim's home as a contractor six months earlier, ex-felon advocacy groups, business associations representing home care, small business and retail, and a security company currently under investigation by the EEOC.

The experts who appeared before the Commission were Carol Miaskoff, Act.Assoc.Legal Counsel, EEOC OLC; Don Livingston, Akin Gump LLP and former EEOC GC; Harry Holzer, Georgetown Univ. and former Chief Economist, Dept. of Labor; Alfred Blumstein, Carnegie Mellon Univ.; Jeffrey Sedgwick, Keswick Advisors and former Dir., Bureau of Justice Statistics; Roberta Meyers, Dir., Nat'l HIRE Network; Glenn E. Martin, VP, Fortune Society; Lucia Bone, Founder, Sue Weaver CAUSE; Julie Payne, GC, G4S Secure Solutions (USA) Inc.; Richard Larson, Winning Work Teams and former VP, HR, Universal Studios Resort; Garen Dodge, Jackson Lewis LLP and Council for Employment Law Equity; Nick Fishman, Co-founder, EmployeeScreenIQ; Montserrat Miller, Arnall Golden Gregory LLP and Counsel, Nat'l Ass'n of Prof. Background Screeners; William Dombi, VP, Nat'l Assn. for Home Care and Hospice; Todd McCracken, Pres., Nat'l Small Business Ass'n; Jonathan Segal, Duane Morris LLP and Soc. for Human Resource Management; and Rich Mellor, VP, Nat'l Retail Federation.

## Fiscal Year 2013 Statutory Enforcement Report and Briefing on Sexual Assault in the Military

Recent events demonstrate the timeliness of the Commission's investigation and report: In April 2012, the Pentagon announced new initiatives to combat what Defense Secretary Leon Panetta called a "silent epidemic" of sexual assault in the military. In September 2012, 20 current and former members of the U.S. military filed a lawsuit in federal court in San Francisco alleging that they were sexually assaulted while serving in military units and were harassed, raped, or assaulted in retaliation for reporting the incidents. The lawsuit accuses the leadership of the U.S. Army and U.S. Air Force of failing to

prosecute and properly investigate claims of sexual assault. Similar lawsuits were filed earlier this year.

In its investigation and report, the Commission examined Department of Defense (DoD) policies and practices concerning sexual assault and efforts to reduce and address instances of sexual assault in the Armed Forces. The Commission gathered information on how the DoD:

- (1) educates service members, generally, about the DoD's sexual assault policies;
- (2) educates officers on how to process reports of sexual assault;
- (3) assists sexual assault victims to file reports and receive needed medical/social services;
- (4) investigates sexual assault reports, including the gathering and retention of evidence; and
- (5) disciplines perpetrators, with a special focus on the process by which officers decide what form(s) of discipline to impose.

Additionally, the Commission collected data and sought expert testimony to compare military sexual assault rates to non-military groups with similar ages, sex ratios, and other relevant demographic characteristics and settings.

Those who testified before the Commission included representatives from the Office of the Secretary of Defense; the DoD's Sexual Assault Prevention and Response Office; Judge Advocate General's Offices of the Army, Navy, Marine Corps., and Air Force; academic scholars; the Legal Director for the Service Women's Action Network (SWAN), the President of the Protect Our Defenders organization; and retired military defense attorneys.

#### The Impact of Regulatory, Licensing, and Market Entry Barriers on Emerging Small Businesses

The U.S. Commission on Civil Rights held a briefing on February 8, 2013 to examine the civil rights implications of regulatory, financial, contracting, legal, and other barriers that may impede the progress of new or less-experienced businesses, including both minority-owned businesses that must compete with larger and/or unionized firms, and nonminority businesses that do not qualify for bidding preferences or special federal and state financial assistance reserved for certain minorities.

Of particular interest to the Commission was the burden that arguably excessive or unnecessary regulation (federal, state, and/or local) may place on all entrepreneurs in

lower-income brackets. Part of the Commission's inquiry was examining the different effects of government-imposed race-neutral or other regulatory barriers to entrepreneurship, possibly resulting in racially-disproportionate failure rates, and regulatory barriers resulting from intentional racial discrimination from any source whether governmental or private.

Experts appearing at the briefing included Alex Cristofaro, U.S. Environmental Protection Agency Small Business Advocacy Chair and Director of the Office of Regulatory Policy and Management; Harry Alford, National Black Chamber of Commerce President and CEO; Timothy Sandefur, Principal Attorney, Pacific Legal Foundation; Omar Duque, Illinois Hispanic Chamber of Commerce President and CEO; and George LaNoue, Professor of Political Science and Professor of Public Policy, Univ. of Maryland Baltimore County.

#### Reconciling Non-Discrimination Principles with Civil Liberties

The U.S. Commission on Civil Rights held a briefing on March 22, 2013 to examine recent legal developments concerning the intersection of non-discrimination principles with those of civil liberties. The discussion involved U.S. Supreme Court decisions involving both the ministerial exception case, *Hosanna-Tabor v. EEOC*, and the student group non-discrimination policy case, *Christian Legal Society v. Martinez*. Also at issue were religious liberty claims under First Amendment provisions other than the Religion Clauses.

There were two briefing panels. The first panel was composed of scholars involved in the *Hosanna-Tabor v. EEOC* or *Christian Legal Society v. Martinez* litigation: Kimberlee Colby, Senior Counsel at the Christian Legal Society, Ayesha Khan, Senior Litigation Counsel, Americans United for Separation of Church and State, Daniel Mach, Director, American Civil Liberties Union Program on Freedom of Religion and Belief; and Lori Windham, Senior Counsel, Becket Fund.

The second panel consisted of experts who discussed the broader conflict between anti-discrimination norms and civil liberties. Experts on the second panel included Alan Brownstein, Professor, University of California at Davis Law School; Marc DeGirolami, Associate Professor, St. John's University School of Law; Leslie Griffin, Professor, University of Nevada Las Vegas Law School; Marci Hamilton, Professor, Benjamin N. Cardozo School of Law; Michael Helfand, Associate Professor, Pepperdine University School of Law; and Edward Whelan, President, Ethics and Public Policy Center.

#### Increasing Compliance with Section 7 of the National Voter Registration Act

The U.S. Commission on Civil Rights conducted a briefing on April 19, 2013 to examine efforts to increase compliance with Section 7 of the National Voter Registration Act

(NVRA). In 1993, Congress passed the National Voter Registration Act (NVRA) to “increase the number of eligible citizens who register to vote in elections for Federal office” and to “protect the integrity of the electoral process.” Section 7 of the NVRA specifically aids this mission by requiring that state-designated public assistance offices and state offices serving persons with disabilities serve as voter registration agencies. The discussion included recent efforts to increase enforcement of NVRA Section 7 requirements. In recent years, litigation undertaken by the Department of Justice and private persons has settled and as a result, voter registration numbers increased in some states. Other states have pushed back on the federal requirements, however, citing substantial burdens on local public assistance offices.

There were four speakers: R. Kyle Ardoin, First Assistant Secretary of State for Louisiana; Gary O. Bartlett, Executive Director of the North Carolina State Board of Elections; Lisa Danetz, DEMOS Senior Counsel; and Jason Torchinsky, litigation partner at Holtzman Vogel PLLC.

#### Protecting the Civil Rights of Our Veterans and Servicemembers

The U.S. Commission on Civil Rights held a public briefing on Friday, May 31, 2013 to hear testimony on whether the Federal Government is adequately protecting the civil rights of our veterans and servicemembers who have fought for our country.

It is expected that between 2011 and 2016 more than one million service members will leave the armed forces and return home. Returning military veterans will likely face competition in our labor and housing markets and could potentially experience discrimination, based on disabilities acquired as a result of service-related injuries, along with employment and housing discrimination. Female veterans with children are also likely to experience discrimination in housing programs due to the fact that most of the established housing programs for veterans do not allow children. The Commission sought to gather information on the difficulties experienced by veterans and service members alike with the goal of identifying best practices for helping veterans to transition from the battlefield to the workforce and their community. Panelists identified recommendations for accomplishing this.

The briefing included three panels. Panel I included Robert Jesse, Principal Deputy Under Secretary for Health, Department of Veterans Affairs; Kenan Torrans, Deputy Director for Compliance Programs, Veterans’ Employment and Training Service, Department of Labor; Sharon Alexander, Special Assistant to Chairwoman Berrien, Equal Employment Opportunity Commission; Bryan Greene, General Deputy Assistant Secretary, Fair Housing and Equal Opportunity, Department of Housing and Urban Development; and Matt Boehmer, Acting Director, Federal Voting Assistance Program, Department of Defense.

Panel II included Heather Ansley, Vice President of Veterans Policy, VetsFirst and Co-Chair of the Consortium of Citizens with Disabilities Veterans Task Force; Albert Gonzales, National Commander, American GI Forum; Wendy McClinton, President and CEO, Black Veterans for Social Justice; and Danny Ingram, National President, American Veterans for Equal Rights.

Panel III included Kamal Kalsi, Major, U.S. Army; Sandra Strickland, Final Salute, Inc.; Elspeth Ritchie, Chief Medical Officer, District of Columbia Department of Mental Health; and Joseph Violante, National Legislative Director, Disabled American Veterans.

## **ii. Statutory Report**

### Sexual Assault in the Military

The U.S. Commission on Civil Rights chose to focus on sexual assault in the U.S. military for its annual 2013 Statutory Enforcement Report. This report examines how the Department of Defense and its Armed Services—the Army, Navy, Marine Corps, and Air Force (the Services)—respond to Service members who report having been sexually assaulted (“victims”) and how it investigates and disciplines Service members accused of perpetrating sexual assault (“perpetrators”). This report also reviewed how the military educates Service members and trains military criminal investigators and military lawyers about sexual assault offenses. The topic is both relevant and timely, as Congress is currently considering ways to address this issue.

The Commission has authority to examine questions related to sexual assault in the military because the issues involve both sex discrimination and the denial of equal protection in the administration of justice. The issue of sex discrimination involves female Service members, who represent 14 percent of the military population, but are disproportionately likely to be victims at a rate five times that of their male counterparts. The questions related to a possible denial of equal protection in the administration of justice led the Commission to examine cases in which sexual assault victims, as well as Service members accused of sexual assault, claim unfair treatment in the military justice system.

Through this report, the Commission shone a light on the scope, response, investigation, and discipline of sexual assault in the U.S. military. The Commission held a briefing on January 11, 2013 to hear the testimony of military officials, scholars, advocacy groups, and practitioners on the topic of sexual assault in the military. In response to written questions from the Commission, the Department of Defense and its Armed Services provided documents and other materials, including data on investigated sexual assault allegations, which the Commission analyzed. The results of these efforts are memorialized in our report.

The report revealed that the Department of Defense may benefit from greater data collection to better understand trends in sexual assault cases and to implement improvements in future initiatives. Although the Department of Defense has already implemented policies to reduce sexual and sexist material from the military workplace in an effort to reduce sexual harassment, the effects of such recent efforts have yet to be measured. The Department of Defense also has a plan to standardize sexual assault response and prevention training across the Services to promote best practices. There will be a need to track the success of such policies over time. Greater commander accountability for leadership failures to implement such policies, especially in cases where victims claim sexual assault at the hands of superiors within the chain of command, should also be considered. Without increased data collection, however, it is difficult to measure the effects of any new changes the military chooses to implement.

### **iii. Public and Congressional Affairs**

We issued 34 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, the agency's plan to develop and distribute a public service announcement will remain unrealized.<sup>4</sup> Without a public and congressional affairs staff, we miss opportunities to provide testimony and timely civil rights research on pending and proposed legislative initiatives.

### **iv. Complaint Referral Program**

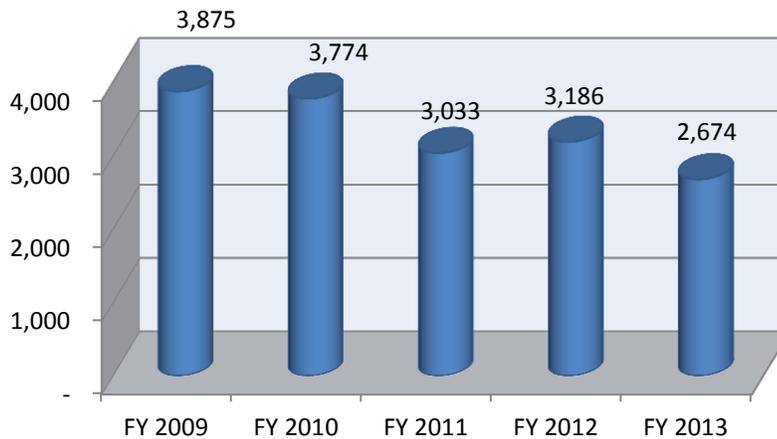
Besides providing the public with information on current issues, we also increase public awareness and federal civil rights enforcement through our complaint referral program. The Office of Civil Rights Evaluation (OCRE) receives complaints alleging denial of civil rights because of color, race, religion, sex, age, disability, or national origin and refers these complaints to the appropriate government agency for investigation and resolution. In FY 2013, OCRE processed 2,179 complaints. The response time was 10 days or less, an outcome far superior to the performance target of 10 days. Regional offices posted an average response time of one day for their 495 complaints. We also

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<sup>4</sup> 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.

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 (32 percent), African Americans (6 percent), and persons with disabilities (4 percent). Of the complaints received, OCRE referred 544 complaints to civil rights enforcement agencies. Approximately 88 percent of referrals went to the Department of Justice (DOJ) and 1 percent went to the Equal Employment Opportunity Commission (EEOC). The remaining referrals went to various other federal agencies including the Department of Education, Department of Health and Human Services, and Department of Housing and Urban Development.

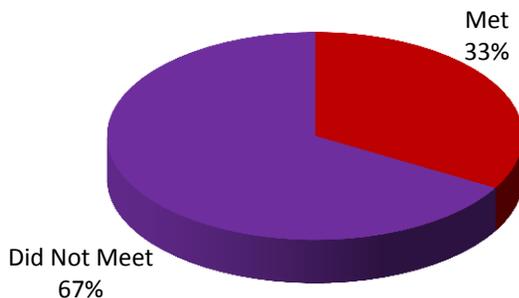
### **D. Strategic Goal Three: Serve as an Authoritative National Clearinghouse and Repository of Civil Rights Data and Information**

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; and
- conducting original social scientific research that brings new or unique information to the civil rights policy debate.

This year we substantially met 33 percent of our performance targets. Since the GAO recommendation and quality standard performance measures were no longer effective, 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)

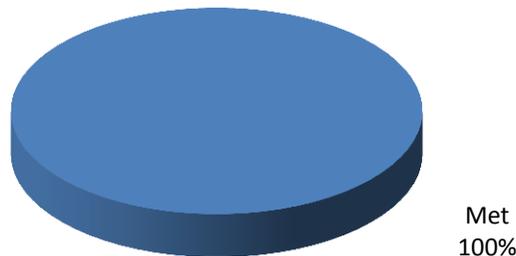


## **E. Strategic Goal Four: Normalize the Commission's Financial and Operations Controls and Modernize its Information Technology**

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; and
- 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 2013 fully complied with OMB Circular A-11, and received an unqualified opinion for the eighth consecutive year from independent auditors.

## **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 OMB's Program Assessment Rating Tool (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; 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 2013, the Commission once again received an unqualified audit opinion on its financial statements. This marks the eighth 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 2013, 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 2013 accomplishments, we will continue striving to improve all aspects of our financial management and anticipate even greater accomplishments during FY 2014.



John Ratcliffe  
Chief, Budget and Finance Division  
December XX, 2013

**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, 2013 and 2012



Walker & Co. LLP

*Assurance, Business and Advisory Services*

UNITED STATES COMMISSION ON CIVIL RIGHTS

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

## REPORT OF INDEPENDENT AUDITORS

Chairman and the Staff Director  
United States Commission on Civil Rights

We have audited the accompanying balance sheets of the United States Commission on Civil Rights (the Commission or Agency) as of September 30, 2013 and 2012, 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, 2013, 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, 2013.

### OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying balance sheets of the United States Commission on Civil Rights as of September 30, 2013 and 2012; 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, 2013 and 2012; 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 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 FFMLA, 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 FFMLA

The Commission represented that, in accordance with the provisions and requirements of FFMLA, the Chairman determined that the Commission's financial management systems were in substantial compliance with FFMLA as of September 30, 2013.

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, 2013. Under section 803(a) of FFMLA, 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:

*The Commission Did Not Fully Comply with the Prompt Payment Act*

*Condition*

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

*Criteria*

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

*Effect*

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

*Recommendation*

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

**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 financial statements of United States Commission on Civil Rights as of and for the years ended September 30, 2013 and 2012 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 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, 2013, 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 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, 2013 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 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 FFMIA section 803(a) requirements as of and for the year ended September 30, 2013, 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 FFMIA 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*

December 13, 2013

**UNITED STATES COMMISSION ON CIVIL RIGHTS**  
BALANCE SHEETS

	September 30,	
	2013	2012
<b>ASSETS</b>		
<b>Intra-governmental</b>		
Fund balance with Treasury (Note 3)	\$ 4,026,847	\$ 3,207,302
Accounts receivable (Note 4)	-	-
<b>Total intra-governmental</b>	4,026,847	3,207,302
General property, plant and equipment, net (Note 5)	40,858	22,112
<b>Total Assets</b>	\$ 4,067,705	\$ 3,229,414
<b>LIABILITIES (Note 6)</b>		
<b>Intra-governmental</b>		
Accounts payable	\$ 652,717	\$ 805,947
<b>Total intra-governmental</b>	652,717	805,947
<b>Liabilities with the public:</b>		
Accounts payable	184,361	248,945
Other:		
Accrued funded payroll and leave	128,124	308,760
Unfunded leave	318,413	337,778
<b>Total liabilities with the public</b>	630,898	895,483
<b>Total Liabilities</b>	1,283,615	1,701,430
<b>NET POSITION</b>		
Unexpended appropriations - other funds	3,061,647	1,843,650
Cumulative results of operations - other funds	(277,557)	(315,666)
<b>Total Net Position</b>	2,784,090	1,527,984
<b>Total Liabilities and Net Position</b>	\$ 4,067,705	\$ 3,229,414

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>2013</u>	<u>2012</u>
<b>GROSS PROGRAM COSTS</b>		
Program A		
Gross costs (Note 7)	\$ <u>6,936,248</u>	\$ <u>9,458,228</u>
Net program costs	<u>6,936,248</u>	<u>9,458,228</u>
<b>NET COST OF OPERATIONS</b>	<u>\$ 6,936,248</u>	<u>\$ 9,458,228</u>

The accompanying notes are an integral part of these statements.

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

	<u>Year ended September 30,</u>	
	<u>2013</u>	<u>2012</u>
<b>Cumulative Results of Operations</b>		
Beginning balances	\$ (315,666)	\$ (332,299)
<b>Budgetary Financing Sources</b>		
Appropriations used	<u>6,974,357</u>	<u>9,474,861</u>
Total financing sources	6,974,357	9,474,861
Net cost of operations	<u>6,936,248</u>	<u>9,458,228</u>
Net Change	<u>38,109</u>	<u>16,633</u>
<b>Cumulative Results of Operations</b>	<u>\$ (277,557)</u>	<u>\$ (315,666)</u>
<b>Unexpended Appropriations</b>		
Beginning balances	\$ 1,843,650	\$ 2,590,161
<b>Budgetary Financing Sources</b>		
Appropriations received	9,400,000	9,193,000
Appropriations transferred in (out)	(418,531)	(250,000)
Other adjustments	(789,115)	(214,650)
Appropriations used	<u>(6,974,357)</u>	<u>(9,474,861)</u>
Total Budgetary Financing Sources	<u>1,217,997</u>	<u>(746,511)</u>
<b>Total Unexpended Appropriations</b>	<u>\$ 3,061,647</u>	<u>\$ 1,843,650</u>
<b>Net Position</b>	<u>\$ 2,784,090</u>	<u>\$ 1,527,984</u>

The accompanying notes are an integral part of these statements.

**UNITED STATES COMMISSION ON CIVIL RIGHTS**  
**STATEMENTS OF BUDGETARY RESOURCES**

	<u>Year ended September 30,</u>	
	<u>2013</u>	<u>2012</u>
<b>Budgetary Resources</b>		
Unobligated balance, brought forward, October 1	\$ 615,873	\$ 599,446
Recoveries of prior year unpaid obligations	229,958	202,407
Other changes in unobligated balance	<u>(131,767)</u>	<u>(214,650)</u>
Unobligated balance from prior year budget authority, net	714,064	587,203
Appropriations (discretionary and mandatory)	8,324,121	8,943,000
Spending authority from offsetting collections	<u>3,778</u>	<u>4,251</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 9,041,963</u></b>	<b><u>\$ 9,534,454</u></b>
<b>Status of Budgetary Resources</b>		
Obligations incurred	\$ 8,338,749	\$ 8,918,581
Unobligated balance, end of year:		
Apportioned	166,799	87,324
Unobligated balances-not available	<u>536,415</u>	<u>528,549</u>
Total unobligated balance, end of year	<u>703,214</u>	<u>615,873</u>
<b>Total Budgetary Resources</b>	<b><u>\$ 9,041,963</u></b>	<b><u>\$ 9,534,454</u></b>
<b>Change in Obligated Balance</b>		
Unpaid obligations, brought forward, October 1	\$ 2,591,429	\$ 2,363,124
Obligations incurred	8,338,749	8,918,581
Outlays (gross)	(7,376,585)	(8,487,869)
Recoveries of prior-year unpaid obligations	<u>(229,958)</u>	<u>(202,407)</u>
<b>Obligated Balance, End of Year (Net)</b>	<b><u>\$ 3,323,635</u></b>	<b><u>\$ 2,591,429</u></b>
<b>Budget Authority and Outlays, Net</b>		
Budget authority, gross (discretionary and mandatory)	\$ 8,327,899	\$ 8,947,251
Actual offsetting collections (discretionary and mandatory)	<u>(3,778)</u>	<u>(4,251)</u>
<b>Budget Authority, Net (Discretionary and Mandatory)</b>	<b><u>8,324,121</u></b>	<b><u>8,943,000</u></b>
Outlays, gross (discretionary and mandatory)	7,376,585	8,487,869
Actual offsetting collections (discretionary and mandatory)	<u>(3,778)</u>	<u>(4,251)</u>
<b>Outlays, Net (Discretionary and Mandatory)</b>	<b><u>\$ 7,372,807</u></b>	<b><u>\$ 8,483,618</u></b>

The accompanying notes are an integral part of these statements.

**UNITED STATES COMMISSION ON CIVIL RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**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, 2013 and 2012

**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, 2013 and 2012

**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, 2013 and 2012, 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, 2013 and 2012

**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.

*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 two 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.

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

UNITED STATES COMMISSION ON CIVIL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 and 2012

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Liabilities (Continued)*

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.

*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.

**UNITED STATES COMMISSION ON CIVIL RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Revenue and financing sources (Continued)*

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.

**NOTE 3 FUND BALANCE WITH TREASURY**

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

	2013	2012
Fund balance with Treasury		
Trust fund	\$ <u>4,026,847</u>	\$ <u>3,207,302</u>
Status of fund balance with Treasury		
1) Unobligated balance		
a. Available	166,797	87,324
b. Unavailable	536,415	528,550
2) Obligated balance not yet disbursed	<u>3,323,635</u>	<u>2,591,428</u>
Total	\$ <u>4,026,847</u>	\$ <u>3,207,302</u>

**UNITED STATES COMMISSION ON CIVIL RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**NOTE 3 FUND BALANCE WITH TREASURY (Continued)**

In fiscal 2013 and 2012, the Commission cancelled its fiscal 2008 and 2007 remaining funds, respectively, and returned the balances of \$131,767 and \$214,650, respectively to the Treasury. In fiscal 2013 and 2012, the Commission transferred \$418,531 and \$250,000, respectively 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 2013, the Commission also returned \$657,348 of its fiscal 2012 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:

	2013	2012
Equipment	\$ 63,072	\$ 44,766
Software	72,524	64,840
	135,596	109,606
Less: Accumulated depreciation and amortization	(94,738)	(87,494)
Property and equipment, net	\$ 40,858	\$ 22,112

Depreciation and amortization expense for the fiscal years ended September 30, 2013 and 2012, was \$7,244 and \$20,130, respectively. During fiscal year 2012, 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:

	2013	2012
Liabilities not covered by budgetary resources-with the public		
Other (unfunded leave liability)	\$ 318,413	\$ 337,778
Total liabilities covered by budgetary resources	965,202	1,363,652
Total liabilities	\$ 1,283,615	\$ 1,701,430

**UNITED STATES COMMISSION ON CIVIL RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**NOTE 6 LIABILITIES NOT COVERED BY BUDGETARY RESOURCES (Continued)**

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, 2013 and 2012, were respectively comprised of accounts payable of \$836,955 and \$1,051,532, accrued funded payroll of \$128,124 and \$308,760 and payments in transit of \$123 and \$3,360.

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 were as follows:

	<u>With the Public</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
2013	Other liabilities	\$ 318,413	\$ 128,124	\$ 446,537
2012	Other liabilities	\$ 337,778	\$ 308,760	\$ 646,538

	<u>Intra-governmental</u>	<u>Current</u>	<u>Total</u>
2013	Other liabilities	\$ -	\$ -
2012	Other liabilities	\$ -	\$ -

**NOTE 7 INTRA-GOVERNMENTAL COSTS AND EXCHANGE REVENUE**

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

	<u>2013</u>	<u>2012</u>
Program A		
Intra-governmental costs	\$ 1,892,086	\$ 4,321,651
Public costs	5,044,162	5,136,577
Total program A costs	6,936,248	9,458,228
Total program A earned revenue	\$ 6,936,248	\$ 9,458,228

**UNITED STATES COMMISSION ON CIVIL RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**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.

	2013	2012
Category A	\$ <u>8,338,749</u>	\$ <u>8,918,581</u>

**NOTE 9 UNDELIVERED ORDERS AT THE END OF THE PERIOD**

The Unpaid Obligated Balance of \$3,323,635 and \$2,591,429 for the fiscal years ended September 30, 2013 and 2012, respectively, is comprised of obligations relating to Undelivered Orders (goods and services contracted for but not yet received at year end) and accounts payable and accrued payroll (amounts owed at year end for goods and services received).

Undelivered orders for the fiscal years ended September 30, 2013 and 2012, amounted to \$2,358,433 and \$1,227,777, 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 \$397,849 and \$1,339,790 for fiscal years ended September 30, 2013 and 2012, respectively. In July 2012, the Commission entered into a ten-year lease and 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.

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

2014	\$	1,432,157
2015		1,378,835
2016		1,317,415
2017		1,317,405
2018		1,333,896
Thereafter		<u>3,880,976</u>
Total	\$	<u>10,660,684</u>

**UNITED STATES COMMISSION ON CIVIL RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2013 and 2012

**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, 2013 and 2012 for this contingency.

**NOTE 12 SUBSEQUENT EVENTS**

In preparing these financial statements, the Commission has evaluated events and transactions through December 13, 2013, the date financial statements were available to be issued, for potential recognition or disclosure in the financial statements for the year ended September 30, 2013.

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

The President's Budget that will include fiscal year 2013 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2014 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 2012 Statement of Budgetary Resources and the 2012 actual amounts reported in the 2014 Budget of the United States Government.

**NOTE 14 RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET**

Budgetary resources obligated are obligations for personnel, goods, services, benefits, etc. made by the Commission in order to conduct operations or acquire assets. Non-budgetary financing resources are also utilized by the Commission in its program (proprietary) operations. For example, spending authority from offsetting collections and recoveries are financial resources from the recoveries of prior year obligations (e.g., the completion of a contract where not all the funds were used) and refunds or other collections (i.e., funds used to conduct operations that were previously budgeted). An imputed financing source is recognized for future federal employee benefits costs incurred for the Commission employees

**UNITED STATES COMMISSION ON CIVIL RIGHTS**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 and 2012

**NOTE 14 RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY)  
TO BUDGET (Continued)**

that will be funded by OPM. Changes in budgetary resources obligated for goods, services, and benefits ordered but not yet provided represents the difference between the beginning and ending balances of undelivered orders Goods and services received during the year based on obligations incurred the prior year represent a cost of operations not funded from budgetary resources. Resources that finance the acquisition of assets are budgetary resources used to finance assets and not cost of operations. Financing sources yet to be provided represents financing that will be provided in future periods for future costs that are recognized in determining the net cost of operations for the present period. Finally, components not requiring or generating resources are costs included in the net cost of operations that do not require resources (e.g., depreciation and amortized expenses of assets previously capitalized).

A reconciliation between budgetary resources obligated and net cost of operations providing an explanation between budgetary and financial (proprietary accounting) is as follows (note: in prior years this information was presented as a separate financial statement, the Statement of Financing):

**NOTE CONTINUED ON NEXT PAGE**

UNITED STATES COMMISSION ON CIVIL RIGHTS  
RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

**NOTE 14 RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY)  
TO BUDGET (Continued)**

	<u>Year ended September 30,</u>	
	<u>2013</u>	<u>2012</u>
<b>Resources Used to Finance Activities</b>		
Budgetary resources obligated		
Obligations incurred	\$ 8,338,749	\$ 8,918,581
Less: Spending authority from offsetting collections and recoveries	<u>(233,736)</u>	<u>(206,658)</u>
Obligations net of offsetting collections and recoveries	<u>8,105,013</u>	<u>8,711,923</u>
<b>Total Resources Used to Finance Activities</b>	<u>8,105,013</u>	<u>8,711,923</u>
<b>Resources Used to Finance Items Not Part of Net Cost of Operations</b>		
Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided	(1,130,654)	734,305
Resources used to finance the acquisition of assets	<u>(25,989)</u>	<u>(8,175)</u>
Total resources used to finance items not part of net cost of operations	<u>(1,156,643)</u>	<u>726,130</u>
<b>Total Resources Used to Finance the Net Cost of Operations</b>	<u>6,948,370</u>	<u>9,438,053</u>
<b>Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period</b>		
Components requiring or generating resources in future periods:		
Increase (decrease) in annual leave liability	<u>(19,366)</u>	<u>(5,471)</u>
<b>Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods</b>	<u>(19,366)</u>	<u>(5,471)</u>
Components Not Requiring or Generating Resources:		
Bad debt expense	-	5,516
Depreciation and amortization	<u>7,244</u>	<u>20,130</u>
<b>Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period</b>	<u>(12,122)</u>	<u>20,175</u>
Net Cost of Operations	<u>\$ 6,936,248</u>	<u>\$ 9,458,228</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)	4,026,847	-	-
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)	-	-	-
<b>Total</b>	<b>\$ 4,026,847</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Intra-governmental Assets</b>	<b>\$ 4,026,847</b>		

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)	652,717	-
Department of Transportation (69)	-	-
Other Material Agency (Please List)	-	-
Others - Immaterial Agencies (Please List)	-	-
<b>Total</b>	<b>\$ 652,717</b>	<b>\$ -</b>
<b>Total Intra-governmental Liabilities</b>	<b>\$ 652,717</b>	<b>\$ -</b>

## Section: IV: Other Accompanying Information

### A. 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

## **B. 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 make a decision. 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

The Commission had one improper payment in Fiscal Year 2013 for \$1,119.20. The vendor refunded the overpayment.

# 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.

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

	annually during October.
3. Commission a multi-state report, requesting the Commission’s individual SACs to identify civil rights priorities facing their states/regions.	3. Complete the multi-state report by FY 2009.
4. Convene a national conference in FY 2009 to elicit diverse, multidisciplinary, and bipartisan perspectives on civil rights in the 21st century.	<p>4(a). Attract at least 100 civil rights practitioners, experts and others to the conference.</p> <p>4(b). Issue a report based on the findings of the conference entitled “Civil Rights Priorities for the 21st Century” during FY 2010.</p> <p>4(c). Identify 6 civil rights issues and research topics appropriate for incorporation into the Commission’s programmatic planning cycles for FY 2010 through FY 2012.</p> <p>4(d). Identify civil rights issues and research topics that could lay the foundation for updating the Commission’s Strategic Plan in 2011.</p> <p>4(e). Identify areas where the Commission’s powers and mission need to be expanded to respond to emerging challenges and publish these areas by FY 2011.</p>
<p><b>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.</b></p>	
<b>Objectives:</b>	<b>Performance Measures:</b>
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>
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**Strategic Goal 3: Serve as an authoritative national clearinghouse and repository of civil rights data and information.**

Objectives:	Performance Measures:
<p>1. Strengthen the quality and objectivity of the Commission’s reports.</p>	<p>1(a). Written work products issued by the Commission meet rigorous standards for accuracy, objectivity, transparency, and accountability.</p> <p>1(b). Implement adopted GAO findings and recommendations consistent with any Commissioner-approved timeline.</p>
<p>2. Collect and analyze existing data on disparities among racial and ethnic groups, between the sexes, between the disabled and those who are not disabled, and among other protected classes.</p>	<p>2. Issue report(s) and conduct follow-up research where necessary.</p>
<p>3. Issue reports that assess the credibility of claims of systemic or pervasive discrimination</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 2013 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 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (target)	FY 2013 (actual)
Increase the # of SACs re-chartered (1.1.1(a))	65% Chartered	76% Chartered	71% Chartered	45% Chartered	100 % Chartered	100 % Chartered
Eliminate the backlog of un-chartered SACs[1] (1.1.1(b))	56%	76%	91% Chartered	91% Chartered	100% Chartered	100% Chartered
Achieve an average re-charter time of 60 days (1.1.1(c))	78 days	204 days	124 Days	117 Days	60 days	140
Obtain input from SACs as a part of national program planning (1.2.2(a))	Once by October 31	Once by October 31	Not Solicited	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	Not Solicited	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))	No Joint Report Approved and Issued	Not 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)	Report Pending Completion in FY 2010	Completed	N/A	N/A	N/A	N/A
Convene a national civil rights conference (1.4(a))	FY 2009 Civil Rights Conference postponed until FY 2010	Completed	Developed website (photos, transcripts, & video segments)	N/A	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 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (target)	FY 2013 (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 (Mortgage Crisis)	Not Released in FY 2010	Peer-to-Peer Violence and Bullying Examining the Federal Response	Redistricting and the 2010 Census: Enforcing Section 5 of the Voting Rights Act	Once annually (statutory report)	Sexual Assault in the Military
Issue guidance to the executive branch on civil rights enforcement efforts (2.4.4(b))	5 policy and enforcement letters (Baseline Year)	9 policy and enforcement letters	0	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	0 inter-agency working group memberships	0 inter-agency working group memberships	N/A	N/A	N/A
Establish congressional contacts and provide substantive input on proposed civil rights legislative agenda items (2.4.4(e))	3	4	1	0	3	0
Host public briefings or hearings annually on civil rights issues (2.5.5(a))	3	6 (including the national conference)	3	3	4	7
Issue press releases related to civil rights issues and Commission activities (2.5.5(c))	21	41	29	12	10	34

(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 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (target)	FY 2013 (actual)
Post all public meeting and briefing transcripts, and approved reports, on the Web site (2.5.5(d))	14	21	17	15	12	4
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))	14-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	N/A	N/A	N/A	N/A

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

	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (target)	FY 2013 (actual)
Written work products meet rigorous standards for accuracy, objectivity, transparency, and accountability (3.1.1.(a))	No reversals of Commission decisions on appeal (Baseline Year)	No reversals of Commission decisions on appeal	N/A	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))	100%	N/A	N/A	N/A	N/A	N/A
Issue a report(s) and conduct follow-up research, where necessary, on disparities (3.2.3)	2 briefing reports	3 briefing reports	6 reports	1 reports	2 reports	0 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)	2 briefing reports	3 briefing reports	6 reports	1 reports	2 reports	1 reports
Incorporate original social scientific research into Commission reports (3.4.4)	1 report containing original research data (statutory report)	0	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 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (target)	FY 2013 (actual)
Full compliance with OMB A-11 guidance for integrated budget by FY 2011 (4.1.1(a))	Created annual plans and revised budget(s)	Completed	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))	Updated PART Improvement Plan Data	N/A	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))	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	Resolved 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	N/A	N/A	N/A	N/A	N/A
Evaluate the agency's organizational structure to support increased effectiveness and efficiency(4.2.2(c))	No assessment conducted	N/A	N/A	N/A	N/A	N/A

(Cont'd)

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

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	FY 2009 (actual)	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (target)	FY 2013 (actual)
Implement adopted GAO and OPM audit findings and recommendations that address financial and operational procedures (4.3.3)	Implemented adopted GAO and OPM audit findings/recommendations for financial and operational procedures	Completed	N/A	N/A	N/A	N/A

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## Appendix C: Management Audit Response



### UNITED STATES COMMISSION ON CIVIL RIGHTS

1331 Pennsylvania Ave, NW • Suite 1150 • Washington, DC 20425 [www.usccr.gov](http://www.usccr.gov)

December 16, 2013

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

FY 2013 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, 2013 and 2012 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 did not fully comply with the Prompt Payment Act. We are working hard to resolve this issue.

Sincerely,

A handwritten signature in cursive script that reads "Marlene Sallo".

Marlene Sallo  
Staff Director