

**HUMAN RIGHTS COUNCIL**

**REPORT ON AUDIT  
FOR THE YEARS ENDED  
JUNE 30, 2007 AND JUNE 30, 2008**



## **AUDIT SUMMARY**

Our audit of the Human Rights Council, found:

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

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## AGENCY HIGHLIGHTS

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

The agency uses the Virginia Human Rights Act located in Title 2.2 Chapter 39 of the Code of Virginia. The Council has the following duties under the Act.

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

The General Fund is the primary funding source for the Council. The Council also receives federal grants for federal cases and training. The Table below compares the Council's original and adjusted budgets with actual expenses.

### Original Budget to Actual Expenses

|                   | <u>Original<br/>Budget</u> | <u>Adjusted<br/>Budget</u> | <u>Actual<br/>Expenses</u> |
|-------------------|----------------------------|----------------------------|----------------------------|
| Fiscal Year 2008: |                            |                            |                            |
| General           | \$440,715                  | \$457,748                  | \$457,745                  |
| Federal           | <u>25,808</u>              | <u>69,211</u>              | <u>57,096</u>              |
| Total             | <u>466,523</u>             | <u>526,959</u>             | <u>514,841</u>             |
| Fiscal Year 2007: |                            |                            |                            |
| General           | 435,369                    | 443,119                    | 443,114                    |
| Federal           | <u>25,808</u>              | <u>45,244</u>              | <u>13,548</u>              |
| Total             | <u>\$461,177</u>           | <u>\$488,363</u>           | <u>\$456,662</u>           |

Personal services accounts for most of the Department's expenses. For fiscal year 2008 personal services and contractual services accounted for 93 percent and four percent respectively.

Expenses by Major Object

|                        | <u>Fiscal Year<br/>2008</u> | <u>Fiscal Year<br/>2007</u> |
|------------------------|-----------------------------|-----------------------------|
| General Fund:          |                             |                             |
| Personal services      | \$424,611                   | \$376,318                   |
| Contractual services   | 18,632                      | 35,416                      |
| Supplies and materials | 3,764                       | 2,930                       |
| Transfer payments      | -                           | 122                         |
| Continuous charges     | 212                         | 18,284                      |
| Equipment              | 10,526                      | 10,044                      |
| Federal Trust Fund:    |                             |                             |
| Personal services      | 38,446                      | 8,063                       |
| Contractual services   | <u>18,650</u>               | <u>5,485</u>                |
| Total                  | <u>\$514,841</u>            | <u>\$456,662</u>            |

**Subsequent Events**

In December 2008, the Governor submitted the budget for the period 2008 – 2010, which included a provision to consolidate the Council into the Department of Labor and Industry effective July 1, 2009. This action is dependent on the General Assembly concurring with the Governor's recommendation.



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

January 6, 2009

The Honorable Timothy M. Kaine  
Governor of Virginia  
State Capital  
Richmond, Virginia

The Honorable M. Kirkland Cox  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

We have audited the financial records and operations of the **Human Rights Council** for the years ended June 30 2007 and June 30, 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Council's internal controls, test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports.

## Audit Scope and Methodology

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

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

- Revenues
- Expenditures
- Payroll
- Small Purchase charge card

State travel charge cards  
Federal grant revenues

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

### Conclusions

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

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

### Exit Conference and Report Distribution

We discussed this report with management on January 6, 2009.

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

AUDITOR OF PUBLIC ACCOUNTS

WJK/clj

AGENCY OFFICIALS

Human Rights Council

Viola O. Baskerville, Secretary of Administration

Sandra D. Norman, Director

Cora M. Billings, Deputy Director