

**HUMAN RIGHTS COUNCIL**

**REPORT ON AUDIT  
FOR THE YEAR THREE-YEAR PERIOD ENDED  
JUNE 30, 2004**



## **AUDIT SUMMARY**

Our audit of the Human Rights Council for the three-year period ended June 30, 2004, found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operation that we consider material weaknesses; and
- no instances of noncompliance or other matters that required reporting.

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### Agency Highlights

The Human Rights Council seeks to safeguard all individuals within the Commonwealth from unlawful discrimination as defined in the Virginia Human Rights Act. The Council has the following duties under the Virginia Human Rights Act:

- issue regulations;
- receive, investigate, and refer complaints of unlawful discrimination;
- hold hearings and make findings and recommendations regarding complaints of unlawful discrimination practices; and
- promote local human rights commissions, which support the same function within their communities.

### Financial Highlights

The General Fund is the primary funding source for the Council. The Council also receives federal grants for federal cases and training. Budget reductions resulted in decreased expenses over fiscal years 2002 through 2004. Currently, the fiscal year 2005 budget allows for increased staff, and total appropriations of \$321,463.

Table 1

	<u>Original Budget to Actual Expenses</u>		
	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual Expenses</u>
Fiscal Year 2004:			
General	\$ 250,849	\$ 262,270	\$ 261,479
Federal trust	<u>43,498</u>	<u>43,498</u>	<u>6,580</u>
Total	<u>\$ 294,347</u>	<u>\$ 305,768</u>	<u>\$ 268,059</u>
Fiscal Year 2003:			
General	\$ 293,164	\$ 311,157	\$ 311,147
Federal trust	<u>43,498</u>	<u>59,698</u>	<u>38,811</u>
Total	<u>\$ 336,662</u>	<u>\$ 370,855</u>	<u>\$ 349,958</u>
Fiscal Year 2002:			
General	\$ 367,107	\$ 352,475	\$ 347,850
Federal trust	<u>19,000</u>	<u>48,500</u>	<u>48,463</u>
Total	<u>\$ 386,107</u>	<u>\$ 400,975</u>	<u>\$ 396,313</u>

Personal services is the Council's primary expense. During fiscal year 2004, personal services accounted for 88 percent of total expenses.

<u>Expense by Type</u>			Table 2
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Personal services	\$235,367	\$310,304	\$323,420
Contractual services	14,382	11,023	24,710
Transfer payments	9,347	-	-
Continuous charges	4,714	25,694	36,835
Supplies and materials	4,249	2,937	7,729
Equipment	<u>-</u>	<u>-</u>	<u>3,620</u>
Total	<u>\$268,809</u>	<u>\$349,958</u>	<u>\$396,313</u>



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

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

April 17, 2005

The Honorable Mark R. Warner  
Governor of Virginia  
State Capitol  
Richmond, Virginia

The Honorable Lacey E. Putney  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

## INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Human Rights Council** for the three-year period ended June 30, 2004. We conducted our audit in accordance with the standards for performance audits set forth in Government Auditing Standards, issued by the Comptroller General of the United States.

### Audit Objective, Scope, and Methodology

Our audit's primary objectives were to evaluate the accuracy of recording financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Council's internal control, and test compliance with applicable laws, regulations, contracts and grant agreements.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Council's operations. We also tested transactions and performed such other auditing procedures, as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Expenditures  
Revenues  
Payroll

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. 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.

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.

Our audit was more limited than would be necessary to provide assurance on internal control or to provide an opinion on overall compliance with laws, regulations, contracts and grant agreements. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

#### Audit Conclusions

We found that the Council properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The 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 to be material weaknesses. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to financial operations may occur and not be detected promptly by employees in the normal course of performing their duties.

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.

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.

#### EXIT CONFERENCE

We discussed this report with management on May 23, 2005.

AUDITOR OF PUBLIC ACCOUNTS

JEP:whb

