



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF HUMAN RIGHTS

**COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2013**

Release Date: February 6, 2014

Summary of Findings:

Total this audit:	4
Total last audit:	4
Repeated from last audit:	4

SYNOPSIS

- The Department did not maintain adequate financial records or prepare accurate accounting reports using generally accepted accounting principles.
- The Department lacked adequate controls over voucher processing.

{Expenditures and Activity Measures are summarized on the reverse page.}

**DEPARTMENT OF HUMAN RIGHTS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013**

EXPENDITURE STATISTICS	2013	2012	2011
Total Expenditures (All Funds).....	\$ 12,336,687	\$ 12,163,786	\$ 11,913,508
OPERATIONS TOTAL.....	\$ 12,336,687	\$ 12,163,786	\$ 11,913,508
% of Total Expenditures.....	100.0%	100.0%	100.0%
Personal Services.....	8,454,822	9,481,857	1,530,920
Other Payroll Costs (FICA, Retirement).....	1,588,243	1,259,839	1,030,890
All Other Operating Expenditures.....	2,293,622	1,422,090	9,351,698
Total Receipts.....	\$ 2,940,870	\$ 1,912,878	\$ 2,789,017
Average Number of Employees.....	144	140	148

SELECTED ACTIVITY MEASURES (Not Examined)	2013	2012	2011
Discrimination Caseload Statistics			
Docketed.....	3,759	4,097	3,994
Completed.....	3,881	3,552	3,043
Carryover.....	1,010	564	571
Charges Completed per Month per Investigator.....	6.2	5.4	5.1
Investigators employed at end of year.....	54	56	60

AGENCY DIRECTOR
During Examination Period: Mr. Rocco Claps
Currently: Mr. Rocco Claps

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADQUATE FINANCIAL REPORTING

The Department did not maintain adequate financial records or prepare accurate accounting reports

The Department of Human Rights (Department) did not maintain adequate financial records or prepare accurate accounting reports using Generally Accepted Accounting Principles (GAAP) for submission to the Illinois Office of the State Comptroller. The Department did not keep adequate records or schedules to support grant/contract data and accounts receivable.

In our review of the GAAP Reporting Package submitted to the State Comptroller's Office we noted:

Reported balances overstated in FY12 and understated in FY13 by \$483,000

- As of June 30, 2012, accounts receivable, revenues and the fund balance were overstated by \$483,000.
- In the year ended June 30, 2013, revenues were then understated by \$483,000.

Persistent problem since 1997

The Department's books and records were maintained using the balances in the Comptroller's appropriation reports which is on a cash basis method of accounting. As part of the year-end accounting and financial reporting closing process, agencies are required to prepare adjustments to convert to the accrual basis of accounting and submit reports to the State Comptroller's Office. These accounting reports summarize yearly financial activities and the status of their funds at year-end on a GAAP basis. (Finding 1, pages 9-10) **This finding, or variations thereof, has been repeated since 1997.**

We recommended the Department keep adequate records or schedules to support grant/contract data and accounts receivables so that accurate "GAAP Reporting Packages" can be prepared in the future.

Department agrees with auditors

Department officials stated they have made significant improvements over the course of FY13 and accurate schedules have been completed to enable accurate preparation of GAAP packages going forward. (For previous agency response, see Digest Footnote 1.)

INADEQUATE CONTROLS OVER VOUCHER PROCESSING

The Department did not have adequate controls over voucher processing.

During our review of 134 vouchers we noted the following:

Vouchers not approved timely

- Seventeen (13%) vouchers tested totaling \$298,324 were approved more than 30 days after receipt of the vendor's invoice. The vouchers were approved for payment 1 to 533 days late.

Persistent problem since 1995

- Eleven (8%) of the vouchers tested totaling \$33,947 were paid more than 90 days after the receipt of the vendor's invoice. For one voucher, interest totaling \$144 was due and was not paid. (Finding 2, pages 11-12) **This finding has been repeated since 1995.**

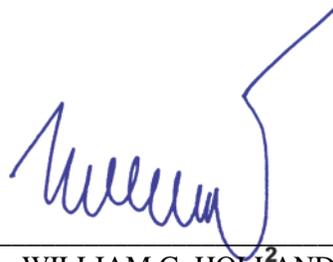
We recommended the Department strengthen controls over voucher processing to ensure compliance with statutory requirements and its own policies.

Department agrees with auditors

Department officials stated they made significant improvements over the course of FY13 and will continue to strengthen controls over voucher processing. However, they are unable to make some payments until cash and/or transfers are made available. (For previous agency response, see Digest Footnote 2.)

OTHER FINDINGS

Other findings pertained to employee evaluations not being completed timely and inadequate controls over State property and equipment. We will review progress toward implementation of all our recommendations during our next examination.



WILLIAM G. HOLLAND
Auditor General

WGH:JCR

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this audit were McGreal & Company, PC.

Digest Footnotes

1. **INADEQUATE FINANCIAL REPORTING – (Previous Department Response)**

2011: “The Department will adhere to this recommendation and continue to work closely with the Comptroller’s Office to complete the yearly GAAP package. For FY10 and FY11, the Fiscal Staff completed this package with the assistance of the Comptroller’s Office.”

2. **INADEQUATE CONTROLS OVER VOUCHER PROCESSING – (Previous Department Response)**

2011: “The Department will adhere to the recommendation. The Department has made significant improvements in this area and will continue to do so. Because of limited cash flow, at times, throughout the Fiscal Year the Department is unable to fulfill some payments until cash and or transfers are made available.”