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STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

REVIEW REPORT

OF

CIVIL RIGHTS COMMISSION

STATE OF INDIANA

April 1, 2007 to January 31, 2010

FILED
07/23/2010

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AGENCY OFFICIALS

Office	Official	Term
Director	Judge Gregory K. Scott	02-23-05 to 04-04-08
	Vacant	04-05-08 to 04-06-08
	Tony A. Kirkland	04-07-08 to 06-04-10
	Vacant	06-05-10 to 06-06-10
	Jamal Smith	06-07-10 to 01-13-13
Chair	Alpha Blackburn	07-01-04 to 06-30-10

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA CIVIL RIGHTS COMMISSION

We have reviewed the receipts, disbursements, and assets of the Indiana Civil Rights Commission for the period of April 1, 2007 to January 31, 2010. Indiana Civil Rights Commission's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indiana Civil Rights Commission are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

March 31, 2010

PURCHASE OF PROMOTIONAL ITEMS

We noted six instances of the Indiana Civil Rights Commission (ICRC) purchasing promotional items between May 18, 2009 and May 27, 2009, totaling $16,290.00. The ICRC did not submit a request or receive approval from the Communications and Efficiencies Committee for these purchases.

State Budget Agency's directive dated March 12, 2009, states in part: "For the remainder of FY09 all requests for paid media, sponsorships, promotional items and publications should be submitted to the Committee (consisting of the Governor's Office and the Office of Management and Budget) for approval. Obligations shall not be made until approval has been received." "Beginning next fiscal year (FY10), agencies will be required to submit an annual (FY) marketing communications plan which will include all paid and earned media, sponsorships, promotional items and publications."

Each agency, department, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi agencies, Organizational Overview)

INAPPROPRIATE USE OF PUBLIC FUNDS FOR SPONSORSHIPS

Alpha Phi Alpha Fraternity, Inc. Sponsorships

We noted four instances where the Indiana Civil Rights Commission (ICRC) paid for sponsorships to the Alpha Phi Alpha Fraternity, Inc., through Alphamen, Inc. The first instance was an invoice for $10,000 dated June 5, 2008. This was for sponsorships of the 2006 and 2007 Black & Gold Scholarship Balls. The second instance was an invoice dated November 3, 2008, for a $5,000 sponsorship in the name of the ICRC. The third was an invoice dated November 3, 2008, for a $5,000 sponsorship in the name of The Office of the Governor of Indiana paid for by the ICRC. The fourth was an invoice dated November 11, 2009, for a $5,000 sponsorship in the name of the ICRC. There was an additional instance of an invoice dated June 1, 2009, for $300.00 paid to Alphamen Inc., for 10 tickets to the Annual Father's Day Brunch.

City of Evansville Sponsorship

We noted one instance on May 5, 2009, of the City of Evansville receiving a sponsorship for the 36th Annual Consortium of State and Local Human Rights Agencies Training Conference in the amount of $5,000 from the Indiana Civil Rights Commission (ICRC). The ICRC did not submit a request or receive approval from the Communications and Efficiencies Committee for this sponsorship.

Girls Incorporated of Indianapolis Sponsorship

We noted one instance on July 23, 2009, of the Girls Incorporated of Indianapolis receiving a sponsorship in the amount of $1,000 for support of Alpha Blackburn, Chair of the Indiana Civil Rights Commission (ICRC). The ICRC did not receive approval from the Communications and Efficiencies Committee for this expenditure nor was this expenditure on the agencies approved FY10 communications plan.

Who's Who Publishing Sponsorship

We noted one instance on June 6, 2009, of Who's Who Publishing being paid $15,000 for a sponsorship/advertisement in the 6th edition of Who's Who in Black Indianapolis. Alpha Blackburn, Chair of the Indiana Civil Rights Commission (ICRC) was featured on the cover of the 6th edition of Who's Who in Black Indianapolis. The ICRC did not submit a request or receive approval from the Communications and Efficiencies Committee for this sponsorship.

State Budget Agency's directive dated March 12, 2009, states in part: "For the remainder of FY09 all requests for paid media, sponsorships, promotional items and publications should be submitted to the Committee (consisting of the Governor's Office and the Office of Management and Budget) for approval. Obligations shall not be made until approval has been received." "Beginning next fiscal year (FY10), agencies will be required to submit an annual (FY) marketing communications plan which will include all paid and earned media, sponsorships, promotional items and publications."

Each agency, department, quasi, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi agencies, Organizational Overview)

According to 42 IAC 1-5-12 Use of state property, "A state officer, employee, or special state appointee shall not make use of state materials, funds, property, personnel, facilities, or equipment for any purpose other than for official state business unless the use is expressly permitted by a general written agency, departmental, or institutional policy or regulation."

Unlike funds controlled by private business, the spending of public funds is restricted by law to impose a high level of accountability on public officials approving these expenditures. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 6.4.7)

Officials and employees who are accountable for the expenditure of public funds must exercise due diligence to assure that all such payments are in the taxpayers interest. The following is a list, not necessarily complete, of unacceptable payments from public funds; Personal items, Items not related to the functions and purposes of the unit. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 6.4.7.1)

UNDOCUMENTED CREDIT CARD FOOD PURCHASES

Our selection of disbursements for review included two payments for restaurant meals purchased with a credit card issued to the Indiana Civil Rights Commission. The two payments totaled $526.05 and were for 14 meals ranging in price from $10.52 to $118.72. The credit card receipts submitted for documentation were for the totals only and did not detail what was purchased. No supporting documentation was available detailing the business purpose of these expenditures.

Supporting documentation such as receipts, cancelled checks, invoices, bills, contracts, etc., must be made available for audit to provide supporting information for the validity and accountability of monies received or disbursed. Documents must be filed in such a manner as to be readily retrievable or otherwise reasonably obtainable, upon request, during an audit. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Organizational Overview)

CREDIT CARD LATE FEE CHARGES

It was noted that the Indiana Civil Rights Commission was reimbursed for $632.21 in credit card late fee charges paid out of the Special Disbursing Officer Fund. Of the $632.21 reimbursed, $249.53 was paid prior to our review period and $382.68 was paid during our review period.

Payment of penalties and interest due to late payments to vendors may be the obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 6.4.7.4)

SDO FUND SINGLE PURCHASE LIMIT

On January 21, 2010, the Indiana Civil Rights Commission paid $546.00 from the Special Disbursing Officer Fund (SDO) for limousine service for two speakers at the Dr. Martin Luther King Jr. Indiana Holiday celebration. This exceeds the single purchase limit specified on its Authority For Local Purchases (State Form 47911) of $500.00. In addition, given the State's current fiscal situation, regular taxi service may have been more prudent.

The authorized level of the account shall not be exceeded. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, 6.4.10.4.2)

INDIANA CIVIL RIGHTS COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on June 3, 2010, with Tony A. Kirkland, Director; and Joan Essex, Chief Financial Officer. The official response has been made a part of this report and may be found on pages 8 through 10.

The contents of this report were emailed on June 7, 2010, to Alpha Blackburn, Chair of the Indiana Civil Rights Commission. The official response has been made a part of this report and may be found on pages 8 through 10.

The contents of this report were mailed on June 7, 2010, to Judge Gregory K. Scott, former Director of the Indiana Civil Rights Commission. The official response has been made a part of this report and may be found on pages 8 through 10.

INDIANA
CIVIL
RIGHTS
COMMISSION

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June 23, 2010

State Board of Accounts
302 West Washington Street, Room E418
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OFFICIAL RESPONSE

On June 6, 2010, I took over in the capacity of Executive Director of the Indiana Civil Rights Commission. While I cannot speak directly to the audit findings listed in this report; I and my staff are committed to moving forward with the following guidelines in place to ensure such instances do not occur in the future.

Purchase of Promotional Items
Inappropriate Use if Public Funds for Sponsorships
An approved Communications Plan is currently on file with the agency and with the Office of Management and Budget (OMB) for fiscal year 2011. All promotional items, sponsorships, events and publications are outlined in this document.

The Indiana Civil Rights Commission is committed to following the guidelines established through the State Budget Agency directive dated March 12, 2009. There are no additional items planned outside of those listed and approved in the current plan. Should additional items arise the agency agrees to submit those items for approval as prescribed.

Credit Card Late Fee Charges
The use of the agency Special Disbursement Officer (SDO) account for automatic withdrawal for travel expenses has been replaced by the use of an agency Procurement card.

Undocumented Credit Card Food Purchases
The agency has established guidelines for credit card purchases to include detailed receipts including itemized listing of all purchases.

SDO Single Purchase Limit
New procedures for the processing of payments through the SDO are in place and include approval by both the Executive Director and the Chief Financial Officer prior to payment.

Sincerely,

Jamal L. Smith
Executive Director

June 8, 2010

Mr. Dan Heilman
State Board of Accounts
302 West Washington Street
Indianapolis, IN 46204

In Dear Mr. Heilman,

I received today, June 7, 2010, via e-mail a copy of your review comments following an exit conference June3, 2010 with the now resigned director.

While I am mentioned twice in the review comments, it should be noted for clarification, that in neither instance did I request that the ICRC make a contribution or support in any way Girls, Inc. or Who's Who. I was also not informed that the organizations would be or had been provided financial support by the ICRC.

While I was honored by both Girls, Inc., and Who's Who, I was neither required to provide financial support nor to elicit support from others for either organization.

I request that this letter be included with your comments.

Respectfully,

Alpha Blackburn, Chair, ICRC

B L A C K B U R N A R C H I T E C T S

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Gregory Kellam Scott
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June 21, 2010

Daniel L. Heilman, Field Examiner
State Of Indiana
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RE: "OFFICIAL RESPONSE"

Dear Mr. Heilman,

I am in receipt of your June 7, 2010, report of review of the Indiana Civil Rights Commission for the period of April 1, 2007, to January 31, 2010. Your report allows me to return my Officials' Response Form to you by today, June 21, 2010, therefore, to meet your deadline, my response is being faxed to you. A hard copy will be mailed today.

My tenure with the ICRC ended in April, 2008. My reading of your review comments of PURCHASE OF PROMOTIONAL ITEMS, INAPPROPRIATE USE OF PUBLIC FUNDS FOR SPONSORSHIPS, CREDIT CARD LATE FEE CHARGES, UNDOCUMENTED CREDIT CARD FOOD PURCHASES, and SDO FUND SINGLE PURCHASE LIMIT speak to events that occurred after my tenure with the ICRC and as such do not apply, nor are associated, with any services I provided to the ICRC. Further, until receipt of your report of review, I was unaware of any of these serious and potentially criminal matters.

All of your review comments refer to events which in no way involve acts during my service with ICRC.

Thank you for providing me the opportunity to respond to your review comments and I would like for my comments to be included with the report.

I would greatly appreciate continuing information, as to any other response, follow up, and/or remedies sought by the State or the director to whom the comments are addressed.

Sincerely,

Gregory Kellam Scott

Gregory Kellam Scott