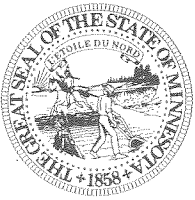


**DEPARTMENT OF HUMAN RIGHTS
MANAGEMENT LETTER
FISCAL YEAR 1986**

JANUARY 1987

**Financial Audit Division
Office of the Legislative Auditor
State of Minnesota**



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Ms. Jayne Khalifa, Acting Commissioner
Department of Human Rights
5th Floor Bremer Tower
Seventh and Minnesota Streets
St. Paul, Minnesota 55101

Dear Commissioner Khalifa:

We have reviewed certain accounting procedures and controls for your department as part of our statewide audit of the State of Minnesota's fiscal year 1986 financial statements and federal programs. The scope of our work was limited to:

- your centralized function responsibilities for Civil Rights compliance; and
- the status of recommendations made last year for certain federal programs included in the single audit scope as follows:
 - State Anti-Discrimination Contracts with the Equal Employment Opportunity Commission (CFDA #30.002).

We emphasize that this has not been a complete financial and compliance audit of all programs within your department. The work conducted in your department is a part of our annual statewide financial and federal compliance audit (single audit). The single audit coverage satisfies the federal government's financial and compliance audit requirements for all federal programs administered by your department in fiscal year 1986. Since the federal government is ultimately responsible for determining the resolution of single audit recommendations, they will notify you of their final acceptance of your corrective actions.

This management letter contains our recommendations developed during this audit. Attached to your management letter is a summary of the progress made on the audit recommendation discussed in our last management letter covering fiscal year 1985, dated February 24, 1986.

The recommendation included in this letter is presented to assist you in improving compliance procedures and controls. Progress on implementing this recommendation will be reviewed during our audit next year.

CURRENT FINDING AND RECOMMENDATION

The Department of Human Rights needs to improve its monitoring of Certificates of Compliance.

Minn. Stat. Section 363.073 requires that state agencies only accept bids and proposals from firms or businesses that have received a Certificate of Compliance. The Certificate of Compliance indicates that the firm or


business has had their affirmative action plan approved by the Department of Human Rights. The certificate is valid for a period of two years, but it can be suspended or revoked if a good faith effort to implement the affirmative action plan is not made by the contractor. The Department of Human Rights monitors the contractor's effort to implement the plan by requiring monthly (for construction contractors) and semi-annual reports of the contractor's hiring practices and workforce utilization, and by conducting on-site audits.


The department is not adequately monitoring compliance reports submitted by contractors. We tested twenty contractors certified between January 8, 1986 and August 1, 1986. Four of the sixteen construction contractors included in the sample had not submitted any monthly reports as of the time of our audit. Twelve of the contractors had not filed semi-annual reports. Although Human Rights has developed form letters to remind contractors that the reports are due, we saw only one instance where such a letter was used for one of our sample items. None of these contractors had their certificate suspended or revoked.

RECOMMENDATION:

- 1. The Department of Human Rights should improve their monitoring of compliance reports submitted by certified contractors.*

Thank you for the cooperation extended our staff during this audit.


James R. Nobles
Legislative Auditor
Attachment


John Asmussen, CPA
Deputy Legislative Auditor

January 16, 1987

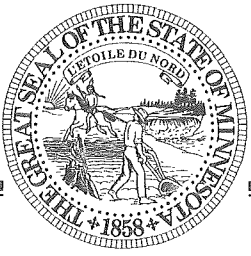
DEPARTMENT OF HUMAN RIGHTS

STATUS OF PRIOR AUDIT RECOMMENDATION
AND
PROGRESS TOWARD IMPLEMENTATION

Federal reimbursements are not transferred to the General Fund timely.

1. Human Rights should transfer the EEOC deposits from the Federal Fund to the General Fund immediately upon receipt.

RECOMMENDATION IMPLEMENTED. Since May 1986, all federal receipts have been transferred to the General Fund in a timely manner.



Minnesota Department of Human Rights

January 16, 1987

Renee Redmer
Audit Manager
Office of the Legislative Auditor
Veterans Service Building
St. Paul, Minnesota 55155

Dear Ms. Redmer:

Pursuant to the legislative audit work for the 1986 Statewide Audit, this letter will serve as the Department of Human Rights' response to your recommendation that the Department should improve the monitoring of compliance reports submitted by certified contractors.

The Contract Compliance Unit, which is responsible for monitoring compliance reports, has certified more than 400 businesses who must submit approximately 1000 compliance reports yearly. At the present time the unit must solely rely on a manual system for all unit activities. This includes generating form letters which remind contractors when reports are due, to a manual "tickler" system which reminds staff to send the letters. Therefore, in addition to analyzing the reports that are received and taking any necessary follow-up action, contract compliance professional staff is responsible for all paperwork and recordkeeping of their certified contractors. We have, however, taken the first step toward computerizing the contract compliance program. A program has been designed for the unit and all presently certified contractors are on a disc. As soon as the system is operational, we will be using it for monitoring purposes.

In November 1986 the unit was audited by the supervisor to determine the status of each certified contractor. At that time, the monitoring of compliance reports was identified as a problem. Therefore, a contractor monitoring form, which includes sections on dates when compliance reports are due and the date of their receipt was implemented and is being used by contract compliance staff. This form should improve the monitoring of compliance reports submitted by contractors. Ms. Wendy Adler Robinson, Contract Compliance Supervisor, is responsible for implementing the audit recommendation, which has already begun.

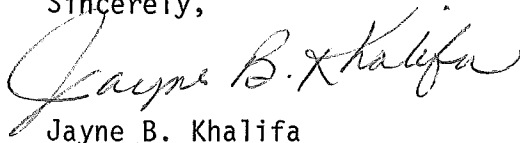
AN EQUAL OPPORTUNITY EMPLOYER

Ms. Renee Redmer

January 16, 1987
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Should you desire additional information or clarification, please
contact me at 296-5665.

Sincerely,

A handwritten signature in cursive script that reads "Jayne B. Khalifa". The signature is fluid and elegant, with the first name "Jayne" being more prominent.

Jayne B. Khalifa
Acting Commissioner

JBK/edm