

# **U.S. Equal Employment Opportunity Commission**

---

---

## **Office of Inspector General**



## **Semiannual Report to Congress**

April 1, 2011 to September 30, 2011

## OIG VISION

**Agents igniting change and fostering accountability, effectiveness, and efficiency in government**



## OIG MISSION

**The OIG's mission is to detect and prevent waste, fraud, and abuse and to promote economy, efficiency, and effectiveness in Agency programs and operations.**

## CONTENTS

<b>A Message from the Inspector General</b>	<b>1</b>
<b>Executive Summary</b>	<b>2</b>
<b>Introduction</b>	<b>4</b>
<b>The Audit and Evaluation Program</b>	<b>7</b>
Completed Projects	
New and Ongoing Audit and Evaluation Projects	
Audit Follow-Up	
<b>The Investigation Program</b>	<b>18</b>
Investigative Inquiries	
Completed Investigations	
Ongoing Investigative Activities	
<b>Other OIG Program Activities</b>	<b>21</b>
<b>Appendixes</b>	<b>22</b>
Appendix 1. Final Office of Inspector General Audit and Evaluation Reports	
Appendix 2. Index of Reporting Requirements	
Appendix 3. Single Audit Act Reports	

# A MESSAGE FROM THE INSPECTOR GENERAL

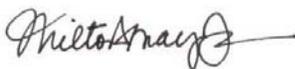
In accordance with the Inspector General Act of 1978, as amended, I herewith submit the semiannual report for the period April 1, 2011, through September 30, 2011, which summarizes the major activities of our office for the reporting period. Section 5 of the Inspector General Act requires the Chair to transmit this report to the appropriate committees or subcommittees of Congress within 30 days of its receipt.

In May 2011, I was appointed the third Inspector General for the U.S. Equal Employment Opportunity Commission (EEOC) by the Honorable Jacqueline A. Berrien, Chair of the EEOC. I am honored by her appointment, and I have accepted it with an unwavering commitment to OIG's mission to detect and prevent waste, fraud and abuse, and to promote economy, efficiency and effectiveness in EEOC programs and operations.

I am thankful for a team of professionals with whom I serve that consistently manage to meet the challenges of the OIG's mission undergirded by a passion for public service and an unrelenting commitment to pursuing and maintaining the highest professional standards. Unlike any other era in modern times, public servants, and particularly those of us in the IG community, will be called upon to muster the resolve to identify the best opportunities to maximize the efficiency and effectiveness of Federal operations, while providing the American taxpayer with greater value for their investment. I am convinced that the staff of the OIG is well prepared and highly motivated to meet the challenges which lie ahead.

The Office of Inspector General experienced a productive six months. Although lacking essential staff, the OIG completed six investigations, received and processed 698 investigative inquiries, and conducted various audit and evaluation activities. Included among the audit and evaluation projects are two management advisories. These advisories represent the OIG's efforts to implement its new approach of conducting limited-scope reviews that maximize the use of its human capital to provide Agency management with information and recommendations in a timely and useful format.

I look forward to working with the Berrien administration, the Commissioners, and the EEOC community at-large as we advance the EEOC's efforts to improve its efficiency and effectiveness in carrying out its mission to promote equality of opportunity in the workplace and enforcing Federal laws prohibiting employment discrimination.



Milton A. Mayo Jr.  
Inspector General

## EXECUTIVE SUMMARY

This semiannual report is issued by the Equal Employment Opportunity Commission's (EEOC's) Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended. It summarizes the OIG's activities and accomplishments for the period of April 1, 2011, through September 30, 2011.

During the reporting period the OIG issued two management advisories, closed six investigative matters, and received 698 inquiries, of which 282 were charge-processing issues, 245 were Title VII complaints, and 171 were other investigative allegations.

The OIG's completed, newly initiated, and ongoing audit, evaluation, and investigative projects include these:

- The OIG contracted with Harper, Rains, Knight & Company, P.A., to perform the 2011 financial statement audit of EEOC as required by the Accountability of Tax Dollars Act of 2002.
- The OIG contracted with Clifton Gunderson, LLP, to perform an independent evaluation of EEOC's information security program and of selected EEOC systems for compliance with the Federal Information Security Management Act of 2002 (FISMA) and the Fiscal Year 2011 Inspector General Federal Information Security Management Act reporting requirements issued by the Department of Homeland Security.
- In August the OIG initiated planning for a review of the Agency's audit follow-up process. The objective of the review is to assess the condition of the program and to determine whether there are opportunities for improvement. The OIG will commence the project with an entrance conference during the first quarter of fiscal year (FY) 2012 and will issue a draft and final report during the third quarter of FY 2012.
- The OIG is conducting its annual independent assessment of the Agency's compliance with the Federal Manager's Financial Integrity Act. We will determine whether the Agency's management control process was conducted in accordance with OMB standards. The OIG will issue its findings to the Chair prior to the Agency's reporting deadline of November 15, 2011 for inclusion in the FY 2011 Performance and Accountability Report.
- The OIG will issue its findings to the chair of the Agency prior to the Agency's reporting deadline for its FY 2011 Performance and Accountability Report, which is November 15, 2011.

- The OIG issued two management advisories during the reporting period. On July 15, 2011, the OIG issued a management advisory on the status of EEOC's Open Government activities, and on September 30, 2011, the OIG issued a management advisory on EEOC's potential for infrastructure (real estate) cost savings through the use of frequent telework
- The OIG completed investigations involving an array of allegations including fraud, conflict of interest, inappropriate use of agency resources, erroneous position appointment, unauthorized outside employment, and misuse of position.
- There are ongoing investigations in several field offices involving prohibited personnel practices, ethics violations, conflicts of interest, fraud, mismanagement, falsification of government records, impersonation of a Federal official, theft of government property, and threats against the Agency.

# **INTRODUCTION**

## **The Equal Employment Opportunity Commission**

The Equal Employment Opportunity Commission (EEOC) is the Federal agency responsible for enforcement of Title VII of the Civil Rights Act of 1964, as amended; the Equal Pay Act of 1963; the Age Discrimination in Employment Act of 1967; Section 501 of the Rehabilitation Act of 1973 (in the Federal sector only); Title I of the Americans with Disabilities Act of 1990 and Americans with Disabilities Act Amendments Act of 2008; the Civil Rights Act of 1991; the Lilly Ledbetter Fair Pay Act of 2009; and the Genetic Information Nondiscrimination Act of 2008 (P.L. 110-233 Stat 881), also referred to as GINA. These statutes prohibit employment discrimination based on race, sex, color, religion, national origin, age, disability, or genetic information.

EEOC is also responsible for carrying out Executive Order 12067, which promotes coordination and minimizes conflict and duplication among Federal agencies that administer statutes or regulations involving employment discrimination.

EEOC is a bipartisan commission composed of five presidentially appointed members, including a chair, a Vice Chair, and three commissioners. The Chair is responsible for the administration and implementation of policy and for the financial management and organizational development of the Commission. The Vice Chair and the commissioners equally participate in the development and approval of the policies of the EEOC, issue charges of discrimination where appropriate, and authorize the filing of lawsuits. Additionally, the President appoints a General Counsel, who is responsible for conducting litigation under the laws enforced by the Commission.

## **The Office of Inspector General**

The U.S. Congress's 1988 amendments to the Inspector General Act of 1978 established an Office of Inspector General (OIG) at the EEOC. In October 2008, Congress passed the Inspector General Reform Act of 2008, which generally buttressed the independence of inspectors general, increased their resources, and held them more accountable for their performance.

The EEOC OIG is under the supervision of the Inspector General (IG), an independent EEOC official subject to the general supervision of the Chair of EEOC. Under the direction of the IG, the OIG meets its statutory responsibilities by conducting and supervising audits, evaluations, and investigations designed to detect and prevent fraud, waste and abuse, and to promote economy, efficiency, and effectiveness in the administration of the Agency's programs and operations.

The IG provides overall direction, coordination, and leadership for the OIG, and is responsible for establishing and implementing the OIG's strategic vision and core values. The IG is the principal advisor to the Chair on all audit and investigative matters involving the prevention, detection, and elimination of waste, fraud, and or abuse in any EEOC program or operation. The IG recommends the proper boundaries of audit and investigative jurisdiction between the OIG and other EEOC organizations. The IG also develops a separate and independent annual budget for the OIG and responds directly to inquiries from the public, the Congress, or the news media.

The Deputy Inspector General (DIG) serves as the alter ego of the IG and participates fully in policy development and management of the diverse audit, investigation, evaluation, and support operations of the OIG. The DIG also ensures that the Audit, Evaluation, and Investigation Programs (AEIP) address their mission, goals, and objectives in accordance with the Inspector General Act, other laws, agency policy, and congressional requests. The AEIP staff conducts audits, evaluations, and investigations of EEOC operations and activities and prepares reports for the Chair, EEOC management, and Congress.

The Counsel to the Inspector General (CIG) is the sole legal advisor in the OIG, providing advice in connection with matters of importance to the OIG. The CIG provides day-to-day guidance to the OIG's investigation team and is the primary liaison with Agency legal components and the Department of Justice. The CIG assists the IG and DIG in the development and implementation of the OIG's policies and procedures. The CIG conducts legal reviews of all audit, evaluation, and investigation reports; reviews proposed and revised legislation and regulations; and recommends appropriate responses and actions.

In addition to these personnel, the OIG staff includes an evaluator, two auditors, two criminal investigators, an administrative specialist, and a confidential support assistant. An Agency staff attorney began a career development detail with the OIG during the first quarter of FY 2011.

The OIG has two critical vacancies. The Deputy Inspector General position, the IG's alter-ego and the first line supervisor for the OIG's auditors, evaluators, and investigators, has been vacant since May 2011 following the appointment of the incumbent Deputy Inspector General to the position of Inspector General. The OIG's Management Analyst position has been vacant since April 2010. This position, which was reclassified to a GS-2210 Information Technology Management series, manages the OIG's information technology program, including OIG's oversight of the Agency's annual Federal Information Security Management Act (FISMA) evaluation; performs computer forensics for OIG's investigative component; designs, procures, implements and supervises the OIG's investigative case management and audit tracking systems; and is responsible for the procurement and maintenance of OIG's hardware and software. The

OIG awaits an exemption to the government-wide freeze on hiring in order to fill these essential positions.



## THE AUDIT AND EVALUATION PROGRAM

*The Audit and Evaluation Program supports the OIG's strategic goal to improve the economy, efficiency, and effectiveness of EEOC programs, operations, and activities.*

### Completed Projects

#### Management Advisory on EEOC's Open Government Activities

On December 8, 2009, the OMB issued memorandum M10-06, known as the "Open Government Directive" (OGD). It requires executive agencies to take specific actions to implement the three principles of transparency, participation, and collaboration that form the cornerstone of open government set forth by the President. On July 15, 2011, the OIG issued a management advisory on EEOC's Open Government activities.

In addition to developing a draft plan, EEOC took several actions to meet OGD requirements. EEOC created an Open Government initiative web site on February 5, 2010. The web site, (<http://www.eeoc.gov/open/index.cfm>), contains information on four topics: information and data; Open Government Plan; evaluating EEOC progress; and feedback and input. The information and data section contains links to EEOC data available at [www.data.gov](http://www.data.gov), a website that contains EEOC data sets described later in this document. The information and data section also contains a link to other information and data, such as budget and performance data, and meetings of the Commission.

The advisory states that we believe EEOC should (1) maintain approval of an Open Government Plan as a high priority and (2) regularly communicate EEOC's Open Government progress with all Agency staff.

#### Management Advisory on EEOC's Potential for Infrastructure (Real Estate) Cost Saving

On September 30, 2011, the OIG issued a management advisory on EEOC's potential for infrastructure (real estate) cost saving. Recent discussions with EEOC leadership revealed renewed interest in the potential of telework as a key tactic in the Agency's overall strategy to achieve improved cost management. Based on the OIG's previous studies and those discussions, we believe EEOC is in an ideal position to use frequent telework<sup>1</sup> to achieve major infrastructure cost saving. The OIG frequent telework cost model, developed in 2003 as the key component of an evaluation concerning Agency

---

<sup>1</sup> OIG defines frequent telework as telework scheduled to be performed a minimum of two days per week.

infrastructure,<sup>2</sup> shows EEOC can achieve major long-term saving by reducing the amount of space that the Agency uses.

The advisory stated that EEOC should consider forming an Agency wide task force to review our cost model, and assess the opportunities and risks associated with its use in the current environment. The task force should include a broad cross-section of those likely to participate in or be directly affected by a robust telework program.

The OIG views the use of telework to reduce real estate costs as a long-term method to achieve improved cost management. However, initial measurable cost savings may not be realized for several years following implementation. Thus, it is prudent to view the development, implementation and management of a telework program designed to reduce real estate costs through a strategic lens, and to manage outcomes and expectations from a long-term fiscal perspective.

## **New and Ongoing Audit and Evaluation Projects**

### **FY 2011 Audit of the Consolidated EEOC Financial Statements**

The OIG contracted with Harper, Rains, Knight & Company, P.A., of Ridgeland, Mississippi, to perform the 2011 financial statement audit of EEOC, which is required by the Accountability of Tax Dollars Act of 2002. Fieldwork is ongoing, and the audit opinion is expected to be issued by November 15, 2011, to meet the OMB's deadline and to be included in the Agency's 2011 Performance and Accountability Report. Additionally, a management letter report will be issued shortly after the financial statement audit, identifying any internal control weaknesses.

### **FY 2011 Federal Information Security Management Act Audit**

The OIG contracted with Clifton Gunderson, LLP, to perform an independent evaluation of EEOC's information security program and of selected EEOC systems for compliance with the Federal Information Security Management Act of 2002 (FISMA) and the FY 2011 Inspector General Federal Information Security Management Act reporting requirements issued by the Department of Homeland Security. An entrance conference was held on August 22, 2011. Fieldwork is under way and is scheduled to be completed early in the first quarter of 2011 to meet the November 15, 2011, OMB reporting deadline.

---

<sup>2</sup> *Reducing Infrastructure Costs Through Increased Use of Telework*, Report No. 01-13-AMR.

## **Agency Compliance with the Federal Managers' Financial Integrity Act**

EEOC Order 195.001, "Internal Control Systems," requires the OIG to annually provide the Chair a written advisory on whether EEOC's management control evaluation process complies with OMB guidelines. The OIG's independent assessment determines whether the Agency's management control evaluation process was conducted in accordance with OMB standards. To make this determination, the OIG is reviewing

- system assurance statements submitted by headquarters and district directors;
- functional area summary tables and functional area reports submitted by headquarters and field offices; and
- EEOC's Office of Research, Information, and Planning's FY 2011 Federal Managers' Financial Integrity Act (FMFIA) Assurance Statement and Assurance Statement Letter, with supporting documents.

The OIG will issue its findings to the Chair of the Agency prior to the Agency's reporting deadline for its FY 2011 Performance and Accountability Report, which is November 15, 2011.

### **Review of EEOC Relocation Planning**

The primary purpose of this review is to determine how EEOC can improve its efficiency and effectiveness in the planning and execution of future EEOC office relocations. The OIG issued a preliminary draft report to the Office of the Chief Financial Officer (OCFO) in February 2010 and received OCFO's comments in March 2010. The OIG suspended activity on the project in the third quarter of FY 2010 and resumed activity in the fourth quarter of FY 2011. The OIG plans to issue a draft report in the first quarter of FY 2012 and a final report in the second quarter of FY 2012.

### **Program Review of Audit Follow-Up Process**

According to OMB Circular A-50,

*Audit follow-up is an integral part of good management, and is a shared responsibility of agency management officials and auditors. Corrective action taken by management on resolved findings and recommendations is essential to improving the effectiveness and efficiency of Government operations. Each agency shall establish systems to assure the prompt and proper resolution and implementation of audit recommendations. These systems shall provide for a complete record of action taken on both monetary and nonmonetary findings and recommendations.*

Over the past several years congressional leaders have expressed a heightened interest in the disposition of recommendations resulting from IG reports and from external audit reports issued by other Federal agencies. Similarly, senior Agency management has committed to redoubling its efforts to resolve pending monetary and nonmonetary audit findings and recommendations. In light of the foregoing, in August 2011 the OIG initiated planning for a review of the Agency's audit follow-up process. The OIG will commence the project with an entrance conference during the first quarter of FY 2012 and anticipates issuing draft and final reports during the third quarter of FY 2012.

## **Audit Follow-Up**

Audit follow-up is an integral part of good management and is a shared responsibility of Agency management officials and auditors. Corrective action taken by management to resolve findings and recommendations is essential to improving the effectiveness and efficiency of Agency operations.

Section 5(a)(1) of the Inspector General Act of 1978, as amended, requires that semiannual reports include a summary description of significant problems, abuses, and deficiencies relating to the Agency's administration of programs and operations disclosed by the OIG during the reporting period. No new reports were issued during this reporting period (April 1, 2011–September 30, 2011).

As required by Section 5(a)(3) of the Inspector General Act of 1978, as amended, semiannual reports shall provide an identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed. OIG staff met with Agency follow-up officials in August 2011. The OIG is reporting a total of 12 reviews with a total of 56 open recommendations for this reporting period. The following table shows those recommendations for which corrective action has not been completed.

## Recommendations for Which Corrective Actions Have Not Been Completed

Fiscal year	Report number	Report title	Date issued
2010	2010-04-FIN	<b>FY 2010 Financial Statement Audit Management Letter Report</b>	2/7/2011
<p>Open Recommendations:</p> <ul style="list-style-type: none"> <li>Report those offices that do not submit property certifications in accordance with established policy to the Office of the Chair, and require that justification be provided for late certifications.</li> <li>Conduct internal audits of submitted property certifications, to ensure reported property is correctly reported as to type and location.</li> <li>Establish a policy to perform internal audits of the EEOC eOPF system for proper implementation and application of all OPM and EEOC policies and procedures over the recording and maintaining of official personnel records.</li> </ul> <p>Establish a policy that requires the system owner to review the service provider SAS 70 or equivalent report.</p> <p>Implement and document the implementation of all applicable client control considerations provided by the service provider. The documentation should be readily available for review and shared with all relevant EEOC offices.</p>			

Fiscal year	Report number	Report title	Date issued
2010	2010-03-FIN	<b>FY 2010 Financial Statement Audit</b>	11/10/2010
<p>Open Recommendations:</p> <ul style="list-style-type: none"> <li>Integrate and document the existence of controls in the web based time and attendance system set for implementation in January 2011, which address and mitigate the time and attendance deficiencies identified in the current year and two previous years.</li> <li>Establish a policy and procedure to perform internal audits of the EEOC time and attendance system for proper implementation and application of all EEOC policies and procedures over the recording and maintaining of time and attendance.</li> </ul> <p>The Revolving Fund Division (RFD) and CFO should work with the third party contractors of EEOC's on-line registration and payment and core accounting systems to identify potential solutions to systems limitations regarding the recording of RF revenue and accounts receivable transactions.</p>			

- RFD management should continue working with the third party contractor of EEOC's on-line registration and payment system to ensure accurate and complete documentation is maintained and readily available to support all RF transactions recorded in the general ledger.
  - RFD management should document all manual procedures performed to maintain proper RF revenue and accounts receivable balances.
- RFD management should maintain complete documentation and justification for all manual RF transactions entered in Momentum by RFD personnel.

Fiscal year	Report number	Report title	Date issued
2010	2010-07-FISMA	<b>Federal Information Security Management Act Report</b>	11/1/2010
Open Recommendations:			
<ul style="list-style-type: none"> <li>• Improve documentation of Certification and Accreditation procedures, including the POA&amp;M process.</li> <li>• Bring the security control baseline for all systems up to NIST SP 800-53 Revision 3.</li> <li>• Develop/improve vulnerability scanning capability, and incorporate the results of scanning into the POA&amp;M process.</li> <li>• Implement multifactor authentication.</li> <li>• Ensure that procedures are followed for disabling accounts no longer added.</li> <li>• Implement dual accounts for administrators.</li> <li>• Implement procedures to disallow sharing of accounts by administrators.</li> <li>• Implement stronger password complexity requirements for remote access, to meet EEOC policy.</li> <li>• Develop and implement policies and procedures for continuous monitoring.</li> <li>• Define log retention, auditable events and log monitoring needs for agency system.</li> </ul>			

Fiscal year	Report number	Report title	Date issued
2010	2010-09-AEP	<b>Evaluation of the Management of the EEOC's State and Local Programs</b>	3/21/2011
<p>Open Recommendations:</p> <ul style="list-style-type: none"> <li>• Develop and implement strategic performance goals and objectives that are reflective of the program; are measurable, and in accordance with the requirements of GPRA.</li> <li>• Work with the CFO to include the performance goals, objectives, and measures in the annual performance and accountability report.</li> <li>• Request additional funding to provide Fair Employment Practice Agencies (FEPAs) with formal Substantial Weight Review (SWR) training and other alternative training methods that will allow FEPAs to take advantage of the actual technology and to reach a widest audience in a more efficiently and cost effective structure.</li> <li>• Request additional funding in future budget request to invest in electronic applications and equipment to reduce the cost related to SWRs.</li> <li>• Perform a full assessment of the cost for resolution and intakes; reassess the current payment amounts and the case quotas; and consider making appropriate adjustments to the payment amounts and budgeted quotas to provide a fee that covers a greater percentage of cost of case processing.</li> <li>• Request additional funds to provide incentive payments to FEPAs to go beyond their case quota in order to encourage continued productivity.</li> <li>• Revisit their budget allocation process to determine ways that the process can be improved to be more efficient and timely and provide better controls designed to reduce the potential for fraud.</li> <li>• Develop and institute a consistent monitoring process for the District Offices that occurs throughout the fiscal year, and not just at fiscal year end.</li> <li>• Develop written procedures for processing voucher payments in collaboration with the Office of Finance.</li> </ul>			

Fiscal year	Report number	Report title	Date issued
2009	2009-05-FIN	<b>FY 2009 Financial Statement Audit Management Letter Report</b>	1/12/2010
<p>Open Recommendations:</p> <ul style="list-style-type: none"> <li>• EEOC should ensure that all users accounts are assigned to a unique individual; ensure that all Data Network and e-mail accounts are created and authorized in accordance with EEOC policies and procedures; disable network and e-mail accounts that have not been used within 30 days, as mandated by the Office of Information Technology's Controls for Creating, Changing, and Terminating System Account Policy; ensure that</li> </ul>			

all offices comply with the required annual user account confirmation procedures listing within the EEOC OIT policy on creating, changing, and terminating System Accounts. (Finding repeated in FY 2010 management letter.)

- EEOC update the Network Vulnerability Scan Policies and Procedures to ensure that the volume of medium and high-risk vulnerabilities identified as a result of scanning is in accordance with industry best standards. (finding repeated in FY 2010 Management Letter.)

EEOC management develops and implements policies and procedures for outsourced applications to ensure application security violations are appropriately reviewed and reported. (finding repeated in FY 2010 management Letter.)

Fiscal year	Report number	Report title	Date issued
2008	2008-13-AEP	<b>Independent Evaluation of Agency Compliance with Federal Information Systems Management Act</b>	9/24/2008
Open Recommendations:			
<ul style="list-style-type: none"> <li>• Implement plans and procedures with the Agency field offices to identify and excess all old and nonworking information systems by April 30, 2008; also ensure that information is appropriately destroyed before the systems' excess.</li> <li>• Develop and implement policies and procedures to provide periodic reminders to all employees and contractors of their responsibilities to take reasonable measures to safeguard authenticators (passwords) from being exposed to unauthorized personnel.</li> </ul>			

Fiscal year	Report number	Report title	Date issued
2008	2008-12-AEP	<b>FY 2008 Independent Audit of EEOC Privacy Program</b>	9/30/2008
Open Recommendations:			
<ul style="list-style-type: none"> <li>• Develop and implement policies and procedures to provide periodic reminders to all employees and contractors of their responsibilities to protect sensitive personally identifiable information (PII) in both electronic and hard-copy format.</li> <li>• Develop, document, and implement procedures to monitor compliance with EEOC policies and procedures related to the protection, processing, storage, and destruction of sensitive hard copy PII.</li> <li>• Centralize administration of Web site privacy policies.</li> </ul>			

- Ensure that all privacy policies posted to EEOC Web sites comply with OMB requirements.
- Ensure that all privacy policies are posted on (a) EEOC's principal Web site, (b) any known major entry points to EEOC sites, and (c) any Web page that collects substantial information in identifiable form.
- Review all privacy laws and regulations and identify those applicable to the EEOC.
- Develop, document, and implement a formal process for ensuring all new privacy-related laws and regulations are evaluated to determine whether the EEOC is required to follow them.
- Continue with the planned action to implement two-factor authentication with the implementation of badges for Homeland Security Presidential Directive 12.

Fiscal year	Report number	Report title	Date issued
2009	2008-06-FIN	<b>FY 2008 Financial Statement Audit Management Letter Report</b> Open Recommendations:	2/12/2009
		<ul style="list-style-type: none"> <li>• Office of Human Resources (OHR) obtain and file all documentation supporting personnel and payroll actions taken and ensure that information is available for review upon request. (Finding repeated in FY 2010 Management Letter.)</li> </ul>	

Fiscal year	Report number	Report title	Date issued
2008	2008-03-AMR	<b>Oversight of Federal Agency Reporting Management Directive 715 (MD-715) and Related Topics</b> Open Recommendations:	9/26/2008
		<ul style="list-style-type: none"> <li>• Obtain customer feedback on MD-715 and other oversight issues using a real-time blog or similar mechanism.</li> <li>• Require Federal agencies to submit Part G, of their Equal Employment Opportunity assessment, with their annual MD-715 submissions.</li> </ul>	

Fiscal year	Report number	Report title	Date issued
2007	2007-12-AMR	<b>Evaluation of EEOC Field Office Continuity of Operations (COOP) Plans</b>	3/27/2008
<p>Open Recommendations:</p> <ul style="list-style-type: none"> <li>• Direct field office directors to prepare COOP activities to ensure that field offices are adequately prepared for a COOP event.</li> <li>• Ensure that all field office staff takes the COOP awareness course.</li> <li>• Develop and implement policies and procedures instructing field office staff to store all mission-critical electronic files on Agency-managed network drives.</li> </ul>			

Fiscal year	Report number	Report title	Date issued
2008	2007-11-RFPERF	<b>Performance Audit of the Equal Employment Opportunity Commission's Education, Training, and Technical Assistance Program Revolving Fund</b>	8/26/2008
<p>Open Recommendations:</p> <ul style="list-style-type: none"> <li>• Operate the Revolving Fund as an independent program within the Agency.</li> <li>• Approve the establishment of the EEOC Training Institute Steering Committee.</li> <li>• Update the Revolving Fund Business Plan to reflect strategic direction, vision, and goals over the next three to five years.</li> <li>• Initiate cross-training between job functions where reasonable and practical.</li> <li>• Reconcile spending plans to amounts recorded in the accounting system.</li> <li>• Seek professional assistance to develop a more effective budgeting method to project financial information to plan training events and monitor goals.</li> </ul>			

Fiscal year	Report number	Report title	Date issued
2007	2007-07-ADV	<b>Strategic Management of Human Capital, Succession Planning</b>	4/29/2009
<p>Open Recommendations:</p> <ul style="list-style-type: none"> <li>• EEOC's Chair and senior management should take an active role in the Agency's succession planning efforts, including ensuring that OHR takes actions to move the Executive and Senior Leadership Development Program forward including finalizing the document.</li> </ul>			

As required by Section 5(a) (10) of the Inspector General Act of 1978, as amended, semiannual reports shall include a summary of each audit report issued before the start of the reporting period for which no management decision has been made by the end of the reporting period. The OIG has no audit or evaluation reports that were issued before the reporting period began for which no management decision has been made.



## THE INVESTIGATION PROGRAM

*The Investigation Program supports the OIG's strategic goal to focus limited investigative resources on issues that represent the greatest risk and offer the maximum opportunity to detect and prevent fraud, waste, and abuse in EEOC programs and operations.*

### INVESTIGATIVE INQUIRIES

<b>Investigative Inquires Received April 1, 2011–September 30, 2011</b>	
<b>Allegations</b>	<b>Number</b>
Charge Processing	282
Other Statutes	65
Title VII	245
Mismanagement	0
Ethics Violations	10
Backgrounds	9
Theft	4
Threats	70
Fraud	0
Other Criminal Allegations	12
Congressional Inquiries	1
<b>Total</b>	<b>698</b>

## **COMPLETED INVESTIGATIONS**

### **Conflict of Interest**

The EEOC's Office of Legal Counsel is the Agency's designated ethics official (DAEO ) and, among other DAEO responsibilities, conducts annual reviews of employees financial disclosure reports. When those reviews indicate possible violations of ethics regulations resulting in potential criminal conduct the DAEO refers those matters to the OIG for investigation. During the reporting period, the OIG completed three investigations of matters involving alleged conflicts of interest which were referred by the DAEO.

Title 18 U.S.C. §208 prohibits a government employee from participating "personally and substantially" in a matter in which he has a financial interest.

In one instance, the DAEO referred a matter involving a field office supervisory investigator and his review of a charge against a company in which he held shares of stock sufficient in number to warrant his recusal from participating personally and substantially in the matter. In this instance, the evidence adduced by the OIG investigation revealed that the aggregate value of the employee's stock holdings, at the time of his involvement in the matter, was less than the regulatory threshold set forth in 5 C.F.R. §2640.202(a)(2) requiring recusal from participation. Accordingly, no further action was warranted and the matter was closed.

In another instance, involving Title 18 U.S.C. §208, the evidence gleaned from the OIG investigation resulted in a determination that while the employee had involvement in the disposition of a matter in which she may have had a financial interest, her involvement was not substantial but rather ministerial and therefore did not constitute a violation of §208.

The investigation of the third alleged conflict of interest referral from the DAEO resulted in a similar finding that the subject employee did not participate "personally and substantially" in the processing and disposition of the matter in which he had a financial interest. In this instance, a field office supervisory investigator reviewed and signed off on a charge against a company in which he held shares of stock. After a review of the charge file, the OIG determined the action was ministerial in nature. Accordingly, the matter was closed.

### **False Statements and Unauthorized Outside Business Activities**

The OIG received a complaint alleging that EEOC had hired an unqualified applicant who did not possess the requisite experience for a field office management position. The complainant alleged as well that the person had submitted a falsified resume and employment records to EEOC hiring officials. The complainant alleged further that the

employee engaged in presumably unauthorized outside business activities after being hired by EEOC. The OIG's extensive investigation in this matter did not uncover any evidence to support the allegations, and the matter was closed.

## **Fraud**

The OIG received a complaint from a charging party alleging that the EEOC field office investigating the complainant's charge of discrimination had dismissed the charge without conducting an investigation, having based its determination on erroneous and malicious misrepresentation of material facts. Moreover, the complainant alleged that EEOC had fabricated the existence of a confidential "source witness" to support its dismissal of the complainant's charge. The complainant also asserted document tampering by EEOC through its alleged destruction and removal of documents from the charge file. The OIG's investigation revealed that the complainant's allegations were unfounded. In sum, our investigation disclosed no evidence to support the allegations of misconduct in the investigation of the complainant's employment discrimination charges.

## **Misuse of Position**

A complaint alleged that an EEOC field office investigator misused his position in an attempt to develop personal relationships with charging parties. The subject used his personal telephone to conduct non-official business (i.e., personal calls), and sent text messages and pictures of a personal nature to six female charging parties. All of the contacts with these charging parties were made during the course of his investigation of their employment discrimination charges. During an OIG interview, the subject admitted having made numerous attempts to develop personal relationships with the charging parties during his investigations of their EEOC employment discrimination charges. The employee subsequently resigned from Federal service. Accordingly, the OIG closed the matter.

## **ONGOING INVESTIGATIVE ACTIVITIES**

The OIG has ongoing investigations in several field offices involving prohibited personnel practices, ethics violations, conflicts of interest, fraud, mismanagement, falsification of government records, impersonation of a Federal official, theft of government property, and threats against the Agency.

## **OTHER OIG PROGRAM ACTIVITIES**

### **Peer Review of EEOC Audit Organization**

The National Labor Relations Board's (NLRB) Office of Inspector General completed a peer review of the audit organization of the EEOC OIG for the three-year period ended March 31, 2011. The EEOC's OIG received a rating of *Pass*, which is the highest peer-review rating, signifying that EEOC OIG's system of quality control was suitably designed to provide reasonable assurance of performing and reporting in conformity with applicable professional standards. A copy of the NLRB system review report is available on our Website at [http://www.eeoc.gov/eeoc/oig/peer\\_review.cfm](http://www.eeoc.gov/eeoc/oig/peer_review.cfm).

### **Review of Single Audit Act Reports**

The Single Audit Act of 1984 requires recipients of Federal funds to arrange for audits of their activities. Federal agencies that award these funds must receive annual audit reports to determine whether prompt and appropriate corrective action has been taken in response to audit findings. During the reporting period, the OIG reviewed 36 audit reports issued by public accounting firms concerning Fair Employment Practices Agencies (FEPAs) that have work-sharing agreements with EEOC. Additionally, there were no audit findings for the FEPAs that involved EEOC funds (see Appendix 3).

## **APPENDIX 1. FINAL OFFICE OF INSPECTOR GENERAL AUDIT AND EVALUATION REPORTS**

No final reports issued.

## APPENDIX 2. INDEX OF REPORTING REQUIREMENTS

Inspector General Act citation	Reporting requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	N/A
Section 5(a)(1)	Significant problems, abuses, and deficiencies	7-17
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	7-8
Section 5(a)(3)	Significant recommendations included in previous reports on which corrective action has not been completed	11-16
Section 5(a)(4)	Matters referred to prosecutorial authorities	19-20
Section 5(a)(5)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audit reports	N/A
Section 5(a)(7)	Summary of significant reports	2-3
Section 5(a)(8)	Questioned and unsupported costs	N/A
Section 5(a)(9)	Recommendations that funds be put to better use	N/A
Section 5(a)(10)	Summary of audit reports issued before the commencement of the reporting period for which no management decision has been made	N/A
Section 5(a)(11)	Significant management decisions that were revised during the reporting period	N/A
Section 5(a)(12)	Significant management decisions with which the office of inspector general disagreed	N/A

## APPENDIX 3. SINGLE AUDIT ACT REPORTS

The Single Audit Act of 1984 requires recipients of Federal funds to arrange for audits of their activities. Federal agencies that award these funds must receive annual audit reports to determine whether prompt and appropriate corrective action has been taken in response to audit findings. During the reporting period, the OIG reviewed 36 audit reports issued by public accounting firms concerning Fair Employment Practice Agencies (FEPAs) that have work-sharing agreements with EEOC. There were no audit findings for the FEPAs that involved EEOC funds.

The State of California, June 30, 2010	The State of Tennessee, June 30, 2010
The State of Georgia, June 30, 2010	The State of Oklahoma, June 30, 2010
The State of Washington, June 30, 2010	The State of South Dakota, June 30, 2010
The State of Rhode Island and Providence Plantations, June 30, 2010	The State of New Hampshire, June 30, 2010
The State of Connecticut, June 30, 2010	The State of New York, June 30, 2010
The State of Maryland, June 30, 2010	The State of Delaware, June 30, 2010
The State of New Jersey, June 30, 2010	The State of Oregon, June 30, 2010
The State of Virginia, June 30, 2010	The State of North Carolina, June 30, 2010
The State of Idaho, June 30, 2010	The State of Louisiana, June 30, 2010
The State of Indiana, June 30, 2009	The State of Ohio, June 30, 2010
The State of Massachusetts, June 30, 2010	The City of New York, June 30, 2010
The State of West Virginia, June 30, 2010	The State Utah, June 30, 2010
The State of Arizona, June 30, 2010	The State of Wyoming, June 30, 2009
The State of Alaska, June 30, 2010	The State of Nevada, June 30, 2010
The State of Missouri, June 30, 2010	The State of Kansas, June 30, 2010
The Cherokee Nation, September 30, 2009	The State of Vermont, June 30, 2010
The State of Maine, June 30, 2010	The State of Florida, June 30, 2010
The State of Wisconsin, June 30, 2010	The State of Kentucky, June 30, 2010



## **EEOC-OIG The Hotline**

The EEOC Hotline Program was established for Agency employees, other Government employees, contractors, and the general public to report fraud, waste, abuse, or wrongdoing by phone, e-mail, or by mail.

## **What Should you Report**

You should report any concern you may have over a situation in which EEOC is the potential victim of fraudulent acts by employees, contractors, or others. It includes any violations of laws, rules, regulations, gross mismanagement, gross waste or misappropriation of funds, and abuses of authority

## **OIG Hotline Contact Information**



**Call:**  
**EEOC-OIG Hotline**  
**Toll-free 1-800-849-4230**



**E-Mail:**  
**[INSPECTOR.GENERAL@EEOC.GOV](mailto:INSPECTOR.GENERAL@EEOC.GOV)**



**Write:**  
**Equal Employment Opportunity Commission**  
**Office of Inspector General**  
**PO Box 77067**  
**Washington, DC 20013-7067**

**Identities of Writers, E-mailers, and Callers are always Fully Protected**