

# U. S. Equal Employment Opportunity Commission

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## Office of Inspector General



## Semiannual Report to Congress

October 1, 2012-March 31, 2013

**Milton A. Mayo Jr.**  
**Inspector General**

## **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.**

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## A MESSAGE FROM THE INSPECTOR GENERAL

**I**n accordance with the Inspector General Act of 1978, as amended, I herewith submit the Semiannual Report for the period October 1, 2012 through March 31, 2013, 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.

During this period, the OIG issued six final audit/evaluation reports and received 284 investigative inquiries, of which 134 were charge processing issues, 120 were Title VII complaints, and 30 were other investigative allegations. It is our expectation that with appropriate funding for essential staffing we will be able to further our work in assisting the Agency in its efforts to improve its efficiency and effectiveness in carrying out its mission.

I commend the OIG team for their continued commitment to the rigorous pursuit of our oversight mission of the U.S. Equal Employment Opportunity Commission. Despite an ever increasing demand on our resources, the staff remains resolute in their willingness to identify and eliminate the root causes of fraud, waste, and abuse in the programs and operations of the Commission. Similarly, they continue to seek opportunities for the Commission to improve its stewardship of taxpayer investments while it fervently pursues its mission to *Stop and Remedy Unlawful Employment Discrimination*.

Finally, we thank Chair Jacqueline A. Berrien, the Commissioners, and the employees of the Commission for their cooperation and support for the work of this office.

Regards,



Milton A. Mayo Jr.  
Inspector General  
April 30, 2013

## 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 October 1, 2012 through March 31, 2013.

During the reporting period the OIG issued six audit/evaluation products, and received 284 inquiries, of which 134 were charge-processing issues, 120 were Title VII complaints, and 30 were other investigative allegations.

Included among the OIG's completed, newly initiated, and ongoing audit, evaluation and investigative projects are:

- Harper, Rains, Knight & Company, P.A. (HRK) conducted a performance audit of the EEOC's charge card program which includes both purchase and travel charge cards. HRK identified weaknesses in several areas regarding non-compliance of charge card policies and procedures, and made recommendations regarding the development of policies and procedures to better oversee the program.
- The Urban Institute evaluated the EEOC's performance measures in the Agency's FY 2012–2016 Strategic Plan. The final report concluded that most of the measures contained in the current strategic plan are primarily process measures, not outcome measures, and the current measures do not cover the nation's progress towards achieving the EEOC's overarching goal: to reduce employment discrimination in the United States. The report recommends adopting a variety of performance measures associated with each of EEOC's three strategic objectives.
- Harper, Rains, Knight & Company, P.A. (HRK) audited the financial statements of the EEOC for FY 2012, and issued an unqualified opinion on the Agency's FY 2012 financial statements. In its Report on Internal Control over Financial Reporting, HRK noted two areas involving internal control and its operation that were considered to be significant deficiencies. These included the lack of sufficient controls over supporting documentation for personnel expenses, and the lack of sufficient controls over financial reporting.
- Clifton Gunderson LLP (CG) performed the OIG's independent evaluation of the effectiveness of the Agency's information security program. CG noted improvements were needed in the following areas of maintaining documentation for network access requests/approvals: implementing multi-factor authentication; maintaining documentation of acceptance and understanding of information security responsibilities; and maintaining incidence response policy to reflect all



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US-Cert categorization types. CG made several recommendations, to which EEOC management concurred.

- Ongoing investigations continue in several field offices involving the Federal Employee Compensation Act (FECA), misclassification of a position, and other matters.

## 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 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 established the Office of Inspector General (OIG) at the EEOC through the 1988 amendments of the Inspector General Act of 1978, which expanded authority to designated Federal entities to create independent and objective OIGs. Under the direction of the Inspector General (IG), the OIG meets this statutory responsibility by conducting and supervising audits, evaluations, and investigations relating to the programs and operations of the Agency; providing leadership and coordination; and recommending policies for activities designed to promote economy, efficiency, and effectiveness in the administration of programs and operations.

In October 2008, Congress passed the Inspector General Reform Act of 2008, which generally buttressed the independence of IGs, increased their resources, and held them more accountable for their performance. The OIG is under the supervision of the IG, an independent EEOC official subject to the general supervision of the Chair. The IG must not be prevented or prohibited by the Chair or any other EEOC official from initiating, carrying out, or completing any audit, investigation, evaluation, or other inquiry or from issuing any report.

The IG provides overall direction, coordination, and leadership to the OIG; is the principal advisor to the Chair in connection with all audit and investigative matters relating to the prevention, identification, and elimination of waste in any EEOC program or operation; and recommends the proper boundaries of audit and investigation jurisdiction between the OIG and other EEOC organizations. The IG also develops a separate and independent annual budget for the OIG; responds directly to inquiries from the public, Congress, or the news media; and prepares press releases, statements, and other information about the OIG's activities.

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 DIG provides overall direction, program guidance, and supervision to the AEIP. The AEIP staff conducts audits, evaluations, and investigations of EEOC operations and activities and prepares reports for issuance to 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 positions, the OIG staff includes a chief technology officer, an evaluator, two auditors, two criminal investigators, an administrative specialist, and a confidential support assistant.

During this Semiannual period the OIG hired an Information Technology Specialist to serve as the OIG's Chief Technology Officer (CTO). In acquiring its own CTO, the OIG now has the appropriate skill set that will enable the office to become more independent

of the Agency's IT infrastructure, while also affording the OIG the opportunity to implement its own technological initiatives which may differ from the Agency. OIG's CTO has a wide range of responsibilities which include all facets of technology to include: Strategic Planning and Budgeting, Information Resource Management, Information Management, Network Infrastructure Acquisition and Deployment, Information Security, and Website Development and Social Media Awareness.

Major IT projects currently underway during this reporting include:

- In collaboration with internal and external stakeholders, a Five Year Information Technology Strategic Plan (ITSP) with associated Performance Measures is being developed in concert with OIG's overall Strategic Plan Framework.
- Redesign of the OIG website and implementation of an OIG Social Media initiative to become more transparent and assessible to our external stakeholders consistent with the President's Open Government Initiative.
- Project scheduling and deployment of a new information system for the office's Audit and Evaluation section.
- System modernization and stabilization of OIG's Investigative Case Management and Tracking System.

Also during this reporting period, the OIG assisted the Council of Inspectors General on Integrity and Efficiency (CIGIE), and the Association of Inspectors General (AIG) on projects involving: (1) the use of technology as a communication medium, (2) information security, and (3) social media awareness.

Currently the Office of Inspector General has vacancies in two key positions, Deputy Inspector General and Staff Auditor. For more than three years the OIG has experienced perpetual human resource shortages. Since January 2010, OIG has had at least two vacancies in key staff positions, including either the Chief Technology Officer, Inspector General, or the Deputy Inspector General position. While the OIG was provided resources to fill the position of Chief Technology Officer in FY 2012, the Deputy Inspector General position has been vacant since May 2011 when the previous incumbent was appointed to the Inspector General position. The Counsel to the Inspector General has served as the Acting Deputy Inspector General, in addition to her counsel duties which include the day-to-day oversight of the OIG's investigative program. The void created by the vacancy in this critical position impacts the qualitative managerial review needed to ensure that OIG work products are of a consistently high caliber. Additionally, the staff auditor position has been vacant since October 2012. The continued vacancy in this position, reduces the OIG's capacity to perform legislatively required audits, hinders it in initiating discretionary audits, and hampers the OIG audit organization's ability to meet external obligations including responding to congressional inquiries and fulfilling certain responsibilities it has to the CIGIE, such as conducting audit peer reviews of other Designated Federal Entities (DFE).



## 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

#### **Fiscal Year 2012 Federal Information Security Management Act (FISMA) Independent Evaluation (OIG Report No. 2012-03-FISMA)**

On November 14, 2012, OIG issued the FISMA Independent Evaluation report on the effectiveness of the Agency's information security program. The OIG contracted with Clifton Gunderson LLP (CG) to perform the evaluation. CG noted that EEOC has made positive strides over the last year in addressing information security weaknesses; however, improvements were needed in the following areas:

- Maintaining documentation for network access requests/approvals
- Implementing multi-factor authentication
- Maintaining documentation of acceptance and understanding of information security responsibilities
- Maintaining incidence response policy to reflect all US-Cert categorization types.

CG recommended EEOC do the following:

- Implement a centralized repository to maintain control of access request forms
- Implement multifactor authentication for network access to non-privileged accounts
- Ensure that all network users have read and signed acknowledgement of receipt of Information Security Responsibilities of EEOC System Users and that forms are managed in a centralized location
- Revise the Agency's policy to correctly reflect the entire severity rating list published by US-CERT.

EEOC management concurred with the findings, and CG noted that effective implementation of actions noted in management's responses should resolve the reported conditions and recommendations.

**Audit of the EEOC's Fiscal Year 2012 Financial Statements (OIG Report No. 2012-01-FIN)**

The independent certified public accounting firm of Harper, Rains, Knight & Company, P.A. (HRK) audited the financial statements of the EEOC for FY 2012. HRK issued an unqualified opinion on EEOC's FY 2012 financial statements. In its Report on Internal Control over Financial Reporting, HRK noted two areas involving internal control and its operation that were considered to be significant deficiencies. These included the lack of sufficient controls over supporting documentation for personnel expenses and the lack of sufficient controls over financial reporting. In its Report on Compliance with Applicable Laws and Regulations, HRK noted no instances of non-compliance with laws and regulations applicable to the Agency. The report was issued by the OIG on November 16, 2012.

**Management Letter Report for FY 2011 Financial Statement Audit (OIG Report No. 2012-02-FIN)**

On December 19, 2012, the OIG issued the Management Letter Report for the FY 2012 Financial Statement Audit prepared by Harper, Rains, Knight & Co, P.A. (HRK). Internal control weaknesses were identified in the following areas:

- Lack of sufficient controls over Supporting Documentation for Personnel Expenses
- Lack of Sufficient Controls over Financial Reporting
- Recording of Depreciation.

HRK recommendations:

- Update controls over the maintenance of EEOC's official personnel files and performing a thorough review of its employees' personnel files to ensure that documentation is current and complete.
- Identify and update all policies and procedures impacted by the implementation of Financial Cloud Solutions (FCS), (b) document and monitor the implementation of all complimentary user control considerations, (c) implement stringent reconciliations and resolution procedures over financial reporting reconciliations of management reports/sub ledgers to FCS general ledger data, and (d) implement procedures over manual adjustments made by its service provider that meet the same rigor and documentation standards as internally generated manual adjustments.
- Depreciation be calculated and recorded in FCS on a monthly basis.

Management provided corrective action plans to address the recommendations. HRK will perform procedures in FY 2013 to determine whether these corrective action plans adequately address the recommendations.

**Report of the Inspector General for the U.S. Equal Employment Opportunity Commission on Agency Compliance for Fiscal Year 2012 with the Improper Payments and Elimination Recovery Act (IPERA)**

The OIG reported that the agency had complied with the Improper Payments Information Act (IPIA), as amended by IPERA. We communicated with the Agency's Chief Financial Officer (CFO) to determine whether a risk assessment was conducted to identify programs/activities in the agency that may be susceptible to significant improper payments and if the agency had a payment recapture program in place. The CFO concluded that the Agency is not at high risk for significant improper payments, based on its reliance on the FY 2012 financial audit which did not uncover duplicate/improper payments. The Agency also relied on the SSAE-16-Type 2 audit report and agency internal controls in place relating to payments. The Agency plans to perform an in-house risk assessment in FY 2013. Additionally, the agency has a payment recapture process in place in case there are any future improper payments identified. The report was issued March 14, 2013.

**Performance Audit of the EEOC's Charge Card Program (OIG Report No. 2012-08-PURCH)**

The OIG contracted with Harper, Rains, Knight & Company, P.A., to conduct an audit of the Agency's commercial purchase card program. This is the OIG's first audit of the program and, in part, was conducted as an audit program best practice, and to provide the OIG and the Agency with useful data, observations, and recommendations for preparation in meeting the new requirements of the *Government Charge Card Abuse Act of 2012*. The objectives of the audit were:

- To determine whether internal controls are in place to detect and prevent fraud, waste, abuse, and misuse in EEOC's purchase card program;
- To evaluate the effectiveness of the processes and procedures relating to EEOC's issuing, monitoring, and providing training on the use of the purchase cards/convenience checks, and to determine whether training provided to employees having responsibilities for purchase cards/convenience checks is adequate; and
- To determine whether EEOC's purchase card/convenience checks program is operating in compliance with laws and regulations.

Fieldwork began in FY 2012, and the final report issued March 28, 2013. HRK identified weaknesses in the following areas:

- Lack of internal controls in place to ensure policies and procedures over the charge card program are current and sufficient
- The internal controls over the operating effectiveness of EEOC charge card policies and procedures are not operating effectively
- Non-compliance with required charge card training policy and procedures
- Non-compliance with account creation policies and procedures
- Lack of sufficient documentation evidencing transaction approval requirements
- Lack of documentation to support a purchase card transaction
- Non-compliance with cardholder account closure policies and procedures
- Lack of monitoring controls in place over merchant Category Codes (MCCs)
- Lack of monitoring controls in place over monthly spending limits.

Among HRK's recommendations are the following:

1. Perform further analysis on its government charge card operations to identify all of the controls that should be implemented per OMB directives. This would include the identification of procedures performed utilizing the new accounting system, Financial Cloud Solutions (FCS), as well as current duties of personnel interacting with the system.
2. Develop a system to either (1) identify and track all of its charge card activity, including open accounts, closed accounts, cardholder approver levels, and cardholder training; or (2) perform an evaluation of its service providers controls over the charge card program to ensure that controls are appropriate and operating effectively. Additionally, EEOC should monitor all of its controls, whether performed at EEOC or at a service provider at least annually to ensure that the controls remain adequate and continue to operate effectively.
3. Develop policies and procedures to identify and track all cardholder-required training.
4. The Purchase Card Program Manager should maintain the documentation identified above for all account applications electronically or in hard copy.
5. Improve controls over the closure of charge card accounts. The Purchase Card Program Manager should maintain documentation of all account closures electronically or in hard copy. Documentation should include evidence of the name of the District Resource Manager (DRM) or Agency/Organization Program

Coordinator (A/OPC) who received the employee's charge card, the date the charge card was turned in to the DRM or A/OPC, the date the card was physically destroyed, and the date that account closure was confirmed by the Charge Card Vendor.

### **Evaluation of EEOC's Performance Measures (OIG Report No. 2012-10-PMEV)**

In July 2011 EEOC Chair Jacqueline A. Berrien launched an initiative to develop a new strategic plan for the Agency for fiscal years 2012-16. On February 22, 2012, the Commission adopted the plan by a 4-1 vote. The plan provides for the Agency's mission to be achieved through three strategic objectives:

1. Combat employment discrimination through strategic law enforcement
2. Prevent employment discrimination through education and outreach
3. Deliver excellent and consistent service through a skilled and diverse workforce and effective systems

Based upon our initial review of the plan, we determined that an assessment of key performance measures, including how well they align with critical Agency goals and activities would provide great value to EEOC management, customers, and stakeholders. Such an assessment could analyze not only the plan's performance measures, but provide recommendations for improvements to the plan and give the Agency advance information as it contemplates the direction of the next strategic plan. The OIG contracted with the Urban Institute to evaluate key performance measures of the newly adopted EEOC FY 2012–2016 Strategic Plan.

Key questions for the evaluation included:

- Does EEOC have performance measures for its key strategic goals and objectives?
- Are the performance measures effective measures of the Agency's progress in achieving its strategic goals and objectives?
- Are the performance measures objective, understandable (to all stakeholders), and outcome-based?

On March 21, 2013 the final report was issued. Overall, the report found the following: 1) that the measures in the Strategic Plan for Fiscal Years 2012-2016 were the result of a consultative strategic planning process that sought to develop new performance measures that better aligned with the agency's core mission and that represented a departure from previous measures that many in EEOC regarded as limited; 2) that the plan reflects the

desire among EEOC leadership for a different process that moves away from past measures where success was quantified simply by counting activities; and 3) that EEOC chose to switch the majority of measures in the current plan to process goals that would enable EEOC to develop more substantive performance measures in the future.

Two of the major conclusions reached by the Urban Institute are:

- Most of the measures contained in the current strategic plan are primarily process and not outcome measures.
- The current measures do not cover the nation's progress towards achieving the EEOC's overarching goal: to reduce employment discrimination in the United States.

The report recommends adopting a variety of performance measures associated with each of EEOC's three strategic objectives. Areas of recommended performance measures include: levels of discrimination reported by members of the public and federal employees; service timeliness; access to information on charges/cases; benefits/relief for discrimination victims; and success in outreach and education efforts. Overall, the report contained six overarching recommendations:

1. Review the recommended measures; improve them; determine the priorities for testing and data collection; and begin tracking them.
2. Include such measures as soon as possible in EEOC data collection systems and then in annual Performance and Accountability Reports (PAR). These are the outcomes that citizens, Congress, and OMB are most likely to consider most important. Progress on these measures should be a major focus of EEOC.
3. Plan to include at least a subset of the outcome measures as the principal outcome measures to be included in EEOC's next strategic plan. The data obtained during the 2012-2016 years will provide baseline data for establishing targets for the next strategic plan.
4. Some of the proposed measures will require time to develop (perhaps a year or more). Thus, they can be considered EEOC's next generation of strategic plan measures. However, development and implementation of the procedures should begin as soon as possible.
5. Begin introducing some of these measures, as appropriate, into updates of the current strategic plan.

6. These measures should not be considered as being solely for strategic planning purposes but should also be tracked at least annually, and preferably more frequently, such as quarterly or at least semi-annually, and used for managing and continuous learning by EEOC personnel.

### **Congressional Bicameral Task Force on Climate Change Request for Data**

In February 2013, the OIG received a request from the Congressional Bicameral Task Force on Climate Change seeking information on how the EEOC is carrying out policies to address climate change. Specifically the committee sought information in two areas. Firstly, the task force sought to: (1) identify the existing requirements in legislation, regulation, executive order, and other directives that apply to the EEOC; (2) assess whether it [EEOC] is meeting these requirements, and (3) if it is not fully meeting the requirements, make recommendations for improving its performance. Secondly, the task force sought the OIG's assessment of: (1) the authorities the EEOC has to reduce emissions of heat-trapping pollution, (2) its authorities to make the nation more resilient to the effects of climate change, and (3) the most effective additional steps it could take to reduce emissions or strengthen resiliency.

The OIG's assessment revealed that, based upon information provided by the EEOC component responsible for implementing policies in this area, the EEOC is exempt from maintaining policies to address climate change. Specifically, the EEOC noted that since the General Services Administration (GSA) is the lease authority for the EEOC, controlling the types and locations of buildings that it occupies, the EEOC is exempt from maintaining a policy to address climate change in accordance with the Energy Independence and Security Act (EISA) of 2007, and Executive Order (EO) 13514 (2009).

Notwithstanding its exempt status, the EEOC indicates that since 1999, it has actively controlled financial risk stemming from climate change to meet EISA and EO 13514 Federal energy conservations for Greenhouse Gas Management, Sustainable Buildings and Communities, Electronic Product and Services, Fleet and Transportation Management, and Waste Reduction. This has been accomplished through various initiatives such as creating a Vehicle Allocation Methodology (VAM) to comply with Presidential Memorandum-Federal Fleet Performance and EO 1351 to reduce petroleum use in the Federal Fleet. The EEOC indicated that it is on pace to convert all conventional gas fueled vehicles to GHG or alternative E85 use for our 81 leased vehicles by 2015, and has one field office that voluntarily participates in the GSA Plug In Vehicle (PIV) program, and anticipates increased participation as GSA secures more stations capable of providing electrical vehicle plug-in services. The EEOC reported that it utilizes motion sensors to conserve energy consumption at the Headquarters and newer lease acquisitions locations, such as its Richmond and Miami office buildings, and participates in recycling programs.

## **NEW AND ONGOING AUDIT AND EVALUATION PROJECTS**

### **FY 2013 Audit of the Consolidated EEOC Financial Statements**

Harper, Rains, Knight & Company, P.A., of Ridgeland, Mississippi is conducting the FY 2013 annual financial statement audit of the 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, 2013, to meet the OMB's deadline and to be included in the Agency's 2013 Performance and Accountability Report. Additionally, a management letter report will be issued shortly after the financial statement audit, identifying any internal control weaknesses.

### **Management of Private-Sector Enforcement Activities**

EEOC's primary activity is enforcement of private-sector employment discrimination laws. The OIG contracted with IMPAQ, LLC, of Columbia, Maryland, to conduct a review of evaluations and similar studies concerning EEOC's private-sector enforcement activities. The evaluation focuses on whether these studies may provide EEOC's workforce with opportunities to improve the efficiency and effectiveness of the disposition of charges. The scope of the evaluation focuses on determining whether new and useful conclusions or recommendations regarding enforcement activities can be drawn by analyzing studies from 1996 to the present. The draft report was issued on March 8, 2013. OIG received responses to draft from EEOC leaders and senior managers. The final report will issue in April, 2013.

### **Open Government and Transparency**

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. OIG's progress review focuses on EEOC Open Government and related activities from July 16, 2011, to the present. The OIG report, initially scheduled to issue in the first quarter of FY 2013, is scheduled to issue in the third quarter of FY 2013.

### **Audit Follow-up Initiative**

The OIG is seeking to assist auditees in understanding the audit follow-up process so that the process is more efficient and implementation of recommendations is timelier. Therefore, the OIG is working with EEOC stakeholders to implement a process called the Cooperative Audit Resolution and Oversight Initiative (CAROI). Since the OIG began

CAROI in 2012, we have achieved significant results. A draft and final advisory report on the CAROI effort are scheduled for the third quarter of FY 2013.

**Audit Follow-up Program Review**

The OIG is conducting an Audit Follow-up Program Review to determine whether the policies, procedures and practices utilized by the EEOC in administering its Audit Follow-up Program (AFP) are sufficient to expeditiously resolve audit recommendations resulting from OIG reviews, as well as external reviews performed by the Government Accountability Office (GAO), other Executive branch audit organizations, and non-governmental audit organizations. OIG will assess the condition of the EEOC AFP and ascertain opportunities to improve the program’s performance and results. A draft report is planned for issuance during the next reporting period.

**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. Five new reports were issued during this reporting period (October 1, 2012–March 31, 2013), five of those issued reports contained findings.

**Reports Issued During This Reporting Period**

Fiscal Year	Report Number	Report Title	Date Issued
2013	2012-01-FIN	FY 2012 Financial Statement Audit	11/16/2012
2013	2011-03-FISMA	FY 2012 Federal Information Security Management Act (FISMA) Report	11/14/2012
2013	2012-02-FIN	FY 2012 Financial Statement Management Letter Report	12/19/2012

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2013	2013-04-IPERA	FY 2011 Improper Payments and Elimination Recovery Act (IPERA) Review	3/14/2013
2013	2012-PMEV	Evaluation of EEOC Performance Measures	3/21/13
2013	2012-08PURCH	Performance Audit of EEOC Charge Card Program	3/28/13

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 March 2013. The OIG is reporting a total of 10 reviews with a total of 19 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
2011	2011-05-FISMA	<b>Federal Information Security Management Act Report</b>	11/17/2011
<ul style="list-style-type: none"> <li>• EEOC implement a centralized to maintain control over access forms.</li> <li>• Implement multifactor authentication for network access to non-privileged and privileged accounts.</li> </ul>			

Fiscal year	Report number	Report title	Date issued
2011	2011-03-FIN	<b>FY 2011 Financial Statement Audit Management Letter Report</b>	12/15/2011
<ul style="list-style-type: none"> <li>• Establish a policy and procedure 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>			

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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
<ul style="list-style-type: none"> <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> <li>• 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.</li> </ul>			

Fiscal year	Report number	Report title	Date issued
2010	2010-07-FISMA	<b>Federal Information Security Management Act Report</b>	11/1/2010
<ul style="list-style-type: none"> <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> </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
<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 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.)</li> <li>• 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</li> </ul>			

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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
<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> </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
<ul style="list-style-type: none"> <li>• Continue with the planned action to implement two-factor authentication with the implementation of badges for Homeland Security Presidential Directive 12.</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>	9/26/2008
<ul style="list-style-type: none"> <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
<ul style="list-style-type: none"> <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
<ul style="list-style-type: none"> <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>• Seek professional assistance to develop a more effective budgeting method to project financial information to plan training events and monitor goals.</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

Investigative Inquiries Received October 1, 2012– March 31, 2013	
Allegations	Number
Charge Processing	134
Other Statutes	24
Title VII	120
Mismanagement	0
Ethics Violations	0
Backgrounds	3
Theft	1
Threats	0
Fraud	1
Other Criminal Allegations	1
Congressional Inquiries	0
<b>Total</b>	<b>284</b>

## **ONGOING INVESTIGATIVE ACTIVITY**

### **FECA Investigation**

The Office of Inspector General is reviewing employees currently receiving benefits under the Federal Employee Compensation Act (FECA). As part of our investigative actions, it is our intent to review the case files of beneficiaries, conduct background reviews, physician verifications, and site visits to ensure that FECA funds are properly paid. Claimant files and background reviews have revealed some possible discrepancies and other administrative issues. We will also perform field visits and alive and wellness checks on some of the FECA recipients.

### **Misclassification of Position**

The Office of Inspector General (OIG) received a complaint regarding an employee who was allowed by the EEOC to work in a Senior Executive Service (SES) position, and receive SES pay and benefits in that position (identified as GS-15). The complaint involves the possible violations of Title 5 Code of Federal Regulations governing the Administration of Personnel, Part 359, and the removal of the employee from the Senior Executive Service.

### **Other Cases**

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

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

<b>Report Title</b>	<b>Date Issued</b>	<b>Questioned Costs</b>	<b>Funds Put to Better Use</b>	<b>Unsupported Costs</b>
FY 2012 Financial Statement Audit	11/16/2012	\$0	\$0	\$0
FY 2012 Federal Information Security Management Act (FISMA) Report	11/14/2012	\$0	\$0	\$0
FY 2012 Financial Statement Management Letter Report	12/19/2012	\$0	\$0	\$0
FY 2012 Improper Payments and Elimination Recovery Act (IPERA ) Review	3/14/2013	\$0	\$0	\$0
Evaluation of EEOC Performance Measures	3/21/2013	\$0	\$0	\$0
Performance Audit of EEOC Charge Card Program	3/28/2013	\$0	\$0	\$0

## APPENDIX II. INDEX OF REPORTING REQUIREMENTS

<b>Inspector General Act Citation</b>	<b>Reporting Requirements</b>	<b>Page</b>
Section 4(a)(2)	Review of Legislation and Regulations	N/A
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	N/A
Section 5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	N/A
Section 5(a)(3)	Significant Recommendations Included in Previous Reports on Which Corrective Action Has Not Been Completed	19-22
Section 5(a)(4)	Matters Referred to Prosecutorial Authorities	N/A
Section 5(a)(5)	Summary of Instances Where Information Was Refused	N/A
Section 5(a)(6)	List of Audit Reports	10-16
Section 5(a)(7)	Summary of Significant Reports	10-16
Section 5(a)(8)	Questioned and Unsupported Costs	25
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 III. 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 7 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.

#### **SINGLE AUDIT ACT REPORTS**

<b>The State of Kansas, June 30, 2011</b>	<b>The State of Georgia, June 30, 2011</b>
<b>The State of Washington, June 30, 2011</b>	<b>The State of Utah, June 30, 2012</b>
<b>The State of Indiana, June 30, 2011</b>	<b>The State of Illinois, June 30, 2011</b>
<b>The State of Connecticut, June 30, 2011</b>	



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## **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.

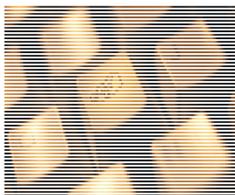
## **What Should you Report**

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

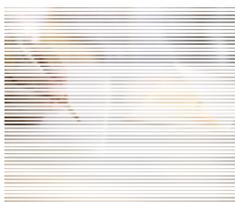
## **OIG Hotline Contact Information**



**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**