



Fiscal Audit

COMMISSION ON HUMAN RELATIONS

**EQUAL EMPLOYMENT OPPORTUNITY COMMISSION TRUST
FUND**

Report by the
Office of City Controller

**MICHAEL E. LAMB
CITY CONTROLLER**

Rachael Heisler, **Deputy Controller**

Lee Ajang, Fiscal Audit Manager
Michelle Gibbs, Assistant Fiscal Audit Manager

Akil Prentice, Fiscal Auditor

June 2023

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	3
INTRODUCTION	5
SCOPE AND METHODOLOGY.....	5
BACKGROUND	6
FUNDING SOURCES.....	9
EXPENDITURE OF FUNDS	9
AUDIT PROCEDURES.....	10
CONTRACTS, WORKSHARING AGREEMENTS, VOUCHERS, AND DEPOSITS.....	10
PROCEDURES OF THE FISCAL CONTRACTING COORDINATOR	11
AUDIT RESULTS.....	12
ADDENDUM	13



CITY OF PITTSBURGH
OFFICE OF THE CITY CONTROLLER
Controller Michael E. Lamb

June 2023

To the Honorable Mayor Edward Gainey and
Honorable Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this fiscal audit of the EQUAL OPPORTUNITY EMPLOYMENT COMMISSION TRUST FUND, conducted pursuant to the power of the Controller under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

The Equal Employment Opportunity Commission (EEOC) is a federal commission tasked with investigating and resolving allegations of discrimination in workplaces. This commission communicates to locate chapters of its operation called Fair Employment Practice Agencies (FEPAs), and Pittsburgh's FEPA is the Commission on Human Relations (CHR).

The EEOC is authorized on the federal level by the Civil Rights Act of 1964, and the CHR is authorized by Article Two and §216 of the Pittsburgh Home Rule Charter. The CHR Director is also authorized to submit applications to the EEOC for federal grants, which fund its operations, via some recurring City resolutions (i.e., 723 of 1984 and 780 of 1988). These grants are connected to contracts, which each have three subsequent option years before renewal, and are approved via EEOC vouchers.

Our auditors reviewed the CHR's internal ledger, grant contracts, worksharing agreements, and associated vouchers, and internal policies and procedures, and JD Edwards (JDE) transactions. We also researched the systems used by the CHR during the scope of the audit and interviewed the administrators.

The results of our procedures are, overall, positive; however, we did note one instance in 2018 when grant money was not correctly identified and deposited into the trust fund; however, we were able to provide guidance to the CHR on how to recover these funds and have verified that the error has been remediated. We also noted that the CHR's internal controls improved notably in the following years of the scope. Therefore, we have noted this in our report but do not consider it a formal Finding.

We did not detect any further issues among the documents or samples we reviewed and compliment the department particularly on developing its own internal policies and procedures to standardize and track its operations.

We appreciate the cooperation, patience, and support of the staff we coordinated with during the course of our audit.

Sincerely,

A handwritten signature in black ink that reads "Michael Lamb". The signature is written in a cursive style with a large, prominent "M" and "L".

Michael E. Lamb
City Controller

INTRODUCTION

This fiscal audit of the **Equal Employment Opportunity Commission Trust Fund (EEOCTF)** was conducted pursuant to the Controller's powers under Article IV, Section 404(b) of the Pittsburgh Home Rule Charter.

SCOPE AND METHODOLOGY

The scope of our audit covered the period of **January 1, 2018, to December 31, 2021.**

The objective of this audit was to determine whether or not procedures and internal controls relating to the administration of the trust fund were adequate during examined period of time. In order to achieve this objective, we performed the following procedures:

- Interviewed the administrators of the City's Commission on Human Relations (CHR) tasked with managing the EEOCTF.
- Performed sample review and testing on the revenues and expenditures flowing through the trust fund.
- Researched the objectives and powers of the Equal Employment Opportunity Commission (EEOC) and their relation to the CHR.
- Reviewed JD Edwards (JDE) transactions in relation to documentation and statements provided by the CHR.
- Researched the CHR's contract, worksharing agreement, and voucher processes to understand how grants are requested and obtained.
- We reviewed the CHR's internal tracking ledger and the internal procedures document *Fiscal & Contracting Coordinator*.
- Researched the CHR's internal records management system.

BACKGROUND



Figure 1: Seal of the EEOC.

There are several federal laws that mandate certain fair practices and protect specific groups from discrimination. Title VII of the Civil Rights Act of 1964 prohibits employment discrimination based on race, color, religion, sex, and national origin. The federal agency tasked with enforcing this federal law is the EEOC. The EEOC’s seal is shown to the left.

Title VII, Section 709(b) allows the EEOC to contract with and reimburse state and local agencies for their roles in carrying out the mandates of this title. State and local agencies are referred to as Fair Employment Practices Agencies (FEPAs).

On the local level, the Human Relations Commission was authorized by Article Two and §216 of the Pittsburgh Home Rule Charter. The appointed Human Relations Commission—which is separate from the City staff that serves the order of Commission (i.e., the City department)—comprises 15 members, all appointed by the Mayor. Members of the appointed Commission serve without compensation but may be reimbursed for expenses incurred while performing their duties and/or attending trainings in accordance with appropriations made by City Council.

In addition, the City also budgets for an Executive Director—and other personnel—as authorized by City Council to assist the Human Relations Commission in the administration, implementation, and enforcement of several City ordinances. The CHR, as a department, has many powers and duties, one of which includes investigating employment discrimination affecting the categories of classes stated above. The Executive Director and staff shall make a prompt and full investigation of each complaint of an unlawful practice and report the results to the appointed Human Relations Commission. The CHR acts in capacity as both a City department and the local civil rights agency for the City of Pittsburgh.

SECTION 1.
The Mayor of the City of Pittsburgh is hereby authorized to file an application in form required by the United States of America, Equal Employment Opportunity Commission for a grant or grants to be made by the United States of America, Equal Employment Opportunity Commission to the City of Pittsburgh in connection with EEOC-706 Project.

Figure 2: Excerpt from Section 1 of Resolution 723 of 1984.

Several City resolutions (e.g., 723 of 1984 and 780 of 1988) were enacted to allow that applications be submitted to the EEOC for federal

grants, which finance the processing of employment discrimination charges. These charges are processed by the department.¹

¹ Allegations of discrimination are filed as "charges" (i.e., cases), which the Commission investigates and assesses.

SECTION 6.

The Director of the Commission on Human Relations is hereby designated as the authorized representative of the City of Pittsburgh for the purpose of furnishing to the Equal Employment Opportunity Commission such information, data and documents pertaining to said application and Project as may be required, and to take such other actions as may be necessary to enable the City of Pittsburgh to qualify for said Grant, including the filing of any necessary requisitions.

Figure 3: Excerpt from Section 6 of Resolution 723 of 1984.

Section 6 of Resolution 723 of 1984 allows the Director of the CHR to act as the City's authorized representative, to submit the City's application for

federal grants, and to execute the contracts connected with the processing of employment discrimination charges under the purview of the EEOC.

In its role as a civil rights agency, the [CHR's mission](#) is to investigate discrimination cases and provide outreach and education to the City with the intent to reduce unfair treatment and discrimination in the workplace. As of 2021, the CHR aims to create meaningful and educational engagements with the City's youth, increase the availability of multilingual services and materials, and more. Its website provides some strategies and expectations connected to these goals.

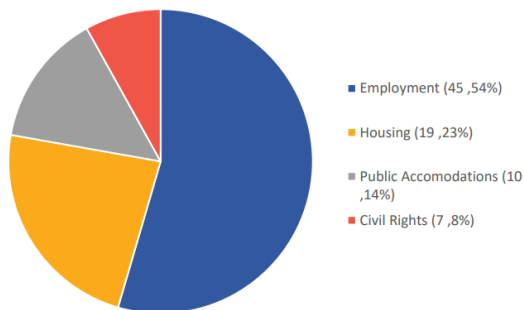


Figure 4: Chart from CHR's 2021 Annual Report, page 14.

On the CHR website under [Resources](#), the dropdown for "Protected Class Specific Resources" houses guides and informational factsheets on policies and regulations governing the protections discussed above. The protected classes are also identified and discussed in more detail on the CHR's [FAQ page](#) under "What is discrimination?"

The CHR also publishes annual reports on its website under [PghCHR in the News](#). These reports provide more information on the purpose and directive of the CHR while also providing summaries of the number

of cases processed. As described in these reports, "inquiries" are tracked based on the total number of informational or service-based requests, but not all inquiries lead to "intake," which constitutes when a charge or case is initiated. The annual reports provide data on all cases, including employment- and housing-based discrimination charges, public accommodations, and other civil rights investigations. In 2021, the CHR received 297 inquiries and processed 84 charges, 45 of those specific to employment-based discrimination allegations.

The submission, filing, and intake of complaints is often referred to as the "EEOC Process." To file a complaint with the CHR, complainants must be (1) claiming to be harmed by unlawful discrimination in employment, housing, public accommodation, or City service and (2) be affected within the City of Pittsburgh. Locally, this process can be initiated by contacting the CHR at **(412) 360-9553** or **(412) 255-2600** or by sending an email to human.relations@pittsburghpa.gov. Complainants outside of the City must go through the federal EEOC for employment-based allegations or the U.S. Department of Housing and Urban Development (HUD) for housing-based allegations. There are no costs or fees to complainants for filing a charge.

The CHR utilizes external and internal systems to maintain its records. The Agency Records Center (ARC), is the external system that connects the CHR directly to the EEOC. Of note, the CHR transitioned from the Integrated Mission System (IMS) to ARC in 2022. According to CHR administrators, this change in systems was welcomed, as ARC is newer, more user-friendly, and streamlined. ARC provides a universal communication system for several reporting requirements, including reporting charges between the federal EEOC and the CHR.

Per the EEOC contract agreement the CHR Director is responsible for determining who should and/or can have access to this system. Since only certain approved users are permitted access to ARC, the CHR utilizes two different internal systems: the department maintains an internal tracking ledger of revenues and expenditures and, starting in 2019, an internal records management system was implemented to assist in managing caseloads.

Additional expectations are established in the EEOC contract and some of these are discussed in further detail under the [CONTRACTS, WORKSHARING AGREEMENTS, VOUCHERS, AND DEPOSITS](#) portion of this report.

FUNDING SOURCES

The EEOCTF receives a single source of revenue. As noted in the [BACKGROUND](#) portion of this report, the CHR is authorized by City and federal legislation to apply for federal grants, which fund the EEOC-specific activities spent from the trust fund.

Table I: EEOCTF Revenues
For the Period January 1, 2018, to December 31, 2021

<i>Funding Source</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>Total</i>
INTERGOVERNMENTAL REVENUE	\$0	\$43,200	\$37,200	\$46,400	\$126,800
<i>Total</i>	<i>\$0</i>	<i>\$43,200</i>	<i>\$37,200</i>	<i>\$46,400</i>	<i>\$126,800</i>

EXPENDITURE OF FUNDS

EEOCTF funds are typically spent on employee trainings, some of which are mandated by the EEOC; travel reimbursements, typically connected to trainings; document translations; and subpoenas. A percentage of the funds are also directed toward paying full-time permanent positions of the department office—0.45% of the budget in 2018 and 2019 and 0.8% in 2020. These budgeted positions include the Executive Director and other staff as noted in the [BACKGROUND](#) portion of this report. The Office of Management and Budget (OMB) provides more detail in its operating budget reports, which can be located [here](#).

Table II: EEOCTF Expenditures
For the Period January 1, 2018, to December 31, 2021

<i>Expenditure Description</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>Total</i>
AUDITING AND ACCOUNT SERVICES	(\$519)	\$0	\$0	\$0	(\$519)
HEALTH INSURANCE	\$45	\$100	\$0	\$0	\$145
REGULAR	\$15,132	\$29,915	\$23,667	\$18,157	\$86,871
SOCIAL SECURITY	\$1,120	\$2,173	\$1,715	\$1,355	\$6,363
WORKFORCE TRAINING	\$5,517	\$1,896	\$3,085	\$2,025	\$12,524
OFFICE SUPPLIES	\$0	\$286	\$0	\$0	\$286
OPERATIONAL SUPPLIES	\$0	\$618	\$0	\$0	\$618
PROFESSIONAL SERVICES	\$0	\$609	\$225	\$0	\$834
PROMOTIONAL	\$0	\$0	\$467	\$0	\$467
<i>Total</i>	<i>\$21,294</i>	<i>\$35,596</i>	<i>\$29,160</i>	<i>\$21,537</i>	<i>\$107,587</i>

AUDIT PROCEDURES

To provide reasonable assurance of the statements provided in audit reports, the Controller’s Office will gather and review materials from the department; legislative resolution; and, if applicable, ordinance. Research, documentation, and testing is administered, as necessary, to assess the accuracy of the financial statements made by the department(s) managing the trust fund.

CONTRACTS, WORKSHARING AGREEMENTS, VOUCHERS, AND DEPOSITS

AWARD/CONTRACT		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)		RATING	PAGE 1 OF 19
2. CONTRACT # (Proc. and Award) NO. EEC45017C0054		3. EFFECTIVE DATE 10/01/2016		4. REQUISITION/PURCHASE REQUEST/PROJECT NO. FP376952	
5. ISSUED BY EEOC OCFD ASD 133 N Street, N.E., 4th Floor Washington, DC, 20507		6. ADMINISTERED BY (If other than Item 5) EEOC Philadelphia District Office 802 Market Street, 13th Floor Philadelphia, PA, 19107		CODE	
7. NAME AND ADDRESS OF CONTRACTOR (No. street, county, State and ZIP Code) PITTSBURGH, CITY OF PITTSBURGH COMMISSION ON HUMAN RELATIONS 414 GRANT ST RM 908 PITTSBURGH, PA, 15219-2419			8. DELIVERY <input type="checkbox"/> FOB ORIGIN <input checked="" type="checkbox"/> OTHER (See below)		
9. DISCOUNT FOR PROMPT PAYMENT Net Days 30			10. SUBMIT INVOICES (4 copies unless otherwise specified TO THE ADDRESS SHOWN IN ITEM 7)		
11. SHIP/TOMARK FOR CODE 600143149000 FACILITY CODE		12. PAYMENT WILL BE MADE BY EEOC Payment, Interior Business Contact Attn: EEOC Invoice Processing Team Denver, CO, 80235			
13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: <input type="checkbox"/> 19 U.S.C. 2802(i) <input checked="" type="checkbox"/> 41 U.S.C. 253(c)(5)			14. ACCOUNTING AND APPROPRIATION DATA See Schedule		
15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	See Schedule				
15G. TOTAL AMOUNT OF CONTRACT					\$ 29,800.00

Figure 5: Snapshot of 2017 contract.

The EEOC contracts with and reimburses FEPA's for processing and managing charges of employment discrimination. The figure shown is a partial snapshot of the 2017 Contract EEC45017C0054, which awards \$29,800.

The contract also lists the number of charge resolutions and the amount for each charge resolution the FEPA (i.e., department) can receive at the end of a contract. The amount for each charge resolution is based on the appropriation granted by Congress. The contract also includes funding amounts and/or reimbursements for training and other engagements.

The contract terms include certain expectations, including a requirement that the FEPA provide timely and accurate data via the integrated system (i.e., ARC and, previously, IMS). The required data includes the total number of accepted charges taken to full resolution. If by the end of the contract term, the FEPA has processed more charges than initially indicated, the FEPA will receive an increase in funds, referred to by the EEOC contract as an "upward modification."

Contracts for the Pittsburgh FEPA are issued by the federal EEOC and administered on the local level by the EEOC Philadelphia District Office. As the administrator of issued contracts, EEOC Philadelphia is responsible for and authorized to monitor the contract for the EEOC and provide the CHR with guidance on contract terms. EEOC Philadelphia is also later involved in the distribution of the CHR’s payment at the end of the contract term.

Each contract covers a standard year and three optional years, which are maintained annually via “worksharing agreements” until the contract period is completed and a new grant proposal is submitted. The worksharing agreement provides detailed information on how EEOC Philadelphia and the CHR will work together, but, most of all, this agreement allows for employment discrimination charges to be dual-filed. This, essentially, means that the charges

that fall under federal and state-local law will be filed both with the federal EEOC and the local FEPA for processing.

At the end of the contract year, the Director of the CHR is notified by the EEOC on the exact number of accepted charge resolutions that were processed and also the total amount the CHR will receive based on those resolutions. Voucher form (i.e., Standard Form 1034) is completed, signed by the Director, and submitted to EEOC Philadelphia. The figure shown below is the Voucher #1, which is connected to the original Contract EEC45017C0054 shown above. As shown, the award amount is increased to \$41,700 (i.e., an upward modification) due to the number of cases processed.

This voucher confirms the pertinent details of the signed contract, including the amount the CHR should expect to receive.

Standard Form 1034 Revised January 1992 Department of the Treasury 1710-108-0000 1034-202		PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL		VOUCHER NO. -1-		
U.S. DEPARTMENT, BUREAU OR ESTABLISHMENT AND LOCATION U.S. Equal Employment Opportunity Comm. Philadelphia District Office 801 Market Street, Suite 1300 Philadelphia PA 19107-3127		DATE VOUCHER PREPARED October 26, 2017		SCHEDULE NO.		
		CONTRACT NUMBER AND DATE EEC45017C0054 FY2017		PAID BY FY 2017		
		REQUISITION NUMBER AND DATE				
PAYEE'S NAME AND ADDRESS Pittsburgh Commission on Human Relations 908 City-County Building 414 Grant Street Pittsburgh PA 15219-2464				DATE INVOICE RECEIVED		
				DISCOUNT TERMS		
				PAYEE'S ACCOUNT NUMBER		
SHIPPED FROM		TO		WEIGHT		
				GOVERNMENT BA NUMBER		
NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <i>(Enter description, line number of contract or Federal supply schedule, and other information deemed necessary)</i>	QUANTITY	UNIT PRICE		AMOUNT (1)
				COBT	PER	
	FY 2017	Charge resolutions for the period of FY2017. Contractor certifies all charge resolutions were processed in compliance with applicable sections of the EEOC State and Local Handbook, FEPA Conference and FEPA Engagement Funds included.	56 case	\$700	c	\$39,200.00 Cases \$1,000.00 Engagement \$1,500.00 Conference
TOTAL						41,700.00

Grant funds are then wired to the City’s general account. The CHR Director is notified of this final action.

Figure 6: Snapshot of 2017 voucher.

PROCEDURES OF THE FISCAL CONTRACTING COORDINATOR

The contracts and worksharing agreements discussed previously provide detailed guidelines, while the CHR document *Fiscal & Contracting Coordinator* provides internal instructions specific to the appointed position titled “Fiscal Contracting Coordinator.” Most of the CHR’s fiscal duties are outlined in this related 42-page document.

We were advised by the CHR that this position was established within the CHR in 2019. This position is responsible for several aspects of the department’s activities, including the following: processing expenditures in JDE, formally requesting transfers of grant deposits, updating and maintaining the department’s internal system to ensure it accurately aligns with system reports in ARC, and assisting CHR’s Director with various aspects of the contract-and-voucher processes. The document provides step-by-step instructions on these duties and also defines other roles and duties within the CHR.

This document also refers to an internal tracking ledger, which is a record of all revenues and expenditures flowing through the trust fund. It also describes the “drawdown” process, which is connected to the end-of-year contract process described previously. After Standard Form 1034 is completed, the coordinator prepares and submits the CHR’s “allocation memorandum” to the

City's Department of Finance, requesting that the funds previously wired to the City's general account then be transferred to the EEOCTF.

AUDIT RESULTS

One of our procedural threads included a tracing of payments recorded in JDE to contracts and vouchers provided by the CHR during the scope of the audit. In accordance with [Table I](#), a total of \$126,800 was deposited into the EEOCTF during the scope of the audit, and although we were able to trace all deposits between 2019 – 2021 to contracts and vouchers, we did not see any deposits in 2018 connected to Voucher #1 for Contract EEC45017C0054, which approved a deposit in the amount of \$41,700. For partial screenshots of the original 2017 contract and associated voucher, please refer to the figures located in the [CONTRACTS, WORKSHARING AGREEMENTS, VOUCHERS, AND DEPOSITS](#) portion of this report.

Now, we did confirm with the department that notable staffing changes, including those affecting fiscal operations, intersected with the timeframe when the revenue was missed. The current staff of the CHR was unable to identify and locate the deposit. Fortunately, we were able to locate the deposit during our investigation. We then made the CHR aware of the funds and, on February 27, 2023, provided the department administrators with procedures on how to move the money to the trust fund. On March 6, 2023, the CHR submitted its memorandum to identify the missing revenue and request that it be moved to the EEOCTF. We have further verified that the deposit is now securely in the correct place.

In conclusion, a single deposit was missed in the first year of our scope but in no other years. Although this is a significant misplacement of money, this was resolved before the conclusion of our audit. We will also note that the CHR was faced with notable staffing changes in the year of the error, and while this does not dismiss the impact of a missing grant deposit, we did see evidence of improved internal controls in all the following years. Therefore, this is reported as an observation and not a formal Finding.

We did not detect any further material deficiencies or instances of noncompliance. We commend the CHR on its development and implementation of internal policies and procedures and its overall alignment with the federal guidelines governing EEOC-specific activities.

ADDENDUM

Fiscal auditing is an essential process in constructively reviewing financial operations. The process allows for the discovery of opportunities to build up and strengthen the financial functions of the City's trust funds. Fiscal auditors provide an opinion of the financial accuracy of the management of trust funds. The procedures of each audit can include but are not limited to risk assessments; legislative research and review; and testing of departmental documentation of financial records and, as necessary, policies and procedures.

The results of the Controller Office audits are kept in record and reviewed regularly. If the auditee disagrees with the recommendations made by the Office of the Controller, the auditee is advised of the responsibility for accepting the potential risks of that decision. If the auditee agrees, follow-ups are performed on any recommendations made until evidence is given showing that the identified risks are resolved. Fiscal audit reports and follow-ups can be viewed on the Controller portion of the City of Pittsburgh's website under [Fiscal Audits](#).