



**OHIO CIVIL RIGHTS COMMISSION
FRANKLIN COUNTY**

SPECIAL AUDIT

JULY 1, 1998 THROUGH DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

Michael Payton, Executive Director
Ohio Civil Rights Commission
1111 East Broad Street, Suite 301
Columbus, Ohio 43205-1379

Dear Mr. Payton:

Pursuant to a request from Aaron Wheeler, Chairman of the Ohio Civil Rights Commission, we performed the procedures summarized below related to the Civil Rights Commission (Commission) for the period July 1, 1998 through December 31, 2000. The Chairman of the Commission requested the procedures to substantiate the results of an investigation conducted by the Ohio Office of the Inspector General (IG) and contained within his Report of Investigation, dated April 2, 2001. In addition to the request from the Chairman, the Inspector General referred his Report of Investigation to the Auditor of State for follow-up action as deemed appropriate.

We investigated the concerns documented in the IG's Report by performing the following procedures:

1. We read the IG's Report of Investigation, and obtained an additional understanding of the issues cited in the Report by meeting with the IG's employees. Additionally, we reviewed the IG's work papers supporting each issue cited in the report. When necessary we obtained additional information by contacting Commission employees and vendors with whom the Commission had personal service contracts.
2. We independently performed research to determine what was the current state and internal Commission policies and procedures related to the issues in question.
3. We met with Commissioner Altagracia Ramos to discuss the allegations related to her, and to obtain additional documents and information, related to those allegations.
4. We made several unsuccessful attempts to arrange a meeting with the former Executive Director, Melanie Mitchell, through her attorney.

The IG's report outlined specific issues of misconduct by two Commission members and the former Executive Director. The issues alleged the violation of rules and policies, misuse of funds, improper hiring promotions and transfers, and the misuse of state equipment. The report grouped these issues into four main concerns, which are summarized in the following paragraphs.

1. PERSONNEL ISSUES

Summary

During Ms. Mitchell's term as Executive Director, she enacted changes in the organizational structure of the agency. These changes resulted in certain divisions becoming part of other divisions, the creation of new divisions and the transfer of personnel within the agency. The concerns raised over these changes included employees were not notified of the changes in advance, nor the reasons for the changes; employees were transferred to positions of less responsibility without a corresponding change in their job classification or pay rate; proper documentation, such as Personnel Action forms, were not consistently prepared and appropriate authorizations obtained; and, the Director and one member of the executive staff received pay raises of more than the 3% statutory limit.

1. PERSONNEL ISSUES (Continued)

Results

We reviewed the related documentation and substantiated the conditions identified by the IG, with the exception that we did not determine that there is a 3% statutory pay raise limit. We noted that Personnel Action forms were not consistently prepared and were not properly approved by the Commission members or Department of Administrative Services for all changes in personnel.

Management Comment

Ohio Rev. Code section 124.20 states, in part, the director of administrative services, with the approval of the state personnel board of review, shall adopt rules:

- (A) For the classification of officers, positions, and employments, in the civil service of the state and the several counties thereof;
- (B) For appointment, promotions, transfers, layoffs, suspensions, reductions, reinstatements, and removals therein and examinations and registrations. Except as otherwise provided in this division, appointing authorities shall submit personnel action information to the department of administrative services as the director requires.
- (C) For maintaining and keeping records of the efficiency of officers and employees in accordance with sections 124.01 to 124.64 of the Revised Code.

The Department of Administrative Services has created a Personnel Action form (ADM 4100) to document the type of change being made in an employee's position or status (appointment, change, separation and interruption) and to provide evidence of the approval by the appointing authority of such change.

Based on the documents reviewed, we noted the Commission did not consistently comply with the cited Code section by preparing and properly approving, or obtaining approval for, all Personnel Action forms. We recommend that Commissioners themselves take a more active role in approving or being informed about significant changes in the organizational structure of the administrative staff. They may want to approve all changes in personnel at a certain level, such as division head, or that affect more than one division. Additionally, we recommend the Commission document what their level of involvement will be, when it will become necessary and how their involvement will be obtained, achieved or documented. We also recommend that all future Personnel Action forms be completed and the required approvals obtained before any changes are implemented.

2. TRAVEL ISSUES

Summary

During the period under investigation Commissioners and Commission employees attended Commission-paid conferences and national board meetings throughout the country and local board meetings in Columbus. The conditions/concerns noted for these conferences and meetings included: employees traveled outside the approved dates for the conference; employees did not attend the entire conference; employees used their own personal vehicles or other mode of transportation to reach the destination when air fare was less expensive; there were questionable expenses involved with the trip, such as car rentals, upgrades to luxury accommodations, an excessive number of phone calls, claiming reimbursement for the incorrect mileage or other travel expense, and incurring overnight lodging prior to a Commission meeting.

2. TRAVEL ISSUES (Continued)

Results

We reviewed travel expense reports, out-of-state travel request forms, and support documentation of expenses incurred during travel and substantiated the conditions/concerns identified. We determined that the former Executive Director and a Commission member were traveling outside approved dates, were not attending entire conferences, and unnecessary expenses were being incurred.

Management Comment

Ohio Administrative Code 126-1-02 contains rates and requirements for reimbursement of travel expenses for state employees. In addition, the Commission has established a written travel policy. We found that occasionally neither one of these policies addressed some of the specific conditions/ issues we investigated.

We recommend the Commission follow the state-issued travel policy. When this policy does not address specific travel issues that may arise, we recommend the Commission contact a recognized authority on travel policy, such as the Office of Budget and Management. In addition, we recommend the Commission refine its own internal travel policy to more clearly define the detail requirements for allowed travel expenses. Conditions or issues the Commission should consider during this travel revision process include, but are not limited to, the following:

- All proposed out-of-state travel forms should be reviewed and approved by a Commissioner and the Executive Director in advance of the travel.
- The dates and times a participant will attend sessions at a conference should be clearly defined and used as a factor to determine whether it is beneficial to send the employee who does not intend to attend the whole conference. The employee should provide an explanation why certain sessions will not be/were not attended. The Commission may consider holding the attendee financially liable for missed sessions.
- The dates on the out-of-state travel forms should be adhered to, and if there are changes made after its approval, the changes should be clearly documented on the form, as well as the reason for the change, and approval of the change.
- All travel expense reports should be reviewed and signed by an appropriate official to ensure accuracy before the employee is reimbursed.
- The use of rental cars should be approved in advance, and there should be a reason documented to substantiate the need for the car.
- The Commission should establish a policy to address the issue of non-refundable airfare tickets purchased but not used. Most tickets, even non-refundable ones, allow the ticket to be used within a year on another flight after paying a stated penalty fee. Depending on the circumstances and reasons for not using the ticket, the Commission may consider holding the ticket holder financially liable for the cost of the ticket.
- The Commission should prepare written policies for reimbursable travel expenses of Commission members, addressing such factors as headquarters designation, whether commuting distances will be reimbursed, whether overnight stays (including travel, meals and lodging) preceding a board meeting will be allowed. We also recommend the Commission consider starting the board meetings later in the day to accommodate those Commissioners traveling from out of town.

3. EXCESSIVE EXPENDITURES/CONTRACT ISSUES

Summary

During the period of July 1998 through December 2000 the Commission entered into numerous personal service contracts for training of employees and performing accounting/auditing services. Additionally, the Commission held annual celebration events and incurred significant expenditures in the process. The issues noted for this area included: Commission's Policy and Procedure Manual were not followed in the signing of the contracts or for travel cost reimbursement, resulting in costs in addition to those already included in the contract; contract costs were excessive compared with service received; purchased training hours were allowed to expire before they were used; contracts were not properly bid; and the celebration events included excessive food, beverage, and party decoration expenses.

Results

We reviewed the support documentation for the personal service contract entered into and the documentation supporting expenses incurred for training events and annual events. Expenses were made with appropriate authorizations and in accordance with state requirements. However, the Commission's internal policies were not followed in the signing of the contracts; the cost of lodging was paid twice; contract costs were excessive for the work being completed; training hours with a \$2,100 value did expire; food, beverage, and party decoration costs were excessive. We substantiated the instance where the former Executive Director chose not to stay in the cabin (which included private bedrooms) included within the cost of an employees' retreat, but chose to stay in the lodge for the two nights at an additional cost of \$148.96, for which she was reimbursed. We also referred one of the contracted accountants to the Ohio Accountancy Board and the Society of Certified Public Accountants for not following professional standards.

Management Comment

The Commission's internal Policy and Procedure Manual (section C-9) states "All contractual agreements must be drafted by the Fiscal/Legal Office prior to its start date."

We noted instances where the Commission did not comply with its own internal policy. As an example, both contracts related to an event were signed within two weeks after the start dates specified in the contracts. Another example of noncompliance is that another contract was not signed until December when the related work began in the previous August.

We recommend the Commissioners consider the following procedures to help reduce concerns in this area:

- Review the agendas of planned employee training, workshops, and other events to determine the need and appropriateness of the planned activities.
- Review and approve future contracts to assess the reasonableness of the expenses associated with the contracts.
- Assess the adequacy of the Commission's procedures to track the available training units, particularly those purchased, still unused, and ready to expire soon. If required, these procedures should be revised to provide sufficient notice of the need to use the training units before they expire.
- Prepare and sign contracts prior to the related start dates in accordance with the Commission's own internal policy. Noncompliance could result in the Office of Budget and Management disallowing expenses related to the contract.
- Monitor employees' adherence to the Commission's travel policy about room accommodations and hold all employees, who violate the policy without good reason, financially accountable for such costs.

4. PERSONAL USE OF STATE TELEPHONES

Summary

During Ms. Mitchell's term as Executive Director, she had access to a telephone in her office and was issued a cellular phone. Both phones were billed to the Commission. We noted an excessive amount of time spent on making phone calls, as well as an excessive amount of the phone bills paid by the Commission for personal phone calls. Ms. Mitchell reimbursed the Commission \$3,277.19, an amount calculated by the Inspector General, related to the personal use of her state phones.

Results

We reviewed all supporting documentation for Ms. Mitchell's phone usage. We also inspected the check written by Ms. Mitchell to substantiate her reimbursement to the Commission.

Management Comment

The Ohio Department of Administrative Services has promulgated guidance on the use of state telephones in Policy OPP-002. The Commission references this state policy within its own internal telephone policy, which states "Agency phones are for Commission business purposes. . . . If it is necessary to make a personal long distance call from a state phone, it must be charged to a personal credit card, to a third party or to an employee's home telephone number." Based on this investigation, the Commission did not monitor compliance with either the state or its own internal telephone policy.

We recommend the Commission enforce the state and its own internal phone policy and implement a documented monitoring process to determine periodically whether the policy is being followed.

* * * * *

On December 18, 2001, we held an exit conference with Chairman Wheeler, Michael Payton, Josie Woods, and Connie Higgins to discuss the contents of this report. The Commission has responded to the issues discussed in this report. A copy of their response may be obtained from Michael Payton, Executive Director, at (614) 466-4032. This letter is intended for the information and use of State of Ohio management and the Ohio General Assembly and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

September 1, 2001

c: Thomas Charles, Inspector General



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

OHIO CIVIL RIGHTS COMMISSION

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 29, 2002**