

# INTERNAL AUDIT REPORT

2025-03

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Anchorage Equal Rights Commission

Anchorage Assembly

May 29, 2025

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MUNICIPALITY OF ANCHORAGE  
MAYOR SUZANNE LAFRANCE

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OFFICE OF INTERNAL AUDIT

May 29, 2025

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2025-03, Anchorage Equal Rights Commission**. A summary of the report is presented below.

In accordance with the 2024 Audit Plan, we performed an audit of the Anchorage Equal Rights Commission. The objective of this audit was to determine the overall operational effectiveness and efficiency of Anchorage Equal Rights Commission's operations from 2022 to 2024, including personnel resources. To accomplish our objective, we reviewed Anchorage Equal Rights Commission's past and present staffing levels and budgets to determine if there were any significant changes that would impact its operations. We also reviewed the Closed Complaints Reports from Time Matters to determine if cases received by Anchorage Equal Rights Commission were resolved in a timely manner as required by the applicable Anchorage Municipal Code. Lastly, we reviewed expenses in SAP financial records for any inconsistencies.

Our audit revealed that improvements in operational efficiency and budget management are needed at the Anchorage Equal Rights Commission. Specifically, the Anchorage Equal Rights Commission did not always issue determinations within the 240 days stated in the Anchorage Municipal Code. In addition, the Anchorage Equal Rights Commission did not have established internal policies and procedures, or desktop manuals to document operational processes. Moreover, we found deficiencies in maintaining up-to-date information and record keeping. Furthermore, the Anchorage Equal Rights Commission did not track outreach performance, and overall efforts appear to have little to no impact on the number of inquiries received. Finally, our review found a lack of financial oversight from Anchorage Equal Rights Commission management.

There were five findings in connection with this audit. Management comments were responsive to each audit finding and recommendation.

Alden P. Thern

Director, Internal Audit



MUNICIPALITY OF ANCHORAGE  
MAYOR SUZANNE LAFRANCE

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OFFICE OF INTERNAL AUDIT

May 29, 2025

**Internal Audit Report 2025-03**  
**Anchorage Equal Rights Commission**  
**Anchorage Assembly**

**Introduction.** Anchorage Municipal Charter Section 17.02, *Equal rights commission*, establishes the Anchorage Equal Rights Commission (AERC). The Anchorage Equal Rights Commission is governed by nine commissioners, appointed by the Mayor and confirmed by the Anchorage Assembly, serving three-year terms. According to AERC's website, they are the Municipality of Anchorage's (Municipality) law enforcement agency charged with preventing and eliminating unlawful discrimination under Title 5, *Equal Rights*, of the Anchorage Municipal Code (AMC). The Anchorage Equal Rights Commission also enforces Title I of the Americans with Disabilities Act and Title VII of the Civil Rights Act through a work-share agreement with the Federal Equal Employment Opportunity Commission. The Anchorage Equal Rights Commission's mission is ". . . to enforce federal and municipal anti-discrimination laws and provide equal opportunity to all persons in Anchorage."

As of March 2025, the Anchorage Equal Rights Commission had five full-time budgeted positions: an Executive Director, Executive Assistant, and three Investigators. The Executive Director position is currently filled by an Acting Executive Director. On February 5, 2025, the Mayor appointed the Acting Executive Director to fulfill the role until a new one is hired. The Acting Executive Director also fills another executive position in the Municipality and serves as Acting Executive Director on a part-time basis. All references of the 'Executive Director' in this report pertain to the Executive Director employed from August 8, 2022, to February 4, 2025. The Executive Assistant and two Investigators were recently hired in early 2025 and another Investigator started in August of 2024. All references to staff actions in this report refer to staff previously employed by the agency. The AERC uses a customized electronic records case management system and database, Time Matters, to manage complaint inquiries and case investigations.



**Objective and Scope.** The objective of this audit was to determine the overall operational effectiveness and efficiency of AERC's operations from 2022 to 2024, including personnel resources. To accomplish our objective, we reviewed AERC's past and present staffing levels and budgets to determine if there were any significant changes that would impact its operations. We also reviewed the Closed Complaints Reports from Time Matters to determine if cases received by AERC were resolved in a timely manner as required by the applicable AMC. Lastly, we reviewed expenses in SAP financial records for any inconsistencies.

We conducted this performance audit in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Overall Evaluation.** Our audit revealed that improvements in operational efficiency and budget management are needed at the AERC. Specifically, the AERC did not always issue determinations within the 240 days stated in the AMC. In addition, the AERC did not have established internal policies and procedures, or desktop manuals to document operational processes. Moreover, we found deficiencies in maintaining up-to-date information and record keeping. Furthermore, the AERC did not track outreach performance, and overall efforts appear to have little to no impact on the number of inquiries received. Finally, our review found a lack of financial oversight from AERC management.

## **FINDINGS AND RECOMMENDATIONS**

### **1. Cases Not Always Resolved in a Timely Manner.**

- a. Finding.** The Anchorage Equal Rights Commission did not always issue determinations within 240 days as stated in AMC Title 5. Anchorage Municipal Code 5.50.010 states, "The commission shall, unless good cause is shown, issue its determination within 240 days after the filing of the complaint. If good cause is shown to extend an investigation

beyond 240 days, the commission shall notify the parties.” Specifically, we found that 41 of the 71 (58%) closed cases in 2022, 50 of the 85 (59%) closed cases in 2023, and 42 of the 78 (54%) closed cases in 2024 had determinations issued beyond 240 days. The average time to close cases were 313 days in 2022, 444 days in 2023, and 290 days in 2024, resulting in an average of 353 days between 2022 and 2024. The longest case was 1,503 days in 2023. As of March 3, 2025, there were 26 open cases, and of those, four were past 240 days.

We selected and reviewed 26 closed cases from the 2022, 2023, and 2024 Closed Complaints Reports to determine the causes of the delays. Our review found that 7 of 26 (27%) closed cases did not hold a Fact Finding Conference (FFC) due to either the complaint being withdrawn or a pre-determination settlement established prior to the scheduled FFC meeting. From the 19 remaining sample cases, our review revealed the AERC on average took 67 days to process cases prior to the FFC, 304 days on average to issue a determination after the FFC, and extended periods of no case interaction were observed. Of the 26 sample cases selected from 2022, 2023, and 2024 Closed Complaints reports, 13 were extended beyond the deadline. 13 out of 13 (100%) extended case samples reviewed did not explicitly cite the reason, i.e. good cause, to warrant its extension. In 11 out of 13 (84%) extended case samples, significant time periods of no case interaction were observed in the case timeline. For example, one case had 315 days of no case interaction between June 25, 2020, and May 6, 2021. The subsequent interaction was 218 days after 240 days when the complainant sent an email to the AERC. Another case had 192 days of no case interaction between May 24, 2022, and December 2, 2022. The case update on December 2, 2022, was the complainant calling the AERC to check the status, 19 days after 240 days. In addition, 325 days of no case interaction was observed on another case between October 20, 2020, and September 10, 2021. The subsequent interaction was 197 days after 240 days. Lastly, the longest case gap observed was 410 days, having no interaction between June 3, 2021, and July 18, 2022. The subsequent interaction was 327 days after 240 days.



The Anchorage Equal Rights Commission staff stated 'good cause' is used arbitrarily and based on common sense to extend cases beyond their deadline. However, it appeared that the staff did not understand the legal concept of 'good cause' and a lack of a clear understanding for the term 'good cause' had allowed the AERC to take an excessive amount of inaction and time to resolve cases, leading to prolonged periods of no follow-up which may have resulted in a decline in service quality and the parties involved feeling dismissed.

- b. **Recommendation.** The Anchorage Equal Rights Commission should ensure that complaints are resolved within 240 days. If not, staff should understand and uniformly apply the legal concept of 'good cause' to document when additional time is warranted. The basis for good cause should be noted in the system. The AERC should implement procedures to address extensive periods of no case interaction.
- c. **Management Comments.** Management stated, "(The AERC is composed of nine volunteer commissioners, appointed by the Mayor and confirmed by the assembly to three-year terms. All management comments were approved by the AERC).

The AERC concurs with the finding and recommendation. Timely resolution of cases is vital to the effectiveness of the AERC. While the scope of this audit was limited to only looking at the AERC's operations from 2022 – 2024, records from earlier years support the conclusion that this finding addresses a longstanding problem. Specifically, the auditor's review of closed case files found that 50 of the 108 (46%) closed cases in 2019, 47 of the 83 (57%) closed cases in 2020, and 63 of the 97 (65%) closed cases in 2021 had determinations issued beyond 240 days. Going back further, the AERC's annual report for 2010 and 2011 indicates that 58% of cases in 2011 were beyond 240 days.

From 2023 through 2025, much progress was made in getting caught up with investigations. As of May 2025, even with the effort applied to conclude old cases,

three of the thirty-five open cases are beyond 240 days. The three cases were all older cases that the new staff took over from former investigators. The thirty-two new open cases are being actively investigated, and it is not anticipated that many will exceed 240 days, absent unforeseen circumstances. However, the systemic nature of this problem over a long period of time shows that greater accountability and oversight of the agency by the commission is warranted. The AERC intends to implement this oversight in four specific ways.

First, Anchorage Municipal Code (AMC) 5.10.050 allows the AERC to “establish such standing committees as the commission deems necessary to carry out its duties and responsibilities.” No later than August 31, 2025, the AERC will hold a public meeting and establish a plan to provide additional oversight of case management. The plan may include either establishing a “Case Management” standing committee of commissioners or requiring the executive director to conduct periodic briefings to the commission on the status of investigations. If a committee were established, the committee would be tasked with holding meetings with the executive director and staff, reviewing case files, and reporting back to the commission about any concerns with cases not being actively investigated or resolved in a timely manner. The goal of any actions taken would be to allow the commission to exercise greater oversight and to create procedures so that the commission would be able to tell if investigations were not being completed in a timely manner.

Second, the AERC will ensure that the executive director briefs the commission every month on the number of cases that are over 240 days, along with an explanation of the specific reason for the delay. Recent reports have explained the reasons for every case that is over 240 days, and the commission will ensure this practice continues.

Third, no later than August 31, 2025, the agency will develop a written policy to require an “investigative plan” in cases where no settlement is reached after a fact-finding conference. In the second paragraph of the audit finding, the audit staff cites four



examples that occurred between June 25, 2020, and December 2, 2022, where cases had long periods of inactivity. In each of those cases, after a fact-finding conference was held, there were long periods of inaction – with little indication that any active investigation was occurring – until the case was nearing or exceeding the 240-day mark. Investigative plans should be required after a fact-finding conference and should outline relevant factual issues that remain contested by the parties, evidence identified by the parties as relevant in resolving those issues, potential witnesses, and the investigator’s plan to complete the investigation. The executive director must routinely review these investigative plans with the assigned investigator to ensure cases remain on track and are being actively investigated, and the commission should ensure this is occurring.

Finally, the executive director will ensure that whenever there is good cause to extend an investigation beyond 240 days, the parties are notified in writing. The interim executive director will ensure this is completed in existing cases before the AERC’s July 2025 public meeting. Going forward, every case mentioned in the executive director’s report exceeding 240 days will also indicate whether the parties have been notified in writing of the good cause to extend the investigation.

The audit mentions that the “good cause” legal standard should be understood by staff and applied “uniformly.” That is true, however it must also be acknowledged that the Alaska Supreme Court has explained that the “good cause” standard is inherently discretionary, based on the totality of the circumstances in each individual case. *See Novak v. Orca Oil Co., Inc.* 875 P.2d 756 (Alaska 1994). Thus, the court thought that defining good cause with “greater specificity” would not serve any purpose and might narrowly preclude unforeseen future circumstances where good cause might exist. Based on that reasoning, the AERC does not believe it would be helpful to try to create a uniform standard for “good cause” or try to define the term more precisely. Instead, whenever there is good cause to extend an investigation beyond 240 days, the notification to the parties should explain the reasons for doing so in plain terms, based on the facts of the individual case. The explanation should be sufficient to convince a



reasonable person that additional time to issue a determination is warranted, based on the facts in that particular case.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **No Internal Policies and Procedures or Desktop Manual Established.**

- a. **Finding.** The Anchorage Equal Rights Commission did not establish internal policies and procedures, or desktop procedure manuals to document its operational processes. During our audit, staff members have expressed concern and frustration regarding the lack of internal policies and procedures, training materials, and department handbooks. In addition, it appeared that the management was aware of the situation but did nothing to correct it. Specifically, the Executive Director acknowledged the issue in the January 2023 Executive Director’s monthly report stating, “The Executive Director and the Executive Assistant continue to draft an Office Manual, an Executive Director manual and Investigator Guidelines and case management tools.” However, we found none during our audit. As the department overseer, it is the responsibility of the Executive Director to design and establish an internal control system for operational efficiency and effectiveness to achieve department objectives. The lack of reference resources impacts training of new employees as there are no guidelines for reference on handling specific situations, subjecting the department to heavily rely on existing employees to pass on their knowledge. The sudden loss of those employees, which the AERC experienced between February of 2023 and January of 2025, resulted in a significant disruption of department operations and a major loss of institutional knowledge. If the AERC had written internal policies and procedures and desktop manuals established, this could be prevented.

- b. **Recommendation.** The Anchorage Equal Rights Commission should ensure internal policies and procedures are developed and implemented for effective training of

employees and establish desktop manuals to retain organizational knowledge and mitigate the risk of having that knowledge lost with employee turnover.

c. **Management Comments.** Management stated, “The AERC concurs with the finding and recommendation. There was significant turnover in the Agency within the last year. As noted in the introduction, all references to staff actions in this report refer to staff who are no longer employed by the agency. Desktop manuals and procedures help retain organizational knowledge in these situations. The lead investigator is currently working with federal EEOC offices to obtain their investigator training manuals and systems, which will then be modified as appropriate for use by AERC investigators. The lead investigator and executive assistant are also working to develop a training manual of office administrative tasks and systems. Both of these projects will likely be a three-to-six-month process, considering the need to prioritize work on active investigations. The AERC directs the executive director to provide monthly updates on the progress in completing desktop manuals, with the goal of completing this task no later than November 30, 2025. Completion of this task will be reported in the annual report for 2025.”

d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **Deficiencies in Maintaining Up-to-Date Information and Record Keeping.**

a. **Finding.** The Anchorage Equal Rights Commission did not maintain up-to-date information and record keeping across multiple areas of department operations. For example, on the AERC website’s ‘Forms and Documents’ section, the latest annual report publicly available was from 2021, missing the last three years of annual reports. On the ‘AERC Commission Meetings’ section of the website, the meeting dates displayed were from January to November 2023 with no postings of meeting dates held in 2024, no dates posted for planned future meetings, and no minute recordings of past



meetings available for public viewing. Although the webpage encouraged public participation by displaying the time, location, and virtual attendance options, its effectiveness is undermined when meeting dates are not consistently posted, raising questions about the purpose of having a dedicated section for 'AERC Commission Meetings'. Another example, when we requested for the AERC's most recent Commission roster, we found their roster on file has not been updated since March 23, 2023, containing names of 7 of 9 members no longer on the Commission. In addition, we discovered the AERC did not keep records of their inventory and outreach merchandise. Although the Executive Director stated the previous Executive Assistant was tasked with developing a spreadsheet showing the amount of merchandise distributed at which attended events, the current Executive Assistant found no such document in their department database stating, "I did not find any documentation about where the items went. I will keep searching but I if [sic] cant find them documented as assets, they may be lost entirely. The only proof I have that our outreach merch ever existed is in the P card receipts that I sent." Maintaining up-to-date information and proper record keeping ensures accountability, accuracy, and transparency of department operations, as well as preventing fraud, theft, and abuse of municipal resources. Failing to maintain up-to-date information increases the likeliness of speculation and misinformation spreading, raising questions on how the department is being managed. Poor record keeping creates an environment where errors and misconduct go unnoticed.

- b. **Recommendation.** The Anchorage Equal Rights Commission should maintain up-to-date information and proper record keeping, ensuring the department is operating with accountability, accuracy, and transparency.
- c. **Management Comments.** Management stated, "The AERC concurs with the finding and recommendation. All missing annual reports from past years have been added to the website, along with past executive director reports and approved meeting minutes. The executive assistant has an updated commission roster. The agency has a spreadsheet of



outreach events, which lists any merchandise given out at those events. This will be addressed in more detail under finding four, below.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

4. **Outreach Performance Not Tracked, and Overall Efforts Appeared to have Little to No Impact.**

- a. **Finding.** The Anchorage Equal Rights Commission did not keep track or measure performance regarding its outreach activities, and their overall efforts appear to have little to no impact on the number of inquiries received. Outreach efforts include attending/sponsoring local community events; visiting and presenting in schools; meeting with leaders of other equal rights agencies; collaborating with businesses, civil rights organizations and other victim advocacy organizations; and distribution of AERC merchandise. In 2023, the AERC spent \$61,238.61 towards outreach activities and merchandise, and in 2024, this expenditure increased to \$99,385.35. Despite the significant investment of municipal funds, the number of inquiries has been steadily decreasing with 333 inquiries total in 2023, and 331 inquiries total in 2024, continuing its downward trajectory since 2019.

	2019	2020	2021	2022	2023	2024
<b>Inquiries</b>	516	408	385	363	333	331
<b>Outreach Expense</b>	\$2,225.88	\$93.65	\$1,105	\$1,197.99	\$61,238.61	\$99,385.35

When we asked the Executive Director his thoughts on the declining number of inquiries, he stated, “I think it will take years to undo the damage of this agency for at least the last 26 years violating Title V and not completing its cases within 240 days. When local employment attorneys and civil rights organizations are telling people to

not use our services because we do not communicate of complete cases, it is a major outreach problem. The agency cannot solve it in one or two years. There is no quick fix.” However, when we inquired how the AERC measures its outreach performance and what the indicators were, he was unable to provide those other than the popularity of distributing free merchandise. In several Executive Director Monthly Reports, the Executive Director cited ‘successful’ outreach events based on mass merchandise distribution and subsequent restocking. For example, in the September & October 2023 Executive Director’s report, he stated, “The Executive Director ordered additional outreach merchandise to spread our agency name at the conference. The conference was a huge success.” In the February 2024 Executive Director’s report, it states, “All outreach items were distributed in a very short time. We are now receiving visits from Anchorage residents inquiring about materials. We will be ordering more in the near future. We are having great success letting our community know who we are and what we do.” Without quantifiable evidence, it is difficult to determine if mass distribution of merchandise was an effective strategy, and whether municipal funds, time, and staff efforts would have been better allocated elsewhere. With the lack of a corresponding rise in inquiries, the Executive Director’s definition of success appeared overstated.

- b. **Recommendation.** The Anchorage Equal Rights Commission should implement a performance tracking system to measure the impact of their outreach activities, and for the better allocation of municipal funds.
  
- c. **Management Comments.** Management stated, “The AERC concurs with the finding and recommendation. As a general principle, the current AERC does not believe the mass distribution of merchandise is an effective outreach strategy, nor does it represent good stewardship of taxpayer money. The current AERC will not permit excessive expenditures on outreach items in the future. However, it must also be recognized that in many of Anchorage’s diverse communities, outreach and engagement efforts are culturally rooted in customs of gift-giving and symbolic gesture. Materials such as branded tokens or merchandise may serve as bridge-building tools that foster

familiarity and belonging, especially in cultures that value relational trust over transactional interaction. (Appadurai, A. (1986). *The social Life of things: Commodities in cultural perspective*. Cambridge University Press). Outreach items may also spur attention and participation. This is especially true when outreach presentations are given to groups of students, and a T-shirt or similar item is given as a prize for answering a question or participating in the presentation.

The AERC now uses a spreadsheet to track and document any remaining outreach items that are given out and will continue to do so. The AERC will require the executive director to document any outreach materials that are given out in the executive director's monthly reports so that this information is publicly available, providing greater transparency and oversight of municipal funds.

No later than November 30, 2025, the AERC will also require the executive director to establish an "Outreach and Education" comprehensive plan to develop new long-term outreach strategies and raise awareness. The goal of the Outreach and Education plan will be to develop programs designed to bring about the prevention and elimination of unlawful discrimination in the most cost efficient and effective manner possible. The outreach and education plan should list any outreach items that will be purchased, along with a plan for how those items will be distributed."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

5. **Lack of Financial Oversight.**

- a. **Finding.** As the Anchorage Equal Rights Commission's expenses incurred against their non-labor budget significantly increased in 2022, 2023, and 2024, many of its expenditures appear to be excessive and/or non-essential. Specifically, between 2022



and 2024, the AERC allocated a significant portion of its non-labor budget into three categories: 1) technological equipment and accessories, 2) office furnishment, and 3) outreach efforts.

The amount spent on upgrading and replacing technological equipment and accessories was \$25,448.91 in 2022, and \$10,421.54 in 2023, with purchases consisting of laptops, noise-canceling headphones and earphones, wireless keyboards and mice, cellphones and cellphone accessories, tablets, desktop scanners, printers, and mobile monitors. Among these purchases, several items appear to have been procured at unnecessarily high costs. For example, we found three ergonomic wireless mice purchases, priced at \$99.95, \$104.99, and \$129.49, respectively. A quick search on the same vendor site showed highly rated products with wireless features and ergonomic design priced between \$11.87 to \$19.99. Additionally, the AERC spent a total of \$3,742.99 to acquire eight noise-canceling headphones and three earbuds. We believe cost-effective alternatives should have been strongly considered for procuring such equipment, especially when durability is of concern. On an approved vendor site, cost-effective alternatives were found for as low as \$27.99 for headphones and \$19.99 for earbuds. To put it into perspective, one could purchase 13 headphones for the price of one brand name headphone.

<b>Posting Date</b>	<b>Amount</b>	<b>Commitment Item Name</b>	<b>Description</b>
11/30/2022	\$392.99	office supplies	1 Bose noise-canceling headphones
11/30/2022	\$1,895.00	office supplies	5 Bose noise-canceling headphones
02/28/2023	\$329.00	office supplies	Bose noise-canceling headphones
08/31/2023	\$379.00	equip and furniture	Bose noise-canceling headphones
12/31/2023	\$747.00	equip and furniture	3 Bose noise-canceling earbuds
<b>Total</b>	<b>\$3,742.99</b>		

The most staff members the AERC had at one time were six positions. When we visited the AERC on February 19, 2025, we were able to locate only four headphones and two earbuds. The Executive Director stated out of the six headphones acquired initially, two broke over time and needed replacement. The current staff did not know what happened to the missing equipment. We are left to speculate that a total of \$1,815 worth of audio equipment may have been disposed of due to durability issues or lost/stolen.

In addition, our review found the Anchorage Equal Rights Commission made excessive expenditures on office furnishings and replacements, including purchases made from a vendor selling high-end products not typically used by the Municipality. Specifically, in 2023, \$42,427.91 in municipal funds were spent on height adjustable desks, tables, bookcases, chairs, swivel stools, two-seat lounge chairs, cylinder side tables, and club chairs with USB ports. We question whether the purchase of such items was the best use of municipal funds, as a chair with USB charging ports appeared to be unnecessary expenses. Standard chairs and separate charging adapters could have been procured at a much lower cost.

Finally, the Anchorage Equal Rights Commission made excessive expenditures on outreach efforts totaling \$61,238.61 in 2023, and \$99,385.35 in 2024. In the 2024 AERC Annual Report, it states, "... Executive Director spent more money on outreach than has ever been spent in the history of the agency. . ." Examples of these purchases were brand name insulated mugs at \$28.75 each and brand name backpacks at \$76.25 each. However, we noticed that these merchandise items lacked contact information (see pictures below) such as phone numbers and web addresses of the AERC, raising questions about their effectiveness in terms of outreach. In June of 2024, \$32,496.28 (29% of the AERC's 2024 non-labor budget) was expended to have a Commissioner distribute merchandise at an event in Juneau. Specifically, \$24,110.50 was spent on shirts, \$6,800 on tote bags, and \$1,585.78 on shipping costs. We question whether this was the best use of municipal funds given that Juneau is not within AERC's jurisdiction

for handling complaints. Despite the significant investment in outreach efforts, there appears to be no corresponding rise in inquiries as described in Finding #4.

**Merchandise with No Contact Information**







P&P Procurement Card Program 48-16 states, “It is the policy of the Municipality to provide for the delegation of authority to designated individuals for the purchase and payment of low-dollar non-asset goods, services, and business and travel related expenses that can be more efficiently and effectively acquired at the department/division level.” However, the Executive Director expressed indifference to the spending of municipal funds stating, “The goal was to not leave money on the table but utilize all of our funds as much as possible.” As the department overseer, it is the responsibility of the Executive Director to oversee the expenditure of municipal funds to ensure they are used efficiently and responsibly.

- b. **Recommendation.** The Anchorage Equal Rights Commission should implement stronger financial oversight for the better use of municipal funds.
- c. **Management Comments.** Management stated, “The AERC concurs with the finding and recommendation. Specifically, the AERC concurs with the auditor’s assessment that the purchases mentioned were excessive and did not represent the efficient and

responsible use of municipal funds. The current administration and members of the assembly became aware of the past purchases during a budget presentation to the new administration on August 27, 2024, as well as an assembly worksession on September 6, 2024. The mayor's office took immediate corrective action upon learning of the past purchases. The corrective action included requiring pre-approval of purchases the executive director made with the municipal PCard, reducing the maximum purchase limits for the executive director's card, and requiring additional PCard training for the executive director. Additionally, after the departure of the executive director, the interim director instituted a temporary spending policy to provide stronger financial oversight until a new director is hired. Under the new policy, any purchase beyond routine and minor operating expenses and any purchase that reflects a policy choice in managing the agency's budget must be brought to the commission for approval before the purchase is made. The only exception is for unforeseen emergency purchases, in which case the chair and vice-chair will be briefed immediately and the rest of the commission will be briefed at the next meeting. Going forward, the AERC will require the executive director to brief the commission on purchases made and include purchases in publicly available monthly reports. Doing so provides public transparency and allows the AERC to fulfill its role of providing general supervision of and directing the activities of the executive director. Any future purchases must ensure that municipal funds are spent efficiently and responsibly. The AERC recommends that the new executive director receive training from the purchasing department on allowable purchases.

In conclusion, the AERC is taking steps to address the findings and recommendations in this audit. The AERC would welcome a follow-up audit of the AERC in 2026 to evaluate its progress."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.



## **OTHER PERTINENT INFORMATION**

Our review of Anchorage Equal Rights Commission's staffing from 2022 to 2024 revealed high turnovers for the Investigator and Executive Assistant positions. Specifically, 3 of 4 Investigators resigned between February 18, 2023, and March 30, 2023, leaving one Investigator to work cases for approximately a month. According to the Executive Director, past Investigators had been working one or two cases at a time, exacerbating the backlog year after year. In an attempt to address the issue, the Executive Director implemented a policy requiring all Investigators to work on all cases simultaneously. The wave of resignations began shortly after the policy was introduced. In addition, a senior Investigator and two of the newly hired Investigators resigned between November 10, 2024, and January 10, 2025. The Executive Director provided resignation letters from two of the Investigators expressing dissatisfaction with the Municipality of Anchorage, and the third Investigator left for a higher salary position. Furthermore, the Executive Assistant position was filled by five different employees due to medical issues, salary dissatisfaction, and commuting distance. After the audit entrance conference held on January 17, 2025, the Executive Director informed us of his own resignation date of February 4, 2025. An Acting Executive Director was appointed by the Mayor on February 5, 2025, to fulfill the role until a new Executive Director is hired.

With the labor budget reduction in 2025, the number of Investigator positions reduced from four to three. The AERC's current staff is comprised entirely of recent hires with the most senior employee being hired on August 19, 2024. In a discussion with the Lead Investigator held on March 13, 2025, the Lead Investigator described current morale as being generally positive, but also shaky due to the ongoing audit of the department and the recent departure of the Executive Director.

**Discussion With Responsible Officials.** The results of this audit were discussed with the appropriate Municipal official and the AERC's Chair on April 16, 2025.

Audit Staff:  
Kevin Song