



Georgia Department of Audits and Accounts

Performance Audit Division

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Why we did this review

This audit was conducted in compliance with O.C.G.A. § 50-8-38, which requires the State Auditor to conduct performance audits of state funds received by the regional commissions (RCs) in the state.

In conjunction with the Department of Community Affairs (DCA) and the Department of Human Services (DHS), we developed a scorecard to evaluate and report on state-funded operations and services of all 12 RCs. Also, agreed-upon procedures were developed in conjunction with DCA and DHS to provide a verification component to the audit. The scorecard and agreed-upon procedures are conducted annually.

About regional commissions

Georgia's 12 RCs are regional planning entities created by state statute. The RCs are expected to develop, promote, and assist in establishing coordinated and comprehensive planning within their respective regions. DCA contracts with RCs to provide planning services to local governments and for their respective region.

RCs may also administer other state and federal programs. For example, some RCs receive significant state funds through contracts with DHS for aging and coordinated transportation services.

Regional Commissions

Results of the Regional Commission Scorecard and Agreed-Upon Procedures

What we found

The Regional Commission Scorecard is intended to promote accountability and transparency by allowing the performance of each of Georgia's twelve regional commissions to be assessed relative to its peers across four perspectives – financial, customer, learning and growth, and internal business process perspectives. The results of this assessment are provided in the scorecard on the next page. In addition, the agreed-upon procedures we conducted at three regional commissions revealed problems, of varying degrees, related to administration, contract compliance, and required reporting. Many of the issues were similar to those identified in previous reviews of other RCs.

Scorecard

The Regional Commission Scorecard is a performance assessment tool that is intended to facilitate peer to peer communication and result in improved operations within the RC community. The scorecard compares each RC's performance with the other 11 RCs. The RCs are ranked from 1 to 4 for each perspective and for each performance measure within the four perspectives, with a "1" representing the highest performing quartile. It should be noted that the scorecard does not compare RCs' performance to a target value for each measure due to the lack of industry-specific performance standards and limited trend data.

RC Scorecard Results – Aggregate Quartile Rankings

Regional Commission	Financial	Customer	Learning and Growth	Internal Business Process
Atlanta	4	2	1	2
CSRA	2	2	1	4
Coastal	3	4	4	3
Georgia Mountains	1	4	3	1
HOG Altamaha	4	3	2	1
Middle Georgia	1	1	3	3
Northeast Georgia	3	3	2	1
Northwest Georgia	2	2	4	3
River Valley	2	1	2	4
Southern Georgia	1	1	1	2
Southwest Georgia	3	3	3	2
Three Rivers	4	4	4	4

High	Performance			Low
1	2	3	4	

Agreed-Upon Procedures

As a result of the agreed-upon procedures, the audit team found that the 3 RCs under review reported incorrect and unsupported data to the Department of Community Affairs (DCA) and the Department of Human Services (DHS). The audit team noted varying degrees of noncompliance with state law and various operational improvements that the RCs could initiate. Lastly, we identified issues that could be addressed by the General Assembly or state agencies that contract with RCs.

Agreed-upon procedures were conducted at the Georgia Mountains, Middle Georgia, and Southwest Georgia Regional Commissions. Findings for each RC are summarized below.

- The Georgia Mountains Regional Commission had deficiencies related to administration, and contract compliance for DCA Coordinated Planning.
- The Middle Georgia Regional Commission had deficiencies related to contract compliance for DHS Coordinated Transportation. In addition, several issues related to administration, planning, and aging services were identified.
- The Southwest Georgia Regional Commission had deficiencies related to contract compliance for DCA Coordinated Planning and DHS Coordinated Transportation. A few issues related to administration were also identified.

What we recommend

The issues identified in this review, the review conducted in 2014, and performance audits conducted in April 2011 and September 2012 indicate that state-level actions are needed to ensure recurring problems related to RCs are addressed. To increase accountability and stewardship regarding RC expenditures of public funds, the General Assembly should consider extending state travel and vehicle regulations to all RCs. Also, DCA should improve communications with RCs by clarifying both the contract language and expectations of required reporting responsibilities. Finally, the DHS Transportation Services Section should review its transportation administration manual and provide additional guidance to RCs regarding the manual, comprehensive vehicle lists, and inspections by certified mechanics.

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Purpose of the Audit

This audit was conducted in compliance with O.C.G.A. § 50-8-38, which requires the State Auditor to conduct performance audits of state funds received by the regional commissions in the state.

Specifically, the audit objectives were to:

- 1) Using a modified version of the Balanced Scorecard, evaluate the performance of the 12 regional commissions (RCs).
- 2) Conduct agreed-upon procedures at three RCs to verify information contained in the Regional Commission Scorecard and to review state-funded operational aspects of the RCs.

A description of the objectives, scope, and methodology used in this review is included in [Appendix A](#). A draft of the report was provided to the Department of Community Affairs, the Department of Human Services, and the 12 RCs for their review, and pertinent responses were incorporated into the report.

Background

Regional Commissions

Georgia's 12 regional commissions (RCs) are regional planning entities created by state statute O.C.G.A. § 50-8-32. Each RC's purpose is to develop, promote, and assist in establishing coordinated and comprehensive land use, environmental, transportation, and historic preservation planning in the state; assist local governments with coordinated and comprehensive planning; and prepare and implement comprehensive regional plans which will develop and promote the essential public interests of the state and its citizens. RCs may also administer programs such as aging and transportation services.

House Bill 1216 (effective July 1, 2009) replaced the 16 regional development centers (RDCs) with the current 12 regional commissions shown in [Exhibit I](#) on the following page. Eight of the original RDCs were combined, and the coverage areas of the new RCs are based on population. With the exception of the Atlanta Regional Commission (which serves a significantly larger population), the goal was for all the regional commissions' service areas to be approximately the same size.

State law provides that each county and municipality is automatically a member of the RC whose boundaries include the county or municipality. RCs obtain their revenue for operations through a combination of state and federal grants and contracts, dues paid by member local governments, and charges for specific services.

Each RC is a public entity governed by a council of elected and appointed officials. Councils are composed of the chief elected official of each county, one elected official from one municipality in each county, one nonpublic member from each county, three residents of the region appointed by the Governor (one of whom shall be either a school board member or school superintendent), one nonpublic member appointed

by the Lieutenant Governor, and one nonpublic member appointed by the Speaker of the House. The Council may select additional members determined necessary by the Commissioner of the Department of Community Affairs (DCA) for purposes of complying with laws, regulations, or otherwise.

Georgia Association of Regional Commissions

The 12 RCs have established the Georgia Association of Regional Commissions (GARC) to assist the RCs in implementing planning, economic development, and transportation programs. GARC allows the RCs to exchange information and ideas and provides representation before state and federal entities.

Services

RCs were originally created as regional planning entities, overseen by DCA. The regional perspective of the RCs has resulted in RCs managing various other state and federal programs. Because our audit deals primarily with state funds in accordance with O.C.G.A. § 50-8-38, the audit focuses on RC contracts with DCA to provide coordinated planning services and with the Department of Human Services (DHS) to provide aging services and coordinated transportation. [Appendix B](#) shows the state funding each RC received from DCA, DHS, and the Department of Natural Resources in fiscal year 2014.

Coordinated Planning

DCA contracts with the RCs for activities related to implementing the Georgia Planning Act. The contract requires each RC to perform services mandated by the Act, such as reviewing local government comprehensive plans and preparing a regional plan. Additionally, each RC is responsible for notifying local governments of their planning responsibilities and any upcoming planning deadlines. As part of the contract requirement, RCs must hold plan implementation assistance meetings with each local government in their region at least once every two years. State law requires that RCs collect annual dues from member local governments, averaging at least \$1 for each resident of the region, to be eligible to receive a planning contract from DCA.

Also, RCs may offer a broad range of services to member local governments, including zoning assistance, historic preservation planning, water quality monitoring and planning, and GIS mapping.

Aging Services

Under the federal Older Americans Act, DHS' Division of Aging Services is responsible for administering a statewide system of services for senior citizens, individuals with disabilities, their families, and caregivers. DHS contracts with 12 Area Agencies on Aging (AAAs) throughout the state, of which 10 are operated by an RC. The AAAs are responsible for coordinating and integrating services funded by federal, state, and local moneys and for developing a coordinated and comprehensive community-based service system in their areas.

RCs are prohibited by state law from delivering human services directly to clients. As a result, RCs that operate AAAs subcontract with providers in their regions to deliver aging services to clients. The subcontractors operate senior centers, provide congregate and home-delivered meals, and provide in-home care and other services. DHS requires that the AAAs monitor its subcontractors to ensure they are providing the required services and following DHS regulations.

Coordinated Transportation

DHS is responsible for administering a statewide transportation system to provide clients access to needed services to help them achieve healthy, independent, self-sufficient lives. In fiscal year 2014, DHS contracted with 10 RCs to manage coordinated transportation systems in their regions. As with aging services, the RCs subcontract with providers in their regions to deliver transportation services for senior citizens, individuals with disabilities, and other eligible clients. These 10 RCs are responsible for coordinating the services and selecting the subcontractors to provide transportation services in their regions.

Other Services

Currently, 11 of the 12 RCs contract with the Georgia Department of Natural Resources to provide historic preservation planning.¹ In fiscal year 2014, each of these RCs received \$4,090 under this contract, of which \$1,636 (40%) was state funding. Due to the limited amount of state funds involved, our review did not include this contract.

RCs may also administer programs that primarily involve federal funds. For example, some RCs operate a rural transportation program in their region, in coordination with the Georgia Department of Transportation, which receives Federal Transit Administration funding. RCs can also administer Workforce Investment Act programs, a workforce training program that is federally funded. Because these programs do not receive state funds, they were excluded from our review.

Balanced Scorecard

The Balanced Scorecard is a tool that was developed by Robert Kaplan and David Norton in the 1990s to monitor and evaluate organizational performance. The concept has been widely adopted by both private corporations and governmental entities. The Balanced Scorecard utilizes performance measures addressing four perspectives to provide a balanced understanding of an organization's overall performance. These perspectives are: financial, customer, learning and growth, and internal business process. Within each perspective, performance measures are developed and actual performance is then compared with target values in order to measure performance.

The audit team, in conjunction with DCA and DHS, created a modified version of the balanced Scorecard to evaluate the performance of the 12 RCs. The Regional Commission Scorecard compares each RC's performance with the other 11 RCs instead of a target value.² The RCs' performance is not compared with a target value for each measure because industry-specific performance measures for RCs do not exist.

¹Currently, the Atlanta Regional Commission does not have a contract for historic preservation planning.

²The RCs are ranked 1 to 4 on each performance measure and in aggregate for each scorecard perspective, with a "1" ranking signifying performance in the top quartile of RCs. Rankings were revised from the 1 to 12 format used in the fiscal year 2013 Scorecard to quartiles based on feedback from DCA and GARC.

Regional Commission Scorecard

The Regional Commission Scorecard is intended to promote accountability and transparency by allowing the performance of each of Georgia's twelve regional commissions to be assessed relative to its peers across four perspectives – financial, customer, learning and growth, and internal business process perspectives. This assessment process should facilitate peer to peer communication and result in improved operations within the RC community. **Exhibit 2** on page 6 shows the fiscal year 2014 Regional Commission Scorecard results for all RCs. This is the second year we have published results of the Regional Commission Scorecard.

The four Balanced Scorecard perspectives as they relate to the Regional Commission Scorecard are explained below:

- *Financial* – Selected financial measures assess the financial health of the RCs, including their ability to meet their short-term and long-term financial obligations. The data used to calculate the measures was generally found in the RCs' audited financial statements.
- *Customer* – The Department of Audits and Accounts (DOAA) conducted a survey of all local member governments in each region to determine their satisfaction with the RC. The overall response rate was 46%, and regional response rates are shown in [Appendix C](#). State law requires that each local government pay annual dues for membership in its RC.
- *Learning and Growth* – The learning and growth measures assess the organizational capacity of the RC to provide necessary services. Each RC reports staff qualifications and training to DCA annually. Because the RCs only report information for planning staff, staff members that provide other services were excluded.
- *Internal Business Process* – Internal business process measures relate to the efficiency and effectiveness with which RCs provide services under the three largest state contracts. The audit team identified metrics used by DCA Coordinated Planning, DHS Aging, and DHS Coordinated Transportation for their respective programs. The data used for these measures was provided by the contracting state agencies.

The appendices on pages 47 and 48 provide additional details about the Regional Commission Scorecard values calculated for each performance measure.

- [Appendix D](#) on page 47 lists the actual values calculated for each performance measure for each RC in fiscal year 2014.
- [Appendix E](#) on page 48 shows the range of values for each performance measure, including the minimum, maximum, and average.

Exhibit 3 describes the purpose for each performance measure, i.e., what the measure is intended to evaluate. The performance measures generally cover activities from fiscal year 2014, with consideration of earlier and later periods when necessary.

Exhibit 3 Regional Commission Scorecard Measures

<u>Measure</u>	<u>Purpose</u>
Financial	
Ratio of local government revenue to total revenue	Assess RC's ability to generate revenue by selling services to local governments in its region
Ratio of fund balance to expenditures	Assess the availability of funds to provide services
Ratio of assets to liabilities	Assess RC's ability to meet its obligations in the long term
Ratio of cash and investments to short-term liabilities	Assess the availability of liquid resources to cover short-term obligations
Customer	
Satisfaction with planning services	Assess RC's provision of planning services to local governments in its region
Satisfaction with intergovernmental coordination	Assess RC's ability to coordinate local governments in its region and to act as liaison with state agencies
Satisfaction with staff	Assess RC staff's interaction with local governments in its region
Overall satisfaction	Assess RC's overall services to local governments in its region
Learning and Growth	
Planning employees per 100,000 population	Assess planning staff capacity
Average years of planning staff experience	Assess planning staff qualifications
Average hours of training provided to planning staff	Assess training provided to planning staff in compliance with state statute and DCA contract
Percent of planning staff with AICP certification	Assess planning staff qualifications
Percent of planning staff with Masters degree in planning	Assess planning staff qualifications
Internal Business Process	
Local plan implementation rate	Assess progress of local governments in RC's region toward implementing their comprehensive plans
First time approval of RC-prepared plans	Assess quality of local government plans prepared by RC
Contract performance errors	Assess RC's compliance with specified DCA contract provisions
Success stories generated per 100,000 population	Assess the use of best practices and innovations in the region
Percent of local governments with a planning excellence designation	Assess level of planning excellence at local governments in RC's region
Percent of local governments with QLG status	Assess level of planning compliance at local governments in RC's region
Number of units served per dollar - Aging	Assess RC's efficiency in providing aging services
Number of clients served per dollar - Aging	Assess RC's efficiency in serving clients of DHS Aging
Results of Aging satisfaction surveys	Assess RC's effectiveness in providing aging services
Cost per trip - Transportation	Assess RC's efficiency in providing transportation services
Results of Transportation satisfaction surveys	Assess RC's effectiveness in providing transportation services
Source: DOAA, DCA, and DHS	

RCs' Responses:

Several RC's questioned the validity of several performance measures. Specifically, the ratio of local government revenue to total revenue, the ratio of fund balance to expenditures, the number of units served per dollar (Aging), number of clients served per dollar (Aging), and the cost per trip (Transportation).

In addition, Atlanta Regional Commission (ARC) noted its concern with "comparing a regional organization serving a population of over 4.2 million with other regional commissions serving fractions of that population...[ARC is] extremely willing to dedicate...resources to work with DOAA, DCA, and to jointly develop benchmarks and performance indicators that will provide...a better evaluation of where ARC's performance is commendable and where it warrants improvement."

Auditor's Response:

The development of the Regional Commission Scorecard measures was a collaborative effort between DOAA, DCA and DHS. The process of developing the measures and reporting the results took place over a two-year period. During this period, DCA and DOAA provided the regional commissions with opportunities to review the measures and provide feedback regarding the measures. We continue to consider the feedback of regional commissions in reviewing the appropriateness of performance measures during the ongoing administration of the Scorecard.

Agreed-Upon Procedures

Agreed-upon procedures: auditors perform specific procedures on the subject matter and issue a report of findings based on the agreed-upon procedures.

As a result of the agreed-upon procedures, the audit team found that the RCs under review reported incorrect and unsupported data to the Department of Community Affairs (DCA). The audit team noted varying degrees of noncompliance with state law and various operational improvements that the RCs could initiate. Lastly, we identified issues that could be addressed by the General Assembly or state agencies that contract with RCs.

The Department of Audits and Accounts (DOAA), in conjunction with DCA and DHS, created the agreed-upon procedures, and DOAA conducts the procedures. The purpose of the agreed-upon procedures, conducted at three regional commissions per year, is to verify information contained in the Scorecard and to review state-funded operational aspects of the regional commissions. The three RCs selected for review in 2015 and the page numbers for the report of findings of each RC's agreed-upon procedures are:

- Georgia Mountains RC, page 13;
- Middle Georgia RC, page 23; and
- Southwest Georgia RC, page 32.

Recommendations

1. The General Assembly should extend certain state-level regulations and requirements to regional commissions.

The regional commissions (RCs) are public entities that receive the majority of their funding through federal and state grants and contracts, as well as statutorily-required dues from local governments. However, state law does not subject RCs to state

regulations regarding travel, vehicle usage, or fleet management. Extending these regulations and requirements would increase accountability and stewardship regarding RC expenditures of public funds, as well as decrease the potential for fraud and abuse.

- a. *Travel regulations* – Currently, each RC sets its own travel policy. Policies reviewed by the audit team were less restrictive than the Statewide Travel Regulations. Five of the six RCs visited in the last two years were not following their own policies for reimbursement and supervisory review of travel expenses. Requiring RCs to comply with the Statewide Travel Regulations would improve accountability and stewardship.
- b. *Vehicle usage and fleet management regulations* – State regulations establish limits on how vehicles may be used, as well as requirements for record keeping. Five of the six RCs visited in the last two years have had one or more employees with an assigned vehicle. The Georgia Fleet Management Manual allows vehicle assignment under three conditions, none of which were met by the RCs. These conditions are: that it is used for law enforcement by a POST-certified law enforcement officer and carries special law enforcement equipment; is annually driven for more than 14,000 state business miles; or, when the vehicle is either driven to dangerous sites or transports special equipment, such as a crane.

State regulations allow for mileage reimbursement when using personal vehicles on state business. The reimbursement amount includes gas, oil, repairs and maintenance, tires, insurance, registration fees, licenses, and depreciation. The amount specifically does not cover normal commuting miles. At the time of their agreed-upon procedures, both Northwest and Georgia Mountains provided vehicle reimbursements to their Executive Directors in multiple ways which may have included reimbursement for business miles, an annual vehicle allowance, or assigned vehicle. The Georgia Mountains Executive Director was effectively reimbursed at \$1.88 per mile versus the federal rate of \$0.56 per mile.

Generic fuel card PINs (personal identification numbers) are prohibited under state regulations. Each state employee is required to use a unique PIN to track employee fuel purchases to prevent fraud and abuse. At the time of their agreed-upon procedures, both Georgia Mountains and Northwest used a single PIN for all vehicle fuel cards.

RCs' Responses:

Multiple regional commissions argued that they are not state agencies and that each regional commission is governed by a separate Council that establishes policy and direction for the regional commission [O.C.G.A. 50-8-34(a)]. Several regional commissions indicated that following state policies would weaken local control and be less cost efficient than locally adopted policies which meet the unique needs of their region.

Auditor's Response:

We recommend that consideration be given to requiring regional commissions by law to follow state travel, vehicle usage, and fleet management policies because each year we find that some regional commissions' policies continue to be less restrictive than state policies, allowing for public funds to be used imprudently. For example, we have found examples of policies that allow meals above state limits,

meals to be covered for employees who travel locally, large group meal purchases to be reimbursed without documentation of the business purpose or the participating individuals, and directors to have a vehicle allowance and receive reimbursement for mileage. State travel policy and vehicle usage and fleet management regulations provide reasonable provisions for ensuring that taxpayers' funds are safeguarded and used appropriately. Although RCs are not state agencies and are not currently required by law to follow these policies, state statute could be changed to require RCs to follow state level policies to ensure an adequate level of stewardship.

2. DCA should improve its communications with RCs by clarifying contract language and reporting responsibilities.

Four of the six RCs visited by the audit team in the last two years did not fulfill all requirements of their contract with the Department of Community Affairs (DCA). These requirements include communicating planning deadlines to local governments in a timely manner, inviting specific local officials to plan implementation assistance meetings, and recording attendance and agendas of plan implementation assistance meetings. Staff at all three of the RCs visited in 2015 stated that either the contract requirements were not specific enough, or that DCA had not communicated expectations not specified in the contract. We noted where both contract expectations related to the RC were not specific, and where RCs did not follow explicit contract terms, which resulted in RCs failing to notify governments of planning deadlines. Missed planning deadlines may result in loss of qualified local government status, which makes the local government ineligible for grant and loan programs through DCA and other state agencies.

DCA Response:

“DCA has modified the regional commission contract to include clarifying language and more clearly delineate contractual expectations. Our efforts include a renewed commitment to work closely with each commission to avoid the loss of qualified local government status. To the extent practical with limited resources, our Office of Planning and Environmental Management aims to also enhance regular communication and dialogue with the regional commissions in order to minimize any confusion as it relates to contractual responsibilities and reporting requirements.”

RCs' Responses:

The regional commissions indicated that the Georgia Association of Regional Commission (GARC) is working with DCA to improve contract language and reporting, and that GARC is committed to continuously improving the planning contract to ensure that it enables the Commissions to meet local and regional planning related needs.

3. The DHS Transportation Services Section needs to improve management controls related to coordinated transportation services.

A component of the agreed-upon procedures is to review RC's coordinated transportation subcontractor monitoring. In the last two years we visited five RCs that provide coordinated transportation services and found the following safety issues:

- a. *DHS manual requirements* – Personnel at three RCs lacked familiarity with key elements of the DHS Transportation Manual. The result was a lack of monitoring of vehicle safety, vehicle maintenance, and driver qualifications.

- b. *Vehicle Monitoring* – Four of the five RCs (with transportation services) we visited did not perform monitoring of all vehicles used to provide coordinated transportation services.
- The RCs did not have comprehensive lists of all vehicles used by their subcontractors to provide coordinated transportation. DHS rules and regulations require RC staff to perform on-site monitoring of at least half of all vehicles in the region per year.
 - Subcontractor vehicles were not inspected by a certified mechanic. DHS regulations require that all vehicles used to provide coordinated transportation services be annually inspected by a certified mechanic.

DHS Response:

DHS agreed with our recommendations and indicated it will continue to provide training to internal and contractor staff. Training will include “a review of the monitoring requirements to ensure safety and health of clients; the need to conduct vehicle inspections by certified mechanics; the requirements to perform annual physical monitoring of at least 50% of the vehicles; and compliance with drivers’ files and qualifications.”

DHS reported it will track progress and compliance by requiring the Regional Transportation Offices to submit quarterly progress reports illustrating compliance with the DHS Transportation Manual. DHS also indicated that it will track the status and progress of corrective action plans for prior deficiencies.

Findings from Prior Audit

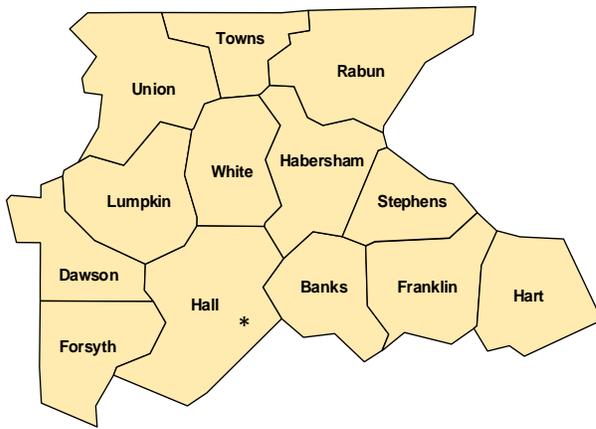
The following discusses the extent to which state entities and the RCs have addressed state-level recommendations presented in our 2014 RC audit (14-05). A copy of the 2014 performance audit report 14-05 may be accessed at <http://www.audits.ga.gov/rsaAudits>.

- *Salary and travel disclosures* –The Georgia Association of Regional Commissions (GARC) reported that RCs would begin submitting salary and travel disclosure information to the Department of Audits and Accounts (DOAA) at the end of fiscal year 2015 (June 30, 2015). However, as of September 2015 DOAA has not received a data submission or a request for access to the data submission site.
- *Standard format for financial records* – The GARC reports that incorporating all RCs under a single Uniform Chart of Accounts will require a long-term approach. According to the most recent GARC estimates, efforts to develop a single Uniform Chart of Accounts will begin in fiscal year 2016.
- *DHS program income controls* –DHS updated its administrative manual to provide specific guidance on minimum required controls for program income.
- *DHS background checks* – In accordance with statutory requirements to perform national background checks on employees with direct care of DHS clients, DHS clarified its fiscal year 2015 contracts to specify that background checks must be national, and specified which positions require background checks.

In addition, updates to the administrative manual clarified policy regarding background checks.

- *DHS notice of monitoring visits* – DHS reported that it will update its administrative manual to limit site visit announcements to 48 hours. This policy had not been updated during fiscal year 2015.

Agreed-Upon Procedures Georgia Mountains Regional Commission



Office location*	Gainesville
2013 Region population (est.)	647,976
Fiscal year 2014 expenditures	\$5,977,387
Approximate square mileage	3,392
Number of local governments	51

RC Scorecard Quartiles	
Financial	1
Customer	4
Learning and Growth	3
Internal business process	1

Summary

The Georgia Mountains Regional Commission (Georgia Mountains) had deficiencies related to contract compliance for DCA Coordinated Planning and office administration. Regarding coordinated planning, Georgia Mountains did not meet requirements for holding plan implementation assistance meetings with local governments. Regarding administration, the audit team identified deficiencies which resulted in noncompliance with operational policies.

Georgia Mountains' Response:

Georgia Mountains generally agreed with most of our findings and recommendations. Regarding transportation, Georgia Mountains believes that it complied with its DHS Coordinated Transportation contract; however, the Council made the decision to discontinue the fiscal year 2016 contract.

Administration

Findings

Policies and Procedures

Each RC should have sufficient internal controls in place to ensure compliance with state law and accountability for use of public funds.

Georgia Mountains does not have a written policy regarding disclosures of business transactions with local governments.

To disclose potential conflicts of interest, state law requires that RC employees annually disclose any business transactions with local governments. RCs should have written policies and procedures in place to ensure employee compliance with disclosure requirements. While Georgia Mountains has had its employees disclose business transactions with local governments, Georgia Mountains does not have a written policy that details the requirements of the state law to employees. A written

policy is necessary to consistently communicate the requirements of the state law to employees.

Georgia Mountains has a policy to maintain a minimum requirement for its fund balance.

RCs should maintain adequate fund balance levels to mitigate risks and provide a reserve for revenue shortfalls. In January 2015, the Council passed a motion to keep a fund balance target of three months of projected total expenditures from the prior year.

Travel & Purchasing Cards

Each RC should have sufficient travel and purchasing policies and procedures to ensure travel expenditures are reasonable and appropriate.

With the exception of the Executive Director, Georgia Mountains' employees had supervisory review of all direct reimbursements for travel costs.

When applying for a payroll reimbursement of personally charged travel expenses, Georgia Mountains' employees had all of the supervisory authorizations required by their travel policies. The audit team reviewed a sample of five employees, each of whom had one to two payroll reimbursements per year. The team also reviewed the Executive Director's expense reimbursements, which were approved by the Executive Assistant, a subordinate employee. Travel expenses should be reviewed by a superior who is able to determine the appropriateness and reasonableness of expenses.

The audit team identified purchasing card expenditures that did not comply with Georgia Mountains' written policies and procedures.

The audit team reviewed 10 months of purchasing card statements for a sample of four employees and 12 months of purchases for the Executive Director. We identified several issues with adherence to both general expense and travel policies, including:

- Out of 34 monthly purchasing card statements for the five employees in our sample, 29 did not have complete requisition forms for each purchase. Georgia Mountains' policies require all expenses to be reconciled with original receipts and requisition forms.
- Travel purchases made on Georgia Mountains purchasing cards did not regularly contain documentation of a travel pre-approval form and a post-expense travel voucher, as required by policy.
- Each of the five employees reviewed was reimbursed for one or more meals at amounts between \$2-24 over those set by the General Services Administration (GSA). Georgia Mountains' policy requires meal costs to be reimbursed at daily amounts set by GSA for the respective location. In one instance, an employee was reimbursed for a \$136 meal which was not itemized. The employee stated the charge was for the meals of multiple employees at a conference dinner. This practice precludes the other individuals from verifying the expense and can prevent the reviewer from determining whether the payer complied with policy-specified expense allowances.
- Travel and other expenses are routinely reimbursed without either receipt, travel voucher, or stated purpose. Georgia Mountains' reimbursement policies require employees to submit requisition forms with original receipts. In addition, travel related purchases must be reconciled with a travel voucher

stating the purpose of the expense and any necessary documentation. Undocumented reimbursements ranged from office supplies under \$20 to a \$356 airline ticket without receipt, voucher, or stated purpose of the trip. Multiple meals of more than \$100 had receipts, but were either not itemized or had no stated purpose.

Door prizes purchased for a Christmas party were paid for with a combination of public and private funds.

In reviewing employee purchasing card statements, the audit team identified approximately \$3,000 in door prizes for the December “annual meeting” of the Council. As described in the minutes of the August 2013 Council meeting, the “annual meeting” could be considered a Christmas party for the Council and is additional to the number of required meetings. Tickets to the December 2013 meeting were \$40 per person and Council Executive Committee members were asked to secure a sponsor. Door prizes purchased by Georgia Mountains’ staff included:

- approximately \$600 in gift cards to a variety of businesses;
- approximately \$500 in power tools and appliances;
- \$450 in kitchen items; and,
- \$700 in smart phones and e-readers.

Georgia Mountains’ bylaws and personnel policies prohibit both Council members and employees from receiving gifts either directly or indirectly. Georgia Mountains reported the fund source of the annual meeting as the Friends of Georgia Mountains Regional Commission, which included a combination of private businesses and local governments. These funds appear to have been solicited by specific Council members and totaled \$20,900 for the 2013 meeting. The fund sources were:

- \$9,580 in ticket sales (\$9,100 from local governments and \$480 from private companies/individuals);
- \$10,750 in sponsorships (\$750 from three local governments and \$10,000 from private companies/individuals); and,
- \$570 in both tickets and sponsorships from the City of Cumming.

Georgia Mountains has adequate controls over fleet vehicle recordkeeping.

Georgia Mountains’ vehicles are reserved and assigned through a well-documented voucher system which shows mileage, purpose, and driver. Documentation was generally present for all trips; however, we identified multiple instances where drivers had not signed the voucher. Vehicle assignment and voucher recordkeeping is managed by an individual employee, but keys were stored in a location accessible to all employees.

Georgia Mountains does not have adequate controls over fuel cards.

Fuel cards for all vehicles used the same personal identification number (PIN), which is not an appropriate internal control to track which employee purchased fuel. While this control should be improved the majority of fuel purchases had supporting receipts, and all were at locations consistent with the destination cited on the travel log.

The Executive Director was reimbursed for vehicles by multiple means resulting in a reimbursement of \$1.88 per mile in fiscal year 2014.

For fiscal year 2014, the Executive Director received an annual vehicle allowance of \$9,600. In addition, the Executive Director was reimbursed at the federal rate of \$0.56 per mile for a total of \$4,114. Combining the vehicle allowance and the mileage reimbursement, the Executive Director received a total of \$13,714 or \$1.88 per mile for vehicle reimbursement. The federal reimbursement rate includes repairs, depreciation, fluids, gasoline and insurance. The annual vehicle allowance should cover these same items. In addition, the Executive Director's mileage reimbursement was not reviewed or approved by a Council member.

For fiscal year 2015, the Council adopted new travel policies and purchased a vehicle to assign to the Executive Director in lieu of a travel allowance. Concurrently, the Council increased the Executive Director's salary by \$9,000. Minutes from multiple Council meetings show that a \$6,000 portion of the salary increase was intended to compensate the Executive Director for the loss of a vehicle allowance.

Georgia Mountains' Response:

"In October 2014, the GMRC Council (at request of Executive Director) approved the purchase of a new vehicle to be assigned to the Executive Director. Vehicle has been in operation since its arrival in January 2015. The issue was resolved before DOAA Auditors began their audit and is reflected in their report."

Performance Appraisals

O.C.G.A. § 50-8-34.1 requires each RC Council to appraise the executive director annually. Each RC should also perform regular employee appraisals.

As required by state law, the Council is conducting performance appraisals of the Executive Director.

The Chairman of the Council annually appraises the performance of the Executive Director. The RC could increase its accountability in the Executive Director's review process through formal adoption of the Chairman's appraisal by the Executive Committee or full Council.

Georgia Mountains conducts annual employee appraisals.

The audit team reviewed a sample of six employees' personnel files, and each file contained annual appraisals for the prior two years in compliance with the Georgia Mountains' policy regarding performance appraisals.

Council Meetings

For entities such as RCs, the Georgia Open Meetings Act requires meeting notices to be posted at least one week in advance and requires meeting minutes to be completed and available to the public before the next regular meeting. The Act also places specific limitations on closed executive sessions.

Council meetings generally complied with open meetings law, with one exception.

The audit team reviewed a sample of six months of meetings from fiscal years 2014 and 2015, checking for sufficient advance notice of the meeting, and checking for documentation to ensure compliance with state law and Georgia Mountains' bylaws. Attendance was recorded by Georgia Mountains' staff, but was not attached or

adopted by the Council as part of the formal and publicly available meeting minutes. Sign in sheets corroborated attendance records, but the team could not verify attendance for 11 members with supporting signatures. Although they met statutory requirements when entering into closed sessions, the Council did not follow best practices and record minutes of closed meetings.

The Council generally complied with its bylaws, with a few exceptions.

Council bylaws allow for members to cast proxy votes through notarized statements that declare who will be voting and how they will vote on issues identified prior to the meeting. The audit team reviewed all proxy votes for fiscal year 2014 and identified two that were recorded, even though they did not specify whom would be casting the vote in place of the Council member. Although these votes should not have been counted, they did not affect the Council's quorum.

Recommendations

1. Georgia Mountains should add written policies to its personnel manual prohibiting employees from doing business with the RC and explaining the disclosure of business transactions with local governments.
2. The Council should review and approve the Executive Director's travel and purchasing expenses.
3. Georgia Mountains should ensure that staff maintain travel and purchasing card documentation, and follow the RC's adopted policies. Reimbursements should not be made without the required requisition forms and travel vouchers, and meal reimbursements should not exceed those set by the GSA.
4. Georgia Mountains should only reimburse purchases if receipts are attached, as is required by RC policy.
5. Georgia Mountains should ensure that taxpayer funds collected directly or indirectly are expended appropriately.
6. Georgia Mountains should enhance internal controls over vehicle use by assigning individual PINs for fuel cards and securing keys.
7. The full Council should review and adopt the performance appraisal of the Executive Director in order to increase accountability.
8. The Council could improve transparency by recording the minutes of closed sessions.
9. The Council should record and approve attendance as part of its official meeting minutes.
10. The Council should only record proxy votes if they fully comply with the RC's bylaws.

Georgia Mountains' Response:

In its response, Georgia Mountains indicated that it has or will take the following actions:

- *Georgia Mountains "will consolidate all of the finance policies and procedures into one policy in an effort to standardize the GMRC financial records."*
- *Georgia Mountains indicated that door prizes were paid for "with money from monetary sponsorships from private businesses/industries and some cities/counties. No money was used from the GMRC Account. GMRC is currently in the process of working with the GMRC Attorney to establish a 501(c)3 for 'Friends of Georgia Mountains' for collection of*

monies from ticket sales and sponsorships. All future purchases for the Annual Meeting function, will be made from this account.”

- *Georgia Mountains has now assigned each employee a unique pin for their use only when using the fuel cards and also fuel cards have been secured in new controlled location.*
- *Minutes are now being taken for all Council Meetings including Closed Session Meetings.*
- *“The Council Members have been reminded of procedures to cast a proxy vote at a council meeting.”*

Planning

Findings

Communication of Planning Responsibilities

The contract between DCA and the RC requires the RC to notify local governments of upcoming planning responsibilities and deadlines. If a local government does not meet a DCA-mandated deadline for adopting planning items, the local government will lose its qualified local government (QLG) status. A qualified local government is a county or municipality with a comprehensive plan that meets certain minimum standards, and the loss of QLG status makes the local government ineligible for grant and loan programs through DCA and other state agencies. Additionally, the RC is required to conduct a plan implementation assistance (PIA) meeting with key officials from each local government in the region at least once every two years. Meeting dates are reported by the RC to DCA annually.

Georgia Mountains did not fulfill the DCA contract requirements for plan implementation assistance meetings.

Georgia Mountains staff could not provide documentation of meeting invitations or agendas for any of the six local governments the audit team reviewed. Planning staff stated that they would typically spend approximately 15 minutes prior to Council meetings discussing PIA with individual representatives of local governments. DCA allows for PIA meetings to coincide with other RC functions, but DCA expects the required topics to be discussed in detail with local government officials. While local government officials interviewed by the audit team verified that meetings occurred, none recalled discussing the topics required by DCA for PIA meetings. Georgia Mountains staff stated the DCA contract did not make clear which local government officials were required to be invited to PIA meetings.

Georgia Mountains does not provide sufficient notification of planning deadlines to prevent QLG loss in its region and provides inconsistent notification when QLG is lost.

DCA recommends that RCs begin notifying local governments 12 to 18 months before the deadline of short term work program (STWP) updates to allow sufficient time for required reviews and public hearings. The audit team reviewed a sample of three local governments with an STWP update and one local government capital improvement element (CIE) update due in fiscal year 2014. CIEs are annual updates that may trigger QLG loss. The three local governments with STWP updates lost QLG status. Communications from the RC to those local governments ranged from three to six months in advance of the STWP deadline. One local government the audit team interviewed had never been informed by Georgia Mountains that it had lost QLG status. In fiscal year 2014, 16 local governments in the Georgia Mountains region had an STWP or CIE update, 10 (63%) of which lost QLG status for a period of between 1 to 39 weeks.

Based on survey results and discussions with local governments, Georgia Mountains should review its planning services to ensure it is meeting the planning needs of member governments.

The local governments interviewed stated that the RC is not proactive and could improve communication, especially regarding the regional plan. Additionally, survey scores indicate that local governments in this region are less likely to utilize Georgia Mountains for planning services and are less satisfied with Georgia Mountains' services than other RCs.

Compliance with the plan implementation strategy was not documented.

Beginning in fiscal year 2014, RCs report to DCA how they will communicate planning deadlines and responsibilities with local governments. Georgia Mountains reported that it would improve communication with local governments through an annual review process and development of a template. Additionally Georgia Mountains reported to DCA that proposed meeting topics would include long-term objectives, validity of goals and objectives, identification of new issues, and changes in the community. The audit team could not verify that either the reported communication improvements or meeting topics had occurred.

Staffing Information

All RCs are required to report staffing information to DCA annually. For planning employees, the RC must report time devoted to planning subjects, degrees earned, years of experience, professional certifications, and number of training hours. This information is used for the learning and growth measures in the Regional Commission Scorecard. Results of the Scorecard were adjusted to reflect any differences shown in the documentation provided by the RC to the audit team and information submitted to DCA.

The staffing information that Georgia Mountains reported to DCA was generally accurate, with four exceptions.

Georgia Mountains overstated its planning staff's training hours to DCA by approximately 15%. Years of experience was overstated by approximately 9%, and planning staff by approximately one FTE. Georgia Mountains reported to DCA that only one staff member had a Master's Degree in Planning, but the audit team identified a second employee with that qualification.

Recommendations

1. Georgia Mountains should hold required plan implementation assistance meetings and accurately report them to DCA. Georgia Mountains should document invitees, attendees, and items discussed to demonstrate that all requirements have been met.
2. Georgia Mountains planning staff should meet DCA's recommended time frame for notifying local governments of planning responsibilities and deadlines. Timely notification assists local governments in maintaining QLG status and ensures that Georgia Mountains is meeting all of its planning needs.
3. Georgia Mountains should meet with local governments and/or conduct surveys to ensure it is providing the planning services that are needed and to ensure that member governments are satisfied with the quality of these services.

4. Georgia Mountains should document and accurately report planning staff information to DCA.

Georgia Mountains' Response:

1. "Meetings were held but not always with formal materials. GMRC now conducts these meetings with formal agendas, handouts and sign-in sheets."
2. "GMRC now provides regular notifications about upcoming deadlines and has a form letter regarding QLG status updates."
3. "GMRC has begun more frequent communication with all member communities and will review service operations to address member needs."
4. "Staffing information has since been corrected on DCA server."

Transportation

Findings

Subcontractor Monitoring

The contract between DHS Coordinated Transportation and the RC requires that the RC conduct monitoring of both vehicles and drivers. The RCs subcontract with providers in their regions to deliver transportation services for senior citizens, individuals with disabilities, and other eligible clients. At least annually, RC staff should review vehicle maintenance records, daily driver logs, and driver files of subcontractors. Vehicles must receive an annual safety inspection from a certified mechanic, and vehicles must also be physically inspected at least every other year by the staff.

Due to issues with the first year of implementation of the contract between DHS and Georgia Mountains, all required monitoring of vehicles and drivers was not conducted.

Fiscal year 2014 was the first year Georgia Mountains operated a Coordinated Transportation contract with DHS. During that year, DHS informally accepted monitoring responsibilities of Georgia Mountains' subcontractors intending to transition monitoring to Georgia Mountains in fiscal year 2015. In addition, Georgia Mountains added a limited liability clause to its contract with DHS which RC staff believed precluded them from the monitoring responsibilities specified in other contract sections. Georgia Mountains believed it operated solely as a pass through for funding.

The audit team reviewed fiscal year 2014 monitoring documentation for Georgia Mountains' largest subcontractor and confirmed that DHS performed limited monitoring of drivers and vehicles. However, we identified the following issues:

- We could not obtain a complete list of drivers or vehicles used to provide services from DHS, Georgia Mountains, or from the subcontractor itself. An accurate list of drivers and vehicle inventory is a necessity for driver and vehicle monitoring. The subcontractor had a list of the eight drivers it directly employed, but could not compile a list of all drivers or vehicles used by the companies and local governments it contracts with for service.
- DHS was unable to provide documentation of follow-up regarding a corrective action plan. DHS identified several deficiencies at the subcontractor, but neither the subcontractor nor DHS could provide documentation showing the deficiencies were addressed. For example, of the

11 vehicles inspected, 3 did not have a fire extinguisher, and 7 did not have a current extinguisher inspection. DHS did not communicate the results of monitoring to Georgia Mountains.

- Only vehicles directly owned by the largest subcontractor were inspected. DHS staff verified that they did not perform inspections of any vehicles operated by the companies and local governments the subcontractor contracts with for service.
- DHS did not ensure that all vehicles were annually inspected by a certified mechanic. The subcontractor used an out-of-state mechanic to perform annual inspections of vehicles it owned. For the remaining vehicles used by companies and local governments the subcontractor contracted for service with, DHS regional staff had assumed that all vehicles were subject to an annual Georgia Department of Transportation (GDOT) inspection by a certified mechanic, but could not provide copies of GDOT inspections. In addition, DHS regional staff did not provide a comprehensive list of all vehicles used by the companies and local governments the subcontractor contracted for service with.
- The subcontractor's driver files did not have complete documentation. The audit team reviewed a sample of drivers directly employed by the subcontractor and found one outdated motor vehicle report, five missing national background checks, and four missing CPR and first aid trainings. DHS regulations indicate that drivers' licenses, background checks, training, accident documentation, and motor vehicle reports should be reviewed annually to verify driver qualifications.

Georgia Mountains staff were not aware of all activities conducted by their largest subcontractor.

The audit team visited the offices of the largest subcontractor in the Georgia Mountains region. Subcontractor staff stated that they provide services both through their own employees, and through subcontracts with four local governments and one private company. Services from these additional subcontractors covered 6 of the region's 13 counties and were valued at approximately \$250,000. Georgia Mountains staff stated that they were not aware that their subcontractor had subcontracted out services, and did not have copies of the subcontracts with local governments. In addition, both Georgia Mountains staff and the subcontractor stated that they had only met in person once and that Georgia Mountains staff had never physically visited the subcontractor's offices.

Recommendations

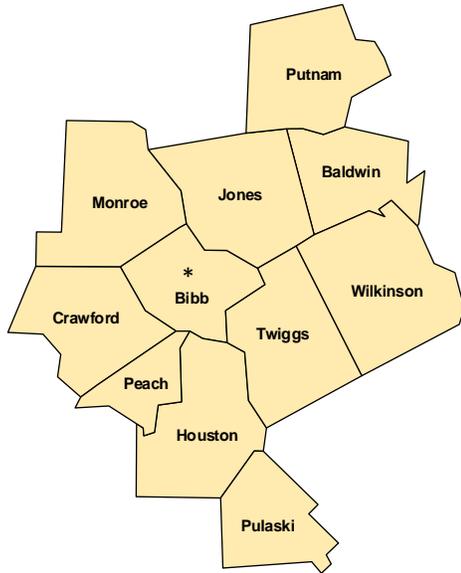
1. DHS and Georgia Mountains should clarify the responsibility of each entity involved in Coordinated Transportation. Georgia Mountains staff should become familiar with the requirements of the DHS contract and DHS Transportation Manual.
2. Georgia Mountains and DHS should be performing all required monitoring of all its subcontractors to ensure the health and safety of its clients.
3. Georgia Mountains and DHS should obtain comprehensive lists of vehicles and drivers used by both their subcontractors and their subcontracted service providers. An accurate list of drivers and vehicle inventory is a necessity for driver and vehicle monitoring.

4. Georgia Mountains and DHS should follow-up on the corrective actions identified by the DHS regional office.
5. Georgia Mountains and DHS should perform annual monitoring on at least half of all vehicles operated by both its largest subcontractor, and the local governments the subcontractor subcontracts with.
6. Georgia Mountains and DHS should ensure that all vehicles used to provide coordinated transportation services are annually inspected by a certified mechanic.
7. Georgia Mountains and DHS should annually monitor driver files to ensure all drivers maintain qualifications.
8. Georgia Mountains should obtain copies of signed subcontracts held between its subcontractors and their subcontracted service providers. Staff should facilitate a more open dialogue with subcontractors in order keep track of contract changes and subcontracted services.

Georgia Mountains' Response:

“Based on our legal interpretation of the contract and on the understanding of DHS staff the GMRC did not conduct, nor consider itself liable for monitoring of vehicles and drivers. GMRC complied 100% with signed contract between DHS & GMRC. This contract has since been discontinued.”

Agreed-Upon Procedures Middle Georgia Regional Commission



Office location*	Macon
2013 Region population (est.)	494,315
Fiscal year 2014 expenditures	\$11,340,091
Approximate square mileage	3,547
Number of local governments	32

RC Scorecard Quartiles	
Financial	1
Customer	1
Learning and Growth	3
Internal business process	3

Summary

The audit team identified few issues at the Middle Georgia Regional Commission (Middle Georgia) related to administration. Compliance issues were identified in relation to Middle Georgia’s monitoring of the DHS Coordinated Transportation contract. Additionally, Middle Georgia generally complied with most of the requirements we reviewed in its contracts with DCA Coordinated Planning and DHS Aging. We did note potential improvements.

Middle Georgia’s Response:

Middle Georgia generally indicated agreement with most of our findings and recommendations. Middle Georgia indicated that it has already taken corrective actions and will implement most recommendations noted in the report.

Administration

Findings

Policies and Procedures

Each RC should have sufficient internal controls in place to ensure compliance with state law and accountability for use of public funds.

Middle Georgia does not have a fund balance target.

RCs should maintain adequate fund balance levels to mitigate risks and provide a reserve for revenue shortfalls. Fund balance requirements should be based on the RC’s specific circumstances. Written policies and bylaws do not include a target for Middle Georgia’s fund balance, and according to staff, Middle Georgia has not established any requirements for its fund balance.

Middle Georgia's policies and practices regarding disclosures of business transactions with local governments could be improved.

To disclose potential conflicts of interest, state law requires that RC employees annually disclose any business transactions with local governments. RCs should have written policies and procedures in place to ensure employee compliance with disclosure requirements. While Middle Georgia has had its employees disclose business transactions with local governments, Middle Georgia does not have a written policy that fully details the requirements of the state law to employees. A written policy is necessary to consistently communicate the requirements of the state law to employees.

Travel and Purchasing Cards

Each RC should have sufficient travel and purchasing policies and procedures to ensure travel expenditures are reasonable and appropriate.

Middle Georgia should develop a written policy regarding use of purchasing cards. Currently, Middle Georgia has a verbal policy regarding the use of purchasing cards. A written policy would improve internal controls by providing consistent and documented guidance to employees. Middle Georgia generally followed its verbal policies.

Middle Georgia should review internal controls related to the review and approval of travel reimbursements.

The audit team reviewed travel reimbursements for five employees and found issues related to expense documentation. For example, the audit team noted the following:

- travel advances were not reconciled with receipts,
- employees made purchasing card charges for expenses covered under their miscellaneous costs cash advance, and
- per diems were paid out at hourly rates instead of daily amounts, as required by policy.

The Executive Director's purchases are not reviewed or approved by the Council. The Executive Director's expense reimbursements and credit card charges are not approved by anyone. Expenses should be reviewed by a superior who is able to determine the appropriateness and reasonableness of expenses.

The Executive Director pays for other employees' travel expenses, which is a management override of Middle Georgia's travel reimbursement process.

The audit team identified one credit card in the Executive Director's name which was used to pay for lodging, travel or meals by both the Executive Director and other employees. This practice precludes the other individuals from verifying the expense and can prevent the reviewer from determining whether the payer complied with policy-specified expense allowances.

Middle Georgia does not have adequate controls over fleet vehicle security and recordkeeping.

Middle Georgia has seven vehicles paid for through local government funds. Keys for these vehicles are kept in an unsecured location that was routinely unsupervised and accessible to contractors and cleaning crews. Additionally, vehicle reservation and assignment was not managed by a single employee resulting in a failure to control for overnight use and the return of vehicles.

Middle Georgia policy does not provide clear guidance on assigned vehicle usage. Both the Executive Director and Deputy Director have assigned vehicles. Middle Georgia policies do not provide clear guidance on business related versus nonbusiness related usage. The Executive Director and Deputy Director do not maintain detailed mileage logs, but do record the number of days they drove to the office. Personnel commuting mileage is reported to the IRS as the number of days the employee commuted to the office multiplied by the round trip distance to their home. Middle Georgia staff assume that all other mileage logged on an assigned vehicle is business related.

Performance Appraisals

O.C.G.A. § 50-8-34.1 requires each RC Council to appraise the executive director annually. Each RC should also perform regular employee appraisals.

As required by state law, the Council is conducting performance appraisals of the Executive Director.

In June 2013, the Council appraised the performance of the Executive Director. The Council's Budget, Audit, and Personnel Committee conducted the appraisal and the full Council voted to approve it.

Middle Georgia RC is not conducting annual performance appraisals of all employees.

The audit team reviewed a sample of nine employee personnel files. Although there is no policy requiring supervisory review, the Executive Director signed off on each appraisal. However, appraisals for four employees were either not approved by their direct supervisor or consisted of a coversheet without supporting appraisal documentation.

Council Meetings

For entities such as RCs, the Georgia Open Meetings Act requires meeting notices to be posted at least one week in advance and requires meeting minutes to be completed and available to the public before the next regular meeting. The Act also places specific limitations on closed executive sessions.

The Council generally complied with state open meetings law, with one exception.

The audit team reviewed a sample of meeting minutes from fiscal years 2014 and 2015. In June 2014, the Council entered into a closed executive session. General meeting minutes did not disclose what was discussed in executive session, and did not record the vote to enter into closed session. There was no signed affidavit stating the reason for entering a closed session.

The Council has no bylaws specific to closed executive sessions.

Council bylaws have a general reference to state open meetings law, but could be strengthened by outlining specific procedures for recording entry into closed sessions.

Recommendations

1. Middle Georgia should set a fund balance target.
2. Middle Georgia should have written purchasing card policies.

3. Middle Georgia should follow its own travel policies, especially regarding advance payments.
4. The Council should review and approve the Executive Director's purchasing expenses.
5. Middle Georgia should store vehicle keys in a secure location and control for vehicle reservation and return.
6. Middle Georgia staff with assigned vehicles should maintain a log of trips taken in assigned vehicles.
7. Middle Georgia should retain complete information of annual performance appraisals and ensure that appraisals are conducted by direct supervisors.
8. The Council should record both a vote to enter into closed session, and what was discussed at the closed session.

Middle Georgia's Response:

1. "Based on the DOAA Audit Report, staff will seek counsel from the BAP [Budget, Audit and Personnel] Committee to determine if existing protocols are sufficient regarding the fund-balance or whether a written amendment to accounting policies and procedures is necessary."
2. "Based on the feedback from the Audit Exit Conference on May 20, 2015 the Council approved a written policy regarding the use of purchasing cards, effective June 11, 2015."
3. "Based on the feedback from the Audit Exit Conference, staff reviewed and recommended amendments to the travel policies. The amended policies were adopted by the Council on June 11, 2015 and became effective immediately."
4. "The Executive Director is charged with and given broad discretion to direct the staff and day-to-day operations of the organization by the Council...the Executive Director does not self-sign reimbursement checks – leaving that responsibility to other members of the senior management staff."
5. "The revised Office Policies Manual adopted June 11, 2015 also addresses vehicle security and recordkeeping."
6. "MGRC Council adopted a revised Office Policies and Procedures Manual on June 11, 2015 to provide clear guidance on assigned vehicle usage."
7. "The Personnel Policy calls for annual performance appraisals and every effort is made in order to ensure compliance. However, due to staff transitions, four appraisals were not fully completed. New measures have been implemented to ensure compliance in the future."
8. "A new process has been implemented for entering a closed session and executing a closed meeting affidavit."

Planning

Findings

Communication of Planning Responsibilities

The contract between DCA and the RC requires the RC notify local governments of upcoming planning responsibilities and deadlines. If a local government does not meet a DCA-mandated deadline for adopting planning items, the local government will lose its qualified local government (QLG) status. A qualified local government is a county or municipality with a comprehensive plan that meets certain minimum standards, and the loss of QLG status makes the local government ineligible for grant and loan programs through DCA and other state agencies. Additionally, the RC is required to

conduct a plan implementation assistance (PIA) meeting with key officials from each local government in the region at least once every two years. Meeting dates are annually reported to DCA by the RC.

The majority of local governments in Middle Georgia are on the same planning cycle.

Local governments are responsible for setting the cycle in which they renew comprehensive plans, but the RC is responsible for assisting them with making updates and changes. Typically, RCs work on a few comprehensive plans per year. In calendar year 2017, Middle Georgia will have comprehensive plans due for 26 of its 31 local governments.³ Middle Georgia staff stated that they must work with the schedules adopted by the local governments and that they plan to assign extra staff to planning efforts in 2017. Due to this cycle, we did not review any comprehensive plans.

Middle Georgia provided sufficient communication and offers of assistance to local governments.

The audit team reviewed a sample of five local governments with PIA meetings occurring in fiscal year 2014. For each local government reviewed, the audit team found evidence of communication with local officials, which included offers to assist the government as well as notification of the government's QLG status. Three local governments in Middle Georgia had annual capital improvement element (CIE) updates occurring in fiscal year 2014. All three were submitted to DCA within the applicable timeframe, and none lost their QLG status. Middle Georgia did not have any local government with a short term work program (STWP) due in fiscal year 2014.

Biennial plan implementation assistance meetings were adequately documented and met DCA's requirements, with a minor exception.

The audit team found evidence that Middle Georgia planning staff were meeting with local government officials on a biennial basis on the dates reported to DCA. Middle Georgia invited all the appropriate local officials to attend biennial PIA meetings and Middle Georgia staff discussed the topics required by the DCA contract. In one instance, Middle Georgia incorrectly reported to DCA that it held a biennial PIA update with a local government. Instead, it held a public hearing on the local government's CIE update.

The RC complied with its plan implementation strategy.

Beginning in fiscal year 2014, RCs report to DCA how they will communicate planning deadlines and responsibilities with local governments. Middle Georgia reported it would hold PIA meetings and include an agenda of the discussion points outlined in DCA's contract. The RC carried out this strategy.

Staffing Information

All RCs are required to report staffing information to DCA annually. For planning employees, the RC must report time devoted to planning subjects, degrees earned, years of experience, professional certifications, and number of training hours. This information is used for the learning and growth measures in the Regional Commission Scorecard. Results of the Scorecard were adjusted to reflect any differences shown in

³ City of Payne was abolished in March 2015 and incorporated as part of Macon-Bibb County.

the documentation provided by the RC to the audit team and information submitted to DCA.

The staffing information reported to DCA was verified as accurate, with three exceptions.

Middle Georgia over reported its planning staff's training hours to DCA by approximately 30%. Years of experience was over reported for three employees, which the audit team reduced to exclude prior employment unrelated to planning. Planning staff full-time equivalencies (FTEs) were understated by approximately two FTEs.

Recommendations

Middle Georgia should accurately report planning staff information and training hours. Middle Georgia should strongly encourage some of its local governments to adopt a new planning cycle.

Middle Georgia's Response:

Middle Georgia indicated that the "determination of employment relevant to planning was based on the job titles/resumes of employees which may not be all inclusive of their background. Since the Audit, DCA has provided clarification to all RCs of the reporting requirements to avoid future problems." In addition, the "planning cycles of the local governments in Georgia is outside the purview of any Regional Commission."

Transportation

Findings

Subcontractor Monitoring

The contract between DHS Coordinated Transportation and the RC requires that the RC conduct monitoring of both vehicles and drivers. The RCs subcontract with providers in their regions to deliver transportation services for senior citizens, individuals with disabilities, and other eligible clients. At least annually, RC staff should review vehicle maintenance records, daily driver logs, and driver files of subcontractors. Vehicles must receive an annual safety inspection from a certified mechanic, and vehicles must also be physically inspected at least every other year by the staff.

Middle Georgia staff were not aware of all DHS Coordinated Transportation requirements.

Key Middle Georgia staff responsible for coordinated transportation were not familiar with the DHS Transportation Manual or the DHS contract language requiring RC monitoring. Middle Georgia staff relied on work conducted by a former employee which was not in compliance with the DHS Transportation Manual.

Middle Georgia did not conduct all required driver monitoring for the selected subcontractor in fiscal year 2014.

The team reviewed a sample of eight driver files for Middle Georgia's largest transportation subcontractor and identified six with outdated customer service training. Although DHS requires that all driver files be reviewed annually, staff at the subcontractor described Middle Georgia's review technique as a random sample. In addition, the list of drivers used by Middle Georgia to select a sample was incomplete, as the audit team obtained additional drivers from the subcontractor which were not on the list provided by Middle Georgia.

Middle Georgia did not conduct all required vehicle monitoring for the selected subcontractor in fiscal year 2014.

The audit team reviewed monitoring documentation for Middle Georgia's largest transportation provider and identified the following issues regarding vehicles:

- Vehicles are not inspected annually by a certified mechanic as required by DHS regulations. The subcontractor stated inspections were conducted by Middle Georgia's Transportation Mobility Manager, who is not a certified mechanic.
- Middle Georgia provided the audit team with a list of vehicles which the subcontractor described as several years old and did not include all vehicles in use.
- Daily driver logs used by the subcontractor did not meet DHS requirements and missed inspection points, such as condition of the vehicle. The logs should describe any vehicles issues noted by the driver, which may indicate needed repairs.

Recommendations

1. Middle Georgia staff should ensure that they have a comprehensive and up to date list of all drivers. Staff should annually review all driver qualification files.
2. Middle Georgia staff should ensure that they have a comprehensive and up to date list of all vehicles. Staff should ensure that they are annually inspecting half of all vehicles, and have a certified mechanic annual inspect all vehicles.
3. Middle Georgia should regularly review the DHS Transportation Manual in order to monitor the coordinated transportation program in accordance with current DHS policies and procedures. Updates to RC monitoring procedures should be written to transfer practices regardless of staffing changes.

Middle Georgia's Response:

1. "Regional Commission staff has reviewed the driver monitoring requirements as specified in the DHS Transportation Manual and going forward will review driver files on at least an annual basis."
2. "Regional Commission staff has reviewed the vehicle monitoring requirements as stated in the DHS Transportation Manual and, going forward, will require that the subcontractors have an annual inspection done on all vehicles in service by a certified mechanic and will monitor the subcontractors to ensure this is being done on an annual basis. The Regional Commission will also coordinate with subcontractors to obtain a complete and accurate list of vehicles in service. As part of the new annual vehicle inspection process, the Regional Commission will include a review of the Daily Vehicle Inspection log for each vehicle in service."
3. "At present, all Regional Commission staff involved with administration of the Coordinated Transportation program have been given a copy of the DHS Transportation Manual. In coordination with the DHS Regional Transportation Office (RTO), staff has become familiar with the subcontractor monitoring requirements and going forward will ensure that all monitoring will be performed in accordance with the DHS Transportation Manual."

Aging

Findings

Subcontractor Monitoring

The contract between DHS Aging and the RC requires the RC to monitor its subcontractors to ensure adequate service provision and compliance with DHS regulations. RC staff must conduct an annual on-site monitoring visit at each location, as well as quarterly desk reviews of subcontractor records. When monitoring is completed, the RC is required to provide specific, written feedback to the subcontractor regarding any findings identified.

Middle Georgia's providers use different methods to collect program income.

Per the recommendation of our 2014 report, DHS updated its program manual in fiscal year 2015 to provide guidance on collecting program income. In lieu of guidance developed by DHS, the audit team reviewed program income policy for a sample of three service providers. Each provider has a unique policy. One policy involved direct collections by service provider employees, another provided clients with mail-in envelopes, and the third was through a collection box at the senior center.

Middle Georgia is conducting annual monitoring reviews in accordance with DHS policies, but provides excessive advance notice of site visits.

DHS recommends a maximum of 48 hours notice prior to performing a service provider monitoring visit. Middle Georgia staff reported providing 3 weeks notice prior to visiting service providers.

Middle Georgia does not document quarterly reviews of subcontractors and does not consistently provide written feedback to subcontractors.

Middle Georgia staff reported performing monthly desk reviews of financial and programmatic performance; however, documentation was limited and typically showed a review of financial performance. Staff stated they do not retain documentation of desk reviews unless a problem arises.

Middle Georgia staff are unsure of the origin of congregated meals.

One service provider subcontracts the preparation of congregated meals for eight senior centers. Middle Georgia staff stated that they were aware that the subcontractor operated two kitchens, but were unsure whether congregated meals for all eight senior centers originated from a single kitchen. Only one of the subcontractors kitchens were monitored by the service provider.

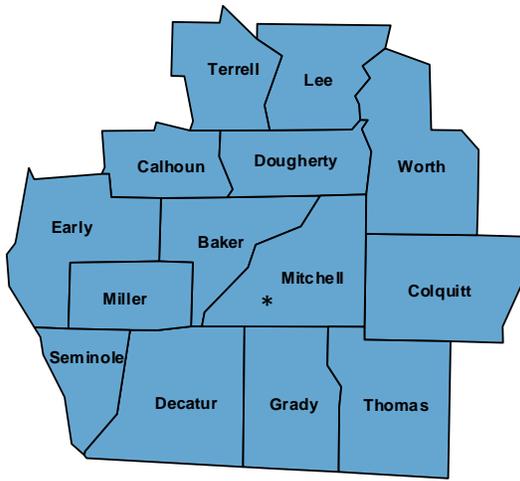
Recommendations

1. Middle Georgia should follow DHS guidance and notify service providers of site visits no more than 48 hours in advance.
2. Middle Georgia should document its desk reviews of service providers, regardless of whether or not the reviews identified problems.
3. Middle Georgia staff should be fully aware of the origin of all congregated meals and should ensure that all meals are prepared in a safe and clean environment.

Middle Georgia's Response:

1. "As of FY2016 the Regional Commission is conducting annual monitoring reviews with a maximum of 48 hours of notice, per DHS recommendations."
2. "As of April 2015, the Regional Commission implemented and started conducting quarterly desk reviews, including written follow-ups, with its Aging sub-providers. Additionally, annual reviews of sub-providers are now conducted onsite to include follow-up and written feedback. Also, the Regional Commission performs quarterly desk reviews and provides consistent feedback, in written format, to its sub-providers. Documentation now includes reviews of programmatic and financial performance, per DHS recommended guidelines."
3. "As of FY2016, the Regional Commission will monitor the sub-provider for congregate and home-delivered meals to ensure they conduct onsite inspections of food vendor kitchens where said meals are originated, thereby maintaining compliance with DHS guidelines. Records of the origin of congregate and home-delivered meals will be maintained by the Regional Commission and will require the sub-provider to notify the Regional Commission if any designated kitchen address or location should change."

Agreed-Upon Procedures Southwest Georgia Regional Commission



Office location*	Camilla
2013 Region population (est.)	354,462
Fiscal year 2014 expenditures	\$7,003,131
Approximate square mileage	5,896
Number of local governments	58

RC Scorecard Quartiles	
Financial	3
Customer	3
Learning and Growth	3
Internal business process	2

Summary

The Southwest Georgia Regional Commission (Southwest) had deficiencies related to contract compliance for both the DCA Coordinated Planning and DHS Coordinated Transportation contracts. Regarding coordinated planning, Southwest did not meet requirements for holding plan implementation assistance meetings with local governments. Regarding coordinated transportation, Southwest did not conduct monitoring of drivers in fiscal year 2014, and did not have vehicles inspected by a certified mechanic. While Southwest generally followed administrative policies, the audit team identified deficiencies related to employee performance appraisals and personal use of assigned vehicles. The audit team identified one instance of non-compliance with state law regarding the disclosure of business transactions with local governments.

Southwest’s Response:

Southwest generally indicated agreement with most of our findings and recommendations. Southwest indicated that it has already taken corrective actions related to some findings and will implement most recommendations noted in the report.

Administration

Findings

Policies and Procedures

Each RC should have sufficient internal controls in place to ensure compliance with state law and accountability for use of public funds.

Southwest did not have a procedure prior to 2015 to ensure compliance with state law regarding conflicts of interest.

To disclose potential conflicts of interest, state law requires that RC employees annually disclose any business transactions with local governments. Beginning in

2015, Southwest sufficiently communicated the disclosure requirements and submitted written notification to DCA that employees were informed of the statutory requirement and reported no business transactions. RCs should also have policies and procedures in place to ensure employee compliance with disclosure requirements. Between 2007 and 2014 Southwest could not provide documentation of communicating the statute's requirements, of receiving any information from employees regarding business transactions, or of submitting the appropriate notification to DCA.

Southwest does not have a written policy, but maintains a minimum requirement for its fund balance.

RCs should maintain adequate fund balance levels to mitigate risks and provide a reserve for revenue shortfalls. Fund balance requirements should be based on the RC's specific circumstances. Southwest follows a verbal policy of maintaining a target balance of \$300,000 in the General Fund.

Travel and Purchasing Cards

Each RC should have sufficient travel and purchasing policies and procedures to ensure travel expenditures are reasonable and appropriate.

Southwest has sufficient travel policies and reimbursement processes.

The audit team noted only minor instances of noncompliance with policy in the documentation of four selected employees.

Based on the travel documentation reviewed, Southwest does not have sufficient internal controls related to the review and approval of the Executive Director's travel reimbursements.

The Council reviewed and approved a portion of the Executive Director's expenses during fiscal year 2014, even though they are not required according to Southwest's policies. Travel expenses should be reviewed by a superior who is able to determine the appropriateness and reasonableness of expenses. The audit team reviewed the Executive Director's travel reimbursements for fiscal year 2014 and noted the following issues:

- multiple instances where receipts were not retained as documentation,
- other employees using the Executive Director's card, and
- in conflict with Southwest's policy against purchasing alcohol, a \$390 purchase of meals and alcohol for several Council members at a conference.

Southwest has adequate controls over fleet vehicle security and recordkeeping.

Southwest travel policies require all employees to retain gas receipts and to use vehicle logs to record the date, destination, mileage, and vehicle user. The four fleet vehicles used by Southwest staff had well documented and maintained mileage logs. Keys are maintained by a single employee in a secure location.

The Executive Director and Deputy Director are not following Southwest's vehicle use policies.

Both the Executive Director and Deputy Director have assigned vehicles. We identified the following issues:

- The Executive Director does not maintain a vehicle log or gas receipts. Southwest's policies require all employees to use vehicles logs to document the date, destination, beginning, and ending mileage of each trip. Fuel

purchase receipts associated with each vehicle's fuel card are required by policy to be placed in the vehicle log envelope.

- The Deputy Director maintains a vehicle log and fuel receipts, but they are not reviewed by the Executive Director or accounting staff. Logs and gas receipts for all other Southwest vehicles are reconciled by an accounting technician. Vehicle logs and fuel receipts were located in the Deputy Director's assigned vehicle and dated back to 2012.
- The Executive Director made a fuel purchase in Florida on a Saturday when Southwest business could not be cited. Per Southwest's policies, vehicles owned by Southwest can only be used in the performance of Southwest business.
- The Deputy Director stated that she occasionally uses her assigned vehicle to transport her child to school. Southwest's policies state that assigned vehicles are used for business reasons, commuting to and from the employee's residence, and incidental stops necessary between business stops.
- In line with Southwest's policy for assigned vehicles to compute daily commuting value as a minimum allowed by federal income tax laws, personal commuting mileage for each assigned vehicle is reported to the IRS as \$60 per month. However, the Executive Director and Deputy Director have a difference of more than 60 miles per day in personal commutes.

Performance Appraisals

O.C.G.A. § 50-8-34.1 requires each RC council to appraise the executive director annually. Each RC should also perform regular employee appraisals.

As required by state law, the Council is conducting performance appraisals of the Executive Director.

In July 2014, the Council conducted a performance appraisal upon hiring the Executive Director from his position as interim Executive Director. The Executive Committee of the Council reviewed the results of the performance appraisal, discussed them with the Executive Director in an open meeting, and presented the tallied results to the entire Council.

Southwest has not documented annual performance appraisals as required by its policy.

While Southwest has a policy stating employee appraisals should be performed annually, the most recent appraisals provided to the audit team for five planning employees were from 2008.

Council Meetings

For entities such as RCs, the Georgia Open Meetings Act requires meeting notices to be posted at least one week in advance and requires meeting minutes to be completed and available to the public before the next regular meeting. The Act also places specific limitations on closed executive sessions.

Council meetings complied with state open meeting law.

The audit team reviewed a sample of meetings from fiscal years 2014 and 2015. The audit team did not identify any compliance issues

Recommendations

1. The Council should formally adopt its practice of maintaining a fund balance target as part of its written bylaws.
2. The Council should review and approve the Executive Director's travel and purchasing expenses.
3. Southwest staff should comply with its personnel policies by refraining from the purchase of alcohol with Southwest issued purchasing cards.
4. Southwest staff should record actual business and commuting mileage driven in assigned vehicles. Logs for assigned vehicles should be reviewed by the Council to ensure accountability and supervisory review, and actual mileage driven should be used in reporting to the IRS.
5. Southwest staff with assigned vehicles should not use Southwest vehicles for personal use, and written policies should more clearly define acceptable use of vehicles.
6. Southwest should document its appraisal of employees annually as required by Southwest policy.

Southwest's Response:

1. "SWGRC concurs with this finding and recommendation. As noted above, SWGRC does have a 'verbal' target fund balance of \$300,000 in the General Fund. This target fund balance will be documented in its written bylaws. Because the target balance is based on specific circumstances, the amount will be re-visited and discussed on an annual basis, at the same time the annual budget is adopted. The target amount will be approved by the Council and restated in the bylaws on an annual basis."
2. "SWGRC agrees that there were instances of the Administrative Assistant using the Executive Director's purchasing card for purchasing general type supplies online or for making travel arrangements, etc. This will be remedied by getting all full-time employees their own purchasing card. It will be documented in SWGRC policy that no employee is to use another employee's purchasing card."
3. "SWGRC will comply with its personnel policy and will refrain from the purchase of alcohol with SWGRC purchasing cards."
4. "Beginning in FY2015, all vehicle logs and fuel receipts are gathered from the vehicle at the end of each month and turned into the Accounting Tech, where they are reconciled to the monthly fuel card invoice. This task will be added to SWGRC procedure manual." In addition, "SWGRC will discuss with its Independent Auditor as to the calculation of fringe benefit to be reported to the IRS for the Executive Director and Deputy Director for calendar year 2015 and any subsequent years that an employee commutes in an assigned vehicle."
5. "The Executive Director will maintain a vehicle log and gas receipts as required by SWGRC policy." Southwest also indicated that in May 2015 the Deputy Director turned in her assigned vehicle and no longer commutes in a government vehicle.
6. "With all the changes and reductions in staff over the past few years, performance appraisals for staff were neglected. Performance appraisals for all staff were performed in June 2015 and will be performed each year in June on a regular basis."

Planning

Findings

Communication of Planning Responsibilities

The contract between DCA and the RC requires the RC to notify local governments of upcoming planning responsibilities and deadlines. If a local government does not meet a DCA-mandated deadline for adopting planning items, the local government will lose its qualified local government (QLG) status. A qualified local government is a county or municipality with a comprehensive plan that meets certain minimum standards, and the loss of QLG status makes the local government ineligible for grant and loan programs through DCA and other state agencies. Additionally, the RC is required to conduct a plan implementation assistance (PIA) meeting with key officials from each local government in the region at least once every two years. Meeting dates are reported by the RC to DCA annually.

Southwest could improve communication of planning responsibilities and deadlines.

DCA recommends that RCs begin notifying local governments 12 to 18 months before the deadline to allow sufficient time for required reviews and public hearings. All local government interviewees reported receiving an e-mail at least one year in advance with a follow-up two to four months before deadlines. The documentation which Southwest provided for the five selected governments showed a single mass communication of deadlines e-mailed annually to all local governments in the region. Follow-up communications to individual governments ranged from 4 to 12 months before deadlines. Documentation did not show that Southwest communicated all actions taken by DCA, such as the rejection of a plan.

During fiscal year 2014, of the seven local governments in the Southwest region that were scheduled to submit a short term work program (STWP) or comprehensive plan, four (57%) lost their QLG status due to late submissions. The length of the QLG loss status ranged from 10 to 51 days. Documentation showed that Southwest inconsistently communicated with local governments once QLG was lost.

Southwest did not fulfill the DCA contract requirements for plan implementation assistance meetings.

Southwest reported to DCA that during fiscal year 2014 its staff held PIA meetings with 32 local governments in its region. Southwest staff stated these meetings were held over the phone and provided a checklist of what was discussed, along with the date and name of the single official they spoke with. Southwest could not provide evidence that all required officials were invited to participate in the phone call, and routinely spoke with only the city or county clerk. Local officials from four different local governments interviewed by the audit team verified that they did not participate in a PIA phone call with Southwest and none recalled an in-person meeting to discuss PIA. DCA advises that at a minimum the clerk, planning or community development director, city/county manager, council/commission chair, and chief elected official should be invited to attend the PIA meeting. The checklist used by Southwest planning staff did not show the local planning document was discussed during the phone call, as required by the DCA contract.

Southwest complied with its plan implementation strategy, but could provide more specifics in its strategy.

Beginning in fiscal year 2014, RCs report to DCA how they will communicate planning deadlines and responsibilities with local governments. Southwest reported that it would make contact with local governments and would send out notifications. As noted above, this strategy was executed through phone calls and mass e-mails, leading to inconsistent follow-up and contact with a limited number of local officials. As a result, 57% (4 of 7) of local governments with a plan due lost QLG status.

Based on discussions with local governments, Southwest should review its planning services to ensure it is meeting the planning needs of member governments.

According to several of the local governments interviewed, staff in the RC's planning department were available when needed and provided good service, but were not as present in the field as in the past. In addition, the audit team identified two local governments that obtained GIS mapping services from a neighboring RC. All four of the local government officials interviewed reported that they had not met personally with Southwest staff to discuss biennial PIA meetings. Southwest acknowledged that there had been a planning department reduction in force and noted they had shifted job duties and employed innovative methods of using technology to better reach more local governments. Southwest currently has three and one-half staff working in planning and has had a vacant planning director position since 2013. In both fiscal years 2013 and 2014, Southwest scored near the mean on most customer service survey measures in the Regional Commission Scorecard.

Staffing Information

All RCs are required to report staffing information to DCA annually. For planning employees, the RC must report time devoted to planning subjects, degrees earned, years of experience, professional certifications, and number of training hours. This information is used for the learning and growth measures in the Regional Commission Scorecard. Results of the Scorecard were adjusted to reflect any differences shown in the documentation provided by the RC to the audit team and information submitted to DCA.

Staffing information reported to DCA was generally accurate, with four exceptions.

Southwest underreported its planning staff's training hours to DCA by approximately 36%. Years of experience was underreported by approximately 24% primarily for failure to report one staff member's experience prior to RC employment. One Master's Degree in GIS Planning with a certificate in Historic Preservation had been incorrectly reported to DCA as a Master's in Historic Preservation. Planning staff FTEs were over reported by two FTEs as staff did not spend all time on planning activities.

Recommendations

1. To reduce QLG loss by local governments, Southwest should either begin planning notifications up to 18 months before the deadline, or begin follow-up communications sooner.
2. Southwest should hold the required PIA meetings and accurately report them to DCA. Southwest should document invitees, attendees, and items discussed to demonstrate that all contract requirements have been met.

3. Southwest should revise its plan implementation strategy to provide more specific details of how it will conduct PIA meetings.
4. Southwest should meet with local governments and/or conduct surveys to ensure it is providing the planning services that are needed and to ensure that member governments are satisfied with the quality of these services.
5. Southwest should document and accurately report planning staff information to DCA.

Southwest's Response:

1. *"The Southwest Regional Commission will notify governments in Region 10 within 18 months of the deadline... The RC will also follow-up within two months with an email reminder and phone call. ... In the event that a government loses its QLG status, the local government will be notified immediately by telephone with a follow-up notification in writing and in person."*
2. *"The RC will maintain a database of due dates Plan Implementation Assessment (PIA) meetings for all governments in the region. These dates will be shared with local governments in writing by letter, and emails at least three times during the contract year. The RC will meet as scheduled with local governments every two years. The RC will also conduct a webinar and distribute a booklet that includes (PIA) due dates as well. All local officials will be notified and invited to participate in the PIA and this information will be documented on a checklist that has been developed and already in use by the RC. The checklist includes all of the DCA requirements. The meeting will be held jointly but local governments will be given the opportunity for individual meetings."*
3. *"The RC has reported to DCA how they will communicate planning deadlines and responsibilities with local governments. In the future the RC will ensure that the specifics of the implementation strategy are followed."*
4. *"The RC will develop a survey that will be distributed to local governments online and through mail outs to measure quality of services and local government satisfaction. The survey will be administered annual in March of each year. The results will be shared with DCA and the local governments and posted on the RC's website. The RC will use the results of the survey to continuously improve and expand services provided to municipalities."*
5. *"The Planning Department is currently staffed by three full-time planners and one planning assistant. The position of Planning Director remains vacant; however the Senior Planner is temporarily serving in both roles. The RC is constantly assessing the services it provides and will monitor and report accurately staff experience and training."*

Transportation

Findings

Subcontractor Monitoring

The contract between DHS Coordinated Transportation and the RC requires that the RC conduct monitoring of both vehicles and drivers. The RCs subcontract with providers in their regions to deliver transportation services for senior citizens, individuals with disabilities, and other eligible clients. At least annually, RC staff should review vehicle maintenance records, daily driver logs, and driver files of subcontractors. Vehicles must receive an annual safety inspection from a certified mechanic, and vehicles must also be physically inspected at least every other year by the staff.

Southwest staff were not aware of all DHS Coordinated Transportation requirements.

Both the Executive Director and Deputy Director were unaware of the DHS Transportation Manual and of DHS contract language requiring RC monitoring. Southwest staff were not aware of standard DHS monitoring forms or the types of files required to be maintained by the subcontractors for drivers and vehicles. These files and forms are explained in the DHS Transportation Manual.

Southwest did not conduct all required driver monitoring for the selected subcontractor in fiscal year 2014.

Southwest could not provide any documentation demonstrating the monitoring of drivers. Staff indicated that driver files are not regularly reviewed for required items, and did not have a complete list of drivers on file at their offices. DHS regulations indicate that drivers' licenses, background checks, training, accident documentation, and motor vehicle reports should be reviewed annually to verify driver qualifications. The audit team reviewed driver documentation while onsite at Southwest's largest transportation provider and identified the following issues:

- One outdated motor vehicle report;
- Three criminal background checks which were not national, and one missing background check;
- One missing drug and alcohol test; and,
- One missing customer satisfaction training.

Southwest did not conduct all required vehicle monitoring for the selected subcontractor in fiscal year 2014.

The audit team reviewed monitoring documentation for Southwest's largest transportation provider and identified the following issues regarding vehicles:

- Southwest vehicles are not inspected annually by a certified mechanic as required by DHS regulations. Annual inspections of vehicles were conducted by both a local representative of the Georgia Department of Transportation (GDOT) and by the subcontractor's Maintenance Director, neither of whom are certified mechanics. The inspection forms provided to the audit team did not include mechanical issues, such as checking the brakes, belts, and fuel lines. This inspection is required to ensure the safety and reliability of the vehicles.
- There was no indication that daily driver logs were reviewed by Southwest staff. The driver logs should record client trips and mileage for the day. The logs should also describe any vehicle issues noted by the driver, which may indicate needed repairs. The forms used by the subcontractor did not meet DHS requirements and missed some inspection points, such as review of wheelchair lift and tie-down equipment.
- Southwest desk reviews of Coordinated Transportation subcontractors do not meet DHS's minimum standards for monitoring. Southwest performs an annual evaluation of each subcontractor's overall performance. These evaluations are performed at Southwest's office using reports generated by the subcontractor. The evaluation committee includes staff from Southwest, the local DHS office and the local GDOT office. Elements of the evaluation are grounded in performance metrics such as accident frequency and timeliness of reporting, but ratings for each element are not based on written policies.

Recommendations

1. Southwest staff should become familiar with the requirements of the DHS Transportation Manual and contract.
2. For the safety of its clients and the general public, Southwest should ensure that all required monitoring is completed for both vehicles and drivers each year.
3. Southwest should ensure that all vehicles used to provide services are annually inspected by a certified mechanic.
4. Southwest should ensure that preventative and maintenance checks conducted by their subcontractors are in compliance with all DHS requirements.

Southwest's Response:

“SWGRC concurs with these findings and recommendations. SWGRC was under the impression that the requirements of monitoring were satisfied with the vehicle inspections performed by GDOT and DHS staff and GDOT monitoring of the Drug & Alcohol program. SWGRC staff has reviewed the DHS Transportation manual and will comply with all the monitoring requirements in fiscal year 2015 and all subsequent years.”

Appendix A: Objectives, Scope, and Methodology

Objectives

This audit was conducted in compliance with O.C.G.A. § 50-8-38, which requires the State Auditor to conduct performance audits of state funds received by the regional commissions (RCs) in the state.

Specifically, the audit objectives were to:

- 1) Using a modified version of the Balanced Scorecard, evaluate the performance of the 12 regional commissions (RCs).
- 2) Conduct agreed-upon procedures at three RCs in order to verify information contained in the Regional Commission Scorecard and to review state-funded operational aspects of the RCs.

Scope

This audit generally covered activity related to RCs that occurred during fiscal year 2014, with consideration of earlier or later periods when relevant. Information used in this report was obtained by reviewing relevant laws, rules, and regulations; interviewing agency officials and staff from RCs, the Department of Community Affairs (DCA), and the Department of Human Services (DHS); reviewing prior audit work regarding RCs; conducting a survey of local governments; analyzing data and reports provided by RCs, DCA, and DHS; and conducting site visits to three RCs.

Government auditing standards require that we also report the scope of our work on internal control that is significant within the context of the audit objectives. We reviewed internal controls as part of our work on agreed-upon procedures, particularly those related to RC administration and subcontractor monitoring for both DHS Aging and DHS Coordinated Transportation. Specific information related to the scope of our internal control work is described in the methodology section below.

Methodology

To measure the performance of the 12 regional commissions, we created a modified version of the Balanced Scorecard that utilizes performance measures addressing four perspectives: financial, customer, learning and growth, and internal business process. The methodology, data source, and time period used for each performance measure are described in the table on page 44. The general methodologies for each perspective are explained below:

- *Financial* – The data used to calculate financial measures were generally obtained from the RCs' audited financial statements. Because the fiscal year for the Atlanta RC follows the calendar year and not the state's fiscal year, the Atlanta RC's fiscal year 2013 statements were used. For all other RCs, fiscal year 2014 was used. Because local government revenue was not always reported separately in the financial statements, we requested the information directly from the RCs. Therefore, local government revenue was generally self-reported and was not verified by the audit team.

- *Customer* – Customer measures were calculated using responses to a local government survey conducted by the audit team. Survey questions were designed to determine satisfaction with RC services and staff. Prior to survey distribution, we asked representatives from DCA, two RCs, and a local government to review the survey and provide feedback. Of the 688 local governments in the state, the audit team distributed a survey to the 686 for which we were able to obtain valid email addresses. We received responses from 316 (46%), with regional response rates varying from 33% for Coastal RC to 56% for Middle Georgia RC.
- *Learning and Growth* – The learning and growth measures reflect information reported by each RC to DCA annually. Because the RCs only report information for planning staff, staff members that provide other services (e.g., aging and transportation) were excluded. For the three RCs selected for agreed-upon procedures, scorecard results were adjusted to reflect any differences shown in the documentation provided by the RC to the audit team and information submitted to DCA. With this exception, the information is self-reported, and its accuracy was not verified by the audit team.
- *Internal Business Process* – Internal business process measures were calculated using data provided by DCA Planning, DHS Aging, and DHS Coordinated Transportation for their respective programs. The audit team generally calculated the measures using the agency-provided data.

Score values for individual performance measures, as shown in [Appendix D](#), were ranked from 1 to 12, with “1” signifying top performance among RCs. We then applied the weights shown in [Exhibit 2](#) to each of the respective performance measures to produce an aggregate overall score for the perspective. Weights were developed in conjunction with DCA and represent 100% of each perspective. Based on feedback from DCA and GARC, we converted the 1 to 12 individual performance measure rankings and overall perspective rankings into quartiles. A quartile ranking of “1” signifies performance in the top three RCs, and a quartile ranking of “4” signifies performance in the lowest three RCs. As the Internal Business Process perspective contains performance measures from DCA, DHS Aging, and DHS Coordinated Transportation, we calculated sub-rankings and quartiles for the performance measures related to each of these entities.

We assessed the controls over data used for this examination and determined that the data used were sufficiently reliable for our analyses. While we concluded that the information was sufficiently reliable for the purposes of our review, we did not independently verify the data.

To conduct agreed-upon procedures at three regional commissions, we conducted site visits to RC offices, interviewed RC staff, and reviewed documentation provided by DCA, DHS, and the RCs. For administration, the audit team reviewed written policies, Council minutes, and personnel and financial records to determine compliance with state law, RC-set policy, and sound management practices. For planning, we reviewed documentation of the RC’s interactions with local governments and interviewed a sample of local government representatives. For aging and transportation, we selected a sample of subcontractors and reviewed documentation of the RC’s monitoring activities. For transportation, we additionally performed a site visit to the offices of one subcontractor per RC in order to interview staff, and review documentation kept on a sample of drivers and vehicles.

We reviewed internal controls as part of our work on administration, aging, and transportation. For the items reviewed, we assessed whether the RC has sufficient controls in place to ensure compliance with state law and regulations, contracts with state agencies, and RC policies. Deficiencies in internal control are discussed in findings on pages 8 through 40 of this report. Due to the limitations of the agreed-upon procedures, some findings are limited to the sample reviewed and cannot be projected to the full population. For example, the audit team reviewed one transportation subcontractor, so any findings noted are limited to that subcontractor. The same issues may or may not have occurred with other subcontractors.

This performance audit was not conducted in accordance with generally accepted government auditing standards (GAGAS) or the AICPA attestation standards given the time frame in which the report was needed. However, it was conducted in accordance with Performance Audit Division policies and procedures for non-GAGAS engagements. These policies and procedures require that we plan and perform the engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for the information reported and that data limitations be identified for the reader.

Balanced Scorecard Methodology

<u>Measure</u>	<u>Methodology</u>	<u>Source</u>	<u>Time Period</u>
Financial			
Ratio of local government revenue to total revenue	Divide revenue from local governments (excluding dues) by total revenue	RC-reported local government revenue, Audited financial statements	Fiscal year 2014 ¹
Ratio of fund balance to expenditures	Divide fund balance by total expenditures	Audited financial statements	Fiscal year 2014 ¹
Ratio of assets to liabilities	Divide total assets by total liabilities	Audited financial statements	Fiscal year 2014 ¹
Ratio of cash and investments to short-term liabilities	Divide cash and short term investments by short-term liabilities (short-term ≤ 1 year)	Audited financial statements	Fiscal year 2014 ¹
Customer			
Satisfaction with planning services	Average survey responses for planning services section	DOAA-conducted survey of local governments	Spring 2015
Satisfaction with intergovernmental coordination	Average survey responses for intergovernmental coordination section	DOAA-conducted survey of local governments	Spring 2015
Satisfaction with staff	Average survey responses for staff section	DOAA-conducted survey of local governments	Spring 2015
Overall satisfaction	Average survey responses for overall satisfaction section	DOAA-conducted survey of local governments	Spring 2015
Learning and Growth			
Planning employees per 100,000 population	Divide number of full-time equivalent planning staff by population/100,000	Staff information reported by RCs to DCA, U.S. Census population data	Fiscal year 2014
Average years of planning staff experience	Divide the total years of experience by the number of planning staff	Staff information reported by RCs to DCA	Fiscal year 2014
Average hours of training provided to planning staff	Divide the total hours of training by the number of planning staff	Staff information reported by RCs to DCA	Fiscal year 2014
Percent of planning staff with AICP certification	Divide the number of staff with a certification from the American Institute of Certified Planners by the total number of planning staff	Staff information reported by RCs to DCA	Fiscal year 2014
Percent of planning staff with Masters degree in planning	Divide the number of staff with a Master's degree in planning by the total number of planning staff	Staff information reported by RCs to DCA	Fiscal year 2013
Internal Business Process			
Local plan implementation rate	Divide the number of projects that have been completed by the total number of measurable projects (in local government short term work programs)	DCA	Calendar year 2014 ²
First time approval of RC-prepared plans	Divide the number of plans approved on first review by DCA by the total number of local government plans submitted by the RC to DCA	DCA	Fiscal years 2013 and 2014 ³
Contract performance errors	Count number of errors (missed deadlines, incomplete submissions, etc.) identified by DCA	DCA	Fiscal year 2014
Success stories generated per 100,000 population	Count number of local and regional "success stories" approved by DCA for inclusion on DCA's website divided by population/100,000	DCA, U.S. Census population data	Fiscal year 2014
Percent of local governments with a planning excellence designation	Divide the number of local governments in the region with a WaterFirst or PlanFirst ⁴ designation by the total number of local governments	DCA	End of fiscal year 2014
Percent of local governments with QLG status	Divide the number of Qualified Local Governments in the region by the total number of local governments	DCA	End of fiscal year 2014
Number of units served per dollar - Aging	Divide the number of units (meals, visits, etc.) provided by the Area Agency on Aging (AAA) by dollars spent on DHS Aging	DHS	Fiscal year 2014
Number of clients served per dollar - Aging	Divide the number of unique clients served by the AAA by dollars spent on DHS Aging	DHS	Fiscal year 2014
Results of Aging satisfaction surveys	Determine the percent of satisfied respondents from the DHS Aging surveys	DHS	Fiscal years 2013 and 2014 ⁵
Cost per trip - Transportation	Divide the number of trips provided by the RC by dollars spent on DHS Transportation	DHS	Fiscal year 2014
Results of Transportation satisfaction surveys	Determine the percent of satisfied respondents from the DHS Transportation surveys	DHS	Fiscal year 2014
¹ Atlanta Regional Commission operates on a calendar year instead of the state's fiscal year, so its 2013 statements were used. ² DCA began tracking local plan implementation in January 2013, so calendar year 2014 data was used. ³ Two years of data were used to increase the measure's validity by increasing the population size. ⁴ Currently includes only WaterFirst designations. Initial PlanFirst designations were awarded in July 2014. ⁵ The measure includes biannual surveys that were conducted in 2013. Source: DOAA, DCA, and DHS			

Appendix B: State Funds Provided to Georgia's Regional Commissions, Fiscal Year 2014

Regional Commission	DCA Planning	DHS Aging Services	DHS Coordinated Transportation	DNR Historic Preservation	Total
Atlanta	\$235,000	\$7,783,030	\$0	\$0	\$8,018,030
Central Savannah River Area	\$190,137	\$2,213,478	\$215,804	\$1,636	\$2,621,055
Coastal	\$211,959	\$2,101,016	\$182,875	\$1,636	\$2,497,487
Georgia Mountains	\$225,906	\$0	\$87,548	\$1,636	\$315,090
Heart of Georgia Altamaha	\$186,618	\$1,816,323	\$235,909	\$1,636	\$2,240,486
Middle Georgia	\$182,152	\$2,248,545	\$80,002	\$1,636	\$2,512,334
Northeast Georgia	\$206,939	\$1,845,829	\$240,463	\$1,636	\$2,294,866
Northwest Georgia	\$235,000	\$2,862,311	\$0	\$1,636	\$3,098,947
River Valley	\$194,787	\$1,489,834	\$15,843	\$1,636	\$1,702,100
Southern Georgia	\$216,578	\$2,390,585	\$37,482	\$1,636	\$2,646,282
Southwest Georgia	\$175,676	\$0	\$477,353	\$1,636	\$654,666
Three Rivers	<u>\$174,496</u>	<u>\$1,916,698</u>	<u>\$258,197</u>	<u>\$1,636</u>	<u>\$2,351,028</u>
Total	\$2,435,248	\$26,667,647	\$1,831,476	\$18,000	\$30,952,371

Source: DCA, DHS, and DNR

Appendix C: Survey Response Rates, Fiscal Year 2014

Region	Total Respondents	Total Local Governments	Response Rate
Atlanta Regional	35	75	46.7%
Central Savannah River Area	23	52	44.2%
Coastal	15	45	33.3%
Georgia Mountains	28	51	54.9%
Heart of Georgia Altamaha	41	79	51.9%
Middle Georgia	18	32	56.3%
Northeast Georgia	26	65	40.0%
Northwest Georgia	23	64	35.9%
River Valley	23	51	45.1%
Southern Georgia	31	63	49.2%
Southwest Georgia	27	58	46.6%
Three Rivers	<u>26</u>	<u>53</u>	49.1%
Total	316	688	45.9%

Source: DOAA survey results

Appendix D: Fiscal Year 2014 Regional Commission Scorecard Results – Values

		Performance												
		High								Low				
		1	2	3	4									
		Atlanta	CSRA	Coastal	Georgia Mountains	HOG	Altamaha	Middle Georgia	Northeast Georgia	Northwest Georgia	River Valley	Southern Georgia	Southwest Georgia	Three Rivers
	Mean													
FINANCIAL	Ratio of local government revenue to total revenue ¹	0.029	0.000	0.027	0.005	0.009	0.022	0.030	0.018	0.013	0.074	0.121	0.018	0.004
	Ratio of fund balance to expenditures	0.113	0.089	0.223	0.064	0.196	0.061	0.170	0.057	0.136	0.069	0.185	0.020	0.089
	Ratio of assets to liabilities	2.749	1.487	2.126	2.039	6.527	1.763	4.334	1.602	2.145	2.129	3.865	2.853	2.114
	Ratio of cash and investments to short-term liabilities	0.506	0.293	0.339	0.343	1.971	0.001	0.981	0.372	0.274	0.117	0.974	0.128	0.281
CUSTOMER	Satisfaction with planning services	4.36	4.38	4.58	3.60	4.05	4.46	4.67	4.34	4.58	4.64	4.62	4.46	3.99
	Satisfaction with intergovernmental coordination	4.28	4.44	4.39	3.78	3.98	4.39	4.66	4.24	4.42	4.46	4.56	4.15	3.91
	Satisfaction with staff	4.64	4.83	4.78	4.29	4.36	4.68	4.93	4.54	4.78	4.64	4.93	4.65	4.32
	Overall satisfaction	4.46	4.59	4.53	3.95	4.16	4.50	4.93	4.43	4.61	4.57	4.81	4.48	3.97
LEARNING AND GROWTH	Planning employees per 100,000 population	1.21	0.04	0.83	0.59	0.75	2.32	1.55	1.37	1.15	2.02	1.95	1.15	0.81
	Average years of planning staff experience	12.72	11.82	12.40	8.38	9.83	17.07	8.11	8.00	18.30	12.13	17.50	15.08	14.00
	Average hours of training provided to RC planning staff	28.37	49.82	34.60	37.50	22.71	25.71	19.47	43.00	4.70	38.88	26.22	16.58	21.25
	Percent of planning staff with AICP certification	22.2%	54.5%	40.0%	0.0%	33.3%	0.0%	22.2%	37.5%	0.0%	25.0%	37.5%	16.7%	0.0%
	Percent of planning staff with Master's degree in planning	27.7%	63.6%	60.0%	0.0%	33.3%	0.0%	33.3%	50.0%	0.0%	12.5%	37.5%	16.7%	25.0%
INTERNAL BUSINESS PROCESS	Local plan implementation rate	45.6%	50.8%	42.3%	40.3%	50.5%	54.3%	50.0%	48.9%	18.8%	47.0%	49.3%	53.1%	42.2%
	First time approval of RC-prepared plans ²	67.5%	60%	61.9%	N/A	50.0%	100.0%	100.0%	66.7%	100.0%	26.3%	64.3%	46.7%	66.7%
	Contract performance errors	10.92	8	11	40	13	2	9	5	7	6	4	6	20
	Success stories generated per 100,000 population	0.72	0.26	0.43	0.59	1.23	0.99	1.21	0.85	0.58	0.26	0.98	0.85	0.40
	Percent of local governments with a planning excellence designation	4.5%	8.0%	0.0%	8.9%	7.8%	0.0%	0.0%	18.5%	1.6%	2.0%	3.2%	0.0%	3.8%
	Percent of local governments with QLQ	92.0%	89.3%	80.8%	77.8%	86.3%	100.0%	100.0%	93.8%	98.4%	90.2%	98.4%	93.1%	96.2%
	Number of units served per dollar - Aging ³	0.422	0.581	0.393	0.446	N/A	0.332	0.439	0.480	0.380	0.393	0.361	N/A	0.418
	Number of clients served per dollar - Aging ¹	0.002	0.003	0.002	0.002	N/A	0.003	0.002	0.003	0.002	0.002	0.002	N/A	0.002
	Results of Aging satisfaction surveys	82.9%	84.0%	81.0%	82.4%	N/A	82.9%	78.5%	84.4%	87.3%	79.3%	87.5%	N/A	81.5%
	Cost per trip - Transportation ⁴	\$10.69	N/A	\$12.89	\$11.83	\$ 10.58	\$11.98	\$15.58	\$11.67	N/A	\$6.07	\$5.34	\$9.74	\$11.24
Results of Transportation satisfaction surveys	93.3%	N/A	92.7%	92.1%	98.0%	92.4%	85.0%	98.3%	N/A	98.1%	97.2%	91.5%	87.4%	

¹ The values shown have been rounded. In some cases, additional decimal places not visible in the table affected the RCs' quartile rankings.

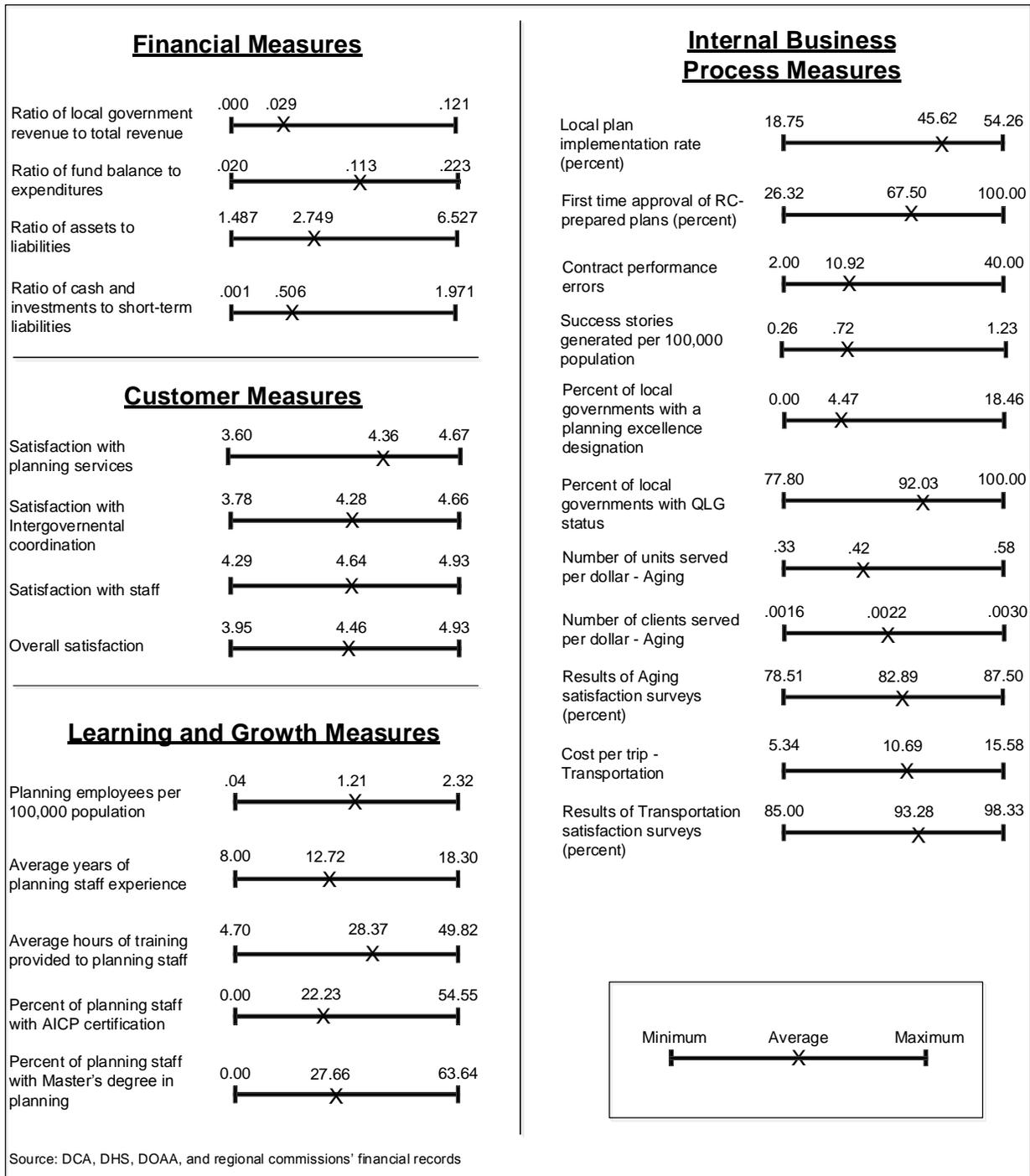
² Coastal prepared one plan during the applicable time frame. Therefore, they were excluded from this measure.

³ The Georgia Mountains and Southwest Georgia Regional Commissions did not administer DHS Aging services in FY 2014.

⁴ The Atlanta and Northwest Georgia Regional Commissions did not administer DHS Coordinated Transportation services in FY 2014.

Source: DCA, DHS, DOAA, and regional commissions' financial records

Appendix E: Fiscal Year 2014 Regional Commission Scorecard Results – Ranges



The Performance Audit Division was established in 1971 to conduct in-depth reviews of state-funded programs. Our reviews determine if programs are meeting goals and objectives; measure program results and effectiveness; identify alternate methods to meet goals; evaluate efficiency of resource allocation; assess compliance with laws and regulations; and provide credible management information to decision-makers. For more information, contact us at (404)656-2180 or visit our website at www.audits.ga.gov.