



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 in the state.

The audit objectives were to evaluate all of the regional commissions using a modified version of the Balanced Scorecard and to conduct agreed-upon procedures at three regional commissions in order to verify information contained in the Scorecard and to review state-funded operational aspects of the regional commissions.

About regional commissions

Georgia's 12 regional commissions (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 the region as a whole.

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

Summary

The oversight of regional commissions (RCs) has traditionally been conducted in a fragmented manner. Oversight responsibilities are divided between the Department of Community Affairs (DCA), multiple divisions within the Department of Human Services (DHS), each RC's council, and a financial audit process. In conjunction with DCA and DHS, we developed a scorecard to evaluate and report on state-funded operations and services of all 12 RCs. The Regional Commission Scorecard is intended to promote accountability and transparency by allowing each RC to assess its performance relative to its peers across financial, customer, learning and growth, and internal business process perspectives.

RC Scorecard Results – Aggregate Rankings

Regional Commission	Financial	Customer	Learning and Growth	Internal Business Process
Atlanta	9	6	4	7
CSRA	4	5	3	4
Coastal	12	11	12	8
Georgia Mountains	1	12	6	1
HOG Altamaha	10	3	5	10
Middle Georgia	2	1	8	12
Northeast Georgia	5	8	8	2
Northwest Georgia	8	7	11	11
River Valley	6	4	2	5
Southern Georgia	2	2	1	3
Southwest Georgia	10	8	10	9
Three Rivers	7	10	7	5

Performance											
High											Low
1	2	3	4	5	6	7	8	9	10	11	12

This assessment process should facilitate peer to peer communication and result in improved operations within the RC community. The Regional Commission Scorecard compares each RC's performance to the other 11 RCs. The RCs are ranked 1 through 12 (or fewer, as applicable) on each performance measure and in aggregate for each of the four Scorecard perspectives, with a "1" ranking signifying performance above all other RCs. The RCs' performance is not compared to a target value for each measure because industry-specific performance measures for RCs do not exist, and trend data for each of the performance measures is limited.

Agreed-Upon Procedures

As a result of agreed-upon procedures, the audit team identified incorrect and unsupported data submitted to DCA and DHS by the three RCs under review. The audit team noted varying degrees of noncompliance with state law and various operational improvements that the RCs could initiate and some that could be improved by state-level actions. The agreed-upon procedures are intended to complement the Regional Commission Scorecard by providing for verification of data required to be submitted by the RCs to DCA and DHS and determining compliance with state law and state agency contracts.

Agreed-upon procedures were conducted at the Coastal, Northwest Georgia, and River Valley Regional Commissions. Findings for each RC are summarized below.

- The Coastal Regional Commission had significant deficiencies related to contract compliance for both DCA Coordinated Planning and DHS Coordinated Transportation. Regarding administration and aging services, minor issues were identified.
- The Northwest Georgia Regional Commission had significant deficiencies related to administration and contract compliance with DHS Aging. Less significant issues were identified related to the DCA Coordinated Planning contract.
- The River Valley Regional Commission had minor issues related to administration, although one instance of noncompliance with state law was identified. Additionally, The River Valley RC complied with the majority of the requirements we reviewed in its contracts with DCA Coordinated Planning, DHS Aging, and DHS Coordinated Transportation.

Recommendations

The agreed-upon procedures and prior performance audits revealed recurring issues that could be improved by state-level actions. To increase accountability and transparency regarding RC expenditures of public funds, the General Assembly should consider extending state travel and vehicle regulations to all RCs, as well as state requirements to report salaries and travel expenses to the Department of Audits and Accounts (DOAA) for inclusion on the Open Georgia website. Also, the DHS Division of Aging should provide additional guidance to the RCs regarding program income, background checks, and advance notice of monitoring visits. Finally, DOAA and DCA should implement a "standard, uniform format" for the RCs' financial records as required by state law.

RCs' Response to Audit: The regional commissions concurred with the goal of increasing accountability and transparency regarding use of public funds. However, the Georgia Association of Regional Commissions indicated that RCs can implement the recommendations voluntarily through the adoption of policies and through contracts with DCA and DHS.

DCA Response to Audit: DCA agreed with our report and will incorporate relevant state-level recommendations into its contracts with the RCs. The RCs stated the Scorecard could be improved. The Commissioner agrees and asks DCA and DOAA to work on this issue. "We appreciate your team's work and look forward to implementing your recommendations."

DHS Response to Audit: DHS indicated that it is "in agreement with the content, findings, and recommendations" and will implement the applicable recommendations noted in our report.

Table of Contents

Purpose of the Audit	1
Background	1
Regional Commissions	1
Services	3
Balanced Scorecard	4
Regional Commission Scorecard	5
Agreed-Upon Procedures	9
State-Level Recommendations	9
Coastal Regional Commission	13
Northwest Georgia Regional Commission	21
River Valley Regional Commission	31
Appendices	
Appendix A: Objectives, Scope, and Methodology	38
Appendix B: State Funds Provided to Georgia's Regional Commissions	42
Appendix C: Survey Response Rates	43
Appendix D: Regional Commission Scorecard Results – Values	44
Appendix E: Regional Commission Scorecard Results – Ranges	45

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 twelve RCs for their review, and pertinent responses were incorporated into the report.

Background

Regional Commissions

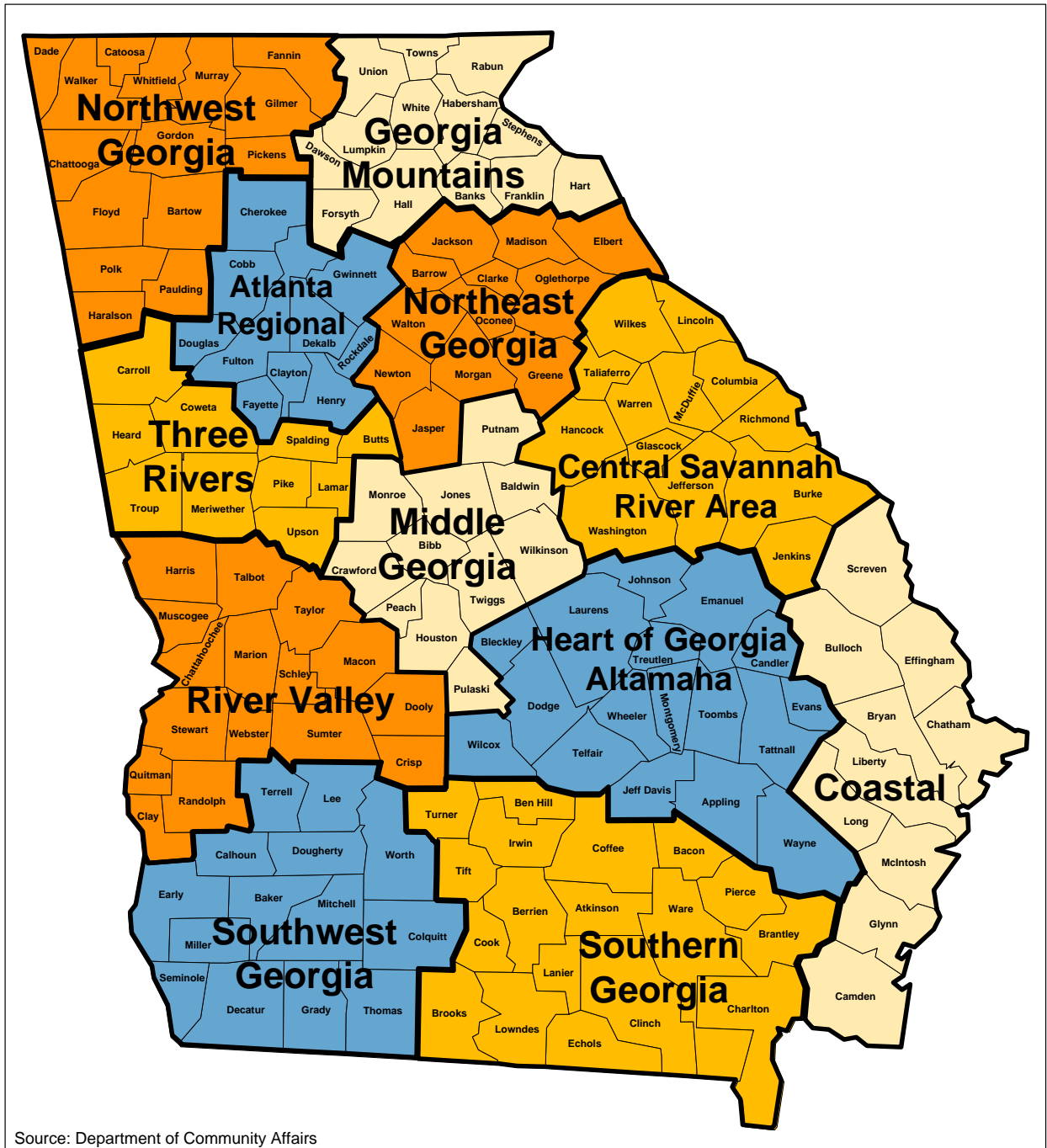
Georgia's 12 regional commissions (RCs) are regional planning entities created by state statute O.C.G.A. 50-8-32. Each RC's purpose is to develop, promote, and assist in establishing coordinated and comprehensive land use, environmental, transportation, and historic preservation planning in the state; 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 1** 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 agency 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

Exhibit 1 Georgia Regional Commissions



Source: Department of Community Affairs

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 for purposes of complying with laws, regulations, or otherwise.

Georgia Association of Regional Commissions

The twelve 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 the Department of Community Affairs (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 2013.

Coordinated Planning

DCA contracts with the RCs for activities related to implementing the Georgia Planning Act. The contract requires the 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 assessment 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 and provide congregate and home-delivered meals, as well as in-home care and other

services. DHS requires that the AAAs monitor their 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 2013, DHS contracted with nine 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 nine 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 2013, 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 to 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 to the other 11 RCs instead of a target value. The RCs are ranked 1 through 12 (or fewer, as applicable) on each performance measure and in aggregate for each scorecard perspective, with a "1" ranking signifying performance above all other RCs. The RCs' performance is not compared to a target value for each measure because industry-specific performance measures for RCs do not exist, and trend data for each of the performance measures is limited.

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

Regional Commission Scorecard

The oversight of regional commissions has traditionally been conducted in a fragmented manner. Oversight responsibilities are divided between DCA, multiple divisions within DHS, each RC's council, and a financial audit process. In conjunction with DCA and DHS, we developed a scorecard to evaluate and report on state-funded operations and services of all 12 RCs. The Regional Commission Scorecard is intended to promote accountability and transparency by allowing each RC to assess its performance relative to its peers across 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 Regional Commission Scorecard results for all RCs.

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 47%, 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. Since 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 44 and 45 provide additional details about the Regional Commission Scorecard values calculated for each performance measure.

- [Appendix D](#) on page 44 lists the actual values calculated for each performance measure for each RC.
- [Appendix E](#) on page 45 shows the range of values for each performance measure, including the minimum, maximum, and average.

Exhibit 2 Regional Commission Scorecard Results – Rankings

		Performance													
		High											Low		
		1	2	3	4	5	6	7	8	9	10	11	12		
		Weight	Atlanta	CSRA	Coastal	Georgia Mountains	HOG	Altamaha	Middle Georgia	Northeast Georgia	Northwest Georgia	River Valley	Southern Georgia	Southwest Georgia	Three Rivers
FINANCIAL	Ratio of local government revenue to total revenue ¹	25%	11	5	12	6	1	3	8	9	4	2	7	10	
	Ratio of fund balance to expenditures	25%	6	2	9	3	11	4	1	7	10	5	12	8	
	Ratio of assets to liabilities	25%	12	4	9	1	10	2	11	8	5	3	6	7	
	Ratio of cash and investments to short-term liabilities	25%	4	5	11	1	12	3	7	8	10	2	9	6	
	Overall Financial Rank		9	4	12	1	10	2	5	8	6	2	10	7	
CUSTOMER	Satisfaction with planning services	40%	7	5	11	12	3	1	6	8	4	2	9	10	
	Satisfaction with intergovernmental coordination	20%	8	4	12	11	3	1	6	5	7	2	9	10	
	Satisfaction with staff	20%	5	7	11	12	6	1	9	8	3	2	4	10	
	Overall satisfaction	20%	8	7	12	11	3	1	9	6	4	2	5	10	
	Overall Customer Rank		6	5	11	12	3	1	8	7	4	2	8	10	
LEARNING AND GROWTH	Planning employees per 100,000 population	20%	12	9	11	10	3	8	5	7	2	4	1	6	
	Average years of planning staff experience	20%	8	6	10	6	1	11	12	2	5	3	9	4	
	Average hours of training provided to planning staff	20%	7	3	2	4	9	5	12	8	1	6	10	10	
	Percent of planning staff with AICP certification	20%	1	6	9	6	9	4	2	9	5	2	8	9	
	Percent of planning staff with Master's degree in planning	20%	2	1	10	7	10	6	3	10	9	4	8	5	
	Overall Learning and Growth Rank		4	3	12	6	5	8	8	11	2	1	10	7	
INTERNAL BUSINESS PROCESS	Local plan implementation rate ²	10%	3	10	7	6	11	N/A	2	8	9	4	5	1	
	First time approval of RC-prepared plans ³	10%	N/A	4	N/A	1	1	5	7	3	7	10	9	6	
	Contract performance errors	10%	11	1	12	2	10	9	7	7	2	2	2	2	
	Percent of local governments with a planning excellence designation	10%	3	9	2	4	9	9	1	8	7	6	9	5	
	Percent of local governments with QLG status	10%	6	3	11	7	5	4	9	8	1	2	10	12	
	Planning Process Rank		7	6	12	1	11	8	3	9	3	2	10	3	
	Number of units served per dollar - Aging ⁴	10%	10	1	3	N/A	7	8	6	9	4	5	N/A	2	
	Number of clients served per dollar - Aging ¹	10%	1	9	3	N/A	4	5	2	8	6	10	N/A	7	
	Results of Aging satisfaction surveys	10%	5	6	4	N/A	7	9	1	3	10	2	N/A	8	
	Aging Process Rank		3	3	2	N/A	7	10	1	8	8	5	N/A	5	
Cost per trip - Transportation ⁵	10%	N/A	8	6	N/A	5	9	7	N/A	1	4	2	3		
Results of Transportation satisfaction surveys	10%	N/A	2	5	N/A	4	7	3	N/A	8	1	6	9		
Transportation Process Rank		N/A	5	7	N/A	3	9	5	N/A	3	1	2	8		
Overall Internal Business Process Rank		7	4	8	1	10	12	2	11	5	3	9	5		

¹ The values shown in Appendix D have been rounded. In some cases, additional decimal places not visible in the table affected the RCs' rankings.
² No local government in Middle Georgia's region submitted a short term work program update during the applicable time frame.
³ Atlanta prepared one plan and Coastal did not prepare any plans during the applicable time frame. Therefore, they were excluded from this measure.
⁴ The Georgia Mountains and Southwest Georgia Regional Commissions did not administer DHS Aging services in FY 2013.
⁵ The Atlanta, Georgia Mountains, and Northwest Georgia Regional Commissions did not administer DHS Coordinated Transportation services in FY 2013.
 Source: DCA, DHS, and regional commissions' financial records

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 2013, 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 (excluding dues) 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 Master's 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
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

DCA Response:

“The regional commissions have stated that the DOAA Balanced Scorecard could be improved to better measure and reflect the wide variety of their services and programs. I [DCA Commissioner] agree with their concerns and ask that DCA and DOAA work together on this issue prior to the FY 2015 performance audits.”

Atlanta RC Response:

“It is important for me [ARC Executive Director] to note that the Atlanta Regional Commission ... supports performance measurement and assessment. Indeed, we welcome assessments from others as a way to improve our operations and services, something we are always seeking to do. However the assessments must be based in metrics that are useful, in helping us to know what and how to improve. Many of the indices on this scorecard lack that usefulness factor, for guiding how the ARC can improve its operations. The indicators on this scorecard have serious weaknesses, for conveying to an average layperson the performance of any particular regional commission. And for several of these, a direct comparison or ranking of regional commissions lacks much context for a fair evaluation of one versus another. For example, color coding of rankings could reflect an individual RC’s change from the previous year, which would encourage Regional Commissions to strive for year-over-year improvement rather than fostering competition amongst themselves.”

Three Rivers RC Response:

“The [Three Rivers Regional Commission (TRRC)] believes in program performance, cost effectiveness, outstanding service quality, and initiating corrective measures as needed. The TRRC would like to recommend that DOAA utilize the actual DHS [Coordinated Transportation] contract evaluation tool to measure the effectiveness of a regional commission’s contract performance, and remove the cost per trip and [human service providers] survey items due to their subjectivity and lack of uniformity standards at a statewide level.”

Auditor 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. In addition, multiple learning and growth measures, as well as internal business process measures, are based on data that DCA and DHS were collecting prior to the development of the Scorecard. These measures were part of the fragmented system of accountability and transparency referenced within the report.

While a traditional Balanced Scorecard compares performance measures to a target value, the Regional Commission Scorecard is a peer to peer comparison. RCs’ performance is not compared to a target value for each measure because industry-specific performance measures for RCs do not exist, and trend data for each of the performance measures is limited. In future reports, we plan to add data related to an individual RC’s change from the previous year, but the data is not available in this reporting cycle, since this is the first reporting year. This is the baseline year for the Scorecard, and as trend data is collected over time, additional performance measure analysis will be possible. We look forward to continuing our work with DCA, DHS, and the RCs to refine the Regional Commission 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.

While conducting the agreed-upon procedures, the audit team noted incorrect and unsupported data submitted to DCA and DHS by the RCs under review. 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 improved by state-level actions. The agreed-upon procedures are intended to complement the Regional Commission Scorecard by providing for verification of data required to be submitted by the RCs to DCA and DHS and determining compliance with state law and state agency contracts.

DOAA, in conjunction with DCA and DHS, created the agreed-upon procedures, and DOAA conducted the procedures. As part of the annual RC performance audit, three RCs are selected for review, which includes an on-site visit. The three RCs selected for review in 2014 and the page numbers for the report of findings of each RC's agreed-upon procedures are:

- Coastal RC, page 13,
- Northwest Georgia RC, page 21, and
- River Valley RC, page 31.

State-Level Recommendations

As a result of the agreed-upon procedures and prior performance audits, a number of recurring issues were identified that could be improved by state-level actions.

General Assembly

The General Assembly and/or state agencies that contract with RCs should consider extending certain state-level regulations and requirements to regional commissions.

The 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; nor does it require RCs to report salary and travel information to DOAA. Extending these regulations and requirements would increase accountability and transparency regarding RC expenditures of public funds.

1. *Travel regulations* – Currently, each RC sets its own travel policy. Policies reviewed by the audit team were less restrictive than the Statewide Travel Regulations. In July 2010, DHS notified all Area Agencies on Aging that they were required to follow Statewide Travel Regulations for any travel funded with state or federal Aging dollars. However, in its response to our 2012 report, Three Rivers argued that it could border upon employment discrimination if the RC were to reimburse one set of employees differently than another set of employees. Requiring RCs to comply with the Statewide Travel Regulations would improve accountability and transparency by having RCs follow a consistent standard.
2. *Vehicle usage and fleet management regulations* – State regulations establish limits on how vehicles may be used, as well as requirements for record keeping. At both the Coastal and Northwest Georgia Regional Commissions, we

observed personal use of RC-owned vehicles. Also, Northwest staff was unable to provide vehicle usage records for fiscal year 2013 and provided incomplete records for fiscal year 2014. State fuel card regulations prohibit sharing PIN numbers, which the audit team observed at Northwest.

3. *Salary and travel disclosures* – State law currently requires employees of state entities, regional education service agencies, and local boards of education to report employees’ salaries and travel expenses to DOAA for inclusion on the Open Georgia website. Extending the requirement to RC staff would promote accountability and transparency for the RCs. The information would also allow the RC councils to more easily compare employees’ salaries to determine their appropriateness for the size of the organization.

DCA Response:

DCA agreed that RC adoption of state-level “requirements regarding travel reimbursement, fleet management and salary disclosures would increase the accountability and transparency of RC expenditures of public funds.” As a result, DCA will incorporate the state-level guidelines into its fiscal year 2015 contracts with the RCs by October 31, 2014.

GARC Response:

The Georgia Association of Regional Commissions (GARC) agreed “that adoption of policies and procedures comparable to the state-level regulations and requirements for travel regulations, vehicle usage, fleet management, and salary disclosures would increase accountability and transparency regarding RC expenditures of public funds. Some Regional Commissions already implement and follow strict travel and fleet management/vehicle usage policies. GARC acknowledges that standardized policies would improve consistency and full accountability for those categories of expenditures.”

Achieving these recommendations can be accomplished voluntarily by the regional commission councils adopting policies “and through contractual requirements between the Department of Community Affairs and the Regional Commissions. Similarly, contractual requirements can be included in the Department of Human Services contracts with RCs to implement the recommendations for improving DHS related issues. GARC, working with DCA, DHS, and each individual RC anticipates completing this process by October 31, 2014.”

Department of Human Services

The DHS Division of Aging should provide additional guidance to RCs to improve internal controls over subcontractors providing direct aging services.

We reviewed aging subcontractor monitoring during the agreed-upon procedures, and at each RC we visited, we found issues in the following areas:

1. *Program income controls* – The federal Older Americans Act allows subcontractors to collect contributions from clients to help fund aging services. At all three RCs visited, the audit team noted insufficient internal controls over the collection of this program income. In particular, funds may be collected directly from the clients by subcontractor employees providing services in the client’s home. DHS should provide guidance regarding proper internal controls and require the Area Agencies on Aging (AAAs) to evaluate whether a subcontractor’s procedures are sufficient.

2. *Background checks* – State law requires national background checks for any employee who has direct care of DHS clients. However, we found that some subcontractor employees receive only state-level background checks, and others who have been employed for long periods may have never received a background check. DHS Aging should clarify that national background checks are required for all applicable employees. Additionally, DHS should clarify which positions (e.g., drivers, in-home caregivers, medical personnel) require background checks. Subcontracts reviewed by the audit team described requirements for positions with direct care or custody of clients, but we were unable to identify any specifics regarding which positions this requirement would include.
3. *Notice of monitoring visits* – All three RCs visited provided subcontractors with advance notice prior to the on-site monitoring visit. At the Coastal Regional Commission, staff indicated the notice could be up to a month in advance so that the subcontractor could schedule central office management to be present during the visit. AAA staff may not observe existing problems if a lengthy advance notice is given, allowing the subcontractor too much time to prepare for the visit. DHS Aging staff indicated that some notice may be necessary to ensure needed files are on site, but the time frame should not exceed 48 hours. DHS Aging should amend its regulations to specify the advance notice allowed.

DHS Response:

DHS agreed with our recommendations and will take the following steps to address each area of concern:

1. *“The Division of Aging Services has revised policy regarding program income that will become effective during Fiscal Year 2015. New monitoring guides are under development that will further define expectations regarding appropriate procedures applicable to the collection of funds from clients. The Division will review, during Fiscal Year 2015, program income procedures at each AAA to ensure that appropriate internal controls exist, and will provide technical assistance as required to ensure appropriate internal control of program income collection.”*
2. *“During Fiscal Year 2015, the Division of Aging Services will augment DHS standard contract language mandating background checks by clarifying in policy the requirement that national background check[s] be completed for all applicable employees, and defining for which positions background checks are required.”*
3. *“The Division of Aging Services will require in policy and in programmatic monitoring guides currently under revision, a maximum allowable advance notice of on-site monitoring applicable to AAA subcontractor monitoring.”*

GARC Response:

GARC indicated that RCs that administer DHS Aging contracts “will work with the Division of Aging to formulate program income and monitoring policies and to ensure that staff [that provide] direct care of DHS clients receive proper background checks.”

Department of Audits and Department of Community Affairs

DOAA and DCA should implement a “standard, uniform format” for the RCs’ financial records as required by state law.

O.C.G.A. 50-8-38(a) charges DOAA and DCA with determining a standard format to be used for all “books of account” kept by the RCs and any associated nonprofits. Currently, RCs are required to report limited financial information to DCA in a uniform format, but financial statements are not uniform, reducing the reliability and comparability of the financial data. The structure in which financial transactions are recorded and reported must be transparent to achieve public trust and understanding of financial conditions. Uniform reporting increases accountability, transparency, and comparability between similar organizations.

DCA Response:

“DCA agrees that uniform financial reporting by RCs will strengthen accountability and transparency and thereby increase public trust in these organizations. DCA will work with DOAA and the RCs to implement a ‘standard, uniform format’ for the annual reporting of RC financial records.”

GARC Response:

“GARC and DCA worked collectively in 2010 and 2011 to address this specific issue. The agreement to use the Blue Book as the guideline to follow for maintaining RC books of accounts and reporting project costs for activities using a uniform reporting form to facilitate comparison was implemented in FY2012. Each Commission maintains its books of account in accordance with the most recent edition of the Governmental Accounting, Auditing, and Financial Reporting Manual. The Commissions will continue to cross-walk information into an approved chart of accounts like cities and counties.”

Auditor Response:

The Blue Book provides broad guidance but does not replace the need for a chart of accounts developed specifically for business conducted by RCs. A uniform chart of accounts would ensure all regional commissions are using a uniform system to categorize revenues, expenditures, assets, liabilities, and fund equity so that data is comparable across the RCs. RCs can better compare the cost of their own operations to the operations of other RCs, and the RCs can share information regarding best practices and cost trends.

The RCs have previously argued that “there are significant differences between ‘local governments’ and ‘statutory governments’ that make the adoption of the standard governmental [uniform chart of accounts] ineffective and onerous in its use. ... [E]ven among the individual RCs there are significant differences in how they operate that would make the adoption of any [uniform chart of accounts] truly burdensome and ineffective.”

However, multiple types of government entities in Georgia use a uniform chart of accounts (whose structure is based on the Blue Book). State of Georgia state agencies use a uniform chart of accounts, and these agencies vary widely in size, budget, funding sources, and operations. All local governments of varying sizes use a uniform chart of accounts. The University System of Georgia (USG) also uses a uniform chart of accounts, and USG institutions vary widely in size, budget, funding sources, and operations. In addition, local school systems, regional education service agencies, and public libraries each have a uniform chart of accounts. We continue to assert that diverse entities are able to utilize and benefit from a uniform chart of accounts.

Agreed-Upon Procedures Coastal Regional Commission



Office location*	Darien
2012 Region population (est.)	676,619
Fiscal year 2013 expenditures	\$13,834,523
Approximate square mileage	5,005
Number of local governments	45

<u>RC Scorecard Area Ranks¹</u>	
Financial	12
Customer	11
Learning and growth	12
Internal business process	8
¹ Ranks are out of 12	

Summary

The Coastal Regional Commission (Coastal) had significant deficiencies related to contract compliance for both DCA Coordinated Planning and DHS Coordinated Transportation. Regarding coordinated planning, Coastal did not meet requirements for communicating upcoming planning deadlines to local governments or holding plan implementation assessment meetings with local governments. Regarding coordinated transportation, Coastal did not conduct sufficient monitoring of vehicles or drivers for the subcontractor we reviewed. Regarding administration and aging services, minor issues were identified.

Coastal Response:

Coastal generally agreed with our findings and recommendations. “As you are aware, policy guidance for the Regional Commission is vested in its Council as outlined in state law. We feel that these recommendations will strengthen Coastal and as you can see we have embraced them in a timely manner. This is the first performance audit of Coastal since 1994 and we feel that the use of the term ‘significant deficiencies’ ... is unwarranted. Coastal has worked within the guidelines of each of our funding partners for years and our financial audits have had unmodified opinions from an independent auditor for the last five years.”

Auditor Response:

We maintain that the term “significant deficiencies” is warranted due to Coastal not meeting certain contract requirements with both DCA Coordinated Planning and DHS Coordinated Transportation. The specific deficiencies are discussed throughout this section.

Administration

Findings

Policies and Procedures

Each RC should have sufficient internal controls in place to ensure compliance with state law and to facilitate efficient and effective operations.

While Coastal is complying with state law by disclosing employee business transactions, Coastal's written policies regarding employee disclosures 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 policies and procedures in place to ensure employee compliance with disclosure requirements. Coastal has a procedure in place; however, Coastal does not have a written policy or procedure that details the requirements of the state law to employees.

Coastal currently has a minimum requirement in place 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. Coastal's bylaws require an unrestricted fund balance of at least 5% of budgeted revenues.

Travel

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

The audit team identified travel expenditures that did not comply with Coastal's travel policies and procedures.

The audit team reviewed a sample of 47 travel expenditures from fiscal year 2013 and identified 13 instances where documentation or supervisory approvals did not comply with Coastal's travel policies and procedures. In addition, five expenditures for lunch by the Executive Director did not appear to comply with Coastal's policy that employees are compensated only for "meals that are an integral part of a scheduled, official meeting" when not on full-day or overnight travel.

The Executive Director's travel is not reviewed or approved by the Council.

The Executive Director's expense reimbursements and credit card charges are approved by the Finance Director, a subordinate employee. Travel 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' and Council members' travel expenses, which is a management override of Coastal's travel reimbursement process.

The audit team identified 10 instances in which the Executive Director paid for lodging or meals for other employees and/or Council members in fiscal year 2013. 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.

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 March of 2013 and 2014, the Council appraised the Executive Director. The Council Chair appoints a committee to conduct the performance appraisal, and then the full Council votes to accept its report.

Coastal conducts annual employee performance appraisals.

The audit team reviewed a sample of four employees' personnel files, and each file contained annual appraisals for the prior two years in compliance with Coastal's 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 appeared to comply with the state's open meetings law and the RC's bylaws.

The audit team reviewed a sample of meetings from fiscal years 2013 and 2014 for sufficient advance notice of the meeting and reviewed meeting documentation to ensure compliance with state law and Coastal's bylaws. The team did not identify any compliance issues.

Recommendations

1. Coastal should develop a written policy to address employees' disclosure of business transactions with local governments.
2. Coastal should ensure that travel expenditures are in compliance with its policies and procedures.
3. The Council should review and approve the Executive Director's travel.
4. Each individual Coastal employee and Council member should submit requests for travel reimbursements for his or her own expenditures.

Coastal Response:

1. "We agree with your recommendation to develop a written policy to address employee's disclosure of business transactions with our local governments. We have amended our written policy and it will go before the full Council on September 10th for approval."
2. "We agree with your recommendation to ensure that travel expenditures are in compliance with our policies."
3. "Coastal will include in its Financial Policies, to be submitted for approval at the September Council meeting, a procedure for review of the Executive Director's travel by the Executive Committee and the Chairman of the Budget and Finance Committee." They "will begin reviewing and approving all travel for the Executive Director this month."
4. "We agree with your recommendation for each employee and Council member to be responsible for their own travel and submit reimbursement request for their own expenditures. Coastal will

update its Financial Policies to comply and submit for approval at the September 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 assessment 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.

It appears that Coastal did not provide sufficient notification of planning responsibilities and deadlines to selected local governments as required by its contract with DCA.

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. For two of the six governments reviewed by the audit team, Coastal was unable to show any communications prior to the deadline. For the remaining four, initial communication of planning responsibilities occurred three to five months before the deadlines. Each of the six local governments lost its QLG status. In addition, each of the 13 local governments in the Coastal region that had a short term work program update due in fiscal year 2013 lost its QLG status. The periods of time before QLG status was regained ranged from two weeks to more than a year.

Coastal did not fulfill the DCA contract requirements for plan implementation assessment meetings.

Coastal reported to DCA that its staff held plan implementation assessment meetings with all local governments in its region. However, all six local government planning representatives interviewed by the audit team did not recall a meeting taking place between Coastal and their local government. (The planning representatives are required to attend the meeting.) In addition, Coastal was unable to provide adequate documentation that the reported meetings fulfilled the DCA contract requirements. Meeting documentation provided by Coastal did not indicate that the required officials were invited to or present at the meetings. The documentation did not show that required comprehensive planning topics were discussed, and in some cases, the meeting purpose was a topic other than the local comprehensive plan. For two of the eleven selected governments, Coastal was unable to provide any meeting documentation, and for seven of the remaining nine, meeting dates did not match those reported to DCA.

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

Local government representatives interviewed by the audit team pointed out basic planning services that Coastal was unable to provide. Additionally, survey scores indicate that the local governments in its region are less likely to utilize Coastal for planning services and are less satisfied with Coastal's services than other RCs. It is also worth noting that Coastal has the second lowest full-time equivalent (FTE) count of planning staff per 100,000 population of any RC. Only the Atlanta Regional Commission (with its significantly larger population) scored lower on this measure.

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. 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.

The staffing information that Coastal reported to DCA was generally accurate, with two exceptions.

Coastal underreported its planning staff's training hours to DCA by approximately 41%. Additionally, Coastal was unable to document an AICP certification and a Master's degree for an employee who no longer works for the RC.

Recommendations

1. To reduce QLG loss by member governments, Coastal should begin planning notifications 12 to 18 months before the deadline, as recommended by DCA.
2. Coastal should hold required plan implementation assessment meetings and accurately report them to DCA. Coastal should document invitees, attendees, and items discussed to demonstrate that all requirements have been met.
3. Coastal should meet with local governments and/or conduct surveys to ensure it is providing the planning services that are needed and to ensure that the member governments are satisfied with the quality of these services.
4. Coastal should document and accurately report planning staff information to DCA.

Coastal Response:

1. Coastal indicated that it has been using Constant Contact since late 2013 "to contact local governments about important planning items and to notify local governments of required DCA reporting deadlines specifically as they relate to QLG."
2. Coastal indicated that it "has met with each local government in the region as it relates to plan implementation. However, to properly reflect the meeting, Coastal has formatted a document" to track and report to DCA the meeting requirements.
3. Coastal indicated that it has contracted with a firm to survey the local governments in the region to "ensure that Coastal is providing planning services that are needed and to ensure that member governments are satisfied with the quality of these services."

4. Coastal stated that it had only reported staff training that was paid for by DCA funds, which resulted in underreporting training hours. "In the future, all training will be reported."

Auditor Response:

Based on the documentation and evidence provided by Coastal staff and based on interviews with local government officials, we determined that Coastal did not meet the DCA contract requirements for plan implementation assessment meetings.

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.

While Coastal generally complied with contract requirements for subcontractor monitoring, the audit team identified areas for improvement.

- Coastal provided documentation for seven required monitoring visits for the selected subcontractors for fiscal year 2013. Coastal was unable to provide documentation of one required annual monitoring visit for a subcontractor's home delivered meals program.
- Monitoring forms were not always fully completed. The fiscal year 2013 monitoring forms provided for the selected subcontractors frequently did not have all of the fields completed. For example, two of the four forms reviewed for congregate meals programs did not note the refrigerator or freezer temperatures. (Temperature is a food safety concern.)
- Monitoring forms did not adequately document personnel file reviews. The fiscal year 2013 documentation did not indicate which subcontractor personnel files or how many were reviewed during the RC's on-site monitoring.

Coastal does not provide written feedback to its subcontractors regarding quarterly reviews as required by DHS regulations.

While Coastal performed quarterly reviews for the selected subcontractors in fiscal year 2013, no written communications were provided to the subcontractor regarding the results of the review. Coastal staff stated that feedback is provided verbally.

Recommendations

1. Coastal should ensure that all required annual monitoring is completed and documentation of the monitoring is maintained.
2. Coastal should improve its monitoring documentation to show that all required items have been reviewed.
3. Coastal should provide written feedback to subcontractors for quarterly reviews as required by DHS regulations.

Coastal Response:

1. Coastal indicated that the missing file was misplaced during the RC's relocation during fiscal year 2013 and stated that it will "ensure that all documentation is sufficiently maintained."
2. "We will ensure that all fields on monitoring guides are completely filled in."
3. Although Coastal "staff verbally communicates with subcontractors regarding a recently completed monitoring, we will make sure that written feedback is provided to all subcontractors as required by DHS regulations."

Transportation

Findings

Subcontractor Monitoring

The contract between DHS Coordinated Transportation and the RC requires that the RC conduct monitoring of both vehicles and drivers. At least annually, RC staff should review vehicle maintenance records, daily driver logs, and driver files. 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.

Coastal did not conduct all required vehicle monitoring for the selected subcontractor in fiscal year 2013.

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

- Coastal staff was unable to provide an accurate vehicle inventory, a necessity for vehicle monitoring.
- Coastal vehicles are not inspected annually by a certified mechanic as required by DHS regulations. Staff stated that annual inspections are performed by an employee of the Georgia Department of Transportation (GDOT), who is not a mechanic. 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.
- Coastal staff could not provide documentation of resolutions for all vehicle issues noted during GDOT inspections. Coastal staff provided invoices for repairs, but not all problems identified in the inspections were addressed. For example, one vehicle had issues with the parking brake, rear door alarm, and heating system, but Coastal had no repair invoices or other documentation to show these items were fixed. Additionally, the GDOT employee noted expired fire extinguisher inspections for 21 of 35 vehicles for this subcontractor, and Coastal had no documentation showing that the fire extinguishers received updated inspections. It should be noted that Coastal's 2012 vehicle inventory indicated that a vehicle operated by a different subcontractor was lost to a fire.
- There was no indication that daily driver logs were reviewed by Coastal 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.

Coastal did not conduct all required driver monitoring for the selected subcontractor in fiscal year 2013.

Coastal could not provide any documentation demonstrating the monitoring of drivers, and staff indicated that driver files are not regularly reviewed for required items. DHS regulations indicate that driver's licenses, background checks, training, accident documentation, and motor vehicle reports should be reviewed annually to verify driver qualifications.

Coastal was unable to provide a signed contract for the selected subcontractor.

The audit team requested a copy of the fiscal year 2013 contract with Coastal's largest transportation subcontractor, but staff was only able to provide an unsigned Word document with appendices in separate attachments.

During fiscal year 2013, Coastal did not have a procedure to track complaints regarding transportation subcontractors.

Coastal was unable to provide written documentation of complaints or resolutions during fiscal year 2013. Staff stated that Coastal would begin using a standard complaint form provided by DHS in fiscal year 2014.

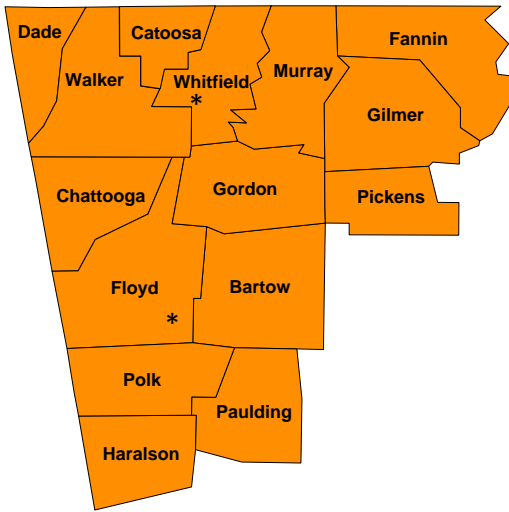
Recommendations

1. For the safety of its clients and the general public, Coastal should ensure that all required monitoring is completed for both vehicles and drivers each year.
2. Vehicles should be inspected annually by a certified mechanic. Any issues identified by the mechanic or other inspectors should be resolved, and Coastal should maintain documentation of their resolution.
3. Coastal should maintain signed contracts for all subcontractors.
4. Coastal should institute a process for tracking and responding to complaints regarding subcontractors.

Coastal Response:

1. "Coastal and its [subcontractors] recognized the need for timely and consistent monitoring of the vehicles and drivers, and beginning in FY 2014, developed a protocol."
2. Coastal indicated that it plans to have annual inspections conducted by a certified mechanic during scheduled service visits.
3. Coastal indicated that it did not have the signed contract due to turnover in RC personnel, the RC relocation during fiscal year 2013, and a subcontractor change between fiscal years 2013 and 2014. "To ensure signed copies are in place, Coastal's transit program has instituted measures" to maintain both paper and electronic copies.
4. "Beginning in January 2014, Coastal instituted a process to document and track all complaints, incidents, and accidents with the [subcontractor] and/or customers."

Agreed-Upon Procedures Northwest Georgia Regional Commission



Office locations*	Rome and Dalton
2012 Region population (est.)	866,048
Fiscal year 2013 expenditures	\$18,652,703
Approximate square mileage	5,006
Number of local governments	64

<u>RC Scorecard Area Ranks¹</u>	
Financial	8
Customer	7
Learning and growth	11
Internal business process	11
¹ Ranks are out of 12	

Summary

Administrative deficiencies were identified at the Northwest Georgia Regional Commission (Northwest). These administrative deficiencies have resulted in financial and operational reporting issues, as well as noncompliance with state law. In addition, Northwest did not comply with DHS Aging’s contract requirements regarding monitoring of subcontractors and reporting. Less significant issues were identified related to the DCA Coordinated Planning contract, and Northwest does not currently administer DHS’ Coordinated Transportation program for its region.

Northwest Response:

Northwest indicated that it “believes in being a good steward of public monies and the accountability and transparency of such.” Northwest generally agrees with the findings and will follow DOAA recommendations.

Administration

Findings

Policies and Procedures

Each RC should have sufficient internal controls in place to ensure compliance with state law and to facilitate efficient and effective operations.

Northwest does not have an employee business disclosure policy or procedure to ensure compliance with state law.

To disclose potential conflicts of interest, state law requires that RC employees annually disclose any business transactions with local governments. RCs should have policies and procedures in place to ensure employee compliance with disclosure requirements. In addition to not having a policy or procedure regarding employee disclosures, Northwest could not provide documentation of communicating the

statute's requirements to or receiving any information from employees regarding business transactions since 2006, before the merger that created Northwest in 2009. Despite these facts, Northwest annually submits certification to DCA stating that employees were informed of the statutory requirement and reported no business transactions.

Northwest should improve its entity-wide controls over debit cards.²

Northwest currently has nine prepaid debit cards assigned to department directors and the Executive Director but was unable to provide the audit team with written policies related to the use of these cards. The audit team reviewed card documentation and identified the following issues:

- *Lack of segregation of duties* – While the Finance Director reviews the documentation, staff stated that department directors are responsible for reconciling receipts and approving charges related to debit cards. Also, department directors may both incur and approve the expenses. Since the department director may be responsible for the complete transaction cycle, there is a lack of segregation of duties.
- *Missing documentation* – Prior to the introduction of the debit cards, Northwest used credit cards for purchasing. Northwest was unable to provide all of the credit card statements and documentation from fiscal year 2013; each card was missing at least one monthly statement. Staff stated that they were misplaced when transferring the files to storage.
- *Personal expenses* – The audit team identified seven instances in which the Executive Director used his assigned card to pay for his wife's expenses. Although he reimbursed the RC for these expenses, employees should not be allowed to use a business card for personal expenses, even if they are repaid.
- *Lack of expense reconciliation* – Northwest employees may pay for travel expenses by using an assigned debit card or may be reimbursed for travel expenses, but there is no procedure in place to reconcile the two. The audit team did identify an instance in which an employee was reimbursed for an expense that was originally paid using a Northwest card. Northwest was unable to provide any documentation showing that the employee repaid the expense.

Northwest 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. The Northwest Council has discussed requiring a fund balance of 90 days of operating expenses, but no policy regarding fund balance has been adopted.

Travel

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

² Northwest currently uses prepaid debit cards for employee and departmental expenses. Prior to the spring of 2013, the RC used credit cards in individual employees' names, but staff indicated that the RC did not always make payments on time, which negatively affected the employees' credit.

Northwest has not adopted a formal travel policy.

Northwest staff provided the audit team with multiple conflicting travel policies, both written and unwritten. Regarding the written policies, one dates from 1994 and another from 2004. Neither written policy was officially adopted after the merger that created Northwest, nor was either policy widely disseminated to staff members. Also, staff noted unwritten policies, such as a \$.50 per mile reimbursement rate, which conflict with the unofficial written policies. The lack of a consistent policy has led to variation in how travel is administered and reimbursed throughout the organization. For example, when traveling outside of the Northwest region, Aging department employees were generally reimbursed for meals based on the rates set by the federal General Services Administration (GSA). However, other employees received higher meal allowances, such as a \$52 dinner in Asheville, North Carolina, where the GSA dinner rate was \$26.

Based on the travel documentation reviewed, Northwest does not have sufficient internal controls related to the review and approval of travel reimbursements.

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

- 33 instances in which the purpose of the trip and/or the destination was unclear on the reimbursement form,
- 6 instances of reimbursement reports that were not approved by a superior,
- 37 instances of reimbursement reports not approved by the Executive Director (despite staff assertions that this approval was required), and
- 4 instances in which receipt documentation was insufficient but the reimbursement request was still approved.

The Council should provide clear guidance regarding payment of the Executive Director's travel expenditures.

The Executive Director receives a \$900 per month travel allowance and \$.10 per mile for any travel in his personal vehicle outside of the region. In addition, Northwest pays for all of the Executive Director's travel expenses, such as hotels and meals. Finally, the Executive Director appears to be the primary driver of one of the RC's two sedans and is using the vehicle for both business and personal use. Northwest staff was unable to provide documentation of the purpose of the \$900 travel allowance. Also, neither the Executive Director nor the Finance Director was able to provide an explanation of the types of expenditures the \$900 travel allowance was intended to cover. The Executive Director's actual travel expenses totaled approximately \$5,500 over a one-year period. While recent Council meeting minutes indicated that the \$900 may represent a vehicle allowance, there is no clear guidance from the Council regarding the purpose of the travel allowance.

The Executive Director's travel and other expenses are not reviewed or approved by the Council.

In the reviewed documentation, the Executive Director's travel expenses were approved by the Finance Director, a subordinate, or by the Executive Director alone. Travel expenses should be reviewed by a superior who is able to determine the appropriateness and reasonableness of expenses. An employee should not be the sole approver of his or her expenses.

Northwest does not have adequate controls over the assignment of its vehicles or the use of fuel cards.

Northwest currently has three vehicles, two sedans and a truck. Northwest was unable to provide vehicle logs for fiscal year 2013 which detailed employee usage, trip mileage, or trip purpose. Staff provided seven vehicle forms from fiscal year 2014; however, there were significant gaps in the mileage shown, indicating the vehicles were frequently driven without a form being completed. Additionally, Northwest staff use fuel cards, which should require individual PIN numbers to track employees' fuel purchases, but employees routinely share a single PIN, eliminating the internal control and an audit trail.

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.

The Council has not performed an appraisal of the current or prior Executive Director as required by state law and Northwest's bylaws.

The prior Executive Director was hired in 2005,³ and the current Executive Director was hired in April 2013. Northwest was unable to provide a completed performance appraisal conducted by the Council for either Executive Director.

Northwest has not conducted annual performance appraisals as required by its policy.

While Northwest has a policy stating employee appraisals should be performed annually, the most recent appraisals provided to the audit team were from 2003 and 2004.

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.

In limited instances, Council meetings did not comply with the state open meetings law.

The audit team reviewed a sample of meetings from fiscal years 2013 and 2014. The team identified three instances in which the meeting notice was not posted in sufficient time and one instance in which meeting minutes were not completed and available to the public by the next meeting.

In limited instances, the Council acted in conflict with its bylaws.

The audit team identified four instances in which the Northwest Council did not follow requirements in its bylaws regarding meeting quorums, advance notification to its members, and interest on late local government dues. For example, the Council did not have the requisite number of members present when it amended its bylaws to add an ethics policy or when it appointed a new Executive Director.

³ The prior Executive Director was originally hired by the Coosa Valley RDC and retained his position when Coosa Valley merged with the North Georgia RDC in 2009.

Financial Reporting

Accurate and timely financial reporting promotes accountability and transparency in government entities and is required by RC contracts with DCA, DHS, and other entities.

In the four years since it was created, Northwest has not submitted its audited financial statements by the statutorily required deadline and has had repeated audit findings.

O.C.G.A. 50-8-38(c)(1) requires the RC to submit its audited financial statements within six months of the end of its fiscal year, and contracts with DCA and DHS require compliance with this statute in order to receive funding. Northwest has not submitted its audit within six months for fiscal years 2010 through 2013. While the Department of Audits granted an extension for fiscal years 2010 and 2011, the 2011 audit was submitted after the extension expired. An extension allowing late submission was not granted for fiscal year 2012 or 2013 because the statute limits the number of extensions to two. (These audits were also submitted after the statutory deadline.) Due to continued late submissions, Northwest will not receive an extension for its fiscal year 2014 audit.

In addition to not issuing timely audited financial statements, Northwest has had audit findings each year since its creation in fiscal year 2010. Northwest had findings each year related to the maintenance of the general ledger, the reconciliation of grant submissions to the general ledger, and segregation of duties. In fiscal year 2013, a finding regarding reconciliation of wage reporting was added. In 2013, Northwest resolved two findings related to budget preparation and reconciliation of bank statements from previous audits.

Recommendations

1. Northwest should ensure the accuracy of information submitted to DCA regarding employee business disclosures by developing appropriate policy and procedures.
2. Northwest should develop internal controls that ensure proper supervisory review of debit card expenditures and provide for segregation of duties.
3. Northwest should set a fund balance target.
4. Northwest should create a formally adopted travel policy that is disseminated to all employees. The travel policies and procedures should provide sufficient guidance and controls to ensure cost-effective travel.
5. The Executive Director should be reimbursed for actual travel expenses according to Northwest's travel policy. The reasoning for and requirements of any travel allowance or vehicle usage should be formally documented in Northwest policies.
6. The Council should review and approve the Executive Director's travel.
7. Northwest should ensure that adequate internal controls are in place regarding usage of vehicles and fuel cards.
8. The Council should appraise its Executive Director annually, in accordance with state law and Northwest's bylaws.
9. Northwest should appraise its employees annually as required by Northwest policy.

10. Northwest should ensure that it complies with the state open meetings law and its own bylaws.
11. Northwest should submit its audited financial statements by the statutory deadline and ensure that audit findings have been resolved.

Northwest Response:

1. “An NWGRC Policy will advise all employees of the Disclosure of Employee Business Transactions Report and require employee signatures on an acknowledgement form. This policy will be implemented in January of each year, and a letter of disclosure will be provided to DCA and the NWGRC Council prior to January 31, as required by Georgia Law.”
2. “The NWGRC has drafted and implemented a new debit card policy, which clearly segregates the duties associated with the use of debit cards. Management will continue to evaluate job duties and responsibilities in an effort to mitigate the risk of errors and omissions. No personal expenditures will be allowed. The policy will include a reconciliation of expenditures.”
3. “Management has discussed fund balance targets with the NWGRC Personnel and Financial Management Committee, NWGRC Council and other Regional Commissions of like size and will make a recommendation to its Council.”
4. “The NWGRC will follow a Travel Policy adopted by the Council in 2004, until such time as the GARC develops and recommends a uniform Travel Policy for all Regional Commissions.”
5. “The NWGRC will adopt a fleet management policy that will govern the use of all NWGRC vehicles and use of Government Fuel Cards.”
6. “Effective July 1, 2014, the NWGRC Chairperson will approve the Executive Director’s travel reimbursement requests and NWGRC pay card expenditures.”
7. “The NWGRC will adopt a fleet management policy that will govern the use of all NWGRC vehicles and use of Government Fuel Cards.”
8. “In accordance with State Law and NWGRC By-Laws, NWGRC will evaluate its Executive Director annually, during the month of April.”
9. “In accordance with NWGRC Policies, NWGRC will evaluate its staff annually, during the month of June.”
10. “The NWGRC will abide by all aspects of the Georgia Open Meetings Act and the NWGRC ByLaws. Appropriate amendments to the NWGRC By-Laws are being proposed.”
11. “The NWGRC has implemented internal controls and procedures to ensure that all audit findings will be resolved, as well as facilitate the timely submission of its audited financial statements. Management will continue to evaluate policies and procedures to ensure that job duties are performed in the most efficient and effective manner.”

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 assessment 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.

Plan implementation assessment meetings were held with selected local governments, but documentation was not sufficient to determine whether all requirements were met.

The local governments interviewed recalled meeting with Northwest staff and confirmed the time frame reported to DCA. However, a list of meeting attendees provided by Northwest did not include all elected officials and local government staff required by DCA. Northwest could not provide additional documentation of meeting invitations, topics, or minutes.

Northwest is not meeting DCA's recommendations for communicating planning deadlines to local governments.

DCA recommends notifications begin 12 to 18 months prior to a planning deadline to prevent QLG loss. The majority of local government interviewees reported initial notifications of planning deadlines six to nine months in advance. The documentation Northwest provided for two of the selected five governments showed communication began approximately six months prior to the deadline. Northwest was unable to provide documentation of deadline communication for the remaining three local governments selected.

During fiscal year 2013, of the 25 local governments in the Northwest region that were scheduled to submit a short term work program (STWP), 21 (84%) lost their QLG status due to late submissions. The length of the loss of QLG status ranged from one day to more than nine months, with 12 (57%) governments regaining QLG status within two weeks. During a file review of selected local governments, the audit team identified two instances in which Northwest staff attempted to contact the local government but did not receive a response. In both instances, the local government submitted its STWP late and subsequently lost QLG status.

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. 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.

Planning staff information reported to DCA was verified as accurate, with two exceptions.

One employee was reported as full time, although records indicated he was a part-time employee during fiscal year 2013. Additionally, Northwest could not provide documentation for 170 of 320 (53%) training hours reported to DCA. Northwest planning staff agreed the reported training hours were incorrect.

Recommendations

1. Northwest should improve its documentation of plan implementation assessment meetings to show compliance with its DCA contract.
2. Northwest should meet DCA's recommended time frame for notifying local governments of planning responsibilities and deadlines and improve documentation of their notification efforts.
3. Northwest should improve documentation of and accurately report planning staff information and training hours to DCA.

Northwest Response:

Northwest agreed to comply with the DOAA recommendations for planning activities and stated, "We know of no instance of a local government in our region being denied a state grant, permit, or loan based upon not having a state-approved and locally adopted comprehensive plan."

1. *Northwest indicated that it has developed standard documentation for plan implementation assessment meetings to ensure that contract requirements are met and are adequately documented.*
2. *Northwest indicated that it will regularly communicate local planning deadlines to member governments using a standard DCA email notice.*
3. *"We will improve documentation of, and accurately report, planning staff information and training hours to the Georgia Department of Community Affairs."*

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.

Northwest did not complete DHS' required programmatic monitoring for subcontractors during fiscal year 2013.

Three out of Northwest's 14 subcontractors did not receive on-site monitoring for fiscal year 2013. In addition, of the 11 subcontractors that did receive on-site monitoring, seven subcontractor sites (one provider may have multiple sites) were not visited by Northwest staff until the following fiscal year.

Northwest did not accurately report deficiencies to DHS and subcontractors that were identified during on-site monitoring of subcontractors.

The monitoring log submitted by Northwest to DHS Aging did not accurately report findings at six subcontractor locations. Additionally, findings at two of the six locations were not reported in the letter communicating the monitoring results to the subcontractor as required by DHS.

Northwest did not report a company that prepares meals as a subcontractor to DHS.

Northwest listed itself as the provider and requested approximately \$1.5 million in reimbursement from DHS for congregate and home delivered meals. Northwest then paid the subcontractor using these funds. However, the company should have been reported to DHS as a subcontractor, which would subject it to unit cost reimbursement, monitoring visits, and other contract provisions. This company was one of the three subcontractors discussed above that did not receive on-site monitoring from Northwest staff for fiscal year 2013.

Northwest did not perform quarterly reviews of subcontractors as required by DHS regulations.

Northwest staff could not provide any documentation of quarterly desk reviews, and staff stated that none were completed in fiscal year 2013.

Northwest does not monitor transportation provided by its Aging subcontractors as required by DHS regulations.

DHS Aging requires monitoring of any transportation not provided through the DHS Coordinated Transportation program.⁴ One Northwest subcontractor provides transportation services to Aging clients outside of the DHS Coordinated Transportation program, but Northwest did not monitor these services in fiscal year 2013.

The Northwest Aging program is currently under sanctions from DHS, due to inaccurate and untimely reporting.

Inaccurate reporting to DHS Division of Aging began in February 2012, leading to the imposition of sanctions. Due to continued problems, the sanctions were increased from level one to level two (out of four, with increasing severity) in April 2013. These sanctions designate Northwest as a high-risk contractor, which prevents the RC from receiving discretionary funding from DHS, subjects it to additional monitoring, and requires a corrective action plan. Despite the reporting issues, and the lack of written policies and procedures that Northwest cited as an underlying cause, the RC took 21 months to officially adopt the internal control policies required by its corrective action plan. Additionally, the audit team discovered two previously unidentified expenses totaling \$25,453 during fiscal year 2013 that were reported incorrectly to DHS. The DHS Division of Aging has indicated that the sanction level could increase based on the findings noted in this report.

Recommendations

1. Northwest should ensure that required annual monitoring of subcontractors is completed by the end of the fiscal year.
2. Northwest should accurately report monitoring visits to both the subcontractors and DHS Aging.
3. Northwest should report all providers as subcontractors to DHS Aging.
4. Northwest should perform and document required quarterly reviews of its subcontractors.

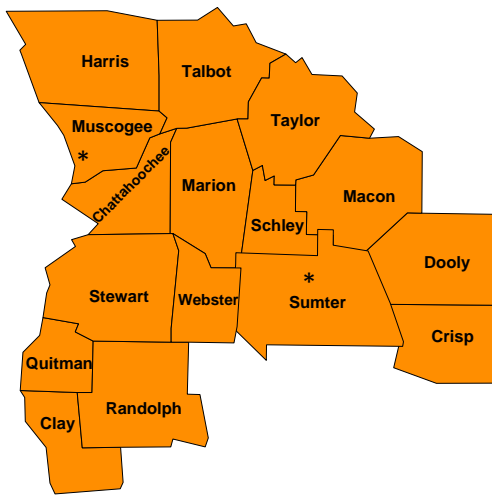
⁴ Transportation services provided through the DHS Coordinated Transportation program are monitored by the regional contractor for the DHS Coordinated Transportation program.

5. Northwest should monitor transportation subcontractors that are not monitored through the DHS Transportation program.
6. Northwest should take action to address all issues that have led to sanctions from DHS.

Northwest Response:

1. Northwest indicated that it had assigned a staff member “to oversee the monitoring process to ensure all monitoring is completed by the end of the fiscal year.”
2. Northwest indicated that it “will:
 - a. Report to the subcontractor the results of the monitoring review. For any findings, the subcontractor must submit a corrective action plan ... within 30 days. A follow-up visit will be scheduled to ensure corrections have been made.
 - b. Complete the [DHS Division of Aging] Programmatic Monitoring Log, listing findings, corrective actions, scheduled follow-up visits and submit bi-annually to the Division of Aging, as required.”
3. “All providers have been listed as subcontractors in [the DHS] Aging Information Management System.”
4. “Beginning in September, 2014, [Northwest] will resume performing quarterly reviews on each subcontractor.”
5. “At present, one subcontractor provides transportation in their agency-owned vehicle. [Northwest Aging] staff will monitor the vehicle, using DHS transportation monitoring tools.”
6. Northwest indicated that it “has assigned a fiscal officer to work with [Northwest Aging] programmatic staff and [DHS] Division of Aging fiscal staff to ensure all financial requirements and reporting are met.” In addition, Northwest Aging staff attend, and give updates at, Northwest Council meetings. After each Council meeting, the Northwest Aging Committee meets with Northwest Aging staff.

Agreed-Upon Procedures River Valley Regional Commission



Office locations*	Columbus and Americus
2012 Region population (est.)	378,061
Fiscal year 2013 expenditures	\$8,014,032
Approximate square mileage	5,221
Number of local governments	51

<u>RC Scorecard Area Ranks¹</u>	
Financial	6
Customer	4
Learning and Growth	2
Internal business process	5
¹ Ranks are out of 12	

Summary

The audit team identified few issues at the River Valley Regional Commission (River Valley) related to administration, although one instance of noncompliance with state law was identified. Additionally, River Valley complied with most of the requirements we reviewed in its contracts with DCA Coordinated Planning, DHS Aging, and DHS Coordinated Transportation. We did note potential improvements.

River Valley Response:

River Valley indicated overall agreement with our findings and recommendations. River Valley 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 to facilitate efficient and effective operations.

River Valley did not comply with state law that prohibits employee business transactions with the RC. River Valley does not currently have a written policy regarding this prohibition or employee disclosures of business 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 policies and procedures in place to ensure employee compliance with disclosure requirements. While a procedure is in place for employees to disclose business transactions with local governments, River Valley’s policy manual does not detail the requirements of the state law to employees.

In addition, state law prohibits employees and their immediate family members from conducting business with the RC. During calendar year 2012, River Valley paid an employee's spouse \$5,498 for work performed for its Aging Department. The transaction was in violation of state law and was incorrectly disclosed to DCA as a business transaction with a local government although it was actually a business transaction with the RC.

River Valley 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 the RC's fund balance, and according to staff, River Valley has not established any requirements for its fund balance.

Travel

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

River Valley has sufficient travel policies and reimbursement processes.

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

The Executive Director's travel expenses are not reviewed by the Council.

The Executive Director's travel expenses are reviewed and approved by the Finance Director, a subordinate employee. Travel expenses should be reviewed by a superior who is able to determine the appropriateness and reasonableness of expenses.

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 on the Executive Director.

The Council conducted the performance appraisals in May 2012 and 2013. The Executive Committee conducts the performance appraisal, and the full Council then approves it.

Selected staff received annual performance appraisals.

The team reviewed the personnel files of nine employees, and all files contained annual performance appraisals, in compliance with RC-set policy.

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 abided by the state's open meetings law and the RC's bylaws for selected meetings.

The audit team reviewed a sample of meetings from fiscal years 2013 and 2014 for sufficient advance notice of the meeting and reviewed meeting documentation to

ensure compliance with state law and River Valley's bylaws. The team did not identify any compliance issues.

Recommendations

1. To comply with state law, River Valley should not conduct business with employees or their immediate family members. Additionally, River Valley 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. River Valley should set a fund balance target.
3. The Council should review and approve the Executive Director's travel.

River Valley Response:

1. River Valley "will amend its Personnel Policies and Procedures Manual to explain employee disclosures of doing business with local governments and the prohibition of employees and their immediate family members from conducting business with the RC. The language for each of these policies will be drafted and placed on the October 22, 2014 Council agenda for adoption."
2. The River Valley Executive Committee considered and rejected a minimum fund balance policy in February 2013. River Valley contended that fund balance requirements "would apply only to the unrestricted fund balances in the General Fund and Internal Service Funds. Operating revenues in these funds come primarily from Local Government Dues and from charges for services to local governments, revenues that typically and historically do not fluctuate much and have little risk of shortfall in any given year."
3. "In April, 2014 the RVRC Executive Committee voted to require the Council Chairman ... to approve the Executive Director's travel reimbursements. These approvals were implemented at the beginning of fiscal year 2015."

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 assessment 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.

River Valley planning staff provided sufficient notification of planning responsibilities and deadlines to the local governments reviewed.

DCA recommends notifications begin 12 to 18 months prior to a planning deadline to prevent QLG loss. Initial notification typically began 16-20 months prior to the deadline for the local governments reviewed. In addition, all seven local governments with a short term work program due during fiscal year 2013 submitted the plan on time, and none lost their QLG status.

Plan implementation assessment meetings were held with the selected local governments, in compliance with the contract with DCA.

River Valley staff invited the key elected leaders and local government planning staff required by DCA. Planning staff documented the meetings through email invitations, sign-in sheets, prepared agendas, and meeting notes. The local governments we interviewed all recalled a plan implementation assessment meeting.

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. 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.

Generally, planning staff information reported to DCA was verified as accurate, with three exceptions.

The FTE count for River Valley's planning staff was slightly over reported to DCA. Also, one employee was reported as having a Master's in Planning but actually holds a Master's in Geography. For training, the audit team was unable to verify 166 of 425 (39%) reported training hours. Staff stated that employee travel time had been included in the hours reported, and no documentation was kept for some training.

Recommendations

River Valley should accurately report planning staff information and training hours to DCA. River Valley should improve documentation of the training received by its planning employees and exclude travel time from the hours reported.

River Valley Response:

River Valley indicated it will require a copy of each employee's diploma for the personnel file. Also, River Valley stated that it will maintain appropriate training documentation in a central file, showing the number of hours attended, minus the travel time.

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.

All of the selected subcontractors' sites received on-site monitoring, but River Valley did not complete the required monitoring by the end of fiscal year 2013. The audit team reviewed 24 monitoring forms for on-site visits, and three (12.5%) of the visits occurred in fiscal year 2014.

The forms used to document on-site visits for congregate meals and senior centers do not include all items included in the DHS forms.

For example, River Valley's monitoring forms do not require staff to check for a posted complaint procedure or site cleanliness.

Completed monitoring forms did not have adequate documentation that the required procedures had been performed.

Monitoring documentation did not always indicate the information reviewed or the results of the review. For example, the question "Are meal carriers cleaned and sanitized daily and what is the procedure used?" is answered with "Yes". There is no description of the procedure or how staff monitored and determined it to be sufficient. Additionally, some questions were answered with "Statement on file" and did not indicate whether the staff reviewed the statement or whether it was determined to be sufficient.

River Valley does not document quarterly reviews of subcontractors or provide written feedback to subcontractors as required by DHS regulations.

River Valley could not provide documentation of quarterly reviews for the selected subcontractors in fiscal year 2013. According to staff, verbal feedback is provided to subcontractors, and the forms are then destroyed.

Recommendations

1. River Valley should ensure all required monitoring is completed by the end of the fiscal year.
2. River Valley should revise its forms to ensure all necessary areas are included and increase its documentation of monitoring activities.
3. River Valley should document its quarterly reviews of subcontractors and provide specific, written feedback as required by DHS regulations.

River Valley Response:

1. "Monitoring will be scheduled earlier in the fiscal year to ensure all providers are monitored within the fiscal year requirement."
2. "All forms have been reviewed and assembled to be in compliance with DHS forms. Documentation training is in place on all levels of AAA activities and services with special emphasis on monitoring."
3. "Quarterly reviews are now documented and completed timely with all subcontractors."

Transportation

Findings

Subcontractor Monitoring

The contract between DHS Coordinated Transportation and the RC requires that the RC conduct monitoring of both vehicles and drivers. At least annually, RC staff should review vehicle maintenance records, daily driver logs, and driver files. 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.

River Valley was unable to provide documentation of follow-up for issues noted during vehicle inspections.

River Valley provided evidence that vehicles had been inspected in fiscal year 2013 but was unable to provide evidence that identified issues were fully addressed. One vehicle was deemed unsafe during the annual inspection, and other vehicles' forms noted mechanical issues. Subsequent to our visit, staff contacted the subcontractor, who indicated the issues had been resolved.

River Valley staff was unable to provide follow-up documentation with the selected subcontractor regarding driver-related issues.

During our review of fiscal year 2013 records, we noted instances in which required documentation was missing from drivers' files. River Valley transportation staff could not provide additional documentation of how these issues were addressed or related communications with the subcontractor.

River Valley staff was unable to provide documentation of the monitoring of daily vehicle logs completed by drivers or preventative maintenance records.

Staff indicated the files are reviewed during onsite visits, but there was no documentation to show the monitoring occurred in fiscal year 2013.

Not all drivers for the selected subcontractor underwent national criminal background checks as required by DHS regulations.

Some drivers working for the selected subcontractor in fiscal year 2013 received an in-state criminal background check instead of a national one.

Recommendations

1. River Valley should increase documentation of its coordinated transportation monitoring activities. Staff should document any follow-up regarding vehicle or driver issues, as well as the resolution of these issues.
2. River Valley should ensure all drivers receive a national criminal background check as required by DHS regulations.

River Valley Response:

River Valley noted that fiscal year 2013 was its first year administering the DHS Coordinated Transportation Services contract. "While RVRC staff may not have fully documented the administrative activities enumerated in the draft audit report, staff did provide evidence with compliance with the spirit of the contract, such that neither safety nor qualities of services were compromised. Procedures sufficient to document compliance with all contractual responsibilities have since been implemented."

1. *“Documentation practices and overall processes have been increasing and improving since contract award in FY13. Staff will document follow-up and resolution of vehicle and driver issues and attach to the original inspection form.”*
2. *River Valley “will ensure all subcontractors’ drivers receive a national criminal background check per DHS regulations.”*

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 2013, 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 41. 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 2012 statements were used. For all other RCs, fiscal year 2013 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 689 local governments in the state, the audit team distributed a survey to the 679 for which we were able to obtain valid email addresses. We received responses from 322 (47%), with regional response rates varying from 33% for Coastal RC to 56% for Heart of Georgia Altamaha 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.

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.

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 9 through 37 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

Measure	Methodology	Source	Time Period
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 2013 ¹
Ratio of fund balance to expenditures	Divide fund balance by total expenditures	Audited financial statements	Fiscal year 2013 ¹
Ratio of assets to liabilities	Divide total assets by total liabilities	Audited financial statements	Fiscal year 2013 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 2013 ¹
Customer			
Satisfaction with planning services	Average survey responses for planning services section	DOAA-conducted survey of local governments	Spring 2014
Satisfaction with intergovernmental coordination	Average survey responses for intergovernmental coordination section	DOAA-conducted survey of local governments	Spring 2014
Satisfaction with staff	Average survey responses for staff section	DOAA-conducted survey of local governments	Spring 2014
Overall satisfaction	Average survey responses for overall satisfaction section	DOAA-conducted survey of local governments	Spring 2014
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 2013
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 2013
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 2013
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 2013
Percent of planning staff with Master's 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 2013 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 2012 and 2013 ³
Contract performance errors	Count number of errors (missed deadlines, incomplete submissions, etc.) identified by DCA	DCA	July to December 2013 ⁴
Success stories generated (Not included in this year's report) ⁵	Count number of local and regional "success stories" submitted by the RC and approved by DCA for inclusion on DCA's website	DCA	N/A
Percent of local governments with a planning excellence designation	Divide the number of local governments in the region with a WaterFirst or PlanFirst ⁶ designation by the total number of local governments	DCA	End of fiscal year 2013
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 2013
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 2013
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 2013
Results of Aging satisfaction surveys	Determine the percent of satisfied respondents from the DHS Aging surveys	DHS	Fiscal years 2012 and 2013 ⁷
Cost per trip - Transportation	Divide the number of trips provided by the RC by dollars spent on DHS Transportation	DHS	Fiscal year 2013
Results of Transportation satisfaction surveys	Determine the percent of satisfied respondents from the DHS Transportation surveys	DHS	Fiscal year 2013
¹ Atlanta Regional Commission operates on a calendar year instead of the state's fiscal year, so its 2012 statements were used. ² DCA began tracking local plan implementation in January 2013, so calendar year 2013 data was used. ³ Two years of data were used to increase the measure's validity by increasing the population size. ⁴ DCA began tracking contract performance errors in July 2013, so data from the first half of fiscal year 2014 was used. ⁵ Due to changes in the collection of this data, the measure was not included in this year's Scorecard. It will be included in 2015. ⁶ Currently includes only WaterFirst designations. Initial PlanFirst designations will be awarded in summer 2014. ⁷ The measure includes biannual surveys that were conducted in 2012. Source: DOAA, DCA, and DHS			

Appendix B: State Funds Provided to Georgia's Regional Commissions, FY 2013¹

Regional Commission	DCA	DHS Aging Services ²	DHS Coordinated Transportation	DNR Historic Preservation	Total
Atlanta	\$235,000	\$6,545,946	\$0	\$0	\$6,780,946
Central Savannah River Area	\$190,098	\$2,093,894	\$240,238	\$1,636	\$2,525,866
Coastal	\$209,746	\$2,041,070	\$189,976	\$1,636	\$2,442,428
Georgia Mountains	\$224,003	\$0	\$0	\$1,636	\$225,639
Heart of Georgia Altamaha	\$187,827	\$1,760,740	\$241,072	\$1,636	\$2,191,275
Middle Georgia	\$182,411	\$1,954,470	\$120,870	\$1,636	\$2,259,387
Northeast Georgia	\$207,587	\$1,712,879	\$388,783	\$1,636	\$2,310,885
Northwest Georgia	\$235,000	\$2,892,942	\$0	\$1,636	\$3,129,578
River Valley	\$194,595	\$1,436,340	\$217,985	\$1,636	\$1,850,556
Southern Georgia	\$216,697	\$2,230,075	\$32,478	\$1,636	\$2,480,886
Southwest Georgia	\$176,918	\$0	\$802,693	\$1,636	\$981,247
Three Rivers	<u>\$175,366</u>	<u>\$1,664,732</u>	<u>\$713,915</u>	<u>\$1,636</u>	<u>\$2,555,649</u>
Total	\$2,435,248	\$24,333,088	\$2,948,010	\$17,996	\$29,734,342

¹ Does not include federal pass-through funding.

² Due to payment schedules, DHS Aging Services' totals include the final FY 2012 payment but exclude the final FY 2013 payment.

Source: Fiscal information and contracts from DCA, DHS, and the Department of Natural Resources

Appendix C: Survey Response Rates

Regional Commission	Governments Responding	Total Local Governments	Response Rate
Atlanta	32	75	42.7%
Central Savannah River Area	22	52	42.3%
Coastal	15	45	33.3%
Georgia Mountains	25	51	49.0%
Heart of Georgia Altamaha	45	80	56.3%
Middle Georgia	13	32	40.6%
Northeast Georgia	36	65	55.4%
Northwest Georgia	24	64	37.5%
River Valley	27	51	52.9%
Southern Georgia	24	62	38.7%
Southwest Georgia	31	59	52.5%
Three Rivers	<u>28</u>	<u>53</u>	<u>52.8%</u>
Statewide	322	689	46.7%

Source: DOAA survey results

Appendix D: Regional Commission Scorecard Results – Values

		Performance													
		High											Low		
		1	2	3	4	5	6	7	8	9	10	11	12		
		Mean	Atlanta	CSRA	Coastal	Georgia Mountains	HOG	Altamaha	Middle Georgia	Northeast Georgia	Northwest Georgia	River Valley	Southern Georgia	Southwest Georgia	Three Rivers
FINANCIAL	Ratio of local government revenue to total revenue ¹	0.040	0.003	0.036	0.001	0.027	0.117	0.086	0.015	0.011	0.047	0.107	0.027	0.005	
	Ratio of fund balance to expenditures	0.148	0.101	0.239	0.085	0.230	0.057	0.160	0.480	0.097	0.068	0.157	0.003	0.093	
	Ratio of assets to liabilities	2.759	1.354	2.284	1.960	8.312	1.916	4.204	1.503	1.975	2.219	3.346	2.032	2.007	
	Ratio of cash and investments to short-term liabilities	0.468	0.461	0.457	0.116	1.940	0.091	0.571	0.344	0.343	0.134	0.590	0.141	0.426	
CUSTOMER	Satisfaction with planning services	4.40	4.40	4.47	4.06	3.96	4.55	4.81	4.40	4.39	4.52	4.74	4.36	4.09	
	Satisfaction with intergovernmental coordination	4.30	4.27	4.45	3.78	3.82	4.50	4.94	4.30	4.38	4.29	4.65	4.24	4.01	
	Satisfaction with staff	4.62	4.73	4.69	4.20	4.19	4.72	4.95	4.51	4.65	4.78	4.89	4.73	4.38	
	Overall satisfaction	4.47	4.45	4.52	4.00	4.03	4.61	4.99	4.41	4.53	4.60	4.80	4.54	4.19	
LEARNING AND GROWTH	Planning employees per 100,000 population	1.28	0.05	1.02	0.45	0.77	1.98	1.03	1.38	1.11	2.19	1.93	2.24	1.22	
	Average years of planning staff experience	12.54	10.91	11.60	9.63	11.60	18.83	9.50	8.00	18.50	12.56	16.63	10.00	12.67	
	Average hours of training provided to RC planning staff	18.81	16.73	28.80	29.56	24.40	11.67	21.88	7.88	15.00	30.56	19.25	10.00	10.00	
	Percent of planning staff with AICP certification	19.1%	54.5%	20.0%	0.0%	20.0%	0.0%	25.0%	37.5%	0.0%	22.2%	37.5%	12.5%	0.0%	
	Percent of planning staff with Master's degree in planning	25.3%	54.5%	60.0%	0.0%	20.0%	0.0%	25.0%	50.0%	0.0%	11.1%	37.5%	12.5%	33.3%	
INTERNAL BUSINESS PROCESS	Local plan implementation rate ²	47.8%	54.8%	42.9%	47.3%	47.8%	27.1%	N/A	55.0%	45.1%	44.4%	54.7%	50.9%	55.4%	
	First time approval of RC-prepared plans ³	80.1%	N / A	88.9%	N / A	100.0%	100.0%	85.4%	66.7%	94.1%	66.7%	57.1%	64.3%	77.8%	
	Contract performance errors	3.25	8	0	11	1	6	5	2	2	1	1	1	1	
	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 QLG	88.0%	93.3%	98.1%	75.6%	90.2%	96.3%	97.0%	76.9%	82.8%	100.0%	98.4%	75.9%	71.7%	
	Number of units served per dollar - Aging ⁴	0.083	0.066	0.096	0.093	N / A	0.078	0.077	0.084	0.070	0.091	0.086	N / A	0.094	
	Number of clients served per dollar - Aging ¹	0.002	0.003	0.002	0.002	N / A	0.002	0.002	0.003	0.002	0.002	0.001	N / A	0.002	
	Results of Aging satisfaction surveys	85.2%	86.0%	85.6%	86.4%	N / A	83.9%	81.7%	89.0%	87.6%	80.5%	88.2%	N / A	83.2%	
	Cost per trip - Transportation ⁵	\$11.90	N / A	\$13.93	\$12.42	N / A	\$11.99	\$16.20	\$13.42	N / A	\$6.04	\$11.72	\$9.88	\$11.48	
	Results of Transportation satisfaction surveys	93.0%	N / A	95.9%	91.9%	N / A	94.7%	90.3%	94.8%	N / A	89.4%	99.9%	91.0%	89.3%	

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

² No local government in Middle Georgia's region submitted a short term work program update during the applicable time frame.

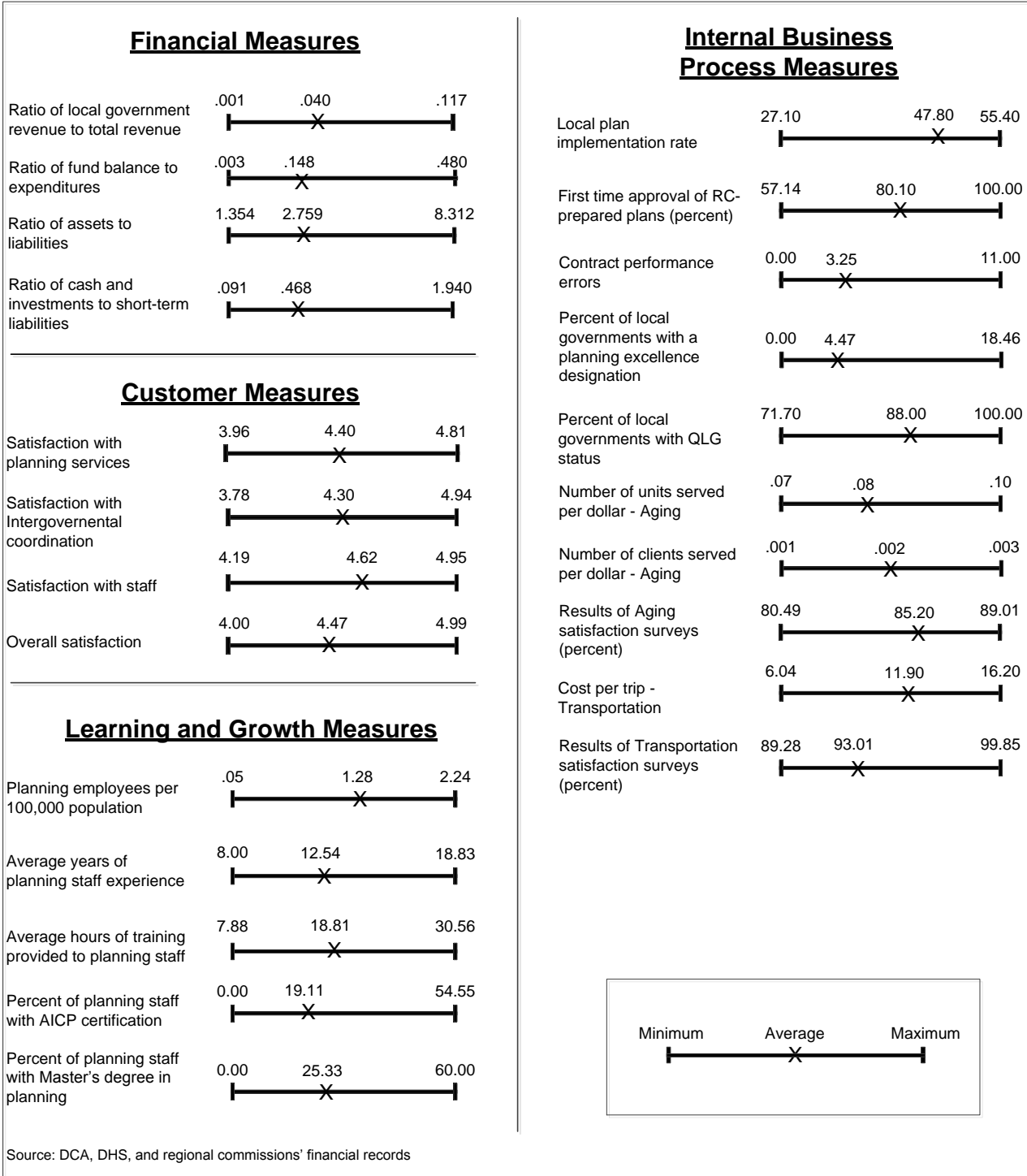
³ Atlanta prepared one plan and Coastal did not prepare any plans during the applicable time frame. Therefore, they were excluded from this measure.

⁴ The Georgia Mountains and Southwest Georgia Regional Commissions did not administer DHS Aging services in FY 2013.

⁵ The Atlanta, Georgia Mountains, and Northwest Georgia Regional Commissions did not administer DHS Coordinated Transportation services in FY 2013.

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

Appendix E: 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)657-5220 or visit our website at www.audits.ga.gov.