

DEKALB COUNTY, GEORGIA



Office of the Interim Chief Executive Officer

AUDIT REPORT

J. L. Clark
Contracting and Employment Review

PREPARED BY
FINANCE- INTERNAL AUDIT DIVISION

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TRANSMITTAL MEMORANDUM

DATE: December 23, 2015
TO: Zachary Williams, Chief Operating Officer/Executive Assistant
FROM: Cornelia Louis, Deputy Director of Finance-Division of Internal Audit
SUBJECT: Contracting and Employment Review
RE: Jeremy L. Clark

Attached is the report of Jeremy L. Clark – Contracting and Employment Review, which you requested. The issues raised in the report were discussed with you during the Exit Conference on December 23, 2015.

As is customary with our audit work, we do not include the auditee's comments in our report.

However, you may consider sending your comments or response directly to Gwen Brown-Patterson, Interim Chief Financial Officer/Finance Director.

We appreciate the cooperation and assistance we received from Office of the Interim Chief Executive Office and the Public Works Department personnel during the course of this review. If you have any questions about the audit or this report, please feel free to contact me at 404-371-2639.

Sincerely,

Cornelia Louis

cc: Appendix C

CL/LMC

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EXECUTIVE SUMMARY

Background

Jeremy L. Clark (from here on referred as Clark) contracted with the DeKalb County (from here on referred as County) as a *Project Management Consultant* from February 1, 2014 to February 1, 2015, as per unsigned copy of statement of work/contract. His primary responsibilities were to provide consultation in support of the County's Youth Outreach Community Initiative¹, including assisting in the development of various youth programs and events, specifically helping to bring communications/media attention, entertainment, and community/celebrity partners. The County paid a total of \$24,500² to Clark during the contract period. The contract effectively ended when the last payment was disbursed in August 2014.

On September 22, 2014, Clark commenced employment with the County as a *Special Projects Coordinator*. His employment was designated as a Time-Limited Appointment (see appendix B for a definition) under the County's Administrative Policies and Procedures, Department of Human Resources.

During January 2015, the County became aware that Clark was the subject of a pending federal investigation into allegations of bribery during the time he served as a member of the DeKalb County Zoning Board of Appeals. Because of these allegations and the ongoing investigation, Clark's employment with the County was terminated on January 16, 2015. The County paid a total of \$16,327 in salaries to Mr. Clark between September 2014 and January 2015.

On February 10, 2015, the United States Grand Jury in Atlanta, Georgia indicted Clark on federal bribery charges. As a former contractor and employee of DeKalb County Government, the negative implications about the character and integrity of Clark could have a significant negative impact on the public's trust and perception of the County.

Given the significance of public trust and integrity to the mission and operation of the DeKalb County Government, the Office of the Interim Chief Executive Officer (OICEO) requested that Division of Internal Audit (DIA) conduct a review of the activities and processes surrounding the contracting and subsequent employment of Clark.

Objective and Approach

The primary purpose of this report is to identify opportunities to continue to strengthen the consistency and effectiveness of processes pertaining to contracting and employment.

The scope and focus of the review was to evaluate the processes and activities specifically pertaining to contracting with and employment of Clark by the County. This review was **not** intended to evaluate and provide assurance on these processes in general. However, the opportunities for improvement identified in this report can be applied to the strengthening of the overall control environment and related controls and processes.

¹ Unsigned Statement of Work retained on personnel file.

² Oracle iExpenses and paid invoices/ checks

Our methodology included consideration of County policies and procedures and relevant better practices including the principles of the Committee of Sponsoring Organizations (COSO) Internal Control Framework, specifically the main component – the Control Environment. The Control Environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control (see diagram below), providing discipline and structure. Control environment factors include the integrity, ethical values and competence of the entity's people; management's philosophy and operating style (Tone at the Top); the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors.³ See Appendix B for more details on the Internal Control Framework.

Internal Control Framework



Please see Appendix A for further details on our engagement scope and approach.

Summary of Observations/Conclusion

In general, internal controls and procedures exist to support effective employment and procurement processes. We found that staff/managers are generally aware of the proper hiring and procurement policies. However, we identified opportunities to strengthen some elements of the Control Environment, specifically Senior Management's Philosophy, and Operating Style/Tone at the Top, which resulted in observed instances of non-compliance/circumvention of County policies and procedures relating to contracting and subsequent employment of Clark by the County.

³ Committee of Sponsoring Organizations

The following are some key opportunities identified for improvement:

1. Strengthening the “Control Environment” to ensure consistent compliance and effectiveness of internal controls/processes around contracting and employment
2. Ensuring that the contract bidding process is objective and unbiased
3. Ensuring procurement of services is supported by a signed documented purchase order/contract prior to receipt of service
4. Strengthening the verification of work performed (by vendor or employee) prior to approving payments
5. Strengthening the alignment of expenses with the user department that incurred expense
6. Conducting regular contract performance evaluations to ensure that value for money is received
7. Ensuring that hiring activities are consistent with County hiring policies to ensure a fair and unbiased selection
8. Ensuring that Time Limited Appointments are not used to circumvent the Purchasing Policy and Procedures
9. Ensuring disclosure all potential Conflicts of Interest, by contractor or employee, that may result in a perception of bias and impaired judgement

A summary of all observations and recommendations is outlined on pages 7 - 18.

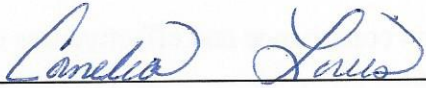
Overall Recommendation and Next Steps

The OICEO should continue to work with department heads/senior management across the County to explore strategies to enhance the control environment/tone at the top. Some strategies may include, senior management ensuring that their communications/directions to staff are consistent with establish policy and procedures and holding members of the senior management team accountable, if their actions and direction to staff is not consistent with the desired tone of the organization. Particular consideration should be given to the opportunities noted in this report to help ensure consistency / effectiveness of established policies and procedures.

Summary Management Response

The OICEO agrees with the DIA’s observations and will continue to work with County Departments and other key stakeholders to address the opportunities identified in this report.

Approvals:



Cornelia Louis
Deputy Director of Finance
Division of Internal Audit
Department of Finance
DeKalb County, Georgia

SUMMARY OF OBSERVATIONS

Based on the documents reviewed and discussions with key stakeholders, opportunities for improvement are outlined below.

1. Strengthening the “Control Environment” to ensure consistent compliance and effectiveness of internal controls/processes around contracting and employment

COSO states that the Control Environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The board of directors (in our case, Board of Commissioners) and senior management establish the tone at the top regarding the importance of internal control including expected standards of conduct. Management reinforces expectations at the various levels of the organization. The resulting control environment has a pervasive impact on the effectiveness of the overall system of internal control.⁴

We identified opportunities to strengthen the control environment/tone at the top as instances were noted where County personnel/management were encouraged by senior management not to comply with elements of established County policies in the procurement and subsequent employment of Clark. In most cases, County staff/management were aware of the applicable policies and procedures, but was directed/encouraged to circumvent them.

The control environment is the most important component of the internal control framework and has a pervasive impact on the overall system of controls and processes in any organization. Without a strong Control Environment where senior management encourages compliance with and accountability for established policies and procedures, the established policies and procedures become less effective as employees may be less diligent and effective in achieving specific control objectives.

Recommendations:

Senior management should continue to consider the significant importance and pervasive impact of the “tone at the top” on the overall system of internal control within the County operations and should:

- R1.** Continue to work together to deliver a consistent positive message to staff and lower management on the importance of adhering to establish policies in achieving organizational objectives.
- R2.** Continue to hold senior managers accountable where their operating philosophy and style is inconsistent with that of the desired tone at the top. (*Also see R4.*)

⁴ [COSO Internal Control – Integrated framework.](#)

2. Ensuring that the Contract bidding process is objective and unbiased

Better practices in the procurement process indicate that the process must appear and in fact be fair, objective, and unbiased. Prospective bidders should have an equal opportunity for bidding on contracts. This is to support public trust in the integrity of the process but also ensure value for money and that the vendor best suited for the service is awarded the contract.

Based on review of documentation received and discussions with the Purchasing and Contracting Department personnel, the following sequence of events and discrepancies were identified:

- Based on documents reviewed, Clark's previous business relationship with County senior management is dated back to 2010; and previously, he worked with the County on various initiatives and activities.
- The former County Chief of Staff initially requested that a professional services agreement be established for Clark. However, based on the estimated dollar amount (greater than \$25,000) the Purchasing and Contracting Department suggested that a Request for Quote (RFQ) be issued to obtain the required five written quotes.
- A request for quotations (RFQ # 14-700050) was issued March 11 2014 for "Project Management Services for DeKalb County's Youth Outreach Community Initiative." Potential vendors submitted questions about the RFQ, including questions about the proposed scope of the work. The former Chief of Staff did not provide answers to the questions. Consequently, on March 14, 2014, the Purchasing and Contracting Department personnel issued a notice of cancellation to all prospective bidders informing them of the RFQ cancellation.
- The RFQ # 14-700050 was subsequently reissued in July 2014 at the request of the former Chief of Staff. Potential bidders again raised the previous questions. No answers were provided for the questions, so the Purchasing and Contracting department personnel issued another notice of cancellation on July 23, 2014. The County received five (5) vendor quotes in July 2014. Clark did not submit a quote for RFQ # 14-700050 to the County.
- Moreover, we reviewed documentation, January 2014 Progress Report emailed/copied to the former Chief of Staff, from an Office of Youth Services Manager indicating a meeting with Jerry Clark was either held or planned, to discuss partnership with Jerry Clark Foundation and V103 to host the Youth Violence & Social Media Teen Summit. This summit was a key deliverable of the County's Youth Outreach Community Initiative. This January progress report was prepared and presented before a contract with Clark and before the RFQ 14-700050 was issued in March 2014.
- Clark was subsequently awarded a contract⁵ as the Project Management Consultant for the County Youth Outreach Community Initiative, with the contract start date of February 1, 2014. That is **before** the County issued RFQ 14-700050 for the same service. Clark also submitted invoices (#1939 & #1938) in March and April 2014 for services completed in February and March 2014, respectively. Both invoices referenced the cancelled RFQ 14-700050. In addition, based on discussions with the Purchasing and Contracting Department, the department was not provided with the any documentation, relating to the contract with Clark, as required by the purchasing policy.

⁵ As per unsigned Statement of Work on Clarks County personnel file.

Considering all the factors noted above, there may be a perception that RFQ 14-700050, its subsequent cancellation and non-competitive contract award to Clark was a biased process, with Clark appearing to have an unfair advantage. As a result, other potentially more suited vendors may have been excluded from the process. This may also exhibit a public perception of corrupt influence or contract steering by the County's former Chief of Staff.

Recommendations:

- R3.** Department heads should send copies of all documentation relating to contracts/agreements of less than \$25,000, including documentation relating to telephone quotes, as required by the Purchasing Policy. This will help facilitate oversight by the Purchasing and Contracting Department, which may result in the prevention or detection of questionable contracts. (*Also see recommendation R10 below.*)
- R4.** To address the root cause and mitigate the risk of internal control circumvention, County department heads should be held accountable (including disciplinary actions) for deviating from established policy and procedures. Senior Management must continue to work together with County department heads to create and foster a culture of integrity and ethical behavior where negative behavior, responsibilities, and consequences are clearly defined in County's administrative policies.

3. Ensuring procurement of services is supported by a signed documented purchase order/contract prior to receipt of service

An unsigned statement of work, detailing deliverables, timelines, compensation, rights and obligation, etc., was included in Clark's personnel file maintained by the Human Resources Department. The Purchasing and Contracting department indicated they were not provided with a copy of Clark's contract/statement of work as required by the purchasing policy. The statement of work indicated that the County contracted with Clark as a Project Management Consultant for the period, February 1, 2014 to February 1, 2015. The contract price was quoted as \$4,000 per month, a total of \$48,000. However, a total of \$24,500 was paid to Clark, with the contract effectively ending with final payment in August 2014. The \$24,500 paid was just below the \$25,000 threshold for competitive procurement (when at least five written quotes are required). Based on discussions and emails reviewed, the Assistant Public Works Director (APWD) authorized the creation of purchase orders to facilitate the invoice payments. Most of the paid invoices reviewed had the signature/approval of the former Chief of Staff.

The DeKalb County Purchasing policy Part III, Section VI gives user departments authority to handle informal purchases less than \$25,000. Three (3) telephone quotes are required for purchases greater than \$5,000 but less than \$25,000. Purchases estimated to be greater than \$25,000 should be completed by the Purchasing Department and require at least five (5) written quotes. Part 6, Section IV of Purchasing Policy also states that procurement should be supported by a purchase order/contract, approved by the Department Director, detailing the exact products or services to be rendered including such information as contract price, descriptions, payment terms, quantities, date of performance and all other conditions and obligations. In addition, the purchasing policy requires that all contract related documentation, including quotes received and the contract, shall be forwarded to the Purchasing and Contracting Department annually before January 10 for each prior calendar year. However, we noted the following:

- There is no documented evidence that five (5) written quotes for service were obtained, given that the planned/initial contract price exceeded \$25,000. Alternatively, there was also no documented evidence of the three telephone quotes required, given that actual contract expense was less than \$25,000.
- The statement of work noted on Clark's personnel file was **not** signed or dated and had no indication that it was, reviewed and approved by Clark or the County (including the County Law Department) prior to the start of service.
- The Purchasing and Contracting Department was not provided documentation relating to the County contract with Clark.
- Typically, a purchase order is created prior to commencement of service. The purchase order/contract typically outlines the total contract price from which future payments are credited. Based on review of Oracle expenditures and paid invoices, at least six (6) different purchase orders were created to facilitate the processing of contract payments to Clark **after** service was received and invoiced by Clark.
- In addition, based on discussions and documents reviewed, the staff was directed by APWD to create the purchase orders to expedite payments to Clark. We reviewed an email dated March 25, 2014, which was sent by the Deputy Chief Operating Officer for Infrastructure to the Chief Operating Officer, indicating that the setup of a purchase order to render payment to Clark for a March invoice was being "taken care of" by the APWD. The APWD then in turn sent an email to his staff directing them to create the purchase order to facilitate payment. The email chain indicates that the direction to circumvent established purchasing policies originated from senior management.

Not establishing a signed and approved contract/purchase order **prior** to start of service may result in a lack of clarity around roles, responsibilities, deliverables, scope and price and also limits the ability of the County to enforce rights and protect interests of taxpayers.

In addition, not establishing a purchase order **prior** to receipt of service, which sets the total contract ceiling price, may make it difficult to determine and account for the contract allowable costs upfront and determine the appropriate procurement method (e.g. competitive vs non-competitive procurement, written or telephone quotes). This may further result in a public perception risk of bias, as other potential contractors may not have been given the opportunity to compete for the contract.

Recommendations:

- R5.** The Purchasing and Contracting Department should consider modifying the policy to define the type of services that are considered professional services. For example, all services that are consulting in nature should be considered professional services. All such professional services, irrespective of dollar value, should have a written contract outlining key information, such as scope of work, deliverables, timelines, success/performance measures, price and other rights and obligations of both parties, etc.
- R6.** User department heads should work with the Purchasing and Contracting department in drafting contracts. This will help ensure that minimum required clauses are included in the agreement to help protect the County's interest, for example declaration of potential conflicts

of interest, dispute resolution process, performance evaluation process, and penalties for non-performance or substandard work.

- R7.** User department heads should also ensure that all contracts/statement of works for goods/services, less than \$25,000, should be signed and appropriately approved by the department head and the vendor, **prior** to the commencement of work.
- R8.** The total purchase price should also be approved by the department head and clearly stated in purchase orders and/or contracts **prior** to the commencement of work.
- R9.** User department heads should ensure that the correct method of procurement (based on total approved purchase price) is used and all requirements, such as three telephone quotes or procurement by Purchasing and Contracting Department, are met.
- R10.** Currently, user departments are required by the Purchasing Policy to forward to the Purchasing and Contracting Department copies of all contract related documents (contracts valued less than \$25,000), including signed/ approved contracts and documented telephone quotes received, annually before January 10 for each prior calendar year.
- Purchasing and Contracting Department should consider revising the policy to require documents to be forwarded within a reasonable time after contract approval, and **prior** to contract start date. This would facilitate timelier oversight by the Purchasing and Contracting Department.
 - Purchasing and Contracting Department should consider enforcing compliance by requiring receipt of contract documents **before** purchase orders are approved or created for payment.
- R11.** The Purchasing and Contracting Department should continue to conduct reviews of user department procurements under \$25,000, to ensure that all required documentation was received and appropriately authorized. This will help identify questionable contracts and opportunities to improve guidance and support to user departments.

4. Strengthening the verification process prior to approving payments

Better business practices require that prior to the approval of payments (e.g. contract payments or salaries) the approver should first verify that there is sufficient evidence of receipt of the product or service (including attendance as an employee). Some examples of possible evidence include, documented receipt of vendor or employee deliverables, and direct observation of service/goods received, which is consistent with vendor invoice or hours reported by employee.

a) As a contractor

Based on our review, Clark was paid over \$24,500 during the contract. The APWD who authorized the creation of purchase orders and approved payment of invoices stated that he did not verify/review the work completed by Clark before approving payments. The APWD stated that he had very little knowledge of the extent or nature of the work claimed to have been completed by Clark. He also stated his superior, Deputy Chief Operating Officer (DCOO) for Infrastructure, directed him to approve the invoices for payment. At least two invoices submitted, via email, by Clark for payment were addressed to the DCOO for Infrastructure.

b) As an employee

After the contract ended, Clark was employed with the County on September 22, 2014 as a Special Projects Coordinator, a time-limited position with an end date stated on his hiring documents⁶ as December 31, 2015. Clark's employment with the County was however, terminated on January 16, 2015. He was paid a total salary of \$16,327 during his employment with the County. The Human Resource Recruitment Software (NEOGOV) profile states that Clark's position would report to the DCOO - Infrastructure Administration and lists the hiring/authorizing manager as Assistant Director of Administration-Watershed Management. Documents and emails reviewed, indicated that as an employee Clark assisted mainly with the "Rolling Forward to One" recycling campaign for the Public Works-Sanitation Division. Also, he assisted in securing some media personalities for the "DeKalb County Interim CEO's Black Tie Holiday Scholarship Ball," held in December 2014, by arranging VIP guest transportation for the ball, and assisted in coordinating a radio interview for the Interim CEO.

All of the 17 weekly timesheets submitted by Clark, to report his time worked as an employee, lists the DCOO for Infrastructure as his supervisor. Clark sent 15 out of the 17 timesheets by email, for approval/sign-off, to the same manager, APWD, who approved most of Clarks' previous contract payments. Of the two remaining timesheets, one (for the first week of employment) was submitted by email directly to the payroll clerks for processing and copied the DCOO of Infrastructure for approval. The second timesheet (for the second week of employment) was submitted to the APWD on October 6, 2014 and then again to the former Chief of Staff on October 17, 2014 for final approval. Clark also either emailed or copied the Payroll Clerk on all 17 submissions. In addition, all but eight timesheets submitted for payroll processing had the signature of an approver. However, the Payroll Clerks processed all 17 timesheets for payment.

Similar to when Clark was contracted as a consultant, the APWD stated that he did not verify the hours of attendance and other information recorded on the timesheets submitted by Clark, prior to approval. Additionally, he stated that he was not aware of the full scope of the work performed by Clark, as Clark did not report to him and he was not responsible for supervising the work completed by Clark. He also confirmed that approval without verification was not the correct procedure, but stated that his superior, DCOO for Infrastructure, directed him to approve Clark's timesheets when he was not available.

During his period of employment, Clark assisted the Public Works Department, Sanitation Division's with the "Rolling Forward to One" campaign by securing a producer to produce the campaign's theme music and promoting the campaign. A Sanitation Division manager, who had direct knowledge of Clark's work, during January 2015, was not required to approve Clark's timesheets for accuracy. Furthermore, that manager was also unsure of Clark's full attendance as she only met with him occasionally, as needed, to discuss status updates/ideas relating to the campaign. Although Clark was assigned a County email address and phone number, the manager mentioned an effective method to contact Clark was through his personal email and/or cellphone.

In addition, a review of Clark's security access card (# 232-60249) logs indicated that there was no recorded card activity on 43 working days⁷ for the period September 22, 2014 to January 16, 2015. However, based on documents reviewed, as of September 30, 2014, Clark had not yet received a security access card as the card processing system was down. The first recorded use of the access

⁶ Personnel Action form – HR processing form

⁷ excludes paid holidays and weekends

card was on October 2, 2014. Hence, from October 2, 2014 to January 16, 2015 there were 35 working days where Clark's access card logs showed no activity. All 35 days were recorded and approved as "in attendance" (regular time, 001) in the County's timekeeping software, KRONOS. Clark was paid for all 35 days. Furthermore, on the days that showed card activity, the initial use of the Clarks' access card was sometimes up to three hours later than the "start" time recorded on his timesheets. No evidence exists to support any off site work as an employee.

Not verifying work performed/hours attended prior to approval of payments may result in payment for services not received or hours the employee was not in attendance.

Recommendation:

- R12.** Managers should ensure that before approval of all payments for contractor invoices or employee timesheets, sufficient evidence is obtained and reviewed to support rendered service or employee attendance.

5. Strengthening the alignment of expenses with the user department that incurred expense

Generally Accepted Accounting Principles require that direct costs, costs that can clearly be traced to a specific activity, should be aligned with user departments/cost centers responsible for generating the costs. However, we noted instances where contract payments and subsequently salary payments were been charged to departments/divisions that did not receive services from Clark at the time.

- As a contractor, payments to Clark were expensed to the Public Works – Sanitation's Division cost center⁸, while he was performing work for the Department of Recreation, Parks and Cultural Affairs, Office of Youth Services. There was no evidence that he did work directly or indirectly for the Sanitation Division.
- Similarly as an employee, Clark was officially assigned to a position in the Watershed Management Department (based on employment records) and paid from Watershed Management Department's budget. Nonetheless, during his tenure as an employee, Clark worked primarily with the Public Works - Sanitation Division. There was no documented evidence that Clark did any work directly for Watershed Management Department.

Both the Sanitation Division and the Office of Youth Services were divisions under the operational umbrella of "Infrastructure" during the contract period. Based on discussions with the APWD, it was the operating philosophy/direction of the former DCOO for Infrastructure to consider all divisions/departments under "Infrastructure" as one operational unit with shared resources. As a result, it was a common practice for costs relating to one department/division under the Infrastructure hierarchy to be paid from the budget of a different division/department within Infrastructure.

The APWD stated that cost sharing is no longer practiced and acknowledged that this was not a proper accounting practice. The Division of Internal Audit will evaluate this in future reviews.

⁸ Based on information from the County's financial records systems, Oracle.

Recommendations:

- R13.** The department heads and the OICEO should continue to work together to develop countywide operational administrative polices and guidelines that, for example, outline minimum financial administrative procedures that are consistent with generally accepted accounting principles. Requiring proper divisional cost allocation to the cost center responsible for generating the cost, aids in capturing actual cost center expenditures.
- R14.** Senior Management/department heads should not approve purchase orders for work that was not performed within/for their cost center/department.
- R15.** To address the root cause and mitigate the risk of circumvention of controls, senior management should be held accountable (including disciplinary actions) for deviating from established procedures and encouraging staff to comply with procedures.

6. Conducting regular contract performance evaluations to ensure that value for money is received

The Director of Purchasing and Contracting Department has established vendor performance evaluation/rating procedures. The “Rating Form for Contractors, Providers and LSBEs” form should be filled out by user departments to document the evaluation of vendor performance and value for money received, it would also indicate if all agreed upon deliverables were received in a timely manner.”

The Office of Youth Services Manager stated that, as a contractor, Clark did assist with the development of various Youth Outreach Community Initiative programs and events such as 2014 Youth Violence & Social Media Teen Summit and 2014 DeKalb Alliance on Youth Partnership Luncheon. He specifically coordinated in bringing communications/media attention, entertainment, and community/celebrity partners. The Office of Youth Services Manager also mentioned that she was directed to work with Clark by the former Chief of Staff and was not aware of the full terms of County’s contract with Clark, including his full scope of work, deliverables, and success measures, outlined in the statement of work.

No performance measurement/evaluation was completed on Clarks’ work to determine value for money. The Office of Youth Services Manager stated that she had no knowledge of the performance evaluation requirement and she was not instructed to evaluate the performance of Clark.

In addition, there was no documented evidence of receipt of some key deliverables stated in the statement of work, such as the development of “Comprehensive activation plan which includes detailed tactics, measurable benchmarks and time lines...” was created by the County. The Office of Youth Services Manager again stated she was “not provided with any instructions by former Chief of Staff to have Clark provide any direct reports/communications regarding the work being done outside of emails and printed work.”

Without regular contract performance evaluation and penalties for poor performance, it is difficult to assess the quality of services received and enforce rights for poor performance.

Recommendations:

- R16.** User department should be required in the Purchasing Policy to complete the Purchasing and Contracting Department’s “Rating Form for Contractors, Providers and LSBEs” to help identify and document good or poor performing vendors, value for money received and timely receipt of all deliverables. Department heads should also be required to forward all completed performance evaluations to the Purchasing and Contracting Department in a timely manner.
- R17.** The Purchasing and Contracting Department should maintain completed performance ratings/evaluations in a vendor database and make available to user departments to mitigate the risk of contracting with a provider who has performed poorly in the past.

7. Ensuring that hiring activities are consistent with County hiring policies to ensure a fair and unbiased selection

Clark started employment with the County as a Senior Project Consultant, a Time-Limited Appointment”, on September 22, 2014 with expiration date of December 31, 2015. It is not a requirement to publicly advertise or announce time-limited positions. Appointees must meet the minimum qualifications of the classification.

The minimum qualifications for the Senior Project Consultant (Position code: 5854) include a Bachelor’s degree and three years of relevant experience. It also states a combination of training and experience may be considered. Clark does not possess a Bachelor’s Degree; however, there were no documentation/details in Clark’s personnel file outlining the combination of training and experience taken into consideration when selecting Clark for the position. Documented justification is not a stated requirement of the Administrative Policies & Procedures, Human Resources Department.

Recommendation:

- R18.** The Director of the Human Resource Department, Merit System should consider documenting the combination of training and experience considered when selecting candidates for a position. Documenting the factors considered when hiring an employee is a better practice that reduces the risk of perceived bias in the hiring process.

8. Ensuring that use of Time-Limited Appointments is not used to circumvent the Purchasing Policy and Procedures

Section VI (Part B) of the Purchasing Policy states that purchases may not be artificially divided, as to constitute an informal purchase, thereby circumventing the dollar limit requirement for competitive bids/proposals.

Clark’s previous contract ended when payments reached a total of \$24,500 just below \$25,000. Purchases of \$25,000 and over require a minimum of five (5) written quotations.¹⁰ As the initial contract ended, the APWD stated that an additional separate contract was considered but was not

⁹ Administrative Policies & Procedures, Department of Human Resources, page III - 3

¹⁰ Policy Section Part III, VI (F).

executed. One month later, in September 2014, Clark was hired as a Time-Limited Appointment employee with an expiration date of December 31, 2015, similar to the time limited nature of a contract. Despite the expiration date, Clark's employment was terminated on January 16, 2015 because of his federal indictment.

Though the projects Clark worked on as an employee and contractor were different, the roles and responsibilities were similar in many respects; as both as a contractor and employee Clark was the lead consultant on special projects, and his key responsibilities included leveraging his connections to secure music, film, and entertainment personalities to help produce and promote the project.

As a contractor, he provided consultation and help organized and secure media personalities for the various youth outreach events. As an employee, he was responsible for providing consultation on the "Rolling Forward to One" recycling campaign of the Sanitation Division and securing media personalities to help promote the campaign. For example, he sourced the celebrity hip-hop artist, *Bone Crusher*, who collaborated with the winning County employee to create the jingle and obtaining the producer who produced the soundtrack for jingle.

While Clark's work as a contractor and employee were different capacities, given the similarities between the main roles and responsibilities, a reasonable thinking third party may conclude that the subsequent employment in a time-limited position was an attempt to circumvent the Purchasing Policy requirements where procurement equals or exceeds \$25,000.

Recommendations:

- R19.** The Purchasing and Contracting and the Human Resources Departments should consider working together to evaluate and identify circumstances where Time-Limited Appointments are not appropriate and should not be used in lieu of a procurement of contract for services under the Purchasing Policy.
- R20.** The Purchasing and Contracting and the Human Resources Departments should then consider providing clear guidelines in the Purchasing Policy and the Human Resources Administrative Policies and Procedures on when it is most appropriate to use a Time-Limited Appointment versus a contract.
- R21.** Human Resources Department should also implement procedures for tracking/monitoring employees that are on time-limited appointments to ensure adherence to term expiration dates.

9. Ensuring disclosure all potential conflicts of interest, by contractor or employee, that may result in a perception of bias and impaired judgement

As an Contractor

The DeKalb County Ethics code strictly prohibits members of the governing authority, including appointees to County boards, from doing business with DeKalb County.

Also, though not stated in the Purchasing Policy, the Purchasing and Contracting Department's new supplier registration form¹¹ (page 6) requires suppliers of goods or services to disclose any potential

¹¹ <http://www.dekalbcountyga.gov/purchasing/pdf/form16.pdf>

conflict of interest including disclosing individuals with current or former membership on the DeKalb boards and with more than 5% interest in the contracted business. Clark did not disclose any potential conflict of interest when he completed the County's new supplier registration form.

However, based on review of paid invoices and meeting attendance logs, there was evidence that Clark participated in Zoning Board of Appeals meetings as a decision making member in the first quarter of 2014, while he contracted with the County as a Project Management Consultant. Clark was recorded as "present" for a March 12, 2014 meeting, at which he made motions to approve a few zoning board requests. He also received total stipend/payments of \$225 for attending the 2014 first quarter meetings. Clark submitted, by email, his formal resignation from the Zoning Board of Appeals on March 28, 2014.

In addition, as of July 2014, during his period under contract, records show that Clark was also a member of the Youth Council of the DeKalb Workforce Investment Board.

Clark's participation on the Zoning Board of Appeals along with his membership on the Youth Council of the DeKalb Workforce Investment Board creates a potential conflict of interest that may have impaired his judgement in the execution of his duties as member of the boards and/or as a contractor with the County.

As an Employee

On December 14, 2014, DeKalb County Interim CEO Lee May and the "We Need 2 Read Foundation" hosted its Black Tie Holiday Scholarship Ball. This event was a fundraiser to provide scholarships to deserving DeKalb County high school seniors. We reviewed a signed contract, valued at \$30,000, between a professional singer (to perform at the event) and "We Need 2 read, Inc." c/o Greg Street (the purchaser). The contract expenses were paid from event ticket sales and donations to the foundation. Regardless, we noted that the contact email for the purchaser was listed as jerry@jerryclarkfoundation.com, which is owned by Clark and the contract was signed and initialed by Jeremy Clark on November 12, 2014. We also noted that the former Chief of Staff acknowledged receipt of the signed contract.

Clark maybe in violation of the following Conflict of Interest requirements stated in Section 20-20 (a) of the DeKalb County Code of Ordinances:

"No employee covered by the provision of this chapter shall:

- (1) Engage in any business or transaction or have a financial interest or other personal interest, direct or indirect, which is incompatible with the proper discharge of official duties or which would tend to impair independence of judgment or action in the performance of official duties; or...
- (4) Participate in the negotiation or the making of any contract with any business or entity in which the employee has a financial interest."

We reviewed "We Need 2 Read, Inc." company registration documents¹², Clark was not listed as owner/officer of the company, and it is unclear if Clark had any direct/indirect financial interest. However, Clark was an employee of the County when he signed off on the professional singer

¹² [We Need 2 Read, Inc. company annual return](#)

contract for a County related event, which creates a perception of a conflict of interest. This potential conflict of interest could have impaired his independence of judgment or action in the performance of his official duties as Special Projects Coordinator, which included assisting with planning and securing services for the event.

Recommendations:

- R22.** The Purchasing and Contracting Department should consider working with the Clerk of the Board of Commissioners Office to verify conflict of interest attestations, made by new suppliers on registration form, against the current and former DeKalb board membership listings. The Purchasing and Contracting Department could also consider conducting a scan of publicly available information on the internet such as social media (e.g. LinkedIn), and business registration search via Georgia Secretary of State website, to help identify any potential conflicts of interest and help protect of the rights of the County.
- R23.** Where County officials become aware of any employee or vendor's potential conflict of interest, appropriate actions should be taken to investigate the conflict. If the conflict is valid, the vendor should be denied a contract with the County or the contract should be terminated, if already signed. If the contract relates to an employee, the affected employee should be prohibited from participating in any contract negotiations or consider disciplinary actions if the conflict was not disclosed in a timely manner by employee.
- R24.** The Purchasing and Contracting Department should also consider requiring vendors to disclose, in a timely manner, any potential conflicts of interest that may arise after initial supplier registration.
- R25.** The Human Resources Department should require at least an annual attestation of potential conflict of interest by employees.

Appendix A – ENGAGEMENT Objectives and Scope

Engagement Objectives

- To evaluate the processes and activities specifically pertaining to contracting with and employment of Clark by the County and;
- To identify opportunities to continue to strengthen the consistency and effectiveness of County contracting and employment processes.

Engagement Scope and Approach

The scope and focus of the review was to evaluate the process and activities specifically around the contracting and hiring of Jeremy Clark by the DeKalb County Government. The review was not intended to give assurance on these processes in general.

Our methodology included consideration of County policies and procedures and relevant better practices including the principles of the Control Environment Framework. The Control Environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values, and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors.¹³

¹³ Committee of Sponsoring Organizations

APPENDIX B – DEFINITIONS AND ABBREVIATIONS

Acronyms and Abbreviation

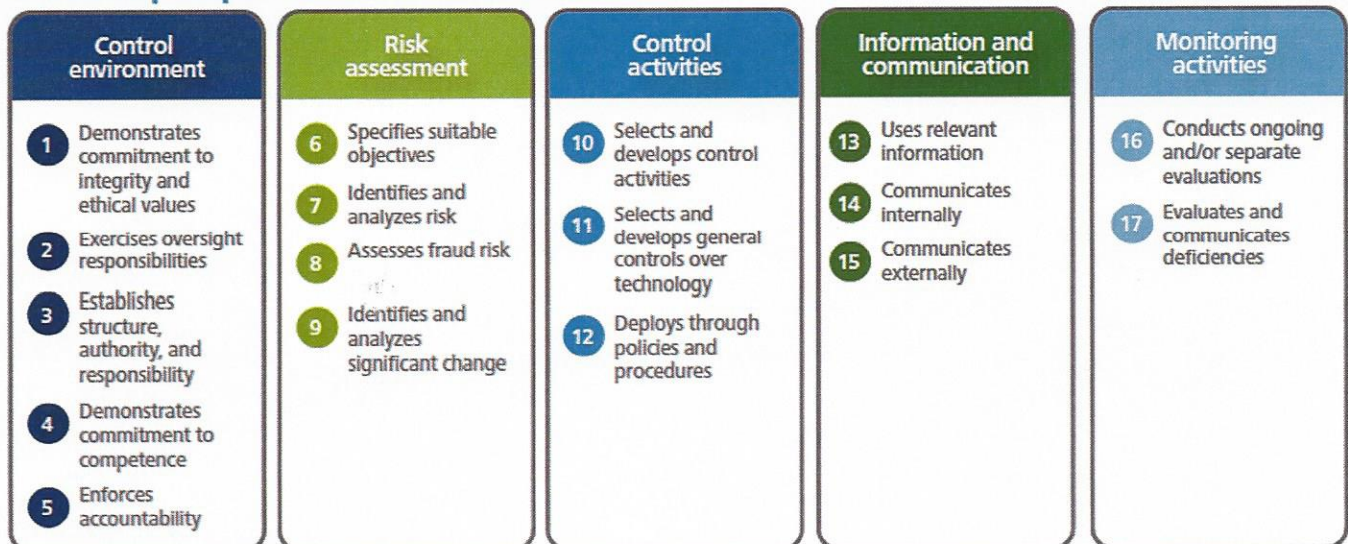
APWD	Assistant Public Works Director
COSO	Committee of Sponsoring Organizations
DCOO	Deputy Chief Operating Officer
DIA	Division of Internal Audit
LSBE	Local Small Business Enterprise
RFQ	Request for Quote
OICEO	Office of the Interim Chief Executive Officer

Key Definitions

Control Environment

The control environment, is one key component of the internal control framework, it is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal control including expected standards of conduct. Management reinforces expectations at the various levels of the organization. The control environment comprises the integrity and ethical values of the organization; the parameters enabling the board of directors to carry out its governance oversight responsibilities; the organizational structure and assignment of authority and responsibility; the process for attracting, developing, and retaining competent individuals; and the rigor around performance measures, incentives, and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of internal control.¹⁴

COSO's 17 principles of internal control – summarized



Source: Audit Committee Brief, March 2014. Deloitte Development Corporation. All rights reserved.

¹⁴ [COSO Internal Control – Integrated framework.](#)

Committee of Sponsoring Organizations

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a joint initiative of the five private sector organizations (The Institute of Internal Auditors, Financial Executives International, American Institute of Certified Public Accountants and American Accounting Association and the Association of Accountants and Financial Professionals in Business) is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence.

Internal control

Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

KRONOS

County time tracking software

NEOGOV

Job applicant tracking, onboarding software

Time Limited Appointment

Appointing authorities may make time limited appointments to either regular-status positions or to positions specifically created for programs or projects of limited duration. Time-limited positions must have a specific beginning and expiration date. Although time limited appointments are not permanent in nature, they are usually expected to last for twelve months or longer.¹⁵

¹⁵ Administrative Policies and Procedures, Department of Human Resources

APPENDIX C – DISTRIBUTION LIST

This report has been distributed to the following individuals:

DeKalb County Board of Commissioners

Lee May, Interim Chief Executive Officer

Zachary L. Williams, Chief Operating Officer/ Executive Assistant

Gwendolyn Brown-Patterson, Interim Chief Financial Officer/Finance Director

Talisa R. Clark, Interim Chief Procurement Officer Purchasing & Contracting

Charles Mason, Assistant Public Works Director

Benita C. Ransom, Director of Human Resources

Claudette Leak, Assistant to COO