



Government Operations

Contains Recommendations*

Human Resources Administration

Secretary of State Grant Administration

State Purchasing – Competitive Bidding

Customer Service

Monitoring of Prepaid Cards at DHS and GDOL

Contains No Recommendations

State Health Benefit Plan

Federally Funded Positions

*Until the follow-up review is completed, the recommendation status is based on the most recent agency update to DOAA. The status is subject to change.



Performance Audit Division

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Human Resources Administration

Requested Information on Selected Human Resources Functions

BACKGROUND

The House Appropriations Committee asked that we review the Department of Administrative Services Human Resources Administration's (HRA) centralized and decentralized functions. Based on the request, we evaluated the efficacy and value of services related to hiring practices, market salary information, employment trends, and training. We also sought to determine whether there were duplicative functions within state agencies and whether any services offer savings through economies of scale.

Established in fiscal year 2013, HRA supports executive branch state employers across Georgia, while also serving state entities within the legislative and judicial branches. HRA's mission is to provide agencies the resources and tools they need to attract, develop, and retain a high-performing workforce.

HRA is responsible for administering the flexible benefits program, drafting and disseminating State Personnel Board rules and interpreting policy, establishing and maintaining state job classifications, tracking employment trends, providing a performance management tool, and administering Georgia's State Charitable Contributions Program.

KEY RECOMMENDATIONS

HRA should:

- Explore shared contracts and services for functions related to recruiting, market salary, and training that could result in improved coordination between state agencies and costs savings.
- Track detailed workforce metrics to prepare for the impact of generational challenges and the future of the state enterprise.

The General Assembly should consider:

- Requiring state agencies to post jobs on Team Georgia Careers or eliminating the statutory requirement for a central registry of employment vacancies.
- Clarifying HRA's responsibility for maintaining Independent Pay Plans.

KEY FINDINGS

HRA provides all required services, as well as additional services that are significantly more limited than what the state previously provided agencies through the State Personnel Administration (SPA). Georgia's decentralized approach to human resources creates flexibility for individual agencies. However, there are fewer opportunities to address human resources at the statewide level.

HRA provides all required services and limited additional services to address enterprise needs.

- To comply with its statutory requirements, HRA provides services in areas such as job posting, training, flexible benefits, and job classifications.
- HRA also provides limited services, upon agency request, to meet its statutory requirement to assist agencies in attracting and retaining a qualified workforce. Examples include supervisory training and assistance with recruitment and hiring practices. HRA's staff size limits availability of these services.

The current decentralized human resources model provides flexibility but limits HRA's ability to provide extensive consolidated services.

- Under the state's decentralized model, agencies can control hiring, establish their own recruiting programs, and determine how to best meet their identified training needs, which agencies generally consider to be beneficial. For example, while most state agencies post jobs to Team Georgia Careers, some post to additional websites to increase visibility among applicants.
- While it would be difficult for HRA to understand and meet every agency's unique human resources needs, the current decentralized approach limits its capacity to provide enterprise-wide services—such as management training—that would benefit all agencies.

Opportunities exist for shared contracts and training resources.

- HRA does not monitor human resources-related contracts procured by individual state agencies, which are often with the same or similar vendors for the same or similar services.
- Information on the type of training procured could help HRA identify opportunities to save costs with shared contracts and determine whether services would be more cost effective if offered in-house.

Opportunities exist to address workforce challenges at an enterprise level.

- Despite the state's decentralized model, some human resources activities would benefit from an enterprise-wide approach. Examples include:
 - Assessments of market salary (including salaries associated with independent pay plans) to ensure the state can sufficiently compete with other public and private sector employers and
 - Assistance with workforce and succession planning, particularly with addressing retention challenges among younger employees.

Human Resources Administration
Follow-Up Review Completed September 2024

Finding 1: Most agencies use Team Georgia Careers to post jobs and track applicants, though some agencies have procured additional tools.	
HRA should work with state agencies to determine what hiring platform needs exist and whether it is more cost-effective to meet these needs through Team Georgia Careers or an external website. This may require a needs assessment process similar to what was used in 2013.	Fully Implemented
HRA should track where job applicants are coming from (e.g., Team Georgia or another job posting site). This information could be useful in determining what job platforms work best to attract applicants in general and for specific job types.	Fully Implemented
If the General Assembly wishes to have complete information for every job in the state, which would include relevant market salary information for independent pay plans, it should consider clarifying HRA's responsibilities in this regard	Not Implemented
Finding 2: Market salary data is available to state agencies, but some procure this information separately.	
HRA should assess agencies' market salary data needs to determine whether modifications to the surveys it purchases annually are necessary to reduce the risk for duplication and/or reduce the need for agencies to procure salary survey data separately.	Fully Implemented
In addition to current methods, HRA should use other channels to communicate the availability and utility of market salary information to agency HR staff, such as through its quarterly newsletters, podcasts, community meetings, and its website.	Fully Implemented
If the General Assembly wishes to have complete information for every job in the state, which would include relevant market salary information for independent pay plans, it should consider clarifying HRA's responsibilities in this regard.	Partially Implemented
Finding 3: HRA provides employment trends through its annual workforce reports.	
HRA should work with state budget offices, legislative staff, and state agencies to ensure all desired information is captured in the Annual Workforce Report or available through another means.	Fully Implemented
Finding 4: HRA provides trainings and consulting support but could improve efficiency of state agency contracts for training and consulting.	
DOAS, through its State Purchasing Division and HRA, should periodically assess state agencies' contracts for management training and human resources consulting to determine common services and vendors and the utility of establishing statewide contracts for these services. <ul style="list-style-type: none"> a. As an alternative, DOAS should determine the feasibility of using its planned cloud-based Enterprise Resource Planning system to track state agencies' contracts for training and human resources consulting. 	Partially Implemented
HRA should leverage information it has on state agencies' training needs and plans—which could be obtained through its audit assessments, surveys, or other means—to encourage agencies to coordinate with HRA and other state agencies when possible prior to contracting for training services.	Partially Implemented



Performance Audit Division

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Secretary of State Grant Administration

Requested Information on Help America Vote Act Funds and Compliance

BACKGROUND

The House Appropriations Committee requested this special examination of Help America Vote Act (HAVA) funds. Based on the request, we determined: (1) how much revenue was available to the state from HAVA grants, state matching funds, and interest; (2) how the state spent these HAVA funds; (3) how much of the revenue from these grants remains; and (4) whether HAVA-related grant funds were spent in accordance with state and federal requirements.

The federal Help America Vote Act of 2002 established grant programs to distribute election funds to states. Since 2018, Congress appropriated election funds for states through three new grant programs: the 2018 Election Security grant, the 2020 Election Security grant, and the 2020 Coronavirus Aid, Relief, and Economic Stability Act (CARES) supplement.

The Office of the Secretary of State (SOS) administers federal election funds awarded to the state. SOS is responsible for determining how to spend grant funds, submitting required federal reports, and ensuring compliance with applicable state and federal laws and regulations regarding the use of these funds. SOS received \$34.8 million from HAVA grants between fiscal years 2018 and 2021.

KEY RECOMMENDATIONS

To implement an adequate system of internal controls related to contracting and procurement, SOS should:

- Participate in and use the statewide p-card program as required and discontinue the use of outside credit cards.
- Avoid transacting business with its employees.
- Become knowledgeable of and implement processes that comply with state procurement policy and federal grant documentation requirements.

KEY FINDINGS

SOS spent HAVA funds on goods and services that were allowed, with few exceptions in the sample we reviewed. However, nearly half of the transactions we examined had at least one non-compliance issue related to state procurement requirements and thus did not meet federal requirements.

SOS spent grant funds for purchases that were generally allowed by the HAVA grants reviewed.

- Between fiscal years 2018 and 2021, SOS received \$34.8 million from Section 251 funds, 2018 and 2020 Election Security grants, and the 2020 CARES Act supplement. SOS also received \$135,513 from interest earned on these funds.
- SOS has spent nearly 90% (\$30.4 million) as of June 30, 2021. Most expenditures were from the 2020 CARES Act supplement and the 2018 Election Security grants. SOS's expenditures were for goods and services generally allowed under the grants. The largest percentage of HAVA expenditures (33% or \$10.1 million) was dedicated to communications and media services.
- Nearly \$7.0 million in HAVA grant revenue, including \$1.9 from carryover, remains as of June 30, 2021—primarily from Title II Funding and 2020 Election Security grants. This revenue will remain available until expended. All revenue available from the 2018 Election Security and the 2020 CARES Act grants has been expended.

Almost half of the grant transactions examined had at least one noncompliance issue related to state purchasing requirements.

- Instead of participating in the state p-card program utilized by approximately 100 other state entities, SOS personnel acquired and routinely used a separate credit card. In addition, SOS had a practice of reimbursing employees for agency business expenses (nontravel) paid with personal credit cards. Unlike the state p-card program, outside credit cards are not subject to the same system of controls used across state government to detect and deter fraud, misuse, and abuse.
- Rather than using the available mandatory statewide contract, SOS independently contracted with vendors for public relations and information technology services without seeking a waiver as required.
- SOS hired its COO/CFO as a contractor to provide consulting services (including services related to the implementation of the new statewide voting system) while they were still an employee, which may not comply with state law. The requirements for competitive bidding and emergency procurements were not followed.

Noncompliance with state purchasing requirements, unsupported costs, and unallocable costs raise questions about federal grant compliance.

- SOS did not provide adequate documentation as required for federal grants for 12% of the transactions in our sample. For most transactions, SOS provided documentation but it did not contain the necessary detail to determine whether the items purchased were consistent with allowed grant uses.

Secretary of State Grant Administration
Follow-Up Review Completed June 2024

Finding 1: Between fiscal years 2018 and 2021, SOS received \$34.5 million from HAVA grants awarded to the state and \$135,513 from interest earned on these funds.	
No recommendations included	
Finding 2: Between fiscal years 2018 and 2021, SOS spent nearly 90% (\$30.4 million) of HAVA grants reviewed. SOS’s expenditures were for goods and services generally allowed under the grants.	
No recommendations included	
Finding 3: Nearly \$6.5 million in HAVA grant revenue remains as of June 30, 2021—primarily from the Title II Funding and the 2020 Election Security grant. This revenue will remain available until expended.	
No recommendations included	
Finding 4: Almost half of the grant transactions examined had at least one noncompliance issue related to state purchasing requirements.	
SOS should discontinue the use of credit cards outside of the state purchasing card program, including the use of: <ul style="list-style-type: none"> a. Personal credit cards for non-travel regular operating expenses for SOS, and b. Agency credit cards from a non-approved financial institution. 	Fully Implemented
SOS should participate in and comply with the statewide purchasing card program as required.	Fully Implemented
SOS should immediately comply with state purchasing requirements, which include but are not limited to: <ul style="list-style-type: none"> a. SOS should request waivers from mandatory statewide contracts as required. b. SOS should use a purchase order for all nonexempt purchases greater than \$2,500. c. SOS should properly identify emergency purchases on the purchase order and complete the emergency justification form to provide SPD written notice and justification as required. 	Fully Implemented
To avoid conflict of interest, SOS should not transact business with its employees.	Fully Implemented
Finding 5: Noncompliance with state purchasing requirements, unsupported costs, and unallocable costs raise questions about federal grant compliance.	
SOS should maintain documentation that describes the goods or services purchased and the reason for the expense.	Fully Implemented
SOS should limit the use of HAVA funds to expenditures that are necessary for the administration of activities funded under the applicable grant.	Fully Implemented
SOS should submit required progress and financial reports for each active grant by the required due date.	Partially Implemented
SOS should record equipment associated with the statewide voting system in the inventory system and conduct an inventory every two years.	Not Implemented



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State Purchasing – Competitive Bidding

Noncompliance was limited, but improvements in purchasing controls were identified

BACKGROUND

The Senate Appropriations Committee requested this special examination of state purchasing and competitive bidding. This special examination focuses specifically on state entities' compliance with competitive bidding thresholds and the controls intended to improve compliance.

The State Purchasing Act governs the purchasing activities of most state entities. Related purchases that exceed \$24,999 are required to be competitively bid unless it qualifies for one of several exemptions from those requirements.

The Department of Administrative Services' (DOAS) oversees the state's procurement functions and performs various monitoring activities to ensure compliance with state law, rules, and regulations. The vast majority of purchases are made without direct DOAS involvement because state entities have been granted their own purchasing authority.

KEY RECOMMENDATIONS

DOAS should:

- Provide clarification on what constitutes a related purchase that would collectively count toward the \$25,000 competitive bidding threshold in the GPM.
- Conduct targeted, periodic audits of purchase types not currently reviewed.
- In consultation with partner agencies, include additional information system controls in the forthcoming NextGen Enterprise Resources Planning system. USG should also ensure these controls are in place across information systems used by its institutions.

State entities should:

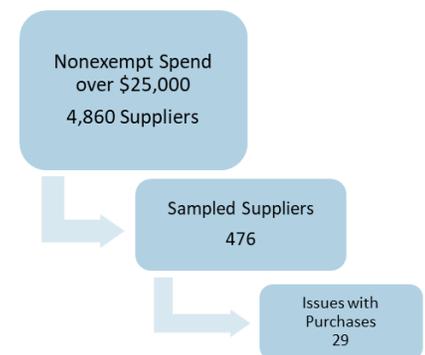
- Have documented procedures or checklists that cover all procurement office responsibilities and conduct periodic formal reviews of recent purchases.

KEY FINDINGS

Our review of a sample of purchases found only a small number did not comply with the competitive bidding requirements found in the State Purchasing Act and Georgia Procurement Manual (GPM). Various statewide and agency controls contribute to compliance; however, we noted potential improvements to DOAS and entity policies and procedures, information systems, and monitoring.

Entities reviewed largely followed competitive bidding requirements

- Our review of purchases from a sample of suppliers across four state agencies and two universities found few instances of noncompliance with state competitive bidding requirements. We reviewed purchases made from nearly 500 suppliers paid more than \$24,999 in a fiscal year and identified issues with 29 purchases (or combination of purchases).



- The most common issue—not grouping related purchases into a competitive solicitation—occurred in 20 instances. We also identified three instances where entity officials did not follow the purchasing request process. In addition, a large procurement did not follow required DOAS-approved solicitation procedures, including posting the solicitation on the Georgia Procurement Registry.

State policies are documented, but state entities lacked formal procedures in some cases

- DOAS has documented state policies related to competitive bidding requirements. State entities have different interpretations of the provision for grouping related purchases, which is intended to prevent entities from splitting purchases to avoid exceeding the competitive bidding threshold.
- State entities stated that they follow DOAS policies outlined in the GPM, but not all have documented procedures for implementing those policies.

Improved information system controls would contribute to greater compliance and oversight of purchasing activities

- Controls exist to ensure that valid information is entered for some fields and approvals occur before requisitions can move forward. However, information systems used by state entities allow for inaccurate purchase type codes, and purchase type coding errors were frequently identified during our review.

Additional monitoring of purchases could prevent or detect noncompliance

- DOAS conducts several types of audits, including all open market purchases valued at \$50,000 or more, exempt purchases over \$100,000, emergency purchases, and the codes identifying the purchased good or service. DOAS does not monitor other purchase types or open market purchases between \$25,000 and \$50,000—the focus of our review and the types of noncompliant purchases we identified.

State Purchasing – Competitive Bidding
Final Status Pending – Follow-Up Review will be completed in 2026

Finding 1: State purchases largely comply with state competitive bidding requirements with a few exceptions.	
No recommendations included	
Finding 2: Statewide controls largely ensure purchases comply with competitive bidding requirements, though additional guidance and audits would likely lead to fewer noncompliant purchases.	
DOAS should provide additional clarification and examples on what constitutes a related purchase that would collectively count toward the \$25,000 competitive bidding threshold in the GPM. It should update relevant training with this additional clarification.	Partially Implemented
DOAS should conduct periodic audits of a sample of additional types of purchases between \$25,000 and \$50,000, as well as periodic audits of direct-to-voucher purchases that collectively exceed \$25,000 for a single supplier.	Partially Implemented
In consultation with partner agencies, DOAS should include additional information system controls in the forthcoming NextGen Enterprise Resources Planning system. USG should also ensure these additional controls are in place across all information systems used by its Institutions.	Partially Implemented
Finding 3: Opportunities exist to strengthen state entity controls related to competitive bidding requirements.	
Entities should have documented procedures or a series of checklists that cover all procurement office responsibilities from requisition approval to PO approval.	Partially Implemented
Entities should conduct periodic formal reviews of recent purchases.	Partially Implemented
Finding 4: State entities largely use exempt NIGP codes only for exempt items, though incorrect NIGP codes were observed for other purchases.	
APOs/CUPOs should ensure a process is in place to review NIGP codes on all requisitions, which should include periodic monitoring/reviews by APOs/CUPOs.	Fully implemented
DOAS should provide a stand-alone course on NIGP code use for requestors, buyers, approvers, and APOs/CUPOs.	Partially Implemented
Finding 5: Controls are appropriately designed to discourage entities from using emergency purchases to bypass state competitive bidding requirements.	
No recommendations included	
Finding 6: State entities largely used statewide contract codes for purchases correctly, though information system controls would prevent other observed errors.	
No recommendations included	



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Customer Service

Performance Provided Through Call Centers, Chatbots, and Email Can Be Improved at Most Reviewed Agencies

BACKGROUND

State agencies are supported by and provide services to more than 11 million Georgians. While agencies share information through websites and other means, some customers have specific needs that are not addressed by those sources. In other cases, customers are expected to contact the agency for certain activities, such as making payments or providing information.

Our review highlights the performance of a sample of agencies in responding to these types of inquiries. Agencies reviewed include the Georgia Technology Authority, the Office of the Secretary of State, and the Departments of Drivers Services, Human Services, Natural Resources, and Revenue.

For purposes of this performance audit, the definition of customer service is generally limited to the ability of individuals to obtain answers to their questions via phone, email, or agency chatbot. Our review of agency websites—another source of information for customers—was limited to reporting the results of an existing evaluation program.

KEY RECOMMENDATIONS

All state agencies should:

- Set performance goals for their call centers;
- Track key metrics like rejection rate, abandonment rate, speed of answer, and average handle time;
- Evaluate call center staffing levels to ensure effective performance;
- Periodically test the performance of call center interactive voice response systems;
- Evaluate customer service technologies such as courtesy callbacks, self-service options, and chatbots; and
- Evaluate the questions asked of chatbots and the accuracy of the responses provided.

KEY FINDINGS

Constituents seeking assistance from some agencies' call centers are unable to reach agents or have long waits during periods of high call volume. To varying degrees, the reviewed agencies have implemented technologies to better serve callers or allow customers to be served by other means. However, these technologies must be monitored to ensure proper functionality.

Most call centers struggle to provide appropriate customer service when call volume increases.

- State agencies often track relevant performance measures for their call centers, but they did not always have associated goals or benchmarks.

Call Center Volume and Performance Varies

	Lowest Month	Highest Month
Volume	7,792	151,921
Rejection Rate	0%	59%
Abandonment Rate	0.4%	34%
Average Speed of Answer	10 sec.	68 min.
Average Handle Time	2:39 min.	13:53 min.
After Call Work	0 sec.	1 min.

- Call center performance varied across agencies, within agencies, and over the course of

the year. For example, in May 2023 the Department of Revenue's (DOR) taxpayer center had more than 150,000 calls, rejected 25% due to excessive volume, and required callers to wait an average of 39 minutes. Within three months, rejected calls were near zero and callers waited less than five minutes. Callers to another DOR call center waited for an agent less than one minute in most months.

Call centers use technology with varying rates of success.

- Several Interactive Voice Response (IVR) systems were problematic to navigate and disconnected callers inappropriately. Most did not offer foreign language options at the opening menu.
- Some agencies include self-service options that can greatly reduce the number of callers needing to speak with a call center agent.
- Most agencies have call centers that offer courtesy callbacks, allowing the customer to receive a callback from an agent without losing their place in line.

Staffing may not be sufficient in all call centers.

- Multiple agencies pointed to staffing levels inhibiting performance during peak call periods.
- Most agencies use remote work (a standard call center practice), and some have developed career paths to improve employee retention.

Chatbots can be used to lower call volume but are less accurate than responses from agency staff.

- Three of the six agencies reviewed have chatbots that can answer general questions. Approximately 2/3 of the questions posed were answered correctly.
- Emails to agencies resulted in more accurate responses, but some inquiries never received a response.

Customer Service

Final Status Pending – Follow-Up Review will be completed in 2026

Finding 1: Call center performance varied among the state agencies reviewed, with some agencies unable to serve all callers during high volume periods.	
Agencies should establish performance goals for their call centers.	Partially Implemented
Agencies should track call reject rates, abandonment rates, average speed of answer, and average handle time to allow management to diagnose potential problem areas impacting overall customer satisfaction.	Partially Implemented
If an agency outsources call center services, it should include performance goals and required metric reporting in the contract.	Partially Implemented
Finding 2: Agencies use call center technology with mixed success to improve customer service.	
Agency IVRs should not disconnect callers who make an incorrect selection from the menu but instead place them into a predetermined queue.	Partially Implemented
Agencies should have established procedures to consistently evaluate the functionality of their IVR systems, especially when changes to the menu have been made or when the system has reached maximum capacity for certain queues.	Partially Implemented
Agencies that experience issues with abandonment and long wait times for customers should use courtesy callback functionality.	Partially Implemented
Agencies that experience issues with especially high call volume should evaluate the use of self-service options for callers.	Partially Implemented
Finding 3: Call center performance is impacted by staffing levels.	
Agencies should continually assess whether they have sufficient staffing levels to meet desired customer service levels and agency performance goals.	Partially Implemented
Agencies should continually assess the extent to which other methods, such as chatbots, can reduce the need for additional staffing.	Partially Implemented
Finding 4: While agency chatbots deliver information faster, emails and web forms yield more accurate results.	
Agencies that experience high call volumes should provide a chatbot as a self-service tool for constituent convenience.	Partially Implemented
Agencies with a chatbot should use data collected from chatbots (e.g., common topics) to build chatbot knowledge and ensure more accurate information is provided.	Partially Implemented
Agencies should establish controls to ensure all written inquiries are accurately responded to in a time frame that aligns with expected agency performance.	Partially Implemented
Finding 5: Most reviewed agencies' websites perform above the state's desired goal.	
Agencies should regularly evaluate website quality, accessibility, and search engine optimization through participation in the Georgia Analytics Program or through the procurement of a similar service.	Partially Implemented



Performance Audit Division

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Monitoring of Prepaid Cards at DHS and GDOL Improvements Needed to More Effectively Monitor Prepaid Card Vendor

BACKGROUND

This audit evaluated the extent to which two state agencies—the Department of Human Services (DHS) and the Georgia Department of Labor (GDOL)—have monitored their prepaid card vendor. Prepaid cards are frequently used to deliver government benefits through a contract with an external vendor.

DHS and GDOL administer some of the largest government benefit programs that utilize a prepaid card, including Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, child support, and unemployment insurance. In fiscal year 2023, approximately \$4.1 billion and \$75.6 million in benefits were distributed via prepaid cards by DHS and GDOL, respectively. Amounts distributed by most programs more than doubled during the COVID-19 pandemic.

Contract monitoring is a process for ensuring that a vendor adequately performs a contracted service. When a state agency contracts out the performance of a service, the agency is ultimately responsible for ensuring the work is performed satisfactorily and poor performance is addressed.

KEY RECOMMENDATIONS

DHS should:

- Obtain and utilize data fields that adequately demonstrate performance related to customer service metrics in the contract.
- Ensure the vendor addresses identified performance deficiencies.

GDOL should:

- Incorporate additional terms into its contract for clearly defined performance standards, regular reporting to demonstrate compliance with the standards, and methods for addressing poor performance.
- Assign staff to monitor vendor performance and ensure deficiencies are addressed.

KEY FINDINGS

Our review of prepaid card contracts found neither agency sufficiently monitored its vendor to ensure performance met contractual expectations. While its contract includes specific performance standards, the Department of Human Services (DHS) has not ensured the vendor addressed deficiencies when they occurred. The Georgia Department of Labor’s (GDOL) contract did not include sufficient terms or required reporting necessary to establish an adequate monitoring system.

	 Contract Terms	 Monitoring
DHS	Has elements necessary to hold vendor accountable	Has not fully addressed vendor performance issues
GDOL	Does not include elements needed to hold vendor accountable	Has not sufficiently monitored vendor

The Department of Human Services should improve its monitoring system for its prepaid card vendor.

- DHS’s contract clearly communicates expectations and sets up a system for monitoring, which includes measurable performance standards, regular reporting, and ways to address poor performance.
- The effectiveness of DHS’s monitoring system was limited by the following issues:
 - DHS assigned staff to monitor the contract and receive regular reporting from the vendor; however, the data used did not always align with the performance standards set in the contract.
 - When deficiencies occurred, staff did not request the vendor address them or impose a corrective action plan.
- Improvements can be made to better demonstrate that DHS assessed vendor performance prior to renewing the contract, as required by the Department of Administrative Services and best practices.

The Georgia Department of Labor should establish a monitoring system for its prepaid card vendor.

- GDOL does not have a sufficient contract monitoring system in place for the prepaid card vendor, primarily because necessary components were not included in the contract. GDOL’s contract does not include measurable performance standards that clearly communicate agency expectations or required reporting, nor does it outline steps the agency would take to address poor performance, should it occur.
- GDOL has not assigned staff to monitor performance, and staff do not receive reports that would allow for such monitoring. As a result, GDOL has not monitored the vendor and does not know how well the vendor is performing.
- GDOL has also not assigned a staff person to assess performance prior to renewing the contract. As a result, it has continued to renew the contract without an understanding of whether the vendor is performing satisfactorily.

Monitoring of Prepaid Cards at DHS and GDOL
Final Status Pending – Follow-Up Review will be completed in 2026

Finding 1: Agency contracts should communicate expectations and outline how poor performance will be monitored, identified, and enforced.	
Due to the critical nature of system outages, DHS should work with the vendor to amend the contract and incorporate performance standards for TANF and child support system outages.	Fully Implemented
Given the length of the current contract, GDOL should work with the vendor to amend the contract and incorporate additional terms. These terms should include clearly defined performance standards, regular reporting to demonstrate compliance with the standards, and methods for addressing poor performance. If the vendor refuses to amend the contract, GDOL should consider whether to issue a new Request for Proposal and stop renewing the current contract.	Fully Implemented
Finding 2: Agencies did not adequately monitor vendor performance for the prepaid card contract.	
DHS should ensure it obtains and utilizes data fields that adequately demonstrate performance related to the customer service metrics specified in its contract.	Fully Implemented
DHS should ensure the vendor addresses identified performance deficiencies.	Partially Implemented
DHS should maintain its monitoring documentation in a manner that supports its contract decision making.	Partially Implemented
GDOL should implement a monitoring process that includes identifying appropriate performance standards, obtaining applicable reporting, and assigning staff to review vendor performance.	Partially Implemented
Finding 3: State agencies should ensure vendor performance is sufficiently assessed prior to contract renewal.	
DHS should ensure that program staff sufficiently review vendor performance prior to renewal to comply with state requirements. This could include improving its human service contract assessment form or further documenting considerations for performance assessments.	Partially Implemented
GDOL should follow its internal procedures for contractual renewal and require agency staff to assess the prepaid card vendor's performance to ensure compliance with state requirements.	Partially Implemented
Finding 4: State agencies should retain copies of all contract documents to comply with the state's record retention policies.	
DHS should maintain all contract documents, including attachments, to comply with record retention requirements.	Partially Implemented
GDOL should ensure it fully complies with record retention requirements by maintaining copies of its contract and related documents.	Partially Implemented



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State Health Benefit Plan Requested Information on Plan Stability

BACKGROUND

The House Appropriations Committee requested this special examination of the State Health Benefit Plan (SHBP). Based on the request, we determined: (1) how SHBP's financial status has changed; (2) what factors have contributed to changes in the Plan's financial status; and (3) what the revenue and expenditure projections were for fiscal years 2018-2022 and how they compared with actuals. This review did not examine Plan administration or contract management.

The State Health Benefit Plan was created to provide affordable, quality healthcare coverage that is competitive with other commercial benefit plans in quality of care, access to providers, and efficient management of provider fees and utilization. The Plan provides benefits for employees and dependents of the State Employees Plan, Teachers Plan, and School Employees Plan.

The Department of Community Health administers the Plan, and the Board of Community Health provides policy direction for the Plan's operation. As of November 2022, 661,514 members were covered by the Plan. Active members comprised 72% of total membership and retirees accounted for 28%.

KEY RECOMMENDATIONS

This report is intended to answer questions posed by the House Appropriations Committee and to help inform policy decisions.

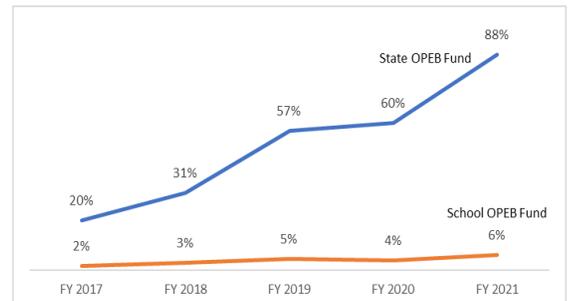
KEY FINDINGS

While State Health Benefit Plan revenue and expenditures have increased since 2018, the increase in expenditures between fiscal years 2020 and 2022 exceeded the increase in revenues. Revenue growth has been limited by policy decisions and stagnant subscriber levels.

The SHBP Fund's net position has increased over the past five years.

- Health insurance benefits for active members are paid through the SHBP Fund. Between fiscal years 2017 and 2021, the SHBP Fund's net position (which reflects its financial stability) increased by 5%—from \$571.7 million to \$602.0 million. However, the Fund operated at a loss in fiscal year 2021, with expenditures exceeding revenues by approximately \$93.5 million.

- Health insurance benefits for retirees are paid through two Other Post Employment Benefit (OPEB) Funds. At the end of fiscal year 2021, the State OPEB Fund was 88% funded. By contrast, the School OPEB Fund was only 6% funded because surpluses in the Teachers and School Employees Plans have been significantly smaller than those in the State Employees Plan.



Over the past few years, Plan expenditures have outpaced revenues, resulting in an increasing amount of state funds to cover teachers' and school employees' healthcare costs.

- While total Plan expenditures increased by approximately 28% between fiscal years 2018 and 2022, revenues increased by only 3%.
- Revenue for the Teachers and School Employees Plans has not been sufficient to cover members' healthcare expenditures over the past few years. In fiscal year 2022, for example, SHBP expenditures for the Teachers Plan and School Employees Plan exceeded revenue by \$251 million and \$213 million, respectively. This difference was paid by the state.
- The revenue gap for the Teachers and School Employees Plans can be attributed to employer contribution rate differences. For the State Employees Plan, employers pay 29.454% of salaries for all state employees (regardless of enrollment in SHBP) annually. For the Teachers and School Employees Plans, employers pay \$11,340 annually (\$945/month) per covered employee, which—particularly for teachers—can result in a lower effective contribution rate.

Actuarial revenue and expense projections have been accurate.

- Plan revenue and expenditure projections are calculated based on historic trends and updated regularly.
- The projections—which are sent to the Governor's Office of Planning and Budget to assist in setting rates—have been accurate over the past five years (less than 3.5% difference from actual revenues and less than 2.0% difference from actual expenditures).



Performance Audit Division

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Federally Funded Positions in Georgia State Government

Requested information on the extent of federally funded positions in Georgia state government

BACKGROUND

This review was requested by the Senate Appropriations Committee.

Georgia regularly receives federal grant funds to support a wide variety of state agency programs. In fiscal year 2024, (among the 55 parent agencies and 35 attached agencies included in our analysis) 34 parent agencies and 9 attached agencies received 274 federal grants in total. State agencies that receive federal grant funds may use these funds to support state government personnel costs, which may be classified as either direct or indirect costs.

Direct personnel costs directly support the efforts of a particular state agency’s program. An example of a direct personnel cost is a Marine Biologist in the Department of Natural Resources (DNR) Coastal Resources Division. Other employees who are administrative in nature can also be classified as direct personnel costs. These administrative employees are typically within the program that is receiving federal grant funds.

Indirect personnel costs support a state agency’s general operations and are not directly tied to the efforts of a particular program within the agency. Examples of indirect personnel costs include budgeting, accounting, human resources, and computer services. Because they are not tracked separately, there is no way to easily separate or identify reimbursements for indirect personnel costs supported by federal grant funds.

Our direct employee analyses include all employees (e.g., full- and part-time, temporary, etc.), which may differ from a position count.

KEY RECOMMENDATIONS

This report is intended to answer questions posed by the Senate Appropriations Committee and to help inform budget decisions.

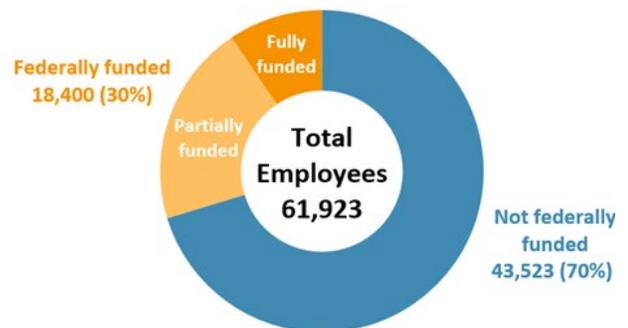
KEY FINDINGS

The state relies on federal grant funds to support personnel costs for various programs at more than 30 state agencies. In fiscal year 2024, federal grant support totaled \$553 million for employees who work directly on these programs. Grants may also cover indirect costs for personnel who provide general support to the agencies.

If federal grant funds for a specific state program are reduced or expire, the state would need to find alternative funding sources or potentially reduce state personnel in the impacted program. The state may also need to change state legal requirements if the state program could no longer meet statutory requirements because of staff reductions.

The state uses federal funding to directly support a significant number of state employees.

- For the 34 parent agencies and 9 attached agencies that received federal grant funding for personnel, 12,563 employees were partially supported by federal grant funds (20% of total employees), and 5,837 employees were fully supported (9% of total employees).
- Partial funding ranged from 1% to 99% of the employee’s personnel cost, but federal funds most frequently covered 56% to 60%.
- Among 34 parent agencies that received federal grants for personnel, funding with federal support ranged from \$60,250 to approximately \$182 million.
- The \$553 million in federal grant support represented 20% of the 34 agencies’ total personnel costs, ranging from 0.1% to 76.6%. In seven agencies, federal funds accounted for more than 50% of personnel costs.



Federal support is broad but more prevalent in certain job types.

- State agencies used federal grant funds to support personnel costs across 23 of the state’s 25 job families.
- The top three job families supported by federal funds were Social Services, Support Services, and Regulatory Compliance, which accounted for 67% of partially or fully federally supported employees (or 12,263 total employees).

Federal grants support agency administration through indirect personnel costs.

- Five agencies provided information related to the employees supported indirectly with federal grant funds. Based on this information, the number of indirect employees ranged from 63 to 746 across the five state agencies, totaling 1,278 indirect employees. The estimated amount of indirect costs recovered for these employees was approximately \$29 million.