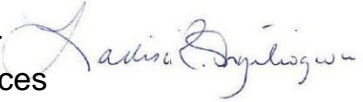


INTEROFFICE MEMORANDUM



TO: Anthony Nicks, County Auditor
Office of the County Auditor

FROM: Ladisa Onyiliogwu, Director
Department of Senior Services



DATE: January 14, 2022

SUBJECT: Happy Faces Audit Findings – Senior Services
Response

This memorandum is to provide an official response to the Happy Faces Audit Findings for the Department of Senior Services:

Finding 2 – Unauthorized Position Titles

The contract between Happy Faces and the Senior Services Department outlines position titles and hourly rates for each position. We noted two (2) positions that were not approved in the Senior Services contract but were compensated. Those positions were the “Line Dance Instructor” and the “Program Coordinator.”

Recommendation

We recommend the department adheres to the labor distribution outlined in the contract. Additionally, if amendments are necessary, it should be reflected in written form and approved by management.

Senior Services Response:

The Department of Senior Services (DSS) concurs with the audit finding. DSS anticipates a variable number of positions that may need to be filled across all four senior facilities. DSS utilized a broad interpretation of the Fitness Instructor title and hired Line Dance Instructors to support programming in this area.

The position title Program Coordinator was used in error. The temporary Senior Center Supervisor was hired although the Program Coordinator title was used. Another Happy Faces staff served as a Senior Center Supervisor (although Program Coordinator was used) before transitioning to a different approved position within the department.

DSS consulted with Fulton County Legal Department and was advised to define and list the range of known positions, pay rate and services, and indicate that the positions and number of instructors must be approved by Fulton County in writing prior to Happy

Faces engaging the position. In addition, DSS will specify that no payment will be made or the County obligated to pay until and unless prior approval is granted by the County. DSS will draft a contract amendment to reflect these changes.

Happy Faces Response: With each of the departments listed above, Fulton County supervisors would request positions that did not always align with the contract for a number of reasons:

- 1) The loose use of interchanging job titles, (titles are one name in a previous year and are changed the next, but are the same position).
- 2) Extracting a new position from an existing position.
- 3) Assigned personnel working multiple positions.
- 4) Assigning a new position based on the changing needs that deviated from the contract.

Currently, we have in place approvals from two points of contact, (POC), one on Happy Faces' side and the other on Fulton's side. At the time during the audit, the process was to have the POC approve any deviation from the operating budget that created the contract document. Effective immediately, that same process will be in place where any deviation from the CONTRACT will be reviewed for compliance or amendment from Purchasing. This means that any request made by any other personnel that is not in the normal, written scope of the contract will be reviewed and acted on as appropriate by the two POCs.

In the future, Fulton Purchasing, each respective departments and Happy Faces can work to create language in the underlying contract that allows for slight flexibility for potential exceptions like those listed above.

Finding 3 – Issuance of Inaccurate and Unauthorized Wages

Senior Services

During our review, we noted five (5) positions that were not paid the hourly wage listed on the contract. (See chart below for reference).

Chart 1

Position	Approved Hourly Wage(s)	Reviewed Hourly Wage
Social Service Coordinator	\$22.00	\$29.54
	\$28.60	
	\$27.72	
Fitness Instructor	\$22.57	\$22.31
	\$17.63	
	\$22.04	

Art Instructor	\$22.57 \$17.63 \$22.04	\$23.29
Computer Instructor	\$22.57 \$17.63 \$22.04	\$23.82
Administrative Clerk	\$13.71 \$17.82 \$17.27	\$19.50

Recommendation

We recommend management provide proper oversight of compensation to ensure proper approval and payment of wages, budgetary oversight and contract compliance.

Senior Services Response

The Department of Senior Services (DSS) concurs with the audit finding. A rate change occurred in error in July 2021 for the three Instructors listed above. The error was corrected the following month in August 2021 and the rate was reduced back to the approved rate of pay included in the contract (\$22.04/hr). The two additional rate changes were made in error without correction. DSS will ensure proper oversight of compensation, approval and payment of wages, budgetary oversight and contract compliance.

Happy Faces Response: Happy Faces operated under the direction of each department’s request for pay rates. From that pay rate, the standard markup applies to create the invoice rate. Here again, Happy Faces will adjust our operating procedure to disallow changes that deviate from the contract without approval for an appropriate action from the POCs.

Finding 4 – Untimely Payment of Invoices

We noted twenty (20), or 36%, of the fifty-five (55) Senior Services invoices were not submitted timely for payment.

Recommendation

We recommend all invoices are paid timely to comply with purchasing standards. Furthermore, the department should implement procedures that outlines the timely receipt of goods and submission of invoices for payment.

Senior Services Response

The Department of Senior Services (DSS) concurs with the audit finding. DSS makes every attempt to pay invoices timely and works to ensure that the invoices are reviewed for accuracy.

Happy Faces Response: We were informed during this audit that the invoices weren't paid in a timely manner due to the delay in the approval of the contract and the invoices not being submitted promptly for payment. We are committed to helping make sure invoices are accurate and submitted timely. We will do so by ensuring all contract-related protocols are followed and by sending an email to the Fulton County Finance Department to confirm receipt of the weekly invoice(s). As is the case with all healthy and independent businesses, Happy Faces needs invoices paid in a timely manner. This helps us operate effectively and provide the highest quality personnel possible. It is also important because we must front all payroll costs from the time of payroll payment to the time of invoice payment. These costs include the hard costs such as payroll taxes, insurances and of course payroll, but also include soft costs that we provide our employees without charge to Fulton such as healthcare, holiday and vacation pay, EAP, and others. All efforts to address invoices in a timely fashion are appreciated. This allows us to continue to operate as a self-funded corporation as has been the case for 26 years (and counting). It is timely attention to invoices that keeps this possible.

Finding 6 – Happy Faces Pay Periods Do Not Coincide with Fulton County Pay Periods

According to the contract between Happy Faces and the Senior Services Department, "The Contractor's pay periods should coincide with the County's pay period." The County's pay periods are on a bi-weekly basis. During our review, we determined that invoices submitted by Happy Faces do not coincide with the County's pay period. As such, there is noncompliance with the language reflected in the contract. Failure to comply with contract guidelines, as it relates to coinciding pay periods, may cause errors in payment and incorrect financial reporting.

Recommendation

We recommend management consistently monitor the management of the contract to ensure proper execution.

Senior Services Response

The Department of Senior Services (DSS) concurs with the audit finding. DSS makes every attempt to pay invoices timely and works to ensure that the invoices are reviewed for accuracy.

Happy Faces Response: Typically, Happy Faces honors the pay cycle of all of our customers. In the case of Fulton County, our systems are programmed to reflect the start of the week as Wednesday and the end of the week on Tuesday. Our pay days are also bi-weekly in concert with Fulton County. There have been exceptions to this rule in the following instances:

- 1) Payment to security officers during election in direct response to their complaints of untimely pay under previous arrangements outside of Happy Faces.
- 2) Payment of an advance, back pay or any other pay that is typically not part of the current pay cycle.

During this audit, several instances of weekly pay were presented. In each of these cases, it was a matter of us advancing the pay for the selected individuals per their request and our ability to honor their request.

Moving forward, Happy Faces will redouble our efforts to ensure that all systems mirror that of Fulton County so that there is seamless treatment of the personnel placed.

Finding 7 – Unauthorized Use of Staffing

Pursuant to our review of the contract between Happy Faces and the Senior Services Department, the need for one (1) Fitness Instructor was identified and agreed upon. However, Happy Faces employed five (5) Fitness Instructors, as well as one (1) Line Dance Instructor.

Recommendation

We recommend management amend the contract to provide a true and accurate reflection of the staffing needs within the department. Additionally, the contract should outline the specific needs of the department and include a clause that the amount will not exceed said dollar amount to allow for additional staffing needs as they arise and to remain within budgeted amounts.

Senior Services Response

The Department of Senior Services (DSS) concurs with the audit finding. The Department anticipates a variable number of positions that may need to be filled across all four senior facilities. DSS utilized a broad interpretation of the Fitness Instructor title and hired Line Dance Instructors to support programming in this area.

DSS consulted with Fulton County Legal Department and was advised to define and list the range of known positions, pay rate and services, and indicate that the positions and number of instructors must be approved by Fulton County in writing prior to Happy Faces engaging the position. In addition, DSS will specify that no payment will be made

or the County obligated to pay until and unless prior approval is granted by the County. DSS will draft a contract amendment to reflect these changes and include a clause that the amount will not exceed said dollar amount.

Happy Faces Response: It was our understanding that the position titles were per Senior Center and per shift. We were informed during the audit that the reason more employees with the same titles were requested than stated in the contract was due to an analysis by the Fulton County Department of Senior Services to calculate the original budget request to use Happy Faces.

Happy Faces is a company of integrity. With proper records, we operate based on the instruction given by each respective POC. As stated in the response for finding 2, our protocols will shift from being budget based to contract based. This, along with approvals/adjusting actions only being made through the appropriate POC, will remove any such deviation from the contract. Further, we will work more closely with each department to assist with the titles, anticipated needs and appropriate documentation of same. This partnership will allow Purchasing to draft more precise contracts based on actual need, (or allow for slight liberties to adjust based on changing needs).

If additional information is needed, please call Ladisa Onyiliogwu at 404-281-4042 or email ladisa.onyiliogwu@fultoncountyga.gov.

Cc: Pamela Roshell, Deputy Chief Operating Officer, Office of the County Manager
Kweli Rashied-Henry, Deputy Director, Department of Senior Services
Queena Jenkins, Deputy County Auditor, Office of the County Auditor
Jonah Williams, Internal Auditor II, Office of the County Auditor