

Office of the
INSPECTOR GENERAL



REPORT OF INVESTIGATION

File Number: 08-104

Agency: Department of Natural Resources

Basis for Investigation: Complaint

Allegations: Improper Hiring Practices, Conflicts of Interest,
Misuse of State Funds

Date Opened: October 21, 2008

Investigated By: Kisa D. Pangburn, Deputy Inspector General

Date of Report: July 16, 2009

Elizabeth P. Archer, Inspector General

OFFICE OF THE INSPECTOR GENERAL



File Number: 08-104

EXECUTIVE SUMMARY

In October 2008, the Office of the State Inspector General (OIG) received a complaint filed by an employee of the Georgia Department of Natural Resources (DNR) alleging numerous acts of impropriety against DNR's Chief Financial Officer (CFO) Michelle Bonner. Specifically, the complainant alleged that Bonner engaged in improper hiring practices, conflicts of interest, inappropriately used state funds, and had an inappropriate relationship with a vendor. During the course of this investigation, OIG discovered additional matters that are addressed in this report.

OIG did not substantiate all of the complainant's allegations against Bonner. However, we found that Bonner made questionable management decisions, particularly involving personnel actions, and abused state time when she received spa treatments during working hours. Our investigation also revealed numerous examples of waste and inefficiency within the agency prompted by poor communication between major divisions and the withholding of information from employees. Bonner's overabundance of freedom coupled with the lack of agency oversight resulted in instances of mismanagement by both Bonner and the agency.

OIG offers the following recommendations to the Georgia Department of Natural Resources. We request that DNR provide a written response regarding implementation of these recommendations within 30 days of the issuance of this report.

1. DNR should adhere to its recently adopted internal Critical Hire and Personnel Action Request process and regularly review and update this policy as needed.
2. DNR should ensure that lines of communication are open between all divisions to ensure organizational efficiency and effectiveness.
3. DNR should provide comprehensive contract management training for any employees involved in the processing, awarding, and monitoring of contracts, for the agency itself or administratively attached entities. Training should include, but is not limited to:

- a. Avoidance of conflicts of interest
 - b. Contract documentation and record keeping
 - c. Vendor selection
 - d. Evaluation of vendor performance
 - e. Documentation of contract administration decisions
 - f. Ensuring deliverables are met
 - g. Communication of clear expectations.
4. DNR should consider requiring all contracts, including those for administratively attached entities to undergo legal review in order to ensure compliance with state contracting policies and provisions.
 5. DNR should ensure that documents and records pertaining to administratively attached entities are readily available within the agency for review.
 6. DNR should consider developing an internal policy regarding aircraft use.
 7. DNR should continue the use of flight report forms and should ensure that the forms are completed in their entirety. DNR should consider requiring passengers to provide the state-related business purpose of the travel to ensure transparency.
 8. The North Georgia Mountains Authority should consider adopting bylaws, rules, and regulations governing the manner in which its business may be transacted as provided for in O.C.G.A. §12-3-394(11).



Report of Investigation

File No. 08-104

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**Summary of Actions
Georgia Department of Natural Resources
File Number 08-104**

I. BASIS FOR INVESTIGATION

In October 2008, the Office of the State Inspector General (OIG) received a complaint filed by an employee of the Georgia Department of Natural Resources (DNR) alleging numerous acts of impropriety against DNR's Chief Financial Officer (CFO) Michelle Bonner. Specifically, the complainant alleged that Bonner engaged in improper hiring practices, conflicts of interest, inappropriately used state funds, and had an inappropriate relationship with a vendor.

During the course of this investigation, OIG discovered additional matters that are addressed in this report.

II. ACTION TAKEN IN FURTHERANCE OF INVESTIGATION

OIG conducted numerous interviews, reviewed official files, documents, policies, procedures, correspondence and applicable state rules and regulations.

III. NARRATIVE

A. BACKGROUND

The Department of Natural Resources has statewide responsibilities for the management and conservation of Georgia's natural and cultural resources. DNR is comprised of six operating divisions, one of which is the Parks, Recreation & Historic Sites Division (Parks) that manages more than 60 properties that preserve the state's environment and history. Chris Clark is the current Commissioner of DNR.

Bonner began working for the state of Georgia as an auditor for the Department of Revenue in 1984. She later worked for the Office of Planning and Budget as a budget analyst and budget coordinator, managing DNR's budget. She began her career at DNR in 1997 in the Accounting and Budget Office as Financial Services Director/CFO. As CFO, Bonner directed the Financial Services Division that consisted of Accounting and Budgeting Services, Internal Audits, and the Mail Room. Bonner also served as Treasurer and Secretary for the North Georgia Mountains Authority (NGMA), an authority administratively connected to DNR.

B. INVESTIGATION

ALLEGATION 1: Complainant was “pressured by Deputy Commissioner Burkhalter and Chief Financial Officer (CFO) Michelle Bonner to move from her position in the Parks Division as Budget Program Manager to the position of Assistant Financial Officer, a newly created position in the Budget Office” absent competitive hiring practices.

The complainant has been an employee of DNR for over 25 years. Prior to serving in her position as Assistant Financial Officer/Budget Director in the Budget Office, she served as Program Manager for the Parks Division

According to the complainant, for a number of years, she was “pressured” by Deputy Commissioner Burkhalter and Michelle Bonner to move from her position in the Parks Division to a position in the Budget Office under Bonner’s supervision. Because the position in the Budget Office was not advertised, and no interviews were conducted, the complainant believed policies were not adhered to regarding her transfer.

OIG interviewed DNR Personnel Director Jim Laine regarding the complainant’s allegation that Bonner pressured her to take the position in the Budget Office, absent competitive hiring practices. Laine stated that he was not aware of any pressure placed on the complainant by Burkhalter or Bonner. He recalled only one conversation in which the complainant mentioned to him that she had changed her mind about accepting the position in the budget office while her paperwork was processed. Laine provided OIG with the complainant’s grievance files that contained no formal grievances against Bonner, and no information pertaining to any of the allegations.

When asked whether the complainant’s position required a job announcement, Laine stated that there is no requirement for position announcements prior to filling the position. In addition, he stated that the appointing authority has the discretion to determine how a position is filled. In this case, according to Laine, the complainant transferred to an existing position in the Budget Office by the appointing authority. Laine referred OIG to State Personnel Administration (SPA) policies, which allow for appointing authorities to fill vacancies through various means, including filling vacancies with permanent employees.¹

Our investigation confirmed that former Commissioner Holcomb delegated DNR appointing authority to Burkhalter, who was the Division Director of Program Support. Bonner, who was the Assistant Division Director of Program Support, had appointing authority in Burkhalter’s absence. When asked if DNR documents their hiring process, Laine stated that all hiring actions are approved and documented through DNR’s “Personnel Action Request for Salaried Positions” (PAR) document. A review of the complainant’s

¹ Title 45. Public Officers and Employees, Chapter 45-20 Administration of Personnel, O.C.G.A. 45-20-2 (1) “Appointing authority” means the person or groups of persons authorized by law or delegated authority to make appointments to fill positions. Appointing authority includes making appointments to positions, raising or reducing salaries, promoting and demoting, and suspending and dismissing employees.

transfer PAR showed that Burkhalter signed as appointing authority at the recommendation of Section Chief Bonner. Laine also approved the PAR.²

During his interview, Burkhalter described the complainant's move to the Budget Office as a yearlong "courtship." He and Bonner talked for two years prior to the complainant's move about bringing someone in to help run the Budget Office. Burkhalter denied placing any pressure on the complainant regarding her transfer to the Budget Office. According to Burkhalter, they wanted her in the Budget Office because Bonner "had respect for her."

Bonner recalls that she and the complainant negotiated the move for over a year to ensure that the move would be beneficial for the complainant. Bonner stated that she considered the complainant for the open position because she felt she had knowledge that could be useful in the Budget Office. In response to whether Bonner pressured the complainant to take the position in the Budget Office, various employees interviewed stated either that they had no knowledge of any pressure, or that they had heard from the complainant herself that she was pressured to take the position.

Based on the documents reviewed and interviews conducted, OIG cannot conclusively determine that complainant was "pressured" to move to the Budget Office. However, OIG confirmed that her transfer occurred pursuant to policy. Therefore, this allegation is unsubstantiated.

ALLEGATION 2: "Bonner used state funds to pay excessive salaries to personal associates" including Assistant Fiscal Officer Bob McPherson and Assistant Director of Financial Services John Thompson.

According to the complainant, Bonner paid her employees, including one who was a friend, excessive salaries "for doing nothing" and created new positions that required few responsibilities. Because of the generalized nature of the allegation, OIG limited our scope to those employees identified by the complainant as being the beneficiaries of "excessive salaries."

Bob McPherson – Acting Assistant Fiscal Officer

Bob McPherson began his career at DNR in May 2001 as a budget analyst I, and later served as budget analyst II. In January 2004, he was appointed to the position of acting assistant fiscal officer under Bonner's supervision. Our investigation confirmed that the acting assistant fiscal officer position was open due to the retirement of the former assistant fiscal officer. As acting assistant fiscal officer, McPherson reviewed the work performed by the other budget analysts, made amendments to the budget and submitted them to OPB, and handled personnel issues.

² During this investigation, DNR Commissioner Chris Clark enacted a new Personnel Action Request Process, which requires all personnel actions to first go through the Director of Personnel Services for review and forwarding to the Commissioner. After approval by the Commissioner, the action is then forwarded to the Budget Director for budget impact analysis and again to the Personnel Director for processing.

A review of his personnel file showed that McPherson received a 10% salary increase in January 2004 when he became acting assistant fiscal officer. In April 2007, McPherson was one of a number of employees in the Program Support Division who received a 10% retention bonus at the direction of the deputy commissioner. In April 2008, DNR made permanent the temporary increase for McPherson's acting assistant position because of the extended time during which he served in the position.

During his interview, McPherson stated that he had applied for the position due to an open vacancy. Prior to accepting the position, he and Bonner reached an agreement allowing him to return to his former position if he was not comfortable in the acting assistant position. After working 18 months, McPherson requested reinstatement to his former position for personal reasons. However, McPherson continued performing many of the assistant fiscal officer duties. It was also during this time, that the former assistant fiscal officer returned to DNR as an hourly part-time employee and assisted McPherson in his duties. Our investigation revealed that although McPherson returned to his former position, he retained his salary increase. In 2008, the temporary pay increase was removed and made permanent

Given that McPherson's personnel file did not reflect why he was able to retain his salary increase, OIG sought clarification from DNR's HR Director Jim Laine. Laine, who was not the HR director at that time, stated that it was Bonner's responsibility as McPherson's supervisor to initiate a personnel action request to indicate a change in his position. The personnel documents provided showed McPherson's salary changes, but lacked information regarding the actual positions held during those changes.

McPherson denied having a personal friendship with Bonner. He stated that he did not know Bonner worked at DNR until he began working there, but that their families are from the same county, and she went to school with his older siblings. Bonner was not McPherson's direct supervisor until he accepted the acting assistant fiscal officer position.

Although not required, OIG found no document indicating Bonner's justification for allowing McPherson to take a voluntary demotion while keeping his higher salary. The lack of supporting documents allow for the perception that Bonner favorably treated McPherson without proper justification. While unable to conclude that Bonner and McPherson had anything outside of a working relationship, OIG finds McPherson's salary retention upon voluntary demotion as improper.

John Thompson - Assistant Director of Financial Services

John Thompson has been a DNR employee for the past 29 years. He served as the Chief of Operations for State Parks until March 2008. As the Chief of Operations, he supervised 1200 employees and held major responsibilities. In March of 2008, he transferred to the Budget Office as an Assistant Director of Financial Services reporting directly to Bonner. Because of his transfer, Thompson received a 22% salary increase. According to Thompson, at the time of his transfer Bonner informed him that he would be supervising employees. However, when asked if he did, Thompson stated, "I don't supervise, Bonner

supervises, it's more of a fictitious type of arrangement.” He stated that all he has done is implementation plans and work with the strategic planning team. During his interview Thompson flippantly stated, “I do nothing.”

During the time of Thompson's transfer, another employee, Steve Saunders, also transferred to the Budget Office from the Parks Division. Saunders, whose new position was the Facilities, Property Manager, and PeopleSoft Security Manager, received a 20% increase at the time of his transfer. OIG confirmed that both positions were existing vacant positions, reclassified with new titles.

According to Bonner, Thompson and Saunders moved into their existing positions as part of the negotiation to persuade the complainant to transfer to the Budget Office. During his interview, Burkhalter confirmed that both employees transferred at the same time as the complainant. However, he stated that the complainant requested that both employees transfer with her. Burkhalter acquiesced to her request because he knew that Thompson had been a “very effective regional manager for the Parks Division.” He and Bonner discussed for months what Thompson's duties would be in the Budget Office, which included strategic planning and implementation plans. According to Burkhalter, Saunders added value by focusing on property issues and asset management.

OIG confirmed through Personnel Action Request documents that Burkhalter, as the appointing authority, authorized the three transfers to the Budget Office and subsequent salary adjustments at the recommendation of Bonner.³ In order to determine whether the salary increases violated DNR policy, OIG interviewed DNR's Personnel Director. According to the Personnel Director, there is currently no rule that prohibits raises over 20%. He stated that the current requirement is that salaries must remain within the pay grade for the position. He believes that many DNR employees have a misunderstanding about salary increases because the previous personnel rules for classified service positions were more restrictive. Because the three employees are unclassified employees and their salaries fall within the pay grades for their positions, he stated the increases are acceptable.

Overall, the personnel actions regarding the three transfers were not direct policy violations. OIG found that the complainant, Thompson, and Saunders' salaries fell within the pay range applicable to their new positions, the appointing authority granted the increases

³ Complainant Parks Program Manager - \$73,211.04 to
Fiscal Officer Assistant - \$89,500
= 22 % increase

John Thompson Parks Chief of Operations – \$90079.20
Assistant Director of Financial Services- \$109,900.00
= 22% increase

Steve Saunders Assistant Chief of Operations
Facilities, Property Manager, and PeopleSoft Security Manager
Change to Associate's salary – Special Increase
\$75,600 to \$90,750
= 20% increase

and the individuals were qualified for their positions. However, we did find that the decision to transfer three employees in order to obtain one, resulting in over \$51,000 in additional personnel costs, without documented justification, and the transfer of key personnel to positions that require less responsibility are questionable management decisions, and examples of waste and inefficiency within the agency.

Based on the documents reviewed and interviews conducted, OIG finds that the allegation that Michelle Bonner paid “excessive salaries” to personal associates in the Budget Office is substantiated.

ALLEGATION 3: Bonner “threatened to fire an employee who refused to misappropriate federal funds.”

According to the complainant, if there were a deficit in the budget, Bonner would direct the employee in charge of allocating federal funds to manipulate figures to cover up the deficit. The complainant informed OIG that the employee had documents within her possession to support this allegation. The complainant also stated that Bonner threatened the employee with job termination for not following her orders.

OIG interviewed the manager of the Federal Accounting Unit (FAU) in the DNR Budget Office, who manages the administration of federal grants for the agency and directly reported to Bonner. The manager stated that Bonner wanted her to enter revenue items to match all of the expenses on the accounting system. She felt she could not justify that all expenditures were going to generate revenue. If she did not have a like revenue matching an expense, Bonner would tell her she was not doing her job. At one point, Bonner told her that if she did not put a certain figure on the system, she was not to come to work the next day. She shared this information with the complainant who was her co-worker. She also mentioned having an email on her home computer that showed this directive. However, she never provided the email to OIG during the course of our investigation.

During her interview, Bonner stated that the employee had ongoing performance problems with timely recording items on the books and sending information. Bonner admitted that she told the employee at end of the fiscal year that there were expenses that needed billing. Bonner provided OIG with the following email that she sent the manager.

“If [they] are sitting there the next year and all federal revenue is not recorded...one of us will not be sitting here.”

OIG reviewed the email with the employee. The employee acknowledged that while this was a different email, it was similar in that the “tone” of the email was the problem. She stated that whether Bonner asked her to do something inappropriate was a “judgment call” because she was “not asked to enter anything that she could not support.”

Because OIG does not have an audit division, we conferred with David Chong of the Department of Audits and Accounts (DOAA). Part of Chong’s duties includes the review of DNR’ federal award expenditures. Chong stated that he was unaware of any acts of

impropriety on the part of Bonner or any other employee at DNR. Although DNR has had prior audit findings, none of them relate to allegations reviewed by OIG.

Based on the documents reviewed and interviews conducted, OIG finds the allegation that Michelle Bonner “threatened to fire an employee who refused to misappropriate federal funds” is unsubstantiated.

ALLEGATION 4: “Michelle Bonner appropriated state funds to the Fort McAllister museum as a personal favor to a friend despite the fact that the Park Service had not requested the money.”

Our investigation revealed that it was former Commissioner Holcomb, not Bonner, who requested fund appropriations to Fort McCallister. According to the commissioner, he directed Bonner to appropriate funds to the museum, as well as other Civil War sites, in preparation for the 150th anniversary of the Civil War in 2011. Bonner provided OIG with supporting documentation, including the capitol outlay list that contained information about the 150th anniversary, the DNR priorities list for that period, a Civil War site planning document and the Fort McAllister Museum Expansion Capitol Outlay Schedule.

Based on the documents reviewed and interviews conducted, OIG finds that the allegation that money was appropriated to the Fort McAllister museum as a favor to a friend is unsubstantiated.

ALLEGATION 5: Michelle Bonner’s holding the position of CFO of DNR as well as handling the executive director duties at the North Georgia Mountains Authority is a conflict of interest.

The North Georgia Mountains Authority (NGMA) provides oversight and direction for the management of Brasstown Valley Resort in Young Harris and the Lake Blackshear Resort and Golf Club in Cordele. NGMA was created in the 1960s for the development of Unicoi State Park. The authority has operated through a series of different instruments and operational structures. Members of the Authority are selected from individuals serving on the Board of Natural Resources. DNR currently handles all administration for NGMA, which has no paid employees.

Bob Newsome served as executive director of NGMA until November 2007. During Newsome’s employment, former Commissioner Lonice Barrett directed Bonner to work with him regarding the budget and management meetings. When Newsome resigned from his position, Bonner was asked to oversee NGMA. One of the ongoing projects she oversaw included building a spa at the Brasstown Valley Resort.

While Bonner never received the title of executive director, she had the same duties, and served as secretary and treasurer. Bonner met yearly with the NGMA management company and developed the budget for Lake Blackshear and the Brasstown Resort. She alone held the duties for administrating NGMA with assistance from Ronnie Phillips, Region

Manager for NGMA Outsourced Facilities, and Richie Golden, who handled IT services at the sites.

OIG interviewed DNR’s executive counsel who refuted the allegation that there was a conflict of interest. She referred OIG to Georgia statutes O.C.G.A. §12-3-290 and §12-3-292, and DNR’s Conflict of Interest/Employee Conduct policy.⁴ The conflict of interest policy prohibits the engaging of activity that reflects adversely on the department, and the exertion of influence by virtue of employment with the Department for any personal advantage. Bonner’s position as secretary and treasurer of NGMA were professional duties, which she undertook at the direction of Commissioner Barrett. Because the performance of her NGMA duties and DNR CFO duties were connected administratively, OIG did not find that they compromised each other.

Based on the documents reviewed and interviews conducted, OIG finds no conflict of interest exists in Bonner holding both positions; therefore, this allegation is unsubstantiated.

ALLEGATION 6: Revenue was being inappropriately “funneled through the North Georgia Mountains Authority and then brought back into the budget to balance.”

The complainant alleged that Bonner was “leaving Parks revenue in NGMA coffers for all the expenses that were coming into play with a vendor with whom she had a relationship.” The complainant believed “there was some kind of situation set up with the NGMA to where some of our revenues would be funneled through [the authority] and then brought back into the [DNR] budget to balance. And we’ve been questioning for years...what was going on with that money?”

⁴ **12-3-290 Creation of authority powers and duties.**

(a) There is created a body corporate and politic to be known as the North Georgia Mountains Authority, which shall be deemed an instrumentality of the State of Georgia and a public corporation, and by that name, style, and title such body may contract and be contracted with, sue and be sued, implead and be impleaded, and complain and defend in all courts.

(b) The authority may delegate to one or more of its members, or to its agents and employees, such powers and duties as it may deem proper.

12-3-292 Membership generally.

(b) The Governor shall appoint the chairperson of the authority for a term of one year from among the members of the authority...The authority shall...elect a secretary and a treasurer who need not be members. **The office of secretary and treasurer may be combined in one person.**

(c) The authority may make such bylaws for its government as is deemed necessary but is under no duty to do so.

OIG reviewed the DNR NGMA Facilities Agreement that originated under Commissioner Barrett in 2004. This agreement gives NGMA authority to receive all revenues from DNR lodge sites and the authority to deposit, use and expend funds.⁵

Most employees interviewed, including those in management and the legal office, referred OIG to Bonner to discuss the specifics of the agreement. With the exception of Bonner, there appeared to be a general lack of employee knowledge regarding the revenue disbursement. However, none of the employees interviewed supported the allegation that revenue was inappropriately handled.

Bonner explained to OIG that all revenue from DNR Parks' lodges flows through the NGMA account, according to the agreement. DNR pays the lodges' expenses, and NGMA reimburses DNR for reasonable expenses. The NGMA account is used to help manage the budget by enabling DNR to invest the money generated and carry over the funds. Per the agreement, any net revenue stays with NGMA to do with "as they please." Bonner further explained that two or three times a year, an invoice is prepared to cover the expenses "to make DNR whole." The problem comes in when more money is spent than generated by revenue because none of the programs can overspend their budget and all divisions have to stay within their revenue earned. Bonner informed OIG that last year the lodges spent \$8-\$10 million more than they generated. She provided supporting documents.

Deputy Commissioner Burkhalter expressed that lodge parks revenue is under the complete discretion of the NGMA executive director, who has authority to spend it in any way with no internal controls. He informed OIG that the executive director does not report to the commissioner but reports to board.

During the investigation, DNR employees routinely referred OIG to Bonner for NGMA documents. OIG learned that because procurement and contract services both fall under Bonner's authority as CFO, she was the only person with copies of the contracts. In addition, we learned that NGMA has no individual procurement or contracts division, and NGMA contracts are not routed like regular DNR contracts.

OIG raised questions concerning an allegation that out of \$14 million in lodge parks operations revenue, approximately \$2 million was left with NGMA and redistributed

⁵ **4. Revenue and its Application**

4.2 NGMA Retention of Revenues. All revenues and receipts of the sites listed in Attachments A and B shall be credited to the account of NGMA unless otherwise required by law. In consideration of the performance of its obligations hereunder, and for the benefit of the State of Georgia, its citizens, and parties hereto, NGMA may retain all net revenues from the sites listed in Attachments A and B, subject only to 4.3 below, and may deposit, use and expend the same in the performance of its powers and duties hereunder as NGMA may determine to be necessary or desirable.

4.3 DNR Revenues. DNR shall annually receive and draw from the sites listed in Attachment "B" the actual, reasonable costs incurred by DNR in assisting NGMA in the operation of the sites in Attachment "B". With respect to its obligation to cover such costs, NGMA shall receive credit for any payment made directly from NGMA accounts.

inappropriately when it was needed to balance the state park budget. This resulted in canceling over \$1 million of park purchases. Bonner explained that they cancelled the purchases after Parks overspent their budget and their revenue. To cover the loss, Bonner stated that they had to increase the payment for operation of the lodges, and cancel many purchase orders. According to Bonner, the majority of employees are unfamiliar with the NGMA agreement. Bonner provided OIG with Parks and Lodges spreadsheets demonstrating that they had more expenditures than revenue. However, OIG later learned that the documents provided by Bonner might not be accurate. As a result, on April 17, 2009, newly appointed Commissioner Chris Clark requested that the state auditor conduct a comprehensive, in-depth audit of the financial activity of the NGMA.

Based on the documents reviewed and interviews conducted, OIG is unable to make a determination that money was inappropriately funneled through NGMA in order to balance DNR's budget. We concur with DNR that an audit should best address this allegation.

ALLEGATION 7: Bonner allowed a personal relationship with a vendor to justify over-payment for services when she destroyed an invoice submitted by the vendor.

The complainant alleges that Bonner engaged in a conflict of interest because she had a "relationship" with a consultant at the Brasstown Valley Resort who was under her supervision. The complainant provided OIG with emails that she received from Bonner in support of her allegation. The complainant also provided OIG with the name of an individual who had a conversation with Bonner in which Bonner stated that the vendor had sent her an invoice but that she destroyed it because he was "worth a lot more."

Our investigation revealed that the vendor was the CEO for DaVinci Designs, a design contractor hired in 2007 as a consultant for the design of the spa and training at the Brasstown Valley Resort. Coral Hospitality Industries, the outsourced vendor in charge of the operation of the resort through a management agreement with NGMA, hired DaVinci. At the time the contract was executed, Bob Newsome was the NGMA executive director. Interviews conducted revealed that Bonner was not involved in the selection process.

Bonner's position as NGMA secretary and treasurer required her to receive and review invoices submitted by the vendor. She also approved purchases made by the vendor for the spa. OIG interviewed the employee that the complainant identified as having information regarding the allegation. According to the employee, he had a conversation with Bonner in which she informed him that the vendor had sent her an invoice but that she ripped it up because she felt he was "worth a lot more." However, he stated that he was not aware of any "relationship" between Bonner and the vendor, aside from what the complainant told him.

During her interview, Bonner recalled making a statement to her employee regarding how much the vendor charged. However, she denied ripping up any invoice. She also denied having a relationship, other than a professional one, with the vendor. When presented with the emails between her and the complainant that suggested there was more than a friendship

with the vendor, she stated that she was “joking” with her. During his interview, the vendor also denied a having personal relationship with Bonner. He stated that most of their contact was through emails or monthly meetings.

OIG interviewed DNR’s supervisor of accounts payable, who is responsible for paying all of the bills for DNR as well as NGMA. We asked her how DaVinci’s invoices were processed. She stated that Bonner approves all NGMA invoice payments. After receiving Bonner’s approval, she would ensure all invoices matched what she was to pay before making a wire transfer payment to the vendor. However, she did not have the ability to confirm whether an item was actually received at the spa, only what was paid. When questioned whether Bonner ever asked her to do anything inappropriate regarding the vendor’s invoices, she stated “no.” OIG interviewed other employees regarding the destruction of any invoices, and no one had information to support the allegation. In addition, no documents provided indicated that Bonner destroyed any invoices.

However, our investigation did reveal that the vendor had a great deal of influence at the spa. Because of Bonner’s lack of expertise, she relied on the vendor a great deal to make many of the decisions. In fact, OIG learned that the vendor’s role expanded to include marketing and promoting the spa, both job responsibilities that were not included in the original contract.⁶

Although we could not make a determination regarding the destruction of the invoice, we find that the emails between Bonner and the complainant created the perception that Bonner’s relationship with the vendor was more than professional. Bonner’s characterization of the emails as being “jokes” is disingenuous.

Based on the documents reviewed and interviews conducted, OIG is unable to substantiate the allegation that Bonner destroyed an invoice submitted by a vendor.

IV. ADDITIONAL MATTERS

During the course of this investigation, OIG became aware of a number of additional matters of potential fraud, waste, abuse and/or violation of policies.

A. WEBSITE

We were made aware of potential impropriety in the selection of the vendor for the design and development of DNR’s website, and the facilitation of the website agreement through NGMA.

Our investigation revealed that on December 21, 2007, the vendor, Career Sports and Entertainment (Career Sports)⁷, executed a contract for the design and development of

⁶ OIG made several requests for all contracts between DaVinci and NGMA that were executed subsequent to the design and training contracts. DNR was unable to provide any additional documents.

⁷ Career Sports is a sports and entertainment agency that specializes in client representation, corporate marketing and media services.

DNR's website with NGMA, for the total amount of \$149,775. Career Sports first contracted with DNR for Governor Perdue's Go Fish Georgia Initiative (Go Fish) in 2007.

In order to determine how DNR selected Career Sports to perform the interactive services agreement, OIG interviewed Richie Golden, project manager for the Career Sports website agreement. According to Golden, during the time they initiated Go Fish, DNR's Wildlife Resources Division was instructed to redo their internet site. DNR published an RFP, but it "flopped." Golden stated that only one vendor responded, who wanted to hire 20 different subcontractors rather than perform the work. As a result, DNR cancelled the RFP. Because of the web development referenced within the Career Sports RFP response for Go Fish, Bonner decided to hire Career Sports.

During her interview, Bonner stated that the Governor "was pushing to get a website finished" so the responses received for Go Fish were reviewed. Career Sports met with the Governor prior to executing the contract. When asked why she executed the contracts through NGMA and not DNR, she stated that there was enough of a link to DNR because the website would have a link advertising the resorts. Bonner stated, "NGMA did the contract through the authority as a whole, and authorities do not have to follow all the state purchasing procedures."⁸ OIG confirmed through a January 2, 2008, contract between DNR and NGMA that the contract was executed through NGMA for expediency.⁹

OIG conferred with Joe Kim, Department of Administrative Services Director of Legal Services, to determine the propriety of DNR's contracting through NGMA for their website. Kim opined that although it may give the appearance of an effort to circumvent state contracting requirements, it might not be "technically impermissible." Kim provided an unpublished Attorney General memo, which showed that agencies could contract with authorities through intergovernmental agreements, pursuant to the Georgia Constitution. Kim stated that an authority needs to do something to add value, and not just "launder" a purchase that should be subject to competitive bidding.

OIG refrains from making a determination on the legality of this matter, as it is an issue within the purview of the Attorney General.

However, during review of the events that led to Career Sports contracting with NGMA for the DNR website, OIG found a general lack of oversight in the management of

⁸ Through the State Purchasing Division, the Department of Administrative Services has the authority and is the unit of state government charged with the responsibility for overseeing statewide and multi-agency contracts. All state offices, agencies, departments, boards, commissions, institutions, and other entities of the state are required to purchase through DOAS unless specifically exempted by statute or regulation.

⁹ "Pursuant to the Agreement reference above, this will confirm that the DNR has agreed to reimburse the NGMA for expenses associated with interactive services, website design and development, and creation and implementation of a web-based content administration system. It has been agreed that it is more expedient for the NGMA to hire a firm to assist with redesign and restructuring of the DNR website and creation of a content management system. A link will be provided on the DNR website to the Brasstown Valley Resort and Spa and the Lake Blackshear Resort and Golf Club."

NGMA contracts. OIG found that the agreement lacked a completion date, as well as set dates for deliverables. Golden informed OIG that although Career Sports completed the website design and re-branding portions of the agreement, a great portion of the services deals with the construction of a content management system for management of the web pages. According to Golden, the webpage was built backwards because the webpage was designed before the content management system, when it should be done the other way around. In response to whether, there was a set completion date, Golden responded that there is not, but they made a decision to keep moving until Career Sports delivered a workable product.

The Career Sports website contract was not paid on an established performance basis, but the contract indicated that two lump sums, one upon execution, and another on January 15, 2008, were to be made. Documents showed that the first payment of \$74,887.50 was January 4, 2008, with a second payment made on November 7, 2008. A small balance was pending payment at the conclusion of this investigation. According to Golden, the payment dates and payment process were made through verbal communication, and were not documented. He stated, "Bonner was making up the dates as they moved forward."

OIG found the management of contracts executed through NGMA (including the DaVinci and Career Sports contracts) to be lacking and open to potential abuse. The insufficient monitoring, lack in record keeping and lack of documentation regarding contract administration decisions provided great difficulty for any attempt to gather information necessary to address contract performance issues.

B. HELICOPTER USE

During the course of this investigation, it was alleged that Michelle Bonner inappropriately used DNR's state helicopter.

OIG reviewed Bonner's flight report documents for 2007-2008. We also interviewed Doc Watson, Chief Pilot for DNR's Aircraft Support Unit (ASU). Watson oversees the scheduling and maintenance of aircraft, billing, and administrative functions of the ASU. Watson also pilots helicopters for DNR and serves as copilot for the Department of Air Transportation. He was unaware of any abuse of aircraft use by Bonner. The ASU normally flew Bonner to meet with personnel at Brasstown Valley to view the spa facility or Lake Blackshear to view the restaurant, boat docks, and construction. Bonner also flew to various state parks that had golf courses and lodges. Watson views helicopter use from a time management perspective. He stated that Bonner saved time in the performance of her duties by using the state helicopter because she could visit numerous parks in a shorter period.

According to Watson, Bonner did not do anything differently than others who requested transportation. He informed OIG that she did not use the helicopter any more than her predecessor, Bob Newsome. She would call and make a request, but it was not up to ASU to determine whether the request was appropriate. ASU prepared flight request documents based on Bonner's verbal requests. However, regardless of who made requests, if it appeared not to be above board, they would question the request. Watson stated that all

flights must be “for the good of the state.” OIG requested DNR’s aircraft policies. DNR informed OIG that although DNR does not have internal aircraft policies, their operation procedures manual requires that they abide by state statutes and follow Attorney General Opinions.¹⁰

Flight report documents provided show that from 2007-2008, Michelle Bonner used the state aircraft on 12 occasions.¹¹ The documents include the following information.

- Date
- From/to
- Pilot Information
- Flight hours and time
- Passengers
- Billing Information
- Certification that flight is being conducted for official state business
- Signature of primary passenger

There was no section of the document requiring a full statement of the purpose of travel. The only option to explain the purpose of travel is located in the Passengers portion of the document that includes a section for checking “department affairs,” “speaking,” “liaison local official,” or “other.” Eight of the 12 documents lacked a checkmark indication for purpose of travel. Further, while the documents showed a listing of passengers, one November 18, 2008 document listed Bonner, Ronnie Phillips and “3 guests” whose names were not listed separately. Doc Watson informed OIG that the “3 guests” were employees of Coral Hospitality.

OIG discovered upon review of two flight report documents dated November 17, 2008 and November 19, 2008 that Bonner traveled with the Vice President (VP) for Golf and Club Operations for Coral Hospitality to Georgia Veterans State Park. The flight report documents indicated that the VP was a DNR employee. However, OIG confirmed that the VP was not an employee of DNR. Watson informed OIG that the handwriting on the document was not his or another ASU employee who often drafts the documents, but “appeared to be” Bonner’s handwriting. He recalled that at the time, DNR was looking into outsourcing the golf courses, and Bonner and the VP traveled to the park, which had a golf course. The Coral employee confirmed that he traveled to the parks with Bonner to determine whether Coral Industries could manage the golf courses. OIG confirmed that the flights occurred during the time when outsourcing options were being considered.

Based on the documents provided and interviews conducted, OIG finds that Bonner did not inappropriately use the state helicopter. She used state aircraft to travel to multiple

¹⁰ An April 5, 1989, Attorney General Opinion provided by DNR requires that, “Unless exempted from the gift and gratuities provision of the Constitution, carriage upon state aircraft must be limited to State officials and employees on official business and those non-employees from whose carriage the State derives some benefit.”

¹¹ Bonner requested 10 of the 12 flights. On the other two occasions, she accompanied another employee who requested the flights.

places, or to view areas aurally for state related purposes. DNR's Aircraft Support Unit properly tracked the flights taken, and regularly used report documents. However, in order to avoid any question of impropriety, OIG finds the best practice is that DNR fills out the flight request documents completely, including the full name of all passengers, and an indication of the purpose of the flight. Pilots must rely on the information provided by employees requesting flights, and that information must be accurate. Although not required by law, the addition of a detailed statement of intended state use would aid in ensuring transparency.

C. DIRECT HIRES

During of our investigation, DNR's Commissioner Clark informed OIG that Michelle Bonner might have circumvented the hiring process by direct hiring three individuals in her division.

According to Personnel Director Laine, direct hires are non-competitive hires made by the appointing authority. Laine stated that his role regarding direct hires made by the Financial Services office was to "process the documents," as requested by Burkhalter, the appointing authority. According to Laine, at the time that these three individuals were hired, the process involved approval of the appointing authority, and completion of an expenditure control form (ECF). When asked if DNR had any policies and procedures regarding direct hires, Laine responded that direct hiring is "never addressed in rules, but is discretionary to the agency head." He further explained, "direct hiring falls under the statutory authority of agency heads...and if they elect to hire without competition, then that is their privilege as long as they are doing it for a legal, ethical reason."

Deputy Commissioner Burkhalter informed OIG that he made appointing authority decisions based on the recommendation of the personnel director in order to ensure compliance with policy. Burkhalter explained that they require that the state Critical Hire form be completed and submitted to OPB/SPA to fill a vacant position.¹² Internally, an ECF is completed and approved for all personnel actions, including filling a vacant position, salary increases and other personnel actions. Burkhalter informed OIG that Bonner was the approval authority on ECFs. It was her practice to coordinate with Commissioner Holcomb on the review of ECFs proposing to fill vacant positions. She also had signature authority for Burkhalter, as appointing authority in his absence and upon his approval. According to Burkhalter, he did not require Bonner to provide any justification document to support her requests for salary increases or direct hires.

OIG examined whether Burkhalter, as appointing authority, made the hiring priority decisions for these three hires, or whether he delegated his duties to Bonner. Documents reviewed revealed that two of the employees transferred from other agencies had extensive experience, and that Burkhalter directly hired them, upon Bonner's recommendation. One of the two-transferred employee's request for hire document showed that Bonner signed for

¹² OPB's Critical Hire process was implemented on April 1, 2008. As of that date, external approval from OPB is required prior to the filling of vacant positions in DNR. Prior to that date, DNR required only internal approval and use of an ECF. The three direct hire employees in question were all hired prior to the implementation of OPB's critical hire process.

Burkhalter. That employee had worked for DNR in asset management and left to work for GTA. OIG learned that because he had performed well during his service at DNR, and they were having problems during his absence, he was rehired. Although DNR did not announce the positions, the two employees directly hired met the qualifications for their new positions. Because of their hiring, their salaries increased by 10%, which fell within the ranges of their new positions. ECF's were included in the files for these two employees.

OIG reviewed the third employee's personnel file, which showed that Bonner directly hired him as a budget analyst in August 2007. Although he possessed the minimum qualifications required for the position, he had no prior work history. Because this direct hire was for an entry-level position, OIG sought clarification as to why there was no position announcement. According to Bonner, budget analyst positions are normally announced. She stated that the position had been announced "a while back," but the people who responded were "not very good." Bonner stated that the deputy director of the House Budget Office subsequently forwarded the employee's resume and stated that he would be a good candidate for the open position. After reviewing his resume, she direct hired the employee.

Because the employee's file did not include an ECF as required, we contacted Laine for clarification. Laine recalled that an ECF was completed for the employee, but the document was missing from the file.

Overall, OIG does not find impropriety in the direct hire decisions made in the Financial Services Office. However, the recently enacted critical hire and personnel action request process that require additional steps and justification for personnel actions, are a positive move towards ensuring transparency and eliminating the potential for improper and unjustified personnel actions.

D. WITHHOLDING INFORMATION

During the investigation, OIG discovered an ongoing problem of containment within DNR. Interviews conducted revealed that Bonner withheld information from various employees in the agency and refused to provide requested information on occasion. Deputy Commissioner Burkhalter confirmed that there had been problems with the containment of information by Bonner. OIG finds that the withholding of information within an agency, from employees who require such information in order to perform properly the functions of the agency is an unacceptable practice.

E. ABUSE OF TIME AND STANDARDS OF CONDUCT VIOLATION

During the course of this investigation, DOAA provided us with information that Bonner may have received "comped" spa treatments at Brasstown Valley Resort while on state time.

A review of the resort's central reservations log showed that Bonner received spa treatments on the following days:

Brasstown Valley Resort Equani Spa Central Reservations Database
Client: Michelle Bonner

<u>DATE</u>	<u>TIME</u>	<u>SPA SERVICES</u>	<u>DURATION</u>
10/07/08 (Tuesday)	12:30 p.m.	Monticelli Mud Muscle Ease	60 minutes
10/07/08	1:30 p.m.	Swedish Relaxation	60 minutes
10/07/08	2:30 p.m.	Back in Time Facial	60 minutes
10/07/08	3:30 p.m.	Simply Sugar Spa Manicure	60 minutes
10/07/08	4:30 p.m.	Simply Sugar Spa Pedicure	45 minutes
Total cost of services:			\$468.00
10/24/08 (Friday)	11:00 a.m.	Swedish Relaxation Massage	60 minutes
10/24/08	12:00 p.m.	Monticelli Mud Muscle Ease	60 minutes
10/24/08	1:00 p.m.	Hydrafacial	45 minutes
10/24/08	1:15 p.m.	Simply Sugar Spa Pedicure	60 minutes
10/24/08	2:15 p.m.	Simply Sugar Spa Manicure	45 minutes
Total cost of services:			\$468.00
02/03/09 (Tuesday)	1:00 p.m.	Hot Stone Massage	60 minutes
02/03/09	2:00 p.m.	D-Age	60 minutes
02/03/09	3:00 p.m.	Hydrafacial	50 minutes
02/03/09	4:00 p.m.	Simply Sugar Spa Pedicure	60 minutes
02/03/09	5:00 p.m.	Simply Sugar Spa Manicure	45 minutes
Total cost of services:			\$516.00

Total duration of spa services = 13.8 hours

Total actual cost of services = \$1,452.00

OIG confirmed that the Brasstown spa officially began offering services to the public on October 3, 2008. The region manager for NGMA stated that he and others onsite believed that Bonner used the spa in order to test and evaluate how the services were actually working. He believed that no employees felt that Bonner coerced them to perform services at the spa, and that Bonner tipped very well after receiving the spa services.

OIG cross-referenced the dates Bonner used the spa with her time and attendance records. Our investigation revealed that Bonner did not claim annual leave or compensatory time on these dates. However, because she was an exempt employee, Federal law does not

require her to complete time sheets or leave grids. According to DNR's Personnel Director, DNR policy allows exempt employees to earn up to 240 hours of compensatory time. He indicated, "Everyone knew [Bonner] always worked excessively long hours," but she never maintained a record of her compensatory time.

Because Bonner was on state time when she received the spa treatments, we asked Burkhalter, her supervisor, if Bonner obtained permission from him or Commissioner Holcomb to receive the treatments. He responded that she did not, and "as acting executive director, she would not have to seek permission" because the executive director of NGMA does not report to the deputy commissioner, but to the NGMA board. However, Burkhalter agreed that although she performed her duties through NGMA, DNR did not separately track the hours she also worked for DNR. When asked who paid Bonner's salary during that time, he admitted that it was DNR. OIG confirmed that Bonner did not request reimbursement from DNR for lodging at the Brasstown Valley Resort, only mileage reimbursement. It was Bonner's decision to have her lodging and spa services "comped" because of her position as NGMA acting executive director, according to Burkhalter.

Based on the documents provided and interviews conducted, OIG finds that Bonner's use of Brasstown spa services, which totaled \$1,452 and over 13 hours of services, was an abuse of state time. While Bonner easily had enough annual leave or compensatory time available to enjoy the spa services on her own time, her failure to apply leave time to these hours during which she was not working exemplifies improper conduct. Although Bonner's function as acting executive director of NGMA allowed her great leeway, this does not excuse the fact that she was a DNR employee working on DNR time during the periods of time she enjoyed the spa services. Bonner's lack of accountability to the agency, and the overabundance of freedom she displayed in using services available to her without restraint indicate the agency's great lack of oversight over Bonner.

V. CONCLUSION

While a number of the complainant's specific allegations were unsubstantiated, our investigation revealed numerous instances of poor communication, inadequate liaisons between major divisions within the agency, and questionable supervision/interaction. These issues affect the overall climate of the agency and employee morale.

Management establishes the tone that affects how the agency conducts its day-to-day operations. Good management and supervision requires follow-up, feedback, and enough awareness of what is going on to eliminate surprises and mitigate organizational risks. Bonner's performance over the years led many (former commissioner Barrett, Holcomb, etc.) to not only trust her, but also lean on her exclusively. However, one employee cannot run an entire agency. The unfettered authority allowed to Bonner by her superiors led to what we believe was ineffective management.

Throughout this investigation, we also became aware of a containment problem within the agency. Communication and dissemination of information is an important key to work flow. When it does not occur optimally or barriers exist, it has a drastic effect on the

effectiveness and efficiency of any organization. Bonner had a tremendous amount of responsibility and authority entrusted to her. Due to poor internal communication, both employees and management officials perceived Bonner as the most powerful employee in DNR. This perception led the complainant and others to question Bonner's decisions. Many employees believed that her actions may not have been in accordance with established policies or laws. While many of the issues did not rise to the level of wrongful acts or omissions, they are an impediment to transparency in DNR management practices.

In April 2009, Commissioner Chris Clark succeeded Commissioner Noel Holcomb. Because of this investigation, Commissioner Clark enacted a new process for all critical hires and personnel action requests. The new process requires completion of a state critical hire form, review by the personnel and budget directors, coordination with division directors if necessary, and approval of the commissioner. Further, the filling of vacant positions now requires approval by SPA and OPB.

VI. RECOMMENDATIONS

OIG offers the following recommendations to the Georgia Department of Natural Resources. We request that DNR provide a written response regarding implementation of these recommendations within 30 days of the issuance of this report.

1. DNR should adhere to its recently adopted internal Critical Hire and Personnel Action Request process and regularly review and update this policy as needed.
2. DNR should ensure that lines of communication are open between all divisions to ensure organizational efficiency and effectiveness.
3. DNR should provide comprehensive contract management training for any employees involved in the processing, awarding, and monitoring of contracts, for the agency itself or administratively attached entities. Training should include, but is not limited to:
 - a. Avoidance of conflicts of interest
 - b. Contract documentation and record keeping
 - c. Vendor selection
 - d. Evaluation of vendor performance
 - e. Documentation of contract administration decisions
 - f. Ensuring deliverables are met
 - g. Communication of clear expectations.
4. DNR should consider requiring all contracts, including those for administratively attached entities to undergo legal review in order to ensure compliance with state contracting policies and provisions.
5. DNR should ensure that documents and records pertaining to administratively attached entities are readily available within the agency for review.

6. DNR should consider developing an internal policy regarding aircraft use.
7. DNR should continue the use of flight report forms and should ensure that the forms are completed in their entirety. DNR should consider requiring passengers to provide the state-related business purpose of the travel to ensure transparency.
8. The North Georgia Mountains Authority should consider adopting bylaws, rules, and regulations governing the manner in which its business may be transacted as provided for in O.C.G.A. §12-3-394(11).

VII. REFERRAL

OIG will provide a copy of this report, and information obtained in the course of this investigation, to the Department of Audits and Accounts for their review.