



CITY OF ATLANTA
OFFICE OF THE INSPECTOR GENERAL

**OIG INVESTIGATION INTO PURCHASES RELATED TO
THE 2022 MAYOR'S SENIOR BALL**

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EXECUTIVE SUMMARY

In February 2023, the City of Atlanta Office of the Inspector General initiated an investigation into the 2022 Mayor’s Senior Citizen Ball after identifying an invoiced \$120,653.48 payment from the City of Atlanta to the Hyatt Regency Atlanta, with an attached note requesting that the invoice be processed as a “professional courtesy.” The investigation revealed that, prior to the “professional courtesy” request, several City purchasing requirements had been bypassed, including: purchasing goods and services without required enabling legislation from Atlanta City Council, failure to secure a purchase order before goods and services had been provided, and failure to secure an account stream for funds to be drawn from.

The execution of the 2022 Senior Ball event itself also violated several Atlanta policies. The City of Atlanta, Accounts Payable, Travel, and Hotel Policy prohibits hotel expenses within the Atlanta metropolitan area. Rooms were booked for City employees at the Hyatt, located in downtown Atlanta, and for non-City staff, including members of the mayor’s family.

The OIG investigation also raised a question surrounding the status of the gala as a City event versus a private, sponsored event, the answer to which determines the propriety of the expenditure of City time, resources, and funds.

OIG identified 11 other instances in a seven-month period, in which the mayor’s executive offices requested that noncompliant direct payment be processed as a “professional courtesy.” The Office of the Mayor stated it has discontinued use of the language and will impose discipline for future noncompliance with purchasing processes.

In response to OIG’s findings, the Office of the Mayor affirmed this administration’s commitment to compliance with rules and regulations and expressed its intention to address the findings in the execution of the 2023 Senior Ball. The mayor stated that he intended to reimburse the City for the hotel room costs for himself and his family.

BACKGROUND

In February 2023, as part of a separate investigation, the City of Atlanta Office of the Inspector General (OIG) discovered a payment from the City of Atlanta to the Hyatt Regency Atlanta (the Hyatt) for \$120,653.48. In the description for the payment, a note stated that the City procurement policy had not been followed and that Hyatt's services were rendered to the City without a purchase order. The note requested that the payment be processed, despite its noncompliance with procurement policy, as a "professional courtesy" for Mayor Andre Dickens' 2022 Senior Ball (the 2022 Senior Ball). OIG initiated an investigation and took a number of investigative actions, including, but not limited to, reviewing City policies, laws, and records, and conducting interviews of City staff.

FINDINGS

The Senior Ball

Founded by former City of Atlanta Mayor Bill Campbell, the Senior Citizens' Ball (the Senior Ball) is an annual gala for Atlanta senior citizens, 65 years of age or older. Traditionally, the mayor hosts the event, and the City establishes a theme. In 2022, Mayor Andre Dickens hosted the "Disco Gala" and is anticipated to host "An Evening to Remember."

The Mayor's Office of Constituent Services (OCS) manages the Senior Ball. OCS communicated to OIG that OCS was tasked with this responsibility due to its relationships with community partners and the fact that it staffs the City's Commission on Aging. According to OCS, the event is primarily funded by pledged sponsorship donations from local businesses and organizations. OCS informed OIG that it is responsible for planning, overseeing, and fundraising for the Senior Ball.

In addition to organizing and fundraising for the Senior Ball, OIG observed that OCS staff maintains financial records for the event and uses staff to assist with on-site event operations (e.g., decorating, arranging items and equipment). For the 2022 Senior Ball, the City recruited volunteers from among City staff to support event operations up to and including the date of the 2022 Senior Ball. OCS communicated to OIG that, near the date of the 2022 Senior Ball, select OCS/City staff were required to be at the event site from early in the morning to late in the evening to assist with operations.

Although the City has hosted the Senior Ball for several years, OIG has not found any ordinance, policy, or agreement establishing the Senior Ball as an official City activity. OCS communicated to OIG that the goal is that no City funds are used on the Senior Ball; ideally, Senior Ball expenses are fully covered by fundraising.

OCS began planning for the 2022 Senior Ball in the first quarter of calendar year 2022. OCS booked several services for the event, including, but not limited to, food and beverage services, the event space, audio and visual equipment, music entertainment, and guest rooms. OCS accounting summaries projected that approximately \$315,000 would be needed to cover expenses for the 2022 Senior Ball. Ultimately, expenses for the 2022 Senior Ball were \$382,366.39, of which, approximately \$215 - \$238,000 was covered by pledged sponsorship donations. Records indicate that the City paid the remaining amount.

The Community Foundation of Greater Atlanta

The Community Foundation for Greater Atlanta (CFGa) is a non-profit, philanthropic organization that partners with non-profits and financial donors to facilitate fundraising, and operates several charitable funds in the Atlanta metropolitan area. OCS informed OIG that CFGa operated as the fiscal agent for the 2022 Senior Ball as well as several past Senior Balls. OCS informed OIG that CFGa did not and does not participate in fundraising for Senior Balls and that, as the Senior Ball fiscal agent, CFGa essentially provided escrow services for sponsorship funds raised by OCS.

Sponsors contributed to the 2022 Senior Ball by completing and mailing the 2022 Senior Ball Donor Response form. On the form, sponsors were instructed to mail payments to OCS but to make checks payable to CFGa (with the memo '2022 Senior Ball'). Communications from OCS indicate that this arrangement with CFGa was established because OCS believed that the City could not directly receive funds for the 2022 Senior Ball because it was supposed to be a sponsored event. OCS stated that it could deliver checks to CFGa and that the funds CFGa deposited would go on CFGa's books. As expenses for the 2022 Senior Ball accrued, OCS sent invoices to CFGa for payment. Many of the invoiced expenses for the 2022 Senior Ball were paid by funds distributed by CFGa.

City records indicate that CFGa was not paid for acting as the fiscal agent for the 2022 Senior Ball. When asked if there were any official agreements (e.g., contract, memorandum of understanding) between the City and CFGa regarding the Senior Ball, OCS informed OIG that it was uncertain if there were any such agreements. In April 2023, OIG requested several documents from the Office of the Mayor, including "any contracts, memorandums of understanding, or agreements concerning the Mayor's Senior Ball" with CFGa or any other entity collaborating on the 2022 and/or 2023 Senior Balls. Of the documents provided by the Office of the Mayor, OIG did not discover any contracts or other agreements between CFGa and the City for the 2022 or 2023 Senior Balls.

OIG also inquired with OCS about the disposition of donations raised for the Senior Ball. Specifically, OIG inquired whether the money raised for the event belonged to the City or to CFGa and whether OCS had any procedures in place regarding, for example, funds exceeding those required to pay for the Senior Ball. OCS informed OIG that should such a situation arise, OCS would likely partner with the Commission on Aging and other relevant stakeholders to determine the best use of excess funds. OCS could not detail any set procedures or plan for excess funds raised for the event.

The Hyatt Invoice

OCS booked the 2022 Senior Ball at the Hyatt in the first quarter of calendar year 2022. The Hyatt is located in Atlanta, GA. For the 2022 Senior Ball, \$124,566.90 of the accumulated expenses were from the Hyatt. Records obtained by OIG, indicate that the Hyatt was one of the 2022 Senior Ball expenses not covered by sponsorship donations. OIG found in its review that although OCS contacted other venues to host the event, OCS did not secure the event space through a formalized bidding/procurement process. OCS negotiated with the Hyatt regarding the costs for the event—all price quotes submitted by the Hyatt exceeded \$100,000. After reserving the Hyatt,

OCS did not initiate the process required to obtain a purchase order from the City of Atlanta Department of Finance (Finance) for the event.¹

The 2022 Senior Ball took place on October 22, 2022, at the Hyatt. OCS booked rooms at the Hyatt for the event. OCS Commissioner Greg Clay informed OIG that these rooms were booked for City staff who were needed on-site in preparation for and operation of the Senior Ball. OCS explained to OIG that these employees were required to be at the Hyatt for extended hours, often late into the evening, and that this was a courtesy provided for the staff’s benefit.

According to the contract with the Hyatt, the City initially reserved 80 rooms between October 21, 2022 and October 23, 2022 (40 per night). Not all guest stays were covered by the City, as some guests were required to pay the Hyatt directly for their lodging. OCS maintained a list of individuals for whose rooms the City would pay.

October 22, 2022		Who's Responsible	
Curtis	Bailey	City of Atlanta	
		City of Atlanta	
		City of Atlanta	
		City of Atlanta	
Angela	Thornton	City of Atlanta	
		City of Atlanta	
		City of Atlanta	
		City of Atlanta	
		City of Atlanta	
		City of Atlanta	
Mayor	Dickens	City of Atlanta	Suite
		City of Atlanta	Mayors Mother
		City of Atlanta	Mayors Sister
Executive	Protection	City of Atlanta	Mayor's Executive Protection
Executive (1)	Staff	City of Atlanta	
Executive (2)	Staff	City of Atlanta	
On Site Staff (1)	Staff	City of Atlanta	
On Site Staff (2)	Staff	City of Atlanta	
		City of Atlanta	Band (3 rooms one night paid by city)
		City of Atlanta	
		City of Atlanta	
		Guest pay for themse	Entertainment
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	
		Guest pay for themselves	

(Excerpt from OCS document titled “Hyatt Regency Stay List;” some names redacted.)

¹ OIG has not received an explanation from OCS as to why procurement procedures were not followed. The two OCS employees responsible for planning the 2022 Senior Ball were former OCS Commissioner Curtis Bailey and former OCS Facilities Coordinator Angela Thornton. OIG reached out to both Bailey and Thornton for information concerning the event. However, Thornton (who separated from City employment in June 2023) refused to be interviewed by OIG, and Bailey did not respond to OIG’s invitation for a meeting.

Summary of Rooms by Last Name

	Room	Name	Arrival	Departure	Room and Taxes	Misc. Charges	Grand Total
1	0551	Bailey, Curtis	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
2	0843	[REDACTED]	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
3	0454	[REDACTED]	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
4	0730	[REDACTED]	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
5	1645	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
6	1043	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	69.05	235.99
7	1055	Dickens, Andre Mayor	22-Oct-2022	23-Oct-2022	166.94	73.76	240.70
8	1056	Dickens, Andre Mayor	22-Oct-2022	23-Oct-2022	412.75	0.00	412.75
9	1854	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
10	1944	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
11	1042	Exec Protection, Mayor	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
12	1054	Exec Protection, Mayor	22-Oct-2022	23-Oct-2022	166.94	163.88	330.82
13	0849	[REDACTED]	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
14	1053	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
15	0203	[REDACTED]	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
16	1744	[REDACTED]	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
17	2453	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
18	0230	[REDACTED]	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
19	9600	[REDACTED]	21-Oct-2022	22-Oct-2022	166.94	0.00	166.94
20	1952	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
21	1254	[REDACTED]	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
22	2352	[REDACTED]	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
23	1745	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
24	1429	Thornton, Angela 2	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
25	1433	Thornton, Angela 1	21-Oct-2022	23-Oct-2022	333.88	0.00	333.88
26	0516	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
27	0605	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
28	0739	[REDACTED]	22-Oct-2022	23-Oct-2022	166.94	0.00	166.94
Total Room and Incidental Folio Charges							7,230.10

(Screenshot of the Hyatt invoice room charges; some names redacted.)

The Hyatt billed the City for 28 guests, and 40 rooms over two days, from October 21, 2022, through October 23, 2022. The Hyatt invoice identified under whose name each room was booked. Of the 28 guests, 13 checked into their room on October 21, 2022, and 15 checked into their room on October 22, 2022; 27 rooms were checked out on October 23, 2022, the day after the event. According to the Hyatt invoice, some guests had food and beverages billed to their room.

The list included:

- One room for the mayor's mother
- One room for the mayor's sister
- One room for the mayor's chief of staff
- One room for the mayor's then-senior policy advisor
- Two rooms (one for each night) for the then-OCS commissioner
- Two rooms (one for each night) for a Department of Human Resources director
- Two rooms (one standard, one suite) for the mayor
- Two rooms (for one night) for the mayor's security detail
- Three rooms (for one night) for the band performing at the event
- Four rooms (two for each night) for a former OCS facilities coordinator / the main coordinator for the 2022 Senior Ball

The Hyatt submitted a \$124,566.90 invoice to the City for payment, charging the City:

- \$117,440.23 for planned food and beverage
- \$14,838.40 for audio visual use
- \$7,230.10 for rooms
- \$235.00 for parking

The City received a \$10,176.83 tax exemption reduction. The Hyatt's final invoice also credited the City for a \$5,000 deposit.²

In November 2022, Bailey submitted the Hyatt invoice to Finance for payment. Finance informed Bailey that it would need a disbursement form or purchase order to process the invoice. In December 2022, Bailey emailed an OCS specialist to request that she process the Hyatt invoice as per Finance's instructions. The OCS specialist rejected the request and explained that the submission of the Hyatt invoice did not adhere to the requisition guidelines. The OCS specialist also informed OCS that, as the 2022 Senior Ball had already occurred, the Hyatt invoice would need to be paid for via a direct pay disbursement; however, such a disbursement was not on the approved list for accounting disbursements. The OCS specialist wrote OCS, "[T]he Mayor's Executive Office has a very strict policy and guidelines that should be followed for processing payments." (emphasis in original)

The OCS specialist communicated the issue to the Office of the Mayor for further assistance. OCS, the Office of the Mayor, and Finance coordinated to process the Hyatt invoice. In internal communications reviewed by OIG, some within the Office of the Mayor expressed displeasure that OCS had procured Hyatt services without first securing payment. For example, in December 2022, OCS asked Finance for assistance in finding an account string to pay the Hyatt invoice. Finance responded that it did not know which account string would be appropriate for payment as "the department that put the requisitions and PO's together for this event should know that as typically it would be coming out of their budget." The Office of the Mayor responded, with Bailey carbon copied, "This is exactly why we don't procure services without knowing how its being paid."

² That deposit had been made by CFGA in April 2022.

That same day, Finance instructed OCS to use a non-departmental account³ to pay the Hyatt invoice. Finance informed OIG that non-departmental accounts are typically used for expenses not tied to a single City department. Regarding the decision to cover the 2022 Senior Ball using a non-departmental account, the Deputy Chief Finance Officer (DCFO) (who had instructed OCS to use the non-departmental account) informed OIG that she was uncertain why Finance had instructed OCS to use a non-departmental account to pay for the event, but suggested that it may have been because there were insufficient funds available in the OCS budget.

In January 2023, OCS submitted to Finance a direct payment form called the Accounts Payable Disbursement Form (AP disbursement form) in the amount of \$120,653.48 for payment to the Hyatt. The requested amount was less than the Hyatt's original invoice amount as Finance had previously informed OCS that the City could not cover \$3,913.42⁴ in charges for alcohol service provided at the event.⁵ The AP disbursement form was prepared by the OCS specialist, and in the form's justification section, the following was written:

JUSTIFICATION: Procurement policy was not followed, services were rendered w/o a PO. Please process payment as a professional courtesy for Mayor Andre Dickens 2022 Senior Ball held October 21, 2022 at the Hyatt Regency Atlanta.

On February 10, 2023, Finance had a check drawn in the amount of \$120,653.48, made payable to the Hyatt for the 2022 Senior Ball.

Professional Courtesy

OIG review discovered at least eleven other AP disbursement forms submitted by executive offices within the Office of the Mayor (the executive offices), and approved by Finance, with the statement, “[P]rocurement services were not followed, services were rendered without a purchase order. Please process payment as a professional courtesy.” These AP disbursement forms were for invoices dated from July 2022 through January 2023 and ranged in amounts from \$263.60 to \$5,130.20. OIG found no other use of the “professional courtesy” language on AP disbursement forms prior to 2022 and found no such usage from any other City departments.

OIG review found that the purchases listed in these AP disbursement forms varied from food/beverage services and decoration services to photo and video services. Many of the AP disbursement forms were signed by Office of the Mayor Director of Administration Lolita Ferrell. OIG found several communications between Ferrell and employees within the executive offices, including multiple communications with OCS, in which Ferrell identified payments submitted that did not follow the procurement process. In several of these instances, Ferrell instructed the submitting parties to use the “professional courtesy” language identified.

In January 2023, Ferrell emailed a letter to the executive offices with the subject “Procurement of goods and services.” In the email, Ferrell wrote the following:

³ Account: 1001.200101.5212001.1512000.

⁴ The \$3,913.42 total included services for four bartenders (for a grand total of \$1,302) and costs for a “VIP Reception” on the day of the event. The Hyatt billed \$2,611.42 for the VIP Reception and charged the City for 170 glasses of wine and 10 beers.

⁵ The alcohol tab remained outstanding as of April 2023. It is unknown if CFGA (or some other party) covered the tab as the City's payment history shows no subsequent payments from the City to the Hyatt.

Happy New Year!

To procure goods and services on behalf of the City of Atlanta, we must follow the city's policy. Before goods and services are procured/performed, an approved purchase order must be on file. **There is no circumventing the process.**

Below is a list of allowable expenses, at the organizational level, that use direct pay (Accounts Payable Disbursement Request Form).

- Conference Registration
- Memberships
- Subscriptions
- **All other expenses must have an approved purchase order in place.**

Only allowable expenses submitted via a direct pay will be approved. I will reject unallowable expenses submitted on a disbursement form. Additionally, a staffer cannot purchase unallowable items seeking reimbursement. I will reject the Oracle transaction. **There are no professional courtesy extensions for payment or reimbursement of unallowable costs.**

I suggest you seek advice from the EXE Business Office at the point of the initial conversation to ensure compliance.

Thanks,
Lolita

During a June 2023 interview, OIG inquired with Ferrell about the “professional courtesy” language. Ferrell informed OIG that the language was decided upon by the executive offices during a meeting with administrators, including Ferrell. Ferrell explained that the purpose of the language was to highlight that the procurement process was not followed and to ask that Finance process the request so that the vendor could be paid. Ferrell told OIG that 90% of the executive offices’ purchases should be made by a purchase order, which is secured by a purchase order requisition before the services are provided; whereas items such as conference registrations, monthly subscriptions, and other recurring items may be paid through disbursements.

OIG asked Ferrell what occurs when a party is noncompliant with the disbursement policy. Ferrell explained that she would communicate with the responsible person and ask why they are using a disbursement form for an item that should be paid by purchase order. Ferrell stated that, ultimately, however, the City will pay its debts so the disbursement forms will be submitted. Ferrell informed OIG that the executive offices do not discipline staff for violations of the City’s procurement policy, even for multiple violations.

After OIG’s interview, Ferrell informed OIG that the Office of the Mayor had decided to remove the “professional courtesy” language (or “spotlight” statement, as identified by Ferrell in her communication) from disbursement forms submitted to Finance. In addition, Ferrell informed OIG that the Office of the Mayor “agreed that [an] organization not following the process should be reprimanded.” Ferrell shared with OIG an email circulated to the executive offices on June 13, 2023. In the email, Ferrell advises the executive offices that “In FY24, no professional courtesy

allowances for payment or reimbursement of unallowable costs. Organizations will be reprimanded by executive leadership if compliance process is not followed.”

The 2023 Senior Ball

OCS began planning for the 2023 Senior Ball (to be held October 28, 2023) in the first quarter of calendar year 2023. OCS has booked the 2023 Senior Ball at the Hyatt. The most recent estimate obtained by OIG indicated that OCS projects that \$357,750 will be needed to cover the 2023 Senior Ball, of which \$145,000 is projected to be needed to cover the Hyatt’s expenses. On March 1, 2023, the OCS commissioner signed a contract with the Hyatt to host the 2023 Senior Ball. OIG has reviewed the contract with the Hyatt. According to the contract, OCS has reserved 46 rooms at the Hyatt (30 single rooms, ten double rooms, four suites and two “premium suite parlors”) between October 27-29, 2023.

In a June 2023 interview with the OCS commissioner, OIG was informed that OCS had not yet begun fundraising for the 2023 Senior Ball. The OCS commissioner also informed OIG that OCS had not sought an allocation of funds for the Senior Ball from Atlanta City Council (City Council), nor included anticipated Senior Ball expenses as a line item in its Fiscal Year 2024 budget. OIG review of documents received from the Office of the Mayor, internal communications, and procurement records located on the City’s online cloud database, Oracle, did not reveal any purchase orders submitted for the Hyatt. OIG inquired with the OCS commissioner how OCS intended to cover expenses if it did not reach its fundraising goals. The OCS commissioner informed OIG that the plan was to fundraise to prevent that eventuality and assured OIG that the funds needed would be raised.

Atlanta Policies and Code

I. *Purchases*

Based on a review of the laws, codes and policies contained within Department of Procurement’s (DOP) Standard Operating Procedures (SOP),⁶ the City of Atlanta Municipal Code (Atlanta Code), and Finance policies, City purchases can generally be sorted as follows:

- Micro-purchases
- Small Purchases
- Formal Procurements
- Alternative Procurements

The City permits purchases under a certain dollar threshold to be made at the discretion of department heads. Discretionary purchases can be divided into two categories: Micro-purchases and Small Purchases.

Micro-purchases have the fewest procedural requirements and can be made by department heads without the approval of the Chief Procurement Officer. Unlike most City purchases, Micro-purchases do not require competition, as only one vendor quote is required for approval. Until June

⁶ Inclusive of the current operative DOP procedural manual, the City of Atlanta Department of Procurement Resource Guide to Procurement Fundamentals.

30, 2023, the dollar threshold for Micro-purchases was \$5,000. In May 2023, the City passed Ordinance 23-O-1212, which increased the dollar threshold for Micro-purchases to \$25,000, effective July 1, 2023.

Small Purchases require that the requesting department, when practical, solicit and submit at least three quotes from different vendors. Although Small Purchases do not require facilitation of DOP, they do require DOP approval. Until June 30, 2023, the dollar threshold for Small Purchases was \$20,000. However, Ordinance 23-O-1212 increased the dollar threshold to \$100,000, effective July 1, 2023.

Purchases may be submitted to Finance for payment via purchase orders and direct payments. All departments are required to obtain a purchase order from DOP before accepting any goods or services on behalf of the City. In the City of Atlanta, Accounts Payable, Travel & Reimbursement Policy (AP Policy), Finance states that failure to obtain a purchase order prior to accepting goods or services is a direct violation of Atlanta Code Section 2-1212.⁷ Purchase orders require that vendors first submit invoices directly to Finance’s Accounts Payable division via Oracle. Payments to the vendor are the final step of the purchase order process. The AP Policy states:

This process ensures that the City of Atlanta is conducting business with certified vendors, encumbers the dollars within budget for their intended use, and provides the basis for properly matching the receipt of the good or service against the invoice.

Goods and services that cannot be procured are paid via direct payment. Direct payments are completed by submitting the AP disbursement form. According to Finance’s website, the following items are acceptable direct payment items:

- Board Member Expenses
- Conference Registrations
- Court Fees
- Credit Union Payments
- Garnishments
- Independent Contractors
- Insurance Payments
- Interview/Relocation Expenses
- IRS/DOL Payments
- Memberships
- Outside Counsel Services
- Settlements
- Subscriptions
- Union Dues
- Utilities

All other direct payments are classified as “unallowable” expenses.

Purchases exceeding the thresholds for Micro-purchases and Small Purchases are required to go through either the City’s formal or alternative procurement processes. For this investigation, OIG will not detail these processes, except to highlight that payments processed under the formal and alternative procurement procedures have significantly more procedural steps, including, but not limited to, public solicitations, closed-bidding processes, evaluations, and oversight. In addition, purchases of \$100,000.01 or greater require approval legislation from City Council.⁸

⁷ Section 2-1212 states, “[N]o city official, employee or appointee shall incur any liability on behalf of the city under contracts of any kind, including but not limited to purchase orders, unless sufficient funds have been encumbered or otherwise made available for such liability.”

⁸ Although 23-O-1212 changed the dollar threshold for Small Purchases, OIG did not discover any corresponding increases in the Atlanta Code and/or Procurement’s Standard Operating Procedures regarding the thresholds that trigger legislative approval from City Council.

The DOP SOP states, “No City officer or employee shall order the procurement of supplies, services, construction, professional or consultant services, and real estate or make any contract other than through the DOP unless the total anticipated procurement need is within the discretionary purchasing limit...and below,” and “Pursuant to Procurement Code Section 2-1483, an employee who binds the City to a contract without proper authorization shall be discharged from employment.”⁹ The DOP SOP also states that City Council is the only entity that can waive the application of the Procurement Code.

In 2022, the City of Atlanta Auditor’s Office (Audit) audited the City’s direct payments and found that departments did not consistently follow, and Accounts Payable did not consistently enforce, existing controls outlined for direct payments. In its report, Audit observed that “the direct payment process has relatively few pre-purchase controls, because the purchased item has usually already been received before [Finance] has an opportunity to review the purchase, obligating the city to make payments to vendors.”

During a June 2023 interview, OIG asked a DCFO if Finance had any means to prevent or deter departments from submitting direct payments for unallowable expenses (e.g., refusing to process noncompliant requests) and/or binding the City to payments after services were already rendered. The DCFO informed OIG that it is up to the department heads to ensure that departments follow existing purchase rules. The DCFO also informed OIG that the City will pay any debts it incurs to vendors, as to do the opposite would expose the City to unnecessary, and costly, litigation. The Deputy CFO told OIG that the rules to prevent noncompliant purchases are already in effect, but Finance does not have the capacity or capability to police other departments.

II. *Hotels*

The AP Policy states hotel expenses are not allowed within the Atlanta metropolitan area and hotel accommodations should be secured at the lowest logical rate. In addition, the AP Policy lists alcoholic beverages and mini-bar charges as “unallowable” expenses. The AP Policy discusses non-employees only in the context of contractors, consultants, and employment applicants.

⁹ Section 2-1483 states:

If any officer or employee of the city shall create any actual legal liability against...the city under the following circumstances:

1. Such officer or employee requests or knowingly permits any person to proceed or to continue with the performance of any construction or services for the city, or to provide supplies to the city; and
2. The construction or service, or the provision of supplies was not duly authorized by the City Council or the Mayor or the Mayor's designee, in accordance with the Atlanta City Charter and this Code of Ordinances, prior to the performance of the construction, service, or provision of supplies, and such officer or employee knew or should have known such fact; and
3. The contractor or supplier expends money, incurs liability or otherwise acts to its financial detriment in reliance upon the representation of the city officer or employee involved;

then in such event, if the chief operating officer and department head, in the case of an employee, or the Mayor, in the case of an appointed official, as the case may be, determines that such circumstances exist, that there are no mitigating or extenuating factors sufficient to justify the actions of the officer or employee, and that just cause exists for the discharge of the offending officer or employee of the city, then such offending officer or employee shall be discharged from his or her employment with the City, subject to the labor-management relations ordinance in Chapter 114, Article VI of this code, where appropriate.

III. *City Property*

While the Senior Ball is largely private-funded, OCS used City funds to make purchases in furtherance of the 2022 Senior Ball. OCS staff dedicated time and resources to execute the 2022 Senior Ball. Section 2-811 of the Atlanta Code prohibits the use of any publicly owned or publicly supported property, vehicle, equipment, labor or service for the private advantage of any City official or employee or any other person or private entity. City officials and employees are allowed to use City property to conduct official city business.

ANALYSIS

Courtesies Codified

OIG was informed that the decision to use the “professional courtesy” language was made by the Office of the Mayor staff to highlight that the payment did not follow the proper procurement policy. Accepting the Office of the Mayor’s explanations, OIG notes the problems posed by such requests given the unique nature of the Office of the Mayor. A request from the Office of the Mayor to process noncompliant purchases as a “professional courtesy,” despite any intentions to the contrary, may give the impression that the Office of the Mayor is not subject to the City’s rules and policies. Such a request may communicate to the employees tasked with processing said payments, and/or other City employees aware of such requests, that the Office of the Mayor is asking (or pressuring) Finance to grant favors that it is not entitled to and that would not be available for other departments.

Although the Hyatt invoice was not the first payment processed as a “professional courtesy,” it was by far the largest OIG identified, as no previous invoice exceeded \$5,100. The other “professional courtesy” requests all were under the then-\$20,000 threshold for Small Purchases, and all but one would have qualified as a Micro-purchase. Repeated requests for “professional courtesy” to process relatively simple transactions may communicate that the Office of the Mayor is careless when purchasing services and goods. Asking for a “professional courtesy” for invoices well above the Small Purchase threshold, such as the \$120,653.48 Hyatt invoice, may give the impression that the Office of the Mayor is attempting to circumvent the City’s procurement processes and invites concerns of intentional misconduct.

The Office of the Mayor has attempted to restrict the issuance of “professional courtesy” requests. Prior to the OIG investigation, Ferrell sent an email to the executive offices stressing the importance of following proper procedure and warning that professional courtesies would not be issued for failure to follow procurement policies. In addition, after communicating with OIG, the Office of the Mayor communicated that it will cease using the “professional courtesy” language.

Improper Process

Much of the internal discussion between the Office of the Mayor and Finance focused on OCS’ failure to obtain a purchase order prior to securing services from the Hyatt. However, the failure to obtain a purchase order was only one issue with the payment to the Hyatt. The Hyatt’s invoice exceeded \$100,001; accordingly, this purchase was not an allowable discretionary purchase for OCS. Under then, and current, Atlanta Code and policies, these services required

intervention by DOP and enabling legislation from City Council. Also, by securing a contract with the Hyatt (and other vendors) for the Senior Ball without first securing the funds required for the purchase or proper approvals, OCS violated Section 2-1212 of the Atlanta Code.

City records demonstrate a pattern of OCS and other executive offices making purchases without first consulting with Finance, DOP, or the Office of the Mayor to properly affect the purchase. The Hyatt invoice incident illustrates these lapses in following procurement procedures. The 2022 Senior Ball was planned, booked months in advance, and promoted by the City, with coordination at all levels of City staff. Yet, there appeared (and seems to continue) to be no consultation or communication regarding how the Senior Ball would be paid for until the services had already been procured.

Given its position atop the executive branch of the City of Atlanta, the Office of the Mayor should set the example for the City in following the City's procurement procedures. Finance may not have the resources available to ensure that the Office of the Mayor, in addition to all other City departments, follow procurement procedures, and there are limited options for Finance to address these matters in situations where parties submit requests for reimbursement after the services have been provided.

The evidence collected demonstrates that the Office of the Mayor takes compliance with the procurement policy seriously. The City has established several laws and policies to ensure compliance with the procurement code; the potential sanctions for violating the procurement code are considerable. The Office of the Mayor has communicated to OIG that it may begin to discipline staff for violations of the procurement code.

Improper Expenses

Procurement protocols are established, in part, to help minimize the chance that the City pays for improper expenses. For example, the Hyatt invoice contained items that may not have passed scrutiny under City Council and/or DOP review, such as the purchase of hotel rooms and purchases for alcoholic beverages. As a threshold matter, the issuance of hotel rooms within the Atlanta metropolitan area violated the City's hotel policy. OIG investigation also revealed inconsistencies with the OCS justification that the rooms were needed for staff who were required to work at the event space.

The OCS justification does not explain why it was necessary to book rooms from October 21, 2022, the day before the event, through October 23, 2022, the day after the event. To the extent preparations were required ahead of the event and/or wrap-up activity was required after the event, staff could have traveled home and returned to the hotel the following days. OCS did not offer an explanation as to why this multi-day violation of the travel policy was merited.

The OCS justification also does not explain why some employees had multiple rooms booked under their name, or why some guests were permitted to have food and beverages billed to their room. If the rooms were for staff required to be on-site, the OCS justification does not account for the accommodations for non-City staff, such as the event's music performers and the mayor's mother and sister.

Also, had OCS submitted the invoice to DOP, Finance, and City Council as required, the \$3,913.42 for bartenders and alcohol service may have been flagged as an unallowable expense,

and not included on the City's bill. Finance had to locate a non-departmental account to pay for the Hyatt invoice. Finance communicated to OIG that it may have instructed OCS to use a non-departmental account due to a lack of funds in the OCS budget. One purpose of the purchase order process is to encumber funds within a budget.

Use of City Property

The use of City property and funds during the 2022 Senior Ball may not have complied with Atlanta Code. Section 2-811 of the Atlanta Code prohibits the use of any publicly owned or publicly supported property, vehicle, equipment, labor, or service for the private advantage of such official or employee or any other person or private entity. Questions arise as to whether the booked hotel rooms for City staff—including the executive office staff, OCS commissioner, and the mayor—for their convenience, represents the use of public funds for private advantage. Having the City pay for rooms for the mayor's family may also qualify as the use of public funds for the private benefit of another person and/or private entity.

There is also a question as to whether the Senior Ball itself is an official city function as required by Section 2-811. Though the Senior Ball was founded several years ago, and has continued through multiple mayoral administrations, there is no record to establish whether this is a City event, or simply a private cause endorsed by the City's mayor. OIG found no City legislation, ordinance, policy, or agreement regarding the Senior Ball. If the 2022 Senior Ball was not official City business—as that term is set forth under Section 2-811 of the Atlanta Code and governed by City Ethics guidance¹⁰—the use of City staff, labor, and resources on the event may have implicated the Section 2-811 prohibition against public property use on private events.

OIG also found no contract, memorandum of understanding, or agreement between the City and the fiscal agent for the Senior Ball, CFGA. CFGA made payments for the event from funds raised by OCS. However, all funds raised for the Senior Ball are made out to CFGA and OCS could not confirm whether the funds raised for the event belonged to CFGA, the City, or both. Based on the circumstances of the 2022 Senior Ball, it appears the City is responsible for any remaining associated costs not covered via fundraising, however, it is uncertain how any hypothetical excess funds raised would be disposed. It may be that the use of public funds, property, and labor for the 2022 Senior Ball conferred a private advantage for CFGA, a private entity, in that CFGA, without any official agreement in place, received the benefits (and potential funds) for its involvement in a large-scale public event organized, staffed, and fundraised for by the City, and for which the City assumed ultimate financial responsibility.

Recurrences with 2023 Senior Ball

For the 2023 Senior Ball, OCS has again obligated City funds, without first securing permission from City Council or encumbering the funds required. In March 2023, OCS signed a contract, with an anticipated cost of \$145,000, to book the 2023 Senior Ball at the Hyatt. OCS has also begun planning other expenses for the event. OCS informed OIG that it has not included the Senior Ball in its Fiscal Year 2024 budget; nor has OCS requested funds from the City Council. Rather, OCS informed OIG that it intends to raise the funds required to cover all

¹⁰ See Formal Adivosry Opinion 2004-1.

expenses. Given that OCS did not raise enough funds to cover the 2022 Senior Ball, and, also, had not begun fundraising by June 2023, relying on fundraising solely to cover all expenses for the event invites the possibility that OCS would again find itself arranging City funds to pay for outstanding invoices after the event had transpired.

OCS has reserved 46 rooms in its contract with the Hyatt for the 2023 Senior Ball. Included in this slate of rooms are suites and “premium suite parlors.” As mentioned, the City’s hotel policy prohibits hotel reservations within the Atlanta metropolitan area. The purchase of suites also appears to violate the City’s hotel policy’s requirement that rooms be booked at the lowest reasonable cost.

CONCLUSION

The OIG investigation of the City’s \$120,653.48 direct payment of a Hyatt invoice for the 2022 Senior Ball revealed several “professional courtesy” requests from the Office of the Mayor to Finance to process payments that had not followed the City’s procurement policies. In OIG’s view, the request for a “professional courtesy” may give the unintended impression that the Office of the Mayor is abusing a privilege, unavailable to other departments, to elude the requirements of the City’s procurement policy.

The Hyatt invoice amount exceeded the monetary threshold for a discretionary purchase. OCS had the time and opportunity to secure the required approvals and funds for Senior Ball expenses. However, it appears that until the OCS specialist objected to OCS request that she process the Hyatt invoice, OCS had not consulted with staff within the Office of the Mayor, Finance, or DOP about the requirements for purchases of this type. The event space should have been secured through DOP and OCS should have requested approval from City Council, prior to contracting with the Hyatt. By contracting with, and accepting service from, the Hyatt without having first secured the required approvals or a purchase order, OCS violated Section 2-1212 of the Atlanta Code and could have faced discipline under Section 2-1483 of the Atlanta Code.

By employing workarounds, such as the “professional courtesy” language, combined with the failure to deter violations by imposing discipline for repeated or deliberate violations, the Office of the Mayor may have, unintentionally, fostered a culture for the executive offices where violations of the City’s procurement policy are tolerated. The Office of the Mayor has communicated to OIG that it intends to impose discipline for noncompliant purchases going forward.

The Hyatt invoice contained items, such as charges for serving alcoholic beverages, overnight accommodations for a hotel within the metropolitan Atlanta area, and room service charges, which seem to violate the City’s hotel policies. OCS also booked rooms for non-City staff, including members of the mayor’s family, which implicate Atlanta Code, the prohibition against using public funds for private advantage. Additionally, OCS dedicated staff hours and resources to executing the 2022 Senior Ball. OIG discovered no ordinance, official policy, or agreement that established the 2022 Senior Ball as an official City event. Likewise, OIG did not find any formalized agreement between the City and CFGA, the fiscal agent for the 2022 Senior Ball. The ambiguity of the City’s relationship with CFGA, especially regarding the disposition of raised funds, as well as the use of City time, labor, and resources, for the 2022 Senior Ball raises concerns about the potential improper use of public resources for non-City related business.

Some of the concerns from the Hyatt invoice and/or the Senior Ball itself may have been alleviated had OCS followed the procurement process. For example, if OCS had secured legislation from City Council for the Hyatt invoice (and any other expenses for the event), it might have addressed any questions regarding whether the event was official City business. City Council could have allocated funds for the event so that there would have been clarity about how to settle invoices after the event.

OIG referred the above findings to the City of Atlanta Ethics Office regarding potential violations of Section 2-811 of the Code of Ordinances, and to the Office of the Mayor and OCS.

* * *

In response to OIG's findings, the Office of the Mayor affirmed this administration's commitment to compliance with rules and regulations and expressed its intention to address the findings in executing the 2023 Senior Ball. The mayor stated that he intended to reimburse the City for the hotel room costs for himself and his family.