

*Office of the*  
**INSPECTOR GENERAL**



REPORT OF INVESTIGATION

File Number: 09-036

Agency: State Personnel Administration

Basis for Investigation: Anonymous Complaint

Allegations: Unfair Hiring Practices

Date Opened: April 30, 2009

Investigated By: Elizabeth P. Archer  
Inspector General

Date of Report: March 11, 2010

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**Elizabeth P. Archer, Inspector General**

## OFFICE OF THE INSPECTOR GENERAL



File Number: 09-036

### EXECUTIVE SUMMARY

In April 2009, the Office of the State Inspector General received an anonymous complaint alleging that State Personnel Administration (SPA) Commissioner Raymond (Steve) Stevenson hired several “close” friends from his prior place of business absent competitive hiring practices. The complainant also alleged that the Commissioner allowed SPA’s Procurement Officer to take vacation in violation of the agency’s leave policy.

OIG interviewed SPA employees, and reviewed SPA policies, personnel files and resumes. In addition, OIG reviewed information from educational institutions and private sector organizations.

OIG finds that the commissioner did not fail to follow proper hiring practices. As the head of the agency and an appointing authority, he is afforded the discretion to appoint employees as needed. In this case, competitive practices were applied. OIG finds that the employees named in the complaint were hired pursuant to established policies and appeared to be qualified for their positions. However, OIG finds that an administrative oversight occurred when the Deputy Commissioner and HR failed to conduct reference checks as required by SPA policy. Further, OIG finds that the allegation that SPA’s Procurement Officer was allowed to take vacation in violation of the agency’s leave policy is unsubstantiated. OIG confirmed that the employee’s direct supervisor allowed the employee to take leave without pay combined with compensatory time in order to take vacation.

OIG offers the following recommendation to the State Personnel Administration. OIG requests that SPA provide a written response regarding implementation of this recommendation within 30 days of the issuance of this report.

1. Require hiring managers to provide HR with thorough and complete documentation in support of an applicant’s qualifications before being hired. Documentation must be specific to the applicant’s demonstration of job related competencies and should include official copies of required educational credentials, licenses, and/or certifications. It is imperative that all new hires be fully qualified and certified to perform their job duties.



**Report of Investigation**

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**Summary of Actions  
State Personnel Administration  
File Number 09-036**

**I. BASIS FOR INVESTIGATION**

In April 2009, the Office of the State Inspector General received an anonymous complaint alleging that State Personnel Administration (SPA) Commissioner Raymond (Steve) Stevenson hired several close friends from his prior place of business absent competitive hiring practices. The complainant also alleged that the Commissioner allowed SPA's Procurement Officer to take vacation in violation of the agency's leave policy.

**II. ACTION TAKEN IN FURTHERANCE OF INVESTIGATION**

OIG interviewed SPA employees, and reviewed SPA policies, personnel files and resumes. In addition, OIG reviewed information from educational institutions and private sector organizations.

**III. NARRATIVE**

**A. BACKGROUND**

SPA, formerly the Georgia Merit System, was established in February 1943 (SB 17), as the central personnel agency for the State of Georgia. SPA provides human resource and benefit programs, products and services to all state entities and employees and is the state's central means of monitoring state personnel practices.<sup>1</sup> Steve Stevenson is the current Commissioner. He has held this position since 2006.

Prior to serving with SPA, Commissioner Stevenson worked at Bellsouth as the Executive Director of Human Resources from 1996 to 2006. The individuals named in the complaint, Assistant Commissioner Marion Fedrick, Assistant Commissioner of Operations Lee Rudd, Director of Information Systems Division Roger Custin, Procurement and Services Officer II Timothy Mills, and Special Assistant to the Commissioner Sheila Richardson worked at Bellsouth prior to working with the State.

**B. INVESTIGATION**

***Allegation "Commissioner Stevenson has hired people that he worked with from Bellsouth, without following proper hiring practices of the State of Georgia. The HR***

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<sup>1</sup> SPA's Administration also works with state agencies to hire, train, develop and retain their workforce, enhance organizational performance, and provide employee benefits and financial security services through the administration of the State's flexible benefits program.

*manager is clearly aware of these violations, but has chosen not to confront the situation.”*

OIG interviewed Commissioner Stevenson regarding the individuals named in the complaint and the circumstances of their hirings. According to the Commissioner, when he first arrived at SPA in 2006, he needed to fill certain key positions. He informed the Governor’s Chief Operating Officer, Jim Lientz, his direct report, that he wanted to “bring some of his team” from BellSouth to assist him in carrying out the agency’s mission. The Commissioner stated that Lientz told him that hiring BellSouth employees was “not a problem.” The Commissioner also stated that prior to hiring Fedrick, Rudd, Custin and Richardson he made SPA’s Director of Human Resources, Kathleen Carey aware of his previous working relationship with them. The Commissioner clarified that he did not hire Mills. He stated Rudd hired Mills.

OIG asked Carey if she found the Commissioner’s hires questionable. Carey responded that the Commissioner “did nothing different than the Commissioners before him.” She stated that as the head of the agency, the Commissioner has the discretion to make direct appointments. Carey also recalled that shortly after his appointment, Commissioner Stevenson held a staff meeting for all SPA employees where he introduced Rudd, Custin and Fedrick as members of his leadership team. According to Carey, the Commissioner informed the staff that he knew these individuals from his time at Bellsouth.

In order to determine whether the Commissioner’s hires adhered to policy, we reviewed SPA’s policy on Interviewing and Selection.<sup>2</sup> The policy outlines the requirements a hiring manager must follow regarding the interview and selection process. The policy states that “with the exception of persons **reporting directly** to the Commissioner, all requests to deviate from the interviewing and selection process set forth in this policy must be submitted to the Personnel Director for approval.” The individuals named in the complaint, with the exception of Mills, reported directly to the Commissioner. Thus, Carey was not required to approve their hiring. In addition, Carey confirmed that as the appointing authority, the Commissioner did not have to follow the interview and selection process.

**Based on the documents reviewed and interviews conducted, OIG finds that the allegation that Commissioner Stevenson hired Fedrick, Rudd, Custin and Richardson without following proper hiring practices is unsubstantiated.**

*Allegation: “Roger Custin the Director of Information Technology, another associate of the Commissioner, inflated and embellished his resume to highlight technical skills and experience that he did not have at the time of his hiring.”*

Commissioner Stevenson hired Roger Custin as the Director of Information Systems in December 2006. Custin oversees the development and implementation of IT projects and initiatives for SPA. Because the complaint lacked specificity as to what Custin allegedly embellished or highlighted on his resume, we requested a copy of Custin’s resume. His resume reflects an IT background. Our investigation revealed

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<sup>2</sup> Source: SPA’s Policy on Interviewing and Selection, [General Information](#)

that HR did not verify Custin's background because the Commissioner knew Custin's work history

Because the complainant intimated that Custin was not qualified for his position, OIG contacted Custin's previous employer to verify his work history. OIG confirmed Custin's previous employment and educational background as depicted on his resume. Custin denied "embellishing" his resume and willingly provided OIG with supporting documentation regarding his previous work history. The documentation he provided was consistent with the information on his resume.

**Based on the documents reviewed and interviews conducted, OIG is unable to substantiate the allegation that Roger Custin inflated and embellished his resume.**

*Allegation: "Tim Mills was hired in early 2007 as the Procurement Officer even though he did not have any procurement experience. In fact, a re-organization was completed to justify the position's upgraded pay salary and the salary of approximately 60k. Prior to his hire, all previous procurement officers were paid in the low 30's."*

Personnel records reflect that Deputy Commissioner Rudd hired Tim Mills as a Procurement and Services Officer 2 in July 2007. According to Rudd, when the former procurement officer (PO) resigned, Rudd worked with SPA's HR Director, Kathleen Carey, to find a replacement. Rudd stated that HR posted the procurement position, but only for a short period because the quality of applicants who applied was lacking. As a result, he and Carey discussed the need to expand the position to include additional duties in order to get a better pool of candidates. Specifically, Rudd stated that at the time employees in facilities, mailroom, and records management all reported directly to him. He also discussed with Carey his preference to have one direct report versus several. Therefore, Carey and Rudd decided that the new PO position would have those employees report to him/her, who in turn, would report to Rudd.

Rudd stated that he did not have anyone in mind for the position prior to HR posting it. However, he contacted Mills on his own accord, who he knew from Bellsouth, after HR created the position to determine his interest in the position. He thought Mills might be interested because of his procurement experience. According to Rudd, Carey reviewed the applications, and sent him those who met the preferred qualifications. Of the preferred applicants, Rudd selected three, including Mills, for phone interviews. After conducting all the interviews, he selected Mills because "he wanted someone from the outside who had a fresh perspective." When asked if he informed Carey that he knew Mills, Rudd stated he did not. Rudd was adamant that Mills was subject to the same interview process as every other candidate. After Rudd completed the selection process, Rudd sent the questions, along with his comments, to HR.

Carey confirmed to OIG that when the former procurement officer announced his resignation, SPA began the process of finding a replacement in July 2007. HR

posted the position as a Procurement Officer 2, pay grade 14 for one week.<sup>3</sup> Because SPA did not receive any applicants with the skill set they were seeking, they closed the recruitment.

Carey confirmed that she and Rudd discussed reallocating the position to Procurement Officer 2, pay grade 15<sup>4</sup> in order to get a better pool of applicants. Carey provided OIG with documentation showing that SPA's new position posted for one week. Applicants who applied to the first posting were encouraged to reapply if they wished to be reconsidered. One hundred and fourteen (114) applicants applied for the new position. Carey stated that HR conducted the minimum qualification screening. Of the 114 applicants, 32 met the minimum qualifications. According to Carey, she conducted the preferred qualification screening. Of the 32 applicants, she forwarded 13 applications to Rudd. Carey told OIG that neither Rudd nor anyone else asked her to pull any specific applicants from the applicant pool. However, Carey was not aware at the time that Rudd and Mills knew each other.

OIG requested the selection and recruitment file pertaining to this position. Documents reflect that three applicants were selected to interview for the position. Rudd conducted the interviews. Interview notes reflect that Rudd asked all three applicants the same questions and documented his "pros and cons" for each applicant.

In order to determine whether Mills' selection adhered to policy, OIG reviewed SPA's Interviewing and Selection policy. The policy requires that the hiring manager develop criteria and interview questions. The policy also requires that the interviewer take notes during the interview and submit them to HR.<sup>5</sup> Our review confirmed that Rudd adhered to this requirement when he sent his selection files and his notes to HR. However, the policy also requires that "the hiring manager should check two to three references of the selected candidate."<sup>6</sup> OIG requested Mills' reference checks to confirm his employment history. Carey informed OIG that SPA did not conduct any reference checks regarding Mills' hire. She stated that they needed to bring someone on board as soon as possible and because Mills had worked at Bellsouth, "it [was] possible that assumptions were made that led to [our] failure to follow normal practices." Rudd informed OIG that he did not conduct any reference checks because he was under the assumption that HR would do it.

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<sup>3</sup> Source: SPA position posting. Annual salary minimum for this position was \$31,474.08 –maximum \$55,072.08

<sup>4</sup> Source: SPA position posting. Annual salary minimum for this position was \$34,533.36 –maximum \$60,487.20

The minimum requirements required for the Procurement and Service Officer 2 position is as follows.

*Three years of supervisory or administrative experience in material management which included participation in the procurement of supplies and equipment either directly or through a centralized purchasing operation or three years of purchasing experience in a responsible full-time role (purchasing agent or procurement officer) preferably government. The experience must have included significant supervisory/administrative responsibilities.*

<sup>5</sup> SPA Interviewing and Selection policy, Screening and Interviewing

<sup>6</sup> SPA Interviewing and Selection policy, Selecting a Candidate

Because the nature of the complaint alleged Mills was not qualified for his position, OIG requested a copy of Mills' resume to verify his previous work experience. A review of his resume indicated Mills had previous procurement experience. The information received from prior employers was consistent with the information Mills included on his resume. In addition, Mills voluntarily provided OIG with supporting documents to confirm employment.

In order to determine whether Mills received any preferential treatment regarding his salary, OIG requested financial information, including all previous PO salaries. The employees who held the positions in 2001-2004 were classified as Procurement Services Officer 1, Pay Grade 13. Although the salary range for this position was \$25,478 to \$46,591, their average salaries were approximately \$30,000. The position was reallocated in 2005 to a Procurement Officer 2, Pay Grade 14. The PO hired in 2005 (Mills' predecessor) laterally transferred into SPA with a starting salary of approximately \$50,000. In 2007, prior to leaving, Mills' predecessor was paid \$52,475.33. A review of Mills' personnel file revealed that his starting salary in 2007 was \$60,000, which was within the range included in the job posting. The salary increase was attributable to the increased responsibilities associated with the new position.

**Based on the documents and interviews conducted, OIG finds that the allegation that Tim Mills was hired as a Procurement Officer absent procurement experience is unsubstantiated. However, we find that the upgraded position salary occurred as the result of reorganization and expanded duties.**

*Allegation: Tim Mills, SPA's Procurement and Service Officer 2, was allowed to take two weeks vacation right after he was hired even though he had not accrued enough leave.*

Records reflect shortly after he was hired, Mills took leave from August 8, 2007 to August 21, 2007. OIG interviewed Mills' supervisor, Rudd, regarding the allegation. According to Rudd, at the time of his hire, Mills informed him he had a previously scheduled vacation planned in August. Because Mills would have been in the position for almost a month before taking vacation, Rudd accommodated his request. "I would have done it for anybody else in the same position," Rudd stated when asked if he afforded Mills any special consideration.

As Mills did not have enough annual leave accrued, Rudd allowed Mills to take leave without pay combined with compensatory time in order to take vacation. OIG requested Mill's leave records for that period. The records reflect that Mills took 48 hours leave without pay and used 32 hours of compensatory time to take vacation.<sup>7</sup> OIG confirmed that SPA deducted the proper amount from his paycheck.

**Based on the documents reviewed and interviews conducted, OIG finds that the allegation that Tim Mills took vacation in violation of SPA's leave policies is unsubstantiated.**

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<sup>7</sup> Source: People Soft Employee Transactions and Totals Form for Timothy J. Mills. Carey confirmed that Mills accrued compensatory time for work performed from July 14, 2007-August 6, 2007.

## **VI. CONCLUSION**

OIG finds that Commissioner Stevenson hired the employees named in the complaint pursuant to established policies and that they are qualified for their positions. It is not unethical for an agency head to hire a person whose previous work history is known to them. It is unethical, however, if that person clearly lacks the qualifications for the position. As the head of the agency and an appointing authority, Commissioner Stevenson is afforded the discretion to appoint employees as needed. Overall, OIG does not find that the failure to verify Mills' work history deemed him unqualified for the position. However, in the future, SPA should ensure all requirements of this policy are met to avoid the appearance of impropriety. Additionally, any employee involved in the hiring process should make HR aware of any previous associations with applicants under consideration for employment to ensure complete transparency

Although not mandatory, the inclusion of supporting documents for direct hires is an efficient means of avoiding the appearance of impropriety. At the very least, the official personnel file should contain documentation outlining how the Commissioner and/or the hiring official knows the individuals' work history.

## **IV. RECOMMENDATIONS**

OIG offers the following recommendation to the State Personnel Administration. OIG requests that SPA provide a written response regarding implementation of this recommendation within 30 days of the issuance of this report.

1. Require hiring managers to provide HR with thorough and complete documentation in support of an applicant's qualifications before being hired. Documentation must be specific to the applicant's demonstration of job related competencies and should include official copies of required educational credentials, licenses, and/or certifications. It is imperative that all new hires be fully qualified and certified to perform their job duties.