



OFFICE *of the* STATE INSPECTOR GENERAL

BRIAN P. KEMP
Governor

SCOTT MCAFEE
State Inspector General

January 4, 2023

David Dove, Executive Counsel
Office of the Governor
206 Washington Street
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Via e-mail: david.dove@georgia.gov

OIG File No. 22-0032-I

Dear Mr. Dove,

As Governor Kemp's administration is acutely aware, the nearly \$6 trillion in emergency spending authorized by the federal government to combat the COVID-19 pandemic created new challenges in oversight and accountability. An unfortunate side effect was "one of the largest frauds in American history, with billions of dollars stolen by thousands of people."¹ Offices of inspectors general and other investigative agencies across the country continue to struggle with the sheer volume of incoming referrals.

Unfortunately, this office can confirm that Georgia's state workforce was not immune. By combining data obtained from the State Accounting Office (SAO) and the U.S. Department of Labor, Office of Inspector General (DOL OIG), we have tentatively identified over 280 full-time state employees who erroneously received unemployment insurance (UI) payments in 2020 or 2021. These payments averaged \$23,700 per employee and totaled over \$6.7 million.² And this is a conservative estimate. We did not account for employees who applied and received less than \$1,000, were part-time, are no longer actively employed by the state, or claimants who received

¹ David Fahrenthold, Pandemic Fraud Claimed Billions Meant for Relief, N.Y. Times, Aug 17, 2022, at A1; *see also* Tony Romm, 'Immense fraud' creates immense task for Washington as it tries to tighten scrutiny of \$6 trillion in emergency coronavirus spending, Washington Post, Feb. 17, 2022.

² To put Georgia's total UI fraud exposure in perspective: An audit conducted by the Department of Audits and Accounts (DOAA) indicated that the Georgia Department of Labor (GDOL) issued a combined \$22,978,233,723 in UI related benefits in Fiscal Years 2020 through 2021. According to the DOL OIG, an estimated 18.71% of payments nationwide were issued improperly "with a significant portion attributable to fraud." Extrapolating this estimate to Georgia results in an improper payment rate of approximately \$4.1 billion.

benefits via debit card rather than direct electronic transfer (which includes “partial claims” made on behalf of state employees).³

Thus far, the Office of the State Inspector General (OIG) has conducted approximately two dozen interviews with full-time state employees, nearly all since terminated, from across Georgia’s executive branch departments and agencies. They include:

- A GDOL UI Claims Examiner who received approximately \$31,220 and who continued to update a fraudulent UI account while employed with GDOL;
- A Department of Revenue (DOR) Tax Examiner who received approximately \$19,010 while employed with the Office of Special Investigations (OSI);
- Two Department of Human Services DCSS/DFCS supervisors who received approximately \$49,730 and \$36,575;
- A GDOT Area Manager who received approximately \$39,705;
- Three Department of Corrections (DOC) employees who filed UI claims from their state offices while on-duty.

These examples provide a glimpse into the scope and scale of this issue, and each has been referred to the Office of the Attorney General’s Prosecution Division.

Recommendations

As currently organized, OIG faces an uphill, if not impossible, task of interviewing and investigating the over 250 remaining state employees. We submit the following recommendations for your consideration to combat this issue:

1. The General Assembly should explore legislation that extends the statute of limitations for prosecuting pandemic-related fraud.
 - Investigators must be given more time to sort through the mountain of cases and uncover those who defrauded our governmental programs. Federal officials have already taken similar action. On August 8, 2022, President Biden extended the statute of limitations for criminal charges relating to the Paycheck Protection Program (PPP) from five years to ten years through H.R. 7352. Several Georgia statutes, such as O.C.G.A. 34-8-256 (UI Fraud) and O.C.G.A. 16-10-21 (Conspiracy to Defraud the State), could benefit from similar treatment. Otherwise, the lack of adequate prosecution and subsequent deterrence will deny restitution to Georgia taxpayers and undermine public confidence in these programs for years.
2. The General Assembly must pass legislation that grants OIG administrative subpoena authority.
 - OIG is currently unable to obtain financial documents and other governmental records independently and efficiently. If granted statutory authorization to issue administrative subpoenas, OIG would have been able to start this project in mid-2021 rather than face


³ See, e.g., Matt Kempner, Days before Christmas, a letter: Repay your unemployment benefits, Atlanta Journal-Constitution, Jan 7, 2022.

over a year of delay in obtaining the necessary data.⁴ Our legislative push (H.B. 960) secured unanimous (163-0) and bipartisan support in the Georgia House of Representatives earlier this year, but was not presented for consideration in the Senate. With your support, we intend to make a renewed push in 2023.

3. GDOL and SAO should coordinate quarterly to ensure that state employees have not submitted inaccurate or fraudulent UI applications that omit full or part-time employment with the state.
 - OIG stands ready to organize such regular proactive reviews and any follow-up investigations.

OIG thanks this administration for its continued support of an ethical state government free from fraud. Should you require additional information or assistance in this or any other matter, OIG remains available at your convenience.

Sincerely,


Scott McAfee
Inspector General

CC: Mark Butler, Commissioner, Department of Labor
Greg S. Griffin, State Auditor, Department of Audits and Accounts
Gerlda Hines, State Accounting Office
Bruce Thompson, Commissioner-Elect, Department of Labor

⁴ OIG informed GDOL of this issue and made multiple overtures, personally and through an intermediary, for help conducting the initial proactive review. Each was rebuffed by current GDOL leadership. Thankfully, GDOL's Commissioner-elect has conveyed his willingness to "open the books" and OIG looks forward to a productive collaboration beginning in 2023.