

Performance Audits

A Tool to Objectively Evaluate Efficiency, Economy, and Effectiveness of Operations and Programs

The Ohio Auditor of State

Our Mission

As Ohio's chief compliance officer, the Auditor of State makes Ohio government more efficient, effective, and transparent by placing checks and balances on state and local governments for taxpayers.



The Ohio Auditor of State

The Office

- As one of five independently elected statewide offices under Ohio's Constitution, the Auditor of State's office strives for clean, accountable and efficient governments for the people of Ohio.
- With a statewide staff of more than 800 auditors and other professionals, the Auditor of State's office has a wide range of responsibilities.

The Ohio Auditor of State Responsibilities

- Audit all public offices in Ohio (more than 5,900 entities) including cities, counties, villages, townships, schools, state universities and public libraries, as well as all state agencies, boards and commissions.
- **Conduct performance audits of state and local public offices,**
- Identify and investigate fraud in public agencies,
- Provide financial services to local governments,
- Promote transparency in government.

Auditor Faber

- Ohio's 33rd Auditor of State, Keith Faber
- Dedicated to ensuring efficient, effective and transparent government for the people of Ohio.
- From 2001-18, Faber served Ohioans in the state legislature, including time as President of the Ohio Senate.
- Notable legislative accomplishments that have translated to his role as Auditor of State include:
 - Created the Ohio Senate President's 5 Percent Challenge which resulted in statewide average savings of 12 percent for higher education students.
 - Streamlined the public-records mediation process, making public records more accessible and affordable to the public
 - Introducing legislation to increase the number of performance audits and allow the legislature to use performance audits to review state agencies.



“One of the great mistakes is to judge policies and programs by their intentions rather than their results.”

-Milton Friedman

Differences between Financial and Performance Audits

Performance Audits

- Have a proactive, forward focus.
- Identify areas of inefficiency or ineffectiveness.
- Provide recommendations for improvement of performance.

Financial Audits

- Determine if the entity has followed laws, rules, and ordinances.
- Verify public funds are spent appropriately and lawfully.
- Review methods, accuracy and legality of accounts and financial reports.

What is a Performance Audit?

Performance audits provide elected officials and government employees with an objective, third-party analysis of their operations to help them:

Improve
Performance

Reduce Costs

Make Informed,
Data-Driven
Decisions



Performance Audit Principles:

The principles guiding performance auditing are often called the “Three E’s”:

ECONOMY

Keeping the costs low

EFFICIENCY

Getting the most out of available resources

EFFECTIVENESS

Achieving the objectives or goals of the program

Who We Are: Our Team

- The Ohio Performance Team (OPT) is made up of professionals from diverse backgrounds.
- Our team has a blend of government/public sector and industry/private sector backgrounds.
- OPT has in-depth experience in research, operations, data analysis, and management.



Types of Entities for Whom We Provide Performance Audits

- State Agencies, Boards, and Commissions
- School Districts
- Higher Education
- Local Governments or Agencies

Questions we can help with...

- I'm doing more with less. How can I maintain service levels?
- How ready is my organization is to make a change?
- Am I serving my constituents as well as I would like?
- How can I remedy negative constituent feedback?
- How can my government become a model for others to emulate?
- How can I get an objective analysis to validate performance to my constituents?

A Sample of Recent Audits

2023

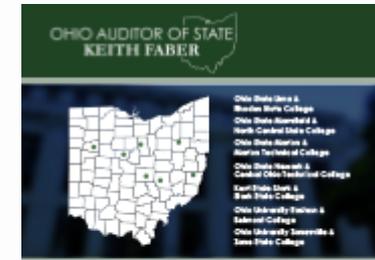
ODAS Multi-Agency Radio Communication System (MARCS)
Ross Local School District
Medina County Board of Developmental Disabilities
ODNR Dredge Program
ODJFS Office of Workforce Development

2022

City of Hilliard
Franklin City School District
Stow-Munroe Falls City School District
Ohio's Co-Located Institutions of Higher Education
Ohio's College Credit Plus
ODNR Orphan Well Program
Minford Local School District
Madison Local School District
Waterloo Local School District
Wauseon Exempted Village School District
Blanchester Local School District
ODHE Facilities Inventory
Springfield Local School District
Northwestern Local School District

2021

ODPS Audit Report
City of Lorain Audit Report
Crawford County Landfill Audit Report
The Ohio Department of Health – COVID-19 Data
Ohio Department of Education
Ohio Department of Transportation



The Impact of Our Work (1995-2022)

- Completed over 400 performance audits with recommendations for savings in excess of \$187.3 million.
- For every dollar invested in a performance audit, we identified taxpayer savings of approximately:
 - \$27 in higher education,
 - \$27 for state agencies,
 - \$7 in local governments,
 - \$35 in school districts.

Key Points about Performance Audits:

- Performance audits are collaborative.
 - They require the participation of the organization being audited.
- Common performance audit areas include program results/operations, staffing, compensation, contract management, and facility, fleet, and asset use.
- Performance audits adhere to government auditing standards.
- Cost for an audit varies based on depth and breadth of work performed.
 - The Auditor of State's office works for taxpayers and keeps audit costs low.

Performance Audit Phases

Planning

Audit plan

- Objectives or areas of analysis

Field Work

Analysis and conclusions

- Detailed work conducted to deliver on the audit plan

Reporting

Written report

- Client report review to ensure information is factually correct and presented fairly
- One set of comments

Engagement Expectations

Communication

- No surprises
- Status meetings to share progress

Collaboration

- Efficient, effective value delivery requires a collaborative relationship

Responsiveness

- Provide records and feedback timely
- Report known instances of fraud or noncompliance

Common performance audit sections

- Financial Management
- Human Resources
- Departmental Operations
- Transportation
- Facilities
- Food Service

ODE and ODHE: College Credit Plus

Client Problem

- **Program Non-Compliance** – a significant number of school districts fail to comply with information sharing requirements, which correlates to lower program participation.
- **Lagging Participation Among Underserved Student Groups** – low income and minority students participate in CCP at lower rates than their peers.
- **Strategic Planning and Data Collection** – the program lacks measurable goals tied to outcomes.

OPT Solution

- Increase compliance monitoring efforts and develop standard communication forms.
- Coordinate initiatives to minimize barriers to participation and incorporate related goals into strategic plans.
- Develop formalized program goals and metrics to allow for more meaningful evaluation of program success.

Results

- ODE and ODHE are currently working to update their websites, standard communication forms, and templates to help districts comply with CCP requirements.
- ODE and ODHE have established industry partnerships to assist with addressing barriers to participation.
- ODE and ODHE are currently working to enhance the data collection process and establish formal goals and metrics for the program.

Ohio's College Credit Plus Program Recommendations

- Audit Overview 11
 - Audit Methodology 11
 - Summary of Results 12
 - Noteworthy Accomplishment 16
- Program Participation 17
 - Background 17
 - What We Looked At 18
 - Why We Looked At This 18
 - What We Found 19
 - Recommendation 1: Ensure that all School Districts Comply with Program Requirements ... 23
 - Recommendation 2: Increase Access to CCP Courses at High Schools 29
 - Recommendation 3: Implement Additional Grant Requirements 33
 - Recommendation 4: Minimize Barriers to Participation Among Underserved Student Populations..... 36
 - Recommendation 5: Ensure there is a Robust and Uniform Orientation Process for CCP Students..... 43
- Program Operations 47
 - Background 47
 - What We Looked At 47
 - Why We Looked At This 48
 - What We Found 48
 - Recommendation 6: Implement Formal Goals, Objectives and Strategies for College Credit Plus..... 51
 - Recommendation 7: Clarify and Enhance the Level of Program Oversight Responsibilities.. 54
 - Recommendation 8: Improve Data Collection and Utilization..... 57

The City of Upper Arlington

Client Problem

- **Purchasing** - the city lacked a formal purchasing process
- **Fleet** – a number of vehicles were approaching the end of their useful life
- **IT** – the city's servers were out of date

OPT Solution

- Held a process mapping event
- Evaluated the cost/benefit of switching to leasing vs ownership
- Evaluated the cost/benefit of various server replacement options

Results

- The city implemented the purchasing process developed in the event
- The city elected to move to leasing
- The city selected a vendor to update its servers based on the cost/benefit analysis

City of Upper Arlington Recommendations

City of Upper Arlington.....	1
Governance	1
Finances	2
Operations	5
Results of Audit	5
Procurement	7
R.1.1: The City should implement a revised purchase process and track process metrics using a software-based solution.....	7
Fleet Management.....	10
Recommendation 2.1: The City of Upper Arlington should collect vehicle utilization data ...	15
Recommendation 2.2: The City should adopt optimized lifecycle expectations for pickup trucks and police sedans.....	16
Recommendation 2.3: The City should reevaluate the practice of leasing light vehicles.	20
Recommendation 2.4: The City should replace City-owned passenger vehicles with personal mileage reimbursement	24
Information Technology Management	27
Recommendation 3.1: The City should develop a strategic plan to align IT operations and direction with the Upper Arlington Technology Master Plan	30
Recommendation 3.2: The City should replace servers to address data security, storage, and recovery needs	33
Client Response Letter	36

Ohio Department of Public Safety

Client Problem

- High IT overtime costs
- 46% of the computers in use were 5 years old or older, resulting in slow speeds and downtime
- Underutilized non-patrol cars among its 11 vehicle pools

OPT Solution

- Flexible Schedules for work that must occur outside regular business hours
- Implement and use an IT equipment lifecycle plan. Deploy PC's in storage
- Reduce vehicle/consolidate pools statewide

Results

- DPS made structure changes for IT staff and encouraged schedule flexibility, resulting in \$100k annually in reduced overtime
- Computers were replaced systematically across the state. Saving up to 2.9 million in lost productivity
- Reductions ongoing, 2 pools eliminated so far

Ohio Department of Public Safety Recommendations

Executive Summary.....	1
Background.....	1
Department Finances	2
Why We Performed this Audit	2
What We Found	3
Staffing.....	8
Background.....	8
Recommendation 1.1: Reduce the Number of FTEs	11
Issue for Further Study 1: OSHP Staffing	17
Bureau of Motor Vehicles.....	19
Background.....	19
Recommendation 2.1: Market Direct BMV Services	24
Recommendation 2.2: Lengthen Driver’s License Product Duration.....	27
Recommendation 2.3: Right-size and Redistribute Deputy Registrar Locations	29
Issue for Further Study 2: Update and Refine Accounting Codes.....	32
Information Technology	33
Background.....	33
Recommendation 3.1: Project Governance Procedures.....	36
Recommendation 3.2: Apply Strategic Staffing	38
Recommendation 3.3 Reduce Overtime Expense.....	42
Recommendation 3.4: IT Equipment Lifecycle Plans	44
Recommendation 3.5 Use Office of Information Technology Software Inventory Programs ..	50
Fleet.....	53
Background.....	53
Recommendation 4.1: FleetOhio Purchase Data	57
Recommendation 4.2: Pool Fleet Management	61
Recommendation 4.3: Enforce Two to Three Ratio Policy.....	65
Recommendation 4.4: Civilian Take-Home Vehicles	68
Recommendation 4.5: Fleet Vehicle Replacement.....	72
Issue for Further Study 3: Use of Take Home Vehicles	75
Client Response Letter.....	76

City of Alliance

Client Problem

- History of deficit spending resulting in depletion of fund reserves and “fiscal watch” designation
- Limited management discretion for establishing police and fire staffing levels

OPT Solution

- Renegotiate police and fire department minimum manning requirements; and
- Adjust staffing based on workload and service levels desired:
 - Eliminate 1.0 to 3.0 FTE patrol officer positions
 - Eliminate 3.0 to 11.0 FTE firefighter positions

Results

- Cost savings projections up to \$996,500 annually
- Additional options:
 - Use part-time firefighters to cover absences and reduce overtime costs.

City of Alliance Recommendations

City of Alliance.....	1
City Finances	2
Results of the Audit	5
Noteworthy Accomplishment	6
Safety Services.....	7
R.1 Renegotiate police department minimum manning requirements and adjust staffing based on workload and service levels desired	8
R.2 Improve data collection so that future staffing decisions can be based on accurate information.....	12
R.3 Renegotiate fire minimum manning requirements and adjust staffing based on workload and service levels desired.....	15
R.4 Reduce fire department overtime costs	18
R.5 Renegotiate dispatch minimum manning requirements to allow for flexible staffing based on workload and service levels desired	19
Issue for Further Study: Dispatch Workload	21
R.6 Reduce severance payouts within Collective Bargaining Agreements (CBAs)	22
City Operations	24
R.7 Develop a formal capital plan that is linked to funding streams	24
R.8 Improve ongoing fleet data collection, use of the iWorQ system, and fleet replacement practices	27
Client Response Letter.....	29
Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit	33
Performance Audit Purpose and Overview.....	33
Audit Scope and Objectives.....	33
Audit Methodology.....	35
Appendix B: Additional Analysis.....	36
Alliance Police Department	36
Alliance Fire Department.....	39
Safety Services Salary Data.....	41
City Financial Data Analyses.....	47

City of Twinsburg

Client Problem

- High employer health insurance costs
- Generous shift differential pay
- Refuse/recycling collection contract fees increasing

OPT Solution

- Bring health insurance premiums costs in line with peer cities
- Reduce shift differential rate and hours differential is paid
- Implement refuse/recycling collection fee for residents

Results

- Cost savings to the City
- Cost savings to the City
- Generate additional revenue

City of Twinsburg Recommendations

City of Twinsburg	1
City Finances	1
Operations	4
Results of the Audit	4
Financial Analysis.....	5
Recommendation 1: Implement a refuse/recycling collection fee.....	9
Human Resources	11
Recommendation 2: Reduce Shift Differential Payments within Collective Bargaining Agreements	14
Recommendation 3: Reduce Employer Cost of Medical, Dental, and Vision Insurance	16
Fire Department	19
Recommendation 4: Renegotiate Minimum Manning Requirement within Fire CBA	20
Police Department.....	21
Parks and Recreation Department.....	23
Recommendation: Reduce Parks and Recreation programs and services or increase fees to eliminate General Fund subsidies	23
Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit	26
Performance Audit Purpose and Overview.....	26
Audit Scope and Objectives.....	26
Audit Methodology	28

Minford LSD

Client Problem

- Fund Balance Deficit
- Overstaffed
- Inefficient Bus Routing
- Subsidizing Extracurricular Activities

OPT Solution

- Align expenditures with peers & benchmarks
- Reduce FTEs to peer levels
- Reduce 4 bus routes
- Reduce subsidy of Extra-curricular Activities to Peer Level

Results

- Estimated annual savings over \$1million
- Estimated annual savings of \$752K
- Estimated annual savings of \$250K
- Estimated annual savings of \$47K

Minford School Audit Recommendations

Results of the Audit.....	12
Financial Management.....	15
Recommendation 1: Reduce General Fund Subsidy of Extracurricular Activities.....	15
Human Resources	17
Recommendation 2: Eliminate Building Administrator and Administrative Support Positions above the Peer Average.....	17
Recommendation 3: Eliminate Direct Student Education and Support Positions above the Peer Average	19
Recommendation 4: Align CBA Provisions	21
Facilities.....	22
Recommendation 5: Formalize Preventative Maintenance.....	22
Transportation.....	24
Recommendation 6: Eliminate Bus Routes	24
Recommendation 7: Develop Internal Controls over Fuel Operations	27
Recommendation 8: Formalize Bus Replacement Plan	29
Recommendation 9: Formalize Preventative Maintenance	31
Client Response Letter	33

Franklin CSD

Fiscal Distress School District

- Fund Balance Deficit
- Overstaffed
- Overpaying for Insurance
- High Salaries
- High Use of Facilities
- Temporary Labor & OT
- High GF Subsidy of Extra-Curricular Activities
- Generous CBA Provisions
- Inefficient Bus Routing

OPT Solution

- Reduce Staffing FTEs to Peer Levels
- Align Employer Insurance Costs to SERB Peer Level
- Align Facilities Non-Regular Labor Costs to Peer Level
- Reduced GF Subsidy of Extra-Curricular Activities
- Eliminate 1 Bus Route

Results

- Estimated \$1.09 million in annual savings
- Estimated \$1.48 million in annual savings
- Estimated \$41,000 in annual savings
- Estimated \$28,000 in annual savings
- Estimated \$27,000 in annual savings

Franklin School Audit Recommendations

Results of the Audit	12
Financial Management.....	14
Recommendation 1: Develop Formal Strategic and Capital Plans	14
Recommendation 2: Reduce the General Fund Subsidy Percent of Total Expenditures for Extracurricular Activities to the Local Peer Level.....	16
Human Resources	18
Recommendation 3: Eliminate Building Administrator and Building Office Support Positions above the Peer Average.....	18
Recommendation 4: Eliminate Direct Student Education and Support Positions above the Peer Average	20
Issue for Further Study: Evaluate Technical Services	22
Recommendation 5: Renegotiate Collective Bargaining Agreement Provisions.....	23
Recommendation 6: Align Salary Schedules with the Local Peer Average	25
Recommendation 7: Align Employer Insurance Costs with SERB Regional Average	28
Facilities.....	32
Recommendation 8: Align Expenditures for Non-Regular Labor with Peer Average	32
Transportation.....	34
Recommendation 9: Eliminate One Bus Route.....	34
Recommendation 10: Develop a Formal Bus Replacement Plan	38
Food Service	39
Recommendation 11: Monitor Food Service Operations.....	39

Results of Our Work

- Identified opportunity to replace and redeploy computer inventory within ODPS reducing lost productivity by \$2.9M.
- Pinpointed opportunity to eliminate or reduce underutilized copiers at OSU with \$485,425 in savings realized to date.
- Suggested consistent, comprehensive costing methodology be applied to all ODA laboratory tests generating \$492,253 in revenue.
- Recognized opportunity to adjust OMHAS staffing models to reduce overtime spending by \$1M.
- Determined EPA could realize \$1.7M in savings by terminating plans and releasing capital budget for new warehouse on ODA campus.
- Detected potential to right-size BWC regional office space saving nearly \$2.6M.

Results of Our Work

- Proposed the elimination of 1.0 FTE and all part-time patrol officer positions based on calls for service, resulting in an annual savings of \$127,000.
- Identified opportunity to bring collective bargaining agreement provisions in line with peer minimums, saving \$18,400 annually.
- Recognized opportunity to pay overtime according to Fair Labor Standards Act provision for Police, resulting in an average annual savings of \$19,100.
- Detected opportunity to right-size up to four spare vehicles, resulting in an annual savings of \$1,200 and a one-time salvage value of \$6,900.

What Our Clients Have to Say

“The report provided valuable insight on data collection to improve enterprise fleet services, particularly by supporting our goals to onboard additional agencies to the managed fleet program and implement telematics. This will result in a more efficient state fleet, saving taxpayer dollars.”

- Anna Garver, Ohio Department of Administrative Services

“I am grateful to the performance audit team for helping to identify ways our laboratories can better serve our customers and ensure transparency through a more uniform and comprehensive cost methodology. The auditor’s team was professional, considerate, and helped our team to think critically to improve our methods. Since the audit we have been able to implement the recommendations of the audit team and identify the true cost of each of the over 500 unique laboratory services.”

- Jared Parko, Ohio Department of Agriculture

“It was an absolute pleasure working with your team. Getting objective observations that can be used to serve the community as a whole is one of the most difficult challenges of being an elected official. I feel strongly that has been accomplished here. I hope your department and Auditor Faber finds the approach taken here at Findlay useful as you do audits on other utility departments around the State.”

- Jim Staschiak II, Findlay City Auditor

What Our Clients Have to Say

“Franklin City Schools recently participated in a performance audit from the State of Ohio Auditor’s Ohio Performance Team. This collaboration between the district and State was designed to take a proactive look at the district’s finances. The audit team was great to work with. The Franklin Board of Education will use the auditor’s recommendations as guidelines for the district’s financial health and when making any changes to the district’s financial status. The district is grateful for the Auditor’s Office partnership and support and for the final report which is a blueprint to better fiscal health.”

- Michael Sander, Franklin City Schools

“Our entire audit experience was outstanding. An audit can often be quite stressful, but this audit team was so supportive, thorough, and professional. The time with the OPT team was very valuable and helped gain key insights into organizational improvement utilizing the audit process. Team feedback was invaluable and we felt like we were working together on establishing a direction based on the information shared. We felt like the entire process was a very positive experience for our district and it provided us guidance as we looked to improve our financial situation.”

- Randy Dunlap, Blanchester Local Schools



- The Uniform Accounting Network (UAN) is a user-friendly financial software package created by the Auditor of State's office to support the accounting, payroll and financial management activities of local governments in Ohio.
- UAN, along with computer equipment and technical support provided by the Auditor of State's office, makes it easier for public officials to apply the required accounting standards to their financial record keeping. Currently, more than 2,100 Ohio cities, townships, villages, public libraries and special districts are using UAN in their daily operations.

Interested in learning more about UAN?

- Visit: <https://uanlink.ohioauditor.gov/>
- Or contact UAN Support:
 - 1-800-833-8261
 - UAN_Support@OhioAuditor.gov

	UAN	Ohio	% on
	Clients	Entities	UAN
Townships	1250	1308	96%
Villages	516	681	76%
Libraries	167	251	67%
Special Districts	171	582	29%
Cities	6	251	2%
Total	2110	3073	69%

Local Government Services (LGS)

LGS is an integral component of the Auditor of State's office, offering consulting and fiscal advisory services to Ohio's local government agencies, school districts and political subdivisions. We are recognized nationally for our leadership in preparing Generally Accepted Accounting Principles (GAAP) basis annual financial reports. With more than 30 years of assisting local governments with financial, accounting and budgetary concerns, we have developed the expertise to provide quality services at affordable costs. Our services include:

- Reconstruction of financial records and/or reconciliation of books
 - Fiscal distress assistance
 - Financial forecast assistance
- Development of policies and procedures
 - Evaluation of internal controls
 - Dissolutions and merger assistance
- Manuals, policy bulletins and publications
- Annual reports, GAAP conversion and financial statements
- Accounting support to UAN clients to ensure proper accounting transactions within the system
- Web-GAAP software to convert year-end cash-basis information into a GAAP conforming financial report
 - Consulting services specifically tailored to entity needs

Requesting a Performance Audit

- Any governmental entity can request a performance audit consult.
- Government representatives can work with their regional liaison to schedule a discussion about a performance audit or contact Dorinda Byers, dabyers@ohioauditor.gov

Questions?

For more information, please contact us:

Dorinda Byers

dabyers@ohioauditor.gov

<https://ohioauditor.gov/performance.html>

