

# OPTIMIZING PERFORMANCE

ANNUAL REPORT 2015  
OHIO PERFORMANCE TEAM  
AUDITOR OF STATE DAVE YOST



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# Dave Yost • Auditor of State



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# Report Purpose and Overview



## Dave Yost • Auditor of State



### Purpose of this Report

Ohio Revised Code (ORC) § 117.46 requires the Auditor of State to conduct performance audits of at least four state agencies each biennium. ORC § 117.463 also requires the Auditor of State to submit annually a report in writing to the Governor, Speaker and Minority Leader of the Ohio House of Representatives, and President and Minority Leader of the Ohio Senate. Its purpose is to document whether state agencies that received performance audits in the immediately preceding year implemented the audit recommendations and to report the amount of money saved as a result of the implementation.

### OPT Overview & Experience

The Ohio Performance Team (OPT) was created to build upon the Auditor of State's long-standing reputation for conducting detailed and effective performance audits of local governments. Historically, performance audits have identified approximately \$25 in taxpayer savings for every dollar spent to audit. Building on the agency's existing capacity, OPT merged the knowledge within the former performance auditing division with additional expertise and skill sets from professionals with significant private and public sector management experience. With this experience, OPT has identified taxpayer savings of approximately \$37 for every auditing dollar spent on the five state agency performance audits completed to date.

# State Agency Performance Audits

## State Agency Performance Audits

State agency performance audits examine the economy, efficiency, and effectiveness of government programs and functions. These audits use objective metrics and standards to measure the cost and productivity of services delivered by Ohio's state agencies. Where deficiencies are identified, the audits make recommendations for increasing operational efficiencies and enhancing value on behalf of Ohio taxpayers. Since 2011, OPT has completed regular performance audits of five state agencies, including:

- Ohio Department of Education (ODE);
- Ohio Department of Transportation (ODOT);
- Ohio Department of Job and Family Services (ODJFS);
- Ohio Housing Finance Agency<sup>1</sup> (OHFA); and
- Ohio Department of Natural Resources (ODNR).

Additionally, performance audits of the following three state agencies are in progress and are scheduled to be completed by June 30, 2015:

- Ohio Department of Transportation (ODOT, with a different scope than the 2013 audit)
- Ohio Environmental Protection Agency (OEPA)
- Ohio Department of Rehabilitation and Corrections (ODRC)

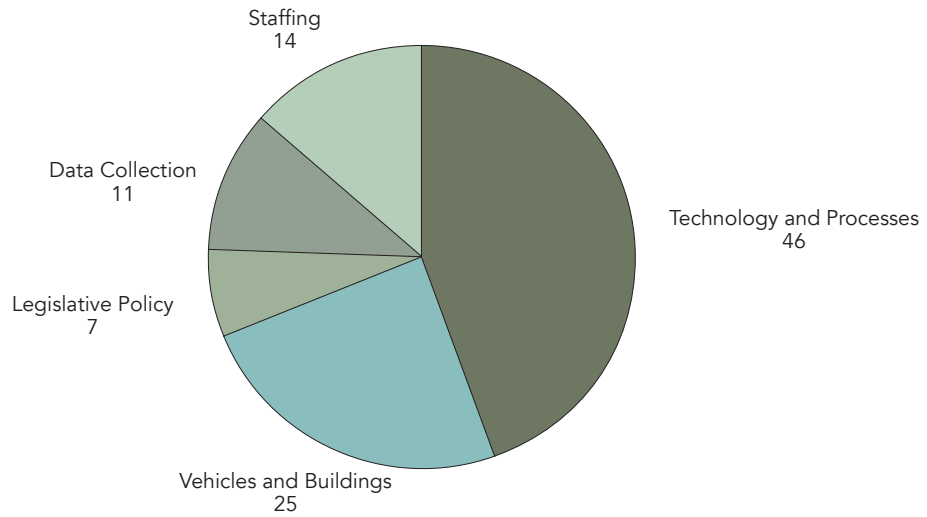
To determine the scope of performance audits, OPT uses a data-driven framework which incorporates savings potential, OPT expertise, and the likelihood of a successful implementation. Collaboration with state agency leadership further informs scoping decisions as OPT attempts to identify opportunities that align with ongoing agency goals and initiatives.

Results of completed state agency performance audits encompass a wide variety of recommendation types and business areas within Ohio's state agencies. Recommendations in the first five state agency audits completed by OPT have identified opportunities for savings in excess of \$90 million. The charts on the subsequent page document the sources and financial impacts of OPT's recommendations.

1. The audit work for Ohio Housing Finance Agency was subcontracted to Foxx and Company.

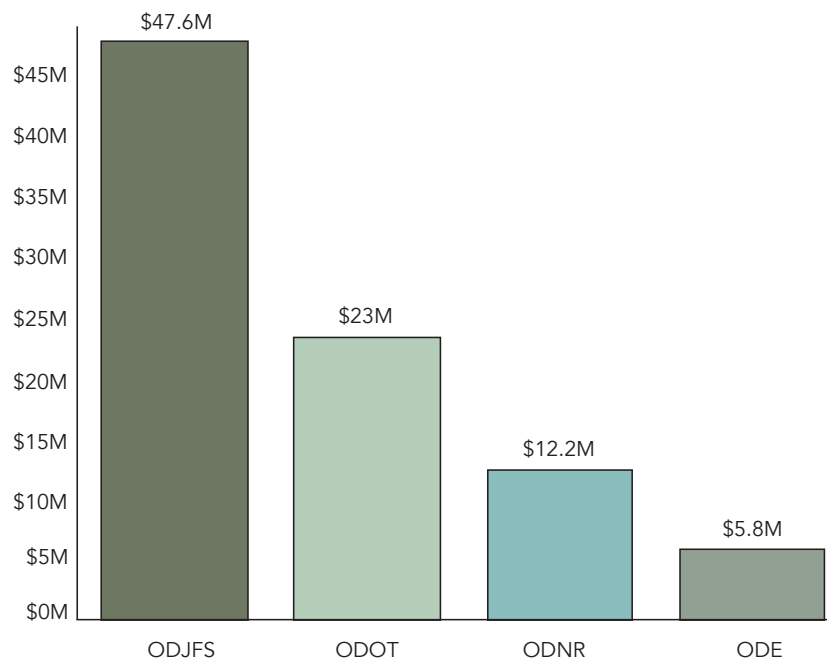
# State Agency Performance Audits

## Recommendations by Count



## Financial Impact by Agency

The chart below illustrates a wide variety of recommendation types and business areas within Ohio's state agencies.





# Current Biennium State Agency

## Ohio Department of Natural Resources (ODNR)

Since the 2014 Annual Report, OPT issued the Ohio Department of Natural Resources (ODNR) final report on February 12, 2015. Final performance audit reports are available on the Auditor of State's website (<https://ohioauditor.gov/performance.html>).

The following table lists the scope areas yielding recommendations with a quantifiable financial impact. Potential savings are annual except as otherwise noted.

RECOMMENDATIONS BY ASSESSMENT AREA	FINANCIAL IMPACT
<b>Fleet Management</b>	
Asset Sale (one-time savings)	\$109,706
Cost Avoidance	\$200,801
Pool Consolidation	\$27,411
Fleet Cycling	\$683,565
<b>Seasonal Workforce Strategies</b>	
Unemployment Reduction	\$330,962
Position Classifications	\$62,132
<b>Parks and Recreation Operations</b>	
Overnight Accommodation Pricing	\$1,590,386
Capital Asset Disposal (one-time savings)	\$3,830,900
Capital Investment Management	\$3,341,901
<b>Wildlife Licenses and Participation</b>	
Fishing License Pricing	\$1,748,000
Hunting License Pricing	\$254,175
<b>Fish Hatchery Operations</b>	
Fish Hatchery Operations	\$54,994
<b>Total Cost Savings from Performance Audit Recommendations:</b>	<b>\$12,234,933</b>

# Current Biennium State Agency



In addition to recommendations with financial implications, the audit also identified management recommendations that do not include financial implications. These recommendations are likely to provide improvement to overall operations and otherwise serve management purposes, including in some cases the subsequent identification of cost savings and improvements in efficiency and effectiveness. These areas include:

- Fleet Management
- Parks and Recreation Lodge Properties
- Capital Planning and Budgeting
- Wildlife Licenses and Participation
- Watercraft Registration Operations

# Current Biennium State Agency

## Ohio Department of Transportation (ODOT)

After completing the June 27, 2013 performance audit of ODOT, the agency requested OPT conduct a second performance audit to continue building upon analysis completed during the initial engagement. A formal letter of engagement was signed by the Auditor of State and the director of the Department of Transportation on August 28, 2014. This letter of engagement served as the formal starting point of the currently ongoing engagement.

As with all performance audits, the initial phase of work performed was to identify a formal scope. The scope deliverable was the product of collaborative partnership involving OPT's objective and data-driven expertise, ODOT executives' strategic view of the department, and the technical expertise of key personnel. The formal scope was delivered to ODOT executives on September 11, 2014 and encompasses several analyses related to ODOT's vehicle and equipment fleets.

Each scope item was developed with a focus on the opportunity to provide value through improved economy, efficiency, and effectiveness to ODOT management and operations as well as Ohio citizens and stakeholders.

## Ohio Environmental Protection Agency (OEPA)

OPT is currently in the planning and scoping phase of an engagement with OEPA, scheduled for completion before the end of the current state fiscal year.

## Ohio Department of Rehabilitation and Corrections (ODRC)

OPT is currently in the planning and scoping phase of an engagement with ODRC, scheduled for completion before the end of the current state fiscal year.

## Implementation Overview

According to ORC § 117.461 and § 117.462, each audited state agency has a 14-day public comment period following the release of the audit. Within three months of the end of the comment period, the agency must commence implementation of the recommendations. If implementation is not commenced, the agency must report the reasons to the Governor and the legislative leaders of the Ohio House and Senate. In addition, the agency must also report to the Governor and Ohio legislative leaders if the agency does not fully implement the performance audit recommendations within one year after the end of the comment period.

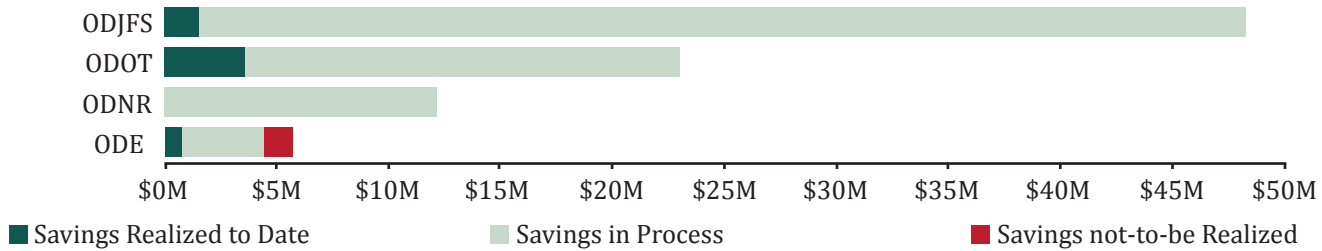
OPT has developed a collaborative, process-driven approach to assist agencies in meeting the requirements for reporting as set forth in the above ORC. This approach is largely one of agency self-reporting, coupled with OPT follow-up. Of the five completed state agency performance audits, ODOT, ODJFS, and ODE are subject to detailed implementation reporting in the rest of this report. OHFA is considered fully implemented, the details of which can be found in OPT's 2014 Annual Report. ODNR will be subject to detailed implementation reporting in the 2016 Annual Report.

Of the three agencies subject to detailed implementation follow-up in this year's Annual Report, ODE did not address all report recommendations.

It is important to note that while substantial, or even full, implementation is possible for some of the recommendations within OPT's annual reporting window, this is not the case for all audit recommendations. Many recommendations require information technology system development, support network expansion, statutory changes, or even additional detailed study prior to full implementation. In cases where state agencies are able to demonstrate substantial and continued progress toward implementing report recommendations, OPT considers agencies to be fulfilling the statutorily required implementation and reporting obligations. This dynamic of extended implementation timeframes also has implications for quantifying the savings agencies realize from OPT recommendations. The majority of the financial impact identified in ODOT, ODJFS, and ODE audits will accrue in future years.

# Released Reports

## Savings Status by Agency



### Ohio Department of Transportation (ODOT) Audit Implementation

ODOT leadership worked collaboratively with OPT to begin implementing many of the audit recommendations ahead of the final report release in 2013. Consequently, ODOT has in some way addressed all 33 report recommendations, with 5 considered fully implemented and 28 in process. Recommendations involving ODOT's vehicle fleet were implemented aggressively and have yielded significant savings to date.

Functionally, ODOT has been able to address many of OPT's data-centric report recommendations through the recent procurement of an enterprise software product called Equipment and Inventory Management System (EIMS). EIMS has provided ODOT with the business intelligence required to adequately address several recommendations, but due to the software's mid-2014 implementation date, certain reporting functionality and business rules are still under development. As a result, ODOT has not been able to report on the quantified savings-to-date of several OPT recommendations. See the Appendix of this Annual Report for specific details.

### Ohio Department of Job and Family Services (ODJFS) Audit Implementation

ODJFS has been able to address all 24 performance audit recommendations made in the 2013 OPT report, with 9 fully implemented and 15 in process. The performance audit engagement coincided with an organizational realignment at ODJFS whereby several program areas were spun off into new entities. Through a collaborative process, OPT was able to leverage this reorganization to achieve implementation

steps that would have been difficult to achieve within the historical ODJFS operating environment. The majority of recommendations pertaining to the SNAP and Medicaid programs, for example, were able to be incorporated into the business rules for Ohio's new Integrated Eligibility system developed by the Governor's Office of Health Transformation (OHT). Similarly, OPT recommendations for Workforce Development were able to be seamlessly incorporated into official program goals and documentation for the Governor's Office of Workforce Transformation.

One outcome of OHT facilitating the reorganization is that implementation timeframes for the IT-intensive recommendations shifted into the future. Many OPT recommendations will continue to be addressed as modules of Integrated Eligibility come online throughout 2015. As a result, a large portion of the savings from ODJFS recommendations cannot yet be quantified. See the Appendix of this Annual Report for specific details.

## Ohio Department of Education (ODE) Audit Implementation

ODE's reception of the performance audit results and subsequent implementation varied across the Department's program areas. In total, **ODE has not adequately acted on 4 of 26 recommendations. They are as follows:**

- Rec. 1.2: Shared Services
- Rec. 2.2: Office for Exceptional Children
- Rec. 2.3: Office of Early Learning and School Readiness
- **Rec. 3.2: Office of Licensure and Professional Conduct**

Of the remaining recommendations, 3 are fully implemented and 19 are in process. Additional detail and ODE responses are provided in the appendix to the Annual Report.

The amount of savings ODE has been able to quantify and report to OPT is low as a percentage of the total savings identified in the performance audit. This low reported savings-to-date is partially due to the long lead times required to implement IT-focus recommendations, but the main driver of low realized savings is ODE's decision not to implement several recommendations that produced the highest amount of projected savings. See the Appendix of this report for specific details.



# Lean Six Sigma



## Lean Six Sigma Overview

OPT remains committed to using Lean Six Sigma tools and methodologies. Six Sigma focuses on the elimination of variation within processes. The lean approach focuses on the elimination of waste and the implementation of standard work. Both sets of tools and methodologies are widely used by top private sector companies, and OPT is on the forefront of bringing them to Ohio government. OPT has embraced both foundational aspects of the Lean Six Sigma approach as integral to identifying and achieving greater operational efficiency and effectiveness.

## Lean Six Sigma Capabilities

OPT continues to build upon its partnerships with Cintas Corporation and Parker Hannifin Corporation. This foundation has been strengthened through increased collaboration and mutual support with LeanOhio. Through these partnerships, OPT has significantly expanded its Lean Six Sigma capabilities. OPT currently features six trained Black Belts and seven trained Green Belts; in total, representing 37 percent of OPT.

## Lean Six Sigma Deployment

OPT has allocated its Lean Six Sigma resources to maximize return on investment. In addition to the extensive use of Lean Six Sigma methodologies and tools in the state agency performance audits, OPT also collaborates with partners across the Lean Network to provide training, mentoring, and Black Belt and Green Belt project support. This collaborative outreach allows OPT staff to gain experience while supporting statewide initiatives to improve process efficiency and effectiveness. Finally, OPT is putting the Lean Six Sigma tools and methodologies to use internally to develop new processes and reengineer existing processes. These internal activities are key to the OPT's commitment to continuous improvement and value creation for Ohio's citizens.



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## Ohio Department of Transportation Final Implementation Report

1.1 Right-size the heavy equipment fleet			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$3,216,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$336,124
		<b>Remaining Impact to be Realized:</b>	\$2,879,876
<b>Implementation Description:</b>	ODOT has reduced 79 vehicles in this category, on its way to 178 recommended in the performance audit.		
<b>Auditor of State Response:</b>	For all ODOT fleet recommendations, the bulk of the financial impact will be realized as the agency gets closer to the final unit count reductions recommended in the performance audit. The back-loaded nature of the financial impact is due to the fact that ODOT's oldest vehicles are prioritized to be cycled first, and the older vehicles achieve lower sales prices than the newer vehicles that are yet-to-be sold.		

1.2 Right-size the tractor fleet			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$1,635,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$997,184
		<b>Remaining Impact to be Realized:</b>	\$637,816
<b>Implementation Description:</b>	ODOT has reduced 151 vehicles in this category, on its way to 206 recommended in the performance audit.		

1.3 Right-size the vocational vehicle fleet			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$434,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$181,215
		<b>Remaining Impact to be Realized:</b>	\$252,785
<b>Implementation Description:</b>	ODOT has reduced 113 vehicles in this category, on its way to 151 recommended in the performance audit.		

1.4 Right-size the passenger car fleet.			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$273,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	Fully Realized
		<b>Impact Realized-to-Date:</b>	\$147,638
		<b>Remaining Impact to be Realized:</b>	\$125,362
<b>Implementation Description:</b>	ODOT has reduced 103 vehicles in this category, exceeding the 87 recommended in the performance audit.		

<b>1.10 Right-size the cleaner vacuum fleet</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$125,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$125,000
<b>Implementation Description:</b>	ODOT has added 2 vehicles to this category.		

<b>1.11 Right-size the truck tractor fleet</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$25,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$25,000
<b>Implementation Description:</b>	ODOT has added 8 vehicles to this category.		

<b>1.12 Take into account a reduced need for vehicles and equipment</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$837,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$837,000
<b>Implementation Description:</b>	ODOT has put in place utilization standards for ODOT's equipment. Passenger vehicles require a utilization of 12,000 miles per year while heavy equipment requires a utilization of 320 hours per year. If ODOT's utilization figures do not meet these requirements, ODOT will not replace the fleet equipment unless the equipment is specialized and is not available for rental. Progress will be able to be measured when EIMS reporting functionality is fully operation later in 2015.		

<b>2.1: Optimize the sourcing of common vehicle and equipment maintenance</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$1,300,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$1,300,000
<b>Implementation Description:</b>	As a part of implementing the recommendation, ODOT will further evaluate the cost of routine repair and maintenance of equipment when the EIMS reporting functionality is fully operational later in 2015. This system will allow ODOT to record individual preventative maintenance activities such that ODOT is able to find the cost of each repair activity. For example, the cost of each oil change will be more readily available and accurate.		

<b>2.2: Optimize the vehicle replacement policy</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$252,000
<b>Implementation Status:</b>	Implemented	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$252,000
<b>Implementation Description:</b>	<p>ODOT has implemented this recommendation by moving to the Department of Administrative Services' (DAS) standards of 90,000 mile replacement intervals for passenger cars. Progress will be able to be measured when EIMS reporting functionality is fully operational later in 2015.</p>		

<b>2.3: Analyze labor supply variances</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$171,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$171,000
<b>Implementation Description:</b>	<p>ODOT will further evaluate labor variances throughout the state when EIMS reporting functionality is fully operational. At that time, ODOT will be able to investigate strategies to maximize hands-on, direct productivity of staff while minimizing the need to incur indirect labor. Also, the new system should allow ODOT to reduce overhead.</p>		

<b>3.1: Revise the mandate that ODOT use blended biodiesel</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>In 2015, ODOT introduced language into the ODOT budget bill to eliminate the biodiesel usage requirement.</p>		

<b>3.2: Stop the practice of buying twice as much blended biodiesel as the mandated amount.</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$800,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$800,000
<b>Implementation Description:</b>	<p>If efforts to fully implement Recommendation 3.1 are successful, ODOT will fully satisfy and exceed the implementation requirements of Recommendation 3.2. ODOT's historical operating model has been to treat all operational components the same (i.e. Districts, County Garages, and Outposts). Under this operating model, ODOT is willing to accept a certain amount of inefficiency to forgo the difficulty of strategic implementation. ODOT's current operational model does allow for a more specialized cost effective approach that would have to be studied in detail to ensure ODOT's incident management approach to snow &amp; ice control is not negatively affected.</p>		
<b>Auditor of State Response:</b>	<p>In the current biennium performance audit, scheduled for release mid-year 2015, OPT has included biodiesel within the engagement scope. If ODOT's biodiesel usage requirement is not successfully eliminated (per Rec 3.1), an analysis could be undertaken to evaluate whether ODOT can capture additional efficiencies related to biodiesel usage without a negative operational impact.</p>		

<b>4.1: Do not proceed with implementation of CNG conversion.</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>At this time, ODOT will not proceed with the purchase of CNG Dump Trucks until the manufacturers reduce their price points to allow for a fuel savings payback within the ODOT Dump Truck Replacement Schedule.</p>		

<b>5.1: Close rest areas located near viable alternatives</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$7,200,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$676,006
		<b>Remaining Impact to be Realized:</b>	\$6,523,994
<b>Implementation Description:</b>	<p>Concurrent to the the performance audit engagement, ODOT began drafting a policy proposal for the optimization of the number of rest areas operated. This proposal used criteria to identify rest areas that could be abandoned while still complying with FHWA guidelines and while still offering adequate service to motorists. Criteria included a rest area's distance to border states, proximity to exits offering adequate motorist amenities, and distance to other rest areas. Under this criteria 11 rest areas have been closed to date and 1 additional rest area has been kept closed due to property damage. Currently, ODOT is in the process of finalizing additional criteria for a comprehensive closure strategy, which is expected to result in a number of rest area closures greater than the number identified in the performance audit. These additional criteria are addressed in the implementation response to Recommendation 5.2.</p>		

<b>5.2: Develop a performance management plan to optimize service levels</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>As an add-on to ODOT's 2013 rest area optimization proposal, the agency is currently finalizing additional criteria for a comprehensive rest area strategy. One additional factor under consideration is a shared-services proposal currently underway with Ohio's Department of Public Safety that involves the construction of several new weigh stations and the rehabilitation of several existing weight stations. Proximity to one of these new projects could influence rest area closure decisions at the margin. Another strategic consideration under evaluation is rest areas' appropriateness and suitability to serve, and snow and ice removal depots.</p>		



<b>6.1: Optimize mowing and vegetation management strategy</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$4,400,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$4,400,000
<b>Implementation Description:</b>	<p>ODOT contracted mowing for all multi-lane divided highways for calendar year 2013, and reported mixed success. An internal study indicated ODOT might save as much as \$20 per acre over internal forces, but reported actual savings were about half that amount. In addition, performance issues by some contractors became a problem.</p> <p>ODOT followed the 2013 contracts with two-year contracts covering CY 2014-15. Contractor costs per acre of mowing were now approaching, and in some cases exceeding, the cost of internal forces. New vendors did not move into the market to meet the need.</p> <p>ODOT initiated a research project “Evaluating Vegetation Management Practices for Woody and Herbaceous Vegetation”. The overall purpose of the project is to determine what vegetation management practices can be implemented by ODOT Districts that contribute to safe highway use, but do so in a manner that increases efficiency and cost effectiveness.</p> <p>The Phase I report is complete. Phase II of the study, field testing of the recommendations, is underway. The field testing will analyze which techniques will gain ODOT the greatest efficiencies and overall return on investment. The project is expected to be complete in late 2016.</p>		

<b>7.1 Collaborate with Office of External Audits regarding FHWA</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>ODOT has provided a copy of the Performance Audit report to the FHWA for review and comment. Additionally, the OEA has benchmarked its practices with other State Departments of Transportation (DOTs) and recently has met with the FHWA to discuss various aspects of oversight. Information gained from these sources has been extremely helpful in clarifying ODOT’s responsibilities and will be used to develop recommendations to senior leadership regarding a more risk-based approach to the existing audit plan.</p>		

<b>7.2 Expand risk assessment</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	The OEA has undergone a reengineering process, including the creation of a cross-functional pool of auditors. The preliminary focus of this reengineering has involved extensive training and related fieldwork for the auditors and audit manager. The second phase of the reengineering will involve a more comprehensive risk assessment, which is partially dependent upon input from the FHWA and more benchmarking with other State DOTs.		

<b>7.3 Provide monthly management reports</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	The OEA is working with management to determine reporting needs. OEA acknowledges the value of providing relevant, concise, and clear information to management and will strive to continuously improve the reporting format.		

<b>8.1: Coordinate aerial work through the Office of Aerial Engineering</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$334,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$334,000
<b>Implementation Description:</b>	ODOT has established a directive for all aerial mapping work to be coordinated through the Office of CADD & Mapping Services. The Office is working closely with Consultant Services and the Districts to enforce. The Office has established Task Order Contracts in the event the Office is not able to perform the work, and the Office of CADD & Mapping Services holds those contracts for better scoping and costing of the work.		

<b>8.2: Implement a robust time reporting process</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	The Office of CADD & Mapping Services is fully utilizing ODOT's new EIMS system for cost tracking and accounting. Time spent on projects is being appropriately charged to proper project PIDs.		

<b>8.3: Consider the sale of the plane.</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	The Office of CADD & Mapping Services has increased its work utilizing the aerial system by also providing services to other State Agencies, such as the Department of Natural Resources. When unable to perform the work directly for ODNR, we have utilized our established Task Order Contracts to procure mapping at the already negotiated rates to assist the State in saving money for aerial mapping services beyond just the Dept. of Transportation's. With the efforts to centralize this type of work we have seen an increase in usage of equipment.		

<b>9.1: Consider additional resources for both the drilling and laboratory areas.</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$233,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$233,000
<b>Implementation Description:</b>	As of 2015, OGE continues to run two drilling crews full time. OGE are working on developing work for the CPT rig, which is operated by a lab soil technician. OGE recently performed CPT work on two projects in-lieu of contracting the work as part of the consultant contract. Since April 1, 2014, drill crews and lab staff have been working almost exclusively on the Ohio Bridge Partnership Program (OBPP), and therefore, have not been able to offer the Districts exploratory and lab services on ODOT projects. By July 2015, OGE should complete explorations for nearly 130 OBPP bridges.		

<b>9.2: Ensure that all work be billed to the appropriate district</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	With the implementation of EIMS in place of TMS, the cost tracking is now readily available. OGE tracks all exploration and lab production and production rates, and this information is available upon request.		

<b>9.3: Consolidate the responsibility for completing in-house and district tasks</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>OGE chaired a committee tasked with evaluating the concept of centralizing all geotechnical functions (final report dated 7/223/2014 is available upon request). This committee, included representation from five Districts. The committee concluded that geotechnical engineering is important enough to the Districts to maintain expertise and participation in the Districts, i.e., maintain the current set-up with some adjustments. The Districts expressed a need to maintain task order contracts in the Districts. This makes sense since the Districts own and know the work the best, and can coordinate exploration with design. If OGE ever foresees an absence of work, the Districts will be requested to use OGE crews for any potential task order work. This recently occurred for soil profile (Microstation) work.</p>		

<b>9.4: Organize the cost accounting functions to mirror that of the private sector</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>EIMS and the tracking of unit/project costs are works in progress. OGE tracks all exploration and lab production on a daily/weekly basis.</p>		

<b>10.1: Optimize the scheduling of snooper trucks with modern logistical.</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>The Office of Structural Engineering has developed criteria for bridges requiring a snooper inspection. The criteria is included in the 2014 ODOT Bridge Inspection Manual, Appendix Q, Snooper Operations. From this criteria, a list of bridges requiring snooper inspection was determined along with the cycle that the snooper inspection will be performed. The cycle for snooper inspection varies between annually and 5 years based on the criteria established and the recommendation of the District Bridge Engineer. This information is stored in the Structures Management System (SMS). In 2014, 399 bridges were scheduled to be inspected. 97% of the scheduled bridges were inspected using one of the two snooper trucks.</p> <p>It was determined that the work load for the snooper trucks can be accommodated with two snooper trucks and four Bridge Specialists. Therefore the third snooper truck (1993, 60 ft. snooper) has been sold through ODOT's process for surplus equipment.</p> <p>The schedules for the Bridge Specialist operating the two snooper vehicles have been changed to four 10 hour days. This adjustment in the snooper operations has reduced the amount of overtime. In CY 2013 OSE snooper operations used 467 overtime hours. In CY 2014 the OSE snooper operations used 318 overtime hours which is a 32% reduction from the previous year.</p>		

<b>10.2: Bring Ohio's bridge inspection time-table in line with Federal standards</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>ODOT is not empowered to change Ohio law and can only make request for change. In the meantime, ODOT can fulfill the spirit of the recommendation by implementing improvements.</p>		
<b>Auditor of State Response:</b>	<p>AOS recognizes the limitations in ODOT's legal authority to change this piece of code and encourages the Department to partner with stakeholders to implement the necessary changes.</p>		

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<b>1.1 UCRC: Hearing Officer Staffing Levels</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$950,757
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$1,612,000
		<b>Remaining Impact to be Realized:</b>	\$0
<b>Implementation Description:</b>	The Unemployment Compensation Review Commission (UCRC) has scaled its staff to meet the decline in incoming appeals workload. Currently the UCRC has 22 full time hearing officers, 7 intermittent hearing officers, 14 administrative staff positions and 2 intermittent administrative staff positions. Pay period payroll costs were reduced from \$234,000 to \$172,000, or \$1,612,000 annually.		

<b>1.1a UCRC: Case Logging by Time</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	Currently, UCRC staffing model is determined by a time component and not a case count component. UCRC leadership believes this new system is far superior to the former model and allows the staffing to be determined in a more precise manner.		

<b>1.2 UCRC: Hearing Officer Classifications</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	The UCRC engaged the Department of Administrative Services (DAS) to review the hearing officer classification series and agreed that the agency classification was paid at a higher pay range than similarly skilled state hearing officer positions. DAS point factored the entire series and set forth the appropriate pay ranges for the hearing officer classification series. The UCRC implemented the recommendation of the DAS and the pay range was decreased for all newly hired hearing officers. The current pay range change will afford the same savings as the recommendation of the Auditor of State.		

<b>1.3 UCRC: Spending Order of Funding</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	Completed as set forth.		

<b>1.4 UCRC: Law Books in Digital Form</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$7,710
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$7,710
<b>Implementation Description:</b>	Completed as set forth.		

<b>2.1 ODJFS Organization Structure: Expansion of Supervisor-to-Staff Ratio of 1:7</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$2,760,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$2,760,000
<b>Implementation Description:</b>	As a result of the State of Ohio Auditor's report (June 2013), ODJFS/EBS has taken several steps to implement the recommendations in the Auditor's report. Some of the improvements that have been made include a reduction of supervisory positions, an additional reduction of employees in exempt management-level classifications who do not supervise, and an on-going evaluation of management positions within the organization.		

<b>2.2 ODJFS Organization Structure: Expansion of Supervisor-to-Staff Ratio to between 1:8 and 1:10</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$8,000,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$8,000,000
<b>Implementation Description:</b>	As a result of the State of Ohio Auditor's report (June 2013), ODJFS/EBS has taken several steps to implement the recommendations in the Auditor's report. Some of the improvements that have been made include a reduction of supervisory positions, an additional reduction of employees in exempt management-level classifications who do not supervise, and an on-going evaluation of management positions within the organization. In addition to the information above, the EBS/HR recruitment team is taking an active role to reduce the number of middle managers throughout the agency. The recruitment team has quarterly meetings with each office to discuss the future actions of vacant management positions within the offices. Through the recruitment team's active involvement with each office, management level positions are being reduced through attrition and reallocation of duties. Additionally, as the offices become strategic business partners with the Office of Information Services, the enhancement of technology within these offices will foster a more efficient and effective work environment, increasing our ability to reallocate duties. Furthermore, ODJFS is actively taking measures to improve its supervisor to staff ratio. With the realization that the reduction in management level positions can save the agency millions of dollars in annual payroll costs, ODJFS will continuously strive to improve the staffing levels.		

<b>2.3 ODJFS Organization Structure: Non-Supervising Manager Positions</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	Throughout 2014, HR management staff conducted “Deep Dive” examinations of all offices with a focus on increasing span of control across the agency. The Deep Dives were used to identify all immediate and future layers for elimination. These detailed examinations of each office’s structure, coupled with House Bill 59 language - which allows the agency to perform personnel actions to restructure after the Medicaid elevation - helped identify needed demotions, promotions, reclassifications, reassignments and vacancy eliminations that will assist in span of control and cost efficiencies.		
<b>Auditor of State Response:</b>			

<b>3.1 UCAC: Fully Constitute or Dissolve the Council</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$34,000
<b>Implementation Status:</b>	Not Implemented	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$34,000
<b>Implementation Description:</b>	As of 2/27/2015, there has been no movement or changes with regards to the assignment or dissolution of the council.		
<b>Auditor of State Response:</b>	Though it is not within ODJFS's legal authority to implement this recommendation, AOS encourages ODJFS to further engage the relevant stakeholders to carry it out.		

<b>4.1 SNAP: Electronic Data Brokering Portal</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$3,621,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$3,621,000
<b>Implementation Description:</b>	Effective October 2013, The State of Ohio rolled out the benefits.ohio.gov portal. This portal is intended to function as a single online tool for citizens to determine their eligibility for income based programs in Ohio. Initially, the portal has focused on Medicaid and will expand to cover SNAP and TANF later in 2016. Electronic eligibility verification will be implemented in phases with both the ABD/LTSS Medicaid and the SNAP/TANF releases. Business Process and System Implementation work is underway with implementation of ABD/LTSS Medicaid in early 2016. The SNAP/TANF release will follow and be completed mid-year 2016.		



<b>4.2 SNAP: Shared Services Model for Document Imaging Contracts</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$1,444,560
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$1,444,560
<b>Implementation Description:</b>	Integrated document imaging and workflow capability to support eligibility processes will be a solution component of Ohio Benefits included with SNAP/TANF functionality in 2016. Business process analysis and associated requirements definition for document imaging were completed in 2014. Business process and system implementation work is underway with completion planned for mid-year 2016.		

<b>4.3 SNAP: E-communication</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$603,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$603,000
<b>Implementation Description:</b>			

<b>4.4 SNAP: Performance Metric Tracking at County Level</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	As part of the implementation of Integrated Eligibility in Ohio, the Ohio Department of Job and Family Services (ODJFS) is pursuing the implementation of electronic notices for the SNAP program as a way to provide additional self-service capabilities to residents across the State. ODJFS is asking residents to "opt in" to electronic notices by providing their email address and voluntarily agreeing to the terms and conditions tied to the electronic notification functionality. Requirements for opt in have been completed and an initial design session has been conducted; design is underway, and will be complete by the end of March 2015. ODJFS is on track to implement this capability with the SNAP/Cash Release midyear in 2016.		

<b>4.5 SNAP: Consolidated Benefit Card</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	ODJFS continues to explore opportunities to track performance information at the County level. These opportunities are being explored through the eligibility system as well as supporting operating model and County shared service transformation initiatives.		

<b>5.1 Medicaid: Certification and Enrollment Process Consolidation</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$427,310
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$427,310
<b>Implementation Description:</b>	<p>A workgroup comprised of staff from Aging, DODD, JFS, Mental Health, and Medicaid formed shortly after the Auditor of State performance audit recommendations were issued. The workgroup established a project to develop shared services functionality and business processes to support single point of entry provider certification and enrollment data into MITS. This capacity will eliminate duplicate entry work currently performed at DODD and Aging. Additionally, Opportunities for Ohioans with Disabilities (OOD) has expressed interest in using the proposed functionality for its provider certification functions. The project resulted in an interface being developed between the DODD/ODA Provider Certification Wizard and MITS. This will allow the data that has been approved by DODD and ODA to be pushed automatically to MITS so that the provider can be enrolled as a Medicaid Waiver Provider. This functionality also includes the ability for DODD/ODA to be able to send an XML update to the Ohio Department of Medicaid as address changes are indicated by providers through the DODD/ODA PCW portal. The project is slated for a production date of March 31, 2015.</p> <p>A second phase of the project includes the ability for documents to be transferred from the DODD/ODA PCW to the MITS interchange system without someone manually attaching the documents to the MITS ATN. It also includes the transfer back and forth of information as it pertains to changes in the provider demographic information (address, status, etc.). HP has committed to a delivery date somewhere between December 2015 and February 2016 for this second phase.</p>		

<b>6.1 Medicaid: Surety Bonding</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$10,000,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$10,000,000
<b>Implementation Description:</b>	ODM currently requires Home Modification service providers, defined by Ohio Administrative Code 5160-46-04, maintain licensure, insurance and bonding for general contracting services of applicable jurisdictions provide proof to ODM or its designee upon request. While only specific to Home Modification services at this time, ODM will review the financial impacts to the high risk providers and the Medicaid program to determine if the agency should amend OAC rule for high risk categories and include the surety bond requirement.		

<b>6.2 Medicaid: Telephony</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$19,750,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$19,750,000
<b>Implementation Description:</b>	The Department is currently developing an RFP for an electronic visit verification system for selected services delivered in the consumer's home. The department is currently targeting implementation in state fiscal year 2017. However, we have determined that specific authorizing language is not necessary and that the system can be implemented using our Medicaid administrative authority.		

<b>6.3 Medicaid: Comprehensive Tracking of Outstanding Debt</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	ODM will consider a budget initiative idea to develop a single database resource that could be used by different areas within our department, with Managed Care Plans, with the sister state agencies (Department of Development Disabilities, Department of Aging, Department of Health, etc.) and the Ohio Attorney General's Offices' Medicaid Fraud Control Unit. A central repository of all Medicaid fraud referrals, cases and relevant data would enhance communication.		

<b>7.1 Workforce: Performance Measurement</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>In 2013 OWT drafted a series of formal goals and measures for a unified Ohio workforce system that went beyond Federal program requirements and focused on helping businesses meet their recruiting needs. Specific performance measures were designed to answer the following questions: Do participants get jobs? Do participants keep jobs? What do participants earn? To what extent do education levels increase? Is the system meeting the needs of employers?</p>		

<b>7.2 Workforce: Strategic Training</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>In 2013 OWT formalized a methodology to measure "in demand jobs." To meet the criteria for an in-demand occupation, it must have the following characteristics, 1. Median annual wage more than \$12.54/hr, 2. Annual growth in number of jobs greater than the regional average, 3. Annual job openings greater than the regional average.</p>		

<b>7.3 Workforce: Financial Data Standardization and Analysis</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>The CFIS WIA module was successfully launched in October 2013, enabling ODJFS to track WIA expenses by sub-project (e.g., training, supportive services, administrative costs, etc.) On 11/5/14, when a full year of expense data became available, OWD hosted a webinar to update the local areas on expenditure trends and provide technical assistance on proper sub-project coding. To prepare for the implementation of the Workforce Innovation &amp; Opportunity Act (WIOA) on July 1, 2015, OWD has recommended changes to sub-project codes to further enhance visibility into local finances and comply with key requirements of the new law.</p>		

<b>7.4 Workforce: Data Quality</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	<p>OWD, along with the Office of Information Systems (OIS), is in the process of implementing several major data clean-up initiatives to the Ohio Workforce Case Management System (OWCMS) in PY 2014. Three major updates are being made to the close and exit process for both WIA and Wagner Peyser programs:</p> <ul style="list-style-type: none"> <li>• Cases with no services that have remained open more than a year are being deleted</li> <li>• Services that have been open for more than five years are going to be examined by local area to review whether services are still on going, and if not, end-date the services and close the case.</li> <li>• The first purge of old data is being completed.</li> </ul> <p>In addition, the data validation process was examined and comprehensive training was provided to the staff that examines the cases at the local level.</p>		

## Ohio Department of Education Final Implementation Report

1.1a IT Governance			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$874,993
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	In Process
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact to be Realized:</b>	\$874,993
<b>Implementation Description:</b>	As of 6/2/2014, ODE has established an IT Governance Committee, as well as a 3-5 year project roadmap. ODE has updated procedures to ensure consistent communication from leadership on organizational objectives and prioritization. Business partners will be educated on work initiation processes and timeline.		

1.1b PMO Function			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	As of 6/2/2014, ODE has defined the specific role and responsibilities of a Project Manager (PM). ODE has established key attributes to determine project methodology (i.e. Agile) as well as a consistent method of tracking issues and risks. Business analysts will be utilized to gather and refine requirements.		

1.1c Release Management			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	As of 1/16/2015, ODE has developed Release Management procedures and roles and responsibilities for process owners and a Release Coordinator. ODE release policy will identify release attributes of enterprise applications and will implement a release calendar.		

1.1d QA Lifecycle & Testing			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	As of 1/8/2015, ODE has identified Test Manager/Lead(s) to oversee and coordinate testing, and requires business sign-off User Acceptance Testing (UAT). ODE will utilize a testing toolkit that includes a test strategy and scalable test plan. ODE will leverage Team Foundation System (TFS) to link requirements to test cases to create traceability and accurately update records.		

<b>1.1e Capacity Planning</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	ODE is currently in the process of running a manual, crawl phase that will inform the final tool created to address the recommendation. ODE's capacity planning tool will leverage existing software to create a view of total supply, identifying known demand and approved work to develop and forecast a comprehensive view of demand.		

<b>1.1f Software Development Lifecycle</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	As of 1/8/2015, ODE is determining and communicating work initiation process, and allocating time within the IT Governance process and Project Management process for initial analysis prior to project planning. A Business Analyst role will be leveraged for gathering and managing requirements using Team Foundation System, and ODE will create and monitor requirement/development metrics.		

<b>1.2 Shared Services</b>			
<b>Recommendation Addressed?</b>	<b>NO</b>	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Not Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	ODE has elected not to pursue the shared services functionality available in Ohio's eLicensure system.		
<b>Auditor of State Response:</b>	ODE provided documentation of preliminary discussion with DAS/OIT to explore a product from Iron Data, but DAS/OIT could not provide a detailed cost estimate without more information from ODE regarding the number of users, licenses, etc. currently served in the Connected Ohio Records for Educators (CORE) system. ODE has not subsequently followed up with DAS/OIT with the level of detail required to run the type of cost-benefit evaluative model recommended in the AOS performance audit. ODE has therefore neither complied with the recommendation nor provided adequate justification for non-compliance.		

<b>1.3 Disaster Recovery</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	ODE is participating in the statewide IT Optimization effort with the State's Office of Information Technology (OIT). This effort included the consolidation of all IT equipment into the OIT shared data center at the State of Ohio Computer Center in 2014. OIT has released an RFP for Disaster Recovery and it is anticipated to be implemented in FY2016.		

<b>1.4 Statewide Student Identifier System (SSID)</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$432,000
<b>Implementation Status:</b>	Not Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact To-be-Realized:</b>	\$432,000
<b>Implementation Description:</b>	Ohio Revised Code Section 3301.0714 prohibits ODE from the collection of student name through the Education Management Information System. Due to this restriction in legislation, ODE does not have the legal authority to develop and host the Statewide Student Identifier System and must contract with an external vendor.		
<b>Auditor of State Response:</b>	AOS accepts the response that ODE does not have the legal authority to implement this recommendation. ODE, however, should continue to work with stakeholders to change the relevant statutes.		

<b>2.1 General Education Development</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$347,425
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	\$259,732
		<b>Remaining Impact To-be-Realized:</b>	\$87,693
<b>Implementation Description:</b>	On 4/14/2014, ODE entered into a contract with GED/Parchment to fulfill transcript and diploma requests, which enabled the restructuring of an internal division with a net reduction in full-time positions, realizing \$259,731 in savings.		



<b>2.2 Office for Exceptional Children</b>			
<b>Recommendation Addressed?</b>	<b>NO</b>	<b>Identified Financial Impact:</b>	\$161,597
<b>Implementation Status:</b>	Not Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact To-be-Realized:</b>	<b>\$0</b>
<b>Implementation Description:</b>	ODE did not implement the AOS recommendation to utilize contractors to serve as comprehensive monitoring consultants. ODE stated that the Center concluded that costs would increase under a contractor model, based on various assessments. ODE also expressed concern that contracted work could impair the fidelity of the monitoring process and create risk for compliance with USDOE standards.		
<b>Auditor of State Response:</b>	ODE has not provided the AOS with documentation or the quantitative underpinnings of any assessments that concluded costs would increase under a contractor model. Further, ODE has not provided support for the assertion that contract workers represent an increased level of risk vis-a-vis permanent employees. ODE has therefore neither complied with the recommendation nor provided adequate justification for non-compliance.		

<b>2.3 Office of Early Learning and School Readiness</b>			
<b>Recommendation Addressed?</b>	<b>NO</b>	<b>Identified Financial Impact:</b>	\$75,095
<b>Implementation Status:</b>	Not Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact To-be-Realized:</b>	<b>\$0</b>
<b>Implementation Description:</b>	ODE stated that the agency did not implement this recommendation for using contract employees to conduct onsite inspections of preschool and school age child care sites. ODE's response cited concerns about increasing current and future workload. ODE further cited a preference of having permanent employees perform this work due to their higher levels of education, perceived credibility in the field, and investment in the job.		
<b>Auditor of State Response:</b>	In its justification for non-implementation, ODE has not provided adequate support for the agency's narrative explanation of increasing workload and permanent employee quality. AOS has not been provided with quantitative data that would allow for an analysis that relates actual and predicted inspection workload to ODE's current supply of full-time and contractor labor. More importantly, ODE has not provided evidence demonstrating the inability of outside consultants to adequately perform inspection and quality-related work, nor has ODE provided any evidence of the inferiority of the work product produced by outside consultants in these areas. ODE has therefore neither complied with the recommendation nor provided adequate justification for non-compliance.		

<b>2.4 - R2.6 Records Retention</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$42,649
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact To-be-Realized:</b>	\$42,649
<b>Implementation Description:</b>	Subsequent to the performance audit, ODE has provided additional records retention training to office managers and records coordinators. Records destruction processes have been streamlined, resulting in decreased bulk storage costs. Additionally, an online application process has eliminated the need to store paper licensure applications.		

<b>2.7 Budget and Financial Management</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	General Revenue Fund (GRF) subsidy purchase order balances are monitored by fiscal year during the monthly monitoring process. Additionally, by April of each year, the Chief Financial Officer will ask all Fiscal Officers to review with program staff all GRF encumbrances with balances for the prior year.		

<b>3.1 Span of Control</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$2,410,548
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact To-be-Realized:</b>	\$2,410,548
<b>Implementation Description:</b>	As of February 2015, ODE's average span of control was 1:5.4, compared to the ratio of 1:5.71 documented in the performance audit in November 2012. This is a slight move in the opposite direction recommended in the performance audit. ODE notes that there are approximately 100 current vacancies the Department is working on, and once filled, they may substantially affect the supervisor-to-staff ratios.		
<b>Auditor of State Response:</b>	100 vacancies is a material number in an organization with 540 full time employees, rendering any meaningful judgment on span on control implementation unfeasible until ODE reaches a staffing level that approximates a steady-state.		

<b>3.2 Merge Offices of Licensure and Professional Conduct</b>			
<b>Recommendation Addressed?</b>	<b>NO</b>	<b>Identified Financial Impact:</b>	\$997,941
<b>Implementation Status:</b>	Not Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact To-be-Realized:</b>	<b>\$0</b>
<b>Implementation Description:</b>	ODE has not merged the 2 offices recommended in the performance audit, citing the inability of management (Director position) and Consultants to handle the increased overhead and workload that would be generated by a merger.		
<b>Auditor of State Response:</b>	ODE's justification for non-implementation was narrative in nature, and did not provide any quantitative measures of workload or capacity. ODE has therefore neither complied with the recommendation nor provided adequate justification for non-compliance.		

<b>3.2a transition away from paper applications for licensure.</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	The online application process began in January 2013, and was fully operational in January 2014		

<b>3.2b ODE, at their discretion and where possible, should stagger license dates.</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	At several points in the time period subsequent to the performance audit, ODE fulfilled the recommendation by evaluating options for staggering the date of licenses. As a result of these evaluations, ODE concluded that the options under study did not provide incremental value to the Department beyond the licenses that are already currently staggered.		

<b>3.2c attorneys and paralegals perform investigative procedures.</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	Fully Implemented	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact To-be-Realized:</b>	N/A
<b>Implementation Description:</b>	The Department transitioned to the recommended investigative model that uses Paralegals and Attorneys to perform the investigative work. The number of Investigator positions decreased from seven to two. The office hired four Paralegals, which is consistent with the recommended four positions.		

<b>3.3 Test Operations &amp; Communications and Technical Assessment</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$363,667
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	\$261,890
		<b>Remaining Impact To-be-Realized:</b>	\$101,777
<b>Implementation Description:</b>	Collectively, the areas reduced staffing to 7.5 personnel as of 6/15/13. The Test Operations area had 3.5 FTEs as of 6/15/13; the Technical Assessment area had 4.0 FTEs. Both counts include management. As of February 2015, staffing remains at 7.5 FTEs. The Department calculated the savings based on the salaries and benefits listed in the performance audit report, and determined the amount to be \$261,890.		

<b>4.1 Process Improvement</b>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$83,000
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	\$0
		<b>Remaining Impact To-be-Realized:</b>	\$83,000
<b>Implementation Description:</b>	One of the Fiscal Services staff has obtained the DAS Certified Procurement Officer credential. Also, the contract workflow was streamlined, and Superintendent signature authority was determined (Immy Singh, Legal signature; Jim Quinn, Fiscal signature for personal service contracts under \$50,000). The contract workflow process was enhanced to include: seven sections for each navigation and clarity; links to process and page instructions as well as references to the Ohio Revised Code; the ability to save the request without submitting information; and, a preview function that enables the user to view sections as they are completed. Fiscal Services continues to evaluate methods to enhance the contract workflow, with a goal of increasing efficiency and making the system more user friendly.		



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