


OHIO AUDITOR OF STATE
KEITH FABER



Performance Audits

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


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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.



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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.

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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.

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

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Differences between Financial and Performance Audits

<p>Performance Audits</p> <ul style="list-style-type: none"> • Have a proactive, forward focus. • Identify areas of inefficiency or ineffectiveness. • Provide recommendations for improvement of performance. 	<p>Financial Audits</p> <ul style="list-style-type: none"> • 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.
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What is a Performance Audit?

- An evaluation of how well a government function, agency, program, or activity is working.
- The purpose of these audits is to provide governing bodies and entity management with data-driven, independent analysis.
- This information can be used to create, manage, oversee, and modify agencies or programs.
- Our performance audits typically answer the following types of questions:
 - Is the program or agency accomplishing what it is supposed to accomplish?
 - Could the program or agency operate more efficiently?
 - What might happen if the agency or program were changed?

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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
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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.



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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

- 2022**
- Slow-Munroe Falls City School District
 - Ohio's Co-located Institutions of Higher Education
 - Ohio's College Credit Plus
 - ODNR Graphen Weir Program
 - Minford Local School District
 - Waterloo Local School District
 - Madison Local School District
 - Blanchester Local School District
 - ODHE Facilities Inventory
 - Northwestern Local School District
 - Springfield Local School District
 - Wauseon Exempted Village 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
- 2020**
- City of Upper Arlington
 - Hubbard Township Police Department
 - Ohio Educational Service Centers – Operational Study



Performance Audit
November 2022



Performance Audit
August 2022

The Impact of Our Work (1995-2022)

- Completed over 400 performance audits with recommendations for savings in excess of \$1.2 billion.
- For every dollar invested in a performance audit, we identified taxpayer savings of approximately:
 - \$27 in higher education,
 - \$7 in local governments,
 - \$35 in school districts.

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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.
 - Local Governments are charged a subsidized rate of \$41/hr.
 - Audit scope is tailored to meet client needs.

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Overview of the Performance Audit Process:

- Planning the Audit
 - Collaboratively developing the audit scope
- Conducting Fieldwork
 - Completing research and analyses, verifying information with client, and sharing the results
- Writing the Audit Report
 - Obtaining comments and a written response from the client
 - Audit Release/Report Publication

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Common performance audit sections

- Financial Management
- Human Resources
- Departmental Operations
- Fleet
- Facilities

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

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Ohio Department of Public Safety

Client Problem

- High IT overtime costs
- 40% of the computers in use were 3 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 PCs in storage
- Reduce vehicles; 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 exposing 2 pools eliminated so far

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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

- Reorganize police and fire department minimum manning requirements, and
- Adjust staffing based on workload and service levels demand
 - Eliminate 1.0 to 3.0 FTE patrol officer positions
 - Eliminate 3.0 to 11.0 FTE firefighters

Results

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

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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 GRA 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 \$3.66 million in annual savings
- Estimated \$41,000 in annual savings
- Estimated \$28,000 in annual savings
- Estimated \$27,000 in annual savings

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Franklin School Audit Recommendations

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Stow-Munroe Falls CSD

Client Problem

- Fund Balance Deficit
- Overstaffed
- Overpaying for Insurance Benefits
- Inefficient Bus Routing

OPT Solution

- Align expenditures with peers & benchmarks
- Reduce FTEs to peers levels
- Align Employer Medical & Dental Insurance Costs with Peers
- Reduce 7 bus routes

Results

- Estimated annual savings of \$2.4 million
- Estimated annual savings of \$1.3 million
- Estimated annual savings of \$625K
- Estimated annual savings of \$183K

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Stow-Monroe Falls School Audit Recommendations

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Results of Our Work

- Identified opportunity to replace and redeploy computer inventory within ODPS reducing lost productivity by \$2.9M.
- Recommended consistent contact tracing and investigation coordination for local health districts through ODH resulting in \$17M savings.
- Pinpointed opportunity to eliminate or reduce underutilized copiers at OSU with \$321,815 in savings realized to date.
- Suggested consistent, comprehensive costing methodology be applied to all ODA laboratory tests generating \$448,234 in revenue.
- Recognized opportunity to adjust OMAHS 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 \$1.3M.

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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.

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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 Staschick 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

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:

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



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