Mary Taylor, CPA
Auditor of State

CUYAHOGA COUNTY AUDITOR'S OFFICE PERFORMANCE AUDIT

AUGUST 3, 2010

Mary Taylor, CPA
Auditor of State

To the Residents of Cuyahoga County, and current and future management of Cuyahoga County:

In November 2009, the Cuyahoga Board of County Commissioners and the Cuyahoga County Auditor's Office (the Auditor's Office) passed a joint resolution authorizing the Auditor of State (AOS) to conduct a performance audit of the Auditor's Office. The performance audit was designed to develop recommendations that improve operational efficiency and effectiveness, and reduce costs. Due to the timing of this audit and the schedule for transition to the new charter government, the recommendations in this performance audit will ultimately fall under the jurisdiction of the elected County Executive and County Council, the appointed Fiscal Officer, and the Human Resources Commission.

The performance audit contains recommendations which identify the potential for cost savings and operational improvements. While the recommendations contained in the audit report are resources intended to assist in improving operations, the County is encouraged to assess overall operations and develop additional alternatives.

An executive summary has been prepared which includes a County overview; new government structure; other significant matters; general audit conclusions; the scope, objectives and methodology for the performance audit; noteworthy accomplishments; assessments not yielding recommendations; key findings and recommendations; issues for further study; and a summary of financial implications. This report has been provided to the Auditor's Office and County Administration, and its contents discussed with appropriate officials of the County and Auditor's Office. The County has been encouraged to use the results of the performance audit as a resource to identify improvements as it transitions to the new charter form of government.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. This performance audit can also be accessed online through the Auditor of State of Ohio website at http://www.auditor.state.oh.us/ by choosing the "Audit Search" option.

Sincerely,

Mary Taylor

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Auditor of State

August 3, 2010

EXECUTIVE SUMMARY

Executive Summary

Project History

In November 2009, the Cuyahoga Board of County Commissioners and the Cuyahoga County Auditor's Office (the Auditor's Office) passed a joint resolution authorizing the Auditor of State (AOS) to conduct a performance audit of the Auditor's Office. The overall purpose of this audit is to evaluate selected operational areas within the Auditor's Office and develop recommendations for improved efficiency and effectiveness. These evaluations are based on comparisons to leading or recommended practices, Ohio Revised Code (ORC) statutes, peer county auditor's offices, and other relevant standards.

Due to the timing of this audit and the schedule for transitioning to the new charter government (see page 1-2), the recommendations in this performance audit will ultimately fall under the jurisdiction of the elected County Executive and County Council, the appointed Fiscal Officer, and the Human Resources Commission. As a result, while the scope of this performance audit entails assessing the current operations at the Auditor's Office, the recommendations are addressed to the appropriate officials under the new charter or the County in general, rather than to the current County Auditor.

County Overview

Cuyahoga County (the County) operates as a political subdivision of the State of Ohio. The County encompasses 59 municipalities, villages and townships, of which Cleveland is the largest. The County encompasses 459 square miles and has a population of approximately 1.3 million, making it the largest County in Ohio and the 28^{th} largest in the United States. The County provides general government services to its citizens, including social services (e.g., drug and alcohol abuse programs and services for developmentally disabled individuals), health and community assistance services, civil and criminal justice services, and road and bridge maintenance services.

Currently, a three-member Board of County Commissioners (BOCC) serves as the central governing body for the County. The Commissioners are elected at-large for four-year overlapping terms and are responsible for appointing key personnel, such as the County Administrator, the Human Services Director, the Sanitary Engineer, and other members of boards and agencies. Through these appointments, the Commissioners oversee the finance and administration, health and human services, and general government functions of the County. The Commissioners also prepare, adopt, and manage the annual budget for the General Fund and other funds used to support these services.

Pursuant to ORC § 319.01, the County Auditor is a separately elected official serving a four-year term. The County Auditor serves as the chief fiscal officer for the County and is responsible for issuing payments for all County obligations; administering the County's payroll; producing the audited financial statements; administering and distributing tax and license revenues to local governments; functioning as the sealer of weights and measures for the entire County except the City of Cleveland; listing, valuing and performing other similar support functions for approximately 525,000 property parcels throughout the County; issuing licenses for dogs and vendors; and serving on the Budget Commission with the County Prosecutor and County Treasurer. The statutory responsibilities of the County Auditor's Office are outlined in ORC Chapter 319. Other separately elected officials at the County include the Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sherriff, Treasurer and Judges.

New County Government Structure

In November 2009, the citizens of Cuyahoga County voted to approve a new charter form of government. The new form of government will take effect in 2011, following the 2010 general election, and will consist of an elected County Executive and an 11-member County Council elected by district. The County Executive will hold office for a four-year term commencing on January 11, 2011. The County Council elected in 2010 will consist of six members serving four-year terms and five members serving two-year terms. Commencing in 2012, each County Council member will be elected to a four-year term commencing on January 1 of the year following the election. The County will also have an elected Prosecuting Attorney serving a four-year term. The new form of government will replace elected officials with appointed officials serving at the pleasure, and within oversight, of the County Executive and Council. The appointed officials include:

- **Fiscal Officer**: This position combines the current offices of the Auditor and Recorder, and certain fiscal related functions completed by the Clerk of Courts;
- **Medical Examiner**: This position replaces the current Coroner;
- **Director of Law**: This position assumes the function of the Prosecutor's Civil Division;
- **Clerk of Courts**: This position retains all court-related functions under the previous form of government, but loses all fiscal functions to the Fiscal Officer;
- **Director of Public Works**: This position combines the function of the Engineer and the Sanitary Engineer (already an appointed position under the current form of government);
- **Treasurer**: This position and function remain unchanged, but the official is now appointed; and
- **Sheriff**: This position and function remain unchanged, but the official is now appointed.

The new form of government also establishes a Human Resources Commission that will be responsible for administering all of the County's employment practices in cooperation with the County Executive. In addition, the Human Resources Commission will be responsible for establishing a new employee classification system; enforcing the ethics and diversity policy, classification system, and salary administration; managing a uniform new employee application process; and conducting hearings on employment appeals. Furthermore, the new form of government creates a Department of Purchasing to consolidate the purchasing function in the County.

According to Section 13.07 of the Charter, "the Board of County Commissioners, not later than March 2010, shall designate three senior administrative officials of the County to act as a Transition Advisory Group, which shall develop recommendations for the orderly and efficient transition to the operation of the County government under the provisions of this Charter and shall work with the newly elected County officials." As a result, the County initiated the transition process in December 2009 by appointing the County Administrator, Director of the Department of Justice Affairs and the Director of Human Resources to the Transition Advisory Group (TAG), and subsequently created 12 workgroups to address the following objectives:

- Recommend efficiencies that will reduce expenditures in the General Fund by 15 percent, in addition to the 11 percent reductions implemented in 2009;
- Identify and invest $50 million annually from the above savings in significant job creation and economic growth;
- Shift a greater percentage of expenditures and balance of the above savings to direct services to communities and taxpayers; and
- Recommend enhanced capacities, streamlined structures and operation procedures necessary for the effective functioning of government by January 1, 2011.

In response to reported patronage abuse in the independently elected offices, the Ohio Legislature appointed a nine-member Commission (the Commission) in 2008 to review the potential for reforming Cuyahoga County government. The Commission reported that the structure of the current County government creates a lack of budgetary and administrative control, duplication of effort, inefficiency and waste of taxpayer dollars. For instance, nearly all of the elected officials have employees who separately perform basic functions such as human resources, public outreach, information technology, and financial management.

In theory, consolidating functions as outlined in the Charter should naturally allow for improved efficiency and streamlined structures. For example, Summit County is the only other county in Ohio to adopt a charter form of government. Based on its budget for FY 2010 and the number of citizens served, Summit County anticipates spending approximately $195 per citizen in the General Fund and $988 per citizen in all funds. By comparison, Cuyahoga County anticipates spending approximately $419 per citizen in the General Fund and $1,083 per citizen in all funds for FY 2010. Additionally, according to information published on its website, Louisville (KY) became the largest city in nearly three decades to merge its city and county governments on January 6, 2003. The website identifies numerous improvements and cost savings following the merger, including the following savings: $700,000 annually by restructuring the executive branch; $700,000 annually by outsourcing functions performed by security guards, the corrections commissary, youth detention food service, and custodial services; and $100,000 annually for the Metro Parks alone by implementing a new courier service contract that focuses on consolidated deliveries to departments.

In light of the objectives of the County's transition process, the abovementioned information, and the ongoing federal investigation (see **Other Significant Matters**), TAG and the workgroups are encouraged to work toward implementing the most efficient and streamlined structure of charter government. To assist in this endeavor, TAG and the workgroups should consider reviewing this and prior performance audits of County operations, as well as information from other relevant sources.

Other Significant Matters

The Cleveland Division of the Federal Bureau of Investigation (FBI), the United States Attorney's Office, and the Internal Revenue Service are currently engaged in an ongoing investigation of certain officials within Cuyahoga County. The Cleveland Plain Dealer reports that as of April 15, 2010, more than 20 individuals have been formally charged; two of which were employed by the Auditor's Office. The two Auditor's Office employees pled guilty to charges of bribery and providing kickbacks to a person listed as Public Official 2 (PO2). Another Auditor's Office employee is charged with participating in a conspiracy involving the election of PO2 to a County office. The Cleveland Plain Dealer has identified PO2 as a person who matches the description of the current County Auditor. However, as of July 21, 2010, the County Auditor has not been indicted or charged with a crime.

AOS modified certain audit procedures in order to avoid infringing or interfering with the federal investigation. However, despite the procedural modifications, AOS was able to meet the objectives of the audit and still comply with Government Auditing Standards, with one exception (see **Issues for Further Study**).

General Audit Conclusions

The performance audit found that the Auditor's Office's financial reporting is consistent with leading practices, and that staffing levels within the finance and accounting, estate tax, and all other staff classifications are comparable to the peers. The performance audit also found that the Auditor's Office offers more services than the peers and/or ORC requirements, provides limited oversight of employee sick leave, lacks a formal cross-training program, and maintains generous policy manual provisions that negatively impact employee productivity. In addition, the Auditor's Office provides higher average salaries for the majority of its functions when compared to the peers, due in part to the lack of staffing and compensation plans, and hiring policies and procedures. Collectively, these issues contribute to the Auditor's Office incurring higher costs to operate the tax administration and property services function, the consumer services function, and the weights and measures function. Furthermore, the Auditor's Office does not maintain a strategic plan, fails to complete performance evaluations for each employee on an annual basis, and does not regularly conduct citizen and employee surveys.

Despite having County-wide purchasing policies that are comparable to the peers, the test results from an AOS review of 56 purchasing transactions[1] showed that supporting documentation demonstrating compliance was absent for the majority of transactions, with one exception.[2] In addition, the test results show that the Auditor's Office used sole source exceptions to waive the bidding requirements for at least 4 of 9 vendors. The lack of documentation and the frequent use of sole source exceptions increase the risk of higher costs and the potential for allegations of fraud and bias. Given the aforementioned test results and the allegations from the federal investigation, it will be important that the County devise strategies to instill integrity in the purchasing process.

Regarding technology, the performance audit found that the County could gain efficiencies by linking the purchasing and payroll systems used by each unit with the accounting system used by the Auditor's Office. The County could reduce costs by expanding the use of direct deposit, the Automated Clearing House for accounts payable transactions, and making all payroll remittances available on-line. Furthermore, adopting a formal computer replacement plan would better ensure computers are replaced at the appropriate time and in accordance with the appropriate operating standards. Lastly, monthly reports showing County-wide financial information on the website would help promote transparency and assist citizens and stakeholders in gaining a better understanding of the County's financial condition.

Objectives

Performance audits are defined as engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective actions, and contribute to public accountability. The performance audit assessed the following areas of the Auditor's Office:

- **Staffing and Organization:** includes a review of organizational structure, and staffing and salary levels by function;

[1] AOS originally requested documentation for 60 transactions. However, the County could not provide the supporting documentation for 4 transactions. See **R2.19** for additional details.
[2] Documentation of approved vendor invoices was present for the majority of transactions (44 of 56).

- **Human Resources Practices:** includes reviews of policies and procedures that guide decision-making related to employment, and the processes for maintaining job descriptions and evaluating employee performance;

- **Operations:** includes a review of key business practices, methods used to gauge customer satisfaction with services, and the use of a strategic plan to guide decision-making;

- **Financial Activity:** includes a comparative assessment of revenues and expenditures;

- **Contracting and Purchased Services:** includes a review of policies, practices and procedures related to the awarding of contracts and the procurement of services from external providers; and

- **Technology:** includes an assessment of technology utilization to improve operating efficiency.

The performance audit was designed to develop recommendations that improve operational efficiency and effectiveness, and reduce costs. The recommendations comprise options that the County can consider when implementing the new charter form of government.

Scope and Methodology

This performance audit was conducted in accordance with Government Auditing Standards. Those standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Audit work was conducted between November 2009 and April 2010. To complete this report, the auditors conducted interviews with County personnel, and reviewed and assessed information from the Auditor's Office, the peer counties, and other relevant sources. Peer data and other information used for comparison purposes were not tested for reliability, although the information was reviewed for reasonableness.

Three counties were used for peer comparisons throughout the performance audit: the Franklin County Auditor's Office (FCAO), the Hamilton County Auditor's Office (HCAO) and the Stark County Auditor's Office (SCAO). The peers were selected based on a variety of factors including demographic information, organization structure, location, and discussions with representatives from the Auditor's Office. Furthermore, external organizations and sources were used to provide comparative information and benchmarks, including the Government Finance Officers Association (GFOA), the Ohio Revised Code (ORC), and the Ohio Department of Administrative Services (ODAS).

The performance audit process involved significant information sharing with representatives from the Auditor's Office and the County, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, status meetings were held during this engagement to inform representatives from the Auditor's Office and the County of key issues affecting selected areas and share proposed recommendations to improve or enhance operations. Finally, representatives from the Auditor's Office and the County were invited to provide written comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, AOS modified the report based on the comments.

The Auditor of State and staff express appreciation to the Auditor's Office, the County and the peers for their cooperation and assistance throughout this audit.

Noteworthy Accomplishment

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The performance audit identified the Auditor's Office's financial reporting as a noteworthy accomplishment. Specifically, the Auditor's Office's General Accounting Division is responsible for preparing the County's Comprehensive Annual Financial Report (CAFR) and the Popular Annual Financial Report (PAFR). In 2007, the Auditor's Office's CAFR and PAFR received awards from the GFOA.[3] Only 13 of Ohio's 88 counties received both the CAFR and PAFR awards in 2007.

Assessments Not Yielding Recommendations

Assessments were conducted in the following areas which did not warrant changes and did not yield recommendations: staffing levels within the finance and accounting, estate tax, and all other staff classifications, as well as purchasing policies and price thresholds.

Key Findings and Recommendations

Each section of the audit report contains recommendations that are intended to provide the County with options to improve efficiency and effectiveness. In order to obtain a full understanding of the assessed areas, the reader is encouraged to review the recommendations in their entirety. The following summarizes the key findings and recommendations from the performance audit report.

[3] The County's 2008 financial audit was released during the concluding phase of this performance audit. The Director of Accounting indicated that the General Accounting Division prepared the 2008 CAFR and PAFR in formats that were similar to 2007.

Staffing and Salaries

- Based on the number of citizens and parcels, the Auditor's Office employs more staff in the tax administration and property services (TAPS) function than each peer. Likewise, the Auditor's Office spends more in employee salary and contracted service costs on a per citizen and property parcel basis than each peer. During the course of this audit, the Auditor's Office made significant operational changes within the TAPS function that included suspending the V.A.S. Enterprises contract, modifying other contracted services, and hiring former V.A.S. Enterprises employees to oversee the commercial property appraisal process. However, despite these changes, the 2010 employee and contracted service costs are still projected to exceed the peer averages, assuming the Auditor's Office spends its full budget for these functions.

  The County should take steps to reduce the cost of the TAPS function, with an overall goal of achieving at least the peer average cost per citizen. These reductions could be achieved by reducing staffing levels, revising employee salary schedules, using purchasing strategies to reduce the cost of contracts, reducing the quantity of contracted services, or some combination thereof. Likewise, closing the satellite offices and reviewing community outreach services can help the County implement these reductions.

- The Auditor's Office employs more consumer service FTEs per 100,000 citizens than two peers and processed fewer licenses per FTE than each peer. In addition, the consumer services salary costs per citizen and per license issued are significantly higher than the respective peer averages. Similarly, the Auditor's Office employs more staff in the weights and measures function than each peer based on the number of citizens, agencies, inspections and tests, with the exception of FCAO's lower number of agencies per FTE. Lastly, the Auditor's Office has higher employee salary costs on a per citizen, agency, inspection and test basis in the weights and measures function than each peer.

  The County should consider reducing staffing levels by at least 5.2 FTEs (6 full-time positions) in the consumer services function and 5.5 FTEs (5 full-time positions and 2 part-time positions) in the weights and measures function.

- The Auditor's Office does not have a formal compensation plan for determining employee salaries. In practice, directors make recommendations to the administration concerning starting salaries and merit pay increases based on opinions of prior work experience, current job performance, required job responsibilities, and a review of current employee salaries. The lack of a compensation plan, and formal hiring policies and procedures are enabling factors that contribute to the higher salary levels at the Auditor's Office.

The County and the Human Resources Commission should conduct job audits of all positions at the Auditor's Office. Subsequently, the County and the Human Resources Commission should ensure that the written job descriptions, the new job classifications and the adopted salary schedules are consistent with the actual duties and work requirements of each position. Further, the County and the Human Resources Commission should review the annual salaries, years of experience, performance evaluations and job duties for each employee at the Auditor's Office to ensure that any large variances are justified and reasonable. Finally, the County should carefully review future proposals for cost of living wage increases in comparison to other counties and in consideration of its financial condition.

Organization Structure

- Although not required by ORC and unlike the peers, the Auditor's Office dedicates staff to community outreach and foreclosure assistance. In contrast to the Auditor's Office, FCAO and SCAO, HCAO does not have a separate division for the consumer services and estate tax functions. Rather, employees from a variety of other divisions are cross-trained to perform these functions in addition to other duties. Furthermore, the Auditor's Office is responsible for working with hotels and motels in the County to ensure they are filing the proper taxes and complying with the rules and regulations established by the BOCC. By comparison, neither FCAO nor HCAO are responsible for administering the hotel/motel tax for their respective counties, while SCAO has only one employee that dedicates approximately two percent of his time processing hotel/motel taxes. Lastly, technology support and administrative staffing represent areas that could be consolidated under the new charter form of government.

  The County should conduct a comprehensive review of the current organization structure, service levels and operating practices of the Auditor's Office to determine if the new Fiscal Office should continue to operate in a similar manner. In particular, the County should review services that are not mandated by the ORC, including the community outreach and foreclosure programs, to determine if the benefits of these programs outweigh the costs. Likewise, the County should review the Hotel/Motel Division to ensure that it is efficiently staffed and an appropriate function of the new Fiscal Office. The County should also review the responsibilities of the Auditor's Office technology support staff and administrative staff to determine if any duplication will exist with County-wide services under the new form of government, and subsequently take measures to eliminate any such duplication. Finally, the County should review the use of cross-training within certain functions as a strategy for improving overall efficiency.

- In contrast to the Auditor's Office, none of the peers operates satellite offices, choosing instead to meet customer demand through the main offices. As a result, the ratios of citizens per office, property parcels per office, active business per office and square miles per office are much lower at the Auditor's Office, when compared to the respective peer averages.

The County should consider closing the two remaining satellite offices in Cleveland based on a cost-benefit analysis that accounts for key factors, such as operating costs and citizen preferences. If these offices are closed, the County should conduct a citizen survey to determine if there is a need for a new satellite office and if so, to identify the best location based on recent population trends, demographics, citizen preferences, and statutory requirements.

Employee Productivity and Management Practices

- Employee sick leave use is significantly higher than the State average reported by the Ohio Department of Administrative Services (ODAS). The Auditor's Office policies place the responsibility for managing sick leave use with the supervisors and directors. However, the Director of Accounting indicated that while the County's leave information is maintained through an online database, only the central administration has access to the leave use records for specific employees and divisions. Furthermore, the leave use records are not routinely shared with supervisors and directors. Along with the higher sick leave use, the full-time schedule at the Auditor's Office comprises fewer hours than FCAO and a portion of staff at HCAO. However, the full-time schedule at the Auditor's Office is the same as employees under the authority of BOCC.[4] Lastly, the Auditor's Office provides more minutes for rest periods than two peers, paid time off for birthdays unlike each peer, and a generous vacation schedule.

  The County should strive to reduce the amount of sick leave used by Fiscal Office employees through improved oversight. The County should also consider requiring Fiscal Office employees to work 40 hours per week, reducing employee rest periods and vacation accrual rates to be more consistent with the peers, and eliminating paid time off for employee birthdays. Collectively, these steps will help the County increase employee productivity and reduce costs in the new Fiscal Office. Furthermore, the County should consider adopting the same applicable policies for all employees as it transitions to the charter form of government. Depending upon the specific provisions in each collective bargaining agreement, adopting standard policies could be subject to negotiations.

- The Auditor's Office employee policy and procedure manual states that "…the Auditor's Office has no written hiring protocol." Additionally, numerous directors indicated they were unaware of any type of guidelines or minimum requirements that must be met to

[4] The one exception is that in contrast to the Auditor's Office, the lunch period is not defined as one hour for BOCC employees, but instead as follows: "a lunch period of uniform duration established by the department head to meet the operating needs of the department."

hire an employee. In practice, the Auditor's Office does not have a consistent process for interviewing and selecting candidates. Multiple directors also indicated that written employee evaluations have not been conducted in several years. Furthermore, employees provided unfavorable responses on the AOS survey regarding hiring practices and performance evaluations.

The County should establish formal hiring policies and procedures that include pertinent aspects of the hiring process, such as identifying and posting open positions, accepting applications, completing interviews, selecting candidates, making offers and following-up with candidates. The County should also develop performance appraisal forms for the new Fiscal Office that reflect the duties identified in the job descriptions and include measurable, observable and behavioral criteria. Subsequently, the County should ensure that the new Fiscal Office conducts employee evaluations at least once annually.

Purchasing

- The results of the AOS test of 56 transactions from January 1, 2007 to November 9, 2009 revealed a general lack of documentation for issuing approved requisitions and purchase/department orders, maintaining invoices, obtaining price quotes and including explanations when not doing so, and addressing the certification requirements in ORC § 2909.33. This is due, in part, to the lack of detailed reviews of purchasing compliance for several years, although several other factors may also contribute to the lack of documentation (see the report section). In addition, 11 transactions that included documentation of purchase/department orders showed that the purchase/department orders were issued after the vendor invoice date.

  The County Audit Committee should require the Department of Internal Audit to review a sample of purchasing transactions to ensure that each department is complying with the County-wide purchasing policies and ORC requirements. Subsequently, the Internal Audit Department should prepare an annual report that publishes the results of its purchasing tests, compares the results to prior years, and includes explanations for significant variances. This report should be published on the County website and publicly presented to the Audit Committee, County Executive and County Council. Finally, the Internal Audit Department and the Office of Procurement and Diversity should jointly review the current documentation requirements and update them if necessary, and explain these requirements along with the other purchasing policies and ORC requirements to all new officials and administrators.

- The results of the AOS test show that the Auditor's Office used sole source exceptions to waive the bidding requirements for at least 4 of 9 vendors, including V.A.S. Enterprises. Although permitted by the ORC, the frequent use of sole source exceptions for significant purchases increases the risk of cost inefficiencies and the potential for allegations of fraud and claims of bias. For example, *Internal Review and Investigation of Cuyahoga County* (Richard Blake, 2009) concluded that the Auditor's Office paid excessive amounts for the contract with V.A.S. Enterprises and notes that the FBI, the United States Attorney's Office, the Internal Revenue Service, and other agencies have questioned the integrity of the purchasing process.

The County should require the Fiscal Office to use competitive bidding or RFPs when making purchases in excess of $25,000. Doing so will help ensure that the County is receiving the best prices for goods and services, and that purchases are made in an objective and transparent manner.

Technology

- The lack of interfaces between BuySpeed, NOVUS and FAMIS, and the use of manual timecards in at least the Auditor's Office and the Treasurer's Office creates duplication of effort. For example, if a purchase is subjected to competitive bidding, it is possible that a department level Field Buyer will enter all the necessary information into the BuySpeed system to create a requisition and purchase order, the Clerk of the Board will enter similar information into NOVUS to generate a Board Resolution with supporting documentation, and an employee in the Auditor's Office will re-enter similar information into FAMIS to generate the funds certification and encumber the monies. In addition, the Director of Accounting indicated that the County intends to install and use the SAP software in all departments that report to the County Executive under the new charter form of government.

  The County should work with the vendors of the BuySpeed, Novus and FAMIS software programs to determine if an automated interface can be established. If the County determines that it cannot establish the interfaces, it should conduct a cost-benefit analysis associated with replacing one or more of the current programs with alternative software that will allow for direct interfaces. In addition, the County should follow through with its plans for installing the SAP software in all departments and agencies reporting to the County Executive under the new form of government. Subsequently, the County should ensure that all time and attendance information for payroll purposes is captured through SAP and uploaded into the payroll/accounting system through automatic interfaces, and ensure that all offices use an automated system that interfaces with the payroll/accounting system.

- The County and the Auditor's Office are not currently taking full advantage of direct deposit, on-line payroll remittances, and the Automatic Clearing House (ACH).

  The new Fiscal Officer should work with the County Executive, department heads and other elected officials to identify strategies for increasing the County-wide use of direct deposit for payroll, and the Automated Clearing House (ACH) for accounts payable transactions. In addition, once the SAP software is in place and functional, the County should make all payroll remittances available on-line for employees receiving direct deposit and no longer print paper copies.

Issue for Further Study

Auditing standards require the disclosure of significant issues identified during the audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified the software programs that support the tax administration and property services function as an issue for further study. Specifically, due to certain limitations caused by the ongoing federal investigation, AOS was unable to sufficiently review the specific applications, benefits or limitations of the Sigma and MVP programs in each division. Nevertheless, several department heads expressed concern about the programs during initial interviews and in response to written questionnaires. Likewise, in testimony presented to the Property Valuation Subcommittee[5] in May 2010, the Director of Real Estate Services indicated that the MVP system is "…minimally effective and usable, and should offer more." The Director of Real Estate Services specifically noted that it is very difficult to place new parcel information into the software. According to the Director of Accounting, the Treasurer's Office also uses MVP. The Director of Accounting further indicated that the County obtained competitive bids for a new system in 2009, but subsequently eliminated the bid because of various issues related to the company which was the low bidder.

Prior to developing final recommendations, the Property Valuation Subcommittee should speak with each department head at the Auditor's Office and Treasurer's Office that uses Sigma and MVP. Through these discussions, they should determine the specific applications of each program, the perceived limitations, and the ultimate cause of the limitations (external software programming verse internal hardware or network issues). Subsequently, a County representative should contact Manatron Incorporated to determine the timeframes, difficulty, and expenses associated with resolving each issue. If it is determined that the issues cannot be resolved in a cost effective and timely manner, the Property Valuation Subcommittee should consider other options, including alternative software providers and/or other service delivery models.

[5] This is one of the subcommittees helping to evaluate current operations and develop recommendations for an orderly and efficient transition to the charter form of government.

Summary of Financial Implications

The following table provides a summary of recommendations with cost savings and avoidances identified in this report, intended to assist the County during the transition to the new charter form of government. Detailed information concerning the financial implications, including assumptions, is contained within the other section of the performance audit.

Table 1-1: Summary of Performance Audit Financial Implications

Recommendation	Annual Cost Savings	Annual Cost Avoidances
R2.2 Reduce the staffing and contracted service costs within the tax administration and property service function.	$878,000	
R2.3 Eliminate 5.2 FTEs from the consumer services function.	$234,000	
R2.4 Eliminate 5.5 FTEs from the weights and measures function.	$329,000	
R2.6 Provide 1 percent cost of living adjustments over the next three years.		$404,000[1]
R2.8 Consider closing two satellite offices.	$42,000	
R2.10 Consider requiring employees to work 40 hours per week.	$246,000	
R2.18 Use competitive bids or RFPs.	$114,000	
R2.21 Increase the use of direct deposit for processing payroll.	$17,000	
R2.21 Reduce the use of paper-based payroll remittances.	$5,000	
R2.21 Increase the use of the ACH network for processing accounts payable transactions.	$20,000	
Total	**$1,885,000**	**$404,000**

Source: AOS performance audit recommendations
[1] This is the average cost avoidance from 2011 to 2013.

**COUNTY
AUDITOR'S OFFICE**

County Auditor's Office

Background

In November 2009, the Cuyahoga Board of County Commissioners (BOCC) and the Cuyahoga County Auditor's Office (the Auditor's Office) passed a joint resolution authorizing the Auditor of State (AOS) to conduct a performance audit of the Auditor's Office. The overall purpose of this audit is to evaluate selected operational areas within the Auditor's Office and develop recommendations for improved efficiency and effectiveness. These evaluations are based on comparisons to leading or recommended practices, Ohio Revised Code statutes, peer county auditors' offices, and other relevant standards.

Due to the timing of this audit and Cuyahoga County's transition to a new charter government, the recommendations in this performance audit will ultimately fall under the jurisdiction of the elected County Executive and County Council, the appointed Fiscal Officer, and the Human Resources Commission. As a result, while the scope of this performance audit entails assessing the current operations at the Auditor's Office, the recommendations are addressed either to the appropriate officials under the new charter or the County in general, rather than to the current County Auditor. See the **executive summary** for additional discussion of the new charter.

Summary of Operations

In accordance with Ohio Revised Code § 319.01, the County Auditor is a separately elected County official serving a four-year term. The County Auditor serves as the chief fiscal officer for the County and is responsible for issuing payments for all County obligations; administering the County's payroll; producing the audited financial statements; administering and distributing tax and license revenues to local governments; functioning as the sealer of weights and measures for the entire County except the City of Cleveland; listing, valuing and performing other similar support functions for approximately 525,000 property parcels throughout the County; issuing licenses for dogs and vendors; and serving on the Budget Commission with the County Prosecutor and County Treasurer. ORC Chapter 319 outlines the statutory responsibilities of the County Auditor's Office.

The Auditor's Office is comprised of the following divisions:

- ***Appraisal Division*** – This division is responsible for listing and valuing the residential and commercial property parcels throughout the County. The division administers the appraisal process during the update and reappraisal years. During non-update/reappraisal years, the employees review building permits (approximately 20,000 annually) to capture new construction in the land values. Prior to 2010, the appraisals for commercial property were outsourced to a third-party vendor. However, the commercial property appraisals are now completed by the Auditor's Office.

- ***Budget Commission*** – By State law, the Budget Commission is comprised of the County Auditor, Treasurer, and Prosecutor. However, the County Auditor's Office serves as the secretary to the Commission. In this role, Auditor's Office employees are responsible for interacting with the local school districts and municipalities to issue the certificate of estimated resources, determine annual property tax rates, monitor tax budgets, and distribute tax revenues.

- ***Community Services Division*** – This division is responsible for processing homestead and rollback exemptions and all community outreach functions. The primary outreach functions entail making citizens aware of their eligibility for the Homestead and Rollback exemptions and energy assistance programs.

- ***Estate Tax Division*** – This division is responsible for tracking the decedents in Cuyahoga County, determining the value of their estates, and collecting the subsequent estate taxes.

- ***Foreclosure Division*** – This division is responsible for administering programs that help citizens avoid foreclosure.

- ***General Accounting Division*** – This division is responsible for processing the County's payroll and accounts payables; developing the Comprehensive Annual Financial Report (CAFR), the Popular Annual Financial Report (PAFR) and federal single audit programs; training related to the accounting/payroll system; and overseeing the annual financial audits.

- ***General Services Division*** – This division is responsible for processing and issuing licenses for dogs, vendors, and cigarette vendors; interacting with the public to address questions or concerns; and recording pay-ins originating from the Treasurer's office.

- ***Hotel/Motel Division*** – This division is responsible for auditing the hotel/motel tax forms and reviewing building and vendor permits to make sure all hotels are filing the appropriate taxes.

- ***Information Services Division*** – This division is responsible for maintaining the Auditor's Office's computer hardware and network.

- ***Personal Property Division*** – This division is responsible for collecting tangible personal property (TPP) tax delinquencies. The division used to be responsible for collecting the

TPP taxes on equipment, furniture, fixtures and inventory used in business. However, since the State began phasing this tax out, the County no longer administers the tax and is only responsible for collecting delinquencies.

- ***Real Estate Services Division*** – This division is responsible for processing all real estate transfers/conveyances associated with home purchases. This division is also responsible for ensuring that required public information is available for each property.

- ***Real Property Division*** – This division is responsible for the tax billing function for all property parcels, monitoring and collecting delinquencies, and tracking tax billing information.

- ***Weights and Measures Division*** – This division is responsible for ensuring the accuracy of measuring devices, such as gas pumps, scales at grocery stores, and scanners used on bar codes.

Staffing

Table 2-1 compares the Auditor's Office full-time equivalent staffing (FTEs) per 100,000 citizens to the peers in 2009. In order to allow for a reliable comparison, the positions were grouped according to seven functions which capture similar activities for the Auditor's Office and the peers.

Table 2-1: Staffing Comparison (FTEs per 100,000 Citizens)

	Cuyahoga	FCAO	HCAO	SCAO	Peer Average
Tax Administration & Property Services	10.6	7.3	6.1	10.5	**7.9**
Finance & Accounting	1.7	1.4	1.1	2.5	**1.7**
Consumer Services	0.7	0.4	0.2	1.5	**0.7**
Weights & Measures	0.9	0.4	0.4	0.5	**0.4**
Estate Taxes	0.1	0.3	0.1	0.4	**0.3**
Hotel/Motel Taxes	0.7	N/A	N/A	<0.1	**<0.1**
All Other Staff	1.0	1.0	1.7	3.2	**2.0**
Total FTEs	**15.7**	**10.8**	**10.0**	**18.5**	**13.1**

Source: The Auditor's Office, peers and Ohio Department of Development
Note 1: An FTE is equal to 2,080 hours worked (8 hours a day, 260 hours per year).
Note 2: The number of citizens reported by the Ohio Department of Development is for 2007, which is used in all staffing and cost ratios per 1,000 citizens in this performance audit.

Table 2-1 shows that the Auditor's Office employs a total of 15.7 FTEs per 100,000 citizens, which is higher than FCAO, HCAO, and the peer average. An analysis of each employee classification used in **Table 2-1** includes the following:

- **Tax Administration and Property Services (TAPS)**: The Auditor's Office TAPS function is comprised of the Appraisal, Budget Commission, Community Services, Personal Property, Real Estate Services, and Real Property Divisions. **Table 2-1** shows that the Auditor's Office employs 10.6 FTEs per 100,000 citizens, which is higher than each peer. However, the Auditor's Office and the peers vary in their use of contracted services to meet the statutorily required duties and obligations. See **R2.2** for additional analysis.

- **Finance and Accounting: Table 2-1** shows that while the Auditor's Office finance and accounting FTEs per 100,000 citizens are comparable to the peer average, they are higher than FCAO and HCAO. However, the Auditor's Office processed 616 W-2s per FTE in 2008, which was higher than the peer average (591) and each peer. Finally, although the Auditor's Office's finance and accounting staff processed fewer warrants per FTE (10,045) compared to the peer average (19,324), HCAO (38,222) significantly skews the peer average. If HCAO were excluded, the revised peer average would be 9,875 warrants processed per FTE. Furthermore, the Auditor's Office has received awards for its financial reporting (see **Noteworthy Accomplishments** for additional discussion).

- **Consumer Services:** The Auditor's Office consumer services function is comprised of the General Services Division. **Table 2-1** shows that the Auditor's Office employs 0.7 FTEs per 100,000 citizens in the consumer services function, which is higher than FCAO and HCAO. See **R2.3** for additional analysis.

- **Weights and Measures**: **Table 2-1** shows that the Auditor's Office employs 0.9 FTEs per 100,000 citizens in the weights and measurement function while the peer average is 0.4.See **R2.4** for additional analysis.

- **Estate Taxes:** The Auditor's Office employs 1.8 FTEs who are responsible for processing estate taxes, or 0.1 FTE per 100,000 citizens. By comparison, the peer average is 1.9 FTEs, or 0.3 FTEs per 100,000 citizens. Furthermore, the Auditor's Office processed 640 estate tax filings per FTE in 2008, while the peer average was 930. However, HCAO (1,439) significantly skews the peer average. If HCAO were excluded, the revised peer average would be 675. Achieving the peer average estate tax filings per FTE with and without HCAO would result in a staffing reduction of less than 0.5 FTEs and 0.1 FTEs, respectively.

- **Hotel/Motel Taxes:** This classification includes 8.8 FTEs that complete the hotel/motel tax function for the Auditor's Office. In contrast, neither FCAO nor HCAO are responsible for this function. Likewise, SCAO only has one employee that dedicates approximately two percent of the time processing hotel/motel taxes. See **R2.7** for additional analysis.

- **All Other Staff:** This classification represents all remaining staff at the Auditor's Office and the peers. For the Auditor's Office, this includes the Information Services Division (4.5 FTEs), the Foreclosure Division (2.6 FTEs), and the central administrative staff (5.3 FTEs). **Table 2-1** shows that the Auditor's Office employs a total of 1.0 FTE per 100,000 citizens in these classifications while the peer average is 2.0.

Financial Comparisons

Cuyahoga County (the County) accounts for the Auditor's Office activities within two funds: the General Fund and the Real Estate Assessment Fund. The General Fund accounts for all of the administrative and non-real estate related functions such as hotel and motel tax administration, weights and measures, and estate taxes. **Table 2-2** compares the Auditor's Office 2008 and 2009 General Fund expenditures to the peers for 2008.

Table 2-2: General Fund Expenditures

Line-Item	Cuyahoga 2008	Cuyahoga 2009 [1]	FCAO 2008	HCAO 2008	SCAO 2008	Peer Average
General Fund Discretionary [2]						
Salaries	**$5,166,464**	**$4,535,312**	**$1,382,821**	**$1,390,430**	**$971,811**	**$1,248,354**
Per Citizen	$3.99	$3.50	$1.24	$1.65	$2.57	$1.82
Per Property Parcel	$9.85	$8.65	$3.19	$4.00	$4.91	$4.03
Benefits	**$1,837,850**	**$1,597,779**	**$526,269**	**$439,107**	**$443,817**	**$469,731**
Per Citizen	$1.42	$1.23	$0.47	$0.52	$1.17	$0.72
Per Property Parcel	$3.50	$3.05	$1.22	$1.26	$2.24	$1.57
Contracted Services	**$268,524**	**$1,002,452**	**$23,344**	**$517,200**	**$200,604**	**$247,050**
Per Citizen	$0.21	$0.77	$0.02	$0.61	$0.53	$0.39
Per Property Parcel	$0.51	$1.91	$0.05	$1.49	$1.01	$0.85
Supplies, Materials, & Other Operating	**$863,976**	**$806,574**	**$1,042,145**	**$860,286**	**$29,455**	**$643,962**
Per Citizen	$0.67	$0.62	$0.93	$1.02	$0.08	$0.68
Per Property Parcel	$1.65	$1.54	$2.41	$2.48	$0.15	$1.68
Capital Outlay	**$9,009**	**$26,142**	**$72,163**	**$0**	**$23,181**	**$31,781**
Per Citizen	$0.01	$0.02	$0.06	$0.00	$0.06	$0.04
Per Property Parcel	$0.02	$0.05	$0.17	$0.00	$0.12	$0.09
Total Discretionary	**$8,145,823**	**$7,968,259**	**$3,046,743**	**$3,207,023**	**$1,668,868**	**$2,640,878**
Per Citizen	$6.29	$6.15	$2.72	$3.81	$4.41	$3.65
Per Property Parcel	$15.53	$15.19	$7.04	$9.23	$8.43	$8.23
General Fund Non-Discretionary [3]						
Data Processing	**$1,060,308**	**$1,165,838**	**$75,157**	**$180,425**	**N/A**	**$127,791**
Per Citizen	$0.82	$0.90	$0.07	$0.21	N/A	$0.14
Per Property Parcel	$2.02	$2.22	$0.17	$0.52	N/A	$0.35
Space Maintenance	**$718,373**	**$816,443**	**N/A**	**N/A**	**N/A**	**N/A**
Per Citizen	$0.55	$0.63	N/A	N/A	N/A	N/A
Per Property Parcel	$1.37	$1.56	N/A	N/A	N/A	N/A
Total Non-Discretionary	**$1,778,681**	**$1,982,281**	**$75,157**	**$180,425**	**N/A**	**$127,791**
Per Citizen	$1.37	$1.53	$0.07	$0.21	N/A	$0.14
Per Property Parcel	$3.39	$3.78	$0.17	$0.52	N/A	$0.35

Source: The Auditor's Office, peers, Ohio Department of Taxation and Ohio Department of Development

[1] The Auditor's Office's 2009 expenditures are evaluated using the citizen and parcel data for the 2008 expenditures.

[2] The discretionary expenditures represent costs over which the Auditor's Office and the peers have direct control.

[3] Non-discretionary expenditures represent costs over which the Auditor's Office and the peers cannot exercise direct control. For the Auditor's Office, these costs include central data processing and space maintenance costs that are allocated by the BOCC to all County agencies during the annual budget process.

Table 2-2 shows that the Auditor's Office total General Fund discretionary and non-discretionary expenditures in 2008 and 2009 are significantly higher than the peer averages on a per citizen and per property parcel basis. Explanations for line-items that exceed the peer average include the following:

- **Salaries and Benefits: Table 2-2** shows that the Auditor's Office reduced its 2009 salary and benefit costs by approximately $871,000 combined. This is attributed to staffing reductions that were implemented through the County's early retirement incentive program.[1] However, despite the staffing reductions, **Table 2-2** shows that the Auditor's Office 2009 salary and benefit costs per citizen and per property parcel are still significantly higher than the peer averages. The variances are due to the Auditor's Office maintaining higher staffing levels within the weights and measures and consumer services functions (see **R2.3** and **R2.4**), as well as providing high salary levels for staff (see **R2.5** and **R2.6**). In addition, **R2.8**, **R2.9** and **R2.10** address factors that can contribute to the higher salary and/or benefit ratios.

- **Contracted Services: Table 2-2** shows that the Auditor's Office increased its contracted service costs by approximately $734,000 in 2009, which caused the cost per citizen and per property parcel to exceed the peer averages. According to the Director of Accounting, the increase is due to the settlement of a payment/service dispute with a software vendor that was negotiated by the County Prosecutor's Office. This expenditure is expected to be non-recurring in nature.

- **Data Processing and Space Maintenance: Table 2-2** shows that the Auditor's Office data processing and space maintenance costs increased by approximately $204,000 in 2009, and are significantly higher than the peer averages. According to the Director of Accounting, the space maintenance costs represent the Auditor's Office portion of the County-wide utility, building maintenance and cleaning costs. The Auditor's Office has minimal control over these costs because they are allocated to each agency by the BOCC based on square footage ratios. Likewise, the data processing costs represent County-wide network connectivity, maintenance and data processing costs that are allocated to each agency using similar formulas.

The Real Estate Assessment Fund (REAF) accounts for the Auditor's Office's tax administration and property services function. ORC § 319.54 details a fee schedule that is designed to pay for these services, with the receipts being accounted for in REAF. A majority of the fees are established as percentages of the monies collected by the county treasurer and cannot be modified. However, a county can decline the fees if it determines that it has sufficient resources to meet operating needs. Doing so effectively increases the tax collections that will be remitted to the State and local governments. **Table 2-3** shows a comparison of the Auditor's Office's 2008 and 2009 REAF revenues to the peers for 2008.

[1] According to the Director of Accounting, the benefits category includes the payments for sick and vacation leave buyouts related to the early retirement incentive.

Table 2-3: REAF Revenues

Line-Item	Cuyahoga 2008	Cuyahoga 2009 [1]	FCAO 2008	HCAO 2008 [2]	SCAO 2008	Peer Average
REAF Taxes	**$15,010,582**	**$15,133,276**	**$7,044,761**	**N/A**	**$3,502,508**	**$5,273,634**
Per Citizen	$11.58	$11.68	$6.30	N/A	$9.25	$7.78
Per Property Parcel	$28.62	$28.85	$16.27	N/A	$17.70	$16.98
REAF Other	**$303**	**$485**	**$20,210**	**N/A**	**$41,784**	**$30,997**
Per Citizen	$0.00	$0.00	$0.02	N/A	$0.11	$0.06
Per Property Parcel	$0.00	$0.00	$0.05	N/A	$0.21	$0.13
Total REAF Revenue	**$15,010,885**	**$15,133,761**	**$7,064,971**	**N/A**	**$3,544,292**	**$5,304,631**
Per Citizen	$11.58	$11.68	$6.32	N/A	$9.36	$7.84
Per Property Parcel	$28.62	$28.85	$16.31	N/A	$17.91	$17.11

Source: The Auditor's Office, peers, Ohio Department of Taxation and Ohio Department of Development
[1] The Auditor's Office's 2009 revenues are evaluated using the citizen and parcel data for the 2008 revenues.
[2] HCAO did not provide REAF revenue information and was excluded from the peer average.

Table 2-3 shows that the Auditor's Office total REAF revenues per citizen and per property parcel in 2008 and 2009 are significantly higher than FCAO and HCAO. In 2008, FCAO waived its second half fee collections based on a determination from the elected County Auditor that it had sufficient resources to meet its operating needs. As a result, FCAO's total revenues and respective ratios are much lower than the Auditor's Office.

Table 2-4 compares the Auditor's Office 2008 and 2009 REAF expenditures to the peers for 2008.

Table 2-4: REAF Expenditures

Line-Item	Cuyahoga 2008	Cuyahoga 2009 [1]	FCAO 2008	HCAO 2008	SCAO 2008	Peer Average
REAF Discretionary [2]						
Salaries	**$7,532,131**	**$7,060,424**	**$4,101,175**	**$4,035,962**	**$1,937,600**	**$3,358,246**
Per Citizen	$5.81	$5.45	$3.67	$4.79	$5.12	$4.53
Per Property Parcel	$14.36	$13.46	$9.47	$11.61	$9.79	$10.29
Benefits	**$2,867,046**	**$2,742,692**	**$1,555,381**	**$1,200,707**	**$948,471**	**$1,234,853**
Per Citizen	$2.21	$2.12	$1.39	$1.43	$2.50	$1.77
Per Property Parcel	$5.47	$5.23	$3.59	$3.45	$4.79	$3.95
Contracted Services	**$4,063,561**	**$1,426,712**	**$4,436,707**	**$2,568,579**	**$410,074**	**$2,471,787**
Per Citizen	$3.14	$1.10	$3.97	$3.05	$1.08	$2.70
Per Property Parcel	$7.75	$2.72	$10.25	$7.39	$2.07	$6.57
Supplies, Materials, & Other Operating	**$252,174**	**$476,525**	**$598,437**	**$516,388**	**$77,198**	**$397,341**
Per Citizen	$0.19	$0.37	$0.54	$0.61	$0.20	$0.45
Per Property Parcel	$0.48	$0.91	$1.38	$1.49	$0.39	$1.09
Capital Outlay	**$33,090**	**$29,989**	**$2,113,589**	**$358,839**	**$48,319**	**$840,249**
Per Citizen	$0.03	$0.02	$1.89	$0.43	$0.13	$0.81
Per Property Parcel	$0.06	$0.06	$4.88	$1.03	$0.24	$2.05
Total Discretionary	**$14,748,002**	**$11,736,342**	**$12,805,288**	**$8,680,476**	**$3,421,662**	**$8,302,475**
Per Citizen	$11.38	$9.06	$11.45	$10.30	$9.04	$10.26
Per Property Parcel	$28.12	$22.38	$29.57	$24.97	$17.29	$23.94
REAF Non-Discretionary [3]						
Data Processing	**$652,564**	**$287,317**	**$412,059**	**$813,666**	**N/A**	**$612,862**
Per Citizen	$0.50	$0.22	$0.37	$0.97	N/A	$0.67
Per Property Parcel	$1.24	$0.55	$0.95	$2.34	N/A	$1.65
Space Maintenance	**$431,468**	**$458,005**	**$3,055**	**N/A**	**N/A**	**$3,055**
Per Citizen	$0.33	$0.35	$0.00	N/A	N/A	<.01
Per Property Parcel	$0.82	$0.87	$0.01	N/A	N/A	<.01
Total Non-Discretionary	**$1,084,032**	**$745,322**	**$415,114**	**$813,666**	**N/A**	**$614,390**
Per Citizen	$0.84	$0.58	$0.37	$0.97	N/A	$0.67
Per Property Parcel	$2.07	$1.42	$0.96	$2.34	N/A	$1.65

Source: The Auditor's Office, peers, Ohio Department of Taxation and Ohio Department of Development
[1] The Auditor's Office 2009 expenditures are evaluated using the citizen and parcel data for the 2008 expenditures.
[2] The discretionary expenditures represent costs over which the Auditor's Office and the peers have direct control.
[3] Non-discretionary expenditures represent costs over which the Auditor's Office and the peers cannot exercise direct control. For the Auditor's Office, these costs include central data processing and space maintenance costs that are allocated by the BOCC to all County agencies during the annual budget process.

Table 2-4 shows that the Auditor's Office total discretionary and non-discretionary expenditures in 2008 were higher than the peer averages on a per citizen and property parcel basis. **Table 2-4** also shows that the Auditor's Office reduced salary, benefit and contracted service expenditures in 2009, which resulted in the total discretionary expenditures per citizen and per property parcel being lower than the peer averages. Explanations for these line-items include:

- **Salaries and Benefits: Table 2-4** shows that the Auditor's Office reduced its 2009 salary and benefit costs by approximately $596,000 combined. This is attributed to staffing reductions that were implemented through the County's early retirement incentive program. Nevertheless, **Table 2-4** shows that the Auditor's Office's 2009 salary and benefit costs still exceed the peer average on a per citizen and property parcel basis. The higher costs can be attributed to higher staffing and salary levels within the TAPS function (see **R2.2**, **R2.5** and **R2.6**). In addition, **R2.8**, **R2.9** and **R2.10** address factors that can contribute to the higher salary and/or benefit ratios.

- **Contracted Services** – **Table 2-4** shows that in 2008, the Auditor's Office contracted service costs per citizen and per property parcel were significantly higher than the peer averages. However, **Table 2-4** also shows that the Auditor's Office significantly reduced contracted services in 2009, which resulted in lower contracted costs per citizen and per property parcel when compared to the peer averages. The significant reduction is due to the suspension of certain contracts in response to the ongoing federal investigation in Cuyahoga County (see **executive summary**). Nevertheless, the Auditor's Office contracted services are projected to increase to $1.9 million in 2010 (see **R2.2** for additional information).

Audit Objectives

The following is a list of the questions used to evaluate the Auditor's Office:

- Does the Auditor's Office maintain an effective and efficient organizational structure and comply with significant statutory requirements?
- Does the Auditor's Office have procedures in place for monitoring customer satisfaction?
- Is the Auditor's Office current allocation of personnel effective and efficient?
- Is the Auditor's Office compensation fair, reasonable and in-line with peer averages?
- Is the Auditor's Office maximizing employee productivity?
- Are the Auditor's Office human resource practices comparable to the peers and leading practices?
- How do the Auditor's Office revenues and expenditures compare to the peers?
- Does the Auditor's Office efficiently use technology to improve operations?
- Does the Auditor's Office maintain efficient and effective purchasing policies and practices?

Assessments of the Auditor's Office staffing levels within the finance and accounting, estate tax, and all other staff classifications were found to be comparable to the peers (see **Table 2-1** for more information). The County's purchasing polices and price thresholds were also found to be comparable to the peers.

Issue for Further Study

Auditing standards require the disclosure of significant issues identified during the audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified the software programs that support the tax administration and property services function as an issue for further study.

The Auditor's Office uses in-house staff to manage the residential property valuation process, including the determination of land values and performing triennial updates and sexennial reappraisals. Prior to 2009, the Auditor's Office contracted with V.A.S. Enterprises for commercial/industrial and public utility land valuation services. The Auditor's Office suspended the contract with V.A.S. Enterprises during 2009 in response to the ongoing federal investigation in Cuyahoga County. However, in 2010, the Auditor's Office hired former employees from V.A.S. Enterprises to manage the commercial/industrial and public utility land valuations, effectively shifting this function from an external contracted service in 2009 to an in-house staffing resource in 2010 (see **R2.2**).

Once land residential and commercial land valuations are finalized, subsequent tax administration and property services are managed within the Auditor's Office using two software packages: Sigma CAMA (Sigma) and Manatron Visual Property (MVP).[2] The Sigma system is used to record land valuations and subsequent changes while MVP is used to generate tax invoices, refunds, abstracts and reports needed for tax collections, settlements and public information requests. Sigma is interfaced with MVP so that all changes in land valuation are automatically imported into MVP. Based on functional responsibilities, Sigma and MVP are used by the Appraisals, Community Services, General Services, Personal Property, Real Estate Services and Real Property Divisions within the Auditor's Office.

Due to certain limitations caused by the ongoing federal investigation (see **Executive Summary**), AOS was unable to sufficiently review the specific applications, benefits or limitations of the Sigma and MVP programs in each division. Nevertheless, several department heads expressed concern about the programs during initial interviews and in response to written questionnaires. Specifically, one department head indicated that "the MVP system has never worked correctly and has been wrought with system errors and functionality issues that have never been effectively corrected." Additionally, two other department heads indicated that the management reporting process within MVP is cumbersome due to various programmatic issues. Finally, as part of the transition to a charter form of government, the County has created 11 workgroups to evaluate current operations and develop recommendations for an orderly and efficient transition. Within the Finance and Administration Workgroup, a Property Valuation

[2] Manatron Incorporated purchased Sigma Systems in 2007. Therefore, Manatron currently supplies and supports both systems.

Subcommittee has been established to review the current property appraisal process. In testimony presented to the Property Valuation Subcommittee in May 2010, the Director of Real Estate Services indicated that the MVP system is "…minimally effective and usable, and should offer more." The Director of Real Estate Services specifically noted that it is very difficult to place new parcel information into the software. According to the Director of Accounting, the Treasurer's Office also uses MVP. The Director of Accounting further indicated that the County obtained competitive bids for a new system in 2009, but subsequently eliminated the bid because of various issues related to the company which was the low bidder.

Prior to developing final recommendations, the Property Valuation Subcommittee should speak with each department head at the Auditor's Office and Treasurer's Office that uses Sigma and MVP. Through these discussions, they should determine the specific applications of each program, the perceived limitations, and the ultimate cause of the limitations (external software programming versus internal hardware or network issues). Subsequently, a County representative should contact Manatron Incorporated to determine the timeframes, difficulty, and expense associated with resolving each issue. If it is determined that the issues cannot be resolved in a cost effective and timely manner, the Property Valuation Subcommittee should consider other options, including alternative software providers and/or other service delivery models. For example, AOS spoke with a representative from a company that provides land valuation and software support services. The representative indicated the following benefits of this company's system: reduced labor hours due to the use of a web-based application and providing built-in controls by allowing a comparison of the assessed value from the commercial / industrial property appraisals to the assessed value calculated by the software system. SCAO uses Pictometry Intelligent Images for the appraisal function, as well as for emergency dispatching, safety forces and law enforcement. SCAO estimates savings of approximately $200,000 in 2009 by using this technology. According to Pictometry, this technology "for the assessment and appraisal communities will give you the leading edge in understanding everything about the properties under your review – without setting foot outside your office."

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The performance audit identified the Auditor's Office's financial reporting as a noteworthy accomplishment. Specifically, the Auditor's Office's General Accounting Division is responsible for preparing the County's Comprehensive Annual Financial Report (CAFR) and the Popular Annual Financial Report (PAFR). In 2007, the Auditor's Office's CAFR received the GFOA's certificate of achievement for excellence in financial reporting. Likewise, the 2007 PAFR received the GFOA award for outstanding achievement in popular annual financial reporting.[3] GFOA designed these programs to encourage governments to go beyond the minimum requirements and prepare documents that represent the very highest quality in financial reporting. These types of presentations can be useful to report users as they disclose additional information that allows stakeholders to better understand a government's financial condition, financial management policies and procedures, and general operations. Only 13 of Ohio's 88 counties received both the CAFR and PAFR awards in 2007. Finally, the Auditor's Office is developing these financial reports while maintaining reasonable staffing levels in the finance and accounting function (see **Table 2-1** and the related discussion).

[3] The County's 2008 financial audit was released during the concluding phase of this performance audit. The Director of Accounting indicated that the General Accounting Division prepared the 2008 CAFR and PAFR in formats that were similar to 2007.

Recommendations

Staffing Plan

R2.1 The County should develop a formal staffing plan for each of the functions that will be included in the Fiscal Office under the new charter government structure. The staffing plan should incorporate relevant workload and outcome measures, and goals that can be used to assess current and future staffing needs. Subsequently, the County should review future staffing decisions within the context of the staffing plan. A formal staffing plan will help the County identify and maintain efficient and effective staffing levels, and provide an objective mechanism for evaluating future staffing proposals.

The Auditor's Office does not have a formal staffing plan, policies or related guidelines that are used to determine the appropriate staffing levels for each division. In practice, most staffing decisions are based on historical staffing levels, subjective opinions of need, the persuasiveness of each director, and budgetary restrictions. As a result of this process and in the absence of formal workload measures, there can be large variances in staffing level efficiency from one division to the next. For example, **Table 2-1** shows that the Auditor's Office's staffing levels for the TAPS and weights and measures functions are significantly higher than the peer averages while the staffing levels in the finance and accounting and estate tax functions appear reasonable.

An Overview of Staffing Analysis (Association of Local Government Auditors, 2009) indicates that staff planning and analysis is a useful tool that can be used by management to determine the most efficient and effective mix of staff for their entities. It also indicates that one of the most important elements of an effective staffing plan is having clear criteria to determine what level of staff will be sufficient. Such criteria can exist in the form of goals for operational effectiveness or service level performance. Another important element in building an effective staffing plan is having a detailed understanding of the underlying workload factors that impact staffing needs. A strong staffing plan will establish a connection between the various types and levels of workload and the staffing levels needed to meet performance expectations. This helps management in the following ways:

- If workload or performance problems occur, detailed workload information can help managers understand the source of the problem, how significant it is, and how to address it.

- Because workload can fluctuate and change, data on historical workload levels and expected trends can help predict how staffing needs may change in the future.

- Detailed workload information and an understanding of how it affects staffing needs can enable managers to adjust their staffing plans without completing costly new staffing studies every few years.

Staffing Levels

Similar factors can contribute to the staffing variances identified in **R2.2**, **R2.3** and **R2.4**, which include making decisions without a staffing plan (see **R2.1**), using high amounts of sick leave (see **R2.9**), providing more rest periods and vacation days (see **R2.10**), granting time off for birthdays (see **R2.10**), not having formal hiring policies and procedures (see **R2.12**), and not implementing a formal cross-training program (see **R2.7** and **R2.14**). Therefore, addressing these factors can help the County implement **R2.2**, **R2.3** and **R2.4**.

R2.2 The County should take steps to reduce the cost of the TAPS function, with an overall goal of achieving at least the peer average cost per citizen. These reductions could be achieved by reducing staffing levels, revising employee salary schedules, using purchasing strategies to reduce the cost of contracts (see R2.18), reducing the quantity of contracted services, or some combination thereof. Likewise, closing the satellite offices (see R2.8) and reviewing community outreach services (see R2.7) can help the County implement these reductions. Once the County has achieved the benchmark, no additional employees or contracted services should be permitted without the implementation of offsetting reductions in other TAPS functions.

Table 2-5 compares staffing and contracted services in the Auditor's Office TAPS function[4] to the peers. The Auditor's Office and the peers vary in their use of contracted services to meet statutorily required duties and obligations.

[4]The TAPS function is comprised of the Auditor's Office's real property, budget commission, personal property, appraisal, community services and real estate services divisions.

Table 2-5: Tax Administration and Property Service Staffing and Costs

	Cuyahoga	FCAO	HCAO	SCAO	Peer Average
Workload Ratios					
# of FTEs	137.7	81.7	51.1	39.7	57.5
FTEs per 100,000 Citizens	10.6	7.3	6.1	10.5	8.0
Property Parcels per FTE	3,809	5,301	6,802	4,985	5,696
Cost Ratios					
Total Employee Salaries	$6,956,975	$4,080,294	$2,612,992	$1,646,787	$2,780,024
-- per citizen	$5.37	$3.65	$3.10	$4.35	$3.70
-- per property parcel	$13.26	$9.42	$7.52	$8.32	$8.42
Total Contracted Services[1]	$4,063,561	$4,436,707	$2,568,579	$410,074	$2,471,787
-- per citizen	$3.14	$3.97	$3.05	$1.08	$2.70
-- per property parcel	$7.75	$10.25	$7.39	$2.07	$6.57
Total Employee Salaries and Contracted Services[1]	$11,020,536	$8,517,001	$5,181,571	$2,056,861	$5,251,811
-- per citizen	$8.50	$7.62	$6.15	$5.43	$6.40
-- per property parcel	$21.01	$19.67	$14.91	$10.39	$14.99

Source: The Auditor's Office, peers, Ohio Department of Taxation and Ohio Department of Development.
[1] The purchased services for the Auditor's Office and the peers represent 2008 expenditures from the Real Estate Assessment Fund, which is the fund used to account for the majority of tax administration and property services functions. A review of the total year-to-date expenditures from the Real Estate Assessment Fund through September, 2009 shows that each peer was on pace to spend less in 2009.

Table 2-5 shows that the Auditor's Office TAPS employees are responsible for fewer property parcels per FTE (3,809) than each peer. Likewise, **Table 2-5** shows that the Auditor's Office employs more FTEs per 100,000 citizens, and has higher total employee salary and contracted service costs on a per citizen and per property parcel basis than each peer. Collectively, these ratios indicate that prior to 2010, the Auditor's Office operated with significantly more staff and incurred higher costs to operate the TAPS function than the peers. Along with the other factors addressed in this performance audit (see footnote in **R2.2**), providing community outreach functions (see **R2.7**) and operating satellite offices (see **R2.8**) contribute to the higher staffing levels and costs. In addition, the average salary cost per FTE for the Auditor's Office TAPS function is 5.0 percent higher than the peer average (see **Table 2-8**, **R2.5** and **R2.6**), which contributes to the higher salary costs per citizen and per property parcel. The higher contracted service costs are examined by the *Internal Review and Investigation of Cuyahoga County* (Richard Blake, 2009), which indicated that the Auditor's Office paid excessive amounts for the V.A.S. Enterprises contract (see **R2.18**).

During the course of this audit, the Auditor's Office made significant operational changes within the TAPS function that included suspending the V.A.S. Enterprises contract, modifying other contracted services, and hiring former V.A.S. Enterprises employees to oversee the commercial property appraisal process. However, despite these changes, the 2010 employee and contracted service costs are still projected to exceed the peer averages, assuming the Auditor's Office spends its full budget for these functions.

Specifically, the Auditor's Office total employee and contracted service costs are projected to equal $7.08 per citizen and $17.49 per property parcel in 2010. If the Auditor's Office reduced its projected employee and contracted service expenditures to the peer average of $6.40 per citizen, the annual savings would be approximately $878,000. This would result in the cost per citizen also being comparable to its 2009 levels ($6.47), when the Auditor's Office suspended certain contracts in response to the ongoing federal investigation (see **Table 2-4**). Alternatively, if the Auditor's Office achieved the entire $878,000 savings solely through staffing reductions, the actual savings would be approximately $1.2 million when employee benefits are considered. This reduction would represent the equivalent of approximately 17 FTEs based on the Auditor's Office's 2009 average salary in the TAPS classification ($50,531).[5]

Financial Implication: If the Auditor's Office reduced its projected employee and contracted service expenditure for 2010 to the peer average of $6.40 per citizen, the annual savings are conservatively estimated to be approximately $878,000. These potential savings can impact the General Fund and REAF (see **page 2-7** and **Table 2-3** for information about REAF).

R2.3 The County should consider reducing staffing levels by at least 5.2 FTEs (6 full-time positions) in the consumer services function. Eliminating 5.2 FTEs will increase the number of licenses issued per FTE to a level higher than SCAO, but still lower than FCAO and HCAO. Likewise, the Auditor's Office's cost per citizen would still be higher than FCAO and HCAO, while the cost per license would still be higher than each peer.

Table 2-6 compares the consumer services function[6] at the Auditor's Office to the peers.

[5] The projected savings would be higher if the Auditor's Office achieved the peer average costs per property parcel.
[6] The Auditor's Office consumer services function is comprised of the general services division, which is responsible for processing and issuing licenses for dogs, vendors, and cigarette vendors, and answering public questions.

Table 2-6: Comparison of Consumer Services Staffing Levels

	Cuyahoga	FCAO	HCAO	SCAO	Peer Average
Workload Ratios					
Total FTEs	9.6	4.7	2.1	5.6	**4.1**
FTEs per 100,000 Citizen	0.7	0.4	0.2	1.5	**0.7**
Total Licenses Issued in 2008 [1]	80,116	106,774	53,600	50,847	**70,407**
Licenses Issued per FTE	8,324	22,880	25,509	9,040	**19,143**
Cost Ratios					
Total Salaries	$412,743	$197,216	$73,411	$139,160	**$136,596**
Cost per Citizen	$0.32	$0.18	$0.09	$0.37	**$0.21**
Cost per License	$5.15	$1.85	$1.37	$2.74	**$1.99**

Source: The Auditor's Office, peers and Ohio Department of Development.
[1] The variances in total licenses issued could be due, in part, to differences in fees. The scope of this performance audit did not include a comparison of fees.

Table 2-6 shows that the Auditor's Office employs more FTEs per 100,000 citizens than two peers and processed fewer licenses per FTE (8,324) than each peer. **Table 2-6** also shows that the consumer services salary costs per citizen and per license issued are significantly higher than the respective peer averages.

Collectively, the aforementioned ratios indicate that the Auditor's Office maintains higher staffing levels in the consumer services function than the peers. If the County eliminated 5.2 FTEs from the consumer services function, the revised workload ratio would be 18,312 licenses per FTE, the revised FTEs per 100,000 citizens would be 0.3, the revised salary expenditures per citizen would be $0.19, and the revised salary expenditures per license issued would be $3.02.[7]

Financial Implication: The County would save approximately $234,000 in annual salary and benefit costs by eliminating 5.2 FTEs[8], based on the lowest paid employees in the consumer services function and historical benefit rates as a percent of total salaries.

R2.4 The County should consider reducing staffing levels by at least 5.5 FTEs (5 full-time positions and 2 part-time positions) in the weights and measures function. Eliminating 5.5 FTEs will improve the Auditor's Office's workload and cost ratios

[7] During the concluding phase of this performance audit, representatives from the Auditor's Office indicated that its consumer services function includes work related to TAPS. However, the Auditor's Office did not provide data that would allow for an accurate accounting of this time. Nevertheless, by eliminating 5.2 FTEs, the Auditor's Office would issue 20 and 28 percent fewer licenses per FTE than FCAO and HCAO, respectively. This discrepancy would account for the TAPS-related duties, assuming that the peers' consumer services staff do not perform such functions. Lastly, if it was possible to capture this time in TAPS, it would increase the potential savings in **R2.2**.
[8] The 5.2 FTEs equate to the elimination of six full-time positions.

to a level more efficient than one peer in some cases, but still less efficient than at least two peers.

Table 2-7 compares the weights and measures function at the Auditor's Office[9] to the peers.

Table 2-7: Weights and Measures Staffing Levels

	Cuyahoga	FCAO	HCAO	SCAO	Peer Average
Workload Ratios					
Total FTEs	11.8	4.7	3.6	1.8	**3.3**
FTEs per 100,000 Citizen	0.9 [1]	0.4 [1]	0.4	0.5	**0.4**
# of Agencies Requiring Inspection (2008)	1,852	660	1,276	608	**848**
Agencies per FTE	156	141	357	347	**282**
# of Inspections (2008)	1,861 [2]	1,040	1,968	937	**1,315**
Inspections per FTE	157 [2]	223	551	535	**437**
# of Device and Price Verification Tests (2008)	14,363	7,861	13,886	5,163	**8,970**
Tests per FTE	1,213	1,685	3,890	2,950	**2,841**
Cost Ratios					
Total Salaries	$610,469	$199,371	$165,432	$77,068	**$147,290**
Cost per Citizen	$0.47 [1]	$0.18 [1]	$0.20	$0.20	**$0.19**
Cost per Agency	$329.63	$302.08	$129.65	$126.76	**$186.16**
Cost per Inspection	$328.03 [2]	$191.70	$84.06	$82.25	**$119.34**
Cost per Test	$42.50	$25.36	$11.91	$14.93	**$17.40**

Source: The Auditor's Office, peers, Ohio Department of Development and Ohio Department of Agriculture.
[1] Cuyahoga and Franklin do not serve the cities of Cleveland and Columbus, respectively. When excluding citizens in Cleveland, the Auditor's Office employs 1.4 FTEs per 100,000 citizens at a cost of $0.71 per citizen. When excluding citizens in Columbus, FCAO employs 1.3 FTEs per 100,000 citizens, at a cost of $0.54 per citizen.
[2] During the latter portion of this performance audit, the Auditor's Office indicated that it misreported the number of inspections to the Ohio Department of Agriculture in 2008 and that the correct figure is 2,219 inspections. When using this figure, the number of inspections per FTE increases to 187, which is still lower than each peer. In addition, the cost per inspection decreases to $275.11, which is still higher than each peer.

Table 2-7 shows that the Auditor's Office's weights and measures employees are responsible for fewer agencies (156), inspections (157) and tests (1,213) per FTE than each peer, with the exception of FCAO's agencies per FTE. Likewise, **Table 2-7** shows that the Auditor's Office employs more FTEs per 100,000 citizens, and has higher employee salary costs on a per citizen, per agency, per inspection and per test basis than each peer.

[9] The Auditor's Office weights and measures function is comprised of the weights and measures division, which serves as the sealer for all measuring devices in Cuyahoga County, except the City of Cleveland.

Collectively, these ratios indicate that the Auditor's Office operates its weights and measures function with significantly more staff than the peers. If the County eliminated 5.5 FTEs from the weights and measures function, the revised workload ratios would be 294 agencies per FTE, 296 inspections per FTE and 2,283 tests per FTE, and it would employ 0.5 FTEs per 100,000 citizens. Likewise, the Auditor's Office's revised salary cost ratios would be $0.29 per citizen, $200 per agency, $199 per inspection,[11] and $25.78 per test.

Financial Implication: The County would save approximately $329,000 in annual salary and benefit costs by eliminating 5.5 FTEs[12], based on the lowest paid employees in the weights and measures function and historical benefit rates as a percent of total salaries.

Salaries

R2.5 During the transition to the charter form of government, the County and the Human Resources Commission should conduct job audits of all positions at the Auditor's Office. Subsequently, the County and the Human Resources Commission should ensure that the written job descriptions, the new job classifications and the adopted salary schedules are consistent with the actual duties and work requirements of each position. Finally, the County and the Human Resources Commission should review the annual salaries, years of experience, performance evaluations (see R2.13) and job duties for each employee at the Auditor's Office to ensure that any large variances are justified and reasonable.

The Auditor's Office does not have a formal compensation plan for determining employee salaries. In practice, directors make recommendations to the administration concerning starting salaries and merit pay increases based on opinions of prior work experience, current job performance, required job responsibilities, and a review of current employee salaries. Annual cost of living wage increases are determined by the administration, but are usually consistent with the increases adopted by the BOCC. Finally, the Auditor's Office employee policy and procedure manual does not address starting salaries for new employees, but does indicate that "the County Auditor makes final determination on all raises and promotions" for existing employees.

The lack of a compensation plan increases the risk of perceived inequities in employee salaries. For example, the Auditor's Office's employees provided unfavorable responses on the AOS survey when asked if the compensation schedules were fair and appropriate and if a consistent process was used to determine employee pay rates (see **R2.16**).

[11] When using the other inspection figure of 2,219 (see **Table 2-7**), the number of inspections per FTE increases to 353, which is still significantly lower than HCAO and SCAO. Furthermore, the cost per inspection decreases to $166.87, which is approximately double the cost per inspection at HCAO and SCAO.
[12] The 5.5 FTEs equate to eliminating five full-time positions and two part-time positions.

Furthermore, the 2009 employee roster shows that the Auditor's Office had one employee classified as "tax examiner" who was hired in 2006 and earned approximately $70,000 annually. By comparison, the other employees classified as "tax examiner" earned an average salary of approximately $51,000, despite having an average starting date of 2001. Likewise, the Auditor's Office had one employee classified as "senior office assistant" who was hired in 2004 and earned approximately $44,500 annually. In contrast, the other employees classified as "senior office assistant" earned an average salary of approximately $39,900 and had an average starting date of 1999. In these instances, it is possible that the higher salaries are due to the employees performing different functions or having greater responsibilities. Nevertheless, since the employees have the same title, job description and payroll classification, the salary discrepancies indicate possible inequities in compensation, which is further supported by the employee survey results (see **R2.16**). Conversely, if the salary discrepancies are justified by expanded or additional responsibilities, the salary discrepancies indicate the need to review and potentially update job descriptions. For instance, 7 of the 56 employee responses (12.5 percent) to the AOS survey indicated that their job descriptions did not accurately reflect their daily routine, while 14.3 percent of responses were neutral on this topic. The Auditor's Office has a *Manual of Position Classification Descriptions*, which shows a published date of February 2009.

Under the new charter form of government, the County will be required to adopt a formal job classification and compensation schedule for the Fiscal Office. Specifically, Article IX of the new charter indicates "the human resource commission shall administer a clear, countywide classification and salary administration system for technical, specialist, administrative and clerical functions with a limited number of broad pay ranges within each classification. The classification system shall, to the extent permitted by the Ohio Constitution, include the employees of all offices, officers, agencies, departments, boards, commissions or other public bodies, other than separate political subdivisions, that are supported in whole or in part from taxes levied, or other financial assistance provided, by the County."

According to the Director of Administration, HCAO has developed and adopted a formal compensation plan that is used to determine the beginning salaries for all employees. Subsequent increases are based on merit and are supported by performance evaluations. Additionally, the Minnesota State Department of Administration developed a human resources manual that indicates "...a job audit is conducted to determine the proper classification of a position. Job classifications are the foundation of human resource management systems and promote equitable salary treatment among positions with similar duties. Job classification also affects recruitment, selection and training practices."

R2.6 The County should carefully review future proposals for Fiscal Office cost of living wage increases in comparison to other counties and in consideration of its financial condition. Based on the peer comparisons, the County could extend the wage freeze for the next two years. Alternatively, the County could achieve similar results by granting 1 percent cost of living wage increases for the next three years. This approach may help with employee morale (see R2.16) given the wage freezes since 2007.

Table 2-8 compares the Auditor's Office average salary cost per FTE and average salary cost per citizen in 2009 to the peer average, while **Tables 2-8A** and **2-8B** present the average salary cost per FTE and per citizen for each entity.

Table 2-8: Average Salary Comparison

	Average Salary Cost per FTE			Average Salary Cost per Citizen		
Staffing Classification[1]	**Cuyahoga**	**Peer Average[2]**	**Percent Difference**	**Cuyahoga**	**Peer Average[2]**	**Difference**
Tax Administration and Property Services	$50,531	$48,131	5.0%	$5.37	$3.76	42.8%
Finance and Accounting	$56,041	$49,921	12.3%	$0.95	$0.86	10.5%
Consumer Services	$42,882	$33,330	24.9%	$0.32	$0.22	45.5%
Weights and Measures	$51,550	$44,991	14.6%	$0.47	$0.20	135.0%
Estate Taxes	$53,099	$34,858	52.3%	$0.07	$0.09	(22.2%)
All Other Staff	$74,981	$65,551	14.4%	$0.72	$1.25	(42.4%)
Total All Staffing	**$52,411**	**$49,805[3]**	**5.2%**	**$7.90**	**$6.37[3]**	**24.0%**

Source: The Auditor's Office and peers, and the Ohio Department of Development for population figures
[1] **Table 2-8** excludes the Auditor's Office's hotel/motel employees because FCAO and HCAO do not complete this function.
[2] SCAO provides its employees with an additional pension benefit of 4.25 percent. The peer average has been adjusted to reflect this additional benefit.

Table 2-8A: Average Salary Cost per FTE

Staffing Classification[1]	**Cuyahoga**	**FCAO**	**HCAO**	**SCAO[2]**	**Peer Average**
Tax Administration and Property Services	$50,531	$49,963	$51,139	$43,290	$48,131
Finance and Accounting	$56,041	$52,955	$55,803	$41,005	$49,921
Consumer Services	$42,882	$42,261	$34,937	$25,791	$34,330
Weights and Measures	$51,550	$42,722	$46,339	$45,911	$44,991
Estate Taxes	$53,099	$41,996	$31,982	$30,595	$34,858
All Other Staff	$74,981	$69,226	$68,752	$58,676	$65,551
Average Salary per FTE	**$52,411**	**$51,298**	**$54,074**	**$44,044**	**$49,805**

Source: The Auditor's Office and peers
[1] **Table 2-8A** excludes the Auditor's Office's hotel/motel employees because FCAO and HCAO do not complete this function.
[2] SCAO provides its employees with an additional pension benefit of 4.25 percent. The peer average has been adjusted to reflect this additional benefit.

Table 2-8B: Average Salary Cost per Citizen

Staffing Classification[1]	Cuyahoga	FCAO	HCAO	SCAO[2]	Peer Average
Tax Administration and Property Services	$5.37	$3.65	$3.10	$4.53	$3.76
Finance and Accounting	$0.95	$0.73	$0.80	$1.04	$0.86
Consumer Services	$0.32	$0.18	$0.09	$0.38	$0.22
Weights and Measures	$0.47	$0.18	$0.20	$0.21	$0.20
Estate Taxes	$0.07	$0.13	$0.04	$0.11	$0.09
All Other Staff	$0.72	$0.68	$1.18	$1.88	$1.25
Total Salaries Per Citizen	$7.90	$5.54	$5.40	$8.16	**$6.37**

Source: The Auditor's Office and peers, and the Ohio Department of Development for population figures
[1] **Table 2-8B** excludes the Auditor's Office's hotel/motel employees because FCAO and HCAO do not complete this function.
[2] SCAO provides its employees with an additional pension benefit of 4.25 percent. The peer average has been adjusted to reflect this additional benefit.

Table 2-8 shows that the Auditor's Office average salary cost per FTE for all employees is 5.2 percent higher than the peer average and that the salary cost per FTE exceeds the peer average in every classification. **Table 2-8** also shows that the average salary cost per citizen for all employees is 24 percent higher than the peer average, with Estate Taxes and All Other Staff being the only classifications that are lower. The lower salary cost per citizen in Estate Taxes and All Other Staff is attributed to the lower staffing levels in these areas (see **Table 2-1**). The lack of a compensation plan (see **R2.5**) and formal hiring policies and procedures (see **R2.12**) are enabling factors that contribute to the higher salary levels.

As shown in **Table 2-8A**, SCAO's salaries have a significant impact on the peer average salary cost per FTE, which can be partially due to the lower cost of living when compared to Franklin and Hamilton counties[13]. Specifically, if SCAO were excluded, the revised peer average salary cost per FTE for all employees increases to $52,686. Nevertheless, the Auditor's Office's average salary cost per FTE would still exceed the revised peer average in every classification except TAPS[14], with the salary cost per FTE ranging from 3.1 percent higher in the Finance and Accounting classification to 43.6 percent in the Estate Tax classification. Despite the lower salaries, SCAO did not grant office-wide cost of living wage increases in 2009 or 2010 due to budget constraints. Likewise, FCAO adopted wage freezes in 2010 and HCAO only grants merit-pay

[13] This is based on cost of living factors reported by city-data.com for each county and respective major city, bestplaces.net for the major city in each county (does not report data by county), and the Ohio Department of Education (ODE) for each county. Depending on the source, the cost of living in Cuyahoga/Cleveland is 1.2 to 5.3 percent higher than Stark/Canton. Further, each source reports similar cost of living factors for Cuyahoga/Cleveland, Franklin/Columbus and Hamilton/Cincinnati, with the exception of bestplaces.net reporting a noticeably higher cost of living index for Columbus (10.4 percent higher than Cleveland and 8.3 percent higher than Cincinnati).
[14] The Auditor's Office's TAPS salary cost per FTE is less than 0.1 percent lower than the revised peer average ($50,551).

increases when supported by performance evaluations. Finally, it is still reasonable to include the salaries at SCAO in the comparison based on its proximity to the Auditor's Office and the fact that its employees perform similar functional and statutory responsibilities.

Although Auditor's Office employees have not received cost of living wage increases since April 2007, the overall salary levels remain higher than the peer averages. This indicates that the Auditor's Office could extend the current employee wage freeze for at least two more years to help bring the Auditor's Office employee salary levels in line with the peers, assuming the peers grant 2.5 percent wage increases during this time.

Financial Implication: If the County extended wage freezes for Auditor's Office employees for two additional years, the annual cost avoidance would be approximately $295,000 in 2011 and $599,000 in 2012, assuming the County would have otherwise granted 3 percent increases similar to 2007. Alternatively, if the County provides 1 percent cost of living wage increases during the next three years, the annual cost avoidance would be approximately $197,000 in 2011, $401,000 in 2012, and $614,000 in 2013. The abovementioned figures have been adjusted to assume the County implements the staffing reductions identified in **R2.2**, **R2.3**, and **R2.4**. The relationship of salaries to the combined salaries and purchased service costs in 2009 is used to estimate the potential impact of **R2.2.**[15]

Organization Structure

R2.7 The County should conduct a comprehensive review of the current organization structure, service levels and operating practices of the Auditor's Office to determine if the new Fiscal Office should continue to operate in a similar manner. In particular, the County should review services that are not mandated by the ORC, including the community outreach and foreclosure programs, to determine if the benefits of these programs outweigh the costs. Likewise, the County should review the Hotel/Motel Division to ensure that it is efficiently staffed and an appropriate function of the new Fiscal Office. The County should also review the responsibilities of the Auditor's Office technology support staff and administrative staff to determine if any duplication will exist with County-wide services under the new form of government, and subsequently take measures to eliminate any such duplication. Finally, the County should review the use of cross-training (also see R2.14) within certain functions as a strategy for improving overall efficiency, especially within the TAPS, consumer services, and weights and measures functions (see R2.2, R2.3 and R2.4). Collectively, these actions will help the County ensure the

[15] Representatives from the County and the Auditor's Office indicated that furlough days were implemented in 2009 and 2010 as a method for reducing salary costs.

new Fiscal Office is providing efficient and appropriate services to the citizens of Cuyahoga County and minimizing potential duplications of effort.

The Auditor's Office's organizational structure was reviewed during this performance audit and compared to the peers and requirements identified in the Ohio Revised Code (ORC). A summary analysis of this review follows below:

- **Tax Administration and Property Services (TAPS):** ORC sections 32.153, 322.02, 5703.01, 5705.27 and 5711.02 address the required tax administration and property services of counties. The Auditor's Office meets the various ORC requirements by separating approximately 140 FTEs into six separate divisions. With the exception of certain services provided by the Community Services Division, the Auditor's Office's TAPS organizational structure is similar to the peers and aligns with ORC requirements. However, **R2.2** shows that the Auditor's Office's combined staffing and purchased service costs within the TAPS function are higher than the peer average.

  The Community Services Division consists of 9.7 FTEs that are responsible for fulfilling the community outreach function. Specifically, the 2007 PAFR indicates that "…the County Auditor's community outreach program enables residents of Cuyahoga County to become aware of the programs and opportunities that are available to its citizens. Senior Citizens, for instance, can benefit from the Homestead Exemption programs which could reduce their property taxes. Citizens on fixed income could benefit from energy assistance programs that help pay for winter heating bills." ORC section 32.153 states that homeowners must file an application with the County Auditor in order to receive the Homestead Exemption. However, the ORC does not require the County Auditor to dedicate full-time staff to the outreach function. Furthermore, although the peers process Homestead and Rollback Exemptions, they do not process energy assistance applications and they do not have specific divisions or programs established for community outreach purposes.

- **Finance and Accounting:** ORC sections 5705.01 and 325.17 indicate that the county auditor serves as the chief fiscal officer and chief payroll officer for each county. ORC section 319.11 also requires the county auditor to prepare a financial report for each county on or before 90 days of the close of the fiscal year. The Auditor's Office meets these requirements by using 22 FTEs that are employed in the General Accounting Division. The peers use similar staffing levels (see **Table 2-1**) and organizational structures to meet the statutory requirements.

- **Consumer Services:** ORC sections 955.01, 5743.15 and 5739.17 require each county auditor's office to issue licenses for dogs, vendors, and cigarette vendors.

The Auditor's Office meets these requirements by using 9.6 FTE that are employed in the General Services Division. In addition, the Auditor's Office uses these employees to assist the public and to answer any question or concerns. FCAO and SCAO have separate divisions that are responsible for issuing the various licenses, similar to the Auditor's Office. In contrast, HCAO does not have a separate division for this function. Rather, employees from a variety of other divisions are cross-trained to perform the licensing function in addition to other duties. Moreover, **R2.3** shows that the peers use fewer employees to meet the statutory responsibilities of the consumer services function than the Auditor's Office.

- **Weights and Measures:** ORC section 319.55 states that the County Auditor shall be the county sealer of all weights and measures and shall be responsible for the preservation of the copies of all standards in his possession. The Auditor's Office employs 11.8 FTEs in the Weights and Measures Division who are responsible for ensuring that all scales, weights, and measures are properly calibrated. Although the peers have separate weights and measures divisions similar to the Auditor's Office, **R2.4** shows they are using fewer employees.

- **Estate Taxes:** ORC section 5731.21 states that the county auditor will work with the probate court and treasurer to certify and collect taxes associated with the decedent's property. The Auditor's Office has an Estate Tax Division (1.75 FTEs) that is responsible for tracking the decedents in Cuyahoga County, confirming the value of their estates, and collecting the estate taxes. Similarly, both FCAO and SCAO have separate Estate Tax Divisions that are used to meet the statutory requirements. In contrast, HCAO does not have a separate division for this function. Rather, employees from a variety of divisions are cross-trained to perform the estate tax function in addition to other duties. Nevertheless, **Table 2-1** shows that the Auditor's Office's FTEs per 100,000 citizens within the estate tax function are lower than the peer average.

- **Hotel/Motel Taxes:** ORC section 5739.09 states that "a board of county commissioners may, by resolution adopted by a majority of the members of the board, levy an excise tax not to exceed three percent on transactions by which lodging by a hotel is furnished to transient guests. The board shall establish all regulations necessary to provide for the administration and allocation of the tax." Although the aforementioned legislation indicates that the board of county commissioners establishes all rules and regulations pertaining to the hotel/motel tax, the Auditor's Office is responsible for collecting this tax in Cuyahoga County. In total, the Auditor's Office employs 8.8 FTEs that are responsible for working with hotels and motels in the County to ensure they are filing the proper taxes and complying with the rules and regulations established by the BOCC. By comparison, neither FCAO nor HCAO are responsible for administering the hotel/motel tax for their respective counties. Specifically, the hotel/motel tax in Franklin County is administered by the Franklin County Facilities Authority, which subsequently contracts with the Auditor for the City of Columbus to collect the proceeds. Likewise, the Hamilton County Board of County Commissioners collects the hotel/motel tax rather than HCAO. Finally, SCAO has only one employee that dedicates approximately two percent of his time processing hotel/motel taxes.

- **All Other Staff:** This classification represents the Auditor's Office Information Services Division (4.5 FTEs), the Foreclosure Division (2.6 FTEs), and the Central Administrative Staff (5.3 FTEs). ORC section 307.84 states that the county commissioners can establish a county data processing board, which oversees all data processing contracts and leases for all county offices. The section goes on to state that "…after the initial meeting of the county data processing board, no county office shall purchase, lease, operate, or contract for the use of any automatic data processing equipment without prior approval of the board." Consistent with this legislation, Cuyahoga County has a centralized Information Services Center; which provides technology support and other technology services to government clients in Cuyahoga County. However, despite the centralized IT department, the Auditor's Office employs 4.5 FTEs that are solely responsible for providing IT support and network maintenance for the Auditor's Office. Although the peers function in a similar manner and have similar staffing levels for technology support, this represents an area in which the County may be able to consolidate certain functions under the new charter form of government to eliminate potential duplication of effort. Likewise, reviewing the duties of the administrative staff in relation to the new charter may also reveal potential duplications, particularly between certain personnel management functions currently performed at the Auditor's Office and those that will be assumed by the centralized Human Resources Commission.

  ORC section 319.48 states that the county auditor must track delinquent taxes in conjunction with the county treasurer. There is no requirement for the county auditor to help citizens avoid foreclosure. The Auditor's Office has established a Foreclosure Division consisting of 2.6 FTEs that are responsible for administering programs to help citizens avoid foreclosure. None of the peers have employees dedicated to this function. However, *Foreclosure Growth in Ohio 2008* (Policy Matters Ohio, 2008) shows that the 2007 foreclosure rate in Cuyahoga County (11.5 filings per 1,000 citizens) was significantly higher than Franklin County (8.2), Hamilton County (7.6) and Stark County (7.8), which indicates that the services offered by the Auditor's Office Foreclosure Division could be helpful in Cuyahoga County.

R2.8 The County should consider closing the two remaining satellite offices in Cleveland based on a cost-benefit analysis that accounts for key factors, such as operating costs and citizen preferences. If these offices are closed, the County should conduct a citizen survey to determine if there is a need for a new satellite office and if so, to identify the best location based on recent population trends, demographics, citizen preferences, and statutory requirements.

Table 2-4 shows that the Auditor's Office's 2008 Real Estate Assessment Fund operating costs were higher than the peers on a per citizen and per property parcel basis. The higher costs were due, in part, to the number of offices operated by the Auditor's Office. Prior to 2009, the Auditor's Office operated a main office in downtown Cleveland and 3 satellite offices throughout the City of Cleveland. The average annual rent and utility costs for the satellite offices was approximately $63,100, or $21,000 per office during 2008 and 2009. The Auditor's Office website indicates that the satellite offices are offered as a convenience to the citizens of Cuyahoga County. In addition, the Director of Accounting indicated that the satellite offices provide fewer of the same type of services as the main downtown office and that the Auditor's Office decided to operate all offices in Cleveland because of statutory requirements. According to ORC section 319.03, "The office of the county auditor shall be at the county seat, in such rooms as the board of county commissioners provides." Nevertheless, because all the offices are located in Cleveland (approximately 438,000 citizens), the remaining citizens (approximately 858,000 citizens) do not appear to benefit from the satellite offices, especially those residing near the County's boundaries. In response to the recent staffing and budget reductions, the Auditor's Office closed one satellite office prior to the start of 2010.

In contrast to the Auditor's Office, none of the peers operates satellite offices, choosing instead to meet customer demand through the main offices. **Table 2-9** compares the land area, number of citizens, property parcels, and active businesses per office for the Auditor's Office and the peers.

Table 2-9: Peer Comparison of Population Served per Office

Comparison Category	Cuyahoga	FCAO	HCAO	SCAO	Peer Average
Land Area in Square Miles	458	540	407	576	508
Number of Offices	3	1	1	1	1
Citizens per Office	431,986	1,118,107	842,369	378,664	779,713
Property Parcels per Office	174,840	433,051	347,587	197,911	326,183
Active Businesses per Office	9,908	24,203	20,252	7,830	17,428
Land Area per Office	153	540	407	576	508

Source: The Auditor's Office and the peers, the Ohio Department of Development, and the Ohio Department of Taxation.

Table 2-9 shows that each office at the Auditor's Office is responsible for fewer citizens, property parcels, and active businesses than the respective peer averages. Furthermore, **Table 2-9** shows that the Auditor's Office's land area per office (153 square miles) is significantly lower than the peer average (508). Collectively, these ratios indicate that while the satellite offices may improve convenience for a portion of the population, they also increase the County's operating costs. **R2.15** shows that the Auditor's Office does not regularly conduct citizen surveys to obtain their input on operations or to gauge overall satisfaction with service levels. This type of survey could be helpful in evaluating future options concerning the satellite offices.

In addition to greater convenience for a portion of the population, maintaining the two satellite offices could reduce mileage costs for field appraisers that work from the satellite offices rather than from the main office. However, based on the June 25th meeting minutes, the Property Valuation Subcommittee is proposing to recommend that the County replace mileage reimbursement with a daily car allowance of $25 for field appraisers. A daily car allowance would make mileage reimbursement irrelevant in the decision to close the two remaining satellite offices.

Financial Implication: If the Auditor's Office closed the two remaining satellite offices, the County would experience average annual savings of approximately $42,000, based on the average rent and utility costs in 2008 and 2009. The County would likely generate additional savings from staffing reductions and reduced supply and material costs. However, these savings are accounted for in **R2.2** and **R2.3**.

Employee Productivity

R2.9 The County should strive to reduce the amount of sick leave used by Fiscal Office employees through improved oversight. Specifically, the County should ensure that Fiscal Office supervisors and directors are provided with reports showing monthly and year-to-date sick leave information by employee and by division. Subsequently, the supervisors and directors should hold employees accountable for sick leave by enforcing the existing policies and following the American Society for Public Administration's (ASPA) suggestions for effectively managing sick leave.

The Auditor's Office employee policy and procedure manual indicates that "granting of sick leave is a privilege. It should be understood that sick leave may be used solely for those purposes as set forth herein. Supervisors and department heads should exercise discretion to insure that sick leave is properly used and not abused." The policy and procedure manual goes on to state "…situations that indicate abuse of sick time either on an individual basis, or by a demonstrated pattern, may cause the supervisor to challenge the use of sick time. Examples of abuse of sick leave include calling in sick when an employee is able to work; reporting illness in the immediate family when such illness does not exist; reporting off sick to participate in some other activity, or to take care of personal business; establishing a pattern of reporting off sick on certain days of the week or following regular days off; or repeated failure to follow the rules and regulations regarding the use of sick leave and reporting procedures. Failure to comply with the sick leave rules or improper use of sick leave shall be grounds for disciplinary action, which may include dismissal."

Despite the aforementioned policies, employee sick leave use is significantly higher than the State average reported by the Ohio Department of Administrative Services (ODAS). The Auditor's Office employees used a total of 20,799 hours of sick leave in 2009,[16] or approximately 71 hours per employee. By comparison, ODAS reports that the State average sick leave was 57 hours per employee in FY 2008-09, based on approximately 40,000 employees belonging to seven different unions and approximately 19,000 non-bargaining positions. ODAS also reports that the State average sick leave use for the non-bargaining employees, like Auditor's Office employees, was approximately 39 hours per employee in FY 2008-09.

The Auditor's Office policies place the responsibility for managing sick leave use with the supervisors and directors. However, the Director of Accounting indicated that while the County's leave information is maintained through an online database, only the central administration has access to the leave use records for specific employees and divisions. Furthermore, the leave use records are not routinely shared with supervisors and directors, which makes it difficult to recognize problems, to determine why a potential abuse is occurring, or to take appropriate action in enforcing the policies. Excessive absenteeism negatively impacts overall productivity and can contribute to the unfavorable morale identified in the AOS survey (see **R2.16**).

The article *Sick Leave Abuse: A Chronic Workplace Ill* (American Society for Public Administration, April 2002), cites a study that shows unscheduled absenteeism can cost up to an average of $602 per employee, per year, not including indirect costs such as overtime pay for other employees, hiring temps, missed deadlines, lost sales, sinking morale and lower productivity. Indirect costs can add up to 25 percent to the direct costs. As a result, it is important to determine if and why an employee exploits leave policies. Just as an employer analyzes turnover, organizations should also look at sick leave trends. Doing so would help determine if sick leave use is higher in one department or under a particular supervisor, and if workplace policies and procedures affect absences. Finding the root causes of the problem helps address core issues. Methods for monitoring sick leave abuse vary from one organization to another, but the following explains common guidelines all employers can follow to manage sick leave effectively.

[16] The Auditor's Office employees used 20,747 hours of sick leave in 2008.

- Recognize the problem and intervene early before it escalates. Managers need to enforce leave policies and take appropriate action.
- Find out why the employee is abusing leave. Talk to employees who are abusing leave and see if their behavior stems from personal problems.
- Learn to say "No." Employers should not let employees get away with abusing leave policies.
- Use procedures, regulations, practices and knowledge to benefit management as well as the employee.
- Document everything to learn from past mistakes.

Financial Implication: The majority of the savings from a reduction in sick leave use are assumed to be captured in **R2.2**, **R2.3** and **R2.4**, due to increased employee productivity.

R2.10 Under the new charter government, the County should consider requiring Fiscal Office employees to work 40 hours per week, reducing employee rest periods and vacation accrual rates to be more consistent with the peers, and eliminating paid time off for employee birthdays. These steps, in conjunction with a reduction in employee sick leave usage (see R2.9), will help the County increase employee productivity and reduce costs in the new Fiscal Office. Additionally, the County should consider adopting the same applicable policies for all employees as it transitions to the charter form of government. Depending upon the specific provisions in each collective bargaining agreement, adopting standard policies could be subject to negotiations.

The Auditor's Office employee policies and procedures manual was reviewed during this performance audit and compared to the peers. The following provisions were determined to be more generous:

- **Employee Scheduling**: The normal workweek for full-time employees of the Auditor's Office is five days per week and the normal workday is from 8:30 AM to 4:30 PM, which includes a one hour lunch period. As a result, approximately 82 percent of Auditor's Office employees are paid for 35 hours per week, or 7 hours per day. The remaining employees work less than 35 hours per week. By comparison, FCAO's employee policy and procedure manual indicates that the normal schedule and paid workweek for full-time employees is 40 hours. HCAO uses a hybrid approach where 51 employees are scheduled and paid for 40 hours a week, while 60 employees are scheduled and paid for 35 hours a week. Finally, SCAO has adopted a work schedule that is similar to the Auditor's Office. The Auditor's Office' scheduling practices can increase the County's healthcare costs. For example, the Auditor's Office had a total of 235 employees who worked approximately 418,000 hours in 2009. If the Auditor's Office required its employees to work 40 hours per week, it would only need 201 employees to work

418,000 hours. In this scenario, the Auditor's Office's total FTEs and salary costs would be approximately the same based on the total hours worked. However, the Auditor's Office could reduce up to 34 employees from the health insurance program.

- **Rest Periods:** The Auditor's Office employee policy and procedure manual provides all employees with 15 minute rest periods in the morning and afternoon, or a total of 30 minutes per day. In contrast, HCAO and SCAO only provide employees with 10 minute rest periods in the morning and afternoon, or 20 minutes per day. FCAO has rest period provisions similar to the Auditor's Office. Nevertheless, if the Auditor's Office reduced the rest periods to a maximum of 20 minutes per day, it could gain an additional six days of productivity from each employee during the course of a year.

- **Paid Holidays:** The Auditor's Office provides its employees with 10 paid holidays, which is similar to the peers. However, unlike the peers, the Auditor's Office also provides employees with paid time off for their birthday.

- **Vacation Time:** The Auditor's Office vacation accrual rates are more generous than the peers. This is detailed in **Table 2-10**, which compares vacation accrual rates to the peers according to the employees' years of service.

Table 2-10: Number of Vacation Weeks

Years of Service	Cuyahoga	FCAO	HCAO	SCAO
1 year	2	2	2	2
5 years	3	3	3	2
10 years	4	4	3	3
15 years	5	4.5	4	4
20 years	6	5	4	4
25 years	7	5	5	5

Source: The Auditor's Office and peers
Note: To achieve the highest vacation accrual, the Auditor's Office, HCAO and SCAO require 25 years for service while FCAO requires 20 years of service.

As shown in **Table 2-10**, the Auditor's Office provides more vacation than two peers at 10 years of service and more than each peer beginning at 15 years of service.

Under the new charter form of government, the County will be required to adopt standard human resource policies and procedures. Specifically, Article IX of the new charter indicates "…the County's human resource policies and systems, including ethics policies for County employees, shall be established by ordinance and shall be administered in such manner as will eliminate unnecessary expense and duplication of effort…"

Consequently, this provides an opportunity for the County to enact the same policies and procedures for all County employees, which would instill equity and potentially reduce costs beyond the Fiscal Office. For example, the normal workweek and workday for full-time employees under the authority of BOCC is the same as the Auditor's Office. The one exception is that the lunch period is not defined as one hour, but instead as follows: "a lunch period of uniform duration established by the department head to meet the operating needs of the department." However, the County's ability to adopt standard policies and procedures for all employees will likely require negotiations with its bargaining units. For instance, there are 13 collective bargaining agreements covering staff under the authority of BOCC.

Financial Implication: If the County reduced 34 positions in the Fiscal Office by requiring full-time employees to work 40 hours per week, the annual savings in healthcare costs is estimated to be approximately $277,000, which is based on the Auditor's Office's actual healthcare costs per employee in 2009. Assuming the County implements the staffing reductions identified in this performance audit, this would reduce the potential savings to approximately $246,000. The relationship of salaries to the combined salaries and purchased service costs in 2009 is used to estimate the potential impact of **R2.2**. Furthermore, the County should be able to achieve productivity gains and/or additional savings by eliminating paid time off for birthdays, and reducing the vacation time accrual and rest periods.

Management Practices

R2.11 The County should work with the new Fiscal Officer to develop a comprehensive strategic plan, which outlines the long-term vision for all Fiscal Office departments and services. The plan should include detailed goals, objectives, timeframes, performance measures, and applicable cost estimates. To facilitate the development of an effective strategic plan, the Fiscal Office should conduct citizen and employee surveys (see R2.15 and R2.16). Once developed, the Fiscal Office should publish the strategic plan on its website and include links between the goals and objectives and the revenues and expenditures outlined in the County-wide budget document. Developing and implementing a strategic plan would shift the focus of budgetary decisions from inputs (e.g., salaries and cost of purchased goods and services) to outputs and outcomes, and ultimately to the accomplishment of important goals and objectives.

The Auditor's Office does not have a formal strategic plan that identifies long-term goals, objectives, strategies or performance measures. In the 2010 County-wide budget, the Auditor's Office indicates that the "…priority of the Department is to maintain a high level of service even with the loss of several employees through the early retirement program. The Auditor's Office will achieve this goal by evaluating the needs of the agency and reallocating staff time to areas of need." The Auditor's Office also lists dog licenses registered via internet, properties reappraised, sales and gas pumps inspected, and warrants/direct deposits generated as key performance measures that will be monitored to attain this goal. However, the Director of Accounting indicated that these goals and performance measures were based on his informal survey of directors, and they are not linked to any type of office-wide strategic plan. Furthermore, Auditor's Office employees provided unfavorable responses on the AOS survey when asked if they were aware of a strategic plan that addresses the Auditor's Office goals and objectives and if the administration monitors the performance and achievement of its goals (see **R2.16**).

Recommended Practices on the Establishment of Strategic Plans (GFOA, 2005) states that all governments should develop a strategic plan in order to provide a long-term perspective for service delivery and budgeting. The strategic plan establishes logical links between spending amounts and goals. In addition, the focus of the strategic plan should be on aligning organizational resources to bridge the gap between present conditions and the envisioned future. In developing the strategic plan, GFOA recommends the inclusion of measurable objectives and performance measures. Objectives should be expressed as quantities or at least as verifiable statements, and ideally include timeframes. Performance measures provide information on whether goals and objectives are being met, and are an important link between the goals in the strategic plan and the activities funded in the budget. Strategic planning for public organizations is based on the premise that leaders must be effective strategists if their organizations are to fulfill their missions, meet their mandates, and satisfy their constituents in the years ahead. Effective strategies are needed to cope with changing circumstances, and leaders need to develop a coherent and defensible context for their decisions.

FCAO has developed a long-term strategic plan that is generally consistent with the GFOA recommendations. For example, FCAO's plan includes defined mission and vision statements, values and principles, goals and objectives, and procedures for measuring and evaluating results. Furthermore, the strategic plan was developed with input from FCAO stakeholders through various employee strategic planning teams and internal customer service surveys. Finally, FCAO publishes the strategic plan on its website to communicate its goals and objectives to the citizens and to foster accountability.

R2.12 The County should establish formal hiring policies and procedures to help ensure the new Fiscal Office fulfills the charter requirements. The policy and procedures should include pertinent aspects of the hiring process, such as identifying and posting open positions, accepting applications, completing interviews, selecting candidates, making offers and following-up with candidates. Establishing a formal hiring process will help the County select the most qualified candidates for open positions, in an objective manner.

The Auditor's Office employee policy and procedure manual states that "…the Auditor's Office has no written hiring protocol." Furthermore, numerous directors indicated they were unaware of any type of guidelines or minimum requirements that must be met to hire an employee. In practice, the Auditor's Office does not have a consistent process for interviewing and selecting candidates. Specifically, various directors indicated that, in some instances, they are able to conduct their own interviews and recommend candidates based on informal and division-specific requirements, such as having an accounting degree or possessing certain mathematical skills. However, the directors also indicated there are instances when a new employee is hired by the administration and placed in their division with minimal input from them. The lack of hiring policies increases the risk of employing unqualified individuals and stakeholders questioning the objectivity of the Auditor's Office hiring process. For example, employees provided unfavorable responses on the AOS survey when asked if the employee recruitment process was consistent and effective; if the Auditor's Office maintains effective practices regarding job posting and hiring; and if opportunities for promotions are handled in a consistent and fair manner (see **R2.16**).

Under the new charter form of government, the County will be required to adopt a hiring process that helps ensure objectivity. Specifically, Article IX of the new charter indicates "The human resource commission shall be responsible for administering in cooperation with the officers, agencies, boards and commissions of the County, an efficient and economical system for the employment of persons in the public service of the County according to merit and fitness. The County's human resource policies and systems, including ethics policies for County employees, shall be established by ordinance and shall be administered in such manner as will eliminate unnecessary expense and duplication of effort, while ensuring that persons will be employed in the public service without discrimination on the basis of race, color, religion, sex, national origin, sexual orientation, disability, age or ancestry."

Skidmore College in New York publishes a detailed policies and procedures manual that defines all aspects of the recruitment and hiring process. This includes advertising for job openings, collecting resumes, interviewing and selecting candidates, making offers and following-up with candidates. Furthermore, both FCAO and HCAO have defined procedures for recruiting, interviewing and making hiring decisions.

R2.13 The County should develop performance appraisal forms for the new Fiscal Office that reflect the duties identified in the job descriptions and include measurable, observable and behavioral criteria. Subsequently, the County should ensure that the new Fiscal Office conducts employee evaluations at least once annually. Doing so will help ensure that employees understand the requirements for each position and receive appropriate feedback to improve future performance.

The Auditor's Office policy and procedure manual states that "the Auditor's Office reserves the right to conduct employee performance evaluations. Raises and promotions in the Auditor's office are typically merit-based. They are recommended by Department Heads from their day-to-day evaluation of employee knowledge, experience and work performance." Despite this policy, multiple directors indicated that written employee evaluations have not been conducted in several years. Furthermore, employees provided unfavorable responses on the AOS survey when asked if their performance was formally evaluated at least annually; if management incorporates workload data in the performance evaluation; if the evaluation process provides timely and relevant feedback; and if management responds and acts on recommendations made in the evaluation process (see **R2.16**).

In contrast to the Auditor's Office, all FCAO employees are required to complete an annual self-evaluation, which is coupled with an evaluation from each employee's supervisor or director. The employee and supervisor evaluations are subsequently used to identify employee strengths and weaknesses, develop plans for improving performance, and assist in determining merit-based pay raises. In addition, SCAO conducts annual employee evaluations. *Performance Appraisal/An Overview* (Society for Human Resource Management, 2002) indicates that performance evaluations are important for at least three main purposes: identifying and evaluating employee training and development, determining compensation, and reviewing employee potential for transfers and promotions. Reduction-in-force is a fourth purpose, but is only used in times of economic stress. The article goes on to indicate that it is critical that employees be evaluated on the essential functions and qualifications required for their position as stated in the job description, and that criteria used to measure performance be stated in measurable, observable, and behavioral terms.

R2.14 The County should implement formal cross training and succession planning programs for employees of the new Fiscal Office. Taking these steps will help create a more flexible workforce, improve productivity, and ensure absences and vacancies are effectively addressed.

The Auditor's Office employee policy and procedure manual does not address succession planning or cross-training. In practice, numerous directors indicated that some succession planning and cross-training occurs informally at the division level, and some employees are cross-trained to handle certain functions in other divisions. However, the lack of consistent and formal organization-wide succession planning and cross-training increases the risk of cost inefficiencies and negative perceptions of the operating practices. For example, the Cleveland *Plain Dealer* reported that in January 2010, the Auditor's Office hired four commercial appraisers from V.A.S. Enterprises, which previously handled the Auditor's Office's commercial appraisals as a contracted resource and is one of the companies involved in the Cuyahoga County federal investigation. In the article, the

Chief Operating Officer indicated that it was necessary to hire the four employees because "…the auditor did not have enough time to train other employees to handle the commercial appraisals, or to pursue a contracted service or recruiting new employees." Likewise, another article from the *Plain Dealer* reported that the County was forced to break the rules of its early retirement incentive program by re-hiring two accountant positions for the Auditor's Office in January, 2010. In this article, the Chief Operating Officer indicated that "…in the year between the program's announcement and the accountants' retirement on January 14, the auditor did not sufficiently train other workers to fill the spots." According to the Director of Accounting, the ongoing federal investigation and the transition to the charter form of government hindered the ability of the Auditor's Office to find replacements for the two accountant positions in advance of their departure.

Five Steps to Succession Planning Success (Workforce Management, 2002) indicates that there are few circumstances in the life of an organization that are as impactful as the departure of a key leader. How this process is handled can make a lasting impression on your current workforce and the public perception of your company. Not only is it critical to have a succession plan in place for these invaluable executives but also for those members of your organization's workforce considered leaders and key knowledge keepers. As a result, the article recommends that organizations identify key positions and evaluate the roles based on their value to the organization, define the competencies and requirements of these positions, evaluate the current workforce to identify potential candidates for the positions, and give these individuals opportunities for growth, mentorship and training – all geared toward the position identified as a good fit for them in the succession plan. Additionally, *Cross Training – Value in Today's Environment* (Society for Human Resource Management, 2002) states that cross training is an effective method that may be used to align the values and needs of both the employees and the organization. Specifically, cross training creates a more flexible and versatile workforce, enables organizations to reduce the number of different jobs, improves productivity, allows for succession planning, and prevents stagnation. Finally, the Chief Deputy Auditor at HCAO indicated that succession planning and cross training allowed HCAO to reduce its staffing levels through attrition from over 200 in 1991 to less than 100 in 2009.

R2.15 The County should consider conducting annual surveys of citizens, local governments, and other stakeholders to solicit feedback, determine satisfaction levels, and assist in determining areas for improvement. This type of survey would also be helpful in evaluating the efficiency, effectiveness, and the overall usefulness of the satellite offices (see R2.8).

The Auditor's Office does not regularly conduct citizen surveys to gauge satisfaction with its services or to help facilitate decision-making. The Director of Accounting indicated that the primary method of obtaining feedback is through the website, which encourages stakeholders to contact the office with questions, concerns or complaints.

Similar to the Auditor's Office, the peers do not conduct formal citizen surveys. However, HCAO informally obtains citizen feedback during update and reappraisal years through the use of Auditor Neighborhood Conferences. HCAO also made efforts to informally collect feedback from citizens when the law concerning eligibility for the homestead exemption was altered in 2007. At SCAO, customer service concerns resulted in the creation of a Complaints Manager position. The position handles questions from the public on a variety of issues and is a buffer during tax time between the public and office personnel.

Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting (GFOA, 2000) indicates that a government should develop mechanisms to identify stakeholder concerns, needs, and priorities. This publication goes on to indicate that surveys are one mechanism that should be considered in promoting stakeholder participation. Likewise, in *Conducting a Customer Satisfaction Survey* (University of Florida, 2000), the Florida Innovation Group, a nonprofit organization that assists county and city governments, recommends using a customer satisfaction survey to assess the performance of local governments. A customer satisfaction survey can help find ways to improve program quality, information delivery, and overall accountability. Further, a survey helps answer questions about the difference certain programs make in the community.

R2.16 The County should conduct surveys of the employees in the Fiscal Office at least annually to determine the strengths and weaknesses of operations. The County should share the results with employees and other stakeholders, and highlight strategies for improvement in the areas identified as weaknesses.

The Auditor's Office does not formally conduct internal surveys to gauge overall employee morale and satisfaction. During the course of this audit, AOS conducted a survey of the Auditor's Office employees to measure perceptions about various aspects of the workplace. AOS received responses from 56 employees, for an overall response rate of approximately 24 percent. **Table 2-11** presents a summary of the survey questions that received an average response of less than "neutral." See the **Appendix** for the entire survey results. The ratings a survey respondent could use in responding to each statement were 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree.

Table 2-11: Summary of Employee Survey Results

Response Categories Associated With Employee Survey Results	Total Number of Questions Asked	As a Percent of Total Questions Asked
	39	100.0%
Questions that received an average response of less than neutral	14	35.9%
Performance Evaluations:		
My performance is formally evaluated at least annually. Average Response = 2.3		
Management incorporates workload data into my performance evaluation. Average Response = 2.5		
The evaluation process provides timely and relevant feedback. Average Response = 2.6		
Management responds and acts on recommendations made in the evaluation process. Average Response = 2.6		
Hiring Practices:		
Opportunities for promotions are handled in a consistent and fair manner. Average Response = 2.2		
The Auditor's Office's overall employee recruitment process is consistent and effective. Average Response = 2.5		
The Auditor's Office maintains effective practices regarding job posting and hiring. Average Response = 2.4		
Employee Compensation:		
The employee compensation schedules are fair and appropriate. Average Response = 2.3		
The Auditor's Office uses a consistent process for determining employee pay rates. Average Response = 2.0		
Strategic Planning:		
I am aware of a strategic plan that addresses the Auditor's Office's goals and objectives. Average Response = 2.8		
The Auditor's Office Administration monitors its performance and achievement of its goals. Average Response = 2.9		
Policies and Procedures:		
I am satisfied with how human resource activities are managed with the Auditor's Office. Average Response = 2.9		
I am satisfied with the overall effectiveness of the Auditor's Office human resource management policies and procedures. Average Response = 2.9		
Employee Morale:		
Overall, I feel the Auditor's Office employee satisfaction and morale is positive. Average Response = 2.8		

Source: AOS employee survey conducted in February, 2010.

Table 2-11 shows that approximately 36 percent of the survey statements received an average response of less than neutral. **Table 2-11** also shows that employees identified concerns with performance evaluations (see **R2.13**); hiring practices (see **R2.12**), compensation and policies and procedures (see **R2.5**); strategic planning (see **R2.11**); and overall employee morale. Conducting annual employee surveys would provide the Auditor's Office with more information to use in improving employee morale and benchmarking the results over an extended period of time.

The Advantages, Consideration, and Risks of Employee Surveys (Day, 2006) indicates that the main benefits of employee satisfaction surveys include:

- **Identification of Problems and Working Environment** – Surveys can be very effective in identifying problems before they become serious, especially those hidden from senior management. Additionally, surveys allow environmental problems to be identified in a measured and controlled manner.

- **Benchmark** – The regular use of surveys will allow an organization to monitor and measure their progress and development in non-financial terms.

- **Training** – Lack of proper training is a common cause of dissatisfaction among employees and can lead to more serious problems such as stress.

- **Goals and Objectives** – Surveys can measure and monitor the extent that the personnel are aligned with senior management's business goals and objectives.

- **Keeping the Initiative** – By conducting regular employee surveys, management is able to keep the initiative in trying to identify problems that may otherwise manifest into demands.

Furthermore, *Taking the Pulse: Engaging Staff with Employee Opinion Surveys* (SHRM, 2007) advocates that employee surveys allow organizations to identify key employee retention factors, improve morale, demonstrate that it values employee opinions, utilize employee recommendations and solutions, measure the effectiveness of an organization's programs, evaluate customer service, increase the credibility of management, streamline communication, and strengthen supervision.

Purchasing

R2.17 Under the new charter form of government, the County Audit Committee should require the Department of Internal Audit to review a sample of purchasing transactions to ensure that each department is complying with the County-wide purchasing policies and ORC requirements. For example, these reviews should gauge compliance with policies for issuing and approving requisitions, purchase/department orders, and invoices; obtaining price quotes; and using competitive bidding (see R2.18); as well as compliance with the requirements in ORC section 2909.33 for obtaining certifications. The Internal Audit Department should prepare an annual report that publishes the results of its purchasing tests, compares the results to prior years, and includes explanations for significant variances. This report should be published on the County website and publicly presented to the Audit Committee, County Executive and County Council. Finally, the Internal Audit Department and the Office of Procurement and Diversity should

jointly review the current documentation requirements and update them if necessary, and explain these requirements along with the other purchasing policies and ORC requirements to all new officials and administrators. Collectively, these actions will assist the County in achieving its stated goal of maximizing the purchasing value of public funds and providing safeguards for maintaining a procurement system of quality and integrity.

The County developed a formal purchasing manual in January, 2006 to help guide the purchasing process. The purchasing manual indicates that "the purpose of this manual is to provide all County departments and agencies with the procedures and policies to be used in the procurement of goods and services, and to provide for the fair and equitable treatment of all persons involved in public purchasing by Cuyahoga County; to maximize the purchasing value of public funds; and to provide safeguards for maintaining a procurement system of quality and integrity." The purchasing manual goes on to state that "all elected and appointed officials of the County who participate in the approval of purchases and contracts are personally responsible for becoming familiar with and abiding by all applicable Ohio State Statutes and County policies governing such activities." The purchasing manual also indicates that the County's Office of Procurement and Diversity (OPD) is responsible for "establishing the purchasing policies and coordinating the purchasing procedures for the County. OPD oversees the formal bidding and proposal processes for materials, supplies, construction and professional services."

To determine if the Auditor's Office adheres to the purchasing manual and related statutory requirements, AOS reviewed documentation for 56 transactions[17] completed between January 1, 2007 and November 9, 2009. A summary of the test results follows:

- **Requisitions:** The County's purchasing manual states that it is each department's responsibility to prepare a valid purchase requisition, which allows for sufficient lead-time to complete the purchase order and for the vendor to deliver the goods. The purchasing manual also states that the department head, or designee, must approve all purchase requisitions. Finally, the sample requisition in the purchasing manual contains basic information that will allow a purchase order to be developed, including department name, vendor, product/service description, quantity being ordered, vendor name, approval signature, and certification of fund availability by the department director or designee. Of the 56 transactions that were tested, 29 did not include documentation demonstrating that an approved purchase requisition had been issued.

[17] AOS originally requested documentation for 60 transactions. However, the County could not provide the supporting documentation for 4 transactions. See **R2.19** for additional details.

- **Purchase/Department Order and Invoices:** The purchasing manual indicates that all purchases costing between $1,000 and $25,000 shall either be submitted on a completed requisition to OPD or procured at the department level by an authorized Field Buyer.[18] Requisitions submitted to OPD are assigned to a staff member, who subsequently selects a vendor and issues a purchase order (PO) for the purpose of encumbering funds. If the purchase is processed at the department level, the Field Buyer prepares the requisition, solicits the necessary quotes, and issues a department purchase order (DO) to encumber the funds. The purchasing manual also states that vendor payments will not be processed until after the departments have received, inspected and rejected or accepted all deliveries, and approved the invoice for payment. The timeframe for the County's purchasing process indicates that a valid PO or DO should be issued before the goods/services are received and the vendor invoice is approved for payment. Of the 56 transactions that AOS tested, 26 did not include documentation demonstrating that an approved PO or DO had been issued. Furthermore, of the remaining transactions, 11 POs/DOs were issued after the date on the vendor invoice. Lastly, 12 of the transactions did not include documentation of an approved vendor invoice.

- **Price Quotes:** The purchasing manual indicates that purchases costing between $1,000 and $25,000 can be completed by either the department-level Field Buyer or by OPD. In either case, three competitive price quotes solicited by fax, email or phone from vendors are required. The purchasing manual does indicate that the competitive quotation process can be waived due to an urgency of need, lack of available vendors, or other circumstances surrounding the request.[19] However, the purchasing manual indicates that in these instances, the department must document a detailed explanation and that all instances will be reviewed and monitored. AOS reviewed 35 transactions with purchase prices ranging from $1,000 to $25,000. Of these, 27 did not include documentation that the required price quotations had been received, 5 included appropriate documentation, and 3 were purchased through sole source providers and/or State purchasing contracts. Furthermore, none of the 27 that lacked documentation included the required explanations.

- **Competitive Bidding:** See **R2.18** for analysis.

- **Certifications**: ORC § 2909.33 indicates that prior to contracting with any State agency, instrumentality, or political subdivision to conduct business or receive

[18] Field Buyer is the County's term for the purchasing representative at the departmental level.
[19] Examples of other circumstances under which it is acceptable to solicit fewer than three competitive quotations include if there are less than three vendors who can provide the service / product, if the purchase is from a sole source vendor, if it is a State or other governmental contract, or if the nature of the purchase is an emergency.

funding in excess of $100,000, any person, company, affiliated group, or organization, and any person who holds, owns, or otherwise has a controlling interest in a company, affiliated group, or organization shall certify that it does not provide material assistance to any organization on the United States Department of State's terrorist exclusion list. AOS reviewed 10 transactions (consisting of 4 vendors) that met the certification requirements. However, none of these transactions included documentation that the certifications were received.

Finally, the purchasing manual states that all "Field Buyers are responsible for maintaining files of all purchasing transactions for a minimum period of 7 years. The following paper documents should be retained at the departmental level: the purchase requisition; request for quotations, when applicable; vendor quotations; copy of department order; copy of voucher; and copy of invoice. Purchasing documents must be made available upon request for review by the general public, OPD personnel, as well as the State Auditor's representatives."

The Director of Accounting indicated that the general lack of documentation to support the Auditor's Office compliance with the purchasing manual may be partially due to the FBI seizing certain documents as evidence in the federal investigation, the provisions in the purchasing manual not being enforced as the operating practices throughout the County, and certain documents being stored at the other offices (e.g., requisitions and certifications at the Clerk of the Board). Nevertheless, the Director of Accounting also indicated that the Auditor's Office and OPD have not conducted detailed reviews of purchasing compliance in several years. Furthermore, the County's fragmented purchasing process results in cumbersome record-keeping and increases the likelihood of inconsistencies and the potential for non-compliance (see **R2.19**).

Under the new charter form of government, the County will have an audit committee and an internal audit function to help ensure that taxpayers are being provided with efficient and effective services. Specifically, Article XI of the new charter indicates "… the County Audit Committee shall consist of the Fiscal Officer, who shall serve as the chair of the committee, the County Executive, the President of Council and two residents of the County appointed by the County Executive and confirmed by Council. The County Audit Committee shall meet at least quarterly and shall oversee internal and external audits. There shall also be a Department of Internal Auditing, which shall serve under the direction of, and perform such functions on behalf of, the County Audit Committee as the Committee shall prescribe." The charter goes on to state that the Department of Internal Audit will be responsible for preparing its annual budget, developing a schedule of department audit fees, guiding the internal audit process through the employment of professional standards, preparing a preliminary financial and performance audit for the department being audited, and performing any other duties or responsibilities prescribed by the County Audit Committee.

R2.18 The County should require the Fiscal Office to use competitive bidding or RFPs when making purchases in excess of $25,000. Doing so will help ensure that the County is receiving the best prices for goods and services, and that purchases are made in an objective and transparent manner.

The purchasing manual indicates that all purchases or contracts for service costing more than $25,000 will be subjected to competitive bidding. However, the purchasing manual also indicates that the competitive bidding requirements can be waived in instances where the vendor is deemed to be the only manufacturer, distributor, authorized dealer, or supplier of a particular item. AOS reviewed 18 transactions the Auditor's Office completed between January 1, 2007 and November 9, 2009 with purchase prices in excess of $25,000. However, because of repeat business and on-going service contracts, these 18 transactions represent 9 different vendors. Of the 9 vendors, the Auditor's Office selected 3 without competitive bidding, citing the sole source exceptions noted above; 2 through a competitive bidding process; and 1 through a State purchasing contract. However, of the remaining 3 vendors, documentation of competitive bidding was not found for 1 vendor, but the vendor invoice references a specific request for proposal (RFP) number; and documentation of competitive bidding and sole source exceptions was not found for another vendor. The final contract was with V.A.S. Enterprises for commercial land appraisal services, which the Auditor's Office did not subject to competitive bidding, but did claim a sole source exception.

ORC § 5713.01(F) states that "any contract for goods or services related to the auditor's duties as assessor, including contracts for mapping, computers, and reproduction on any medium of any documents, records, photographs, microfiche, or magnetic tapes, but not including contracts for the professional services of an appraiser, shall be awarded pursuant to the competitive bidding procedures set forth in sections 307.86 to 307.92 of the Revised Code and shall be paid for, upon the warrant of the auditor, from the Real Estate Assessment Fund." In addition, the competitive bidding procedures outlined in ORC § 307.86 include sole source exceptions, similar to the County's purchasing manual. Although permitted by the ORC, the frequent use of sole source exceptions for significant purchases increases the risk of cost inefficiencies and the potential for allegations of fraud and claims of bias. For example, *Internal Review and Investigation of Cuyahoga County* (Richard Blake, 2009) concluded that the Auditor's Office paid excessive amounts for the contract with V.A.S. Enterprises and notes that the FBI, the United States Attorney's Office, the Internal Revenue Service, and other agencies have questioned the integrity of the purchasing process.

In contrast, representatives from FCAO, HCAO, and SCAO indicated that they use competitive bidding when making purchases costing more than $25,000. Furthermore, representatives from FCAO and HCAO indicated that although the ORC permits them to waive competitive bidding in certain situations, they still use bidding in order to increase the objectivity of the purchasing process. In addition, *The Contract Management Manual* (Voinovich Center for Leadership and Public Affairs, 2001) provides numerous guidelines and recommendations to assist in developing and evaluating competitive bids and RFPs. Within the section on structuring competitive bids, *The Contract Management Manual* states that although counties may be able to make purchases without using competitive bidding or RFPs due to the exceptions in the ORC, "…it may be advantageous for the county to bid the RFP anyway. Bidding encourages free and open competition: there may be vendors that can provide a service whom you do not know about. Circular A-87 stresses competitive bidding as a way of encouraging competition. Also, if you have concerns about audit exceptions, bidding an RFP can provide protection from audit findings on procurement."

Financial Implication: In 2009, the Auditor's Office spent approximately $2.3 million on contracted services and supplies and materials from the General Fund, and supplies and materials from REAF[20]. Assuming the County could achieve a 5 percent savings by requiring the Fiscal Office to use competitive bidding for purchases in excess of $25,000, and using an internal auditor to enforce the policies for purchases between $1,000 and $25,000 (see **R2.17**), the annual savings would be approximately $114,000.

Technology

R2.19 The County should work with the vendors of the BuySpeed, Novus and FAMIS software programs to determine if an automated interface can be established. Doing so will help eliminate duplications of effort in the purchasing process. If the County determines that it cannot establish the interfaces, it should conduct a cost-benefit analysis associated with replacing one or more of the current programs with alternative software that will allow for direct interfaces.

The following summarizes the County's purchasing process and documentation requirements under various pricing scenarios:

- **More than $25,000**: Most purchases costing more than $25,000 require competitive bidding and BOCC approval. In this scenario, each department is responsible for preparing a requisition and entering it into OPD's automated purchasing software (BuySpeed). Subsequently, OPD prepares a bid package, which is submitted to the Office of the Clerk of Board to place on the BOCC agenda for approval to advertise for bids. OPD and the department then solicit the bids, review the responses, and make recommendations to the BOCC for final approval. Once approved, OPD generates a purchase order that is given to the

[20] This financial implication excludes contracted services from REAF because those costs could comprise a portion of the financial implication in **R2.2**. However, if the County was able to achieve an additional 5 percent savings in REAF contracted costs, the total annual savings in **R2.18** would increase to approximately $186,000.

Auditor's Office, where it is entered into the accounting system (FAMIS) for certification of funds and encumbering. All bid responses and supporting documentation are stored in the Clerk of Board's agenda preparation software (NOVUS), while the requisition and purchase order are stored in OPD's BuySpeed software. The BuySpeed, NOVUS and FAMIS systems do not interface with each other.

- **Between $1,000 and $25,000**: Purchases costing between $1,000 and $25,000 that originate at the department level require an authorized Field Buyer to prepare a requisition, solicit the necessary quotes, and issue a department purchase order (DO) to the Auditor's Office, where it is subsequently entered into FAMIS for funds certification and encumbering. In this scenario, each department is responsible for maintaining their respective DOs and supporting documentation. Alternatively, a department director can request that OPD process the requisition and solicit the quotes. If this occurs, the purchase is initiated when the department enters an electronic requisition into OPD's BuySpeed software. OPD then assigns the requisition to a staff member who solicits the quotes, selects a vendor, and issues a purchase order (PO) to the Auditor's Office, where it is subsequently entered into FAMIS for funds certification and encumbering. OPD is then responsible for maintaining the electronic requisition, purchase order and supporting documentation.

- **Less than $1,000:** Purchases costing less than $1,000 do not require purchase requisitions, unless the vendor will not bill the County directly and requires a purchase order before delivery. Instead, departments issue office vouchers directly to the Auditor's Office for input into FAMIS. In these instances, each department is responsible for maintaining any necessary documentation.

The abovementioned summary shows that the County's purchasing process is fragmented, which results in cumbersome record-keeping and increases the likelihood of inconsistencies and the potential for non-compliance. For example, of the 60 transactions that AOS originally selected for review, County employees could not provide supporting documentation for 4 transactions. Of the remaining 56 transactions, 29 lacked documentation of requisitions and 26 lacked documentation that an approved PO or DO had been issued (see **R2.17**). All the transactions that lacked requisitions originated from the Auditor's Office. Of the 26 transactions lacking POs/DOs, 16 originated from the Auditor's Office and 10 originated from OPD. In addition, because of inconsistencies in entering purchasing records into the FAMIS and BuySpeed systems, it took County employees nearly two weeks to provide the requested documentation for the 56 transactions. Finally, the lack of interfaces between BuySpeed, NOVUS and FAMIS results in significant duplications of effort in certain instances. For example, if a purchase is subjected to competitive bidding, it is possible that a department level Field Buyer will enter all the necessary information into the BuySpeed system to create a requisition and PO, the Clerk of the Board will enter similar information into NOVUS to generate a Board Resolution with supporting documentation, and an employee in the Auditor's Office will re-enter similar information into FAMIS to generate the funds certification and encumber the monies.

During the course of this audit, the County revised the purchasing process. Under the new process, all department level Field Buyers are now required to enter a requisition, supporting price quotes, and other necessary information into the BuySpeed system for purchases costing between $1,000 and $25,000. Although this will likely improve the consistency of record-keeping between the departments and OPD, it does not address the duplications of effort caused by the lack of interfaces between BuySpeed, Novus and FAMIS. Furthermore, given that some of the inconsistencies noted in **R2.17** were from transactions originating from the BuySpeed system, the revised process does not automatically ensure that all future purchases will comply with the County's purchasing manual requirements. As a result, some type of internal audit review will still be beneficial (see **R2.17**).

Similar to Cuyahoga County, FCAO operates an accounting system (MUNIS) that is separate from the electronic purchasing system maintained by the Franklin County Purchasing Department. However, FCAO and the Franklin County Purchasing Department have established automated interfaces between the systems to eliminate duplications of effort. Likewise, SCAO uses an electronic purchasing process that has automated interfaces between the purchasing and accounting systems.

Financial Implication: Costs related to interfacing the separate systems could not be readily quantified.

R2.20 The County should follow through with its plans for installing the SAP software in all departments and agencies reporting to the County Executive under the new form of government. Subsequently, the County should ensure that all time and attendance information is captured through SAP and uploaded into the payroll/accounting system through automatic interfaces, and ensure that all offices use an automated system that interfaces with the payroll/accounting system. Doing so will eliminate current duplications of effort, better ensure data accuracy, and improve access to personnel related information for managers and employees. To help facilitate the transition to this system, the County should ensure that each department receives appropriate training on the features of the SAP software.

The County does not have a uniform process for collecting time and attendance information for payroll purposes. For example, departments that currently report to the BOCC capture time and attendance information electronically using the County's human resource management software (SAP). The County has established interfaces between SAP and the payroll/accounting system in the Auditor's Office, thereby eliminating the need for accounting staff to re-enter time and attendance information into payroll/accounting system for payroll processing. Other agencies, such as the County Courts and certain boards and commissions, use a wide variety of systems (i.e. SAP, Kronos, Talx, etc.) to capture time and attendance information. However, despite the alternative systems, the Director of Accounting indicated that each agency is able to provide the accounting staff with electronic payroll files that effectively interface with payroll/accounting system. Finally, the Auditor's Office and the Treasurer's Office capture time and attendance information using manually completed timecards.[21] This process results in a duplication of effort due to each employee entering time and attendance information on hand-written timecards and other staff re-entering the same information into SAP.

The Director of Accounting indicated that the County intends to install and use the SAP software in all departments that report to the County Executive under the new charter form of government. The Director of Accounting further indicated that the County's target is to have the SAP software operating in these departments by January, 2011. Once functional, the SAP software could eliminate the duplication of effort associated with manually completed timecards. For example, the SAP software will allow employees in the Auditor's Office and Treasurer's Office to input hours worked and leave use information through an online intranet form. The form would then be forwarded electronically to the payroll supervisors for approval and subsequently sent to the accounting staff where it will be automatically interfaced with payroll/accounting system for processing.

If implemented, the County's use of SAP in all departments reporting to the County Executive would be consistent with *Payroll Best Practices* (Bragg, 2005), which indicates that installing a web-based timekeeping system is a best practice. The publication goes on to state that many employees now have internet access and can easily call up a screen that simulates a timecard and enter their hours worked. In such a system, the payroll staff has no keypunching duties at all, the online system can warn employees of obvious keypunching errors on the spot, and timekeeping data are available much more quickly to management. This approach also gives employees more visibility into their own data because they should be able to review previous time sheets, as well as verify their accrued and unused vacation and sick time balances through the online system. Finally, the publication states that having links between the payroll system and the human resources management system, either through implementation of a single system or through creation of an automatic systems interface, can eliminate duplicative manual entries in both the human resources and payroll departments.

[21] These are known offices capturing data manually. The scope of the performance audit did not entail further investigating whether every department in the County captures time and attendance data manually.

R2.21 The new Fiscal Officer should work with the County Executive, department heads and other elected officials to identify strategies for increasing the County-wide use of direct deposit for payroll and the Automated Clearing House (ACH) for accounts payable transactions. In addition, once the SAP software is in place and functional (see R2.20), the County should make all payroll remittances available on-line for employees receiving direct deposit and no longer print paper copies. Collectively, these actions will allow the County to reduce costs (e.g., supply and printer expenses), improve processing speed, reduce the potential for errors, and provide additional benefits to employees. Finally, the Fiscal Office should augment the information provided on its website to include monthly reports showing County-wide financial information. The additional information would help promote transparency, and assist citizens and stakeholders in better understanding the County's financial condition.

The County and the Auditor's Office are not currently taking full advantage of electronic payroll, purchasing and communication strategies that could be used to improve overall efficiency. A summary of these strategies include the following:

- **Direct Deposit:** Ohio Revised Code (ORC) § 9.37(B) states "…that a county auditor may pay the compensation of a county employee by direct deposit of funds, provided the employee furnishes a written authorization designating a financial institution and an account number to which the payment is to be credited." However, Ohio Attorney General's Opinion Number 96-055 (1996) further clarifies the statute by stating that although ORC § 9.37(B) permits the use of direct deposit when authorized by the employee; it "…does not permit a county auditor to impose a requirement that all county employees receive payment of their compensation by direct deposit of funds." Both policy and procedure manuals at the BOCC and Auditor's Office are consistent with the Ohio Attorney General's opinion, indicating that it is the employee's option to receive their payroll through a paper-based warrant or through direct deposit. As of May 2010, approximately 88 percent of County employees were receiving their pay through direct deposit.

  Although employees cannot be required to use direct deposit, actively encouraging full participation could generate additional savings for the County and benefits for the employees. For example, the website *Electronicpayments.org*, which is sponsored by the National Automated Clearing House Association (NACHA), reports that agencies save approximately $1.24 per transaction when payroll is processed through direct deposit. Likewise, *Payroll Best Practices* (Bragg, 2005) notes that the use of direct deposit allows an agency to avoid the costs associated with printing and distributing manual paychecks. Additionally, direct deposit puts money in employee bank accounts at once, so that employees who are off-site on payday do not have to worry about how they will receive their paycheck. Also, direct deposit allows the payroll department to avoid having to ask employees to cash checks. Further, direct deposit eliminates the need to have an elaborate set of controls designed to store and track unused (pay) checks, and saves employees the time that they would have spent at the bank depositing checks.

- **Payroll Remittances:** The Auditor's Office currently issues paper-based payroll remittances (pay stubs) to all County employees, regardless of whether they use direct deposit or receive paychecks. The Director of Accounting indicated that the County will have the ability to issue electronic pay stubs once the SAP software is implemented in January, 2011. *Payroll Best Practices* (Bragg, 2005) indicates that even if an organization implements full direct deposit, payroll remittances will still have to be provided to employees. The publication suggests that two best practice alternatives to issuing paper pay stubs are to send e-mail based pay stubs or to make the information available through an intranet. While both methods allow for increased efficiency relative to a paper-based system, intranet-based pay stubs provide the additional advantage of allowing employees to access historical information and eliminate the need to maintain e-mail addresses for each employee. Furthermore, PayStubs Online states that "experts agree implementing the right electronic pay stub solution will result in substantial savings. Based on research, the average cost of printing a pay stub for one employee is $1.90 per pay period, plus postage and materials."

- **Automated Clearing House (ACH):** The County does not make full use of the ACH network to electronically process accounts payable transactions. The Director of Accounting indicated that the FAMIS software has the ability to process accounts payable transactions through the ACH network, and that the Auditor's Office encourages the use of ACH payments because they are more reliable and faster than paper checks. However, the actual number of ACH transactions declined from 20,384 in 2007 to 16,562 in 2009 and represented only about 10 percent of the total vendor payments in both years. NACHA defines ACH payments as transactions that are transmitted electronically between financial institutions through data transmissions. NACHA indicates that ACH payments are often used for direct deposit of payroll, social security and other government benefits and tax refunds; direct payments of regular bills such as mortgages, loans, utilities, and insurance premiums; business-to-business payments; e-checks; e-commerce payments; and federal, state and local government payments. Additionally, PaySimple advertises that it costs, on average, $1.22 to process a paper check for accounts payable purposes, whereas an ACH transaction typically costs $0.55 (net savings of $0.67).

ACH: The Paperless Payment Solution for Today (Scott and Mikhail, ACOM Solutions Inc., 2006) indicates that "…it is not every day that organizations can cut the costs of a key overhead activity to a mere fraction, and at the same time achieve significant gains in its efficiency. Nevertheless, that is exactly the opportunity that electronic payments present to accounts payable departments today. Historically, the payment process has been personnel and resource intensive, involving the use of expensive pre-printed forms, with production taking place in the IT department, followed by several stages of post-process prior to mailing. Cost per payment hovered around $2.00, and even more when all background overhead was considered. Electronic payments using the banking industry's Automated Clearing House network reduces disbursement costs by eliminating the need for paper checks and introducing electronic distribution procedures for advice of deposit (payroll) and remittance advice (accounts payable) information. The transfer of funds directly from the corporate account to the payee account minimizes personnel requirements, accelerates distribution and further enhances security."

- **Website Information:** Although the Auditor's Office includes a wide variety of operational and organizational information on its website, it does not include the same level of County-wide financial information. Specifically, PAFR and CAFR documents are the only financial information posted on the General Accounting Division's web page. By comparison, FCAO's website includes historical CAFRs, PAFRs, and County-wide financial statements that are updated on a monthly basis and show fund balances and bank reconciliation information. HCAO's website includes historical CAFRs, PAFRs, interim reports for certain special projects, and a searchable (by month and year) database of warrants issued by the Auditor. Finally, SCAO website includes the historical CAFRs, PAFRs, and County-wide financial reports showing financial information by fund including: beginning balance, month-to-date receipts, month-to-date expenditures, and ending balances.

Financial Implication: During one payroll cycle in May 2010, the County processed 7,689 direct deposit transactions and 1,041 payroll checks. Assuming the County maintains this mix over the course of a year, the County would process approximately 200,000 direct deposit transactions and 27,000 payroll checks, for a total of 227,000 transactions. If the County could convert half of the payroll checks to direct deposit transactions, the savings would be approximately $17,000 annually, based on the estimated savings of $1.24 per transaction from NACHA. Further, if the County could eliminate the need to print half of the pay stubs by making the information available online, the annual savings would be approximately $5,000, based on the County's expenses for purchasing the remittance forms from 2007 to 2009. Finally, if the County could increase its use of the ACH process from 10 to 25 percent of the total accounts payable transactions, the annual savings would be approximately $20,000. This is based on the estimated savings of $0.67 per transaction from PaySimple[22] and the County issuing approximately 197,000 total vendor payments in 2009, which is the three year average from 2007 through 2009.

R2.22 The Fiscal Office should work with the County to develop a formal computer replacement plan to better ensure computers are replaced at the appropriate time and in accordance with the appropriate operating standards. Once approved, the Fiscal Office and the County should ensure that appropriate and sufficient funds are included in the budget to support the plan. All future computer purchases should be consistent with the replacement plan.

Multiple division heads indicated that the Auditor's Office does not have a formal computer replacement plan to help ensure consistency and uniformity when making technology purchases. Instead, the division heads indicated that most computer replacement decisions are made at the division level as the need arises, with input from technology staff within the Auditor's Office. During the sample review of purchasing transactions (see **R2.17**), AOS noted three instances where the Auditor's Office purchased computers with different operating systems (i.e., Windows and Mac), which supports the assertions from the department heads. The lack of formal computer replacement planning that includes both timelines for replacement and uniform standards increases the risk of maintaining inefficient and outdated systems, inadequately supporting computers, and inaccurate budgeting for future computer replacement.

Local Government Computer Systems (Minnesota Office of the Legislative Auditor, 2002), indicates that "…before evaluating the options for managing computer systems, local governments need an informed process for planning system changes. Technology evolves rapidly, and a planned replacement program is necessary to avoid fragmented, inadequate, or outdated computer systems. Local governments need long and short-term planning that ties technology investments to their core functions and lay out specific criteria for selecting projects. The publication goes on to state that "within its planning process, a local government should consider the financial, organizational, operational, and technological advantages and disadvantages of its technology initiatives. For example, when purchasing new computers, a jurisdiction should consider whether new equipment would be compatible with the existing computer network and whether staff have the expertise to support the new machines. Because a change to a computer system can affect the rest of the system's reliability, security, or ease of use, local governments should be able to assess how the change fits into the current technical environment." The publication also recommends that "…to the extent possible, the manager of a computer system should standardize its hardware and software. Using standards to guide

[22] PaySimple cites that the source of its savings data is electronicpayments.org.

purchasing decisions ensures that new hardware and software satisfy user needs and are compatible with the rest of the computer system. Standards for hardware and software can also simplify user and hardware support because technicians need [to] maintain only one type of computer rather than several."

The Chief Deputy Auditor at FCAO indicated that computer replacements are included in the department-level budgets and that computers are replaced every five years based on specific County-wide standards. Likewise, the Computer Center Director at HCAO indicated that computers are replaced every three years based on a formal schedule that identifies specific operating requirements. Finally, the Information Technology Director at SCAO indicated that the Auditor's Office does not have a formal computer replacement plan, but computers are generally replaced every three to five years based on recommended guidelines.

Financial Implications Summary

The following table provides a summary of recommendations with cost savings and avoidances identified in this report, intended to assist the County during the transition to the new charter form of government. Detailed information concerning the financial implications, including assumptions, is contained within the respective assessment.

Table 2-12: Summary of Performance Audit Financial Implications

Recommendation	Annual Cost Savings	Annual Cost Avoidances
R2.2 Reduce the staffing and contracted service costs within the tax administration and property service function.	$878,000	
R2.3 Eliminate 5.2 FTEs from the consumer services function.	$234,000	
R2.4 Eliminate 5.5 FTEs from the weights and measures function.	$329,000	
R2.6 Provide 1 percent cost of living adjustments over the next three years.		$404,000[1]
R2.8 Consider closing two satellite offices.	$42,000	
R2.10 Consider requiring employees to work 40 hours per week.	$246,000	
R2.18 Use competitive bids or RFPs.	$114,000	
R2.21 Increase the use of direct deposit for processing payroll.	$17,000	
R2.21 Reduce the use of paper-based payroll remittances.	$5,000	
R2.21 Increase the use of the ACH network for processing accounts payable transactions.	$20,000	
Total	**$1,885,000**	**$404,000**

Source: AOS performance audit recommendations
[1] This is the average cost avoidance from 2011 to 2013.

Appendix

Table 2-13 presents the average responses of the AOS survey of employees at the Auditor's Office. AOS received responses from 56 employees[23], for an overall response rate of approximately 24 percent. The ratings a survey respondent could use in responding to each statement were 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree.

Table 2-13: Employee Survey Results

Job Descriptions:
I am aware of the duties require in my job description. Average Response = 4.4
My job description accurately reflects my actual daily routine. Average Response = 4.0
Cross-Training:
Cross-training has been implemented in my department. Average Response = 3.6
Our department could effectively maintain productivity in the event of a short-term absence by management or staff. Average Response = 3.7
Employee training in my department is effective. Average Response = 3.5
Operating Efficiency:
The administration effectively monitors changes to its statutory requirements and adapts appropriately. Average Response = 3.3
The administration proactively seeks opportunities to streamline job functions within my department. Average Response = 3.1
The administration proactively seeks opportunities to minimize duplication of efforts between departments. Average Response = 3.0
Staffing Levels:
I feel the staffing levels within my division are appropriate to carry out our responsibilities. Average Response = 3.7
The staffing levels in my division have remained relatively consistent during the last three years. Average Response = 3.7
Management incorporates departmental workload data to determine staffing needs. Average Response = 3.1
Strategic Planning:
I am aware of a strategic plan that addresses the Auditor's Office's goals and objectives. Average Response = 2.8
The administration monitors its performance and achievement of its goals. Average Response = 2.9
Customer Satisfaction:
The administration proactively seeks opportunities to collect, monitor and improve employee and customer satisfaction. Average Response = 3.1

[23] The lowest number of responses related to the rating system of 1 to 5 was 54 for one statement, while 12 statements contained 55 responses.

Performance Evaluations:
My performance is formally evaluated at least annually. Average Response = 2.3
Management incorporates workload data into my performance evaluation. Average Response = 2.5
The evaluation process provides timely and relevant feedback. Average Response = 2.6
Management responds and acts on recommendations made in the evaluation process. Average Response = 2.6
Hiring Practices:
Opportunities for promotions are handled in a consistent and fair manner. Average Response = 2.2
The overall employee recruitment process is consistent and effective. Average Response = 2.5
The Auditor's Office maintains effective practices regarding job posting and hiring. Average Response = 2.4
There are documented requirements that must be satisfied in order to be employed at the Auditor's Office and I am aware of them. Average Response = 3.2
Employee Compensation:
The employee compensation schedules are fair and appropriate. Average Response = 2.3
The Auditor's Office uses a consistent process for determining employee pay rates. Average Response = 2.0
Policies and Procedures:
I am satisfied with how human resource activities are managed at the Auditor's Office. Average Response = 2.9
I am satisfied with the overall effectiveness of the Auditor's Office human resource management policies and procedures. Average Response = 2.9
I am informed of changes in policies and procedures. Average Response = 3.7
The employee policies and procedures manuals are updated on a regular basis and are effectively communicated. Average Response = 3.6
Employee Morale:
Overall, I feel the Auditor's Office employee satisfaction and morale is positive. Average Response = 2.8
Technology:
I am comfortable with all major software functions used by my department. Average Response = 3.8
Administrative/office software training meets user needs. Average Response = 3.4
The computer systems are reliable. Average Response = 3.5
The speed of data processing is satisfactory. Average Response = 3.5
Data generated from the computer systems is useful for decision making or monitoring. Average Response = 3.7
The software provided meets the needs of my users in my department. Average Response = 3.6
Requests for computer assistance are answered in a timely manner. Average Response = 3.9
The technology staff is able to solve hardware problems effectively. Average Response = 3.9
The number of technology personnel is adequate to provide support. Average Response = 3.5
I am satisfied with the assistance provided by technology personnel. Average Response = 3.8

Source: AOS Employee Survey

COUNTY RESPONSE

County Response

The letter that follows is Cuyahoga County's official response to the performance audit. Throughout the audit process, staff met with the County to ensure substantial agreement on the factual information presented in the report. When the County disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.

COMMISSIONERS
Jimmy Dimora
Timothy F. Hagan
Peter Lawson Jones

July 16, 2010

Mary Taylor, CPA
Auditor of State
c/o Mate Rogonjic
Performance Audit Division
Lausche Building, 12th Floor
615 West Superior Avenue
Cleveland, Ohio 44113

Dear Ms. Taylor:

Thank you for the hard work and detailed analysis that went into the Performance Audit of the County Audit of the County Auditor's Office. You have my assurance that your report and recommendations will be incorporated into our transition recommendations to the new government.

Sincerely,

James McCafferty

James McCafferty, MSSA
Cuyahoga County Administrator

cc: Frank Russo, Auditor

Auditor of State
Mary Taylor, CPA

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