



Dave Yost • Auditor of State



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To the residents, elected officials, management, and stakeholders of the Mahoning County Engineer's Office,

At the request of the Engineer and County Commissioners, the Auditor of State's Ohio Performance Team conducted a performance audit of the Mahoning County Engineer's Office to provide an independent assessment of operations. Functional areas selected for operational review were identified with input from the Office's management team and were selected due to strategic and financial importance to the Engineer's Office. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the Office's overall efficiency and effectiveness. This report has been provided to the Engineer's Office and its contents have been discussed with the appropriate elected officials and management.

The Engineer's Office has been encouraged to use the management information and recommendations contained in the performance audit report. However, the Office is also encouraged to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report. The Auditor of State has developed additional resources to help Ohio governments share ideas and practical approaches to improve accountability, efficiency, and effectiveness.

SkinnyOhio.org: This website, accessible at <http://www.skinnyohio.org/>, is a resource for smarter streamlined government. Included are links to previous performance audit reports, information on leading practice approaches, news on recent shared services examples, the Shared Services Idea Center, and other useful resources such as the Local Government Toolkit. The Shared Services Idea Center is a searchable database that allows users to quickly sort through shared services examples across the State. The Local Government Toolkit provides templates, checklists, sample agreements, and other resources that will help local governments more efficiently develop and implement their own strategies to achieve more accountable, efficient, and effective government.

This performance audit report can be accessed online through the Auditor of State's website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

August 12, 2014

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Executive Summary

Purpose and Scope of the Audit

The Mahoning County Engineer's Office (MCEO or the Office) requested the Auditor of State's (AOS) Ohio Performance Team (OPT) conduct a performance audit in order to provide an objective assessment of the economy, efficiency, and effectiveness of its operations and management. To this goal, the following scope areas were selected for detailed review and analysis in consultation with the Office: human resources, financial management, operations, service operations, and technology. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are commonly referred to as generally accepted government auditing standards (GAGAS).

OPT conducted this performance audit in accordance with GAGAS. These standards require that OPT plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. OPT believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

This performance audit provides objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources including peer comparison, industry standards, leading practices, statutory authority, and applicable policies and procedures.

In consultation with MCEO, the following entities were identified as peers: the engineer offices of Butler County, Clermont County, Delaware County, Franklin County, Lorain County, Medina County, Portage County, and Warren County. Where reasonable and appropriate these peer entities were used for comparison. However, in some operational areas industry standards or leading practices were used for primary comparison. Sources of industry standards or leading

practices used in this audit include: the Government Finance Officers Association (GFOA), the Society for Human Resource Management (SHRM), the Ohio Department of Transportation (ODOT), and the Ohio Department of Administrative Services (DAS).

The performance audit involved information sharing with MCEO, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed MCEO of key issues impacting selected areas, and shared proposed recommendations to improve operations. MCEO provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

AOS and OPT express their appreciation to the Mahoning County Engineer, management, and employees of the Mahoning County Engineer's Office for their cooperation and assistance throughout this audit.

Issues for Further Study

Issues are sometimes identified by AOS that are not related to the objectives of the audit but could yield economy and efficiency if examined in more detail. During the course of the audit, MCEO's stormwater program funding was an area outside of the scope that, with further examination, could potentially yield improvements to operations.

Stormwater Program Funding: MCEO and its joint permittees, the townships of Austintown, Beaver, Boardman, Canfield, Poland, and Springfield, and Mill Creek MetroParks are jointly authorized for their Small Municipal Separate Storm Sewer Systems (MS4) to discharge storm water under the National Pollutant Discharge Elimination System (NPDES). Currently, each jurisdiction is responsible for the maintenance of its stormwater infrastructure. Therefore, MCEO is responsible for managing stormwater within the County public right-of-way. New infrastructure is paid for in part with grant dollars when road improvements are completed and maintenance of the stormwater system (on County roads) is paid for out of the Motor Vehicle and Gasoline Tax Fund. MCEO should consider the feasibility of alternative funding sources such as service fees (including stormwater utilities), property taxes, special assessment districts/regional funding mechanisms, and/or system development charges (SDCs) for future infrastructure improvements.

Summary of Recommendations

The following table summarizes performance audit recommendations and financial implications, where applicable.

Summary of Recommendations

Recommendations	Savings
R.1 Renegotiate provisions within the collective bargaining agreement (CBA)	\$384,000
R.2 Eliminate 1.0 FTE operations supervisor position	\$98,500
R.3 Monitor sick leave usage to identify abuse	N/A
R.4 Utilize electronic payroll system and right-size associated staff	\$84,000
R.5 Centralize the human resources function	N/A
R.6 Implement a performance evaluation system	N/A
R.7 Design and implement an employee training and development program	N/A
R.8 Implement technology plan	N/A ¹
R.9 Improve budgeting system	N/A
R.10 Implement a job accounting software module	N/A
R.11 Track and monitor employee time by service operation and location	N/A
R.12 Utilize purchasing software	N/A
R.13 Create and implement a strategic plan	N/A
R.14 Develop and implement life-cycle costing methodology	N/A
R.15 Create vehicle and equipment replacement policy	N/A
R.16 Design and implement master road replacement plan	N/A
R.17 Input life-cycle costing data into the geographic information system	N/A
R.18 Improve complaint management system	N/A
R.19 Design and implement records management system	N/A
Total Cost Savings from Performance Audit Recommendations	\$566,500

¹ Costs associated with technology solutions vary; therefore costs could not be estimated.

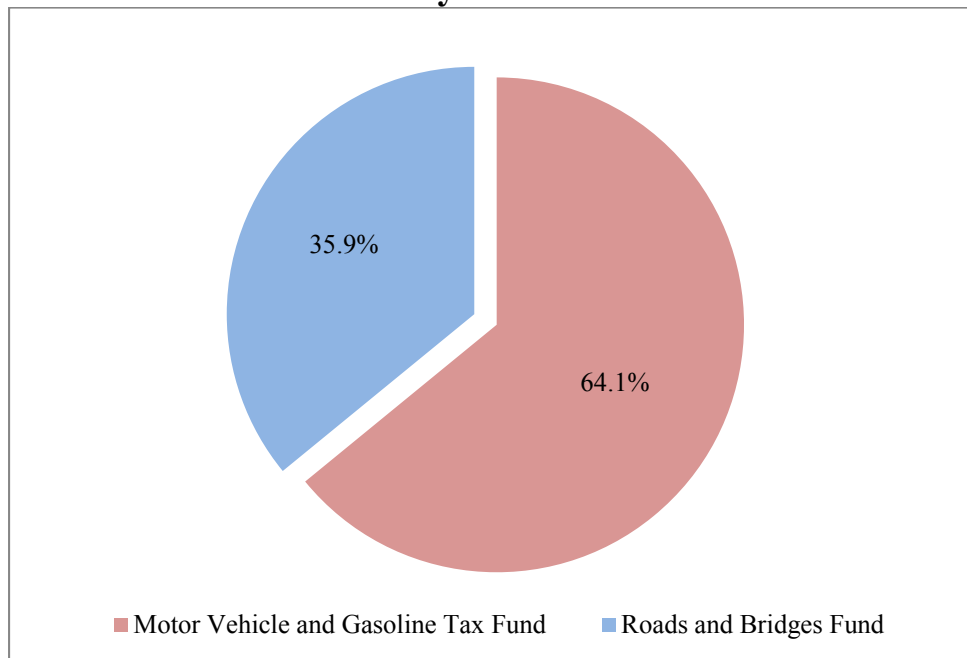
Background

In November 2012, the Engineer was newly elected to a four year term. MCEO contracted with AOS in June 2013 to conduct a performance audit to identify methods of modernizing operations. To this goal, assessments focused on enhancing the efficiencies of future processes and procedures. Recommendations were developed which provide opportunities for immediate economic impact, in addition to those that require longer term implementation, to ensure future operational viability.

Historical Revenues and Expenditures

MCEO operates with two primary funds,¹ the Motor Vehicle and Gasoline Tax Fund and the Roads and Bridges Fund. **Chart 1** displays the distribution of revenue between funds for 2012.

Chart 1: 2012 Primary Fund Revenue Distribution



Source: MCEO

As shown in **Chart 1**, the majority of the Office's revenue is generated from taxes on motor vehicle licenses and gasoline. This, along with revenue generated from a permissive tax² is accounted for in the Motor Vehicle and Gasoline Tax Fund, which acts as MCEO's general operating fund. Approximately one-third of total revenue is generated from the Roads and

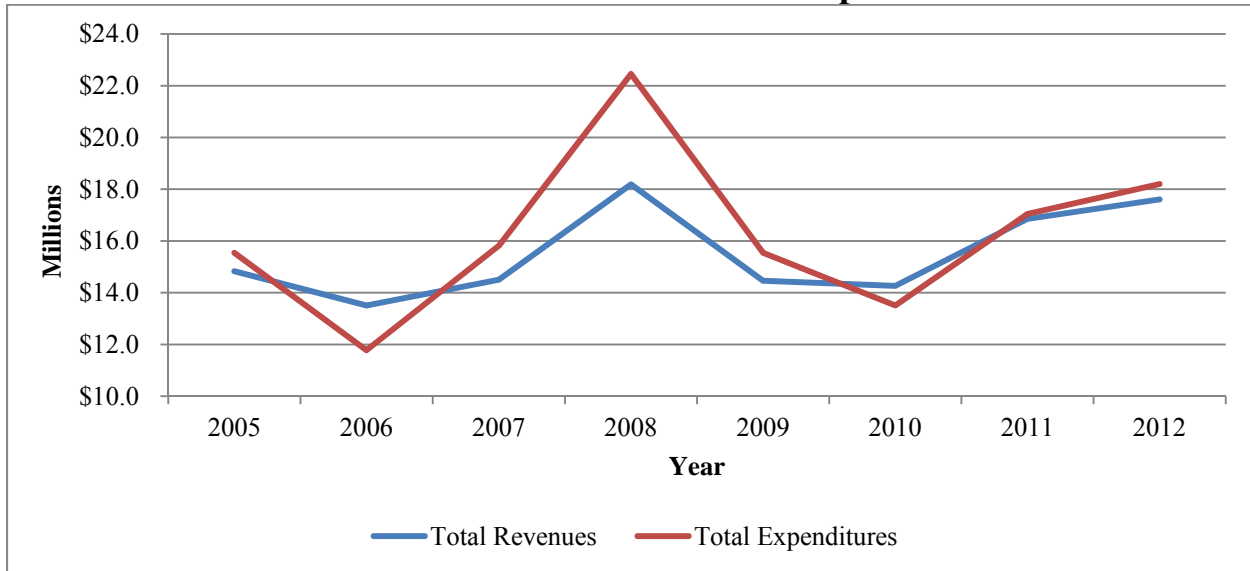
¹ MCEO also operates the County Engineer Fund which has historically held an immaterial cash balance.

² Permissive tax is an optional tax that can be levied by counties and/or taxing districts on vehicle registrations. Permissive tax revenue is used by counties and taxing districts pursuant to ORC Chapter 4504, for planning, constructing, improving and maintaining, and repairing public roads, highways, and streets; and for the maintaining and repair of bridges and viaducts.

Bridges Fund, which consists mainly of reimbursements for road replacement projects from the Ohio Public Works Commission. The Roads and Bridges Fund is used to report restricted money such as grants for road and bridge projects.

Chart 2 shows MCEO’s historical revenues and expenditures.

Chart 2: Historical Revenues and Expenditures



Source: Mahoning County CAFRs

As shown in **Chart 2**, MCEO has historically operated with expenditures that have slightly outpaced revenues, with the exception of 2008. In 2008, MCEO spent approximately \$5.0 million on the repair and replacement of a historical bridge. Despite incurring years of deficit spending, the cash balance as a percentage of expenditures for the two primary funds was approximately 29 percent in 2012.

Key Operating Ratios

Table 1 shows revenues and expenditures per registered vehicle for MCEO compared to the peer average.

Table 1: 2012 Key Operating Ratios

	MCEO	Peer Average	Difference	% Difference
Revenues	\$17,606,910	\$13,993,290	\$3,613,620	25.8%
Expenditures	\$18,198,433	\$15,414,546	\$2,783,887	18.1%
Registered Vehicles	248,318	240,522	7,796	3.2%
Revenue per Registered Vehicle	\$70.90	\$58.18	\$12.72	21.9%
Expenditures per Registered Vehicle	\$73.29	\$64.09	\$9.20	14.4%
Difference	(\$2.39)	(\$5.91)	\$3.52	59.6%

Source: MCEO, Ohio Bureau of Motor Vehicles and the peer counties of Butler, Delaware, Medina, and Warren

As illustrated in **Table 1**, MCEO's revenues and expenditures per registered vehicle are higher than the peer average. MCEO appears to be operating more efficiently as witnessed by incurring a lower net loss per vehicle. However, due to the fact that expenditures per registered vehicle exceeded revenues, operations were analyzed with the goal of being more efficient.

Recommendations

R.1 Renegotiate provisions within the collective bargaining agreement (CBA)

The CBA between MCEO and the Teamsters Union, covering service workers, was compared to bargaining agreements of four surrounding county engineer offices³ and to the Ohio Department of Transportation.⁴ This review identified the following MCEO provisions that were more costly or less productive in comparison to this group:

- **OPERS/Pension Pick-up** – MCEO employees receive full pension pick-up whereby the Office pays the 14 percent employer portion and the 10 percent employee portion. In contrast, four of the five comparative contracts do not provide a pension pick-up of any amount for employees.⁵ Pension pick-ups historically have been a common benefit for other Mahoning County agencies, however, the Mahoning County Commissioners discontinued the 10 percent employee pick-up for most agencies in 2013. Eliminating the 10 percent pension pick-ups for the 51 MCEO employees receiving this benefit would provide a cost savings of approximately **\$238,000**.
- **Holidays** - MCEO employees receive 13 paid holidays each year while the peers provide an average of 11 paid holidays. Direct monetary savings from reducing paid holidays to a level similar to the comparison group could not be quantified; however, an increase of 816 available work hours would result from this reduction. An additional comparison was made to County agencies under the authority of the Commissioners which provides employees of these agencies 10 paid holidays. MCEO would realize an increase of 1,124 available work hours, if the number of paid holidays were reduced to the County level.
- **Longevity Pay** – MCEO employees receive \$0.05 per hour worked in longevity pay after two years of service with annual increases up to a total of \$1.50 per hour after 32 years of service. Over a 30 year career, an employee would receive an average of \$0.70 per hour worked and a total of approximately \$48,000. The comparison group had an average longevity supplement of \$0.37 per hour worked over a 30 year career. Reducing the longevity to \$0.37 per hour worked over 30 years would result in an annual savings of **\$35,000**⁶ based on 2013 operating data.

³ County engineer offices of Columbiana, Portage, Stark and Trumbull were used as the comparison group because compensation is analyzed regionally.

⁴ ODOT employees are covered under an agreement between the State of Ohio and Civil Service Employees Association. This bargaining agreement was included because these employees have similar job duties as county engineer service workers.

⁵ Trumbull County Engineer's Office pays 4 percent of the employee pension contribution with the employee contributing the remaining 6 percent.

⁶ Calculated average longevity pay per hour worked over a 30 year career. Average includes Columbiana County Engineer's Office and Trumbull County Engineer's Office. Portage County Engineer's Office does not provide a longevity payment. Stark County Engineer's Office and ODOT provide longevity payments based on a percentage of hourly rates, due to varying hourly rates, an average was not able to be quantified.

- **Hazardous Duty Pay** - MCEO employees receive hazardous duty supplements and stipends due to the nature and environment of their work. Employees are compensated \$0.50 per hour worked plus a one-time \$725 stipend each year. None of the comparative contracts provide employees with a hazardous duty incentive. MCEO could realize a savings of **\$91,000** annually by eliminating the hazardous duty supplement and stipend for bargaining unit employees based on 2013 data.
- **Commercial Driver's License (CDL) Bonus** - MCEO employees with a current, legal CDL receive an annual stipend, paid on the license holder's employment anniversary. Holders of a Class A CDL receive a \$700 annual payment and holders of a Class B receive \$600 annually. MCEO currently employs 14 Class A and 25 Class B license holders. Stark County is the only peer with a bonus provision, providing \$0.05 per hour worked for a total of \$104 annually to full-time employees with a CDL. Lowering its CDL bonus to a level equal to Stark County would save MCEO approximately **\$20,000** annually.
- **Boot & Clothing Allowance** - MCEO employees receive a \$500 annual payment for uniforms and an additional \$150 for boots. Receipts are not required for uniform and footwear purchases. MCEO expends approximately \$33,000 annually for uniforms. In comparison, the peers purchase uniforms for employees when necessary rather than providing annual payments. MCEO should consider purchasing uniforms for employees or implement a policy requiring pre-approval and receipt of purchase before reimbursement. A direct savings could not be quantified based on available data.

In addition to the holiday pay comparison completed for bargaining unit employees, a similar comparison was made for non-bargaining unit employees. MCEO non-bargaining unit employees receive 13 paid holidays while the comparison group provides 11 paid holidays and the County provides other agencies with 10 paid holidays. This comparison showed that reducing paid holidays to the comparison group and the County levels for non-union employees would yield an increase in available work hours of 400 and 600 hours, respectively. A direct financial savings could not be quantified; however, reducing the number of paid holidays for all employees to the comparison group's level would result in an increase of approximately 1,200 available work hours, while an increase of approximately 1,700 available work hours would occur if holidays are reduced to the County level.

Financial Implication: Negotiating the provisions identified above would result in a savings of **\$384,000** annually.

R.2 Eliminate 1.0 FTE operations supervisor position

OPT attempted to analyze MCEO's span of control for all operations employees, however, workload metrics necessary were not available (see **R.10**). Therefore, an analysis of the Office's supervisor-to-foreman span of control was completed.

MCEO operations staff consists of five tiers of employees, the Engineer, the Operations Deputy, three supervisors, nine foremen, and twenty-four laborers and service workers. MCEO operates out of three locations, referred to as districts. Each of the three locations houses the equipment

and supplies needed to maintain and service that district. In addition, administrative staff and the vehicle and equipment maintenance function are located at District 1. **Table 2** shows the current span of control by district and overall.

Table 2: Operational Staff Span of Control

	Supervisor-to-Foremen Span of Control
District 1	1 : 5
District 2	1 : 2
District 4	1 : 2
All Districts	1 : 3

Source: MCEO

As shown in **Table 2**, MCEO has supervisor-to-foremen ratios that range between 1:2 and 1:5. The main responsibilities of a district supervisor consist of assigning work crews and approving timesheets.⁷ Foremen act as crew leaders while working on the job. MCEO’s foremen have an average of 32 years of service with the Office while laborers have an average of 24 years of service.

Span of Control: What Factors Should Determine How Many Direct Reports a Manager Has (Society of Human Resource Management (SHRM), 2013) indicates that perfect span of control ratios do not exist. However, span of control is critical in understanding organizational design and the behaviors within an organization, such as the approach used to interact with employees and the effectiveness of communication between each level within an organization. Factors such as organizational size, workforce skill level, organization culture and managers’ responsibilities should be taken into consideration when determining span of control levels.

To provide an indication of the optimal span of control, MCEO was compared to peer engineer offices. **Table 3** compares supervisor-to-foreman span of control of MCEO to the peer average.

Table 3: Operations Span of Control Comparison

	MCEO	Peer Average	Difference	% Difference
Number of tiers	5.0	4.6	0.4	8.7%
Supervisor-to-Foreman Ratio	1:3	1:4.3	(1.3)	(30.2%)

Source: MCEO and the peer counties of Butler, Delaware, Medina, Portage and Warren

As shown in **Table 3**, the peers operate with a span of control wider than that of MCEO. In order to achieve a wider span of control and operate more in line with the comparison group, MCEO should reduce one supervisor. This span of control is achievable due to the organization size, workforce skill level, and supervisor’s responsibilities of MCEO. This reduction would result in a span of control of 1:4.5 and could help to reduce administrative overhead, improve communication flow, and increase employee motivation and productivity.

⁷ ORC 4117.01(F) identifies that supervisory positions are excluded from CBAs. Duties of supervisor means any individual who has authority, in the interest of the public employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward or discipline other public employees; to responsibly direct them; to adjust their grievances; or to effectively recommend such action, if the exercise of that authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

Financial Implication: Reducing 1.0 FTE operations supervisor would save approximately **\$98,500** in salaries and benefits. The savings is calculated by using the salary of the lowest paid supervisor (\$67,662) with a fringe benefit savings of 45.7 percent. Estimated savings could increase if reduction occurs through retirement or voluntary separation of higher salaried staff.

R.3 Monitor sick leave usage to identify abuse

The Ohio Department of Administrative Services (DAS) reports sick leave usage for State employees. **Table 4** shows the average percentage of sick leave hours used in relation to total accrual for MCEO employees compared to DAS data. Percentage of accrual used was analyzed because county employees accrue 120 hours of sick leave annually compared to State employees that, pursuant to ORC Chapter 124.38, accrue 80 hours annually.

Table 4: 2013 Sick Leave Comparison

	MCEO	DAS	Difference
Administrative	76.9%	47.5% ¹	29.4%
Bargaining Unit Employees	73.7%	97.8% ²	(24.1%)
All Employees	76.1%	69.3%³	6.8%

Source: MCEO and DAS

¹ Exempt employees.

² AFSCME employees.

³ Statewide average.

As shown in **Table 4**, MCEO administrative staff had higher sick leave usage in comparison to the average reported by DAS while bargaining unit employees had lower usage. Higher rates of sick leave usage can result in decreased productivity and an increase in overtime expenditures.

MCEO’s CBA and policy manual require physician notes and a written statement explaining the nature of the illness. Although the Office requires verification for sick leave use, it does not review sick leave reports for patterns of abuse. Reviewing for patterns of abuse would allow MCEO to investigate situations and reduce abuse.

MCEO should monitor and review sick leave usage reports to identify abuse. Decreasing MCEO administrative staff sick leave usage by 29.3 percent to be more in line with the average reported by DAS would result in an increase of 880 available work hours annually. Overall, reducing sick leave usage 6.8 percent, to a level comparable to the statewide average reported by DAS, would result in an increase of 621 available work hours.

R.4 Utilize electronic payroll system and right-size associated staff

MCEO utilizes a paper-based payroll system that requires multiple, manual data entry steps. Paper timesheets are filled out by supervisors and submitted to the payroll officers. Timesheet data is manually entered into two different software systems before it is reconciled against paper time sheets bi-weekly. The information is then transferred into the County-wide finance and accounting software. This process reduces efficiency in comparison to the capabilities available in an automated payroll system.

Leveraging the Value of Employee Self-Service Portals (SHRM, 2014) identifies that the utilization of web-based payroll software can enhance services while reducing costs associated with the administrative burdens of paper-based systems. Employee self-service (ESS) portals are web-based tools through which employees can access relevant information and conduct certain transactions from a central online site or gateway. ESS delivers measurable efficiencies to employees and the organization by eliminating inaccuracies in data collection by offering a single point of entry and immediate application of business rules. It also links information across the organization, so systems can talk to each other, and increases the speed of HR transactions. With respect to payroll, ESS time and attendance applications may be especially beneficial to MCEO. ESS portals can provide real-time display of time and attendance data, and allow workers to record time anywhere. These systems also assist HR by reducing administrative burdens and assist managers by reducing time needed to approve employees’ time.

MCEO operates in a paper-based payroll environment, increasing the risk of payroll error due to redundant manual data entry steps required. MCEO has the capacity and opportunity to reduce this risk by transitioning to an electronic-based ESS system offered by the County. This portal could be implemented at no cost to the Office other than employee time dedicated to training.

Table 5 shows MCEO’s payroll personnel staffing and workload ratio in comparison to Mahoning County Sheriff’s Office (MCSO) that utilizes the County ESS portal.

Table 5: Payroll Staffing Comparison

	MCEO	MCSO	Difference	% Difference
Number of employees	76.0	212.0	(136.0)	(64.2%)
Payroll FTEs	2.0	2.0	0.0	0.0%
Employees per Payroll FTE	38.0	106.0	(68.0)	(64.2%)
Calculated Staffing Need (FTEs)				0.7
Staffing Reduction (FTEs)				1.0

Source: MCEO, MCSO, and Mahoning County CAFR (2012)

As shown in **Table 5**, MCEO’s payroll function is significantly less efficient in comparison to MCSO. Specifically, MCEO processes payroll for nearly two-thirds less employees per payroll FTE than MCSO. The difference in productivity is due, in part, to the paper-based process with which MCEO operates.

MCEO should implement the County ESS portal for payroll and reduce payroll staffing levels by 1.0 FTE in order to be comparable with MCSO. In addition to increased data processing capabilities, implementing an ESS portal would decrease risk associated with human error.

Financial Implication: Reducing 1.0 FTE payroll officer would save approximately \$84,000 in salary and benefits. This savings was calculated using the lowest paid payroll officer’s salary (\$57,699) with a fringe benefit savings of 45.7 percent. Estimated savings could increase if reduction occurs through retirement or voluntary separation of higher salaried staff.

R.5 Centralize the human resources function

MCEO does not have a centralized human resources (HR) department. While final payroll and purchase processing are done by the County Auditor’s Office, internal HR functions are divided between seven different positions within MCEO.

HR functions include: payroll, maintaining employee files, grievance hearings, employee manual application, new employee orientation, benefits administration, employee investigations, and employee hiring/firing. **Table 6** compares the number of total positions involved in providing HR functions to the number of like positions at the peer county engineer offices. Total positions were used in this analysis as opposed to total FTEs because percentage of time performing HR activities could not be accurately estimated by MCEO or the comparison group.

Table 6: Human Resources Functions Comparison

	MCEO	Peer Average	Difference	% Difference
HR Positions	7.0	3.8	3.2	84.2%
Office-wide FTEs	76.0	89.0	(13.0)	(14.6%)
FTEs per HR Position	10.9	23.4	(12.5)	(53.4%)

Source: MCEO and peer counties of Clermont, Delaware, Franklin and Lorain

As shown in **Table 6**, MCEO has more overall positions handling HR activities than the peers and fewer FTEs per HR related position than the peers. Lower HR related staffing at the peer counties can be attributed to centralized HR departments at Clermont, Franklin and Lorain counties. Having a centralized HR department decreases the number of positions required to complete the function.

MCEO should centralize HR functions in order to decrease the number of employees involved in the function and increase efficiencies. In conjunction with the application of an ESS portal (see **R.4**), fewer positions will be needed to ensure efficient and effective service is provided to employees and residents.

R.6 Implement a performance evaluation system

MCEO does not provide employees with regular performance evaluations or provide feedback to employees on their performance. Without these valuable management tools, employees may lack direction and the necessary information to improve personnel performance and for the organization as a whole.

Performance Appraisal as an Employee Development Tool (SHRM, 2002) suggests that an organization’s performance evaluation system be participatory, provide consistent feedback, and encourage development. Performance appraisals are an important tool to help an organization make decisions related to promotions, advancement, selection for training, and salary administration.

The Office should implement a performance evaluation system for all employees. Implementing a performance evaluation system will allow MCEO to better serve the residents of Mahoning

County by providing employees with consistent, constructive feedback to improve performance. Further, performance evaluations will provide management with information regarding training needs (see **R.7**), employee morale, and alignment with the mission of the organization.

R.7 Design and implement an employee training and development program

MCEO does not have a formal employee training and development program for employees linked to the annual budget. Training is provided on an as needed basis. For example, employees are permitted to attend trainings to obtain continuing professional education credits in order to retain licenses, such as Professional Engineer (PE) or Professional Surveyor (PS). Training for road crew and office staff is generally limited to on-the-job training from colleagues and management.

Change Management: What Issues Should a Small Employer Consider as it Grows in Staff Size? (SHRM, 2012) recommends that organizations develop a training and development plan by creating a training budget and encouraging employees to seek and obtain more knowledge and skills through external seminars, webinars and other training opportunities. MCEO may be able to utilize resources in the area, such as Youngstown State University, to provide a quality training and development program to employees.

MCEO should develop and implement an employee training and development program. A dedicated program with an accompanying budget would ensure that employees are kept abreast of the latest information, technology, and standards in their field. Similarly, MCEO could tailor trainings to the organization's goals, mission, and employee performance evaluations.

R.8 Implement a technology plan

MCEO lacks technological capabilities that would ordinarily assist in effective and efficient management of operations. Technological deficiencies range from paper-based processes in payroll and purchasing to the inability to plan and manage capital assets. The following were identified as areas of operations and management capabilities that are affected by MCEO's lack of technology:

- **Payroll:** Utilizing County software (**R.4**);
- **Budgeting:** Departmental based budgeting (**R.9**);
- **Job Accounting & Financial Reporting:** Job accounting software (**R.10**) and tracking employee time by service and location (**R.11**);
- **Purchasing:** Electronic purchase order system (**R.12**);
- **Capital Assets:** Lifecycle costing software (**R.14**) and geographic information system (**R.17**);
- **Complaint Management:** Application for complaint process (**R.18**); and
- **Records Management:** Records management system (**R.19**).

Leadership for the Next Generation of Government Financial Performance (GFOA, 2013) stresses the importance of technology solutions in the public sector. Data management and analytics are important tools for policymakers. Government policymakers need the ability to

merge, coordinate, and optimize program combinations across a portfolio of programs to achieve the optimal return on taxpayer dollars.

MCEO's technological deficiencies diminish its capabilities for financial planning, sound financial management, and delivering services as efficiently and effectively as possible through the assistance of computerized systems. MCEO should create a plan that identifies key technology solutions concerning operations and management. Doing so will assist MCEO in enhancing service levels, fiscal awareness, and overall management of operations and finances.

R.9 Improve budgeting system

A review of MCEO's budgeting system found it to be deficient in the following areas:

- **Modeling** – MCEO does not create internal budgets for individual departments. As a result, it cannot determine future funding needs for a given program limiting the ability to ensure that funds are available for prioritized functions. *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* (GFOA, 1998), states that governments should prepare multi-year projections of expenditures for each fund and for existing and proposed new programs. If MCEO budgeted departmentally, on a program basis, it could better predict the amount of funds needed and earmark those funds accordingly.
- **Transparency and Stakeholder Involvement** – Department managers have limited involvement in the budgeting process, with the exception of budgets for projects in which they are directly involved. Department managers cannot see budgets in real time due to a lack of financial management technology. *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* also recommends that the budget process include all stakeholders and communication and involvement is an essential component of every aspect of the budget process. Identifying and including all stakeholders in the budgeting process will increase the likelihood of obtaining all information necessary to create an accurate budget.
- **Utilization** – MCEO does not utilize internal budgets to determine the true costs of activities. The Office adjusts internal budgets through inter-budget transfers between line items when expenditures arise that exceed the originally budgeted amount in a given line item. Inter-budget transfers are common practice in order to avoid perceived funding shortfalls. In doing so, MCEO limits its visibility into what is actually spent for specific purposes. MCEO should encourage employees to attend training and development courses to ensure they have the skills necessary to succeed in their position as well as the opportunity to help the organization as a whole (see **R.7**). Properly utilizing internal budgets will provide MCEO with a basis for future decision making. In addition, increasing education and training opportunities for accounting personnel may assist in minimizing occurrences of these transfers.

R.10 Implement a job accounting software module

MCEO's budgeting and accounting functions are not managed on a program or project basis. Instead, they are categorized in object line items within broad functional areas. For example, revenues and expenditures qualifying as general contracting are recorded in the same line item, regardless of the specific project that these funds would be attributed to. As a result, the cost of individual program tasks cannot be determined.

According to *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* (GFOA, 1998), the functions, programs, and/or activities of the government's organizational units should be identified. Clearly identifying the functions, programs, and/or activities of organizational units assists those reviewing or evaluating the government to develop a better understanding of the role of each unit and aids in evaluating the services it provides.

MCEO should implement the job accounting modules that are currently available through the County's financial systems software. Doing so will allow MCEO to track the true cost of individual activities on a program and project basis, thereby improving the accuracy of its financial reporting. Transitioning to a program and project based model of financial management would be simplified by using work-order software. This would allow project costs to be automatically linked to ledgers and budgets and applied to specific program and project cost centers. Acquiring job accounting software is an investment in operational efficiency that could require a significant capital outlay.

R.11 Track and monitor employee time by service operation and location

OPT was tasked with two assessments that could not be completed based on available data: determining if MCEO's staffing levels are proper in relation to workload and if MCEO's district locations are cost effective and operationally efficient. In order to determine appropriate staffing levels and district locations, accurate workload measures needed to be developed and compared to peer county engineer's offices. MCEO, however, does not have the capability to track employee time by function which would be necessary to complete both of these assessments.

Developing a system to track and monitor employee time would allow MCEO to assess if office-wide operations are efficient. Specifically, when tracking and monitoring employee time, MCEO should consider using the following classifications and job functions:

- **Service Operations** – includes road crew employees that are mainly responsible for filling and patching potholes, mowing, culvert maintenance, and controlling snow/ice and foliage.
- **Engineering** – responsible for bridge management, construction project management, inspections, plan and permit reviews, engineering support to the Office and townships, and the design of small projects.
- **Surveying** – includes employees responsible for surveying right-of-ways and monuments and reviewing plat surveys that are submitted to the Mahoning County Auditor.

MCEO could use tracked information when determining the appropriateness of facility locations. In addition to tracking employee time by function, assigned projects should also be tracked by location. The Office currently operates out of three locations, District 1 (Youngstown), District 2 (North Lima), and District 4 (Sebring). In accordance with the CBA, employees are assigned to a specific district. As current practice, employees only complete projects within their assigned district. Evaluating assigned duties by location would enable MCEO to determine if district location structure is efficient or if further centralization of functions would be optimal.

Two peer engineers' offices, those of Butler and Medina counties, have the ability to track employee time by service operation. Specifically, the Butler County Engineer's Office has a system in place that is capable of tracking actual labor hours, equipment time, and materials per job. The program can track tasks on a weekly, monthly, or yearly basis. Also, the Medina County Engineer's Office is able to show, in its annual report, how much material was used for various functions, the cost of the projects/functions, and the number of hours it took employees to perform the work.

MCEO assigns daily work schedules when employees arrive for their shifts; however assignments and hours per task per employee are not tracked. Information indicating the location and hours spent per task was not available. Without this information it was not possible to assess the appropriateness of each location.

Tracking employee time spent on individual projects and service functions will enhance accountability by enabling MCEO to realize the actual costs of providing services. This would also allow MCEO to accurately depict operations in its annual report, control costs for ongoing projects, determine appropriate staffing and workloads, and plan for future projects and funding. In addition, once full costs are captured, MCEO will be able to determine if it is advantageous to bring more functions in-house or continue to outsource.

R.12 Utilize purchasing software

MCEO uses a paper-based system for processing and submitting purchase orders. Supervisors and managers submit paper request forms to the accounting personnel to verify the availability of funds. Upon verification, purchase orders are processed.

The County currently owns a purchasing software module through its technology solutions vendor; however, the module is not being utilized. Purchasing software can reduce order costs through automated confirmations and approvals while also providing statistical analysis of vendor performance. The software can also update budgets and ledgers in real-time.

MCEO follows competitive bidding practices as stipulated in ORC Chapter 307.86.⁸ Purchases in excess of \$50,000 are competitively bid and MCEO obtains three quotes for purchases greater than \$1,000 but less than \$50,000.

Based on its current practices, MCEO's purchasing function is less cost-effective than if it utilized automated purchasing software. Therefore, MCEO should implement the use of the

⁸ ORC Chapter 307.86 indicates that goods or service in excess of \$50,000 shall be obtained through competitive bidding. Exceptions apply.

automated purchasing software made available by the County's current technology solutions provider. Doing so could increase efficiencies for MCEO's purchasing function.

R.13 Create and implement a strategic plan

MCEO does not have a comprehensive strategic plan to guide long-term operations and spending decisions. The Office operates with a mission statement, but it does not have documented goals and objectives. The lack of a formal strategic plan can cause important initiatives or timelines to be missed.

According to *Recommended Budget Practice on the Establishment of Strategic Plans* (GFOA, 2005), strategic planning is a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization's mission, and achieve consensus on strategies and objectives for achieving that mission. GFOA also recommends that all governmental entities use some form of strategic planning to provide a long-term perspective for service delivery and budgeting to create logical links between authorized spending and broad organizational goals.

The City of Charlotte, North Carolina and King County, Washington have developed robust multi-year strategic plans. The City of Charlotte, along with Mecklenburg County, North Carolina, developed the *Charlotte Center City 2020 Vision Plan*, in 2011 with the goal of ensuring a promising future for the City and the region. The plan includes goals, transformative strategies, focus areas, and implementation plans. The plan was developed by both entities with significant contributions from community workshops with residents and other stakeholders. Also, King County, Washington developed the *King County Strategic Plan 2010-2014* in 2009 by collecting input from residents and stakeholders. The plan was created with input from residents and county employees over a period of 18 months and was developed in collaboration with council and the county's separately elected officials. The King County Strategic Plan is a key component of the King County Management Model. It embodies the priorities of the residents of King County and the values of the elected officials. It is designed to guide decisions in times of fiscal challenge as well as prosperity. The plan also represents the county's commitment to deliver services that meet and exceed the standards of professionalism, efficiency, quality, and customer service.

MCEO should develop a strategic plan that is linked to its operating standards and financial budget. In order to effectively develop goals, it should determine the values and priorities of residents and stakeholders and allocate resources to those areas deemed most important. Developing, reviewing, and updating a strategic plan will allow MCEO to redefine its top budgetary priorities and initiatives and allocate resources to meet priorities in a manner that reflects changing needs.

R.14 Develop and implement life-cycle costing methodology

MCEO does not have a lifecycle costing analysis to help accurately plan for capital asset replacement. The County records acquisition dates, estimated life cycles, and replacement costs

for each capital asset in a list which includes all roads and bridges, equipment, and buildings. The asset list identifies the remaining useful life of assets and the cost of replacement. However, it does not identify the necessary annual investment, or a plan for funding to replace assets.

Preparing and Adopting Multi-Year Capital Planning (GFOA, 2006) identifies that buildings, infrastructure, technology and major equipment are the physical foundation for providing services to constituents. The procurement and maintenance of capital assets are a critical activity of state and local governments, school districts, and other government agencies, and therefore require careful planning. GFOA suggests that life-cycle costing be incorporated into a government's capital plan.

A lifecycle costing analysis would assist MCEO in replacing capital assets by helping to ensure that adequate funding is available. *Life Cycle Costing* (U.S. General Services Administration, 2013) identifies all sunk costs, first time costs, salvage value, future investments, residual value, annual fixed costs, and reoccurring costs to determine the total life cycle cost of an asset. Costs can include purchase price, any installation costs, operating costs, fuel costs, insurance costs, maintenance and upgrade costs, and the remaining residual or salvage value at the end of useful life.

Due to the nature of responsibilities, engineering offices tend to be capital asset intensive, placing a greater emphasis on the need for proper planning. For example, MCEO estimated replacement costs of its total capital asset inventory to be approximately \$139 million. In 2013, it is estimated that expenditures dedicated to capital asset replacement represented 1.9 percent of total estimated value of the capital asset inventory. Without using life-cycle costing methodology, MCEO cannot accurately determine if this level of reinvestment is adequate.

MCEO should develop a life-cycle costing methodology and incorporate this planning tool into its capital asset replacement plans (see **R.15** and **R.16**). Capital asset replacement plans based on a detailed life-cycle costing process would allow MCEO to dispose of or replace its capital assets exactly when the full cost of ownership starts to increase compared to the replacement value. Life-cycle costing is a key component that will benefit MCEO's operations. This methodology should tie to other technology solutions such as the budgeting, purchasing, and geographic information systems (see **R.8**).

R.15 Create vehicle and equipment replacement policy

MCEO does not have a current vehicle and equipment replacement policy driven by a lifecycle costing analysis. The Office owns and maintains 101 pieces of equipment, including vehicles and machinery with an average age of almost 16 years. The lack of a formal policy governing replacement can lead to an older fleet that is inefficient or the need to replace multiple vehicles or equipment when the funds have not been set aside.

Preparing and Adopting Multi-Year Capital Planning (GFOA, 2006) recommends that state and local governments prepare and adopt comprehensive multi-year capital plans to ensure effective management of capital assets. The City of Dublin, Ohio (Franklin County) has an effective policy for vehicle and equipment utilization and replacement whereby it manages vehicles and equipment in accordance with a formal fleet management practice. The fleet management practice provides an overview of vehicle, equipment, and parts replacement policies and

procedures. Dublin's fleet, equipment, and parts are replaced based on an examination of the history of the vehicle, including mileage, life-to-date ownership costs and repair history. A software system is used to evaluate the lifecycle costs and provides the following information for evaluation:

- Original cost;
- Depreciation;
- Preventive maintenance costs;
- Scheduled corrective maintenance;
- Unscheduled maintenance; and
- Mileage/hours used.

Using the information provided, Dublin developed a vehicle replacement schedule used by fleet management personnel to indicate when a vehicle should be evaluated for replacement. Dublin also replaces small equipment when the cost of keeping it in service exceeds the value of the equipment, or when the life-to-date maintenance costs exceed the value of the equipment.

MCEO should develop a formal vehicle and equipment replacement policy that includes utilization rates and a lifecycle costing model in order to minimize unwarranted spending on maintenance. With a formal vehicle and equipment replacement policy, MCEO can dispose of vehicles and equipment exactly when the full cost of ownership starts to increase. Once a formal policy is in place, MCEO will be able to properly plan and allocate funds for replacement.

R.16 Design and implement master road replacement plan

MCEO lacks a formal plan to select and replace roads. Currently, MCEO meets regularly with supervisors who provide a detailed list ranking roads in their respective districts that require replacement. MCEO also meets with its township trustees who provide a similar list for road replacement. After the list is compiled, MCEO looks at the location and number of resident complaints compared to the roads identified by supervisors and trustees. Once a decision is made for the upcoming road replacements, the Office seeks funding for the replacements through grants and loans from organizations such as the Ohio Public Works Commission (OPWC). If funding is obtained through OPWC, the project is scheduled. If not, the project is put on hold for a later date.

Monroe County, Michigan received a nomination from the *County Road Association Best Practices 2003-2010* (County Road Association of Michigan, 2004) for creating a Master List of Projects (MLP). The internal operations and business practices of the Monroe County Road Commission (MCRC) were lacking a specific plan for many years. This method of planning road projects caused inefficiency, confusion, and added costs and stress. In response to this problem, MCRC developed a method to relieve the cycle. An MLP was created that planned out road improvement projects five years in the future. The plan allowed MCRC to gain control of the annual budgeting process, reduce unexpected expenses and improve customer service and township relations.

As MCRC's MLP developed, townships began to think more than a year in advance, and lengthened their list of upcoming road projects. Developing the MLP helped townships to plan,

make decisions on road projects, and set aside money for future projects, knowing that the MCRC was also planning and preparing for the project. In addition, the MLP improved efficiency because staff was able to secure definite information about how the proposed funds would be spent and what funds would need to be held over for projects. The advanced knowledge of projects also improved efficiency for the fleet manager and purchasing agent by being aware of departmental equipment needs and budgeting.

MCEO should design and implement a master road replacement plan. Without a long term plan including a list of scheduled road replacements for future needs, linked to a lifecycle costing analysis (see **R.14**), MCEO will have a difficult time planning funding and resources for future road replacement needs, budgets, staffing levels, and future equipment needs.

R.17 Input life-cycle costing data into the geographic information system

MCEO uses a geographical information system (GIS) for land records management. The Mahoning County Auditor's Office operates a GIS department that acts as the central data warehouse for GIS information. MCEO updates portions of the map for the Auditor's GIS department including information such as snow routes, road resurfacing history, complaints and storm water systems data.

The County's GIS is capable of showing an inventory of fixed capital assets with projected replacement costs, tracking maintenance, and showing cost histories. However, the system is not being fully utilized. *Technology in Capital Planning and Management* (GFOA, 2011) indicates that technology systems like GIS help organizations complete tasks such as capital planning, budgeting, costing, project management, asset inventory management and work order management. MCEO has an up-to-date inventory of roads, but does not have all assets entered into the GIS (i.e. traffic signs, traffic data, monuments). In addition, a history of maintenance and costs are not available for most items. Some assets have replacement values attached to them, but these values are not linked to a lifecycle costing system. Without a complete history of assets and costs, MCEO risks making management and budgeting decisions without all necessary information.

MCEO should input the results of a capital assets lifecycle costing system (see **R.14**) into the GIS to assist in the planning of capital improvement projects. This would allow MCEO to track maintenance history, use, depreciation, and replacement costs so that capital improvements and maintenance can be planned based on need and funding availability. GIS can also assist MCEO in tracking the actual costs of projects so that it can better manage its budgets (see **R.9**).

R.18 Improve complaint management system

MCEO does not have a formal complaint resolution process. Stakeholders can submit complaints and comments for service through the MCEO website or by a direct call. Complaints are entered into a database and paper requests are given to supervisors to address, however, it is common for these requests to not be returned by the supervisors. As a result, follow up is not conducted to determine if the issue was resolved and data was not available to determine what percentage of complaints were resolved and the time frame involved. The inadequacy of this process often results in feedback not being provided to the complainant that can lead to repeat complaints from residents or increased costs for damages.

At a minimum, MCEO should develop policies and procedures for complaint management and follow-up should be performed and documented. A documented process with goals and performance measures will allow MCEO to better address stakeholders' complaints and concerns in a timely manner. MCEO should also consider employing the use of technology in its complaint management program. The cities of Boston, Massachusetts, Detroit, Michigan, and Honolulu, Hawaii, have created web based applications that communicate service related information between the organization and its stakeholders. The applications developed by Boston and Detroit provide logistical data to users of transportation services. The City of Honolulu developed a service oriented application that allows residents to search for information about city services by encouraging users to type in questions and receive feedback. Area universities or foundations could help develop applications for MCEO that would provide greater access for Mahoning County. For example, an application to track snow plow efforts or allow residents to submit complaints and include pictures of the issue would provide real-time feedback to MCEO.

R.19 Design and implement records management system

MCEO does not have a formal records management system in place. Specifically, records are not organized systematically or managed through the assistance of records management software. Instead, information and records are stored on an office-wide shared drive.

A records and document management software product is available from the information technology vendor currently utilized by the County. This software solution can assist governments with the management of land records, vital and official records, social services records, in addition to content and meeting management.

Records management seeks to manage and control records throughout their life cycle, from creation and distribution, through filing and use, and ultimately to final disposition or permanent retention as described in *The Basics of Records Management* (Florida Department of State, 2009). Records management systems provide several benefits, including:

- Space savings;
- Reduced expenditures for filing equipment;
- Increased efficiency in retrieval of information;
- Compliance with legal retention requirements and the establishment of administrative, fiscal, and historical retention requirements;
- Protection of vital records;
- Control over the creation of new records; and
- Identification of historical records.

MCEO's lack of a formal records management system and the resulting inefficiency of office records may decrease efficiency and productivity if the process for locating information is unreasonably time consuming. In addition, MCEO is at increased risk for the inability to satisfy public records requests. Purchasing records management software will increase efficiency while simultaneously decreasing susceptibility to non-compliance with public records requirements.

Appendix A: Scope and Objectives

Generally accepted government auditing standards require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

In consultation with MCEO, OPT identified the following scope areas for detailed review: human resources, financial management, operations, service operations, and technology. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and / or effectiveness.

This report contains the results of analyses and conclusions which were significant and material to the audit scope and objectives. However, not all analyses resulted in reportable conclusions. The results of these analyses and conclusions were shared with MCEO during the course of the audit, but are not included in this report.

Objectives and scope areas assessed in this performance audit include:

- **Human Resources**
 - Are provisions in the CBA and policy manual in line with peers and leading practices?
 - Are human resources functions centralized and efficient compared to peers and leading practices?
 - Is sick leave usage in line with DAS averages?
 - Are training and performance evaluations conducted in a timely manner?
 - Is operations span of control in line with peers and leading practices?
 - Is compensation in line with peers?*
- **Financial Management**
 - Are financial reporting and job accounting functions effective?
 - Is communication of financial results reported appropriately and in-line with leading practices?
 - Is the payroll process and system efficient?
 - Are budgeting practices in line with leading practices?
 - Are purchasing practices in line with leading practices?
- **Operations**
 - Are district locations efficient and effective?
 - Are capital planning practices in line with leading practices?
 - Are vehicle replacement policies in line with peers and leading practices?
 - Are road replacement plans in line with leading practices?
 - Are major contracts cost effective and efficient?*

- Is the strategic plan consistent with leading practices?
- **Service Operations**
 - Is the engineering department staffed appropriately compared to leading practices and peers?
 - Are engineering employees cross trained?
 - Is the survey department staffed appropriately compared to leading practices and peers?
 - Are geographic information system duties and responsibilities in line with leading practices?
 - Is the paving department staffed appropriately compared to leading practices and peers?
- **Technology**
 - Is payroll technology effective and efficient?
 - Is purchasing technology effective and efficient?
 - Are complaints handled appropriately and in line with leading practices?
 - Are records management policies in line with leading practices?
 - Are service efforts and accomplishments reported appropriately and in line with leading practices?
- **New Ventures/Shared Services**
 - Are there opportunities for new ventures?*
 - Are there opportunities to share services with surrounding communities?*

* Denotes objectives which were evaluated as a part of the performance audit, but the result of which did not yield recommendation.

Appendix B: Supplemental Information

Salaries

Salaries are normally compared over a 30 year career, however, peer’s provide employees with wage increases based on performance, therefore an accurate salary comparison could not be completed. In order to compare hourly rates for comparable positions, a laborer and an equipment operator II were compared to the peers using rates of an employee in their second year of employment. The laborer and equipment operator II positions were compared because 41 percent of MCEO’s employees currently hold these positions. **Table B-1** shows hourly rates are comprised of base wage plus added benefits included in the CBA.

Table B-1: Hourly Wage Comparison

	MCEO	Peer Average	Difference	% Difference
Laborer				
Hourly Base	\$15.51	\$16.12	(\$0.61)	(3.8%)
Longevity	\$0.05	\$0.03	\$0.02	66.7%
Hazardous Duty Pay	\$0.50	\$0.00	\$0.50	N/A
Pensions	\$1.61	\$0.13	\$1.48	1,138.5%
Total Compensation	\$17.67	\$16.28	\$1.39	8.5%
Equipment Operator II				
Hourly Base	\$15.94	\$17.97	(\$2.03)	(11.3%)
Longevity	\$0.05	\$0.03	\$0.02	66.7%
Hazardous Duty Pay	\$0.50	\$0.00	\$0.50	N/A
Pensions	\$1.65	\$0.15	\$1.50	1,000.0%
Total Compensation	\$18.14	\$18.15	(\$0.01)	(0.0%)

Source: MCEO, Ohio Department of Transportation and peer counties of Columbiana, Portage, Stark and Trumbull

Table B-1 indicates that MCEO’s hourly rates are in line with peers. However, approximately 13 percent of MCEO’s hourly rates are made up of supplemental pays while peers on average had 1.0 percent. If the provisions identified in **R.1** are negotiated out of the agreement, resulting salaries would be lower than the peer average.

Table B-2 illustrates an hourly rate comparison for engineers and clerical staff compared to the peers.

Table B-2: Engineer/Clerical Hourly Rate Comparison

	MCEO	Peer Average	Difference	% Difference
Engineers	\$42.99	\$35.04	\$7.95	22.7%
Clerical	\$19.31	\$20.22	(\$0.91)	(4.5%)

Source: MCEO and the peer counties of Butler, Delaware, Medina and Warren

Table B-2 shows MCEO engineers’ average hourly rate is 22.7 percent or \$7.95 more than the peer average, while clerical staff average hourly rates are more in line with the peer average. This analysis does not take into consideration job duties.

Staffing

Table B-3 shows workload metrics for accounting staff compared to the peer average.

Table B-3: 2013 Accounting Staffing and Workload Comparison

	MCEO	Peer Average	Difference	% Difference
Number of Vouchers	2,221.0	1,874.7	346.3	18.5%
Accounting FTEs	2.0	1.7	0.3	17.6%
Vouchers per Accounting FTE	1,110.5	1,124.8	(14.3)	(1.3%)
Calculated Staffing Need (FTEs)				2.0
Recommended Staffing Reduction (FTEs)				N/A

Source: MCEO and the peer counties of Delaware, Medina and Warren

As illustrated in **Table B-3**, MCEO's accounting personnel processed a similar number of vouchers per FTE in comparison to the peer average.

Client Response

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



PATRICK T. GINETTI, P.E., P.S.
MAHONING COUNTY ENGINEER

July 24, 2014

The Honorable David Yost
Auditor of State
88 East Broad Street
Columbus, OH 43215

Dear Auditor Yost,

On behalf of the Mahoning County Engineer's Office, I would like to thank you and your staff for completing a performance audit of my Department. The information contained within the audit will serve as helpful considerations when making future decisions regarding operations, funding and services provided to the residents of Mahoning County. As part of my plan to make the office more modern, streamlined and efficient, recommendations from the performance audit ("the Report") will be considered as cost saving initiatives as well as revenue enhancing strategies. It is our intention to thoroughly evaluate your recommendations and implement as many as are feasible with regard being given to restrictions contained within certain negotiated collective bargaining agreements ("CBAs").

It is noted that many of the recommendations in section R1 of the Report revolve around financial contractual provisions in the CBA. That being the case, the County and the bargaining unit have already begun to lay ground work to bring about changes necessary to refine the current system. Many figures associated with the CBA were negotiated years ago with previous administrations and will take some time to refine.

Sections R7-R12 will require the department to make a substantial financial commitment in order to successfully upgrade and modernize the department. Sections R14-R15 had been identified prior to the completion of the Report, and the department has begun developing a plan to implement the changes.

I truly appreciate the hard work and devotion of your staff while conducting the performance audit. I look forward to using the Report to help improve the quality and value of the services we provide to the citizens of our County.

Sincerely,

A handwritten signature in blue ink that reads "Patrick T. Ginetti".

Patrick T. Ginetti, P.E., P.S.
Mahoning County Engineer



Dave Yost • Auditor of State

MAHONING COUNTY ENGINEERS OFFICE

MAHONING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 12, 2014**