OHIO AUDITOR OF STATE
KEITH FABER

2020 Ohio Performance Team Annual Report

Implementation Status Reports for
State Agencies and Institutions of Higher Education

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Purpose of this Report

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

Ohio Performance Team Overview and Experience

The Ohio Performance Team (OPT) was created to build upon the Auditor of State's long-standing reputation for conducting detailed and effective performance audits of local governments. The Auditor of State began conducting performance audits in the 1990s, and conducts performance audit engagements with schools, various types of local governments, and state agencies. In 2011, the General Assembly passed § 117.46 to require the AOS to complete four performance audits of state agencies per biennium. In response to this statute, the Ohio Performance Team was created. Since 2011, OPT has identified taxpayer savings of approximately $34.77 for every dollar spent auditing state agencies and institutions of higher education and $21.23 for every dollar spent auditing local governments. In the previous year, OPT released performance audits of 4 state agencies, 6 school districts, and 2 feasibility studies for shared service operations.

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State Agency Performance Audits

State agency performance audits examine the economy, efficiency, and effectiveness of government programs and functions. These audits use objective metrics and standards to measure the cost and productivity of services delivered by Ohio's state agencies. Where opportunities are identified, the audits make recommendations for increasing operational efficiencies and enhancing value on behalf of Ohio taxpayers. Since state fiscal year (FY) 2011-12, OPT has completed 17 regular performance audits of 12 different state agencies and one institution of higher education, including:

Engagement	Biennium
Department of Education	FY 2012-2013
Department of Transportation	FY 2012-2013
Department of Job and Family Services	FY 2012-2013
Housing Finance Authority	FY 2012-2013
Department of Natural Resources	FY 2014-2015
Department of Transportation	FY 2014-2015
Department of Rehabilitation and Corrections	FY 2014-2015
Environmental Protection Agency	FY 2014-2015
Department of Transportation	FY 2016-2017
Bureau of Workers' Compensation	FY 2016-2017
Department of Agriculture	FY 2016-2017
Department of Health	FY 2016-2017
The Ohio State University	FY 2017-2018
The Department of Administrative Services	FY 2018-2019
The Department of Mental Health and Addiction Services	FY 2018-2019
Environmental Protection Agency	FY 2018-2019
Department of Transportation	FY 2019-2020

Results of completed state agency performance audits encompass a wide variety of recommendation types and business areas within Ohio's state agencies. Performance audit recommendations are designed to produce opportunities for increased effectiveness and efficiency for program management, gather and analyze data that can help management make operational decisions, and produce savings. Recommendations in the 17 state agency audits completed by OPT have identified opportunities for savings in excess of $165.5 million.

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FY 2020-2021 Biennium

As of June, 2020, OPT has engaged in three state agency audits for the current biennium. A brief description of each project is listed below. The fourth agency to be audited will be chosen during the second half of 2020 and the report will be released prior to June 30, 2021. Status updates will be provided in future reports.

Ohio Department of Transportation (ODOT)

In 2019, as a part of the Transportation budget, the Ohio General Assembly directed the Auditor of State to conduct a performance audit for the Ohio Department of Transportation. This audit is being conducted in two phases. Phase 1 was released on December 31, 2019 and Phase 2 will be released in late 2020.

Ohio Department of Public Safety (ODPS)

In 2019, ODPS requested the Ohio Performance Team consider their agency for one of the four required state agency performance Audits. Based on an analysis of DPS operations and expenditures, and in discussion with DPS management, OPT determined the agency might benefit from a performance audit and, in early 2020 sent a letter of engagement. The final report is scheduled to be released in late 2020 or early 2021.

Ohio Department of Education (ODE)

In 2019, as part of the budget, the General Assembly directed the Auditor of State to conduct a performance audit of the Ohio Department of Education. This audit will be released by October 1, 2020.

Released Reports

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

OPT has developed a collaborative, process-driven approach to assist agencies in meeting the requirements for reporting as set forth in the ORC regulations above. This approach is largely one of agency self-reporting, coupled with OPT follow-up. Previous iterations of this report have included detailed reporting for only the previous years released audits. However, due to the long-term nature of implementation for some of the recommendations, this report provides detailed implementation tracking for previously released state agency audits since FY 2016. It is important to note that while substantial or even full implementation is possible for some of the recommendations within OPT's annual reporting window, this is not the case for all audit recommendations. Many recommendations require information technology system development, support network expansion, statutory changes, or even additional detailed study prior to full implementation.

The agencies which have previously provided detailed reporting on implementation provided a follow-up on the status of implementation of recommendations.[1]

Reports Released During FY 2018-2019 Biennium

The following reports were released during the previous biennium: the Ohio State University, Ohio Department of Administrative Services, Ohio Environmental Protection Agency, and Ohio Department of Mental Health and Addiction Services, Three agencies, DAS, Ohio EPA, and ODMHAS, are providing detailed reporting for the first time. A detailed review of these reports implementation status of recommendations can be found in the section Implementation Overview beginning on page 7. The full response from each of the four entities can be found in Appendix A: Recently Released Reports.

Reports Released in Previous Biennia

Additional information was requested from agencies that have received a performance audit prior to the most recent biennium. Three of the four agencies which received an audit during the FY

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[1] Due to the state of emergency as a result of the COVID-19 pandemic, the Ohio Department of Health was not required to provide details regarding implementation of recommendations.

2016-2017 biennium provided an update on their implementation status for audit recommendations:

- Ohio Department of Transportation;
- Ohio Bureau of Workers' Compensation; and
- Ohio Department of Agriculture.

Their updates can be found in Appendix B: Previously Released Reports. As noted previously, the Ohio Department of Health, which received a performance audit during the FY 2016-2017 biennium was not required to submit an update due to the state of emergency as a result of the COVID-19 pandemic.

Implementation Overview

The following reports were released in June of 2019, during the FY 2018-2019 Biennium. This is the first time they are appearing in this report to provide an update on implementation progress for the recommendations given in their performance audit. Final audit reports are available on the Auditor of State's website (http://ohioauditor.gov/auditsearch/Search.aspx)

Ohio Department of Administrative Services

The performance audit released on June 6, 2019 focused on the Office of Fleet Management within DAS. The recommendations within the audit provided opportunities for both cost savings and improved operations.

Recommendations by Assessment Area	Financial Impact
Fleet Management	
Optimize Fleet Size	$3,404,100
Review Self-Managed Agencies	$1,846,600
Consolidate Pool Fleets	$254,200
Track Fleet Data with GPS/Telematics	$171,400
Total Cost Savings from Performance Audit Recommendations	**$5,676,300**

As of May 2020, DAS is in the process of implementing the recommendations outlined in the report. As several recommendations require negotiations with other agencies and the implementation of new data collection, no cost savings have been identified to date.

Ohio Environmental Protection Agency

The performance audit released on June 20, 2019 focused on the office and other building space used by Ohio EPA and resulted in two recommendations and one issue for further study. As of May 2020, one recommendation had been fully implemented and the second will be used in lease negotiations beginning in 2021. Ohio EPA also has begun implementation on their own internal findings based on further study of the utilization of space within the Lazarus Building headquarters.

Recommendations by Assessment Area	Financial Impact
Facilities	
Consolidating Work Spaces	$270,000 to $1,000,000
Total Annual Cost Avoidance	**$270,000 to $1,000,000**
Terminate Facility Plans	$1,700,000
Total One-Time Cost Avoidance	**$1,700,000**

Based on the actions taken by Ohio EPA, the agency avoided $1.7 million in expected facilities expenditures. Ongoing cost savings will be based on the ability to renegotiate leases in 2021.

Ohio Department of Mental Health and Addiction Services

The performance audit releases June 27, 2019 provided recommendations in three key operational areas for ODMHAS; ADAMH funding, Human Resources, and Prisoner Services. The recommendations provide opportunities for cost savings and improved service offerings to the public.

Recommendations by Assessment Area	Financial Impact
Funding Methodology	
ADAMH Board Funding	N/A
Human Resources	
Nursing Model	$990,000
Recruitment Efforts	$655,000
Training Practices	$360,000
Data Collection	N/A
Prison Treatment and Recovery Programming	
Finalize Interagency Partnership	N/A
Total Cost Savings from Performance Audit Recommendations	**$2,005,000**

As of May 2020, ODMHAS is in the process of reviewing and implementing these recommendations. The recommendations require changes to staffing models and funding mechanisms which require negotiations with several interested parties. This is an ongoing process which will take time to fully implement.

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Appendix A: Recently Released Reports

The following information is self-reported data from the audited entities.

Ohio Department of Mental Health and Addiction Services (OMHAS)

RELEASE DATE: 6/27/19

Based on their report, they have implemented **5** of **6** recommendations and are in progress of implementing **1** of **6** recommendations.

Recommendation 1:
Develop a data-driven methodology for the distribution of Mental Health Continuum of Care funds.

OMHAS's Response:
OhioMHAS has completed a review of the existing funding process and created a list of potential factors that could be incorporated into a new funding methodology. We intend to lead a stakeholder input process to solicit insight and gain greater perspective.

Recommendation 2.1:
Adjust the nursing and professional models to reflect the operational needs of the hospitals based on historical data. In combination with adjusting shift scheduling, this would reduce overtime, specifically mandated overtime, by better estimating leave usage.

OMHAS's Response:
The staffing model is being adjusted for both 1st and 2nd shift nursing staff on the patient units. Central Office Hospital Services is also reviewing local staffing practices to ensure fidelity to the new staffing model and recalibrating the ratio of professional staff on the unit in an effort to reduce mandatory overtime and improve employee morale.

Recommendation 2.2:
Improve recruitment efforts to reduce the number of contracted hours needed to provide professional services to patients and provide a better continuity of care.

OMHAS's Response:
OhioMHAS Regional Psychiatric Hospitals are taking a more active approach to utilize job fairs and engage in other local recruiting efforts. Through Central Office we are initiating a new recruitment effort using LinkedIn. New retention efforts are also ongoing. Monthly budget conversations on hospital overtime have been initiated. While these may have a financial benefit on the Agency, they are also intended to reduce mandatory overtime, which is a significant retention issue. The ratio of staff within the patient unit is also being adjusted in order to reduce mandatory overtime for nurses. Finally,

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additional employee recognition programs are being developed to increase employee morale. These include a new program to pay for excellent work performance and higher education levels.

Recommendation 2.3:

Standardize training among hospitals to reduce the variation in training staff at the regional hospitals, and enable best practices to be adopted uniformly.

OMHAS's Response:

The reporting structure for hospital nurse education staff has been standardized, monthly meetings are being held between Central Office training staff and the Nurse Executives, and efforts to develop a standardized training regimen are underway.

Recommendation 2.4:

Improve the collection of exit-interview data from employees to enable the Department to determine the causes of short tenure. This information will allow the department to adjust training, hiring, and employment practices as necessary to reduce turnover.

OMHAS's Response:

Training on the value of exit interviews and the requirement to complete them has been completed, and access to the online exit interview form has been expanded. Exit interview completion rates are now being tracked and reported monthly to Hospital Services leadership. As better information is available, we will begin the processing of tracking and analyzing the available data.

Recommendation 3:

Finalize an Inter-Agency Partnership Agreement with ODRC. Incorporate the framework to accurately measure programs' impact on offender relapse and recidivism.

OMHAS's Response:

The agreement was completed during the course of the performance audit engagement.

Ohio Environmental Protection Agency (OEPA)

RELEASE DATE: 6/20/19

Based on their report, they have implemented **1** of **2** recommendations and have not implemented **1** of **2** recommendations.

Recommendation 1:

Reduce the amount of square feet Ohio EPA occupies in district offices in order to lower costs and shrink building footprints. Achieve financial impact from reducing operational building footprint in one of four ways:

1) relocate,
2) lease less space within current buildings,
3) sublease excess space under the existing leases, or
4) renegotiate the dollar-value of existing leases and building footprints to an amount economically equivalent to the other options.

Which one of the four ways of reducing operational building footprint plans is in place?

The Ohio EPA has chosen to move forward with option 4.

What is the current implementation status of reducing Ohio EPA's occupied square feet?

Just a few months before the release of this performance audit the Ohio EPA came to terms on lease agreements for district and satellite offices based on a 2 year period. We plan to use this audit as a guideline for negotiations on lease renewals that will begin early 2021.

Financial Impact Realized-to-Date:

Zero financial impact to date.

Recommendation 2:

Terminate plans and release the corresponding capital budget appropriation for building a new warehouse facility on the Department of Agriculture's Reynoldsburg campus. Continue leasing the Groveport facility and use it for field staff training.

Has OEPA terminated plans and released the corresponding capital budget for building a new warehouse facility?

OEPA has terminated plans and released the corresponding capital budget for a new warehouse facility.

Has OEPA continued to lease the Groveport facility?

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The OEPA continues to lease the Groveport facility and has repurposed a section of the building for the purpose of conducting field staff training. We have transformed the former Wetlands section into a training center.

Financial Impact Realized-to-Date:
The financial impact realized was the $1.7 million figure that was established in the performance audit.

Issue for Further Study:
Ohio EPA should conduct a study to determine whether underutilized space exists within its Lazarus Building headquarters.

Are there any plans to conduct a study to determine whether underutilized space exists within the Lazarus Building Headquarters?
The OEPA has already moved beyond the study phase of this plan and to implementation. To make room for a training center at the Groveport Facility, the Wetlands section of our Surface Water Division along with 3 staff members were moved to the Lazarus Building Headquarters.

Financial Impact Realized-to-Date:
Yet to be determined.

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Ohio Department of Administrative Services (DAS)

RELEASE DATE: 6/6/19

Based on their report, they are in progress of implementing **3** of **5** recommendations and have not yet implemented **2** of **5** recommendations.

Recommendation 1:
Withdraw fleet management authority from self-managed agencies. Consider agency requests for delegated authority on a case-by-case basis in accordance with statutory authority and DAS discretion. Continue to monitor delegated agencies to ensure compliance.

DAS's Response:
To date, ADJ is transitioning to DAS-management and we have had positive initial meetings with all other agencies (ODOT, DPS, BWC, EPA, Lottery & ODNR). AGO is also interested in participating in DAS-management. We are currently awaiting a final OK from DYS for a start to their transition to the managed fleet.

Recommendation 2:
Consolidate pool fleets to reduce costs, obtain long-term trend data, and right-size the fleet.

DAS's Response:
We have had initial discussions with EDU, DRC, and DYS to help them establish a Motor Pool to provide better utilization of their fleet. We are attempting to get data from the OEPA on their Motor Pool operations. This is an ongoing effort.

Recommendation 3:
DAS should revise the breakeven methodology to accurately account for all costs of operating a state vehicle when calculating the annual personal mileage reimbursement threshold. In addition, DAS should develop an appropriate threshold for each agency based on actual costs.

DAS's Response:
We will revisit this before the end of the fiscal year.

Recommendation 4:
Use the breakeven mileage calculated in Recommendation 3 as the minimum expected use for cars statewide and use this calculation to optimize the fleet size. In addition, DAS should assign cars to drivers who accrue personal mileage above the breakeven mileage.

DAS's Response:
Continue to work on this and update before the end of the fiscal year.

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Recommendation 5:
Start using GPS/Telematics on state-owned motor vehicles to perform statewide fleet management.

DAS's Response:
Our intention is to use savings realized through the other recommendations in this report to help fund this effort, which will require the purchase of GPS technology. Implementing this recommendation will also require additional understanding of the technology, how to utilize the technology to improve efficiency, and any policy impacts including collective bargaining. We will continue studying this issue and may develop a pilot program with a smaller number of agencies to explore the issue further.

The Ohio State University (OSU)

RELEASE DATE: 9/25/18

Based on their report, they have implemented **2** of **7** recommendations and are in progress of implementing **5** of **7** recommendations.

Recommendation 1.1:

OSU should consider eliminating the practice of operating on-site server rooms in favor of migrating those servers and racks to a more efficient, secure data center such as the SOCC. In doing so, the Office of the Chief Information Officer and University areas should coordinate to prioritize smaller server rooms or those in need of immediate infrastructure or security upgrades as those offer the best immediate opportunity.

What is the current status of relocating the remaining racks and server rooms to the State of Ohio Computer Center (SOCC) by FY 2021? Please provide specific detail (e.g. count to date of servers rooms and racks migrated):

As of May 2020 we have accomplished the following:

- 182 racks are located at the State of Ohio Computing Center
- 12 distributed server rooms have been retired
- 2 large College/VP units joined the MITS program (their SOCC rack moves are in process)

The remaining college and VP areas will move their server rooms by FY21. As noted in the report: "Research-related servers were identified within several OSU areas. Dependent on specific needs, and the type of data housed within these servers, it may be necessary to keep a portion of these servers within close proximity to the researchers. This would include any situation in which all or part of server hardware is the subject of research. Identified instances would have to remain on campus for the associated research and grant funding for them to continue, and therefore, the OSU units that host this type of research should make provisions to keep some amount of server room space on campus available." FY20 focused on migrating servers for one non-MITS area and the two large college/VP units that joined the MITS program. We will continue this effort with the remaining non-MITS areas in FY21.

Financial Impact Realized-to-Date:

The financial savings from the continuing migration of computer servers was not available at the time of this progress report.

Recommendation 2.1:

OSU should reduce or eliminate on-program prepaid B&W copier pages that are currently underutilized. In doing so, the University should consider reducing the total number of underutilized copiers and also reducing the number of on-program printers and off-program printers. Shifting pages to fully utilize on-program copier leases will allow for higher volume, lower cost printing.

What has been the impact of the new program Follow-Me Print?
Please provide specific detail (e.g. a count of eliminated copiers on/off program)

Since the last report 4/19 UniPrint and oCIO has fully introduced the Follow-Me Print program. This program was designed using UniPrint's enterprise solution to allow user to reduce wasted prints, optimize device counts and provide a more secure printing environment. Through this program we have been able to eliminate or downgrade 118 MFDs reducing the fleet of copiers 2341. This movement produces a saving of $101,796 per year. The saving will increase as we eliminate or downgrade more MFDs each year. Each year will get the fleet closer to the goal.

UniPrint is working with leadership to get more top-down recommendations for moving devices to the Follow-Me Print program. Overall the program and UniPrint are gaining success in promoting responsible printing and migrating prints from desktop printers to printing on MFDs. Through March 2020 impressions are down for both MFDs/printers 9% with printers representing an actual drop of 15% during the same period.

Additionally we are working with the Medical Center to set a separate instance of the software and do preliminary testing with the goal to utilize this technology throughout the Medical Center which represents half of the MFD fleet. This will allow for greater redundancy on fewer devices.

Financial Impact Realized-to-Date:

$151,796

Recommendation 2.2:

OSU should shift off-program desktop printing to on-program copiers. Doing so would allow for cost avoidance of off-program printing, but also improved utilization of on-program leases and elimination of additional unused prepaid B&W pages. However, if the University is not fully able to do so, it should, at minimum, shift to on-program desktop printing. Doing so can reduce the overall cost of page production as well as allow the University to better track page production.

What has been the impact of the new program Follow-Me Print?
Please provide specific detail (e.g. a count of eliminated copiers on/off program)

Since the last report on 4/19, UniPrint has removed an additional 436 printers across campus and the medical center. This has resulted in savings of $87,743. Continued movement of printers onto the printer maintenance program has reduced the overall extraneous toner spend. This is part of the above savings. The goal should be reached in the next fiscal year as the Follow Me Print program is expanded more.

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Financial Impact Realized-to-Date:
$87,743

Recommendation 3.1:

OSU should develop and deploy a consistent, efficient, and effective process for recruit-to-hire that is uniformly enacted across all areas. In doing so, the University should ensure that the uniform process is reinforced by a single, end-to-end system while eliminating the current array of disconnected, and sometimes area specific, systems. However, prior to deploying the new process and system to support it, all University areas should collect standard data to inform the complete current state processes, ultimately allowing for a full measurement of the effectiveness and efficiency gains once the new process is implemented. Finally, the University should ensure that the new system has the capability to uniformly collect data that can be used for enterprise-wide performance measurement and management.

How will Workday improve the recruit-to-hire process? Are you still anticipating a July 2020 deployment?

As part of the university's Enterprise Project, the university is developing a recruit-to-hire process that will meet the goals of this recommendation. Due to COVID-19, the deployment of the new system is being delayed until January 2021, and work is ongoing to transform business processes in advance and in alignment with the new system. Workday has been configured for staff, student and faculty recruitment with small deviations from the singular recruitment process based on specialized requirements, such as medical credentialing.

While waiting for the official launch of Workday, have you made any improvements to the current process?

We continue to follow a singular recruitment process for staff, students and faculty with small deviations from the process based on their requirements, such as medical credentialing. User Acceptance Testing will begin in May 2020. The Workday system will allow the university to use data to measure performance consistently across colleges and units.

Financial Impact Realized-to-Date:
Pending

Recommendation 3.2:

OSU should develop and deploy a consistent, efficient, and effective process for PCard transaction approvals and travel reimbursement payments that are uniformly enacted across all areas. In doing so, the University should ensure that the uniform processes are reinforced by a single, end-to-end system while eliminating the current array of disconnected, and sometimes area specific, systems. Finally, the University should ensure that the new system has the capability to uniformly collect data that can be used for enterprise-wide performance measurement and management.

How will the implementation of a standard PCard transaction and travel reimbursement process coincide with the Workday system? Are you still anticipating deployment in July 2020?

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The processes have been designed and are in UAT testing, so we do not expect any issues. The deployment of the new standard process is delayed until January 2021 due to the COVID-19 delay of the Workday implementation.

Financial Impact Realized-to-Date:
Pending

Recommendation 4.1:

OSU should ensure that all background checks are conducted in accordance with official University policies. However, in doing so, the University should revisit policy requirements to ensure that they are both effective in achieving the overall goal without resulting in unnecessarily inefficient or costly processes. When choosing to deviate from the common process, all University areas should collect the data and information necessary to evaluate the efficiency and effectiveness of these decisions. In addition, the University should regularly reevaluate the full cost of this process and ensure that an appropriate amount is recovered through administrative fees.

Did you revise the requirements related to the blanket policy of background checks leading up to the July 2020 deployment? Please provide specific detail (e.g. Med Center's background checks). Are you still anticipating deployment in July 2020?

- A standard policy is being developed that provides consistent guidance for the entire university community (including both the academic enterprise and Wexner Medical Center), while allowing for appropriate flexibility.
- Under the revised policy, all departments and units across the university will follow the same background check guidelines. Exceptions will need to be approved, with a specific process identified through the revised policy.
- The revised policy, which is currently going through the revision process, will - go in place concurrently with the anticipated implementation of Workday (Jan 2021).
- After Workday is implemented, the university will enable reporting to collect data on the number and type of background checks that are requested across the system. The newly enabled organizational model for delivering background checks will also permit the university to leverage data from its vendors to confirm our internally gathered data.

Recommendation 4.2:

OSU should seek to improve background checks operational efficiency and effectiveness by combining all background check personnel into a single team. This single team should service all University customers and should use consistent process and IT systems to track detailed workload and productivity in a consistent and complete manner.

What is the status of creating a centralized background check service center team? Are you still anticipating that the launch of Workday will lead to a more streamlined and consistent model for all aspects of human resources, including background checks in July 2020? Are you still anticipating deployment in July 2020?

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- A centralized background check service center team will handle all background check processes.
- Streamlined and consistent processes and technology combined with excellent customer service will provide applicants with the highest level of candidate care.
- Implementation of service center will align with HR service delivery implementation and Workday go-live - (Fall 2020). This has been delayed due to the COVID-19 delay of Workday and HRSD implementation.

Appendix B: Previously Released Reports

The following information is self-reported data from the audited entities.

Ohio Department of Agriculture (ODA)

RELEASE DATE: 6/27/17

Based on their report, they have implemented **4** of **6** recommendations and are in progress of implementing **2** of **6** recommendations.

Recommendation 1.1:

ODA should develop and apply a consistent and comprehensive costing methodology for all tests provided by the laboratories. In doing so, the Department should fully consider all cost drivers that are significant to the operations of the Laboratory as a whole as well as each discipline. Where applicable to setting test prices, the Department should clearly identify where the actual cost per test is intended to be subsidized by the General Fund and the extent to which a subsidy is acceptable.

Has ODA successfully achieved the goal of test fee calculations for all ATL, ADDL, and CPL laboratory tests?

ODA has achieved test fee calculations for 70% of the over 350 Animal Disease Diagnostic Laboratory tests and 100% of testing in the Animal Toxicology and Consumer Protection Laboratories.

Financial Impact Realized-to-Date:

To date ODA has not raised fees in the ADDL and CPL laboratories. Fee analysis for our Animal Toxicology Laboratory has allowed the laboratory to operate at cost and allowed this laboratory to afford replacing outdated equipment and other needs in order to maintain customer needs and to meet accreditation standards.

Recommendation 1.2:

ODA should utilize a data system that allows for the capture of direct labor hours associated with output, in order to measure and manage operational efficiency within the laboratories.

What were the results of the review done on the DEPA of EA laboratory time tracking system?

The ODA Laboratories with assistance from the ODA Human Resources department implemented the Kronos time clock tracking system in the spring of 2019. This system allows for the direct tracking of individual labors hours through electronic badge swipes showing the start and stop times of each employees shift. This system was an improvement from the self-reporting excel spreadsheets employees were asked to fill out to track labor hours previously. ODA also continues to explore additional software data management and dashboard options such as Tableau with the IT department

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and laboratory management teams to better utilize direct labor hour data in conjunction with testing volume data.

Financial Impact Realized-to-Date:
The implementation of the Kronos time tracking system has allowed ODA access to data with increased accuracy which will be used in calculating labor needs in the laboratories especially associated with fee cost analysis.

Recommendation 2.1:
ODA should consolidate office and laboratory space to maximize the efficiency of the Department's facility space. Through consolidation, ODA will be able to rent out its excess space to other entities, resulting in additional revenue.

What were the outcomes of extending office and laboratory space to OEPA and ODH?
Office space and laboratory space was extended to ODH and OEPA. The Ohio Department of Environmental Protection Agency Laboratories expressed interest in laboratory and office space identified in the basement of building 3, however, OEPA ultimately decided the spaces was not necessary as it was in conjunction with a larger project which OEPA did not move forward.

What steps have been taken to consolidate office and laboratory space?
ODA recently added the Hemp program and along with the program a new section in the Consumer Protection Laboratory was created for testing raw hemp and hemp products. The space needed for this laboratory was found from preexisting space in the consumer protection laboratory by utilizing temporary space in the chemistry section and the basement of building 3. The Hemp Laboratory will be moving to the basement once the space there has been completed and deemed ready for laboratory testing.

Financial Impact Realized-to-Date:
Preexisting space in the Consumer Protection Laboratory Chemistry section and basement will be repurposed for the Hemp laboratory testing program. This saves an estimated 4 million dollars as the preexisting space in the Consumer Protection Laboratory will be repurposed eliminating the need for constructing a new laboratory building for Hemp testing.

Recommendation 2.2:
ODA should track the utilization of meeting room space and consider repurposing underutilized meeting rooms as office space.

What has been the outcome of switching to an Outlook-based scheduling system?
ODA has switched to an outlook-based scheduling system but to date the meeting rooms have not been loaded into the system. We are still utilizing our intranet meeting room request system to date.

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Has ODA taken any further steps in repurposing underutilized meeting rooms? Please provide specific details.

ODA has made an effort to re-purpose some meeting rooms into office space in the meantime such as the Directors conference room which now houses the Ohio proud and Ohio Wine Markets Divisions. Office space on the first floor of the Bromfield building has also been repurposed several times for the Animal Health, IT, and Soil and Water Divisions.

Financial Impact Realized-to-Date:

A financial impact study of the utilization of meeting room space at ODA has not been completed at this time.

Recommendation 2.3:

ODA should track the usage of its grounds keeping and facility maintenance equipment. Further, the Department should right-size its maintenance fleet and equipment inventory based on the usage data. In doing so, the Department should identify and properly dispose of equipment determined to be inoperable or too costly to repair.

What is the implementation status of the annual review process on trackable equipment?

The Maintenance staff has created an excel spreadsheet to track equipment. This has allowed the maintenance team to more readily track and identify equipment needing repair and calculate the estimates of repair and maintenance.

How has the excel log impacted the right-sizing of fleet?

Our fleet management team has been able to more readily review current fleet numbers and requests helping to better understand how ODA uses vehicles. This has created a fleet right sized to meet the needs of the divisions without excess vehicles.

Financial Impact Realized-to-Date:

A financial impact study of the fleet management tracking and equipment management tracking has not been completed at this time.

Recommendation 2.4:

ODA should ensure that all chemicals are properly stored in accordance with leading practices and, if no longer needed, properly disposed of in accordance with applicable regulations. Where necessary, the Department should develop policies and procedures to ensure these practices are consistently carried out.

Have any ODA laboratories implemented a cloud-based chemical inventory and management system to better maintain chemicals? If so, what program is being used to maintain and track chemical inventory?

The Animal Disease Diagnostic Laboratory, Consumer Protection Laboratory and Animal Toxicology Laboratory implemented a cloud based chemical tracking system to allow the organization of Safety Data Sheets. This allowed the laboratories to better meet OSHA standards and have a better list of all

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the chemicals in the building. This system also allows access to first responders to have access to view the list of chemicals on site so they can be better prepared to handle emergency calls to the laboratory.

To date each section in these laboratories maintain separate excel spreadsheets to track more detailed information of the chemicals such as expiration dates, received dates, and lot numbers. The Laboratories also updated the chemical hygiene plan to include a requirement that all chemical inventory be tracked by location and a system put in place to identify any chemical items that might have expired and need disposal.

Financial Impact Realized-to-Date:
The total cost for the Safety Data Sheet software system for fiscal year 2020 was $2,609.00.

Ohio Bureau of Workers' Compensation (OBWC)

RELEASE DATE: 1/10/17

Based on their report, they have implemented **5** of **8** recommendations and have not implemented **3** of **8** recommendations.

Recommendation 1.1:

OBWC should gather, analyze, and communicate key collections data to ensure that the debt collections process is conducted in an effective and timely manner.

What changes have been made in the implementation strategy of data collection and use?

Key data regarding collection activities continues to be managed in data bases tracking dollars collected and call volumes for the Collections Department and accounts resolved by the Employer Compliance Department. Progress is communicated weekly to Finance management.

What progress has been made with utilizing the core business system in collecting outstanding debt?

Lapse reports are automated to run from the billing system (CoreSuite) after the lapse takes place each month. Reports are also manually run from the billing system at the end of each week to track progress in reinstating employers. The monthly and weekly reports are used for outreach assignments within the Collections Department. The Employer Compliance Department uses the monthly report for their outreach assignments and tracks progress in their tracking data base. Their tracking database is interfacing with CoreSuite on Monday, Wednesday, and Friday of each week to update its tracker with the most current information on the status of each employer's account. BWC has begun an analytics project and these processes should benefit as a result.

Recommendation 1.2:

OBWC should implement formal policies and procedures for the collection of past due accounts receivable. In doing so, the Bureau should implement practices that increase the overall efficiency of the collections function, such as standardized time frames and the use of varied mediums for account outreach.

What changes have been made to the formal policies and procedures implemented at the time of OBWC's 2017 response, regarding the collection of past due accounts receivable?

The Finance Division continues to update its formalized policies and procedures for collections activities when needed. The Collections Department has updated its policies and procedures to reflect changes to the collection processes under prospective billing. The Employer Compliance Department has updated and expanded its documented workflows and continues to revise its policies and procedures to the most current processes for achieving compliance from employers. Both departments are using the Accurint/LexisNexis skip-tracing enterprise system to provide the most current contact information for the non-compliant businesses.

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Has OBWC launched the updated website that was intended for release in 2018? If so, what measures of success are currently used to determine if readability and customer understanding has improved?

The processes for collection of premium receivables include the following: Statements are generated from the billing system (CoreSuite) and mailed monthly to customers with outstanding balances. These statements are available on-line at the BWC website on the customer's My Policy page. For those customers that have elected to participate in electronic notification, email notifications are sent to inform the customer the statement is available for viewing. The Employer Services Division provides e-mail notifications to customers not paying by the due date so payment can be made prior to the expiration of the grace period. Letters, to inform customers their workers' compensation insurance has lapsed, are automatically generated by the billing system for accounts with installment billings not paid by the end of the grace period. E-mail notifications are also generated. Accounts lapsed in the current month are contacted by staff from the Employer Services Division, while Collections Department staff contact accounts that have been lapsed for more than 30 days, and the Employer Compliance Department is responsible for contacting accounts that have been lapsed for more than 60 days.

OBWC has also increased outreach to help employers better understand workers' compensation insurance and the billing process. Better understanding increases compliance and decreases account delinquencies. These efforts include: The Employer Services Division provides monthly webinars and videos on selected topics to help employers better understand the workers' compensation system. The OBWC website has been redesigned in an effort to improve the customer experience with easier to understand information and improved accessibility to those items most important to an employer. Additional redesigns are planned for the future. The layout and design of the monthly statement has been updated to improve the readability and understanding for customers.

Recommendation 2.1:

OBWC should develop a performance framework to determine the cost and benefit associated with its planned IT updates. At a minimum, the framework should take into account each planned update to PEC's goals, the planned efficiency impact, and with collaboration from OBWC's IT division, the cost. Utilizing this information will ensure that OBWC deploys resources effectively and efficiently when needed.

What changes have been made to the performance framework since OBWC's 2017 response?

While OBWC has not fully completed a cost and benefit financial analysis for each of the PEACH enhancement projects, OBWC will proceed with each project phase in a fiscally responsible manner to ensure resources are utilized effectively and efficiently. The first phase of the project was to remove the WebMethods platform from PEACH which allowed other enhancements to be analyzed and implemented. To date, there have been 34 Sprint releases which accounts for about 50 percent of all enhancements.

What future enhancements to PEC have been/or intend to be implemented? What measures were taken to ensure enhancements were done in a fiscally responsible manner?

BWC has established a Project Management Office that helps to define business requirements and any needed IT resources. Significant projects are presented to the Governance Committee (comprised of

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senior management) before resources are committed to projects. A summary of the project, number of hours, and cost/benefit are all factors that are considered by the Committee prior to approval.

Recommendation 3.1:

OBWC should right size regional service offices to efficiently meet space needs while minimizing unnecessary lease cost. The Bureau can do so by employing an industry benchmark to quantify space needs and then renegotiate existing leases or seek alternative office locations. Although the Bureau will incur a onetime moving cost for each right-sizing effort, the ongoing annual savings will pay for this cost, as well as generate cumulative savings, within a reasonable timeframe; often in less than two years.

Have any additional right-sizing efforts been implemented? If so, what are the outcomes?

The summary for each is as follows:
- Cambridge (rightsized existing office)
  - Net reduction of 10,000 Usable Square Feet (USF) (RSF=USF in Cambridge)
  - Net savings of $135,794 in annual rent Cambridge lease effective date: 10-1-19
  - Net reduction of $3,395 Occupancy Cost per Employee
  - Net reduction from 638 USF per Employee to 388 USF
  - One-time moving/furniture salvage costs of $13,954
  - One-time TI contribution of $696,026
  - 5-year payback period
  - New tenant space created for ODJFS in half of vacated BWC space
- Cincinnati (Governor's Hill office relocation to Springdale)
  - Net reduction of 10,522 Usable Square Feet (USF)
  - Net reduction of 6,684 Rentable Square Feet (RSF)
  - Net savings of $156,527 in annual rent Springdale lease effective date: 2-1-18
  - Net reduction of $1,283 Occupancy Cost per Employee
  - Net reduction from 363 RSF per Employee to 308 RSF
  - One-time moving costs of $57,144
  - One-time TI contribution of $249,040
  - 2-year payback period
- Cleveland Lausche (closed Garfield Heights and consolidated staff in Lausche)
  - Net reduction of 59,847 Usable Square Feet (USF)
  - Net reduction of 55,188 Rentable Square Feet (RSF)
  - Net savings of $747,352 in annual rent Lausche lease effective date: 11-25-19
  - Net reduction of $8,117 Occupancy Cost per Employee
  - Net reduction from 986 USF per Employee to 249 USF
  - One-time moving/salvage costs of $198,650
  - One-time TI contribution of $2,031,576
  - 2.7-year payback period
- Mansfield (right-sized existing office)
  - Net reduction of 17,440 Usable Square Feet (USF) (RSF=USF in Mansfield)
  - Net savings of $226,720 in annual rent Lease effective date for reduced USF was 7-1-17, and since we were permitted to occupy space (during construction) that we will be vacating, the Lessor essentially agreed to 7.5 months of rent abatement, or $146,258.

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This amount reduces the TI contribution from $842,914 to 696,656, which subsequently reduces the payback period from approximately 3.7 years to 3.1 years.
- Net reduction of $2,737 Occupancy Cost per Employee
- Net reduction from 745 RSF per Employee to 445 RSF (Space is shared with the Ohio Industrial Commission, so RSF per Employee is above average due to size of lobby and associated hearing rooms)
- One-time moving costs of $17,120
- One-time TI contribution of $842,914 (exclusive of rent abatement)
- 3.7-year payback period (exclusive of rent abatement)

Recommendation 3.2:

OBWC should right-size its office space within the William Green Building to a level comparable to industry benchmarks. In doing so, the Bureau can free up additional space to generate additional lease revenue.

Have you reevaluated occupied space in the William Green Building, in collaboration with the DAS Real Estate mission?

OBWC works in conjunction with DAS Real Estate to offer space when DAS cannot find suitable space for other agencies in either the Rhodes or Riffe towers. Should the need arise, OBWC would be willing to evaluate our ability to reduce our occupied space in the William Green Building to assist DAS Real Estate in their mission.

Recommendation 3.3:

OBWC should bring lease rates for the William Green Building in line with market rates. In doing so, the Bureau can remain market competitive in its offering while generating additional lease revenue.

How are lease rates calculated to ensure all operating costs in the William Green Building are recouped?

As a public entity, OBWC does not pay property taxes, and we do not lease space on a for-profit basis. When OBWC began leasing William Green Building space to other state agencies in 2010, the lease rates were calculated to recoup operating costs only, and we continue to evaluate our operating costs annually to ensure the current lease rates are still appropriate. Because of the above, OBWC can offer Class A office space to other state agencies at below market rents when compared with private sector. OBWC is privileged to offer this amenity to other agencies while simultaneously being reimbursed for operating costs that would be incurred even if the space were empty.

Recommendation 3.4:

OBWC should right-size its warehouse space to efficiently meet its needs. Doing so will allow the Bureau to minimize unnecessary lease and utilities cost.

OBWC Response:

Fully completed.

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Recommendation 4.1:

OBWC should develop a formal premium audit selection methodology that takes into account both the likelihood of a misadjusted premium as well as the need to provide adequate coverage for all employers. After adoption, the Bureau should ensure that all audit staff are following the methodology and process as intended. A consistent, uniformly applied methodology and process will allow the Bureau to optimize workload and staffing in a manner that best meets its goals.

How did the Fiscal Year 2018 Audit Plan address physical audit policies?

The Regional Audit Operations teams are responsible for auditing selected employers from a universe of approximately 235,000 active and reinstated employer policies. Premium Auditors perform inspections of employer operations and records to verify correct classification codes are being used and to ensure proper reporting of payroll has occurred within those classifications. Audit plans are established on a fiscal year basis.

Currently, there are 36 Premium Auditors performed 10,364 audits for fiscal year 2019. The net premium adjustment from these audits resulted in additional billed premiums of $8,369,466. An audit plan was developed by the Premium Audit Department management team. The plan takes into consideration the recommendations from Section 4.1 of the January 2018 Auditor of State's BWC Audit. That recommendation read as follows:

"OBWC should develop a formal premium audit selection methodology that takes into account both the likelihood of a misadjusted premium as well as the need to provide adequate coverage for all employers."

Our plan accomplishes the audit recommendations by establishing twelve 'project categories' comprised of various policy groups where premium reporting errors are likely to exist. The list of 'projects' is comprised of general grouping or categories of policies such as by industry group, specific type of operations, or specific class code that needs audit attention. The project can also be a scenario or condition, such as any employer represented by a payroll service provider with $xxxx amount of annual premium. Although projects may change from year to year to address the trends in the industry, the development process of the audit remains relatively consistent and focuses on the policies that are most likely to misreport payroll or who may have incorrect classification codes. See example below for the list of projects used for policy year 2019.

To ensure all audit staff are following the methodology and process as intended, selected policies are assigned to the respective audit region. It is from there that the Regional Audit Supervisor works with the Audit Scheduler in that region to initiate the audit notification requests. Please see attached Premium Audit-Management Guidance Audit Assignment document which details how the Regional Audit Supervisors will select and schedule the audits assigned to their region.

Recommendation 5.1:

OBWC should develop a performance management framework for the fleet that is designed to inform long-term strategic decision making, with the goal of improving the efficiency and effectiveness of services. At a minimum, the framework should take into account the type, number, and purpose of vehicles as well as individual vehicle expenditures, mileage, and age. Finally, in collecting the data necessary to inform the framework, the Bureau should make greater use of Voyager. This includes reviewing purchasing practices to ensure that Voyager is being used for all vehicle expenses when

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appropriate and expenditures are properly recorded by employees. In addition, the Bureau should utilize other sources of data, including OAKS, in order to capture all fleet expenditures.

Have there been any changes since the performance management framework was implemented?

Review of vehicle costs – OAKS reports are used to identify any vehicle related expenses. Reports are reviewed quarterly. Any necessary costs and adjustments are added to Fleet Ohio system to capture complete cost per mile of each vehicle. Cost per mile reports from Fleet Ohio (Voyager expenses) are then used in part to help establish annual vehicle replacement schedules. Replacement schedules – work has been done to get closer to the DAS suggested 90,000 miles/6-year replacement time frame. Vehicles are no longer simply replaced with like models; the driver job duties and equipment needs are also reviewed to make sure that the correct size and type of vehicle is purchased. Any financial impacts related to the changes and modifications put into practice have been very minor.

Ohio Department of Transportation (ODOT)

RELEASE DATE: 10/11/16

Based on their report, they have implemented **1** of **4** recommendations and are in progress of implementing **3** of **4** recommendations.

Recommendation 1:
ODOT should implement a uniform process that allows for the accurate and timely collection of utility and site O&M data and information, including:
- Utilities – Including water, gas and electric;
- In-House O&M – Including labor, equipment and materials; and
- Outsourced O&M – Including any and all costs for outsourced maintenance.

ODOT's Response:
ODOT has chosen to not move forward with the proposed OAKS Enterprise solution proposed by IBM. Instead we are looking for best of breed software for the individual business units. Statewide Facilities Management as their Facilities Program. We are currently in negotiations with Nuvolo and getting the information together to go to the Controlling Board in May of 2020. We would look to have them come on board and start working with us in July of 2020 with a go live date of the new system being July 1 of 2021. Nuvolo has a comprehensive suite of Facilities software that is built on top of the Service Now platform. ODOT already uses Service Now for many of the IT functions and Nuvolo will be a plug into that system for us to use. Along with this, it would incorporate capital work plans, preventative maintenance plans, building inventory tracking, building equipment and utility tracking.

Recommendation 2:
ODOT should implement a uniform process that allows for the accurate and timely collection of operations data and information, including:
- Routes – Including snow and ice control route assignments, treated lane miles, and deadhead miles;
- Equipment – Including route truck assignments, plow truck salt and materials capacity, and plow truck cost per mile; and
- Weather Events – Including route cycle

ODOT's Response:
GPS/AVL
- 2018/2019 Fall/Winter Season – Completed installation in the remaining Snow and Ice Fleet across the state. This included the installation of equipment to give us the ability to have photos and live video stream from the cabs of our snow and ice fleet as well as truck location and route coverage all displayed on our web application.
- 2019/2020 Fall/Winter Season – We began implementing the integration of Hydraulic Data. We will use this information to assist us in keeping equipment calibrated, track material usage, and integrate this data with our Route Optimization program to continue working on Snow and Ice efficiency.

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Route Optimization

- 2019/2020 Fall/Winter Season – Placed the Route Optimization project on hold as we continue to collect data from our GPS/AVL system. We intend to integrate the data received from our GPS/AVL system, INRIX Speed Traffic Data, as well as Storm Specific Data to assist us in refining our algorithm logic in our Route Optimization program. Our intention is to revisit this program in the Summer/Fall 2020 with the additional data.

Recommendation 3:

ODOT should incorporate formal cost/benefit analyses into the facilities planning process in order to identify and implement opportunities for greater efficiency and effectiveness. These analyses should use data and information from operations, primarily snow and ice control (see Operational Data Quality), as well as facilities (see Data Quality), to assess the business needs and evaluate the relative costs and benefits of alternative facility options.

ODOT's Response:

Snow and Ice Efficiencies were developed and implemented in the fall of 2019 in coordination with ODOT Central Office and 12 District Highway Maintenance Administrators. The Snow and Ice Efficiencies were disseminated out to the ODOT County Transportation Administrator's and Manager's through 4 Regional Mtgs. The implemented Snow and Ice Efficiencies have been tracked and reported out to both the Districts and Central Office Maintenance Operations for continued evaluation and improvements. Continued evaluation will happen with all the above mentioned ODOT personnel in coordination with the data collected with the GPS/AVL truck units.

Recommendation 4:

ODOT should develop a consistently applied, data-driven process to guide capital planning and budgeting decisions. The process should involve input from key stakeholders, including Central Office, district, and county leadership, in order to identify key metrics to assess which sites are most critical to the Department's mission. At a minimum, the process should include a standardized method to:

- Evaluate each site's conditions and assessing deferred maintenance;
- Evaluate each site's purpose in meeting the Department's mission; and
- Compare all sites, as well as alternative options, such as replacing outposts with yards where possible, in order to optimize capital investment.

ODOT's Response:

ODOT is working toward a data-driven process to determine ideal capital planning and budgeting decisions. This includes the implementation of a facility management system which would allow the use of industry standard benchmarks such as a Facility Condition Index (FCI). The master planning process promotes the inclusion of shareholders in the decision-making process which includes the site's purpose in meeting the agency's mission and the function necessary for efficient operation. The agency operates the following number and types of facilities:

Full Service Facility	101
Outpost	105
Yard	27

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As funding permits we are streamlining operations to include more yard locations and reduce the need for more costly complexes.