

OHIO AUDITOR OF STATE
KEITH FABER



2024 Ohio Performance Team Annual Report

to the Governor and General Assembly of State
Agency Implementation of Performance Audit
Recommendations

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Table of Contents

Ohio Performance Team Annual Report	2
Recent ORC § 117.46 Audit Releases	3
Ohio Department of Natural Resources	3
DAS Multi-Agency Radio Communication System.....	3
Ohio Board of Nursing.....	3
Lakeland Community College	3
Summary of Audit Recommendations.....	4
Client Responses and Implementation Status	4
Previous ORC § 117.46 Audit Release Status	9
Annual Report Dashboard.....	11

Ohio Performance Team Annual Report

Performance audits examine the efficiency and effectiveness of government programs and functions with the goal of making them better. While financial audits determine whether public funds are spent legally and managed in accordance with accounting principles, performance audits examine whether funds are spent wisely and whether programs achieve their intended purpose.

The Ohio Performance Team (OPT) is made up of professionals with a mix of government (public sector) and industry (private sector) backgrounds, as well as in-depth experience in research, operations, and management. Team members are drawn from the fields of public administration, economics, information technology, statistics, human services, public works, environmental science, and education. State agencies can use performance audit results to improve the delivery of services and reduce overall costs to the taxpayers. The Ohio Performance Team has worked with more than 20 agencies on a variety of topics.

Under Ohio Revised Code (ORC) § 117.46, the Auditor of State's Office is required to perform a minimum of four state agency performance audits each biennium. This may include an audit of a university or college. State agencies and public institutions of higher education must pay for performance audits based on federal cost guidelines and may use biennial appropriations or other funding sources. The Ohio Performance Team releases an annual report providing a status update of state agency performance audits and implementation of recommendations.

This report highlights those reports that were released between January 1, 2023, and June 30, 2024. These audits include the Ohio Department of Natural Resources' Dredging Program, the Department of Administrative Services' Multi-Agency Radio Communication System, the Ohio Board of Nursing, and Lakeland Community College. The following pages include information pertaining to each of these audits, including detailed recommendations and each entity's initial responses on implementation.

In addition, a new online data dashboard was developed this year to track the implementation of all audit recommendations made under ORC § 117.46, dating back to January 2019. Organizations that receive a performance audit under ORC § 117.46 are required to report on the implementation status of all recommendations until it is determined that the recommendation is fully implemented. If an organization chooses not to implement a recommendation, it is required to provide a letter to the Governor and the General Assembly to declare that decision. Further information on this dashboard and how to use it can be found at the end of this report.

Recent ORC § 117.46 Audit Releases

Between January 1, 2023, and June 30, 2024, OPT released four audits under ORC § 117.46. These audits included a review of the effectiveness of ODNR’s dredging program, the financial stability of the Multi-Agency Radio Communications System initiated by legislative request, the efficiency of the Ohio Board of Nursing, and the overall operations at Lakeland Community College.

Ohio Department of Natural Resources

This audit was initiated to identify opportunities to improve the efficiency and effectiveness of the Department of Natural Resources’ Dredge Program so that Ohioans can maximize the use of our waterways. The Dredge Program relies on complaints to set annual program goals and objectives. Without basic information regarding costs and performance, we found that it was not possible to effectively or transparently conduct dredge activities.

DAS Multi-Agency Radio Communication System

The Department of Administrative Services requested a performance audit to better understand the financial condition of the state’s Multi-Agency Radio Communication System (MARCS). MARCS is a radio system that allows for individuals from multiple organizations to communicate with each other on a secure network. Under the current model, users pay a fee to subscribe to the system and gain access. Using historical trends, we determined that, without increasing fees or obtaining additional revenue from the state, that MARCS could have an overall fund deficit as early as FY 2027.

Ohio Board of Nursing

In 2021, newspapers were reporting long delays in processing times for nursing license and certification applications as a result of the COVID-19 pandemic. In response to the reported increase in processing times during a time of a public health emergency, a performance audit was initiated to review the Ohio Board of Nursing’s (OBN or the Board) license and certification processing times. The Board undertook a process improvement initiative, which has significantly improved its application processing times.

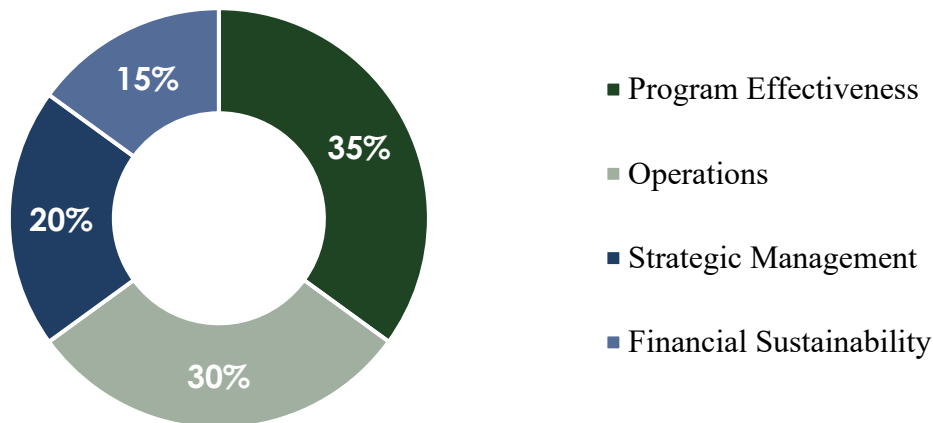
Lakeland Community College

Due to concerns regarding the overall fiscal health of institutions of higher education, the Ohio Performance Team initiated a performance audit of Lakeland Community College. We found that the College has not responded to declining enrollment trends in a timely manner. This has resulted in the College offering course sections with minimal enrollment and maintaining teaching staff and facility levels beyond what is needed for the existing student body. The College has also failed to appropriately downsize facilities as enrollment declined, leading to severely underutilized classroom and laboratory space.

Summary of Audit Recommendations

Four different types of recommendations were issued in these audits, including Strategic Management, Financial Sustainability, Program Effectiveness, and Operations. The chart below shows the proportion each recommendation type represents of the total recommendations issued in 117.46 audits this year.

Types of Recommendations Issued



Source: Ohio Auditor of State

Client Responses and Implementation Status

Of the 20 recommendations issued over 4 audits between January 1, 2023, and June 30, 2024, all are either in the process of being implemented or already implemented. The following tables provide a detailed update for each of the recently audited clients.

Ohio Department of Natural Resources

Improvement Goal	Recommendation Language Summary	Rec. Status	Client Response Summary
Formalize and Improve Dredge Project Planning	The Division lacks a formal process for complaints about lake conditions that inform dredging activities. It is recommended that the Division implement a formal process for identifying, prioritizing, and tracking dredging projects.	In Progress	We are exploring Salesforce to implement a tracking system for complaints. Complaints will route to the appropriate dredge supervisor. The supervisors will be able to add entries regarding channel depth complaints, logs and debris sightings, or other miscellaneous complaints.

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Improve Tracking of Dredge Performance	The Division does not collect detailed data on key measures of dredge performance, which limits its ability to understand the causes of performance variations. To address this, the Division should enhance its collection of performance data.	In Progress	Dredge Performance Tracking was implemented in July 2023. Employees are now responsible for keeping track of their daily assignment. This tracker captures important data sets regarding the workday.
Collect Improved Project Cost Data	More than half of the Division’s dredge program expenditures cannot be tied to specific dredging activities. The Division should fully capture data concerning dredge expenditures, the Division should also strengthen the internal controls around cost reporting.	Implemented	The Project Cost Data recommendation has been fully implemented. In SFY 2024, ODNR updated and expanded the use of reporting codes in OAKS FIN, which enables ODNR to tie costs to individual projects.
Implement Strategic Planning	The Division should develop a strategic plan that includes goals, metrics, and annual goals for the dredge program. Further, as data collection improves, the Division should use quantitative analysis to improve decision making.	In Progress	Anchor QEA developed 5-year strategic plan in December 2023, which includes both personnel and equipment projections.

Multi-Agency Radio Communication System (MARCS)

Improvement Goal	Recommendation Language Summary	Rec. Status	Client Response Summary
Ensure Program Stability	Financial modeling shows that the program may face funding shortfalls by 2027. To avoid emergency state funding, DAS must ensure MARCS' financial stability now, potentially by increasing its user base, raising fees, or exploring alternative funding models. Addressing these issues early will help prevent major disruptions to MARCS services.	Implemented	The Ohio General Assembly has allocated \$10.5 million annually in General Revenue Fund (GRF) support for the MARCS program over the next biennium, totaling \$21 million.
Address Delinquent Account Collections Management	MARCS user fees become delinquent if not paid within 30 days and are referred to the Ohio Attorney General's Office for collection after 45 days. MARCS administrators should develop a formal policy for managing delinquent accounts to ensure fair and transparent handling of all user accounts.	Implemented	DAS Finance has established a new internal procedure called "Certification of Aged MARCS Receivables" to ensure a consistent process for managing past due MARCS accounts.
Address Mid-Year Low Point Balance Issues	Maintaining adequate cash reserves is crucial for uninterrupted MARCS services. Though year-end balances appear healthy, mid-year dips from large contract payments risk cash shortfalls. DAS should manage cash flow by adjusting vendor payments or customer receipts to keep fund balances above safe levels.	Implemented	We have reached an agreement with Motorola to amend the payment terms to the existing contract to two payments per year instead of one right at the beginning of the fiscal year which has historically created a low fund balance.

Lakeland Community College

Improvement Goal	Recommendation Language Summary	Rec. Status	Client Response Summary
Revise General Fund Minimum Balance Policy	LKCC should revise its reserve fund balance policy to encourage financial practices that would improve the SB 6 score and maintain balances that would help to address future unforeseen budgetary issues.	In Progress	We are working on revising the reserve fund balance policy. According to the submitted implementation plan, policy revision would occur in Fall 2024.
Develop and Implement Low-Enrollment Course Cancellation Policy	The Board should formalize a policy for the cancellation of course sections that meet specified low enrollment criteria. Once this policy is in effect, the Board can then adjust faculty staffing accordingly, which could save the College between \$1.9 and \$6.3 million annually in salary and benefit expenses.	In Progress	We are working on developing a low-enrolled course cancellation policy. For Fall 2024, we have enforced the 12 students per course in as many cases as possible. Data for the full fall semester will be available later in the semester
Define and Review Low Enrolled Programs.	Conduct a detailed financial analysis on a program basis for all programs offered by the College. Use this information to better understand the financial impact of offering programs with low total enrollment.	In Progress	We are doing systematic analysis of low-enrolled programs by historical enrollment trends and exploring models for detailed financial analysis on a program level.
Improve communication of key performance indicators to the Board.	LKCC has faced declining enrollment and fiscal challenges, but key metrics like low-enrolled courses and the declining SB 6 score have not been emphasized in recent discussions. Highlighting these trends will help the Board make timely decisions and address changing challenges in higher education.	In Progress	The establishment of KPIs will be formalized soon and will include key data for future strategic direction of the College.
Reduce Health Insurance Expenditures	The College offers multiple health insurance options that exceed similar institutions in their plan designs. Adjusting the insurance offerings and contribution rates would result in significant cost savings to the College.	In Progress	We are currently adjusting (increasing) the contribution rates for staff beginning in January 2025. We will address the same issue with faculty in the future.

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Renegotiate Faculty Salary Schedule	LKCC should work to renegotiate these salary schedules to be more in-line with what is offered by other community colleges to reduce expenditures and maintain fiscal stability.	In Progress	We are exploring reopening the collective bargaining agreement to align faculty salary schedule with peer institutions.
Renegotiate Faculty Summer Pay Rate	Renegotiating the faculty summer pay rate within the CBA could result in cost savings and more budgeting foresight for the College.	In Progress	We are exploring the possibility of renegotiating the faculty summer pay rate to a fixed rate and align with peers.
Identify Options to Improve Facility Utilization	LKCC should review how existing space is used and identify opportunities to improve utilization rates. In addition, the College should seek to reduce expenditures where possible, particularly in relation to buildings that are not connected to the main campus area.	In Progress	We have begun review of how existing space is used and identifying opportunities to improve utilization. The College has already signed a lease/purchase LOI for the Holden University Center, the building across the main campus. We are currently working on the agreement.
Improve Cybersecurity Internal Controls	While LKCC follows many IT security practices, it is reliant on the institutional knowledge of current employees rather than formal, written policies and procedures. LKCC should formalize and strengthen internal controls around monitoring cybersecurity best practices and continue to work towards complete implementation of an industry recognized security standard.	In Progress	We are working on a policy to formalize and strengthen internal controls around monitoring cybersecurity.
Maintain Accurate IT Inventory	LKCC does not have a consolidated inventory of IT hardware that includes the date of purchase or first use. LKCC should maintain an inventory of unique computer assets in order to enforce its IT purchasing policy relating to hardware lifecycles.	In Progress	We are working on maintaining an inventory as noted in this recommendation.

Previous ORC § 117.46 Audit Release Status

Dating back to January 2019, OPT has released audits under ORC § 117.46 of 10 state agencies, 1 state board, and 11 institutions of higher education including the state’s co-located campuses. The following chart provides a brief overview of the clients receiving audits during our report timeframe including the number of recommendations issued and the status of those recommendations.

Client Recommendation Summary: January 2019 – June 2024

Fiscal Year	Client	Total Recs	In Progress	Implemented	Not Planning to Implement
2019	Ohio Department of Administrative Services	5	1	4	0
2019	Ohio Environmental Protection Agency	2	0	2	0
2019	Ohio Department of Mental Health and Addiction Services	6	0	6	0
2020	Ohio Department of Transportation	9	1	8	0
2021	Ohio Department of Education and Workforce	8	0	8	0
2021	Ohio Department of Transportation	14	0	14	0
2021	Ohio Department of Health	7	1	6	0
2021	Ohio Department of Public Safety	14	0	14	0
2022	Ohio Department of Jobs and Family Services	6	1	5	0
2022	Ohio Department of Higher Education	3	2	1	0
2023	Ohio Department of Natural Resources	3	0	3	0
2023	Ohio Department of Education and Workforce	10	3	7	0
2023	Ohio Department of Higher Education	10	3	7	0
2023	Belmont College	15	1	10	4

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2023	Central Ohio Technical College	15	0	15	0
2023	Kent State Stark	15	3	10	2
2023	Marion Technical College	15	2	13	0
2023	North Central State College	15	4	11	0
2023	Ohio University Eastern and Zanesville	15	5	10	0
2023	Rhodes State College	15	1	14	0
2023	Stark State College	15	0	15	0
2023	The Ohio State University Regional Campuses	15	1	14	0
2023	Zane State College	15	0	14	1
2023	Ohio Department of Natural Resources	4	3	1	0
2023	Ohio Department of Administrative Services	3	0	3	0
2024	Ohio Board of Nursing	3	2	1	0
2024	Lakeland Community College	10	10	0	0

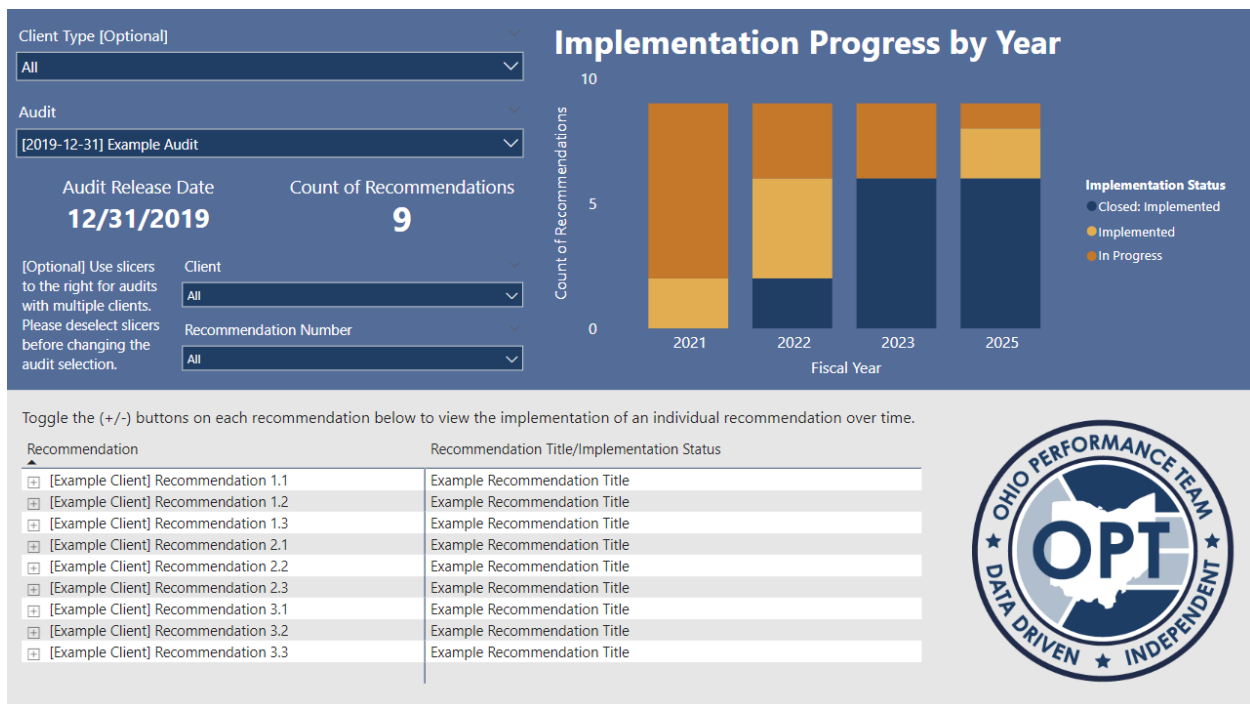
Source: Ohio Auditor of State

Belmont College, Kent State Stark, and Zane State College each have indicated that there are some recommendations that will not be implemented, highlighted in red above. For these recommendations, each institution is required to submit written notification of the decision to not proceed with implementation to both the General Assembly and the Governor’s Office.

Annual Report Dashboard

To provide more detailed information on each of these audits, OPT created a data dashboard. This [dashboard](#) shows the progress that recent and past clients have made toward implementing performance audit recommendations. The information presented in the dashboard is provided by each client through a mandatory annual reporting process.

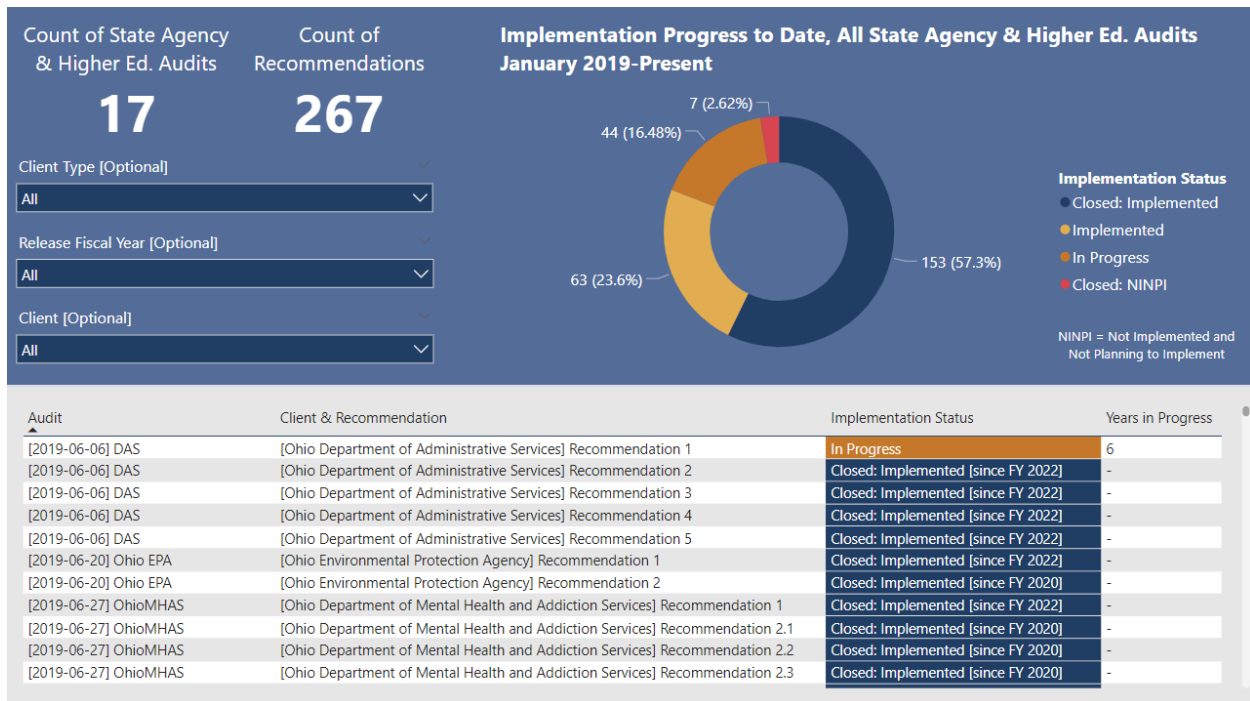
The dashboard includes data on all performance audits of state agencies and higher education institutions released January 2019 to present, and information is presented on two pages. Below is an example of the setup of the first page.



Users can select a client type (state agency or higher education institution) and then select a performance audit from the Audit drop-down. The “Implementation Progress by Year” column chart at the top right shows the progress that the client has made on the implementing these recommendations over time; users can see how many recommendations were marked as “in progress”, “implemented”, or “not implemented and not planning to implement” in each of the fiscal years after the audit report was released. Any recommendations marked as "implemented" or "not implemented and not planning to implement" in a given fiscal year are marked as "closed" in any following years, as OPT will have stopped requesting an update on these recommendations and closed them out. The recommendations marked “closed” show either closed due to implementation or closed due to the client’s plan to not implement the recommendation.

All recommendations made in the selected audit are listed in the table at the bottom of the page. Users can toggle the (+/-) buttons on each recommendation to expand the table to view the implementation of an individual recommendation over time. For more details, users can hover over lines in the table to read recommendation language as well as responses clients have provided on their progress.

The second page of the dashboard allows users to observe the implementation status of recommendations made to date for all performance audits, rather than observe implementation progress for one particular audit. An example of the setup of this page can be seen below.



The “Implementation Progress to Date” donut chart shows the number of recommendations falling under each implementation status as of FY 2025. Users have the option to filter the page by client type, release fiscal year, or client using the drop-down boxes at the top left of the page.

All recommendations across all audits are listed in the table at the bottom of the page—users can see the implementation status to date of each recommendation. Selecting a "slice" from the donut chart above will filter the table to quickly show all recommendations under that implementation status. For more details, users can hover over lines in the table to read recommendation language as well as responses clients have provided on their progress. Furthermore, for those recommendations still in progress, the rightmost column of the table shows the number of years in which the recommendation has been in progress. If the user clicks the header of that column twice, the user can re-sort the recommendations in the table from the most years in progress to least. The table's original sort can then be reset by clicking the "Audit" column header.