

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

Performance audits provide 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.

Generally accepted government auditing standards (GAGAS) 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.

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

Audit Scope and Objectives

In order to provide the City with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Summary of Objectives and Conclusions

Objective	Recommendation
Financial Analysis	
How do the City's sources of income, income tax rate, charges for service, special assessments compare to cities in Summit County?	R.1: Implement a fee for refuse and recycling collection.
How do City's expenditures compare to cities in Summit County?	No Recommendation
Are the City's fleet management practices consistent with leading practices and industry standards?	Verbal
Human Resources	
Are the City's staffing levels appropriate in comparison to peers, demand for services, and the City's financial condition?	No Recommendation
Are the City's salaries and wages appropriate in comparison to local peers and the City's financial condition?	No Recommendation

Are the City’s collective bargaining agreement provisions appropriate in comparison to local peers, minimums requirements, and the City’s financial condition?	R.2: Reduce the cost of shift differential in several CBAs.
Are the City’s insurance costs appropriate in comparison to other governmental entities within the local market and the City’s financial condition?	R.3: Reduce the cost of insurance premiums.
Fire Department	
What opportunities exist for the City to improve the efficiency and/or effectiveness of the staffing and operations of the Fire Department in relation to peers, industry standards, and/or leading practices?	R.4: Renegotiate minimum staffing requirement to allow for use of part-time firefighters.
Police Department	
What opportunities exist for the City to improve the efficiency and/or effectiveness of the staffing and operations of the Police Department in relation to peers, industry standards, and/or leading practices?	No Recommendation
Parks & Recreation Department	
What opportunities exist for the City to improve the efficiency and/or effectiveness of the staffing and operations of the Parks & Recreation Department in relation to peers, industry standards, and/or leading practices?	R.5: Reduce programs or increase fees in order to minimize General Fund subsidies.

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives²⁰:

- Control environment
 - We assessed the City’s exercise of oversight responsibilities in regards to detecting improper payroll reporting and benefits administration
- Risk Assessment
 - We considered the City’s activities to assess fraud risks
- Information and Communication
 - We considered the City’s use of quality information in relation to its financial, payroll, and staffing data
- Control Activities
 - We considered the City’s compliance with applicable laws and contracts

No internal control deficiencies were identified during the course of the audit.

²⁰ We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of City's operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer Cities;
- Industry Standards;
- Leading Practices;
- Statutes; and
- Policies and Procedures.

In consultation with the City, peer groups were selected for comparisons contained in this report. These peers are identified as necessary and appropriate within the section where they were used.

Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the City of Twinsburg's official statement in regards to this performance audit. Throughout the audit process, staff met with City officials to ensure substantial agreement on the factual information presented in the report. When the City disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.



Mr. Keith Faber
Auditor of State
88 East Broad Street, 5th Floor
Columbus, Ohio 43215

Dear Auditor Faber,

In May of 2019 the City of Twinsburg contracted with the State of Ohio Performance Audit Team to complete a review of City operations. Police, Fire, and Parks and Recreation were reviewed at the Departmental level. The audit team also reviewed staffing, finances, and fleet for the City overall. Please see attached scope of work for details. Throughout the remainder of 2019 and the 1st quarter of 2020 the City worked with the auditors to complete this scope of work.

We appreciate the thorough review of the City's operations and all recommendations provided by the Performance Audit Team. The City further appreciates recognition of several achievements noted by the auditors throughout the process. The auditors completed detailed data analysis of comparable communities which will continue to provide useful information.

The Performance Audit provided 5 recommendations for review which are discussed below. Council, Mayor, and the rest of City Leadership recognize that there are opportunities for improvement that were not recognized during the course of this audit. City Leaders monitor operations for efficiencies on a continuous basis. The current global pandemic related to COVID-19 has also had a significant impact on operations.

The following contains the City's response to the data and recommendations provided by this audit.

Financial Analysis – Revenue

City revenues were analyzed during the course of the Performance Audit. This includes a detailed review and comparison of property tax rates. Twinsburg is significantly lower in property tax collections for operating expenses. The auditors specifically note regarding peer cities that they "collect property and other local taxes which help to offset expenditures. On average, the peer cities collect \$113 per resident in property and other local taxes for General Fund purposes while Twinsburg does not".

The Performance Audit clearly points out the disparity between Twinsburg and peer cities in their reliance upon municipal income tax. This dependency is concerning as municipal income tax can be more sensitive to changes in the economic climate. Given Twinsburg's significantly lower property tax collections, as found in this audit, this revenue source will be reviewed.



Recommendation #1: Implement a Fee for Refuse & Recycling Collection

The City recognizes that no other City in Summit County provides this service for free. Council is currently reviewing all financial information and suggestions as mentioned in the Performance Audit.

Recommendation #2: Reduce the amount paid for shift differential within specific CBAs (Collective Bargaining Agreements)

The City recognizes that the shift differential in the CBA's is higher compared to other similarly situated communities. However, six years ago the contracts provided a percentage based shift differential that increased with every incremental wage bump. The City was able to negotiate out the percentage based shift diff and convert it to a flat dollar amount. The Administration is focused on addressing the disparity in future negotiations.

Recommendation #3: Reduce employer cost of medical, dental, and vision insurance premiums

In 2020 the City negotiated a no-increase in medical, dental, and vision insurance premiums for the plan year March, 2020 through February, 2021. Many communities in the North East Ohio region experienced increases in premium cost of 10% or more.

The City was also able to negotiate increased coverage levels in the dental and vision plans while taking no cost increase. The Employee Assistance Program is provided to employees at no cost to the employee or City.

Recommendation #4: Renegotiate Minimum Manning requirement in firefighter CBA

The City continues to work with the IAFF union to maintain minimum manning while allowing the City to reduce overtime costs. Negotiations for contract years 2020-2022 have been in progress throughout the course of this Performance Audit with a focus on minimum manning requirements.

Recommendation #5: Reduce Parks & Recreation programs and services or increase fees to eliminate General Fund subsidies

The City has reduced FT staff in the Parks & Recreation, Fitness Center, and Golf Course Departments to reduce costs. An RFP has been issued for an outside operator of the Restaurant space at the Clubhouse.

Rock the Park Concert Series ticket prices were increased in 2019 and the program generated positive revenues for the City. Summer camp prices were also increased in 2019 to cover the cost of bussing for campers. The summer camp program was self-sufficient in 2019.

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Council, Mayor, and City Leadership will continue to use this Performance Audit as we strive to provide the highest level of service possible to the residents of the City of Twinsburg. Operational efficiencies and a balance between revenue and cost are of the utmost importance. We thank the State of Ohio Performance Audit Team for all of their hard work and assistance.

Sincerely,



Mayor Ted Yates



Greg Bellan, Council President