



2021 Annual Report

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

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To Governor DeWine and members of the Ohio General Assembly,

As a former legislator and now as State Auditor, I have an established record of finding ways to make government more efficient, effective and transparent. A major component of this continued focus is the important work of our Performance Audit Division, known as the Ohio Performance Team (OPT). The tangible return on investment from OPT engagements is significant and the implementation of our audit recommendations invaluable.

OPT builds upon the Auditor of State's long-standing reputation for conducting detailed and effective audits of local governments – with a concentration on crafting recommendations that increase operational efficiencies and reduce costs.

The Ohio Revised Code requires this office to conduct performance audits of at least four state agencies each biennium and submit a report annually, in writing, to the Governor and legislative leaders to provide transparency and accountability that OPT's recommendations are being implemented by the entities benefiting from the audit engagement. The challenges presented by the pandemic, in some cases, delayed the ability of agencies to provide their implementation efforts in a timely manner. However, this letter and the accompanying report meet the reporting requirements of the Code.

Since 2011, OPT has made recommendations that when implemented would equate to nearly \$27 in tax payer savings for every dollar spent auditing state agencies and institutions of higher education and \$25 for every dollar spent auditing local governments and school districts. In addition, OPT provides many recommendations for operational improvements for which quantifiable savings cannot be clearly identified during the course of the audit.

As of April 1, 2021, OPT has released four state agency audits for the current biennium, with a fifth audit to be released in early summer 2021 – the most state agency reports in a biennium. Each of these engagements ended with recommendations to improve the efficiency and effectiveness of each agency.

This annual report will summarize the most recent state agency audits and highlight the recommendations auditors have made to enhance operational efficiency, effectiveness and transparency. We owe it to Ohioans to be deliberate and thoughtful when we spend their hard earned tax dollars, and implementing the Auditor's performance audit recommendations are an important step in that direction.

Sincerely,



Keith Faber
Ohio Auditor of State

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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 \$27 for every dollar spent auditing state agencies and institutions of higher education and \$25 for every dollar spent auditing local governments and school districts. In addition, OPT provides many recommendations for operational improvements for which quantifiable savings cannot be identified during the course of the audit, but certain to create more efficient and effective operations. In the previous calendar year, OPT released performance audits of 4 cities, 4 school districts, 1 township, 1 educational service center system operational review, and 2 feasibility studies for shared service operations.

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 20 performance audits of 12 different state agencies and one institution of higher education, including:

Engagement	Biennium	Audit Release Date
Department of Health (COVID)	FYs 2020-2021	03/23/2021
Department of Transportation (Phase II)	FYs 2020-2021	02/25/2021
Department of Education	FYs 2020-2021	01/26/2021
Department of Transportation (Phase I)	FYs 2020-2021	12/31/2019
Department of Mental Health and Addiction Services	FYs 2018-2019	06/27/2019
Environmental Protection Agency	FYs 2018-2019	06/20/2019
Department of Administrative Services	FYs 2018-2019	06/06/2019
The Ohio State University	FYs 2018-2019	09/25/2018
Department of Health	FYs 2016-2017	06/29/2017
Department of Agriculture	FYs 2016-2017	06/27/2017
Bureau of Workers’ Compensation	FYs 2016-2017	01/10/2017
Department of Transportation	FYs 2016-2017	10/11/2016
Environmental Protection Agency	FYs 2014-2015	06/30/2015
Department of Rehabilitation and Corrections	FYs 2014-2015	06/23/2015
Department of Transportation	FYs 2014-2015	06/09/2015
Department of Natural Resources	FYs 2014-2015	02/12/2015
Department of Education	FYs 2012-2013	07/01/2013
Department of Transportation	FYs 2012-2013	06/27/2013
Department of Jobs and Family Services	FYs 2012-2013	06/13/2013
Housing Finance Authority	FYs 2012-2013	09/20/2012

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 20 state agency audits completed by OPT have identified opportunities for savings in excess of \$165.5 million.

FYEs 2020-2021 State Agency Performance Audit Work

As of April 1 2021, OPT has released four state agency audits¹ for the current biennium, with a fifth audit to be released in late spring 2021. A brief description of each project is listed below.

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 is included in the report. Phase 2 was released February 25, 2021, and will begin reporting on implementation this year.

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 was released on January 26, 2021, and will begin reporting on implementation this year.

Ohio Department of Health-COVID (ODH)

In 2020, in response to the ongoing COVID-19 pandemic, and in a multi-state effort to develop and audit plan that would study COVID-19 data collection and data management, surveillance and monitoring, and public communication in their respective states, OPT engaged with the Ohio Department of Health. This audit was released on March 23, 2021 and will begin reporting on implementation this year.

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 spring 2021.

¹ https://ohioauditor.gov/performance/recent_audits.html

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.²

Reports Released During FY 2020-2021 Biennium

The following reports were released during the current biennium but have started reporting on status of implementation of the performance audit recommendations: ODOT Phase 1. The remaining reports will be reported beginning in the 2022 annual report.

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 6. The full response from each of the four entities can be found in Section 1: Initial Reporting.

² 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.

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 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 Section 2: Continued Reporting. 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 from June of 2019 to December 2020, during the FYs 2018-2019 and FYs 2020-2021 Biennia. This section presents a high level overview of the recommendations and associated financial implications provided in each agency performance audit as well as a brief update on any progress made towards implementation. For detailed, self-reported information from the Departments on implementation, please see [Section 1](#). 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 Transportation, Phase 1 (ODOT)

The performance audit released on December 31, 2019 focused on specific operational areas within ODOT, with key functional areas targeted for examination in Phase 2 of the study. The recommendations within the audit provided opportunities for both cost savings and improved operations and management.

Recommendations by Assessment Area	Financial Impact
Equipment Leasing	\$22,000,000 to \$42,000,000
Construction Inspection Staffing	\$10,000,000 to \$21,000,000
IT Consultants	\$450,000
Total Cost Savings from Performance Audit Recommendations	\$32-\$63 million

As of April 2021, ODOT is in the process of reviewing and implementing these recommendations. This is an ongoing process which will take time to fully implement. Progress will be shared in subsequent annual reports.

Ohio Department of Mental Health and Addiction Services (OMHAS)

The performance audit released June 27, 2019 provided recommendations in three key operational areas for OMHAS; 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

OHMAS continues to monitor staffing needs in an attempt to reduce mandatory overtime and improve employee morale. Discussions relating to ADAMH Board funding have been postponed due to the COVID-19 pandemic.

Ohio Environmental Protection Agency (OEPA)

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. In FY 2021, the Department realized savings of \$143,000 due to the renegotiation of lease agreements. Ongoing cost savings will be based on the continuation of monitoring facility needs and renegotiating agreements accordingly.

Ohio Department of Administrative Services (DAS)

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 April 2021, 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.³

³ The on-going COVID-19 pandemic has also limited the Department's ability to collect meaningful data as the majority of state employees were working remotely for the past year and not using fleet vehicles.

Section 1: Initial Self-Reported Implementation Update

The following information is self-reported data submitted by the audited entities. This information is intended to provide detailed information regarding the efforts made to-date to implement audit recommendations. As some recommendations cannot be implemented immediately, all issues may not be addressed during the initial reporting phase.

Ohio Department of Transportation, Phase 1 (ODOT)

RELEASE DATE: 12/31/19

Based on its report, ODOT has implemented **2** of **9** recommendations and is in the process of implementing **6** of **9** recommendations.

Recommendation 1.1:

The Department should not move to a leasing model for the vehicle categories analyzed in the audit.

ODOT's Response:

ODOT agreed with this recommendation.

Recommendation 1.2:

Consider renting low usage or seasonal vehicles. District 4 currently rents paving machines and street sweepers. These types of deployment strategies could be adopted by other Districts.

ODOT's Response:

While areas of ODOT have already been renting equipment that is low use or seasonal, ODOT will create a business practice to formalize the program. This business practice will set up minimum utilization goals (miles/hours), items to be considered as seasonal equipment and exceptions to this program, such as emergency equipment.

Recommendation 1.3:

Improve data collection and storage efforts related to fleet management to allow real time, data-driven management of fleet operations.

ODOT's Response:

ODOT agrees with this recommendation and is currently in the process of creating business practices to implement a life-cycle program for ODOT's fleet equipment. These business practices will give guidance to the districts in areas such as procurement, utilization, and disposal. ODOT will use reporting from the Enterprise Information Management System (EIMS) to create a long-term fleet replacement plan that would schedule the disposal and acquisition of equipment. ODOT plans to use

the Auditor's recommended optimized age and further create optimized life cycles for the remainder of our equipment types phased in over time and as our budget and funding allows.

Recommendation 2.1:

Based on the current cost structure, ODOT should deploy qualified internal staff before hiring consultant inspectors.

ODOT's Response:

The Department is opening up training to allow staff to progress through the HT series which allows them the opportunity to conduct more construction inspections with internal staff.

Recommendation 2.2:

Optimize highway maintenance work assignments by using HT1 seasonal employees to the full capacity.

ODOT's Response:

The Department is operating under the State of Ohio's modified hiring controls. The Districts are preparing their plans for summer hiring. ODOT will be hiring some temporary help to free up permanent staff to fulfill other duties.

Recommendation 2.3:

ODOT should collect and maintain data related to use of consultant construction inspectors in an easily retrievable electronic format.

ODOT's Response:

The Department did not provide a response to this recommendation.

Recommendation 3.1:

Incorporate staffing into the planning process for DoIT in accordance with best practices. Additionally, formally designate the priority of key systems in relation to business continuity and recovery.

ODOT's Response:

The Department will establish a strategic planning process to evaluate the needs of the department which looks to both current and future IT needs of the agency. Consideration will be made for both technological and human resource needs.

Recommendation 3.2:

Collect consultant data in order to continue to evaluate the relative costs and benefits associated with their use.

ODOT's Response:

The suggested data is being actively collected and has been collected since the beginning of the Knowledge Services contract.

Recommendation 3.3:

Make future decisions about the use of consultants based on an analysis between the full costs of hiring a consultant, as well as the needed skill set and market availability of such personnel vs. a permanent employee.

ODOT's Response:

An evaluation process will be developed and utilized when the decision to add human resources to the IT worker pool has been made which will determine whether it is more practical to bring on a full-time employee, a consultant resource, or a project-based resource team. ODOT will develop an evaluation process to be utilized no less than every two years to determine whether the consultant staff engaged at the agency are performing as expected. The data collected relating to consulting resources will be made available to IT management staff during the budgetary process to continuously evaluate whether consultant resources should be replaced with full-time employee staff, or utilization of other outside resources would be a better fit for the need.

Ohio Department of Mental Health and Addiction Services (OMHAS)

RELEASE DATE: 6/27/19

Based on its report, OMHAS has implemented **5** of **6** recommendations and is 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. The COVID-19 pandemic has delayed our efforts and the increased need for stability in the publicly funded system has contributed to the suspension of this discussion of a proposed revised methodology. The Department intends to take up this discussion again in FYs 2022-2023.

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, 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 its report, OEPA has implemented **1** of **2** recommendations and has 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:

The Department projects cost savings of \$143,000 in the current fiscal year, 2021, as a result of reductions of lease rates at several facilities in response to the COVID-19 pandemic.

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?

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.

The Department continues to closely monitor emerging factors relating to utilization in order to be fully prepared to respond in the most cost effective manner, with a focus on the lowest possible total cost of operations.

Financial Impact Realized-to-Date:

There have been no realized savings to date, but future rate decreases established within the Central Office lease will provide significant savings covering the pre-negotiated period from 6/20/23 to 5/31/2029.

Ohio Department of Administrative Services (DAS)

RELEASE DATE: 6/6/19

Based on its report, DAS is in progress of implementing 3 of 5 recommendations and has 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.

As of April 2021, the remaining agencies that we have not on boarded are BWC, OEPA, and ODNR. We have met with ODOT, DPS, and AGO. No changes to their status for now. Not closing the door on getting them on board. We have met with everyone numerous times and working on them all.

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.

As of April 2021, we have monthly reports being sent from OEPA and are evaluating their operations. We merged DYS and DRC Motor Pools. Since COVID, we do not have the long-term data as a lot of agencies are working remotely. Once we get back on track, we will start gathering again.

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:

As of April 2021, this has been completed and will be applied to agencies on a case by case basis. OFM has submitted a change in the Biennial budget for clarification.

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:

As of April 2021, the revised completed breakeven from Recommendation #3, was communicating to all of our agencies during the FY 21 Fleet Plan adaptation. We are going to analyze the new breakeven during the FY 22 Fleet Plan assessment and the need for vehicles for agencies to help in determining the size of the state fleet.

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. As of April 2021, OFM has worked with Procurement and will have a GPS contract in place in July 2021 so that we be ready to start installation. This should allow for us to fulfill Recommendation #5. We are working on a plan of implication for all vehicles and will have in place soon.

Section 2: Previous Biennia Audit Self-Reported Implementation Updates

The following information is self-reported data submitted by the audited entities. This information is intended to provide detailed information regarding the efforts made to-date to implement audit recommendations. These entities have previously provided updates and may not comment on recommendations that have been fully implemented.

The Ohio State University (OSU)

RELEASE DATE: 9/25/18

Based on its report, OSU has implemented **2** of **7** recommendations and is 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 February 2021:

- D) 175 racks active at the State of Ohio Computer Center representing 20 college/VP areas and all OCIO/MITS customers.

Department/Unit	Rack Qty 2021 (February)
Arts and Sciences, College of	13
CHRR	2
College of Dentistry	2
College of Education and Human Ecology	2
College of Engineering	11
College of Food, Agr, & Env Sci	3

College of Pharmacy	1
College of Social Work	1
Department of Athletics	3
Department of Research	5
Fisher College of Business	2
A&P FOD Lock & Key Services	2
Library Systems	1
Wexner Medical Center	62
OCIO	54
Student Life	4
TRANSPORTATION RESEARCH CENTER	1
University Advancement	3
Vet Medicine	2
College of Nursing	1
SUM	175

- II) Four distributed data centers retired over the past year include:
1. Kottman Hall (CFAES)
 2. Newark campus (OSU @ Newark and COTC)
 3. 1480 W Lane Avenue (Advancement)
 4. Wooster (ATI)
- III) Two data centers actively in process of sunsetting:
1. Research Services at Wooster (OARDC)
 2. Student Academic Services (OAA)
- IV) The Office of the CIO has partnered with 16 colleges/VP areas on managed IT Services. All have consolidated their IT and data centers into OCIO-managed servers/storage at the SOCC with backup at Wright State University data center.
1. Board of Trustees
 2. Office of Governmental Affairs
 3. Office of Legal Affairs
 4. General University
 5. College of Law

6. Office of the President
 7. OSU @ Mansfield
 8. OSU @ Lima
 9. College of Public Health
 10. OSU @ Marion
 11. Office of Human Resources
 12. Business and Finance
 13. OSU @ Newark and COTC
 14. Office of Academic Affairs
 15. Administration & Planning
 16. College of Food Agricultural and Environmental Sciences
- V) Four colleges/VPs are currently maintaining separate data center space.
1. Optometry: Fry Hall (primary data center)
 2. Engineering: Dreese Lab (Research data center)
 3. Wexner Medical Center: Ackerman (med center primary data center, SOCC is secondary)
 4. University Advancement: Longaberger (secondary data center currently under review to relocate)

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)

Overall, COVID slowed the progress of this initiative. When the University sent employees home beginning in March 2020, this hindered UniPrint's ability to meet with users and effectively work to eliminate or downgrade devices. Overall though, progress was still made. We were still able to eliminate or downgrade 35 MFDs. This movement produces a saving of \$45,435 per year.

As more units return to campus, UniPrint will be able to demonstrate more effectively to departments and colleges the best practices for devices and the benefits of fully implementing Follow Me Printing. Through March 2021, impressions are down significantly for both MFDs/printers due to limited activity on campus. This produced a cost avoidance for users of \$1.8M for the same period. While that saving is good, we expect the levels of printing to increase once activities increase, but we believe there will be a lasting residual effect, and overall printing numbers won't return to their 2019 volumes. This will lead to more devices being removed for underutilization in the coming years.

Financial Impact Realized-to-Date:

\$197,231

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)

While COVID affected the printer impressions across campus, UniPrint was still able to work with some key customers that migrated to Follow Me Printing and reduce the overall printer footprint on campus. 4,084 printers were on the program as of March 2020, and 3,737 were on the program as of March 2021. A reduction of 347 printers. This is an average savings of \$69,832. Additional printer cost avoidance is also part of the \$1.8M reported above.

Financial Impact Realized-to-Date:

\$157,575

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? Was this deployed in July 2020 as anticipated?

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 was 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.

Workday was implemented in January, and we are still working through learning how the recruit-to-hire process is impacting Ohio State hiring. Benefits we are already realizing include additional

controls provided by the process-driven workflows and the ability to pull data from the system to monitor recruiter workload and Time to Fill. The system utilizes workflow to provide controls around what our employees and leaders can do in the system. We have higher confidence that we not only have a consistent process but that it is being followed. We will continue to monitor the benefits as we work through how to utilize this system in our environment.

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 began in May 2020. The Workday system will allow the university to use data to measure performance consistently across colleges and units.

Prior to the implementation of Workday, we centralized the campus recruiting resources into one University-wide shared service center in HR. This will provide us with the opportunity to see more consistent processes that allow us to realize better hiring practices and gain alignment in areas that could cause risk to the University. We will continue to monitor how centralization of resources will improve our efficiency and effectiveness of the recruiting function.

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? Was this deployed in July 2020 as anticipated?

The processes have been designed and are in UAT testing, so we do not expect any issues. The deployment of the new standard process was 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 anticipated July 2020 deployment? Please provide specific detail (e.g. Med Center's background checks). Was this deployed in July 2020 as anticipated?

- The revised policy was implemented on January 3, 2020, in alignment with the Workday Launch.
- The revised policy applies to all colleges and units, including the Wexner Medical Center. We have also implemented a process by which any exceptions to policy are reviewed, considered and approved by the Office of Human Resources.

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? Was this deployed in July 2020 as anticipated?

- A centralized background check team was assembled and has been supporting the entire University (including the Wexner Medical Center) since the fall. An ongoing evaluation of the effectiveness of this model is underway. HR Leadership is reviewing current processes and outcomes to determine whether alternative approaches would be of greater value given our size and complexity.
- With the launch of Workday, consistency in the model and technology are providing more accurate data to inform future improvement decisions.

Ohio Department of Agriculture (ODA)

RELEASE DATE: 6/27/17

Based on its report, ODA has implemented **4** of **6** recommendations and is 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 labor 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 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.

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 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 its report, OBWC has implemented 7 of 9 recommendations and has not implemented 2 of 9 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?

The core business system continues to be used for collecting outstanding debt as follows: 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 database. The analytics project is making progress and the processes used for collecting debt 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 updates its formalized policies and procedures for collections activities as needed. Since the previous update, there have not been any material changes to the processes used for collection of past due balances. The Collections Department's policies and procedures were previously updated to reflect changes to the collection processes under prospective billing. Staff are using the Accurant/LexisNexis skip-tracing enterprise system to obtain the most current contact information for lapsed policies.

In response to the economic challenges that employers experienced due to the COVID-19 pandemic, OBWC allowed the deferral of unpaid premium installment amounts due for the six - month period

from March 2020 through August 2020 to September 1, 2020. The deferral was for private and public employers. OBWC did not lapse (cancel) coverage or assess penalties for amounts not paid during this deferral period. OBWC also issued three dividends between April and December 2020 to eligible private and public employers. These dividends essentially paid off outstanding balances of many employers and thus lapses decreased once the deferral period ended. Staff were instructed to pause most collection activities through November 2020 and to concentrate on reviews of older debt in an effort to prepare to resume follow up once the deferral period was over. As of April 2021, collections activities are back to pre-pandemic processes.

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.

Better understanding of workers' compensation insurance and the billing process increases compliance and decreases account delinquencies. OBWC uses the following outreach efforts to policyholders: The Employer Services Division provides webinars and videos on selected topics to help employers better understand the workers' compensation system. The OBWC website has undergone several redesigns in an effort to improve the customer experience with easier to understand information and improved accessibility to those items most important to an employer. Improvements to the layout and design of the monthly statement have been completed to enhance the readability and understanding for customers.

Although a decrease to the number of lapses would be a measure of success in this area, any results since the previous update would be skewed by OBWC's efforts to help policyholders with economic impacts of the pandemic by providing dividends and the deferral of payments and suspension of lapsing employers during the March 2020 through September 2020 timeframe.

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 2020 response?

One of the largest PEACH framework changes made in the last year was the retirement of the outdated provider legacy system, Medical Information Invoice System (MIIS). This replacement included a successful coordinated effort with external interfaces (Managed Care Organizations (MCO), the Industrial Commission of Ohio, the medical bill adjudication system CAM, the BWC pharmacy benefits manager (PBM), and the internal Rates & Payment system. While MIIS had not been the front-end system to enter provider data since PEACH's release in 2008, MIIS had been running as a pass-through system in the background and issuing BWC provider identification numbers. Protecting our providers confidential information such as social security numbers (SSN) was a driving force of the MIIS retirement project. A benefit with this retirement, was the transition from MIIS provider identification numbers to PEACH identification numbers. BWC external partners and internal customers transitioned from using a social security number or a FEIN provider based number to a random PEACH number when processing reimbursement and communicating with BWCs provider network. In addition to the MIIS retirement project, all provider correspondence was updated to remove the MIIS provider number and replaced with the PEACH number.

Another large enhancement over the last year was the release of phase-1 and phase-2 of an online web-based provider enrollment product. BWC doesn't currently offer a web-based provider enrollment and certification product. Most boards and commissions that license our providers offer a web-based product, yet BWC still requires a manual pen/paper application process for enrollment, certification, recertification and general provider updates. By offering providers, and each MCO a web-based product, BWC is able to streamline the enrollment process, request only pertinent information, assign applications to staff more efficiently, and ensure the network doesn't contain outdated information. Additional benefits of the web-based product include freeing up data entry time to allow staff to focus on quality assurance, develop provider trends, provider outreach, and ensure injured workers have access to needed providers. Phase-1 application offers MCOs the ability to enter enrollment data for new providers while phase-2 gives them the ability to update information directly in order to request the reactivation of an existing deactivated/denied provider. This direct entry will expedite the enrollment process and reduce data collection entry errors. These web-based product enhancements align with our goal to achieve success and have an effective provider network with efficient provider enrollment processes.

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?

A MyProvider Information portal is currently being developed. This portal will permit active providers to perform direct updates or request updates that need verification. This will reduce the high volume of demographic changes that are currently the responsibility of the PEC team. The portal will also allow providers to update information that were invited to recertify. This direct entry will expedite the recertification process.

Much like the Web application that was implemented earlier this year for MCO use, both the Enrollment only and the Enrollment & Certification Web applications are planned to be implemented. These web applications will give providers the capability to apply for enrollment and/or certification via the web and make demographic changes such as address updates. This direct entry will expedite the enrollment process and reduce data collection entry errors.

There are four enhancement phases that have not been started:

1. DEP (Disability Evaluators Panel) – Move the data and functionality to PEACH. DEP is currently housed in an access database platform separate from PEACH. Discussions to alleviate the use of access databases are currently being discussed.
2. Systematic Decertification - Based on a set of predetermined rules (ie no billing for 18 months) providers will be decertified. Systematic Decertification will reduce the number of providers that remain in active status that do not meet the active criteria
3. Data sharing interface – Allow the ability to share data with State of Ohio medical boards and/or commissions. With data sharing all interested parties will have the most up-to date provider information.
4. Create user controlled reporting and query capability – At this point in time PEC only has the ability to view weekly system generated reports or request reports from data warehouse or IT. User controlled queries will provide real-time reporting and immediate results on data such as performance measures.

The BWC Enterprise Governance committee approves and prioritizes all major initiatives. The BWC is in the process of implementing a Portfolio Project Management (PPM) tool. This PPM tool will assist the Project Management Office and Enterprise Governance Committee in scoring and ranking project initiatives. BWC will have better capability to track resources on projects and provide reporting on resources and costs at the project level. The PPM tool will be used to continue to ensure enhancements are being done in a fiscally responsible manner.

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 one-time 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?

Since the publication of the Auditor's report in January 2017, the Ohio Bureau of Workers' Compensation Facilities team completed right-sizing efforts in the following regional offices: Cambridge, Cincinnati, Cleveland and Mansfield. These four offices represent a combined reduction of 97,809 Usable Square Feet and an annual rent savings of \$1,266,393.

The summary for the Cambridge, Cincinnati, Cleveland and Mansfield projects 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. 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)

FY21 Update

Between FY10 and FY21, the BWC Facilities team has endeavored to right-size BWC’s real estate footprint amidst a steady decline in BWC staff numbers. As of April 13, 2021, BWC has approximately 1,650 full time employees. In comparison, in FY10, BWC had approximately 2,300 full time employees.

Although staff population will likely always be somewhat fluid, pre-pandemic staff levels have remained consistent in the recent past. This has allowed us to focus on how specific job positions utilize space, and in the pre-pandemic environment, we were instituting hoteling workstations for many positions that had here-to-fore been provided with full-size workstations.

Our most recent right-sizing effort was completed in October 2020, when we relocated all Pickerington staff to the William Green Building. We achieved this by consolidating staff on several floors, which

allowed us to clear L25 for the Safety & Hygiene staff and accommodate the call center staff on the south half of L19. The closure of the Pickerington facility resulted in an annual rent savings of \$632,602 based on the FY21 rent rate for that location.

Over the course of the last eleven years, we have reduced BWC's real estate footprint by over 285,000 rentable square feet, saving BWC over \$2.3M in annual rent. This was achieved by combining some offices, right-sizing others, and closing four locations. All staff that reported to the four closed locations were relocated to nearby facilities.

Although the post-pandemic real estate view is unclear, the BWC facilities team remains committed to meeting BWC's real estate needs and proactively monitoring square footage usage both in the William Green Building and around the state.

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:

OBWC has completed this recommendation by relocating its warehouse to a space that is 24,160 square feet resulting in the following:

Warehouse right-sizing

- a) Net reduction of 72,362 Usable Square Feet (USF) (RSF=USF)
- b) Net savings of \$361,780 in annual rent
- c) New lease effective as of 7-1-17
- d) One time moving costs of \$162,462
- e) One time TI contribution of \$186,616 f. Less than one-year payback period

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 does the current Audit Plan address physical audit policies?

The Premium Audit Department develops, on an annual basis, an audit plan using multiple factors to identify the policies that potentially create the highest risk for that policy year. The factors or conditions used in the audit plan may change from year to year as management evaluates the business environment each year to determine the most needed focus. This allows the plan to be flexible, agile, and able to adapt to the ever-changing business environment to ensure audits are performed on different industries and operations. Factors may include, but are not limited to payroll amount, premium audit, type of operations and reporting to specific class codes. Conditional selection may involve multiple variables or scenarios involving the policy, such as “audit all policies with a filed claim and premium under a certain dollar amount.

The plan is created on a statewide basis and policies are subsequently assigned to the five audit regions based on the location of the employer. The number of audits assigned per region is based primarily on the number of auditors in the region and location of auditors by county. It should be noted that the Premium Audit Department also receives many audit requests and audit referrals from internal staff, including claims representatives, Employer Service Specialist and Underwriting staff. These referrals are inserted into the audit schedule as high priority.

The plan is consistently applied in all regions by the audit supervisors. The department has written instructions in the form of the Management Guidance Document (previously submitted) for supervisors to follow when assigning policies within their regions. Employer location, employer availability, and auditor home location determines the scheduling of audits in an effort to create efficiency in production time. Supervisors and audit schedulers in each region work diligently to decrease drive time for auditors thereby allowing each region to exercise flexibility in assigning and scheduling audits. This may result in scheduling of audits of policies that are included in the audit plan for their region with a lower risk value prior to auditing a higher risk value policy.

Regarding the tracking of production time to conduct and complete the audit, the department implemented a tracking mechanism approximately four years ago. The auditor records the time spent

on each audit in the audit shell (audit excel workbook). Management uses this data to determine the average time spent on audits, identifies the outlier audits that are more complex to complete and uses this to evaluate drive time usage for fleet miles reconciliation.

Our 36 auditors normally complete more than 10,000 audits each year. Physical audits have not been possible since the COVID-19 pandemic. However, auditors continue addressing phone rating inspections that come from both the audit plan and special rating inspection runs to identify policies in specific industries, operations and class codes. Since the rating inspections do not focus on payroll reconciliation, we do not have to use the multiple factors to identify the high risk, only those in industry class codes where we know that are prone to class code assignment errors.

We continue to conduct full premium audits via mail which involves not only a review and verification of the class codes, but also the normal reconciliation of reported payroll compared to payroll tax documents.

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 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?

OBWC has no significant change to report since the 2020 update. OAKS reports are used to identify any vehicle related expenses. Expenses are reviewed quarterly. Any necessary costs and adjustments are added to the 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. Regarding replacement schedules, work has been done to move closer to the DAS suggested 90,000/6 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 minor.

Ohio Department of Transportation (ODOT)

RELEASE DATE: 10/11/16

Based on its report, ODOT has implemented **1** of **4** recommendations and is 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 is evaluating other options regarding this proposed solution. Statewide Facilities Operations is working with our Division of IT to determine the next steps to ensure it meshes with the agency wide data gathering solution.

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:

The GPS/AVL system was fully implemented and used for the first full season for the 2020/2021 Winter Snow and Ice season. Route Optimization was placed on hold because of the first full season of GPS/AVL data collection and COVID19 Budget Reductions. Route Optimization is budgeted for 2021/2022 and we have started discussions with our vendor on the Route Optimization Project. Our base line for Route Optimization will be our current routing, adjustments to said routes will be re-evaluated after completion of our Route Optimization Project.

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 continues to work toward this endeavor as funding permits. The agency currently operates the following number and types of facilities:

Full Service Facility	100
Outpost	106
Yard	28