



Mary Taylor, CPA
Auditor of State

CUYAHOGA COUNTY RECORDER'S OFFICE
PERFORMANCE AUDIT

DECEMBER 30, 2008



Mary Taylor, CPA
Auditor of State

To the Residents of Cuyahoga County, the Cuyahoga County Board of Commissioners, and the Cuyahoga County Recorder:

On May 15, 2008, the Cuyahoga County Recorder resigned before completing his term of office, set to expire on January 5, 2009. In an effort to ensure efficient and effective services in the Recorder's Office and address public concerns and media reports about management and hiring practices, the Cuyahoga County Board of Commissioners engaged the Auditor of State's Office to conduct a performance audit of general operations and human resources.

The performance audit contains recommendations which identify the potential for cost savings and operational improvements. While the recommendations contained in the audit report are resources intended to assist in improving operations, the Recorder's Office is encouraged to assess overall operations and develop additional alternatives.

An executive summary has been prepared which includes background information; general audit conclusions; the scope, objectives and methodology for the performance audit; assessments not yielding recommendations; findings and recommendations; issues for further study; and a summary of financial implications. This report has been provided to the Recorder's Office and County Commissioners, and its contents discussed with the newly elected Recorder, County Commissioners, and administrators. The Recorder's Office has been encouraged to use the results of the performance audit as a resource to further improve its overall operations and service delivery.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. This performance audit can also be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/> by choosing the "Audit Search" option.

Sincerely,

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 30, 2008

Executive Summary

Background

On May 15, 2008, the Cuyahoga County Recorder resigned his office before completing his term of office set to expire on January 5, 2009. In an effort to ensure efficient and effective services in the Recorder's Office and address public concerns and media reports about management and hiring practices, the Cuyahoga Board of County Commissioners (BOCC or the Board) engaged the Auditor of State's Office (AOS) to conduct a performance audit of the following areas:

- General Operations; and
- Human Resources.

Subsequently, a new Recorder was appointed to lead CCRO. Voters officially elected this individual as the Recorder on November 4, 2008.

The Cuyahoga County Recorder's Office (CCRO) was established in 1810. The County Recorder is an elected official serving four-year terms without term limits. CCRO and other county recorders' offices are statutorily mandated to record and maintain the following: deeds, mortgages, powers of attorney, new plats, leases, liens, military discharges, and all other instruments of record associated with these documents. All of the information maintained by CCRO is considered public record and CCRO charges the public for the recording, retrieval, and copying of these documents. CCRO has approximately 92 full-time equivalent employees and processed approximately 233,000 documents in 2007. Ohio Revised Code (ORC) Chapter 317 contains the legal parameters covering county recorder operations.

General Audit Conclusions

The performance audit found that CCRO complies with the significant aspects of the ORC related to the provision of recorder's services. CCRO provides more services than required by ORC and, with a few exceptions, its services are generally similar to the peers. In addition, CCRO uses a collaborative process to develop, monitor and report on its annual budget. With respect to technology, CCRO's electronic document recorder system (DRS) reduced the turn-around time for customers to receive original recorded documents from as much as two weeks, to a matter of minutes. Furthermore, CCRO uses its DRS to manage workflow and operations in a manner similar to the peers.

While the performance audit confirmed that CCRO's practices appear adequate in the aforementioned areas, it found several areas that warrant changes to improve efficiency and

effectiveness. Specifically, CCRO employs significantly more staff in its operations and public outreach functions when compared to the peers. Along with higher staffing levels, CCRO provides compensation for its staff across all functions that is significantly higher than the peers. The performance audit also found that CCRO does not perform core human resources functions. It lacks comprehensive job descriptions and specific job qualifications for all positions. Further, it has not developed staffing and compensation plans, and functions without a formal hiring process. These deficiencies increase the risk of unjustified staffing and salary levels. Lastly, CCRO does not perform critical planning activities or objectively evaluate its performance.

Objectives

Performance audits are defined as engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information 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.

The overall objective of this performance audit was to review and analyze the selected operational areas in relation to peer entities, industry standards, and recommended or leading practices to draw conclusions and, where appropriate, make recommendations for improvement. The following summarizes the areas that were assessed in the performance audit:

- **General Operations** includes an evaluation of service provision, strategic planning activities, customer satisfaction, compliance with ORC and local policies, financial planning and reporting, budgeting, purchasing, inventory practices, and technology operations.
- **Human Resources** includes an analysis of staffing, salaries and the potential to streamline functions and minimize duplication of effort.

The recommendations in the performance audit represent options that CCRO can consider to improve its operations.

Scope and Methodology

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives.

Audit work was conducted between July 2008 and October 2008, and data was mainly drawn from fiscal years 2007 and 2008. To complete this report, the auditors gathered a significant amount of data pertaining to CCRO operations, conducted interviews with numerous individuals associated internally and externally with the various departments, and reviewed and assessed available information. Peer data and other information used for comparison purposes were not tested for reliability, although the information was reviewed for reasonableness.

The performance audit process involved significant information sharing with the County and CCRO management, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the County and CCRO of key issues impacting selected areas, and share proposed recommendations. Throughout the audit process, input from the County and CCRO was solicited and considered when assessing the selected areas and framing recommendations. Finally, the County and CCRO provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, AOS modified the report based on the comments.

In addition, three county recorder offices were selected to provide benchmark comparisons for the areas assessed in the performance audit. They included the Franklin County Recorder's Office (FCRO), the Hamilton County Recorder's Office (HCRO), and the Lucas County Recorder's Office (LCRO). These offices were selected based upon demographic and operational data. Furthermore, external organizations and sources were used to provide comparative information and benchmarks, including the following: Society for Human Resources Management (SHRM), Government Finance Officers Association (GFOA), and the American Institute of Certified Public Accountants (AICPA).

The Auditor of State and staff express appreciation to CCRO, FCRO, HCRO and LCRO for their cooperation and assistance throughout this audit.

Assessments Not Yielding Recommendations

Assessments were conducted in the following areas which did not warrant changes and did not yield recommendations. The **general operations** section contains additional detail.

- Compliance with significant aspects of the ORC related to provision of services for recorders' offices;
- Overall service comparison;
- Budgeting and financial reporting;
- Inventory Completion; and
- Overall use of the document recorder system (DRS).

Findings and Recommendations

The following presents a summary of the findings and recommendations from the report. Each section contains additional detail.

General Operations

- Although a plan was developed for implementation of DRS, CCRO does not have comprehensive strategic, capital and technology replacement plans. The lack of such plans can hinder CCRO in making effective decisions about its operations.

CCRO should create comprehensive, multi-year strategic and capital plans that incorporate stakeholder feedback and include measurable objectives, performance measures, and related costs and timeframes. The capital plan should also include a technology replacement plan. Additionally, CCRO should ensure such plans are consistent with County-wide planning priorities and objectives.

- CCRO's document scanning process for creating electronic images has eliminated the need for hard copy storage space. However, a review of financial statements shows increasing expenditures over the past 3 years associated with space maintenance. Further, while a physical asset inventory was completed in 2008 and filed at the County Auditor's Office, a representative at the Clerk of the Board's Office (CBO) indicated that CBO does not have the inventory on file, which is required by ORC 305.18.

CCRO should annually provide the square footage of occupied space to the Office of Budget and Management (OBM) to ensure that it pays only for space used. CCRO also should ensure that the Clerk of the Board has a copy of its inventory.

- While CCRO receives two-year expenditure projection reports from OBM, it does not internally prepare long-term revenue and expenditure projections.

CCRO should work with OBM to prepare and maintain a five-year financial forecast. To aid in this effort, CCRO should develop formal procedures to guide the creation and review of the forecast. This forecast should be linked to the strategic and capital plans.

- CCRO does not comply with all of Cuyahoga County's financial management policies.

CCRO should ensure compliance with the Cuyahoga County financial management policies and procedures.

- The Director of Technology (DT) plans to reduce contracted technology costs to \$70,000 by hiring a full time programmer that can work with the software developer for at least a year in order to learn the program intricacies. The programmer would then be responsible for adjusting the DRS software and providing technical support. However, even with a reduced maintenance contract cost of \$70,000 and the current level of IT staff, CCRO would provide more resources to support its DRS than the peers. Furthermore, if CCRO reduces its non-IT staffing (see **human resources** section), it would decrease the number of employees requiring support from the IT staff.

CCRO should maintain current Information Technology staffing levels. Based on the Director of Technology's projection of future contracted DRS costs, CCRO should provide necessary programming training to an existing member of its IT Department. If CCRO determines this is not possible, it should consider eliminating one full-time IT position and working with the Cuyahoga County Information Services Center (County ISC) for programming services or hiring a programmer. The decision on whether to use the County ISC or hire a programmer should be based on a cost-benefit analysis. Furthermore, CCRO should review and, when appropriate, adjust IT Department staffing levels in conjunction with potential staffing reductions in other departments.

- CCRO does not have a formal disaster recovery plan. A disaster recovery plan would better ensure the safety and security of CCRO's information, and the continuation of operations in the event of a technological or natural disaster.

CCRO should move forward with its intent to implement a disaster recovery plan. Furthermore, CCRO should test the plan on an annual basis.

- In contrast to the Franklin County Recorder's Office, Cuyahoga County has not established a county microfilming board. Rather, CCRO has provided back-scanning (digital recording of historical documents) services for other County agencies. Receiving input from and involving other county agency representatives through the establishment of a microfilming board would increase transparency and control over the process and costs associated with the back scanning projects, as well as help to prioritize and complete the projects. ORC §307.80 states, in part, that the board of county commissioners of any county may, by resolution, establish a county microfilming board.

The County Commissioners should establish by resolution, a county microfilming board to govern the scanning projects. Subsequently, the County Microfilming Board should encourage Cuyahoga County agencies to implement paperless initiatives.

- The County's budget document contains multiple performance measures reported by CCRO, such as average time to retrieve a document, average customer waiting time, and a customer satisfaction index. However, CCRO was unable to provide documentation to

support these performance measures. To track employee performance, CCRO records various statistics such as documents indexed and verified. However, these statistics are not measured against specific benchmarks. Furthermore, CCRO does not have an employee evaluation process to hold employees accountable for individual production statistics.

CCRO should, at a minimum, annually evaluate each employees' performance based on measurable performance goals. The performance goals should be tied to organizational performance measures that are annually submitted to OBM. CCRO should formally track and maintain organizational performance measures, compare the measures over time to applicable benchmarks, and submit performance measures to OBM that gauge actual performance.

- The County's Office of Procurement and Diversity (OPD) currently uses software to process purchase orders. However, despite being trained, CCRO's purchasing employees are not using OPD's software and instead, use a paper-driven process which requires several weeks to complete a single purchase. In addition, OPD's purchasing policy states that all procurement activity must be recorded and processed through the County's automated procurement software system. Therefore, CCRO is not complying with this mandate in OPD's purchasing policies.

CCRO should convert from its paper-driven purchasing processes to the County's electronic purchasing system.

- A sample of 10 purchase orders and 10 contracts was tested for compliance with OPD purchasing policies. The sample review shows CCRO complies with the requirements for competitive bidding. However, it was not in compliance with two contract file requirements. More specifically, 2 of the 10 contracts reviewed were missing W-9 forms. In addition, the one known contract with a sole source provider did not have a sole source letter. However, CCRO provided the sole source letter during the course of this performance audit.

CCRO should take measures to ensure compliance with County policies related to W-9 forms and sole source letters.

- CCRO does not conduct customer surveys to gauge satisfaction levels and receive feedback on its services. While the Cuyahoga County website enables citizens to email suggestions and comments, CCRO's website does not contain such a feature.

CCRO should implement methods for obtaining stakeholder input to improve its operations. In particular, it should consider including a satisfaction survey on its website or mailing a manual survey to citizens who have received services. Likewise, CCRO

should include a link on its website that enables citizens to provide feedback about services.

Human Resources

- CCRO employs more FTE staff per 100,000 residents and processes fewer documents per FTE within each functional area of the Operations Department, when compared to the respective peer averages. Employing several layers of management positions, assigning the cashier staff to a higher number of distinct functions, separating data entry and verification, returning documents to customers on-site rather than mailing them, and maintaining positions for a project that has yet to occur with the County's Job and Family Services agency contribute to the higher staffing levels.

To make staffing levels more comparable to the peers, CCRO should consider reducing staff in the Operations Department by 17 positions by consolidating job functions and providing the necessary training. CCRO should also review the practice of returning documents to citizens on-site rather than mailing the documents, which may allow for additional staffing reductions. Furthermore, CCRO should identify methods to address one-time increases in workload without hiring full-time staff (e.g., reassign work, hire temporary staff, etc.).

- CCRO has a public outreach department (POD) consisting of 8.4 FTEs (10 positions), which is responsible for providing recorded information to the public in locations outside CCRO and increasing awareness of services provided. CCRO has not performed a cost benefit analysis for providing this extra service to Cuyahoga County residents. FCRO employs 2.0 FTEs for public outreach. However, neither the Lucas County Recorder's Office nor the Hamilton County Recorder's Office dedicates FTEs to public outreach activities. Instead, they provide public outreach services on an as needed basis. Eliminating 7 POD positions would bring CCRO's staffing levels closer to FCRO.

CCRO should conduct a cost-benefit analysis of its public outreach department (POD). As a part of this analysis, CCRO should consider reducing POD staffing levels by 7 positions. However, CCRO should determine if POD responsibilities could be performed on an as needed basis. If CCRO determines public outreach duties can be performed on an as needed basis, it should further reduce staffing levels.

- CCRO's average salaries for all functions are significantly higher than the respective peer averages. As a result, CCRO's overall average salary is 19.6 percent higher than the peer average. According to the Personnel Director, CCRO determines initial salaries without regard to skills required and/or minimum qualifications at the time of hire. Similarly, CCRO lacks comprehensive job descriptions that would support compensation levels for the different positions. Overall, CCRO's full-time salary expenditures increased by 8.9

percent from 2007 to 2008, with individual increases ranging from 2.2 percent to 41.6 percent¹. Additionally, salaries do not correlate with years of experience. In contrast to CCRO, Cuyahoga County uses a compensation plan.

CCRO should develop a compensation plan for its staff. This compensation plan should outline each position within the organization and assign a salary range (minimum and maximum) based on skills and qualifications from the job descriptions. Additionally, CCRO should consider limiting future wage increases to help bring salary levels closer to the peers.

- CCRO has not established a formal hiring process and does not complete background checks during the hiring process. Instead, most positions were filled with people hired by the previous Recorder without communication with the Personnel Director. Likewise, CCRO does not have job descriptions for all positions. Additionally, none of the existing position descriptions contain specific job qualifications and some provide vague language explaining the functions. CCRO also does not have a formal staffing plan. Instead, the Personnel Director indicated that the previous Recorder determined the need for a position, the individual selected for the position, and the salary provided to that employee.

CCRO should establish a formal hiring process, which should include performing background checks before employment. CCRO should develop a staffing plan and conduct a complete job analysis of current positions. It should then develop comprehensive job descriptions for each position encompassed by the staffing plan. Taking these measures would better ensure that CCRO maintains efficient and appropriate staffing levels.

- A review of 25 randomly selected CCRO personnel files showed that not all necessary documents were consistently filed or completed. For example, 10 of the 25 files lacked Immigration (I-9) forms, while 17 of the 25 files did not contain equal employment opportunity forms. According to the HRD Director, no formal County-wide policy exists for personnel files.

CCRO should work with the Human Resources Department (HRD) to develop and adopt a formal policy governing the retention of documents in personnel files. Additionally, the Personnel Director should inspect each document to ensure that it is completed in its entirety and examine supporting documents when necessary.

¹ This includes only full-time positions that maintained the same working hours from 2007 to 2008, which comprised 72 percent of total salaries in 2008.

- Duplication of effort exists between the CCRO Personnel Director and the County Human Resource Department (HRD). Additionally, as noted previously, the Recorder's Office does not complete key human resource functions. According to the HRD Director, the County has established human resource functions for all County Board of Commissioner's offices to help reduce duplication. The HRD would be willing to provide these services to the Recorder's Office as well. Centralizing the human resource function with the County would help eliminate duplication of services between HRD and CCRO.

CCRO should consider using the County's HRD and related software to complete its human resource duties, thereby eliminating duplication of effort. However, before entering into an agreement, CCRO should work with the County and HRD to identify the costs that would be charged to the Recorder's Office for the provision of human resource functions. CCRO should then compare that cost to the cost of employing a Personnel Director to determine whether it would be more cost-effective to use the HRD. As CCRO evaluates these costs, it should also evaluate the duties being performed by the Personnel Director that are not completed by the HRD. If it is more cost effective to use the HRD, this will enable CCRO to determine which of the Personnel Director's other duties should continue and to which remaining positions these duties should be assigned.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that were outside the scope of the audit. AOS has identified healthcare benefits as an issue for further study. Specifically, CCRO obtains healthcare benefits through a group plan administered by HRD. HRD completed a dependent eligibility audit on personnel receiving healthcare benefits throughout the County, which resulted in a one time savings of approximately \$1.5 million. According to the HRD Director, CCRO declined to fully participate in this audit. However, CCRO indicated that it completed a dependent eligibility audit and forwarded the results to HRD, but CCRO could not provide documentation during this performance audit to show the results of its dependent eligibility audit. According to SHRM, a dependent eligibility audit is one way to eliminate unnecessary costs and waste within healthcare plans. As a result, CCRO should work with HRD to ensure that it has completed a full dependent eligibility audit.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Financial Implications

Recommendation	Annual Cost	One-Time Cost	Annual Cost Savings	Annual Cost Avoidance
R2.4 Implement a disaster recovery plan	\$48,000			
R3.1 Reduce operations staffing by 17 positions			\$698,000	
R3.2 Reduce public outreach staffing by 7 positions			\$365,000	
R3.3 Complete compensation plan		\$20,000		
R3.3 Limit future wage increases				\$40,000
Total	\$48,000	\$20,000	\$1,063,000	\$40,000

GENERAL OPERATIONS

General Operations

Background

This section of the performance audit focuses on the Cuyahoga County Recorder's Office (CCRO) general operations, including service provision, strategic planning activities, compliance with Ohio Revised Code (ORC) and local policies, financial planning and reporting, budgeting, purchasing, inventory practices, and technology operations. The objective is to assess CCRO's practices against leading or recommended practices, industry standards, and selected peer counties.¹ Sources of leading or recommended practices and industry standards include the Government Finance Officers Association (GFOA), Society for Human Resource Management (SHRM), American Institute of Certified Public Accountants (AICPA), TechRepublic.com, and Ohio Revised Code (ORC).

Overview of Operations

The Cuyahoga County Recorder's Office (CCRO) originated in 1810 and is governed under ORC §317. The County Recorder is an elected official who serves four-year terms without term limits. CCRO and other county recorders' offices in Ohio are statutorily mandated to record and maintain the following: deeds, mortgages, powers of attorney, new plats, leases, liens, military discharges, and all other instruments of record associated with these documents. All of the information maintained by CCRO is considered public record. CCRO is required to supply copies and verify the authenticity of all recorded documents when requested to do so by the public. CCRO charges the public for the recording, retrieval, and copying of these documents as set forth in ORC §317.32.

CCRO operates on a fiscal year (FY) that runs from January 1 through December 31. The Director of Finance provides financial oversight and has been with CCRO for ten years. Specifically, the Director of Finance is responsible for monitoring the budget, supervising the cashing department, and preparing internal reports, financial projections for the current year, and payroll. The Director of Finance, Chief of Staff, and Recorder attend quarterly budget meetings with the Cuyahoga County Office of Budget and Management (OBM). Revenues, expenditures, and fund balances are tracked through OBM's budgeting software and internally through the Director of Finance's spreadsheets.

The Chief Administrator serves as the authorized purchasing agent for CCRO. The Chief Administrator's job responsibilities include preparing purchase requisitions and contracts, and

¹ See the **executive summary** for a list of the peer counties and an explanation of selection methodology.

ensuring compliance with contract requirements. The Administrator also confirms the presence of three bids if a contract or purchase order is not on a state contract or exceeds the authorized limit. Additional responsibilities include mailing completed purchasing contracts to vendors, preparing payments for all contracts, and processing contracts from beginning to completion for non-technology related purchases.

CCRO's Management Information Systems consists of 7 employees. However, the assessment of the Technology Department in this section of the performance audit focuses on the IT positions that support the daily operations of CCRO. Specifically, CCRO employs a Director of Technology (DT) who oversees three full time equivalent (FTE) employees, including the Network Administrator and two Help Desk Support (HDS) personnel. The DT also oversees an onsite representative from the software provider of CCRO's document recorder system (DRS). One of the HDS staff performs only HDS functions. Another staff member splits time between HDS and plat map scanning, while the third works in filming. The DT and the information technology (IT) staff monitor the flow of information through servers, and ensure various software packages used for the Office are operating properly to minimize network and server issues. The onsite representative provides consulting services for the functionality of the digitizing program. The various software packages work together to keep the network operating properly for all CCRO departments. The software packages used by the IT department range from databases to image synchronizing programs designed to facilitate the network maintenance.

CCRO currently dedicates 24 employees to the back-scanning initiative for other county agencies. CCRO started computerizing its operations in 1999. Between 2002 and 2005, CCRO scanned all of its recorded documents back to 1810 and converted to an electronic DRS. In 2003, CCRO began performing similar back-scanning services for other Cuyahoga County agencies interested in reducing the number of documents requiring physical storage. Facing software obsolescence with its DRS, CCRO contracted with its current software provider to develop a new DRS that was implemented in February 2008.

According to the DT and Cashiering Department Head, the document recording process functions as follows:

- Customer brings documents into the office to be certified;
- Cashiering staff assigns document numbers, processes the order, preps documents for scanning, and scans documents creating an electronic image which is sent to data entry;
- Data entry staff indexes all applicable information pertaining to the document; and
- Verifying staff reviews the quality of the documents' index on a split screen with the image.
- Upon verification, the information is made available to the public.

After the document recording process is complete, the CCRO production server backs up the information. The production server also uploads the electronically recorded documents to the CCRO website server, and the information becomes available to the public.

Audit Objectives for the General Operations Section

The following questions were used to evaluate operations related to this section of the performance audit:

- How do services provided compare to mandated requirements and peers?
- Are there opportunities to increase customer satisfaction?
- Do strategic planning activities meet industry standards?
- Are financial planning, reporting, and budgeting practices in line with leading practices?
- Does CCRO comply with Cuyahoga County policies and procedures for procurement activities?
- Are inventory practices used to track assets consistent with industry standards?
- Does CCRO use technology to improve operational efficiency?

Assessments Not Yielding Recommendations

In addition to the analyses presented in this section, the following assessments did not warrant a change or yield a recommendation:

- **Compliance with ORC and Overall Service Comparison:** CCRO complies with the significant aspects of the ORC related to the provision of services. Similar to the peers, CCRO provides more services than required by ORC. Additionally, with the exception of its Public Outreach and Special Projects departments (see **human resources** and **R2.5**), CCRO provides services that are generally similar to the peers.
- **Budgeting and Financial Reporting:** CCRO uses a collaborative process to develop, monitor and report on its annual budget. Specifically, the budgeting process begins in November of each year with the Recorder, Director of Finance and Chief of Staff meeting with representatives from the Cuyahoga County Office of Budget and Management (OBM) to discuss the following fiscal year budget. Subsequently, OBM prepares CCRO's annual budget. CCRO is then given the opportunity to propose changes to the budget and resubmit it to OBM. Furthermore, the Recorder, Director of Finance and Chief of Staff meet with representatives from OBM each quarter to monitor CCRO's budget by discussing year-to-date spending versus budgeted amounts. The Director of Finance prepares internal reports for the Chief of Staff and the Recorder prior to the quarterly meetings.

- **Inventory Completion:** ORC 305.18 requires county department heads to prepare an annual inventory of all the materials, machinery, tools and other county supplies under the jurisdiction of such county officer or department head. Prior to 2008, a mandated annual physical inventory of all CCRO's capital assets had not been performed by the Cuyahoga County Information Services Center for the previous four years. However, this inventory was performed in 2008.
- **Overall Use of DRS:** CCRO's electronic DRS reduced the turn around time for customers to receive the original recorded document from one to two weeks, to a matter of minutes. Additionally, CCRO uses its DRS to manage workflow and operations in a manner similar to the peers.

Recommendations

Planning

R2.1 CCRO should create comprehensive, multi-year strategic and capital plans that incorporate stakeholder feedback (see R2.8) and include measurable objectives, performance measures (see R2.6), and related costs and time frames. CCRO should update these plans annually in conjunction with completion of the budget, and ensure that goals and objectives tie to the strategic plan. Additionally, CCRO should ensure such plans are consistent with County-wide priorities and objectives. Developing and updating these plans will help CCRO prioritize and achieve its goals and objectives, and assist in identifying additional relevant goals. A capital plan will also help address changing building and space needs to minimize unnecessary costs. Further, CCRO should annually provide the square footage of occupied space to OBM to ensure that it pays only for space used. Lastly, it should ensure that the Clerk of the Board has a copy of its inventory.

CCRO does not have a comprehensive strategic plan to guide long-term decision-making. Along with the absence of a strategic plan, it lacks a capital plan that identifies present and future needs based on current operations or potential changes. For instance, CCRO's document scanning process for creating electronic images has eliminated the need for hard copy storage space. Since CCRO is being charged for actual square footage used, the possibility may exist to reduce annual space maintenance expenditures such as rent and utilities, if it can reduce the amount of occupied workspace. However, a review of CCRO financial statements shows increasing expenditures over the past 3 years associated with space maintenance (\$652,668 in FY 2006, \$729,888 in FY 2007 and a budgeted amount of \$842,706 in FY 2008). Furthermore, future back scanning projects for other Cuyahoga County agencies' could affect the space requirements for CCRO operations (see **R2.5**).

The three goals in the CCRO annual budget narrative include:

- Effectively respond to filing and retrieval of archived documents;
- Continue with conversion of hard copy documents to electronically retrievable format; and
- Conduct operation within the parameters of an approved budget.

Each goal includes several objectives that identify what CCRO needs to accomplish for each goal. While the objectives address the tasks necessary to accomplish each goal, the goals lack quantifiable performance measures or timeframes for goal accomplishment. For example, one of the objectives listed in the 2008 annual budget narrative is to

continue the historical back-scanning project. However, this objective does not provide timetables indicating when CCRO wishes to finish each agency project. In addition, estimated costs for goal completion are not detailed nor is it evident how the goals link to the budget. Furthermore, CCRO could not provide supporting documentation for the performance measures listed in the annual budget narrative (see **R2.6**).

Recommended Practice on the Establishment of Strategic Plans (GFOA, 2005) suggests that all governments develop a strategic plan in order to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between spending and goals. In developing the strategic plan, GFOA recommends the development of measurable objectives and inclusion of performance measures. Objectives should be expressed as quantities or at least as verifiable statements, and should ideally include timeframes. Performance measures provide information on whether goals and objectives are met, as well as an important link between the goals in the strategic plan and the activities funded in the budget. Moreover, the strategic plan should drive the operating budget, the capital plan, and the government's other financial planning efforts.

Recommended Practice on Multi-Year Capital Planning (GFOA, 2006) suggests that state and local governments prepare and adopt comprehensive multi-year capital plans to ensure effective management of capital assets. A prudent multi-year capital plan identifies and prioritizes expected needs based on a community's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. A capital plan should cover a period of at least three years, preferably five or more. Attention should be given to the following:

- Capital assets that require repair, maintenance, or replacement that, if not addressed, will result in higher costs in future years;
- Infrastructure improvements needed to support new development or redevelopment;
- Projects with revenue-generating potential;
- Quantifying the ongoing operating costs associated with each project; and
- Estimating all major components required to implement a project, including land acquisition needs, design, construction, contingency, and post-construction costs.

The Franklin County Recorder's Office IT Department prepares an annual Capital Projects Plan. The plan is numbered by project priority. For each prioritized plan, the following is included:

- Business need and project scope of work with a description of purchase and dollar amount;
- Project justification stating the purpose for which the purchase is being made;

- Project impact stating the effect of what will happen if the purchase is not made;
- Expected timelines to complete the project;
- Source of funding;
- Current year actual and following year projected amount; and
- Agency goal that the project supports.

Lastly, while an inventory was completed in 2008 and filed at the County Auditor's Office, a representative at the County's Clerk of the Board's Office (CBO) indicated that the CBO does not have the inventory on file. At the time of this audit, CBO could not locate the inventory. According to ORC 305.18, "...inventory shall be a public record, made in duplicate, and one copy shall be filed with the clerk of the board and county commissioners and one copy with the county auditor." According to a representative at County Auditor's Office, a new system will be implemented that would allow the inventory to be available to the CBO.

R2.2 CCRO should work with OMB to prepare and maintain a five-year financial forecast. To aid in this effort, it should develop formal procedures to guide the creation and review of the forecast, including the development of assumptions and supporting documentation used to forecast revenues and expenditures. This forecast should be linked to the strategic and capital plans (see R2.1). In addition, CCRO should ensure compliance with the County's financial management policies and procedures. This can be aided, in part, by considering the implementation of the cost-saving strategies identified in this performance audit (see the human resources section).

CCRO is expected to follow Cuyahoga County financial management policies. The four categories in the county financial management policies include: balancing the budget, funding public services, assuring fiscal capacity and controlling the costs of government. The following summarizes CCRO compliance with these financial management policies:

- Balancing the Budget - "a multi-year operating cost projection shall be prepared and updated each year to identify the impact on resources. Also, a five-year Capital Improvements Program (CIP) shall be prepared and updated each year. The operating impact of each program shall be identified and incorporated into annual operating budgets. Capital assets shall be purchased and maintained on a regular schedule. Within legal limits and the constraints of the operating budgets, debt shall be issued for the purchase of capital assets, including major renovations." Currently, CCRO purchases capital assets on an as needed basis and does not maintain a five-year CIP (see **R2.1**). In addition, CCRO receives two-year expenditure projection reports from OBM, but does not internally prepare long-term revenue and expenditure projections.

- Funding Public Services - "to the extent possible, current revenues will fund current operations." However, in the Cuyahoga County budget, a cost/revenue ratio for CCRO is reported at 134.41 percent for 2007 and 110.56 percent for 2008. This indicates that revenues do not cover costs.
- Assuring Fiscal Capacity - "capital budgeting will emphasize long-range planning. The effects of planned activities will be integrated into operating budgets." As discussed in the first bullet, these practices are not being followed.
- Controlling the Costs of Government – "the growth in the cost of services over time must be limited to the growth in related revenues. When funding new projects or programs, the County will look first to cutting existing outlays." According to the 2008 Cuyahoga County operating budget, the estimate of \$3.4 million in Recorder fees is 19.2 percent lower than the 2007 receipts of \$4.2 million. As the cost/revenue ratio is 110.56 percent for CCRO in the 2008 budget, costs have not been reduced to reflect the decline in Recorder fees.

The auditing and accounting guide, *Prospective Financial Information* (AICPA 2006), states financial forecasts may be prepared as the output of a formal system. A formal system consists of a set of policies, procedures, methods, and practices systematically applied by qualified personnel. It embraces input, processing, and outputs of the system and includes the collection, recording, analysis, interpretation, processing, and review of information concerning all elements of the enterprise. A formal system also consists of a set of related policies, procedures, methods, and practices that are used to prepare financial forecasts, monitor attained results relative to the forecasts, and prepare revisions to or otherwise update, the forecasts. Financial forecasts may also be prepared via a formal work program. If such a program is used in place of a formal system, it should adequately define the procedures, methods, and practices to be employed. The publication identifies numerous guidelines for preparing and reviewing financial forecasts, including the following:

- Forecasts should be prepared in good faith, using the best information available at the time to develop appropriate assumptions.
- Forecasts should be prepared with care by qualified personnel using appropriate accounting principles. Procedures should be established to facilitate the prevention, detection, and correction of errors.
- The process used to develop financial forecasts should allow users to identify the best information that is available at that time.

- Key factors should be identified as a basis for assumptions. Assumptions used in preparing financial forecasts should be appropriate, reasonable and well-supported, and could include the following: market surveys, general economic indicators, trends and patterns developed by the entity's operating history (historical trends), and internal data analysis.
- The process used to develop financial forecasts should provide adequate documentation of both financial forecasts and the process used to develop them. Documentation should also include the underlying assumptions and summarize the supporting evidence for the assumptions. As a result of well supported documentation, users can trace forecasted results back to the support for the underlying assumptions.
- The process used to develop financial forecasts should include, where appropriate, the regular comparison of the financial forecasts with the attained results. Comparing prospective financial results with actual results provides a historical measure of success and can be an indicator of the reliability of future forecasts.
- The process used to prepare financial forecasts should include adequate review and approval by the responsible parties at the appropriate levels of authority. The responsible party should have access to the financial forecasts and supporting documentation in order to adequately review and approve the financial forecasts.

By developing and updating a five-year forecast, CCRO would be better able to monitor the long-term financial implications of current and proposed goals, policies, and programs; and detect potential problems and devise solutions to proactively address these potential problems. Developing and updating a five-year forecast would also show compliance with County financial management policies and help CCRO adequately plan in advance for capital purchases rather than on an as needed basis.

Technology

R2.3 CCRO should develop a formal multi-year technology replacement plan that details anticipated IT upgrades and replacements, related costs, and timelines. This plan should be included in the five-year capital plan that is linked to CCRO's strategic plan and operating budget (see R2.1). In addition, CCRO should maintain current IT staffing levels. Based on the DT's goal related to future contracted DRS costs, CCRO should provide necessary programming training to a member of its IT Department. If CCRO determines this is not feasible, it should consider eliminating an IT Department position and working with the Cuyahoga County Information Services Center (County ISC) for programming services or hiring a programmer. The decision to use the County ISC or hire a programmer should be based on a

cost-benefit analysis. Furthermore, CCRO should review and, when appropriate, adjust IT Department staffing levels in a manner consistent with staffing reductions in other departments (see human resources).

Although a plan was developed for the implementation of DRS, CCRO does not have a multi-year technology replacement plan. In addition to the employment of IT staff, CCRO contracts for annual maintenance of its DRS software. The County ISC provides system integration and IT solutions to county governments and other municipalities. **Table 2-1** compares FTEs, IT Department staff salaries, and DRS maintenance contract costs at CCRO to the peers.

Table 2-1: Document Recorder System Support Staffing and Expenditures

	CCRO	Franklin CRO	Hamilton CRO	Lucas CRO	Peer Average
Total IT FTEs¹	3.6 ²	2.0	3.0	0.0 ³	1.7
2007 County Population	1,295,958	1,118,107	842,369	441,910	800,795
2007 Documents Processed	232,514	224,947	168,772	76,999	156,906
Annual IT Staff Salaries	\$240,000	\$96,637	\$143,218	\$0	\$79,952
DRS Annual Maintenance Contract Cost – 2007	\$269,800	\$51,750	\$8,052	\$39,840	\$33,214
DRS Total Annual Support Cost	\$509,800	\$148,387	\$151,270	\$39,840	\$113,166
Total Non-IT FTEs¹	88.6	55.5	33.0	13.0	33.8
Total Non-IT FTEs per IT FTE	24.61	27.75	11.00	N/A	19.38
DRS Total Cost per Non-IT FTE	\$5,754	\$2,674	\$4,584	\$3,065	\$3,441
DRS Total Cost per Resident	\$0.39	\$0.13	\$0.18	\$0.09	\$0.13
DRS Total Cost per Document Processed	\$2.19	\$0.66	\$0.90	\$0.52	\$0.69

Source: CCRO, US Census Bureau, and peers.

¹ FTE is equal to 2,080 hours worked (8 hours a day, 260 days per year) and is based on 2008 staffing levels.

² Includes only the 3.6 FTEs that support the daily operations of CCRO.

³ In addition to contracting for DRS maintenance, Lucas CRO receives some assistance from the county for technology.

Table 2-1 shows that IT Department FTEs support significantly more staff per FTE (Non-IT FTEs per IT FTE) when compared to Hamilton CRO, and close to the level of Franklin CRO. Conversely, **Table 2-1** shows that when including IT salary and contracted costs, CCRO's Total Cost per Non-IT FTE, per resident and per document are all much higher than the peer average. The initial cost of the DRS maintenance contract from February 2005 to January 2006 was \$350,000 and has gradually decreased in recent years. The final contract amount was \$198,500, which represents the cost from February 2008 through January 2009. CCRO experienced a 76 percent maintenance contract cost decrease during the last 4 years. The DT attributes this decrease to stabilizing DRS software functionality.

When the DRS was first developed, CCRO needed varying support levels ranging from program rewrites and version releases to day-to-day user assistance. CCRO also requested feedback from department heads and their subordinates regarding DRS program functionality and features that should be incorporated into the new software. The DT stated that he is working on reducing the annual maintenance contract cost to \$70,000 while maintaining a working relationship with the software developer for future upgrades, and program and database maintenance. The DT did not provide a specific time frame for this reduction. The DT plans to implement this by hiring a full time programmer that can work with the software developer for at least a year in order to learn the program intricacies. The programmer would then be responsible for adjusting the DRS software and providing technical support. However, CCRO could contract with the County ISC for programming services. Without including the cost of hiring a programmer, an annual maintenance contract cost of \$70,000 would reduce the total DRS costs per Non-IT FTE to \$3,499, DRS cost per resident to \$0.24, and DRS cost per document processed to \$1.33. Although the cost per Non-IT FTE would only be 1.7 percent higher than the peer average, it would still be considerably higher than two of the three peers. In addition, the cost per resident and cost per document processed would still remain higher than each peer. Consequently, even with a maintenance contract cost of \$70,000 and the current level of IT staff, CCRO would still be providing more resources to support its DRS than the peers. Furthermore, if CCRO reduces its Non-IT staffing (see **human resources** section), it would decrease the number of employees requiring support from IT staff.

In contrast to CCRO, Franklin CRO's IT Department prepares an IT Project Plan, which includes the following items:

- Project scope of work;
- Project justification;
- Project impact;
- Project expected timeline; and
- Sources of funding.

Franklin CRO details every item in the plan to justify the impact purchases will have on department and office operations. Additionally, Hamilton CRO develops a five-year inventory replacement plan, a software licenses and maintenance agreement renewal plan, and a projects and applications procurement plan, which outline when technology items will be updated, replaced or purchased.

According to *PC Replacement: Best Practices* (Gartner, Inc, 2003), the following should be used to effectively formulate an IT replacement plan:

- Use business needs to drive decisions;

- Measure Return On Investment and Total Cost of Ownership;
- Match new PCs to usage patterns;
- Price the total deal, not the PC;
- Adhere to standards to reduce support costs;
- Match financial terms to acquisition terms;
- Formalize maintenance and repair strategies;
- Leverage the supplier to reduce support costs;
- Have an implementation plan; and
- Have a disposal strategy.

As stated in *How to Create a Technology Replacement Strategy* (TechRepublic, 2006), the key to a well-formed technology replacement strategy is to know when it will be necessary to start replacing the technology. Most organizations have enough data to make educated guesses about when technologies will need replacement. The dollars and cents of this estimate is a relatively simple equation, which calculates the cost of support compared against the acquisition cost. The support cost equation adds the costs associated with the following:

- Reduced productivity: How much will be lost in a given year due to the lack of speed in the existing solution?
- Downtime: How much will it cost to have an outage in the component multiplied by the probability that the down time will occur in a given year?
- Support agreements: If the device is beyond its warranty period, and it is necessary to maintain a support agreement for it, the cost of the agreement should be added in.
- Support calls: If the device is beyond its warranty period, with service calls to be paid, the cost of those calls, multiplied by a best guess estimate of the number of calls, should be added in.
- Staff support time: If IT staff will have to invest time in supporting the solution, it should be added to the overall support costs. This is compared with the costs associated with the acquisition of a replacement.
- Acquisition cost: The actual cost of the device. This should include any taxes or freight.

- Setup cost: The cost to get the device set up on the network to replace the existing device. This should include any fees, as well as staff time, multiplied by a reasonable rate.
- Learning curve: The time that IT staff and users will need to understand the new device multiplied by a reasonable rate to convert it to a cost.
- Risk: Some assignment of a dollar value to the risk that the new system will not work or will not work as intended. Every new device has some risk. The newer the device being proposed for acquisition, the more risk is associated with it.
- Support costs: the cost of supporting the item for the first year. This should include agreement costs, support call costs and staff time costs.

Additionally, this publication states that a direct comparison of single year numbers is not always sufficient to demonstrate the need to replace hardware. It is necessary to carry the support and acquisition costs together over a multi-year period to determine if it warrants a replacement. This is particularly important in regards to technology acquisitions with long life spans.

By completing a technology plan that address the aforementioned components, the DT will be better equipped to make informed decisions about the appropriateness of replacing and purchasing technology equipment for CCRO.

R2.4 CCRO should move forward with its intent to implement a disaster recovery plan. The plan should cover several elements, including the formation of a disaster recovery team and guidelines for declaring a disaster. Furthermore, CCRO should test the plan on an annual basis. In implementing a plan, CCRO should determine whether it would be more cost-effective to participate in the County ISC disaster recovery planning process and when the County ISC anticipates implementing the plans. Ideally, CCRO should implement a disaster recovery plan as soon as possible to avoid the risk of potentially losing information and/or incurring significant disruptions in operations.

CCRO does not have a formal disaster recovery plan in place. It currently stores scanned images on CD and film at onsite and offsite locations. In addition, CCRO replicates the images on its website, which are backed up by an onsite server. The DT stated that CCRO is in the process of obtaining quotes for a disaster recovery plan. The County ISC is also currently addressing disaster recovery and business continuity for all county agencies.

According to *Technology Disaster Recovery Planning* (GFOA, 2007), a government's policies and procedures for computer disaster recovery should, at a minimum, do the following:

- Formally assign disaster recovery coordinators for each agency or department to form a disaster recovery team;
- Require the creation and preservation of back-up data;
- Make provisions for the alternative processing of data following a disaster;
- Provide detailed instructions for restoring disk files;
- Establish guidelines for the immediate aftermath of a disaster, which should provide direction for declaring a disaster, issuing press releases and dealing with the media, recovering communications networks, and assessing damage;
- Keep a copy of the government's formal computer disaster recovery policies and procedures off-site to ensure their availability in the event of a disaster;
- Annually test the computer disaster recovery plan, including communication within the disaster recovery team, and take immediate action to remedy deficiencies identified by that testing; and
- Ensure the adequacy of disaster recovery plans for outsourced services.

By establishing a disaster recovery plan, CCRO would better ensure the safety and security of its information, and the continuation of operations in the event of a technological or natural disaster.

Financial Implication: CCRO could not quantify the amount to be paid to the County ISC for disaster recovery services. However, based on one quote for a disaster recovery and business continuity agreement from an third party technology provider, CCRO could expect to pay approximately \$4,000 per month, or \$48,000 annually.

Other Operations

R2.5 The County Commissioners should establish a county microfilming board to govern the scanning projects. This would increase transparency and control over the scanning projects for other Cuyahoga County agencies, including related costs; and help prioritize and complete the projects in a timely manner. Subsequently, the

County Microfilming Board should encourage Cuyahoga County agencies to implement paperless initiatives. Having each agency transition to a paperless operation would eliminate the perpetual need for back scanning services.

Cuyahoga County has not established a county microfilming board. ORC §307.80 states, in part, that the board of county commissioners of any county may, by resolution, establish a county microfilming board. The county microfilming board shall consist of the county treasurer, the county auditor, the clerk of the court of common pleas, a member or representative of the board of county commissioners, and the county recorder. The legislation also states that the board is responsible for coordinating the use of all microfilming equipment throughout the county and that it may establish a microfilming center which shall provide a centralized system for the use of microfilming equipment for all county offices. Furthermore, the board may enter into contracts with various local government entities to provide microfilming services.

CCRO's paperless initiative was started in 2002 by the previous Recorder with the goal of completely digitizing the Office, and transforming it to become automated and less paper driven. As CCRO continued to automate its operations, other Cuyahoga County agencies became aware of the work. Representatives from these agencies approached CCRO to determine whether similar back scanning services could be provided instead of contracting with private companies. The services provided to other agencies began in 2004, with the CCRO providing back scanning services to the County Prosecutor's Office. However, CCRO does not have established timeframes for the completion of back scanning projects for other agencies. Likewise, CCRO lacks a fee schedule for back scanning services and CCRO does not recoup the true cost of services. For example, CCRO states that the value of the back scanning services for the Cuyahoga County Department of Justice Affairs (DJA) is over \$800,000. Furthermore, CCRO estimates that the in-house cost for providing the back scanning services for DJA is over \$126,000. However, the line-item transfer from CCRO to DJA was agreed to be only \$7,332. Lastly, according to the Chief of Staff, CCRO completed "little" scanning projects without requiring payments and authorized some work without an agreement.

The Franklin County Recorder's Office (FCRO) provides back scanning services for other county agencies, similar to CCRO. However, FCRO has established a microfilming board as well as a microfilming center. FCRO administers the Franklin County microfilming center's daily operations. However, the microfilming board is responsible for fiscal oversight. In contrast, CCRO has assumed fiscal oversight responsibility for back scanning services for other county agencies. The Chief of Staff at FCRO also indicated that the microfilming board has established project plans and priorities for each project.

CCRO has the equipment and trained staff to provide the back scanning services to other agencies. As shown in **Table 3-1** in the **human resources** section, CCRO employs similar staffing levels dedicated to the scanning projects (Special Projects Unit) when compared to FCRO, based on the number of county residents and documents processed. However, receiving input from and involving other county agency representatives through the establishment of a microfilming board would increase transparency and control over the process and costs associated with the back scanning projects, as well as help to prioritize and complete the projects.

- R2.6 CCRO should, at a minimum, annually evaluate its employees' performance based on measurable performance goals. These goals should be created in conjunction with the job analysis and subsequent development of job descriptions, as discussed in the human resources section. The performance goals should be tied to organizational performance measures that are annually submitted to OBM. CCRO should formally track and maintain organizational performance measures, compare the measures over time to applicable benchmarks, and submit performance measures to OBM that gauge actual performance. Furthermore, the organizational performance measures should be included in the multi-year strategic plan (see R2.1). Taking these measures will promote accountability, clarify staff expectations, and help monitor progress towards achieving the goals in the strategic plan.**

The Chief of Staff prepares a narrative summary of CCRO's performance each year. The budget narrative is submitted to the Cuyahoga County Office of Budget and Management (OBM) to be included in the County budget document. This budget document contains multiple performance measures reported by CCRO, such as average time to retrieve a document, average customer waiting time, and customer satisfaction index. However, CCRO was unable to provide supporting documentation for these performance measures. For example, a figure of 95 percent was listed in the budget document as the actual customer satisfaction rate for 2006. However, CCRO does not conduct any type of survey to gauge actual stakeholder satisfaction (see **R2.8**). To track employee performance, CCRO records various statistics such as documents indexed and verified. However, these statistics are not measured against specific benchmarks. Furthermore, CCRO does not have an employee evaluation process in place to hold employees accountable for individual production statistics. An examination of a weekly quality control production report showed a range of total documents indexed per employee per day as low as 54 documents, and as high as 526 documents.

The article *Using the Right Measures to Manage Performance* (SHRM 2004) states that performance measures should align operations with the strategic plan. Senior management needs to choose the appropriate leading and lagging indicators, benchmark effectively against competitors, balance financial measures with non-financial measures, and have the right number of measures to avoid overwhelming managers. Leading

practice companies use between 8 and 12 measures for performance management. Most employ a balanced scorecard framework, including customer care, employee satisfaction and other non-financial measures along with the financial indicators as measures of organizational performance. Leading practice companies also use the strategic plan to drive which measures are selected. Lastly, employees should know what is expected and how their actions will affect company goals.

FCRO monitors employee performance. For example, the FCRO Chief of Staff indicated that production reports are monitored on an hourly basis. If an employee's performance is lagging behind other employees, the supervisor will intervene and issue a warning to the employee. Furthermore, employees are subject to annual performance evaluations, which are retained in FCRO personnel files (see **human resources** section for more detail on personnel files).

R2.7 CCRO should convert from its paper-driven purchasing processes to the County's electronic purchasing system. As it converts to the electronic system, CCRO should work with the Office of Procurement and Diversity to address any obstacles in the transition. Furthermore, it should take measures to ensure compliance with County policies concerning W-9 forms and sole source letters.

CCRO currently uses a paper-driven purchasing process. Employees responsible for purchasing functions include the Director of Technology, Chief Administrator, and Administrative Secretary. CCRO has stated it uses the Cuyahoga County purchasing policies developed by the Office of Procurement & Diversity (OPD). These policies require a signature of approval by the Board of County Commissioners (BOCC) for purchases exceeding \$1,000. To obtain the BOCC signature, purchases must be processed through OPD.

A sample of 10 purchase orders and 10 contracts were tested for compliance with OPD purchasing policies. The sample review shows CCRO complies with requirements for competitive bidding. However, CCRO was not in compliance with 2 contract file requirements. More specifically, 2 of the 10 contracts reviewed were missing W-9 forms. In addition, the one known contract with a sole source provider did not have a sole source letter. However, CCRO provided the sole source letter during the course of this performance audit.

OPD currently uses software to process purchase orders. While CCRO's purchasing employees have been trained to use the system, they are not using it. OPD's purchasing policy states that all procurement activity must be recorded and processed through the County's automated procurement software system. Therefore, CCRO is not complying with OPD's purchasing policies. In addition, the Clerk of the Board's Office is in the

process of computerizing the contract approval system by using an automated agenda management system.

The current paper-driven purchasing process requires several weeks to complete a single purchase. Additionally, several Cuyahoga County agencies such as ODP and the Clerk of the Board are included in the process. By converting to the electronic purchasing system, CCRO will be able to efficiently process purchase orders in a timelier manner and strengthen internal controls within the purchasing process. In addition, the electronic purchasing system would help OPD better track and monitor CCRO's purchasing history. Lastly, converting to the electronic purchasing system would comply with OPD's purchasing policies.

R2.8 CCRO should implement methods for obtaining stakeholder input to improve its operations. In particular, CCRO should consider including a satisfaction survey on its website or provide a manual survey through the mail to citizens who have received services. Likewise, CCRO should include a link on its website that enables citizens to provide feedback about services.

CCRO does not conduct customer surveys to gauge satisfaction levels and receive feedback on its services. While the Cuyahoga County website enables citizens to email suggestions and comments, CCRO's website does not contain such a feature. Conversely, both the Lucas County Recorder's Office and Franklin County Recorder's Office websites contain links for citizens to email suggestions and comments. Furthermore, the San Luis Obispo County Recorder's Office in California provides a customer satisfaction survey through a link on its website. This survey allows citizens to respond to questions and add comments. In addition, an option is provided for residents to leave their contact information if they would like to speak to a supervisor at a later date.

According to *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* (GFOA, 1999), agencies should monitor and evaluate stakeholder satisfaction with programs and services. GFOA goes on to indicate that stakeholder satisfaction can be monitored in many ways including surveys, public forums or hearings, and focus groups of clients/customers.

Financial Implications Summary

The following table presents a summary of annual costs identified in this section of the report.

Table 2-2: Performance Audit Recommendations

Recommendation	Estimated Annual Cost
R2.4 Implement a disaster recovery plan	\$48,000
Total	\$48,000

Source: AOS Recommendation

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Human Resources

Background

This section of the performance audit focuses on the Cuyahoga County Recorder's Office (CCRO or the Recorder) human resource functions. The objective is to assess CCRO's practices in comparison to leading or recommended practices, industry benchmarks, and selected peer counties.¹ Sources of leading or recommended practices and industry standards include the Society for Human Resource Management (SHRM).

Staffing

CCRO's human resource operations are shared between the Personnel Director and the County Human Resource Department (HRD). The Personnel Director's primary duties include maintaining personnel files, ordering drug tests and issuing employee identification cards at the time an employee is hired, writing of job descriptions, enforcing the policies and procedures in CCRO's manual, and serving as a liaison for training and benefits with HRD. The HRD oversees benefits and the workers compensation program for CCRO.

In 2008, CCRO employed 92.2 full-time equivalent staff (FTEs) completing recorder functions as outlined by ORC § 317. This includes maintaining a complete, accurate, and permanent record of every document pertaining to the conveyance and encumbrance of land within Cuyahoga County. These permanent land records must be retained in archival form and be accessible to the public. Every document received must be accurately filed, recorded and indexed. For this service, the Recorder collects fees and subsequently makes deposits in the County's General Fund. Additionally, the Recorder must maintain an accurate record of all monies appropriated to the office for its operation by performing the necessary accounting functions, including preparation of annual reports, vouchers, and purchase orders, and maintenance of payroll, sick and vacation leave, and other personnel records pertaining to the Recorder's Office staff.

A summary description of CCRO's functional responsibilities includes the following:

- **Administration:** provides guidance, supervises staff, oversees budgets and contracts, and handles all personnel and operational aspects of the office.
- **Operations:** records public documents, collects fees for recorder services; balances cash drawers; provides information to customers regarding filing requirements; scans

¹ See the **executive summary** for a list of the peer counties and an explanation of the selection methodology.

documents to digital image; indexes documents for future reference; and returns documents to the public once recorded. This department also provides assistance with document searches; fills fax and letter requests for documents; and serves as the “historical library” for the Recorder’s Office. The Operations Department also ensures quality control by reviewing all historical images and indexes, and makes any necessary indexing and image corrections. Additionally, this Department is responsible for the in-house storage of film and CD/DVD data libraries. Within the Operations Department, the staffing is separated between supervisors, cashiers, data entry and verification, and records management functions.

- **Information Systems:** maintains all electronic recording systems in the Recorder’s Office and the office internet; interacts with all systems providers and outside support staff; maintains and provides security for all electronic records and data; serves as a help desk for general public generated data questions; and implements new programs and systems as directed.
- **Public Outreach:** provides recorded information to the public in locations outside of the Recorder’s Office. The Department attends community libraries, meetings, and other events to increase awareness of services provided by the Recorder’s Office.
- **Special Projects:** investigates, develops, implements, and continues work of back scanning projects for various Cuyahoga County agencies, including creating backup film and digital records. Additionally, the digital archive division scans all historical documents and the daily recorded plat² and condo maps.

Table 3-1 compares CCRO FTE staffing levels to the peers, based on the population size and the number of documents processed.

² Merriam-Webster provides the following definition of plat: a plan, map, or chart of a piece of land with actual or proposed features (as lots) ; *also* : the land represented

Table 3-1: Peer Comparison of Staffing by Department

	CCRO	Franklin (FCRO)	Hamilton (HCRO)	Lucas (LCRO)	Peer Average
2007 County Population	1,295,958	1,118,107	842,369	441,910	800,795
2007 Documents Processed	232,514	224,947	168,772	76,999	156,906
Department Detail					
Administration and Support Personnel	8.6	10.5	5.0	3.0	6.2
FTEs per 100,000 Population	0.7	0.9	0.6	0.7	0.7
Documents Processed per FTE	27,036.5	21,423.5	33,754.4	25,666.3	26,948.1
Operations	50.5	25.0	28.0	10.0	21.0
FTEs per 100,000 Population	3.9	2.2	3.3	2.3	2.6
Documents Processed per FTE	4,604.2	8,997.9	6,027.6	7,699.9	7,575.1
Public Outreach	8.4	2.0	0.0	0.0	0.7
FTEs per 100,000 Population	0.6	0.2	0.0	0.0	0.1
Documents Processed per FTE	27,680.2	112,473.5	0.0	0.0	37,491.2
Information Systems	3.6	2.0	3.0	0.0	1.7
FTEs per 100,000 Population	0.3	0.2	0.4	0.0	0.2
Documents Processed per FTE	64,587.2	112,473.5	56,257.3	0.0	56,243.6
Special Projects	21.1	18.0	0.0	0.0	6.0
FTEs per 100,000 Population	1.6	1.6	0.0	0.0	0.5
Documents Processed per FTE	11,019.6	12,497.1	0.0	0.0	4,165.7
Total FTEs	92.2	57.5	36.0	13.0	35.5
Total FTEs per 100,000 Population	7.1	5.1	4.3	2.9	4.1
Documents Processed per FTE	2,521.8	3,912.1	4,688.1	5,923.0	4,841.1

Source: CCRO, US Census Bureau and the peers

Note: A FTE is equal to 2,080 hours worked (8 hours a day, 260 days per year).

As shown in **Table 3-1**, CCRO employs more FTEs based on population size and the number of documents processed in operations (see **R3.1**), public outreach (see **R3.2**), and special projects and information systems (see **general operations** section).

Audit Objectives for the Human Resources Section

The following questions were used to evaluate the human resource operation in CCRO:

- How do staffing composition and levels compare to peers, based on workload measures, qualifications and job descriptions?
- Are there opportunities to streamline functions and minimize duplication of effort?
- How do the salary levels by job function compare to the peers?

Issue for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified healthcare benefits as an issue for further study. Specifically, CCRO obtains healthcare benefits through a group plan administered by HRD. HRD completed a dependent eligibility audit on personnel receiving healthcare benefits throughout the County, which resulted in a one time savings of approximately \$1.5 million. According to the HRD Director, CCRO declined to fully participate in this audit. CCRO indicated that it completed a dependent eligibility audit and forwarded the results to HRD; however, it could not provide documentation during this performance audit to show the results of its dependent eligibility audit. According to SHRM, a dependent eligibility audit is one way to eliminate unnecessary costs and wastes within healthcare plans. As a result, CCRO should work with HRD to ensure that it has completed a full dependent eligibility audit.

Recommendations

Staffing and Salary Levels

R3.1 CCRO should consider reducing staffing levels in the Operations Department by 17 full-time positions by consolidating job functions and providing the necessary training. CCRO should also review the costs and benefits of returning documents to citizens on-site versus mailing the documents, which may allow for additional staffing reductions. In considering this option, CCRO should obtain feedback from citizens, and formally track and maintain organizational performance measures (see general operations section). In addition, the establishment of comprehensive job descriptions, qualifications and a staffing plan (see R3.6), and implementation of a formal hiring process (see R3.4) would better ensure that CCRO maintains efficient staffing levels. Furthermore, CCRO should identify methods to address one-time increases in workload without hiring full-time staff (e.g., reassign workload, hire temporary staff, etc.).

CCRO's Operations Department is separated into the four functional areas when compared to the peers:

- **Supervisors** – oversee the functions of the Operations Department.
- **Cashiers** – interact with the public; gather recorded documents in hard copy to be scanned; collect money; balance cash drawers; and start the filing process for all documents. For CCRO, these duties are separated into cashiers, escrow, public information and bookkeeping divisions.
- **Data entry and verification** – index recorded documents and perform quality control functions that are currently separated into two divisions at CCRO.
- **Records management** – responsible for the in-house storage of images of recorded documents.

Table 3-2 compares Operations Department staffing levels by the four functional areas to the peers.

Table 3-2: Comparison of Operations Department Staffing

	CCRO	FCRO	HCRO	LCRO	Peer Average
Supervisor FTEs	10.8	6.0	4.0	1.0	3.7
FTEs per 100,000 Population	0.8	0.5	0.5	0.2	0.4
Documents Processed per FTE	21,529.1	37,491.2	42,193.0	76,999.0	52,227.7
Cashier FTEs	11.7	9.0	4.5	4.0	5.8
FTEs per 100,000 Population	0.9	0.8	0.5	0.9	0.7
Documents Processed per FTE	19,873.0	24,994.1	37,504.9	19,249.8	27,249.6
Data Entry and Verification FTEs	20.0	8.0	16.0	3.0	9.0
FTEs per 100,000 Population	1.5	0.7	1.9	0.7	1.1
Documents Processed per FTE	11,625.7	28,118.4	10,548.3	25,666.3	21,444.3
Records Management FTEs	8.0	2.0	3.5	2.0	2.5
FTEs per 100,000 Population	0.6	0.2	0.4	0.5	0.4
Documents Processed per FTE	29,064.3	112,473.5	48,220.6	38,499.5	66,397.9
TOTAL OPERATIONS	50.5	25.0	28.0	10.0	21.0
FTEs per 100,000 Population	3.9	2.2	3.3	2.3	2.6
Documents Processed per FTE	4,604.2	8,997.9	6,027.6	7,699.9	7,575.1

Source: CCRO and peer staff listings

Note: A FTE is equal to 2,080 hours worked (8 hours a day, 260 days per year)

As illustrated by **Table 3-2**, CCRO employs more FTEs per 100,000 residents and processes fewer documents per FTE within each functional area of the Operations Department, when compared to the respective peer averages. The higher staffing levels are due to the following:

- CCRO is the only Recorder's Office which has assistant supervisors, supervisors, department heads and directors within the Operations Department that could create some duplication of daily supervisory roles and responsibilities.
- CCRO has four distinct functions for the cashier staff in **Table 3-2**, which is more than each peer: cashiering, escrow, bookkeeping, and public information.
- CCRO separates data entry and verification functions. In contrast, FCRO cross trains its data entry and verification staff to perform both functions.
- CCRO has planned for the processing of documents from Cuyahoga County Job and Family Services (JFS), by dedicating 3.5 FTEs (4 positions) within records management to the JFS project. However, this project with JFS has not occurred.
- CCRO returns documents to customers on-site, estimating that documents are returned to customers in 5 to 10 minutes. However, the peers mail the documents to customers. According to FCRO, returning documents to customers on-site

would require the workflow process to be front-end loaded. Specifically, it would create an extra step for cashiers to prepare and scan the documents, as well as create a rush to provide documents to citizens. It would also require a scanner at each station. Instead of returning documents to customers on-site, FCRO scans the documents to be recorded in batches throughout the day. Likewise, HCRO performs "batch scans" every hour. However, law firms that are regular customers of HCRO have mailboxes at the office and, therefore, are able to pick up the recorded documents the same day they are recorded. When citizens walk in to record documents, they can come back a few hours later (HCRO hours of operation permitting) to pick up the original document.

- CCRO lacks comprehensive job descriptions, qualifications, and a staffing plan (see **R3.6**), and a formal hiring process (see **R3.4**), which increases the risk of maintaining inefficient staffing levels.

CCRO would have to eliminate 4.5 FTE supervisors, 2.7 FTE cashiers, 5.4 FTE data entry and verification employees, and 2.7 FTE records management for a total of 15.3 FTEs to be more comparable to the peers. More specifically, with 15.3 fewer FTEs, CCRO would employ 2.7 FTEs per 100,000 residents. While this would be higher than the peer average of 2.6, it still would be higher than two peers. Furthermore, CCRO would process 6,606 documents per operations FTE, which is still lower than the peer average and two of the three peers. Consequently, an estimate of 15.3 FTE reductions is conservative. Reducing staffing levels in the Operations Department by 15.3 FTEs as outlined above equates to 17 full-time positions at CCRO.

Finally, while CCRO estimates that documents are returned to customers in 5 to 10 minutes, it does not maintain supporting documentation of performance measures, including customer waiting time, and does not conduct customer satisfaction surveys (see **general operations** section). This prevents CCRO from ensuring that the value of returning the documents to customers on-site justifies the costs. For instance, CCRO could reduce staffing levels by 22.0 FTEs to maintain a similar number of FTEs per 100,000 residents as FCRO or 24.6 FTEs to achieve FCRO's ratio of documents processed per FTE. FCRO is the most comparable peer to CCRO in terms of total population and documents processed (see **Table 3-1**).

Financial Implication: Eliminating 17 full-time positions as outlined above would save approximately \$698,000 annually in salaries and benefits. The cost savings are based on the lowest salaried staff within the functional area.

R3.2 CCRO should conduct a cost-benefit analysis of its public outreach department (POD). As a part of this analysis, CCRO should consider reducing POD staffing levels by 7 positions, based on comparisons to FCRO. However, CCRO should

determine if POD responsibilities could be performed on an as needed basis, similar to Hamilton County and Lucas County. If CCRO determines public outreach duties can be performed on an as needed basis, it should further reduce staffing levels.

CCRO has a public outreach department (POD), which is responsible for providing recorded information to the public in locations outside CCRO and increasing awareness of services provided. The POD schedules numerous events at veteran's halls, festivals, and fairs as often as 7 days a week. An example of a service provided by the POD at one of the above-mentioned events is the scanning of a DD214 proof of service document for military veterans and supplying them with a wallet sized copy of the document. CCRO is not required by the ORC to maintain a POD. Further, it has not performed a cost benefit analysis for providing this extra service to Cuyahoga County residents.

As shown in **Table 3-1**, CCRO employs 8.4 POD FTEs (10 positions), significantly more than FCRO which employs 2.0 FTEs. As a result, CCRO employs 0.6 FTEs per 100,000 residents, which is higher than FCRO (0.2 FTEs per 100,000 residents). Additionally, the ratio of documents per FTE (27,680) is significantly lower than at FCRO (112,474). Neither the Lucas County Recorder's Office nor the Hamilton County Recorder's Office dedicate FTEs to public outreach activities. Instead, they provide public outreach services on an as needed basis. Eliminating 5.7 POD FTEs (6 full-time positions and 1 part-time position) would result in CCRO employing 0.21 FTEs per 100,000 residents, which would still be higher than FCRO (0.18). Likewise, CCRO's ratio of documents per FTE (86,116) would still be lower than FCRO (112,474). As a result, this presents a conservative estimate of potential staffing reductions in POD.

Financial Implication: Eliminating 6 full-time positions and 1 part-time position would result in annual savings of \$365,000 in salaries and benefits, based on the lowest salaried staff within POD.

R3.3 CCRO should develop a compensation plan for its staff. This compensation plan should outline each position within the organization and a salary range (minimum and maximum) based on skills and qualifications from the job descriptions (see R3.6). Additionally, CCRO should consider giving reduced wage increases in the future to help bring salary levels closer to the peers.

Table 3-3 compares the average salaries for CCRO to the peers.

Table 3-3: Comparison of 2008 Average Salaries per FTE by Function

	CCRO	FCRO	HCRO	LCRO	Peer Average	Percent Difference
Administration and Support	\$75,568	\$47,032	\$59,981	\$46,176	\$51,063	48.0%
Operations	\$39,043	\$31,709	\$34,599	\$31,000	\$32,436	20.4%
Public Outreach	\$50,404	\$39,437	\$0	\$0	\$39,437	27.8%
Information Systems	\$66,667	\$48,318	\$47,739	\$0	\$48,029	38.8%
Special Projects	\$34,075	\$31,183	\$0	\$0	\$31,183	9.3%
Average Salary	\$43,427	\$35,189	\$39,219	\$34,502	\$36,303	19.6%

Source: CCRO and the peers

Note 1: A FTE is equal to 2,080 hours worked (8 hours a day, 260 days per year)

Note 2: The peer average excludes peers with no staff in a function.

As shown in **Table 3-3**, CCRO's average salaries for all functions are significantly higher than the respective peer averages. As a result, CCRO's overall average salary is 19.6 percent higher than the peer average.

According to the Personnel Director, CCRO determines initial salaries without regard to skills required and/or minimum qualifications at the time of hire. Similarly, CCRO lacks comprehensive job descriptions that would support compensation levels for the different positions (see **R3.6**). Overall, CCRO's full-time salary expenditures increased by 8.9 percent from 2007 to 2008, ranging from 2.2 percent to 41.6 percent³. An 8.9 percent increase is significantly higher than increases in the Consumer Price Index for all Urban Consumers (CPI-U). Specifically, the increase in the CPI-U for the Cleveland-Akron area was 2.5 percent from 2006 to 2007 (annual averages), and 4.2 percent from January 2007 to January 2008. Additionally, salaries do not correlate to years of experience. For example, there are two CCRO employees classified under the Clerk II position with less than four years of experience and with salaries of \$45,000 and \$46,000. By comparison, the average salary of the five employees in the Clerk II classification with over 20 years of experience is less than \$32,000.

In contrast to CCRO, Cuyahoga County uses a compensation plan. According to the HRD Director, a compensation plan provides pay ranges by position and is developed based on comparisons between current position duties and other like positions. Developing a formal compensation plan would enable CCRO to objectively determine salary levels for its various positions.

Financial Implication: Based on third-party information, a compensation plan would represent a one-time cost to CCRO of approximately \$20,000. Additionally, CCRO could generate a cost avoidance of approximately \$40,000 per year for every one percent

³ This includes only full-time positions that maintained the same working hours from 2007 to 2008, which comprised 72 percent of total salaries in 2008.

reduction in future salary increases, based on total reported salaries of approximately \$4.0 million in 2008.

Human Resource Operations

- R3.4 CCRO should establish a formal hiring process. Specifically, the process should include identification of open positions, posting of openings, acceptance of applications, and completion of interviews. This would help CCRO select the most qualified candidate for a position.**

CCRO has not established a formal hiring process. Instead, most positions were filled with people hired by the previous Recorders without communication to the Personnel Director. In contrast, HRD, HCRO and LCRO identify open positions either through a vacancy of a current position or through a needs assessment to create a new position. Once a vacancy is identified, positions are posted, applications are accepted and then potential applicants are screened through panel interviews before final candidates are selected. By following a formal hiring process, CCRO would ensure a selection is made from a quality applicant pool and eliminate the perception of political appointments.

- R3.5 CCRO should work with HRD to develop and adopt a formal policy governing the retention of documents in personnel files. This policy should state which documents will be completed and retained in the personnel files and which ones will be located in other files. Additionally, the Personnel Director should inspect each document to ensure that it is completed in its entirety and examine supporting documents (e.g., college transcripts, training certificates, etc.) when necessary.**

CCRO's Personnel Director maintains an information checklist of items that should be retained in employees' personnel files. However, a review of 25 randomly selected CCRO personnel files showed that not all of these documents were consistently filed or completed. Specifically, while all 25 files contained job applications, two applications did not contain employment history. In addition, 10 of the 25 files lacked Immigration (I-9) forms. Of the 15 files that contained I-9 forms, only 4 of the forms were complete. In addition, 17 of the 25 files did not contain equal employment opportunity forms. The random review of files also revealed no evidence of medical records. The Personnel Director was destroying the drug screens at the time of the audit. Lastly, CCRO lacks job descriptions for 7 of the 25 sampled positions (see **R3.6**) and does not complete employee performance evaluations (see **general operations** section). According to the HRD Director, no formal County-wide policy exists for personnel files.

According to the article *Maintenance of Personnel Files and Records* (Society of Human Resource Management White Paper, 1997), "adopting a written policy will allow supervisors and the Personnel Director to be consistent with replies when employees or

others request access to their files.” The article indicates that a policy should do the following;

- Adhere to applicable laws;
- Define a personnel file;
- State where, when, how often and under what circumstances workers can review or copy their files, and access should be permitted under some type of supervision;
- Provide an opportunity for employees to rebut or challenge the information;
- Specify who is authorized to inspect personnel files; and
- Allow for the review of records. Periodically, entities should audit employment records and remove or correct irrelevant, outdated, misleading or inaccurate information.

Further, the article notes the following items should be kept in a basic personnel file:

- Records related to employment such as employment application, resume and college transcripts;
- Job descriptions;
- Hiring, promotion, demotion, transfer, layoff, rates of pay, other forms of compensation, education and training records;
- Other employment practices;
- Letters of recognition;
- Disciplinary notices or documents;
- Performance evaluations;
- Test documents used by an employer to make an employment decision;
- Exit interviews; and
- Termination records.

Finally, the article indicates the following items should be maintained in separate files:

- Medical Records – The American’s with Disabilities Act requires employers to keep all medical records separately. All medical records, including physical examinations (if required), medical leaves, workers’ compensation claims, and drug and alcohol testing should be maintained separately.
- Equal Employment Opportunity Forms – To minimize claims of discrimination, it is important to keep source documents that identify an individual’s race and sex in a separate file.

- Immigration (1-9) Forms – It is recommended that these forms be maintained chronologically by year.
- Invitation to Self-Identify Disability or Veterans Status – This information is required to be maintained by federal contractors and laws prohibit employment decisions on the basis of certain protected classes; however, manager have the right to access an employee's file for operational issues.
- Safety training records – OSHA may audit records.

The adoption of a formal policy would better ensure that each personnel file contains necessary information and limit the liability of CCRO and Cuyahoga County in the event of civil service actions.

R3.6 CCRO should complete a job analysis of current positions to identify activities, responsibilities, and qualifications necessary for each position. Subsequently, CCRO should develop comprehensive job descriptions for each position, which will aid in conducting performance evaluations (see the general operations section for more information on performance evaluations). Once CCRO conducts the job analysis and develops the job descriptions, it should create a formal staffing plan to help ensure the most effective and efficient use of its human capital.

CCRO does not have job descriptions for all positions (see **R3.5** for more information). Additionally, none of the current position descriptions contain specific job qualifications and some provide vague language explaining the functions. In particular, 6 of the 21 job descriptions provided to AOS lack specific responsibilities for the respective position. In order to complete the staffing analysis for **Table 3-1**, the Chief of Staff outlined the duties of each of the individual departments. CCRO also does not have a formal staffing plan. Instead, the Personnel Director indicated that the previous Recorder determined the need for a position, the individual selected for the position, and the salary provided to that employee.

According to the article *Job Analysis* (SHRM, 2004), “job analysis data can and are used to identify the knowledge, skills and expertise required to effectively perform job assignments, establish criteria for selection and promotions, design objectives for training and development programs, develop standards for the measurement of performance, and/or assist with the determination of pay classification levels”. Further, the article states “the end product in a job analysis is a job description, inclusive of clearly defined roles, responsibilities, and qualifications for the job incumbent.”

According to the article *Workforce Planning: The Strategy Behind "Strategic Staffing"* (SHRM⁴ 2004), a successful workforce planning initiative often requires sweeping changes to company-wide processes and procedures, and demands the commitment and cooperation of all levels of management. Additionally, workforce planning is a systematic approach to anticipating staffing needs and determining what actions should be taking starting now to meet those needs. This multi-step process involves the following:

- Gaining a thorough understanding of your current workforce;
- Envisioning the operating environment that will most likely exist in the future;
- Identifying the competencies that will move the firm forward to overcome challenges, seize opportunities and thrive in what will undoubtedly be a new world of work; and
- Developing strategies and implementing tactics for building this workforce.

Likewise, *Strategic Staffing Plans* (SHRM, 2002) indicates that the development of a staffing plan should encompass the following activities:

- Develop organizational goals and objectives;
- Analyze positions and functions;
- Determine staff levels required to perform current or projected work;
- Determine the appropriate makeup of staff (regular and temporary);
- Right-size the full-time staff and effectively supplement with temporary or part-time staff;
- Decide whether to manage staffing internally or externally, or a combination thereof;
- Prepare an action plan to meet goals and objectives;
- Gain management approval; and
- Implement the plan.

By developing comprehensive job descriptions, CCRO will be able to distinguish positions, delineate tasks, ensure staff's skills and work background match job qualifications, and determine and justify pay levels. Coupled with the development of a formal staffing plan, this would better ensure that CCRO maintains efficient and effective staffing levels.

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R3.7 CCRO should perform background checks on all job candidates before formally employing an individual. Background checks will allow CCRO to verify the accuracy of an employment application and help to ensure the employment of appropriate individuals.

CCRO does not complete background checks during the hiring process. According to the Personnel Director, CCRO has not conducted background checks in the past due to the cost. However, all three peers complete background checks prior to employing an individual. For example, FCRO provided the following as its background check process:

- Obtain applicant's arrest record;
- Determine if applicant has unsatisfied civil judgments and/or criminal convictions;
- Check for information about bankruptcy, statewide public records, judgment records, tax liens, criminal history, and civil and criminal filings;
- Document verification of applicant's personal and professional references, and work history;
- Complete and review declaration of material assistance / non-assistance to a terrorist organization;
- Document the review of information at the Ohio Bureau of Criminal Identification and Investigation (for exempt employees only);
- Review Ohio Bureau of Motor Vehicles Abstract Driver Record (for exempt employees only, or those who drive for work regularly); and
- Complete and maintain an I-9 Form.

According to the article *Criminal Background Checks: A Checklist of the Pros and Cons* (Laura Elzey, 2006), "there are 11 reasons to conduct criminal background checks prior to employment":

- Reduce theft and embezzlement;
- Limit legal exposure for negligent hiring and retention;
- Increase applicant quality;
- Check for potential discipline problems;
- Verify application information;
- Decrease insurance costs because some insurance companies give discounts to organizations that conduct background checks and drug screening;
- Discover drug/alcohol problems in an applicant;
- Decrease workplace violence;
- Discourage applicants who have something to hide;
- Limit uncertainty in the hiring process; and
- Enable an organization to know whom it is hiring.

Considering the large volume of documents currently being scanned through its Special Projects Department for other Cuyahoga County agencies and the sensitive information contained in some documents, conducting background checks becomes increasingly important. For instance, the Cuyahoga County Treasurer's Office, Department of Job and Family Services, and Public Defender's Office have all received scanning services from CCRO.

Financial Implication: Although there is likely some cost associated with conducting background checks, those costs are not readily quantifiable.

R3.8 CCRO should consider using the County's HRD and related software to complete its human resource functions, thereby eliminating duplication of effort. However, before entering into an agreement, CCRO should work with the County and HRD to identify the costs to the Recorder's Office for the provision of human resources duties. CCRO should then compare that cost to the cost of employing a Personnel Director to determine whether it would be more cost-effective to use the HRD. Furthermore, CCRO should evaluate the duties being performed by the Personnel Director that are not completed by the HRD. If it is more cost effective to use the HRD, this will enable CCRO to determine whether these duties should continue to be completed and, if so, to whom to assign these duties.

Duplication of effort exists between the CCRO Personnel Director and the County Human Resource Department (HRD). CCRO has a Personnel Director whose job description indicates that major job duties include maintaining personnel files, ordering drug tests, issuing employee identification cards, writing job descriptions, enforcing the policies and procedures in CCRO's manual, and serving as a liaison for training and benefits with HRD. However, the Recorder's Office does not complete other human resource functions, such as the following:

- A formal hiring process including background checks (see **R3.4** and **R3.7**);
- Leave use tracking and enforcement;
- Employee performance appraisals (see the **general operations section**);
- Labor law compliance;
- Compensation plans (see **R3.3**); and
- Comprehensive job descriptions (see **R3.6**).

According to the HRD Director, the County has established human resource functions for all County Board of Commissioner's offices to help reduce duplication. The HRD would be willing to provide these services to the Recorder's Office as well. For instance, the HRD uses human resources software to track employee information and completes a formal hiring process that includes background checks, develops job descriptions, conducts employee discipline, maintains personnel files, coordinates employee benefits,

and assists during negotiations. Furthermore, the County's HRD Director has developed compensation plans for all classified County personnel, which are linked to position descriptions. The cost for HRD services is disbursed among the County Board of Commissioner's offices receiving the services.

Centralizing the human resource function with the County would help eliminate duplication of services between HRD and CCRO. Additionally, consolidation with the HRD would allow CCRO to avoid perceptions of bias in the hiring process because the initial recruiting stages would be completed by HRD. Finally, any duties currently being completed by CCRO's Personnel Director that cannot be completed by HRD, could be completed internally by another administrator such as the Chief Administrator, the Operations Director, or the Chief of Staff.

Financial Implications Summary

The following table presents a summary of annual cost savings, annual costs, and annual cost avoidances identified in this section of the report.

Table 3-4: Performance Audit Recommendations

Recommendation	One-Time Cost	Annual Cost Savings	Annual Cost Avoidance
R3.1 Reduce operations staffing by 17 positions		\$698,000	
R3.2 Reduce public outreach staffing by 7 positions		\$365,000	
R3.3 Complete compensation plan	\$20,000		
R3.3 Reduce future wage increases			\$40,000
Total	\$20,000	\$1,063,000	\$40,000

Source: AOS Recommendations

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Client Response

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

The client response notes that peer groups used in the performance audit do not fully reflect their use of outsourcing, and that the Cuyahoga County Recorder's Office (CCRO) uses only county labor while the peers contract for some services. However, a review of expenditure data reported by CCRO and the peers shows that CCRO spends more in personnel service costs (salaries and benefits) per resident and per document when compared to the peers. In fact, CCRO spends more per resident and per document in personnel services than the peers spend in total expenditures per resident and per document. CCRO also allocates a higher percentage of expenditures to non-personnel service items, which can include contracted services, than Franklin and Lucas counties. Personnel service data was unavailable for Hamilton County. In addition, the performance audit identified several factors contributing to the higher staffing levels at CCRO and, in turn, strategies that would help CCRO operate with fewer staff (see **R3.1** and **R3.2** in human resources). Furthermore, the performance audit noted that CCRO and each peer contracted for some level of technology services, and accounted for this in the assessment of technology staffing levels (see **R2.3** in the general operations section). Lastly, AOS staff met with CCRO officials to discuss their study and other comments related to preliminary drafts of the performance audit, followed up with the peer entities, and updated the reports where appropriate.

Lillian J. Greene
COUNTY RECORDER

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December 12, 2008



Mr. James Penning, Chief Auditor
Performance Audit Section
Auditor of State of Ohio
615 Superior Ave. NW-12th Floor
Lausche Building
Cleveland, Ohio 44113-1801

Dear Mr. Penning:

This communication is in response to the Cuyahoga County Recorder's Office (CCRO) performance audit, requested by the Board of County Commissioners (BOCC) shortly after the resignation of then Recorder, Patrick J. O'Malley, on May 15, 2008. On behalf of my staff and administration, I wish to express our appreciation to the entire audit team for their professionalism and the effort advanced by your staff in completing this audit. This administration welcomes any opportunity to collaborate with our partners in government and stakeholders who share our goals of fostering efficient and transparent government.

As we knew the case would be, this office was fully compliant with the duties and service obligations required by the Ohio Revised Code and no fiscal irregularities were discovered. With these items aside, the recommendations presented in this report will be given our utmost consideration. A comprehensive review of our policies and practices will be undertaken in light of the information and findings outlined in the audit report. In fact, the adoption of several Human Resources recommendations is already underway. Further, we have begun the formalities regarding the establishment of a Microfilming Board in this county, having recognized its value to the county heretofore.

It is important to note that, from our independent study, staff level recommendations, comparing CCRO to our respective peer groups, are based on internal staff numbers and do not fully reflect our peers' use of outsourcing costs. CCRO uses all county employees/labor while other sample counties contract with private companies for some of their services. In any event, our staffing level has already decreased due to attrition since this audit began.

December 12, 2008

Even though CCRO has been a leader in technology and service, it is the policy of this administration to move forward, ever mindful of our fiduciary responsibility to the people of Cuyahoga County. Again, I wish to thank all involved in this process for providing the Recorder's Office with an invaluable assessment tool.

Respectfully submitted,



Lillian X. Greene, County Recorder



Board of Cuyahoga County

Commissioners



**Auditor of State
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