2017 | **OPT** | Ohio Performance Team

ANNUAL REPORT

Dave Yost
Ohio Auditor of State

Ohio Performance Team
ANNUAL REPORT 2017

Dave Yost
Ohio Auditor of State

Table of Contents

This page left intentionally blank

Purpose

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

OPT Overview and Experience

The Ohio Performance Team (OPT) was created to build upon the Auditor of State's long-standing reputation for conducting detailed and effective performance audits of local governments. Since 2011, OPT has identified taxpayer savings of approximately $32.65 for every dollar spent auditing state agencies and $21.65 for every dollar spent auditing local governments. In FY 2017-18, OPT will expand service offerings to include performance audits of higher education institutions and feasibility studies for shared service projects.

State Agency Performance Audits

State agency performance audits examine the economy, efficiency, and effectiveness of government programs and functions. These audits use objective metrics and standards to measure the cost and productivity of services delivered by Ohio's state agencies. Where deficiencies are identified, the audits make recommendations for increasing operational efficiencies and enhancing value on behalf of Ohio taxpayers. Since state fiscal year (FY) 2011-12, OPT has completed 10 regular performance audits of 8 different state agencies, including:

Engagement	Biennium
Ohio Department of Education (ODE)	FY 2012-2013
Ohio Department of Transportation (ODOT)	FY 2012-2013
Ohio Department of Job and Family Services (ODJFS)	FY 2012-2013
Ohio Housing Finance Authority (OHFA)	FY 2012-2013
Ohio Department of Natural Resources (ODNR)	FY 2014-2015
ODOT 2015 Follow-on	FY 2014-2015
Ohio Department of Rehabilitation and Corrections (ODRC)	FY 2014-2015
Ohio Environmental Protection Agency (OEPA)	FY 2014-2015
ODOT 2016 Follow-on	FY 2016-2017
Ohio Bureau of Workers' Compensation (OBWC)	FY 2016-2017

Additionally, performance audits of two state agencies are in progress and are scheduled to be completed no later than June 30, 2017:
  • Ohio Department of Agriculture (ODA)
  • Ohio Department of Health (ODH)

To determine the scope of performance audits, OPT uses a data-driven framework that incorporates savings potential, OPT expertise and the likelihood of a successful implementation. Collaboration with state agency leadership further informs scoping decisions, as OPT attempts to identify opportunities that align with ongoing agency goals and initiatives.

Results of completed state agency performance audits encompass a wide variety of recommendation types and business areas within Ohio's state agencies. Recommendations in the 10 state agency audits completed by OPT have identified opportunities for savings in excess of $101.9 million.

2016 Reports

Since the 2016 Annual Report, OPT issued two state agency performance audit reports. The ODOT (2016) and OBWC performance audits are currently in the implementation tracking phase, and full implementation reporting will be contained in the 2018 Annual Report. The performance audits of the ODOT, ODRC and OEPA audits were completed during the previous biennium, and, this annual report contains the full implementation follow-up reporting.

ODOT 2016 Follow-on

Released in October 2016, this performance audit of ODOT identified opportunities for increased efficiency within the area of capital planning budgeting. The table below summarizes the recommendations where a financial impact was identified.

Recommendations by Assessment Area	Financial Impact
Operations Support Cost/Benefit Analysis	$65,000
Capital Planning and Budgeting	$3,500,000
Savings offset	($65,000)
Total Savings	**$3,500,000**

OBWC

Released in January 2017, the OBWC performance audit was scoped to identify opportunities for improved efficiency and effectiveness. The table below summarizes the recommendations where a financial impact was identified.

Recommendations by Assessment Area	Financial Impact
Facility Utilization	
• Right size regional services offices	$770,361
• Right size office space in the William Green Building	$746,266
• Bring William Green Building lease rates in line with market rates	$928,629
• Right size warehouse space	$130,654
Total Savings	**$2,575,910**

2016 Reports

ODOT – 2015 Follow-on

The ODOT performance audit was released in June 2015, placing it within the window requiring detailed implementation reporting in the current Annual Report. The status of ODOT's implementation status is described in **Implementation Overview** section, beginning on **page 9**.

OEPA

The OEPA performance audit was released in June 2015, placing it within the window requiring detailed implementation reporting in the current Annual Report. The status of OEPA's implementation status is described in **Implementation Overview** section, beginning on **page 10**.

ODRC

The ODRC performance audit was released in June 2015, placing it within the window requiring detailed implementation reporting in the current Annual Report. The status of ODRC's implementation status is described in **Implementation Overview** section, beginning on **page 12**.

Current Biennium Audits

ODA

OPT is currently in the planning and scoping phase of an engagement with ODA, scheduled for completion before the end of FY 2016-17.

ODH

In October 2015, ODH signed a letter of engagement with the Auditor of State arranging a state agency performance audit. The agreed-upon audit scope will cover a mix of programmatic areas, internal departments, and cross-cutting agency-wide opportunities to achieve efficiency, effectiveness, and economy. Final report release is scheduled by the end of FY 2016-17.

Implementation Overview

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

OPT has developed a collaborative, process-driven approach to assist agencies in meeting the requirements for reporting as set forth in the above ORC regulations. This approach is largely one of agency self-reporting, coupled with OPT follow-up. Of the 10 completed state agency performance audits, ODOT (2015), OEPA, and ODRC are subject to detailed implementation reporting in the rest of this report. ODOT (2013), ODJFS, ODE, OHFA, and ODNR are considered fully implemented, the details of which can be found in OPT's 2014, 2015 and 2016 Annual Reports. ODOT (2016), OBWC, and ODA will be subject to detailed implementation reporting in the 2018 Annual Report.

It is important to note that while substantial or even full implementation is possible for some of the recommendations within OPT's annual reporting window, this is not the case for all audit recommendations. Many recommendations require information-technology system development, support network expansion, statutory changes, or even additional detailed study prior to full implementation. In cases where state agencies are able to demonstrate substantial and continued progress toward implementing report recommendations, OPT considers agencies to be fulfilling the statutorily required implementation and reporting obligations. This dynamic of extended implementation timeframes also has implications for quantifying the savings agencies realize from OPT recommendations; the majority of the financial impact identified in the ODOT, OEAP and ODRC audits will accrue in future years.

Implementation Overview

ODOT (2015 Follow-on)

OPT issued the ODOT Follow-on final report, which was released on June 9, 2015. Final performance audit reports are available on the Auditor of State's website (https://ohioauditor.gov/performance.html). The following table lists the scope areas yielding recommendations with a quantifiable financial impact. Potential savings are annual except as otherwise noted.
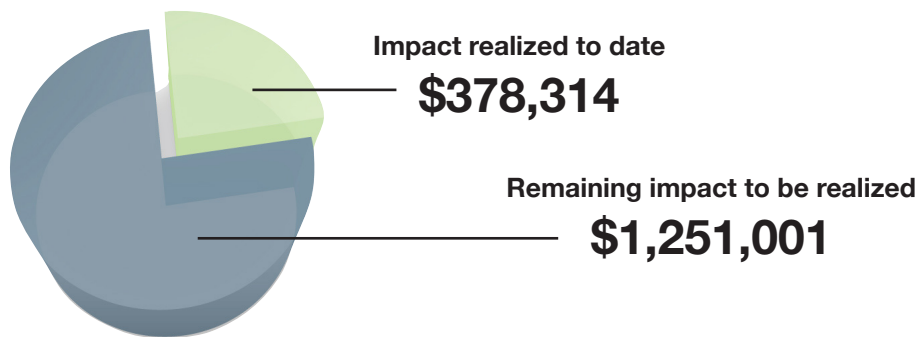
Recommendations by Assessment Area	Financial Impact
Fleet Management	
• Blended Biodiesel	$202,475
• Auction Analysis	$126,898
• Fleet Cycling	$1,426,840
• Adjustment for offsets	$(126,898)
Total Cost Savings from Performance Audit Recommendations:	**$1,629,315**

ODOT Implementation Status and Impact

Thanks to a concerted effort to fully engage with agency leadership during the audit, ODOT began addressing recommendations before the report was actually released. For example, within the Fleet Management scope item, ODOT worked with the state legislature to eliminate the state mandate to purchase biodiesel. The elimination of the mandate took effect on July 1, 2015.

Per statute, the Auditor of State conducted a comprehensive implementation tracking during the first year following the release of ODOT's performance audit. **As of February 2017, ODOT has begun implementation on all three recommendations (100% compliance)**.

ODOT Implementation Savings

Impact realized to date
$378,314

Remaining impact to be realized
$1,251,001

During this one-year time period, ODOT was able to identify approximately **$378,000** in actual realized savings by implementing the recommendation to eliminate the use of bio-diesel. The bulk of the remaining unrealized financial impact falls within recommendations that require more than one year of lead time to realize returns (e.g., changes in auction practices and fleet cycling). Detailed implementation status for each ODOT performance audit recommendation is given in the **Appendix**.

Implementation Overview

OEPA

OPT issued the OEPA final report which was released on June 30, 2015. Final performance audit reports are available on the Auditor of State's website (https://ohioauditor.gov/performance.html). The following table lists the scope areas yielding recommendations with a quantifiable financial impact. Potential savings are annual except as otherwise noted.
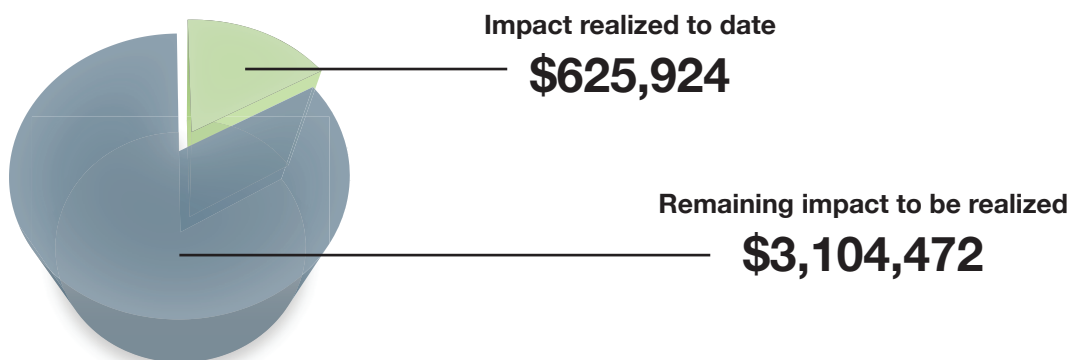
Recommendations by Assessment Area	Financial Impact
Fleet Management	
• Pool Fleet Optimization	$119,306
• Decreased Employee Travel	$345,115
• Vehicle Assignment	$8,237
Laboratory Operations	
• Seasonal Staffing	$309,372
• Revenue-Generating Activities	$910,559
Certified Professionals	$13,119
Solid Waste Operator Certification	$212,364
Solid Waste Fee Collection Operations	$1,812,324
Total Cost Savings from Performance Audit Recommendations	**$3,730,396**

Implementation Overview

OEPA Implementation Status and Impact

Per statute, the Auditor of State conducted comprehensive implementation tracking during the first year following the release of OEPA's performance audit. **As of February 2017, OEPA has begun implementation on all recommendations (100% compliance)**. Areas where OEPA has been able to identify substantial savings are as follows:

• **Pool Fleet Optimization** – Using existing information, OEPA reports reducing the pool fleet by four vehicles. In addition, OEPA plans to reduce an additional two vehicles in FY 2017-18. To date, OEPA reports **$60,000** in savings from these fleet reductions.

• **Decrease Employee Travel** – OEPA reports the installation of 10 video conferencing endpoints at locations throughout the state. In addition, OEPA reports plans to introduce Skype for Business by the end of the FY 2016-17 fiscal year. To date, OEPA reports **$5,000** in savings from reduced travel.

• **Laboratory Operations** – OEPA reports the replacement of 3.0 FTE lab employees with 3 intermittent employees. Furthermore, OEPA reports plans to replace 1.0 to 2.0 additional FTEs with intermittent employees in the future. In addition, OEPA reports the successful implementation of additional revenue generating services. In total, OEPA reports saving **$508,603** in laboratory operations.

• **Improvements to Tonnage Reporting** – OEPA reports hiring an external auditor to improve tonnage reporting oversight. OEPA reports that the reduction in backlog resulted in **$52,321** dollars of collected or certified revenue.

Impact realized to date
$625,924

Remaining impact to be realized
$3,104,472

During this one year time period, OEPA was able to identify approximately **$625,900** in actual realized savings directly attributable to performance audit recommendations. The bulk of the remaining unrealized financial impact falls within recommendations that require more than one year of lead time to realize returns (e.g., changes in tonnage reporting oversight). Detailed implementation status for each OEPA performance audit recommendation is given in the **Appendix**.

Implementation Overview

ODRC

OPT issued the Ohio Department of Rehabilitation and Correction (ODRC) final report on June 23, 2015. Final performance audit reports are available on the Auditor of State's website (https://ohioauditor.gov/performance.html). The table below lists the scope areas yielding recommendations with a quantifiable financial impact. Potential savings are annual except as otherwise noted.

Recommendations by Assessment Area	Financial Impact
Fleet Management	
• Implement fleet-wide telematics	$202,807
Total Cost Savings from Performance Audit Recommendations	**$202,807**

ODRC Implementation Status and Impact

Per statute, the Auditor of State conducted a comprehensive implementation tracking during the first year following the release of ODRC's performance audit. **As of February 2017, ODRC has begun implementation on all recommendations (100% compliance)**.

ODRC has not realized financial impact to date. The remaining unrealized financial impact falls within recommendations that require more than one year of lead time to realize returns (e.g., improvements in fleet management related to data collection). Detailed implementation status for each ODRC performance audit recommendation is given in the **Appendix**.

Appendix

ODOT Performance Audit Implementation Summary

Recommendation	Implementation Status	Identified Financial Impact	Impact Realized to date	Remaining Impact to be Realized
1.1	Completed	$202,475	$378,314	($175,839)
1.2	In Process	$126,898	$0	$126,898
1.3	In Process	$1,426,840	$0	$1,426,840

Appendix

AOS Performance Audit Response
ODOT Fleet
Recommendation 1.1, 1.2, 1.3

Recommendation 1.1 ODOT should work with the General Assembly to eliminate the mandate to use blended biodiesel.			
Recommendation Addressed?	Yes	Identified Financial Impact:	$202,475
Implementation Status:	Completed	Financial Impact Status:	Completed
		Impact Realized-to-Date:	$378,314.26
		Remaining Impact to be Realized	N/A
Implementation Description:	ODOT's Legislative area had the requirement removed in the budget bill that took effect on July 1, 2015. The table below summarizes ODOT's diesel fuel purchases over the last 2 ½ fiscal years. As you can see from the table, ODOT has significantly reduced the purchase of biodiesel. In FY2015, roughly 38% of ODOT diesel fuel purchases were biodiesel, in FY16 ODOT purchased just under 5% biodiesel and so far in FY2017 just 1% of diesel fuel purchases have been biodiesel.		
Auditor response:			

Table within Implementation Description:

Material	Cost	Quantity	Unit Cost	FY
# 02030010 FUEL, DIESEL (DS) - ULTRA LOW SULFUR	$ 3,663,799.45	1,870,871.8	$ 1.96	2017*
# 02030020 FUEL, BIODIESEL, (FUEL	$ 38,085.21	18,990.0	$ 2.01	2017*
# 02030030 FUEL, DIESEL DYED, OFF ROAD	$ 10,317.23	5,026.0	$ 2.05	2017*
# 02030010 FUEL, DIESEL (DS) - ULTRA LOW SULFUR	$ 5,689,267.34	3,271,522.5	$ 1.74	2016
# 02030020 FUEL, BIODIESEL, (FUEL	$ 343,635.64	168,691.2	$ 2.04	2016
# 02030030 FUEL, DIESEL DYED, OFF ROAD	$ 19,312.47	12,143.0	$ 1.59	2016
# 02030010 FUEL, DIESEL (DS) - ULTRA LOW SULFUR	$ 6,551,322.86	2,529,550.4	$ 2.59	2015
# 02030020 FUEL, BIODIESEL, (FUEL	$ 4,664,541.12	1,588,665.8	$ 2.94	2015
# 02030030 FUEL, DIESEL DYED, OFF ROAD	$ 49,125.37	18,683.1	$ 2.63	2015

Appendix

AOS Performance Audit Response
ODOT Fleet
Recommendation 1.1, 1.2, 1.3

Recommendation 1.2: ODOT should adopt leading practices to optimize cost recovered through vehicle and equipment auctions.			
Recommendation Addressed?	Yes	Identified Financial Impact:	$126,898
Implementation Status:	In Process	Financial Impact Status:	
		Impact Realized-to-Date:	
		Remaining Impact to be Realized	
Implementation Description:		To date, ODOT has implemented industry benchmarks as recommended. ODOT now sets a reserve price on most equipment being sold. The reserve price is based on the condition of the equipment as well as a percentage of the Blue Book price. Then at the conclusion of the sale, benchmark data is utilized to determine if the equipment should be released or relisted at an alternate auction. DAS contract GDC042 is the contract ODOT utilizes to sell equipment. This contract expires at the end of March 2017. ODOT and DAS are currently in the process of issuing an RFP to allow ODOT to more fully utilize the recommendations that were made. The goal of the auction RFP is to establish a method for ODOT to hold regional live auctions, better advertise the sale of equipment, implement a buy-it-now feature, have the auction company consult on ways to improve sale revenue and to ultimately recover additional revenue from the equipment being sold. Improving sale revenue is also dependent upon recommendation 1.3 to optimize the fleet lifecycle of ODOT equipment.	
Auditor response:			

Appendix

AOS Performance Audit Response
ODOT Fleet
Recommendation 1.1, 1.2, 1.3

Recommendation 1.3: ODOT should adopt optimized fleet cycling guidelines that promote the most financially efficient operation of the fleet. Specific guidelines include: • 4 Years and 48,000 Miles – Passenger Cars, ¼-Ton SUVs, and 1-Ton Pickup Trucks; • 5 Years and 60,000 Miles – ½-Ton SUVs, ½-Ton Pickup Trucks, and ¾-Ton Pickup Trucks; • 6 Years and 72,000 Miles – Minivans and 1-Ton Passenger Vans; • 7 Years and 84,000 Miles – Cargo Vans; • 10 Years and 100,000 Miles – Light Dump Trucks; and • 11 Years and 132,000 Miles –Utility Trucks (3/4-Ton and 1-Ton).			
Recommendation Addressed?	Yes	Identified Financial Impact:	$1,426,840
Implementation Status:	In Process	Financial Impact Status:	
		Impact Realized-to-Date:	
		Remaining Impact to be Realized	
Implementation Description:		Starting in FY17, ODOT has centralized the purchasing of all fleet equipment and standardized the available funding for fleet purchases. This has allowed ODOT to better maintain the fleet plan, schedule fleet purchases, and work with multiple districts to reduce fleet acquisition costs. ODOT has assembled a committee to analyze the remainder of ODOT equipment types to optimize the remainder of unset lifecycles utilizing the money ODOT has available to purchase equipment. ODOT will set a standard lifecycle for all equipment types and prioritize and plan purchases across the state based on the lifecycle. ODOT anticipates that reducing the lifecycle of key equipment identified in recommendations 1.3 and by following recommendation 1.2, ownership and operating costs will be minimized while the revenue ODOT realizes from equipment sales will be maximized. ODOT plans to implement fleet purchases with this method beginning in FY18. ODOT has a dedicated centralized fund from which to purchase equipment. This has stabilized the procurement of equipment and provided a means for ODOT to plan for the future. ODOT anticipates that long-term cost savings will be realized from reduced maintenance, decreased downtime, and improved revenue from fleet sales.	
Auditor response:			

Appendix

OEPA Performance Audit Implementation Summary

Recommendation	Implementation Status	Identified Financial Impact	Impact Realized to Date	Remaining Impact to be Realized
1.1	In Process	$119,306	$60,000	$59,306
1.2	In Process	$345,115	$5,000	$340,115
1.3	In Process	$8,237	$0	$8,237
2.1	In Process	$1,219,931	$508,603	$711,328
3.1	In Process	$13,119	$0	$13,119
3.2	In Process	N/A	N/A	N/A
4.1	In Process	$150,460	$0	$150,460
5.1	Completed	N/A	N/A	N/A
5.2	In Process	$1,812,324	$52,321	$1,760,003

Appendix

AOS Performance Audit Response
OEPA Fleet
Recommendation 1.1, 1.2, 1.3

Recommendation 1.1: OEPA should optimize the collection of pool fleet utilization data to ensure that all significant utilization factors are accurately tracked. Once full utilization data is available, the Agency should reduce the size of the pool fleet to better match the actual level of pool fleet vehicle demand.			
Recommendation Addressed?	Yes	Identified Financial Impact:	$174,012
Implementation Status:	In Process	Financial Impact Status:	In Process
		Impact Realized-to-Date:	$60,000
		Remaining Impact to be Realized	$30,000
Implementation Description:		OEPA is planning to implement updates to the OEPA Motor Pool application that will further enhance the Agency's ability to track vehicle usage with increased reporting capabilities. Using existing information, OEPA reduced its fleet by two vehicles in FY 2016 and two vehicles in FY 2017. An additional reduction of two vehicles is planned for FY 2018. At a replacement cost of $15,000 per vehicle, this represents a total savings of $90,000.	
Auditor response:			

Appendix

AOS Performance Audit Response
OEPA Fleet
Recommendation 1.1, 1.2, 1.3

Recommendation 1.2: OEPA should leverage existing technologies such as videoconferencing to reduce the overall cost of travel and downtime for meetings. In doing so, the Agency should develop policies and procedures that support the use of virtual meetings in lieu of face-to-face meetings, as appropriate, for the purpose of decreasing vehicle cost and increasing employee efficiency.			
Recommendation Addressed?	Yes	Identified Financial Impact:	$345,115
Implementation Status:	In Process	Financial Impact Status:	In Process
		Impact Realized-to-Date:	$5,000
		Remaining Impact to be Realized	$340,115
Implementation Description:		Ten (10) videoconferencing endpoints have been installed in OEPA's central and district offices. We expect additional videoconferencing capabilities with the implementation of Skype for Business later this fiscal year. This will complete infrastructure requirements to leverage videoconferencing efficiencies. Policies still need to be developed and implemented. DAS, in concert with the Governor's Office, is working on a state-wide videoconferencing policy. This policy is currently drafted and is in review. OEPA will adopt this policy when available.	
Auditor response:			

Appendix

AOS Performance Audit Response
OEPA Fleet
Recommendation 1.1, 1.2, 1.3

Recommendation 1.3: OEPA should implement formal policies and procedures for the allowable use of assigned vehicles. In doing so, the Agency should implement practices that increase the overall efficiency of the Emergency Response Unit vehicles such as modifying the commuter practices currently in place to model those used in the OEPA's Southeast District. Doing so will allow for reduced commuter mileage and associated costs.			
Recommendation Addressed?	Yes	Identified Financial Impact:	$8,237
Implementation Status:	In Process	Financial Impact Status:	In Process
		Impact Realized-to-Date:	
		Remaining Impact to be Realized	To be Determined
Implementation Description:		OEPA revised its motor vehicle use policy and updated the section dedicated to allowable use of assigned vehicles, which includes the Emergency Response (ER) program. ER completed a full Kaizen event that followed this recommendation, resulting in many other efficiencies that supported this recommendation. ER consolidated/reconfigured its district response boundaries to create four response districts instead of five. This effectively reduced the number of on-call staff from five to four statewide, and eliminated four on-call backup on-scene coordinators (OSC) statewide. Additional reductions in the number of ER staff have also been realized through more restructuring. Today, ER has 10 OSCs statewide, down from 14 before the Kaizen. Additional commuting efficiencies were gained by staging ER vehicles at key locations after hours which resulted in a reduction of commuting miles. These locations are primarily designed to support operations and, secondarily, to reduce commuting distances. Staff who decline on-call are not authorized for daily commute.	
Auditor response:			

Appendix

AOS Performance Audit Response
OEPA Labs
Recommendation 2.1

Recommendation 2.1: OEPA should better match DES labor supply to seasonal demand by incorporating intermittent positions into the laboratory staffing plan in the following manner:
  • **Inorganic Section – Replace four underutilized full-time employees with four 1,000-hour intermittent employees; and**
  • **Organic Section – Replace one underutilized full-time employee with one 1,000-hour Intermittent employee.**			

Recommendation Addressed?	Yes	Identified Financial Impact:	$1,219,931
Implementation Status:	In Process	Financial Impact Status:	In process
		Impact Realized-to-Date:	$508,603
		Remaining Impact to be Realized	To be Determined
Implementation Description:		Of the identified financial impact of 1,219,931, $309,372 is identified as personnel expense savings and $910,559 is identified as additional revenue (page 65 of Audit Report). Personnel Expenses (Financial Impact: $158,603): Through attrition, the Division of Environmental Services (DES) has replaced 3.0 FTE with three intermittent employees. The estimated annual personnel expenses for three intermittent employees is $82,729. When this is compared to the $241,332 estimated annual cost of replacing 3.0 FTEs, it results in a financial savings of $158,603. DES will replace an additional 1.0 to 2.0 FTEs with intermittent employees as opportunity (retirement) arises. Additional Revenue (Financial Impact: $350,000): DES has developed additional revenue via the Hazardous Algal Bloom (HAB) sample analysis program. The analysis was developed in 1st quarter of 2016 and implemented regulatorily as part of the Division of Drinking and Ground Water (DDAGW) HAB program in May 2016. The total gross revenue for the program in FY 2017 is estimated at $350,000. DES is responsible for all Ohio-required analysis through calendar year 2017. In 2018 and beyond, Public Water System labs and Commercial labs will have the option of being certified to analyze these samples. This will result in reduced HAB analysis revenue to DES.		

Appendix

AOS Performance Audit Response
OEPA Water Quality
Recommendation 3.1, 3.2

Recommendation 3.1: OEPA should implement and manage a certified professional program for the 401 Water Quality Certification and Isolated Wetland Permitting Unit with the goal of improving process efficiency and effectiveness			
Recommendation Addressed?	Yes	Identified Financial Impact:	$13,119
Implementation Status:	In Process	Financial Impact Status:	In process
		Impact Realized-to-Date:	$0
		Remaining Impact to be Realized	$13, 119
Implementation Description:		A new-hire-to-implement program started January 9, 2017. Currently working on rule development, with a target date of rule implementation by December 31, 2017.	
Auditor response:			

Appendix

AOS Performance Audit Response
OEPA Water Quality
Recommendation 3.1, 3.2

Recommendation 3.2: OEPA should gather, analyze, and communicate key 401 Water Quality Certification and Isolated Wetland Permitting Unit data to ensure that the application review process is conducted in a cost-effective and timely manner.			
Recommendation Addressed?	Yes	Identified Financial Impact:	N/A
Implementation Status:	In Process	Financial Impact Status:	
		Impact Realized-to-Date:	
		Remaining Impact to be Realized	
Implementation Description:		The 401 unit has developed an electronic "smart form" application that DOES NOT allow for the submission of an application unless accompanied by all required data. This will greatly minimize the "back and forth" communications necessary to ensure an application is complete. The application has gone through internal and external testing and should be implemented in the next few months.	
Auditor response:			

Appendix

AOS Performance Audit Response
OEPA Division of Material and Waste Management
Recommendation 4.1, 5.1, 5.2

Recommendation 4.1: OEPA should implement solid waste and construction and demolition debris (C&DD) operator certification programs in accordance with Ohio Revised Code requirements. In doing so, the Agency should adopt a collaborative industry oversight model. This model will allow the Agency to retain reasonable oversight and control over content and standards while leveraging industry knowledge and partnership to administer the program in a cost-efficient manner.			
Recommendation Addressed?	Yes	Identified Financial Impact:	$150,460
Implementation Status:	In Process	Financial Impact Status:	Not Started
		Impact Realized-to-Date:	
		Remaining Impact to be Realized	$150,460
Implementation Description:		The OEPA Division of Material and Waste Management's (DMWM) FY18-19 budget request includes $200,000 for a C&DD and composting operator certification IT project. Most work for this project is expected to take place in FY19. OEPA has reached out to stakeholders and formed an industry workgroup to seek input for both C&DD and composting (solid waste) programs. DMWM is in process of updating draft rules for internal review. Interested party (IP) rules are currently being drafted.	
Auditor response:			

Appendix

AOS Performance Audit Response
OEPA Division of Material and Waste Management
Recommendation 4.1, 5.1, 5.2

Recommendation 5.1: OEPA should make operational improvements to its disposal fee and tonnage reporting system. It can do this in two ways: 1. by combining pay-ins to the Treasurer of State for batches with the same fee type and pay-in codes; and 2. by seeking ways to further encourage electronic reporting and payment. The first operational improvement will help to reduce the time that it takes to process single batch fees in the Agency-wide process. The second operational improvement will reduce the time it takes to process tonnage and fee reports by OEPA. Further, the use of electronic reporting and payments will continue to help the Agency's customers given the ease of access to historical information as well as the benefit of the automatic fee computation feature.			
Recommendation Addressed?	Yes	Identified Financial Impact:	N/A
Implementation Status:	Completed	Financial Impact Status:	
		Impact Realized-to-Date:	
		Remaining Impact to be Realized	
Implementation Description:		The Fiscal office instructed staff to combine pay-ins to the Treasurer of State for batches with the same fee type and pay-in codes. DMWM considered mandatory electronic filing of monthly disposal fees. Although electronic filing was not mandated, OEPA did make other changes to encourage online reporting and payment. The service fee for online credit card payments was reduced. In addition, the time it takes to obtain a Personal Identification Number (PIN), which is necessary to report online, was reduced from several days to a few minutes. This was done by replacing notarized paper forms with an online verification process.	
Auditor response:			

Appendix

AOS Performance Audit Response
OEPA Division of Material and Waste Management
Recommendation 4.1, 5.1, 5.2

Recommendation 5.2: OEPA should make operational improvements to its tonnage reporting oversight. In doing so, the Agency should utilize the information that is already being reported from the monthly disposal fees, annual facilities reports, and ad hoc tonnage updates received by DMWM to perform regular reconciliations. Furthermore, the Agency should implement a risk-based monitoring program for facilities that helps to ensure that the self-reported tonnage and fees are being properly recorded and remitted.				
Recommendation Addressed?		Yes	Identified Financial Impact:	$1,812,324
Implementation Status:	In Process		Financial Impact Status:	In Process
			Impact Realized-to-Date:	$52,321
			Remaining Impact to be Realized	To Be Determined
Implementation Description:			DMWM hired an external auditor to improve tonnage reporting oversight and, with the Fiscal office, resolved a balance-due backlog, resulting in $52,321 collected or certified revenue. A monthly tracking sheet for solid waste and C&DD disposal fees was implemented. The DMWM external auditor implemented a reconciliation process for monthly disposal fees and facility annual operating reports. The reconciliation identified a municipal solid waste transfer facility reporting issue, which may increase disposal fee revenue by more than $250,000 annually.	
Auditor response:				

Appendix

ODRC Performance Audit Implementation Summary

Recommendation	Implementation Status	Identified Financial Impact	Impact Realized to Date	Remaining Impact to be Realized
1.1	In Process	N/A	N/A	N/A
2.1	In Process	$202,807	$0	$202,807

Appendix

AOS Performance Audit Response
ODRC Fleet
Recommendation 1.1, 2.1

Recommendation 1.1: ODRC should implement a cost-effective solution that allows the Department to collect accurate and timely fleet data including:ehicle mileage and use;Maintenance and repair expense; and Fuel utilization and expense.

Recommendation Addressed?	Yes	Identified Financial Impact:	N/A
Implementation Status:	In Process	Financial Impact Status:	N/A
		Impact Realized-to-Date:	N/A
		Remaining Impact to be Realized	N/A
Implementation Description:	The Ohio Department of Rehabilitation and Correction (ODRC) is reinforcing compliance with Ohio Department of Administrative (DAS) policies regarding vehicle use and fleet management. In conjunction with the DAS policies, ODRC has drafted and will implement a new policy that will cover the use of state-owned vehicles. ODRC has also updated the agency fleet operations manual to include reference to the new policy and procedures regarding vehicle use. Also of significance to note, all pool cars at our Operation Support Center (OSC) location were placed under the oversight of DAS, effective June 6, 2016. OSC employees now reserve vehicles via the Fleet Ohio Reservation Portal. Utilization of the Fleet Ohio Motor Pool Reservation Portal not only serves as a reservation system, but it will also assist in collecting pertinent vehicle data, as each pool car will be registered in the portal. For example, the portal will assist in monitoring vehicle usage/mileage, fuel consumption and maintenance appointments. Monitoring the usage/mileage will better assist in establishing regular maintenance schedules and/or rotation schedules for the cars, which keeps the pool cars in safe driving condition. The portal has also assisted the agency in reducing mileage reimbursement, as there is now better utilization of the pool cars. Ultimately, it is the intent of ODRC to extend adoption of the Fleet Ohio Reservation Portal to applicable prison and parole areas. Additionally, ODRC has conducted an internal fleet review. Vehicles that have reached their usefulness are routinely being salvaged. Vehicles assigned for long-term use that no longer meet the Office of Budget and Management break-even analysis will be returned to the ODRC fleet and reallocated as pool vehicles for staff use.		
Auditor response:			

Appendix

AOS Performance Audit Response
ODRC Fleet
Recommendation 1.1, 2.1

Recommendation 2.1: ODRC should implement a fleet-wide telematics system which would, in parallel, fulfill the requirements of the Department's fleet management duties (see R.1 Data Quality), as well as provide valuable fleet management data for use in creating a more efficient and cost-effective fleet moving forward.			
Recommendation Addressed?	Yes	Identified Financial Impact:	$202,807
Implementation Status:	In Process	Financial Impact Status:	N/A
		Impact Realized-to-Date:	N/A
		Remaining Impact to be Realized	N.A
Implementation Description:		In discussion with the Ohio Department of Administrative Services (DAS), it was decided that the Ohio Department of Rehabilitation and Correction would implement an existing fleet management system rather than purchasing a fleet telematics system. All pool cars at our Operation Support Center (OSC) location were placed under the oversight of DAS, effective June 6, 2016. OSC employees now reserve vehicles via the Fleet Ohio Reservation Portal. Utilization of the Fleet Ohio Motor Pool Reservation Portal not only serves as a reservation system, but it will also assist in collecting pertinent vehicle data, as each pool car will be registered in the portal. For example, the portal will assist in monitoring vehicle usage/mileage, fuel consumption and maintenance appointments. Ultimately, it is the intent of ODRC to have each prison facility transition to the Fleet Ohio Reservation Portal.	
Auditor response:			