

OHIO AUDITOR OF STATE  
KEITH FABER



## OHIO PERFORMANCE TEAM

# Performance Audit Implementation Status Report

For State Agencies and  
Institutions of Higher Education

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March 30, 2019

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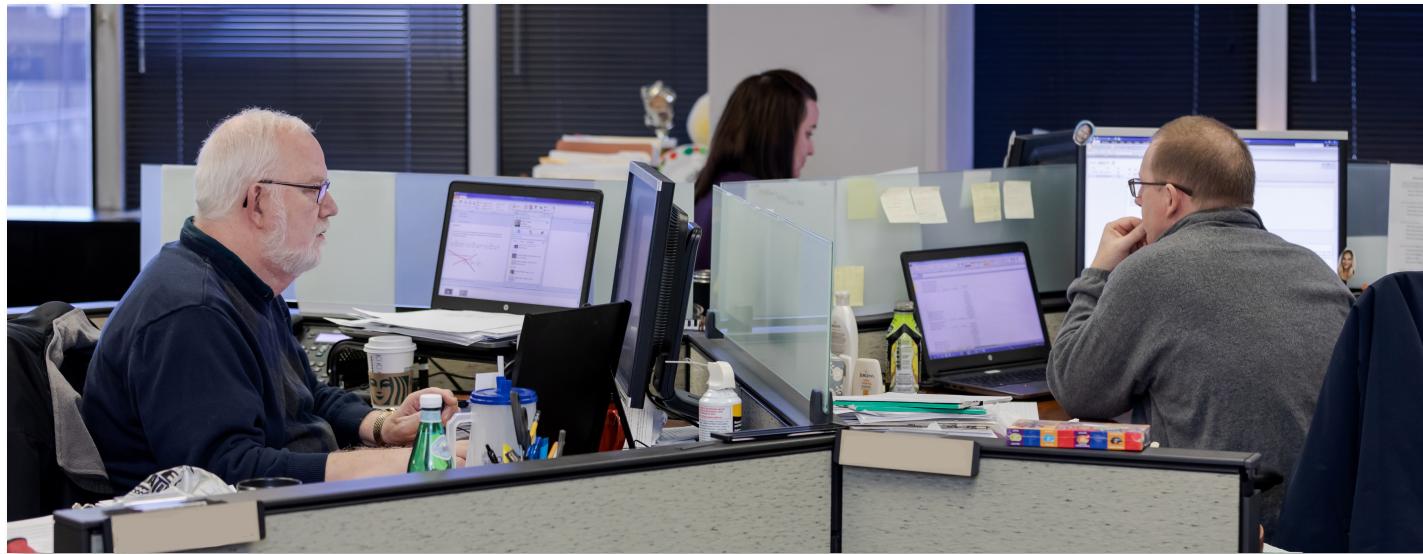
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## Purpose of this Report

Ohio Revised Code (ORC) § 117.46 requires the Auditor of State (AOS) to conduct performance audits of at least four state agencies each biennium. ORC § 117.463 requires the Auditor of State to submit a report annually in writing to the Governor, Speaker and Minority Leader of the Ohio House of Representatives, and President and Minority Leader of the Ohio Senate. This statute was enacted in July 2011, and the first reports were released in 2012. 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 \$27.64 for every dollar spent auditing state agencies and institutions of higher education and \$19.61 for every dollar spent auditing local governments.

# 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. During the course of the past biennium, legislation passed to allow the AOS to include institutions of higher education to fulfill the requirements of ORC § 117.46. Since state fiscal year (FY) 2011-12, OPT has completed 13 regular performance audits of 10 state agencies and one institution of higher education, including:

<b>Engagement</b>	<b>Biennium</b>
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 (Ohio EPA)	FY 2014-2015
ODOT 2016 Follow-on	FY 2016-2017
Ohio Bureau of Workers' Compensation (OBWC)	FY 2016-2017
Ohio Department of Agriculture (ODA)	FY 2016-2017
Ohio Department of Health (ODH)	FY 2016-2017
The Ohio State University (OSU)	FY 2017-2018

Performance audits of the Ohio Department of Administrative Services (DAS), the Ohio Department of Mental Health and Addiction Services (OhioMHAS), and the Ohio Environmental Protection Agency (Ohio EPA) are currently in progress; these audits will be released by June 30, 2019.

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 or institution leadership further informs scoping decisions as OPT attempts to identify opportunities that align with organizational goals and initiatives.

Results of completed state agency or higher education performance audits encompass a wide variety of recommendation types and business areas. Recommendations in the 13 statewide audits completed by OPT have identified opportunities for savings in excess of \$110 million.

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# Reports Released During Annual Review Period

## **The Ohio State University (OSU)**

The OSU performance audit was released in September 2018, placing it within the window requiring detailed implementation reporting in the current Annual Report. The status of OSU's implementation is described in the Implementation Overview section, beginning on Page 7.

# Current Biennium State Agency Performance Audits

## **Ohio Department of Administrative Services (DAS)**

In August 2018, the Auditor of State issued a notice of engagement to DAS arranging a state agency performance audit. The agreed upon scope will cover Fleet Management and identify opportunities to improve efficiency and effectiveness. The final report is scheduled for release prior to June 30, 2019.

## **Ohio Department of Mental Health and Addiction Services (OhioMHAS)**

In August 2018, the Auditor of State issued a notice of engagement to OhioMHAS, arranging a state agency performance audit. The scope of this engagement will include: ADAMH Board Funding; Recruitment, Onboarding, and Retention; and Prison Treatment and Recovery Programming. A final report is scheduled for release prior to June 30, 2019.

## **Ohio Environmental Protection Agency (Ohio EPA)**

In December 2018, the Auditor of State issued a notice of engagement to Ohio EPA arranging a state agency performance audit. The scope of this engagement will focus on an evaluation of facilities utilization, specifically in the Ohio EPA's regional offices. A final report is scheduled for release prior to June 30, 2019.

# Released Reports and Implementation Overview

According to ORC § 117.461 and § 117.462, each audited entity has a 14-day public comment period following the release of the audit. Within three months following the end of the comment period, the organization must commence implementation of the recommendations. If implementation does not begin during this timeframe, the organization must report the reason or reasons for the delay to the Governor and the legislative leaders of the Ohio House and Senate. In addition, the organization must also report to the Governor and Ohio legislative leaders if the organization 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 organizations in meeting the requirements for reporting as set forth in the ORC regulations above. This approach is largely one of organization self-reporting, coupled with OPT follow-up. Of the 13 completed statewide performance audits, one, OSU, is subject to detailed implementation reporting in the rest of this report. ODOT (2016), OBWC, ODA ,ODH, ODOT (2015), Ohio EPA, ODRC, ODOT (2013), ODJFS, ODE, OHFA, and ODNR are considered fully implemented; the details of which can be found in OPT's 2014, 2015, 2016, 2017 and 2018 Annual Reports.

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 organizations are able to demonstrate substantial and continued progress toward implementing report recommendations OPT considers them to be fulfilling their statutory obligations. Extended implementation also has implications for quantifying the savings organizations realize from OPT recommendations; and the majority of the financial impact identified in the the OSU audit will accrue in future years.

# Released Reports and Implementation Overview

## The Ohio State University

OPT issued The Ohio State University (OSU) final report on Sept. 25, 2018. Final performance audit reports are available on the Auditor of State's website (<https://ohioauditor.gov/auditsearch/Search.aspx>). The following table lists the scope areas yielding recommendations, including those with a quantifiable financial impact. Potential savings are annualized except as otherwise noted.

Recommendations by Assessment Area	Financial Impact
<b>Information Technology</b>	
• Server Rooms .....	\$2,382,700
• Printing Management .....	\$684,700
<b>Shared Services</b>	
• Current State Process .....	\$3,280,700
• Background Checks .....	\$90,600
<b>Total Cost Savings from Performance Audit Recommendations .....</b>	<b>\$6,438,700</b>

## OSU Implementation Status and Impact

Per statute, the Auditor of State conducted comprehensive implementation tracking during the first year following the release of OSU's performance audits. As of March 2019, OSU has begun implementation on all recommendations (100% compliance). All financial impact will be measured at the end of Fiscal Year (FY) 2019. Areas where OSU has been able to identify substantial progress are as follows:

- OSU has begun moving all servers and racks to the State of Ohio Computer Center (SOCC). All remaining server rooms will be moving by FY 2021.
- 407 printers have been migrated to on-program and 519 printers have been removed completely.
- OSU's Enterprise project—which is a multiyear transition to an enterprise-wide IT system for human resources, financial, and student data—will be implemented in July 2020, when all remaining recommendations will be implemented.

# Appendix

All information contained in the tables on the following pages are self-reported from the audited entity.

**Recommendation 1.1: OSU should consider eliminating the practice of operating on-site server rooms in favor of migrating those servers and racks to a more efficient, secure data center such as the SOCC. In doing so, the Office of the Chief Information Officer and University areas should coordinate to prioritize smaller server rooms or those in need of immediate infrastructure or security upgrades as that offer the best immediate opportunity.**

<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$2,382,700
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	TBD (Will be calculated 07/19)
		<b>Impact Realized-to-Date:</b>	Pending
		<b>Remaining Impact to be Realized:</b>	\$2,382,700
<b>Implementation Description:</b>	<p>Ohio State migrated all of the university's central servers and racks to the State of Ohio Computing Center in 2015. That move enabled the university to reduce its central system rack footprint by 50%. Servers for individual college and units have been moving to the SOCC as part of their participation in the Managed IT Services program operated by the Office of the Chief Information Officer. Since the performance audit was completed, the university required units not participating in MITS to move their servers/racks to the SOCC. The MITS and rack moves are in process.</p> <p>As of March 2019 we have accomplished the following:</p> <ul style="list-style-type: none"> <li>• 172 racks are located at the State of Ohio Computing Center</li> <li>• 46 racks were moved in 2018 and 2019</li> <li>• 11 distributed server rooms have been retired</li> </ul> <p>The remaining college/VP areas will be moving their server rooms by FY21.</p> <p>The financial savings from the continuing migration of computer servers was not available at the time of this progress report.</p> <p>As noted in the report: "Research-related servers were identified within several OSU areas. Dependent on specific needs, and the type of data housed within these servers, it may be necessary to keep a portion of these servers within close proximity to the researchers. This would include any situation in which all or part of server hardware is the subject of research. ... Identified instances would have to remain on campus for the associated research and grant funding for them to continue, and therefore, the OSU units that host this type of research should make provisions to keep some amount of server-room space on campus available."</p> <p>This work has kicked off with informal conversations with individual colleges. We anticipate focusing on this effort in FY20.</p>		
<b>Auditor response:</b>			

<p><b>Recommendation 2.1: OSU should reduce or eliminate on-program prepaid B&amp;W copier pages that are currently underutilized. In doing so, the University should consider reducing the total number of underutilized copiers and also reducing the number of on-program printers and off-program printers. Shifting pages to fully utilize on-program copier leases will allow for higher volume, lower cost printing.</b></p>			
<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$548,300
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	TBD (Will be calculated 07/19)
		<b>Impact Realized-to-Date:</b>	Pending
		<b>Remaining Impact to be Realized:</b>	\$548,300
<b>Implementation Description:</b>	<p>Ohio State has established a new program, Follow-Me Print, to address under-utilized copiers and the number of printers throughout the university:</p> <ul style="list-style-type: none"> <li>The program evaluates a college or department to determine the need based on users and usage, and then reduces the overall number of devices or right-sizing devices to match that usage.</li> <li>This program migrates printer impressions to copiers, thereby increasing the utilization rates of copiers and leading to the removal of desktop printers. The Follow-Me software also supports reduction of the overall number of impressions by eliminating unwanted prints.</li> <li>Since August 2018, nearly 10 percent (42) of 431 possible placements have been eliminated.</li> <li>The financial impact realized will be calculated after the end of FY19 (June 30, 2019) based on the timing of meter readings and to allow for comparisons to FY18 data.</li> </ul>		
<b>Auditor response:</b>			

**Recommendation 2.2: OSU should shift off-program desktop printing to on-program copiers. Doing so would allow for cost avoidance of off-program printing, but also improved utilization of on-program leases and elimination of additional unused prepaid B&W pages. However, if the University is not fully able to do so, it should, at minimum, shift to on-program desktop printing. Doing so can reduce the overall cost of page production as well as allow the University to better track page production.**

<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$136,400
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	TBD (Will be calculated 07/19)
		<b>Impact Realized-to-Date:</b>	Pending
		<b>Remaining Impact to be Realized:</b>	\$136,400
<b>Implementation Description:</b>	As with recommendation 2.1, Ohio State is shifting off-program desktop printing to on-program copiers through the process associated with the Follow-Me Print program: <ul style="list-style-type: none"> <li>Moving printer volumes on to on-program copiers is part of the first recommendations for colleges or units as part of the Follow-Me Print Program evaluation. Removal of the off-program printer is the next step in the process.</li> <li>The university is developing a standard for desktop printers so that only approved printers are procured.</li> <li>Since August 2018, 407 printers have been migrated to on-program and 519 printers have been removed completely. The savings associated with these changes will be calculated after the end of FY19 (June 30, 2019) to allow for comparisons to FY18 data.</li> </ul>		
<b>Auditor response:</b>			

**Recommendation 3.1: OSU should develop and deploy a consistent, efficient, and effective process for recruit-to-hire that is uniformly enacted across all areas. In doing so, the University should ensure that the uniform process is reinforced by a single, end-to-end system while eliminating the current array of disconnected, and sometimes area specific, systems. However, prior to deploying the new process and system to support it, all University areas should collect standard data to inform the complete current state processes, ultimately allowing for a full measurement of the effectiveness and efficiency gains once the new process is implemented. Finally, the University should ensure that the new system has the capability to uniformly collect data that can be used for enterprise-wide performance measurement and management.**

<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$1,204,400
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	TBD after 7/20
		<b>Impact Realized-to-Date:</b>	Pending*
		<b>Remaining Impact to be Realized:</b>	\$1,204,400*
<b>Implementation Description:</b>	<p>As part of the university's Enterprise Project, the university is developing a recruit-to-hire process that will meet the goals of this recommendation. The deployment of the new system will begin in July 2020, and work is ongoing to transform business processes in advance and in alignment with the new system.</p> <ul style="list-style-type: none"> <li>The university team working on recruit-to-hire has configured Workday Recruitment for the general staff and students populations.</li> <li>We are currently working through configuration of faculty and physicians as well as specialized populations.</li> <li>We continue to follow a singular recruitment process for staff, students and faculty with small deviations from the process based on their requirements, such as medical credentialing.</li> <li>In April 2019, Recruit to Hire will begin Customer Confirmation sessions.</li> <li>The Workday system will allow the university to use data to measure performance consistently across colleges and units.</li> </ul>		
<b>Auditor response:</b>			

\* As stated in the Auditor of State performance audit report, this work is associated with the Enterprise Project and potential savings are to be realized once Workday is implemented (starting in July 2020). The identified savings figure “is not inclusive of the cost of replacing those systems.”

**Recommendation 3.2: OSU should develop and deploy a consistent, efficient, and effective process for PCard transaction approvals and travel reimbursement payments that are uniformly enacted across all areas. In doing so, the University should ensure that the uniform processes are reinforced by a single, end-to-end system while eliminating the current array of disconnected, and sometimes area specific, systems. Finally, the University should ensure that the new system has the capability to uniformly collect data that can be used for enterprise-wide performance measurement and management.**

<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$2,076,300
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	TBD after 7/20*
		<b>Impact Realized-to-Date:</b>	Pending*
		<b>Remaining Impact to be Realized:</b>	\$2,076,300*
<b>Implementation Description:</b>	<p>As part of the university's Enterprise Project, the university is developing standard PCard transaction and travel reimbursement processes. That business process transformation work is underway in advance of the deployment of the new system in July 2020.</p> <ul style="list-style-type: none"> <li>• A single central system will replace separate systems that are currently used to manage travel and PCard transactions. This system will provide a central source of data for enterprise-wide performance measurement and management.</li> <li>• University is working with colleges and units to eliminate redundant processes in advance of the new system.</li> <li>• Testing of the new system has begun, with customer confirmation sessions taking place in spring and summer 2019.</li> <li>• Policy changes will be made to align with the implementation of the enterprise-wide system to support a consistent approach to PCard transaction, travel expense reimbursement and business expenditure.</li> </ul>		
<b>Auditor response:</b>			

\* As stated in the Auditor of State performance audit report, this work is associated with the Enterprise Project and potential savings are to be realized once Workday is implemented (starting in July 2020). The identified savings figure “is not inclusive of the cost of replacing those systems.”

**Recommendation 4.1: OSU should ensure that all background checks are conducted in accordance with official University policies. However, in doing so, the University should revisit policy requirements to ensure that they are both effective in achieving the overall goal without resulting in unnecessarily inefficient or costly processes. When choosing to deviate from the common process, all University areas should collect the data and information necessary to evaluate the efficiency and effectiveness of these decisions. In addition, the University should regularly reevaluate the full cost of this process and ensure that an appropriate amount is recovered through administrative fees.**

<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	\$90,600
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	TBD after 7/20*
		<b>Impact Realized-to-Date:</b>	Pending*
		<b>Remaining Impact to be Realized:</b>	\$90,600*
<b>Implementation Description:</b>	<p>As part of the Enterprise Project and the university's HR Service Delivery project, Ohio State is creating a more streamlined and consistent model for all aspects of human resources, including background checks.</p> <ul style="list-style-type: none"> <li>• A standard policy is being developed that provides consistent guidance for the entire university community (including both the academic enterprise and Wexner Medical Center), while allowing for appropriate flexibility.</li> <li>• Under the revised policy, all departments and units across the university will follow the same background check guidelines. Exceptions will need to be approved, with a specific process identified through the revised policy.</li> <li>• The revised policy, which is currently going through the revision process, will be in place by July 2020.</li> <li>• After Workday is implemented, the university will enable reporting to collect data on the number and type of background checks that are requested across the system. The newly enabled organizational model for delivering background checks will also permit the university to leverage data from its vendors to confirm our internally gathered data.</li> </ul>		
<b>Auditor response:</b>			

\* This work is associated with the Enterprise Project and potential savings are to be realized once Workday is implemented (starting in July 2020).

**Recommendation 4.2: OSU should seek to improve background checks operational efficiency and effectiveness by combining all background check personnel into a single team. This single team should service all University customers and should use consistent process and IT systems to track detailed workload and productivity in a consistent and complete manner.**

<b>Recommendation Addressed?</b>	Yes	<b>Identified Financial Impact:</b>	N/A
<b>Implementation Status:</b>	In Process	<b>Financial Impact Status:</b>	N/A
		<b>Impact Realized-to-Date:</b>	N/A
		<b>Remaining Impact to be Realized:</b>	N/A
<b>Implementation Description:</b>	<p>As part of the Enterprise Project and the university's HR Service Delivery project, Ohio State is creating a more streamlined and consistent model for all aspects of human resources, including background checks.</p> <ul style="list-style-type: none"> <li>• A centralized background check service center team will handle all background check processes.</li> <li>• Streamlined and consistent processes and technology combined with excellent customer service will provide applicants with the highest level of candidate care.</li> <li>• Implementation of service center will align with HR service delivery implementation and Workday go-live (July 2020).</li> </ul>		
<b>Auditor response:</b>			

**Ohio Performance Team**  
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