



Dave Yost • Auditor of State



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To the Residents and elected officials of the Erie County Auditor's Office:

Based on the Erie County Auditor's request, a performance audit of the Erie County Auditor's Office was initiated on August 1, 2011. The County Auditor's Office operations was selected because it is an important component of the County operations that support its mission of being committed to providing a high quality of life for all who live in, work at, or visit our communities in Erie County.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of the operations of Erie County Auditor's Office. While the recommendations contained in the audit report are resources intended to assist in reducing costs, the County is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

An executive summary has been prepared which includes the project history; a County overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, issues for further study and financial implications. This report has been provided to Erie County Auditor's Office and its contents discussed with the appropriate County officials and management. The County has been encouraged to use the results of the performance audit as a resource in further improving its overall operations, service delivery, and financial stability.

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. In addition, this performance audit can be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/> by choosing the "Search" option.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

Executive Summary

Background

In July 2011, the Erie County Auditor engaged the Auditor of State's Office (AOS) to conduct a performance audit of its Office administration and operations, including a review of its financial management and office operations; staffing, organization and human resource management; workflow and technology. The performance audit was designed to identify areas of strong performance and areas where efficiency could be improved through standard process improvement techniques. Recommendations were developed to help the Office optimize operational and service levels. Assessments were based on best practices, industry standards, and comparisons to County Auditor's Office operations in counties of similar size.

Audit Methodology and Scope

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations 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.

AOS conducted the performance audit of Erie County Auditor's Office (ECAO) in accordance with Generally Accepted Government Auditing Standards (GAGAS). These 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 audit objectives. AOS believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report based on the audit objectives.

This performance audit was conducted between August 2011 and November 2011 and data was drawn from fiscal years 2009 through 2011. To complete this report, the auditors gathered a significant amount of data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information.

Subsequent Events

After the completion of fieldwork by the auditors, recommendations R1, R3, and R4 were completed by the ECAO.

Conclusions and Key Recommendations

Each section of the audit report contains recommendations that are intended to provide the Auditor with options to enhance its operational efficiency and improve its long-term financial stability. In order to obtain a full understanding of the assessed areas, the reader is encouraged to review the recommendations in their entirety. The following summarizes the key recommendations from the performance audit report.

Erie County Auditor's Office should:

- Train the Real Estate Transfer Clerk in the operation of the MVP software system to relieve the Real Estate Clerk from having to enter information pertaining to real estate transfers.
- Conduct a survey of customers' satisfaction to help determine satisfaction level and assist ECAO in determining areas for improvement.
- Evaluate job performance on a regular basis to help the ECAO employees better understand the requirements of their respective positions, and receive feedback to improve future performance.
- Rearrange office cubicles in a manner that has the real estate clerk chairs facing the customer service counter so that the real estate clerks will immediately see when a member of the public enters the office.
- Develop procedures for officials or department heads to use in monitoring sick leave use. This will help ECAO and the County reduce overall leave usage. Defining patterns that are considered abuse and communicating possible disciplinary actions with employees will assist the County in this endeavor. Policies should be communicated to all department employees and included in the personnel manual.
- Create a formal strategic plan that includes performance measures testing, identifies the mission and goals of the Office as a whole, and how the achievement of goals will be measured.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes a noteworthy accomplishment identified during the course of the audit.

Workloads and Processing Efficiency:

AOS reviewed the workloads of the ECAO and the peer counties by examining pumps and scales measured, warrants processed, and licenses issued per full-time equivalents (FTE). In 2010 the ECAO measured 77 percent more pumps and scales per FTE than the peer average. Also, warrants processed staffing levels, and Weights and Measures staffing levels were 31 percent and 15 percent less than the peer average, respectively. Overall staffing was 16 percent less than the peers. This indicates the ECAO is completing more work with fewer employees compared to the peer counties.

The Auditor of State and staff express their appreciation to Erie County Auditor's office and the peer counties for their cooperation and assistance throughout this audit.

Audit Objectives

The following detailed audit objectives were used to conduct the performance audit of the Erie County Auditor's Office. The objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria. In some instances, objectives were modified based on actions taken by the Auditor to address its deficit or high risk environments identified by the auditors during the course of their work. The major assessments conducted in this performance audit include the following:

Financial Management and Office Operations:

- Is the County Auditor's Office operating efficiently and within statutory guidelines and business practices?
- Is the County Auditor's Office operating more economically than its peers?

Staffing, Organization and HR Management:

- Is the County Auditor's Office staffed effectively?
- Does the County Auditor's Office staff maintain a workload that is consistent or greater than its peers?
- Does the County Auditor's Office staff meet customer needs?
- Does the County Auditor's Office staff perform functions effectively and efficiently?
- Does the County Auditor's Office effectively manage its staff?
- Is the organizational structure of County Auditor's Office conducive to efficient operations?
- Are salaries comparable to peers and/or industry standards and is there a formal wage-setting process?
- Is the leave policy, accrual, and usage in line with peers and leading practices?
- Do job descriptions reflect actual jobs performed and are they up-to-date?
- Is the evaluation process comparable to leading practices?

Current workflow and suggested future state:

- Does the County Auditor's Office maintain an effective workflow for the greatest output?
- Does the County Auditor's Office provide effective training to maximize staff utilization?

Technology:

- Does the County Auditor's Office have adequate and effective technology in place to meet the needs of its internal and external customers?
- Does the County Auditor's Office have effective application and management controls over its IT environment?

Recommendations

R1 Cross-train all real estate employees to be proficient in Manatron Visual Property (MVP) to speed up the real estate transfer process.

The Real Estate Clerk, who handles real estate transfers, is not proficient in the use of MVP, the real estate support software system. Since the Real Estate Clerk is not trained in the operation of the MVP software system, the Real Estate Clerk is required to enter information pertaining to real estate transfers. The ECAO has historically not recognized the need to cross-train its real estate employees. (See **Appendix G**)

Cross-training real estate employees would allow all real estate employees to help answer general real estate questions from the public as the majority of these questions can be answered by accessing the MVP system. Furthermore, cross-training would allow the Real Estate Officer Clerk to enter information pertaining to real estate transfers directly into MVP system and eliminate the need to wait for a real estate clerk to enter this information. Cross-training will speed up the entire real estate transfer process.

R2 Conduct an annual survey of citizens to solicit feedback on customer service. This feedback will help the ECAO determine customer satisfaction levels and assist in determining areas for improvement.

The Office does not have a formal policy to solicit feedback from customers – either internal to the County or external. It has historically not perceived the need for conducting customer surveys in an effort to solicit customer feedback. During the recent reappraisal process, the ECAO did solicit and receive feedback for that process.

Without soliciting feedback from customers, both internal and external, the ECAO will be less likely to accurately gauge customer satisfaction levels or identify areas for improvement.

R3 Develop a formal employee evaluation process. The responsibility for completing employee evaluations on a timely basis should belong with the respective employee's supervisor. Evaluations for all employees should be done at least once a year and should be based on the duties in the employee job descriptions. Frequent evaluations are important for the following reasons:

- **Ensure employees receive clear feedback on areas for improvement and to surface and document disciplinary problems;**
- **Facilitate the professional improvement of the employee;**
- **Provide evidence about the quality of employees' professional performance;**
- **Improve efficiency and effectiveness of the employees in carrying out the duties of the job description;**
- **Improve employee morale; and**
- **Monitor an employee's success and progress.**

Performance appraisals are not used in the ECAO to communicate expectations or provide feedback to employees on their work products. The Erie County Auditor's Office has historically not perceived the need for conducting formal employee evaluations.

Implementing an employee evaluation system and evaluating job performance on a regular basis will help the Erie County Auditor's Office employees better understand the requirements of their respective positions, and provide feedback to improve future performance.

R4 Arrange the temporary enclosures (cubicles) in a manner that allows the real estate clerk to face the customer service counter so that the workspace is physically more customer oriented. In addition, the Auditor's Office should eliminate or reduce architectural obstructions to allow for a clear line of sight and, subsequently, better customer service.

The Office cubicles are arranged in a manner that has employee's backs facing the customer counter. The customer service area for each peer county office (Huron, Ottawa, and Sandusky) was examined to determine if a more customer-focused office layout could be adopted to streamline the walk-in customer service operation. AOS determined that all of the peer county Auditor's offices real estate employees faced the customer service counter.

According to ECAO, it has historically not perceived the need to re-arrange layout of the employees to face the customer service counter. The current office configuration creates a less responsive customer service environment. In addition, the office contains architectural obstructions, like a building support beam and electrical conduit enclosed by a box. These lead to a visual obstruction between the customer counter and the office staff.

During the course of the audit the Office took steps to re-arrange the customer entrance of the office.

R5 ECAO should develop procedures for officials or department heads to use in monitoring sick leave use. This will help ECAO and the County reduce overall leave usage. Defining patterns that are considered abuse and communicating possible disciplinary actions with employees will assist the County in this endeavor. Policies should be communicated to all department employees and included in the personnel manual.

ECAO should also measure the cost of sick leave and work with managers and employees to reduce the amount of leave usage. Setting targets for staff attendance and opening a dialogue with employees about the causes of sick leave and the direct and indirect costs may help the ECAO reduce leave usage.

ECAO employees accrue sick leave, in accordance with Ohio Revised Code section 124.38 at a rate of approximately 15 days per year, with no maximum accrual limit. Although the human resource manual does require employees to provide a physician's note following three

continuous days of sick leave use. The manual does not clearly state what constitutes a pattern of abuse.

The State of Ohio collective bargaining agreement with the OCSEA contain provisions for disciplining employees for sick leave abuse and for pattern abuse, defined as consistent periods of sick leave use. The agreements provide the following as examples of pattern abuse:

- Before and/or after holidays;
- Before and/or after weekends or regular days off;
- After pay days;
- Any one specific day of the week;
- Absence following overtime worked;
- Half days;
- Continued pattern of maintaining zero or near zero balances; and
- Excessive absenteeism.

According to the article, *Sick Leave Abuse: A Chronic Workplace Ill?* (ASPA Times, 2002), determining if and why employees exploit leave policies is important. The following explains common guidelines all employers can follow to manage sick leave effectively:

- Recognize the problem and take immediate action to enforce leave policies;
- Uncover the root cause of employee leave abuse;
- Learn to say no. Do not ignore employee abuse of leave policies;
- Use procedures, regulations, practices, and knowledge to benefit management as well as the employee; and
- Document everything to learn from past mistakes.

Developing formal policies that effectively communicate specific leave expectations with employees as well as procedures for use in monitoring sick leave use may allow the ECAO to reduce overall leave usage. Defining patterns that are considered abuse and communicating possible disciplinary actions with employees will assist in this endeavor. Policies should be communicated and included in a comprehensive employee policy and procedures manual.

Without a formal monitoring process and set definitions of abuse, employees may take advantage of sick leave and cause ECAO to experience low productivity. Sick leave abuse can also be costly, both in direct (payroll costs) and indirect costs (employee morale).

R6 Create and adopt a strategic plan to guide future operations and goal attainment. In creating the plan, the Office should participate in formulating goals and performance measures and should publicly report this information, including annual status updates. ECAO should also develop a performance measurement system that is formally documented in its strategic plan and helps it measure progress toward goals.

ECAO, like most public-sector organizations, has not created a strategic plan that outlines the mission and goals of the office and how they will be measured and achieved. Also, the Office

does not engage in performance measures testing to determine if the few measures used are accurate and reflect service levels and accomplishments. As a result, decisions are made based on subjective opinions of need rather than an objective analysis that is tied to long-term departmental goals and objectives.

According to the Government Finance Officers Association, all governmental entities should use some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between authorized spending and broad organizational goals. While there is not a single best approach to strategic planning, a sound strategic planning process will include the following key steps: initiate the strategic planning process under the authorization of the organization's chief executive, prepare a mission statement, and assess environmental factors.

The Government Finance Officers Association recommends as an important component of long term strategic planning, budgeting, and decision making, that program and service performance measures be developed and include the following:

- be based on program goals and objectives that tie to a statement of program mission or purpose;
- measure program outcomes;
- provide for resource allocation comparisons over time;
- measure efficiency and effectiveness for continuous improvement;
- be verifiable, understandable, and timely;
- consistent throughout the strategic plan, budget, accounting and reporting systems and to the extent practical, be consistent over time;
- reported internally and externally;
- monitored and used in managerial decision-making processes;
- limited to a number and degree of complexity that can provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs; and
- designed in such a way to motivate staff at all levels to contribute toward organizational improvement.

The Franklin County Auditor's Office has a strategic plan that includes goals and objectives for an employee training program, communication, and process improvement goals, the plan for customer relations improvements, and a plan to develop, evaluate and revise operations, procedures and customer surveys.

The lack of an effective strategic plan, that includes performance measures testing, leaves administrators and leaders without coordination in pursuing goals or missions governing their operations. Establishing a strategic plan will help ECAO in its goal to improve customer service.

Appendix A

Expenditures and Revenues

Tables 1 and 2 provide an overview of the General Fund and Real Estate Fund revenue comparison to the peers.

Table 1: General Fund Revenue (2010)

	Erie	Ottawa	Sandusky	Wayne	Peer Average	Variance	%
Revenues:							
Property Transfer Tax	\$438,195	\$172,499	\$176,417	\$0.00	\$116,305	\$321,889	276.8%
-- per citizen	\$5.69	\$4.16	\$2.89	\$0.00	\$2.35	\$3.33	
-- per property parcel	\$9.56	\$4.93	\$5.18	\$0.00	\$3.37	\$6.19	
-- per active business	\$70.70	\$36.48	\$45.57	\$0.00	\$27.35	\$43.35	
Conveyance Fees	\$146,067	\$0.00	\$89,561	\$0.00	\$29,853	\$116,213	389.3%
-- per citizen	\$1.90	\$0.00	\$1.47	\$0.00	\$0.49	\$1.41	
-- per property parcel	\$3.19	\$0.00	\$2.63	\$0.00	\$0.88	\$2.31	
-- per active business	\$23.57	\$0.00	\$23.14	\$0.00	\$7.71	\$15.85	
Charges for Services	\$384,057	\$288,619	\$253,070	\$389,874	\$310,521	\$73,536	23.7%
-- per citizen	\$4.98	\$6.97	\$4.15	\$3.40	\$4.84	\$0.14	
-- per property parcel	\$8.38	\$8.25	\$7.43	\$6.61	\$7.43	\$0.95	
-- per active business	\$61.96	\$61.04	\$65.38	\$38.70	\$55.04	\$6.92	
Lodging Excise Tax Admin	\$63,961	\$0.00	\$0.00	\$0.00	\$0.00	\$63,961	100.0%
-- per citizen	\$0.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.83	
-- per property parcel	\$1.40	\$0.00	\$0.00	\$0.00	\$0.00	\$1.40	
-- per active business	\$10.32	\$0.00	\$0.00	\$0.00	\$0.00	\$10.32	
Other	\$11,260	\$6,772	\$13,201	\$30,471	\$16,815	(\$5,554)	(33.0%)
-- per citizen	\$0.15	\$0.16	\$0.22	\$0.27	\$0.22	(\$0.07)	
-- per property parcel	\$0.25	\$0.19	\$0.39	\$0.52	\$0.37	(\$0.12)	
-- per active business	\$1.82	\$1.43	\$3.41	\$3.03	\$2.62	(\$0.81)	
Total Revenues	\$1,043,542	\$467,891	\$532,250	\$420,345	\$473,495	\$570,046	120.4%
-- per citizen	\$13.54	\$11.29	\$8.73	\$3.67	\$7.90	\$5.64	71.4%
-- per property parcel	\$22.77	\$13.37	\$15.62	\$7.12	\$12.04	\$10.73	89.2%
-- per active business	\$168.37	\$98.96	\$137.50	\$41.73	\$92.73	\$75.64	81.6%

Source: County Auditor’s Offices

Note: Lack of Standardization of Accounting among line items causes significant differences among counties.

As shown in Table 1, in 2010 the Erie County Auditor’s Office (ECAO) General Fund revenues per citizen were 71.4 percent greater than the peer average. Revenues per parcel were 89.2 percent greater than the peer average and revenues per active business were 81.6 percent greater than the peer average. The total General Fund expenditures were 120.4 percent greater than the peer average. Although ECAO is second to Wayne County Auditor’s office in population served, parcels in the county and businesses, ECAO receives the highest amount of tax revenues compared to the peers. ECAO received a greater amount of General

Revenue in all areas except in the category of "other."

Table 2 shows Real Estate Fund revenues compared to the peers.

Table 2: Real Estate Fund Revenue (2010)

	Erie	Ottawa ¹	Sandusky	Wayne	Peer Average	Variance	%
Revenues:							
General Property Tax¹	\$838,125	\$0.00 ¹	\$295,498	\$1,156,213	\$483,903	\$354,221	73.2%
-- per citizen	\$10.87	\$0.00	\$4.85	\$10.10	\$4.98	\$5.89	
-- per property parcel	\$18.29	\$0.00	\$8.67	\$19.60	\$9.42	\$8.86	
-- per active business	\$135.23	\$0.00	\$76.34	\$114.78	\$63.71	\$71.52	
Manufactured Home Taxes	\$7,588	\$0.00 ¹	\$4,440	\$15,607	\$6,682	\$905.78	13.6%
-- per citizen	\$0.10	\$0.00	\$0.07	\$0.14	\$0.07	\$0.03	
-- per property parcel	\$0.17	\$0.00	\$0.13	\$0.26	\$0.13	\$0.03	
-- per active business	\$1.22	\$0.00	\$1.15	\$1.55	\$0.90	\$0.33	
Intergovernmental	\$74,745	\$0.00 ¹	\$0.00	\$81,100	\$27,033	\$47,711	176.5%
-- per citizen	\$0.97	\$0.00	\$0.00	\$0.71	\$0.24	\$0.73	
-- per property parcel	\$1.63	\$0.00	\$0.00	\$1.37	\$0.46	\$1.17	
-- per active business	\$12.06	\$0.00	\$0.00	\$8.05	\$2.68	\$9.38	
Charges for Services	\$110,952	\$659,362 ¹	\$325,786	\$89,797 ³	\$358,315	(\$247,363)	(69.0%)
-- per citizen	\$1.44	\$15.92	\$5.35	\$0.78	\$7.35	(\$5.91)	
-- per property parcel	\$2.42	\$18.84	\$9.56	\$1.52	\$9.97	(\$7.55)	
-- per active business	\$17.90	\$139.46	\$84.16	\$8.91	\$77.51	(\$59.61)	
Homestead² and Rollbacks³	\$13.42 ²	\$0.00	\$64,103	\$0.00	\$21,367	(\$21,354)	(99.9%)
-- per citizen	\$0.00	\$0.00	\$1.05	\$0.00	\$0.35	(\$0.35)	
-- per property parcel	\$0.00	\$0.00	\$1.88	\$0.00	\$0.63	(\$0.63)	
-- per active business	\$0.00	\$0.00	\$16.56	\$0.00	\$5.52	(\$5.52)	
Other	\$22,578	\$2,931	\$3,739	\$11,275	\$5,981	\$16,596	277.5%
-- per citizen	\$0.29	\$0.07	\$0.06	\$0.10	\$0.08	\$0.22	
-- per property parcel	\$0.49	\$0.08	\$0.11	\$0.19	\$0.13	\$0.36	
-- per active business	\$3.64	\$0.62	\$0.97	\$1.12	\$0.90	\$2.74	
Total Revenues	\$1,054,003	\$662,540	\$693,567	\$1,353,993	\$903,367	\$150,636	16.7%
-- per citizen	\$13.67	\$15.99	\$11.38	\$11.82	\$13.07	\$0.61	4.7%
-- per property parcel	\$23.00	\$18.93	\$20.35	\$22.95	\$20.74	\$2.25	10.9%
-- per active business	\$170.06	\$140.13	\$179.17	\$134.42	\$151.24	\$18.82	12.4%

Source: County Auditor Offices

Note: Lack of Standardization of Accounting among line items causes significant differences among counties.

¹For Ottawa County charges for services also includes general property tax, manufactured home taxes, and intergovernmental revenues.

² According to ECAO, this cost is charges for services.

As shown in **Table 2**, in 2010 the ECAO's Real Estate Fund revenues per citizen were 4.7 percent greater than the peer average, and second to Wayne County. This is in line with ECAO's assessed value of taxable real estate property and number of active businesses and residential property, which are second to Wayne County. More specifically, revenues were greater in all areas except in charges for services and the homestead and rollback line items. In the ECAO the homestead and rollback are part of charges for services. Charges for services are administration fees for homestead, rollback, personal property and manufactured fees.

Table 3 shows the General Fund expenditure peer comparison.

Table 3: General Fund Expenditure (2010)

	Erie	Ottawa	Sandusky	Wayne	Peer Average	Variance	%
Expenditures:							
Salaries	\$361,548	\$183,247	\$285,670	\$374,842	\$281,253	\$80,295	28.6%
-- per citizen	\$4.69	\$4.42	\$4.69	\$3.27	\$4.13	\$0.56	
-- per property parcel	\$7.89	\$5.24	\$8.38	\$6.35	\$6.66	\$1.23	
-- per active business	\$58.33	\$38.76	\$73.80	\$37.21	\$37.21	\$8.41	
Benefits	\$121,324	\$61,998	\$108,157	\$139,457	\$103,204	\$18,120	17.6%
-- per citizen	\$1.57	\$1.50	\$1.77	\$1.22	\$1.50	\$0.08	
-- per property parcel	\$2.65	\$1.77	\$3.17	\$2.36	\$2.44	\$0.21	
-- per active business	\$19.57	\$13.11	\$27.94	\$13.84	\$18.30	\$1.28	
Contracted Services	\$231,715	\$13,581	\$85,092	\$215,386	\$104,687	\$127,029	121.3%
-- per citizen	\$3.01	\$0.33	\$1.40	\$1.88	\$1.20	\$1.80	
-- per property parcel	\$5.06	\$0.39	\$2.50	\$3.65	\$2.18	\$2.88	
-- per active business	\$37.39	\$2.87	\$21.98	\$21.38	\$15.14	\$21.97	
Building Maintenance	\$1,726	\$0.00	\$0.00	\$6,422	\$2,140	(\$414)	(19.4%)
-- per citizen	\$0.02	\$0.00	\$0.00	\$0.06	\$0.02	\$0.00	
-- per property parcel	\$0.04	\$0.00	\$0.00	\$0.11	\$0.04	\$0.00	
-- per active business	\$0.28	\$0.00	\$0.00	\$0.64	\$0.21	\$0.07	
Supplies, Materials & Operating	\$26,731	\$5,551	\$3,722	\$10,298	\$6,524	\$20,207	309.7%
-- per citizen	\$0.35	\$0.13	\$0.06	\$0.09	\$0.10	\$0.25	
-- per property parcel	\$0.58	\$0.16	\$0.11	\$0.17	\$0.15	\$0.44	
-- per active business	\$4.31	\$1.17	\$0.96	\$1.02	\$1.05	\$3.26	
Other	\$0.00	\$861	\$100.00	\$6,145	\$2,369	(\$2,369)	0.0%
-- per citizen	\$0.00	\$0.02	\$0.00	\$0.05	\$0.03	(\$0.03)	
-- per property parcel	\$0.00	\$0.02	\$0.00	\$0.10	\$0.04	(\$0.04)	
-- per active business	\$0.00	\$0.18	\$0.03	\$0.61	\$0.27	(\$0.27)	
Total Expenditures	\$743,046	\$265,240	\$482,742	\$752,551	\$500,178	\$242,868	48.6%
Less Audit Payments	\$614,196	\$265,240	\$482,742	\$647,263	\$465,082	\$149,114	32.1%
-- per citizen	\$7.97	\$6.40	\$7.92	\$5.65	\$6.66	\$1.31	19.7%
-- per property parcel	\$13.40	\$7.58	\$14.16	\$10.97	\$10.90	\$2.50	22.9%
-- per active business	\$99.10	\$56.10	\$124.71	\$64.26	\$81.69	\$17.41	21.3%

Source: County Auditor's Offices

Note: Erie and Wayne County Auditor Offices' paid for the annual County financial audit. These payments (\$128,850 for Erie and \$105,287 for Wayne) have been removed to reflect a more consistent comparison.

Table 3 shows that the ECAO's total General Fund expenditures after removing audit payments were 32.1 percent greater than the peer average. A great deal of the higher expenditures was due to the property revaluation that occurred in 2010 in Erie County. With the exception of building maintenance, all General Fund areas were higher in cost compared to the peers. For instance, salaries and benefits were 28.6 and 17.6 percent greater than the peer average, respectively. (Benefits are established on a County wide basis by either the Ohio Revised Code or County policy) A separate salary analysis indicated a slightly higher compensation level in the ECAO. (see **Table 7**) Benefits are the responsibility of the County Human Resource Department and may be identified as an issue for further study by the County Commissioners. Contracted services are higher in both Wayne and ECAO because the County financial audits are paid from this fund.

Table 4 illustrates the Real Estate Fund expenditure comparison to the peers.

Table 4: Real Estate Assessment Fund Expenditure (2010)

	Erie ¹	Ottawa ²	Sandusky ¹	Wayne ²	Peer Average	Variance	%
Salaries	\$360,207	\$290,049	\$188,847	\$528,016	\$335,637	\$24,569	7.3%
-- per citizen	\$4.67	\$7.00	\$3.10	\$4.61	\$4.90	(\$0.23)	
-- per property parcel	\$7.86	\$8.29	\$5.54	\$8.95	\$7.59	\$0.27	
-- per active business	\$58.12	\$61.35	\$48.79	\$52.42	\$54.18	\$3.93	
Benefits	\$138,584	\$132,642	\$76,813	\$185,772	\$131,742	\$6,842	5.2%
-- per citizen	\$1.80	\$3.20	\$1.26	\$1.62	\$2.03	(\$0.23)	
-- per property parcel	\$3.02	\$3.79	\$2.25	\$3.15	\$3.06	(\$0.04)	
-- per active business	\$22.36	\$28.05	\$19.84	\$18.44	\$22.11	\$0.25	
Contracted Services	\$557,159 ³	\$66,542	\$222,178	\$313,645	\$200,788	\$356,371	177.5%
-- per citizen	\$7.23	\$1.61	\$3.65	\$2.74	\$2.66	\$4.56	
-- per property parcel	\$12.16	\$1.90	\$6.52	\$5.32	\$4.58	\$7.58	
-- per active business	\$89.89	\$14.07	\$57.40	\$31.14	\$34.20	\$55.69	
Supplies, Materials & Other Operating	\$48,514 ⁴	\$3,734	\$3,677	\$19,704	\$9,038	\$39,476	436.8%
-- per citizen	\$0.63	\$0.09	\$0.06	\$0.17	\$0.11	\$0.52	
-- per property parcel	\$1.06	\$0.11	\$0.11	\$0.33	\$0.18	\$0.88	
-- per active business	\$7.83	\$0.79	\$0.95	\$1.96	\$1.23	\$6.60	
Debt Service³	\$60,649	\$0.00	\$0.00	\$0.00	\$0.00	\$60,649	100.0%
-- per citizen	\$0.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.79	
-- per property parcel	\$1.32	\$0.00	\$0.00	\$0.00	\$0.00	\$1.32	
-- per active business	\$9.79	\$0.00	\$0.00	\$0.00	\$0.00	\$9.79	
Capital Outlays	\$0.00	\$0.00	\$14,249	\$0.00	\$4,749	(\$4,749)	(100.0%)
-- per citizen	\$0.00	\$0.00	\$0.23	\$0.00	\$0.08	(\$0.08)	
-- per property parcel	\$0.00	\$0.00	\$0.42	\$0.00	\$0.14	(\$0.14)	
-- per active business	\$0.00	\$0.00	\$3.68	\$0.00	\$1.23	(\$1.23)	
Total Expenditures	\$1,165,116	\$492,968	\$505,765	\$1,047,137	\$681,957	\$483,158	70.9%
-- per citizen	\$15.12	\$11.90	\$8.30	\$9.14	\$9.78	\$5.34	54.6%
Total Expenditures w/o Debt Service⁴	\$1,104,467	\$492,968	\$505,765	\$1,047,137	\$681,957	\$483,158	62.0%
Total Expenditures w/o Revaluation Cost	\$547,307	\$492,968	\$377,485	\$1,047,137	\$639,197	(\$91,890)	(14.4%)
-- per citizen	\$7.10	\$11.90	\$6.19	\$9.14	\$9.08	(\$1.98)	(21.8%)
-- per property parcel	\$11.94	\$14.08	\$11.08	\$17.75	\$14.30	(\$2.36)	(16.5%)
-- per active business	\$88.30	\$104.27	\$97.52	\$103.95	\$101.91	(\$13.61)	(13.4%)

Source: County Auditor Offices

Note: Due to a lack of Standardization of Accounting some line items are significantly different from county to county.

¹ Erie and Sandusky County contracted out a property revaluation in 2010.

² Wayne and Ottawa counties did not conduct property revaluations during 2010.

³ Debt Service expenditures were only reported by Erie County and not at the peer counties.

⁴ Includes all postage (\$20,000) for the County building that is reimbursed from the County Commissioners.

As shown in **Table 4** total Real Estate Assessment Fund expenditures were 14.4 percent less than the peer average which is the result of ECAO's costs directly associated with the revaluation process. When removing these costs, it lowers the overall costs for ECAO to below the peers.

Human Resources

The Erie County Auditor's Office does not have a dedicated Human Resources Department and uses the Erie County Human Resources Department for pre-hiring and health insurance issues. However, ECAO displays effective human resource management of its personnel. Specifically, staffing levels and workload measures were examined in comparisons to peer counties. Results of these comparisons are illustrated in **Tables 5** and **6**.

Table 5: Staffing by Function (FTE per 1,000 citizens)

	Erie	Ottawa	Sandusky	Wayne	Peer Average	Difference	%
Census	77,079	41,428	60,944	114,520			
Tax Administration and Property Services	0.04	0.06	0.02	0.12	0.06	(0.03)	(45.22%)
Finance and Accounting	0.05	0.07	0.05	0.05	0.06	(0.01)	(11.51%)
Customer Services	0.07	0.05	0.04	0.03	0.04	(0.03)	78.37%
Weights and Measures	0.01	0.01	0.02	0.01	0.01	(0.00)	(3.19%)
All Other	0.04	0.07	0.08	0.05	0.07	(0.03)	(47.48%)
Total Staffing	0.20	0.26	0.19	0.25	0.24	(0.04)	(16.17%)

Source: County Auditor Offices based on 2010 U.S. Census

Note: based on weighted FTE

As shown in **Table 5**, overall staffing per 1,000 citizens were lower (16 percent) in all functions performed in the ECAO with the exception customer services which is 78 percent higher than the peer average. **Table 6** shows a workload analysis comparison to peer counties.

Table 6: Staffing Workload Analysis (per FTE)

	Erie	Ottawa	Sandusky	Wayne	Peer Average	Difference	%
Warrants/FTE	1,521.19	1,684.41	1,110.39	690.22	1161.68	359.51	30.95%
Licenses Issued/FTE	902.79	839.08	927.65	584.68	783.80	118.99	15.18%
Pumps and Scales Tested/FTE	128.37	49.66	101.02	67.17	72.62	55.76	76.78%

Source: County Auditor Offices

As shown in **Table 6**, in 2010 ECAO processed 31 percent more warrants, issued 15 percent more licenses, and measured 77 percent more pumps and scales than the peer average. This indicates that the Erie County Auditor's office maintains more workload with less staffing based on population shown in **Table 5**.

Table 7 shows an analysis of salaries compared to the peer counties.

Table 7: Salary per Citizen Analysis

Position	Erie	Ottawa	Sandusky	Wayne	Peer Average	Difference	%
Tax Administration and Property Services	\$1.68	\$4.71	\$0.40	\$3.58	\$2.90	(\$1.22)	(72.2%)
Finance and Accounting	\$2.81	\$2.64	\$1.29	\$1.95	\$1.96	\$0.85	30.2%
Customer Services	\$1.98	\$1.26	\$1.03	\$0.79	\$1.03	\$0.95	48.3%
Weights and Measures	\$0.48	\$0.33	\$0.56	\$0.28	\$0.39	\$0.09	18.8%
All Other	\$2.41	\$2.65	\$3.24	\$2.70	\$2.86	(\$0.45)	(18.8%)
Total Per Citizen	\$9.36	\$11.59	\$6.53	\$9.30	\$9.14	\$0.22	2.4%

Source: County Auditor Offices

As shown in **Table 6**, the Erie County Auditor's Office has a salary per citizen of \$9.36. This is \$0.23 or 2.4 percent greater than the peer average of \$9.14 per citizen. However, this analysis does not take into consideration years of service which often leads to higher salaries. Therefore, the 2.4 percent difference in salaries is not significant enough to warrant a recommendation.

In conclusion staffing (**Table 5**), workloads (**Table 6**) and salaries (**Table 7**), reflect an efficient and effective organization. ECAO staffing levels are lower than the peers but workloads are higher, although average salaries are slightly higher than the peers as well.

Technology

ECAO uses the Harris OWF software to process payroll and general ledger functions for all of Erie County. Prior to this the County had used a legacy system—Manatron-ATEK (Manatron). When it was announced that Manatron would no longer support the legacy system, the County examined several new systems, but found many of them (People Soft, Oracle) to be cost prohibitive. Harris, which purchased Manatron, provided a program called Harris Select. This system was originally a Canadian utility billing system, and while it was a low cost, it was not a system that sufficiently served the County. As a result, the County migrated to the Harris Open Windows Financial (OWF) system.

The GIS coordinator is responsible for maintaining the applications and software programs specific to the Auditor's Office. The GIS coordinator also provides support for hardware issues on a day-to-day basis. The County's Information Technology Department (IT Department) provides the technology infrastructure for the entire County. This includes email and internet provided through a Wide Area Network (WAN). The IT Department is also responsible for group policies; the servers, switches, and hardware associated with the County.

ECAO technology (hardware/software), which is used county-wide, is paid primarily from the General Fund with the direction of the Commissioners. The ECAO bills other County departments a "maintenance fee" to cover the cost of the financial system since it is used by

offices outside of the Auditor's Office. For large purchases or projects, ECAO has the ability to borrow funds from the County in lieu of taking a loan from a financial institution.

Each Department purchases their computers with guidance from the IT department for standards and configurations. This has allowed the County IT Department to provide better deployment of services and support to departments (through a standardization of hardware configurations).

The IT Department is currently working to implement a help desk that will develop an inventory of county hardware (printers, computers, servers) and work with the Erie County Information Services Board (see below) to manage and prioritize technology needs within the county. Computers in the ECAO are usually replaced at a rate of two to three per year.

Erie County has an Information Services Board (ECISB) which was implemented in February, 2010. This Board was suggested by the County Commissioners Association of Ohio as an alternative to an Automated Data Processing Board (ADPB)⁴. In addition to the Auditor's Office and the IT Department, the Recorder, Engineer, and Clerk of Courts participate in the ECISB. The group meets monthly to discuss issues that are county-wide priorities. The ECISB has been successful in working to foster communication between County departments/offices and establishing a greater understanding and commitment to working together to implement a centralized technology system throughout the county. The county has worked to virtualize its servers and eliminate hardware. Backups are archived to the State ORNET.

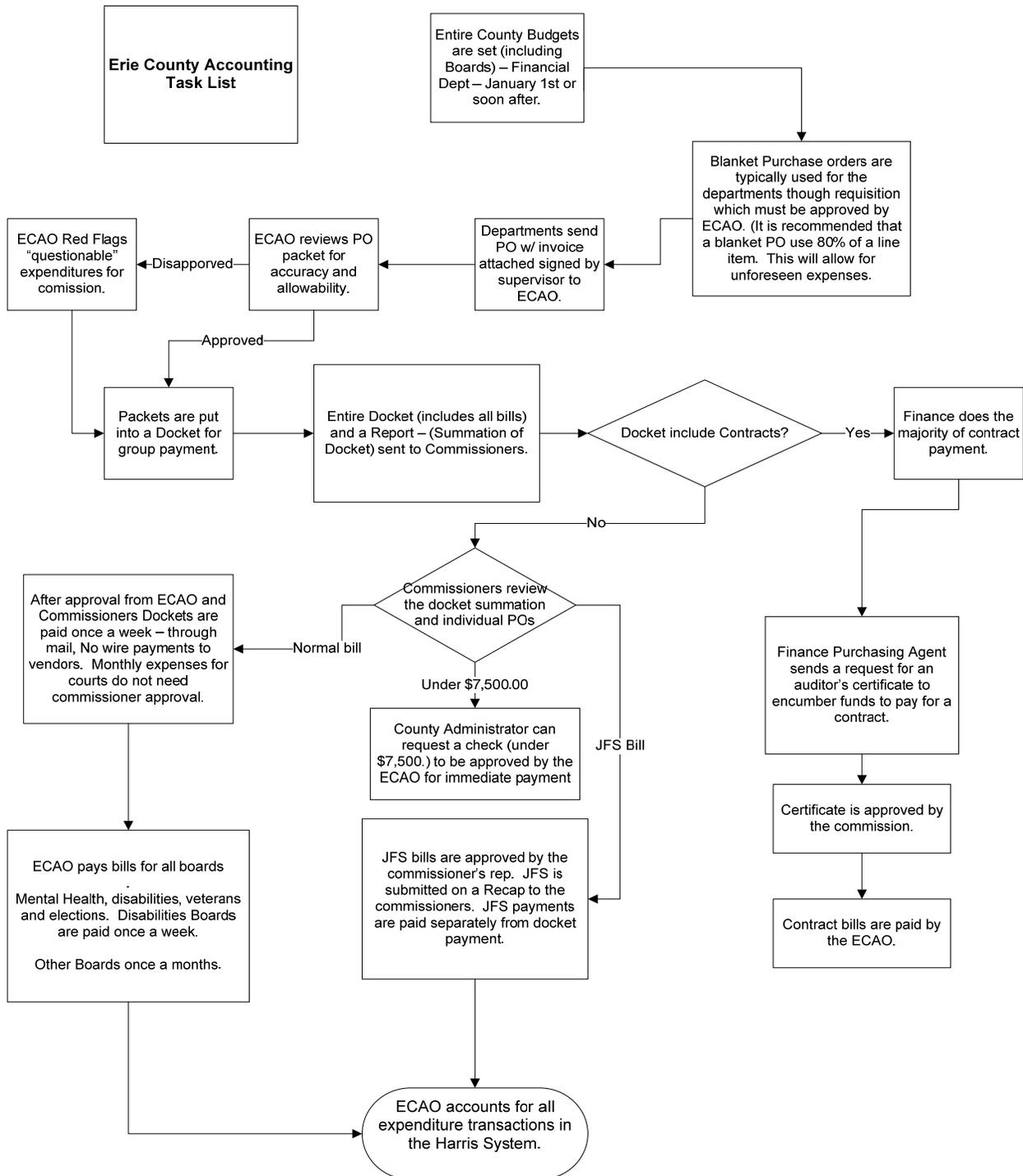
While the ECISB does not have an authority to make technology decisions or a budget to fund technology projects, the ECISB has worked to identify priorities for the County and work to build consensus through communication and a greater awareness of technology.

Overall, the technology used by ECAO is sufficient for its needs and is relatively up-to-date. Support from the IT Department and ECISB also helps ensure the Office stays current in its technology and is able to leverage technology to better serve its internal and external customers.

⁴ ORC Section 307.844

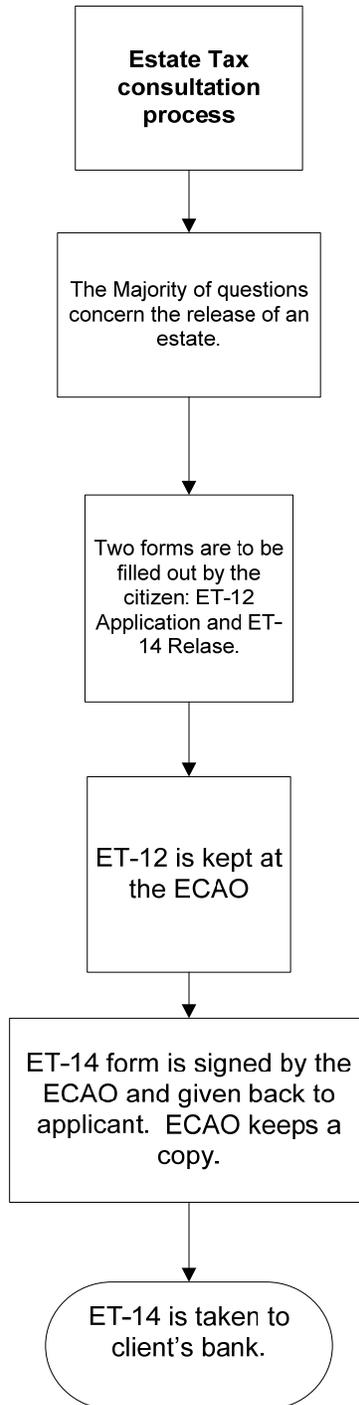
Appendix B

Expenditure flow chart



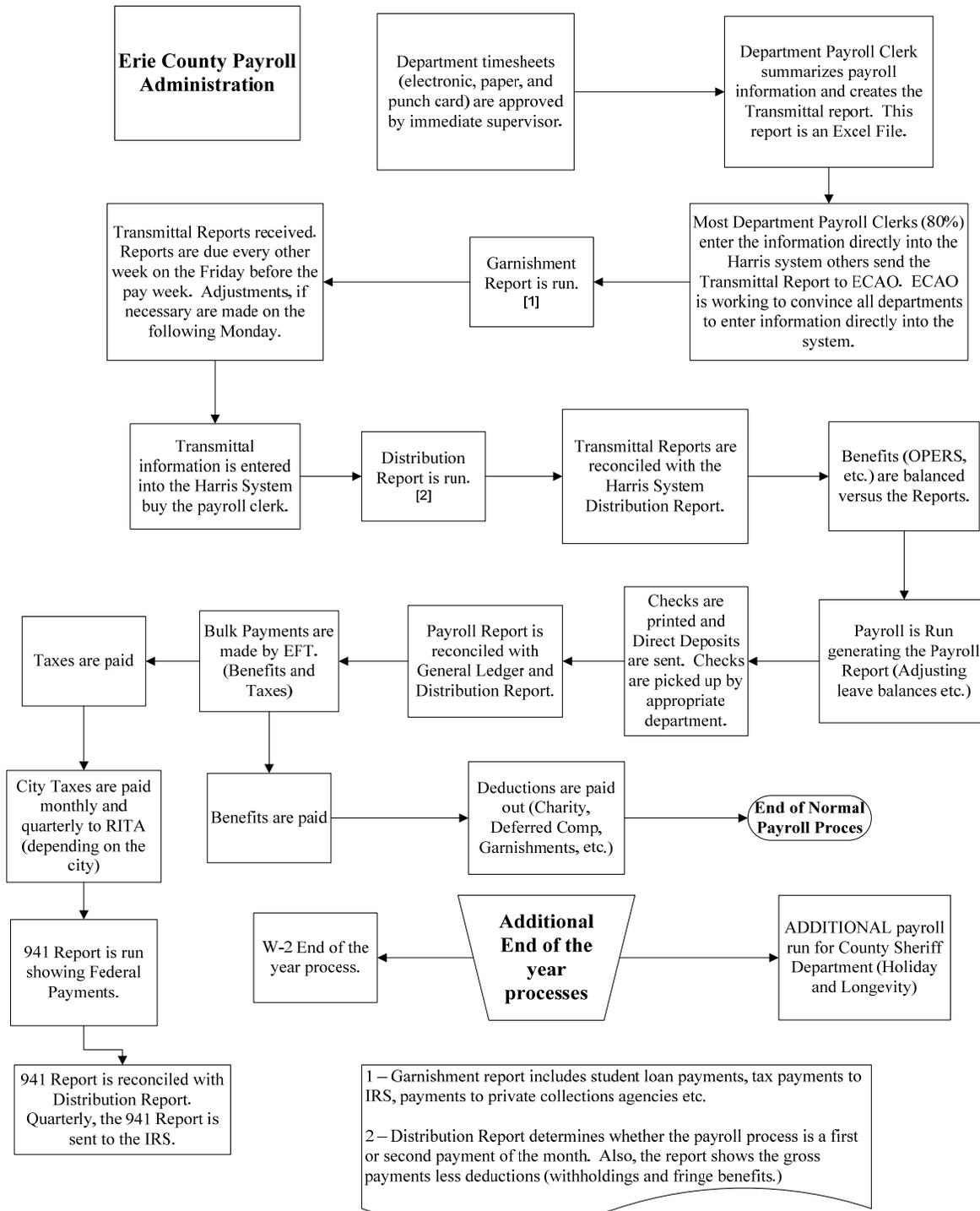
Appendix C

Estate Tax flow chart



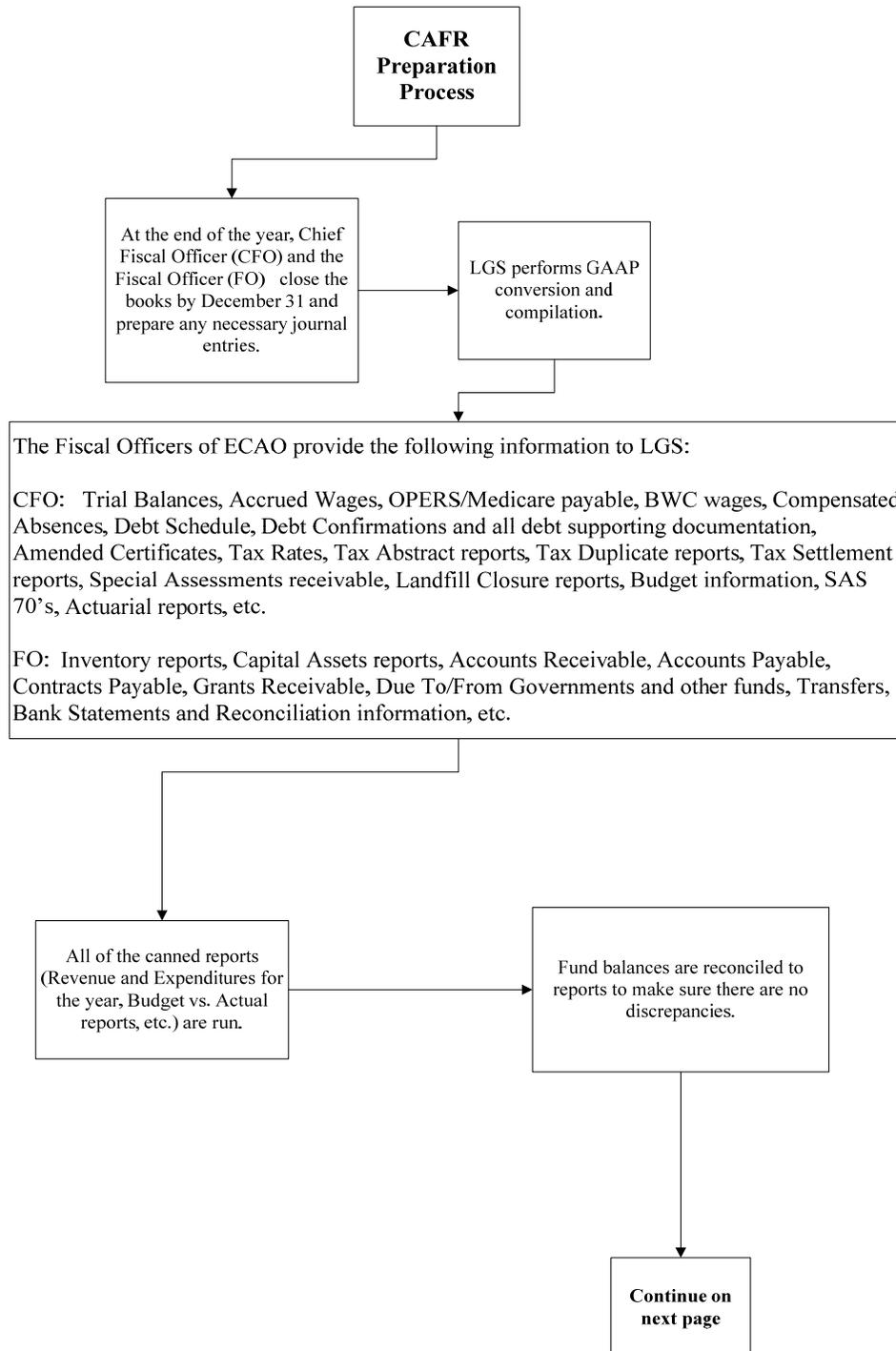
Appendix D

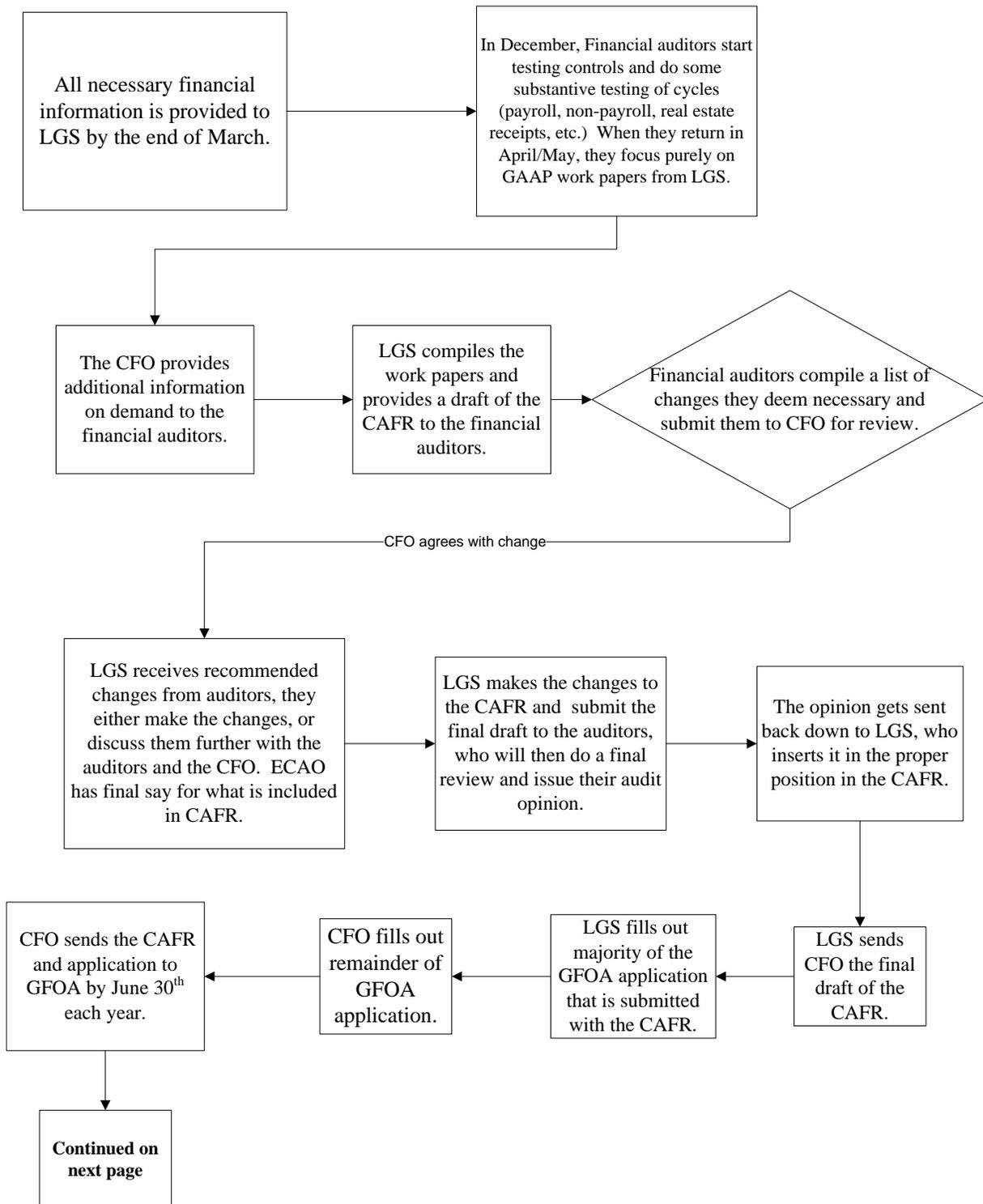
Payroll flow chart

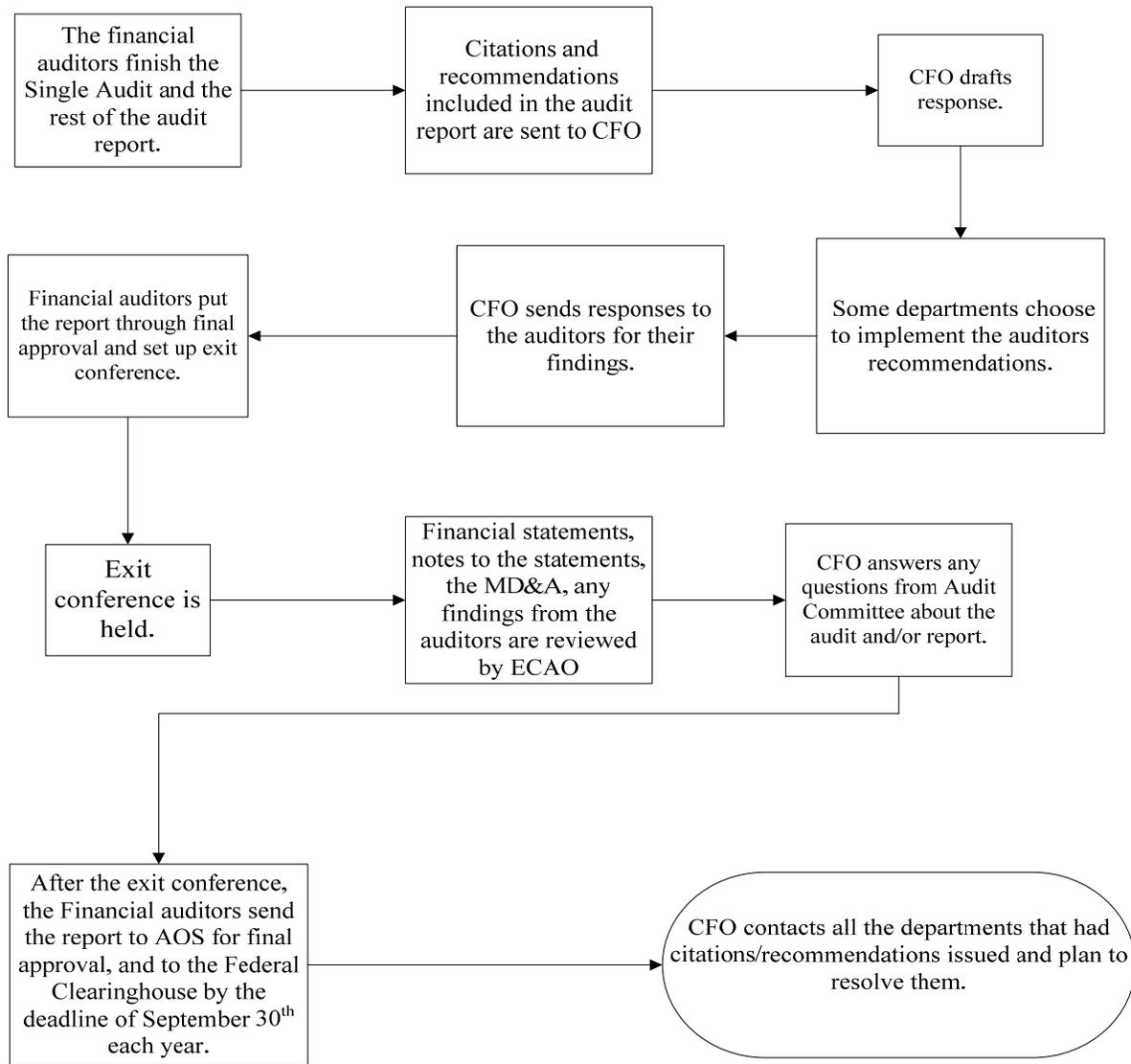


Appendix E

Comprehensive Annual Financial Report preparation

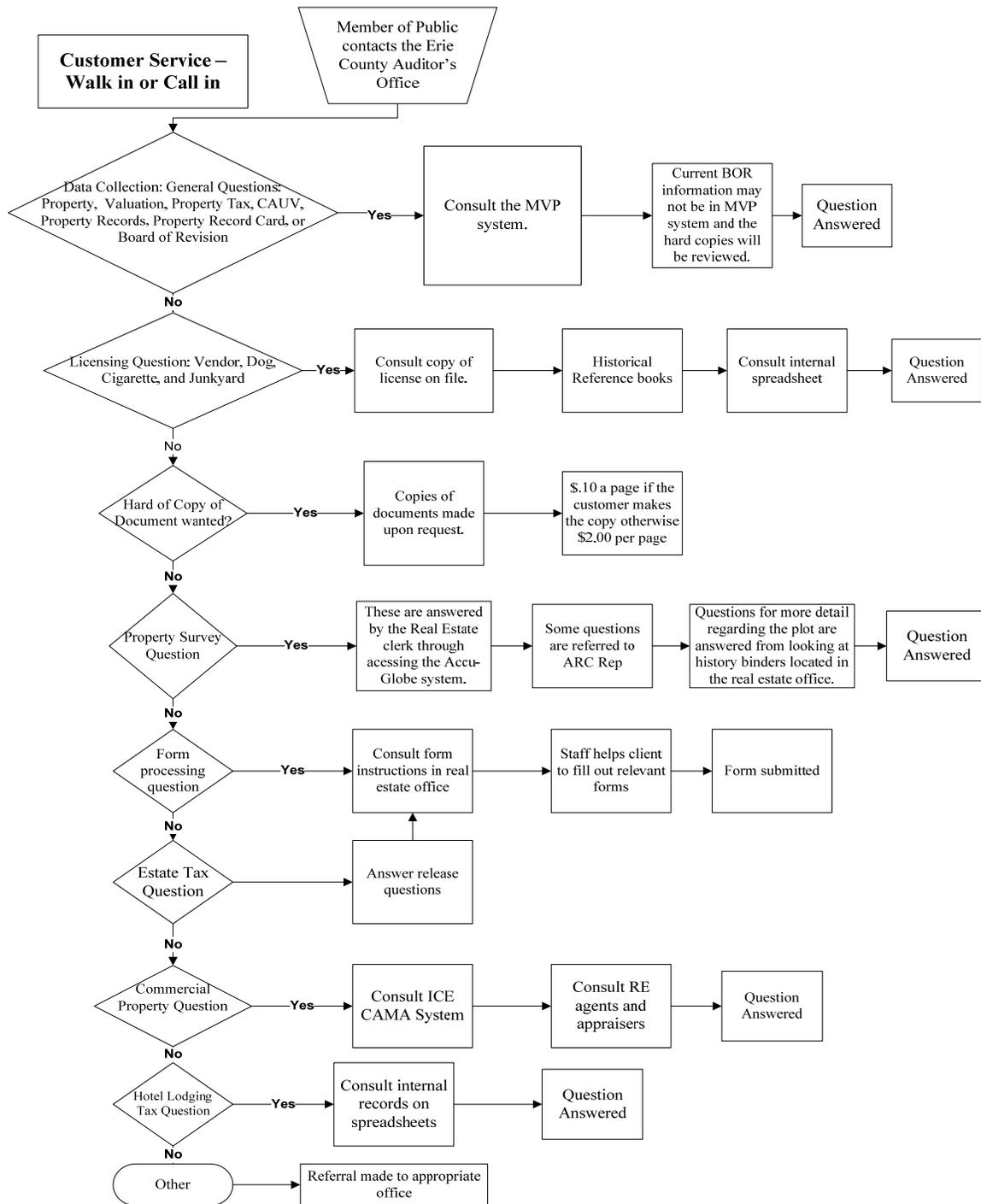






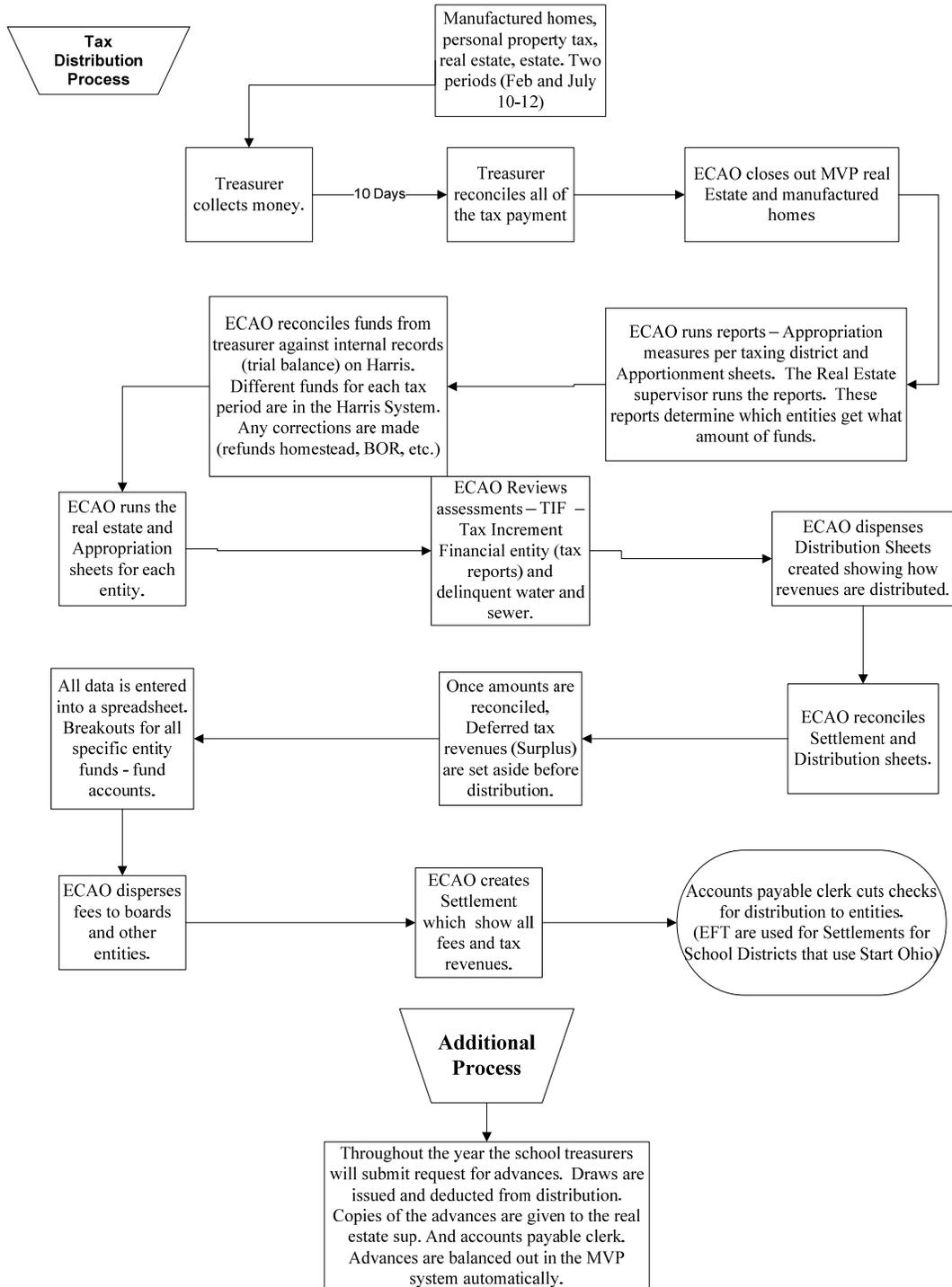
Appendix F

Customer Service flow chart



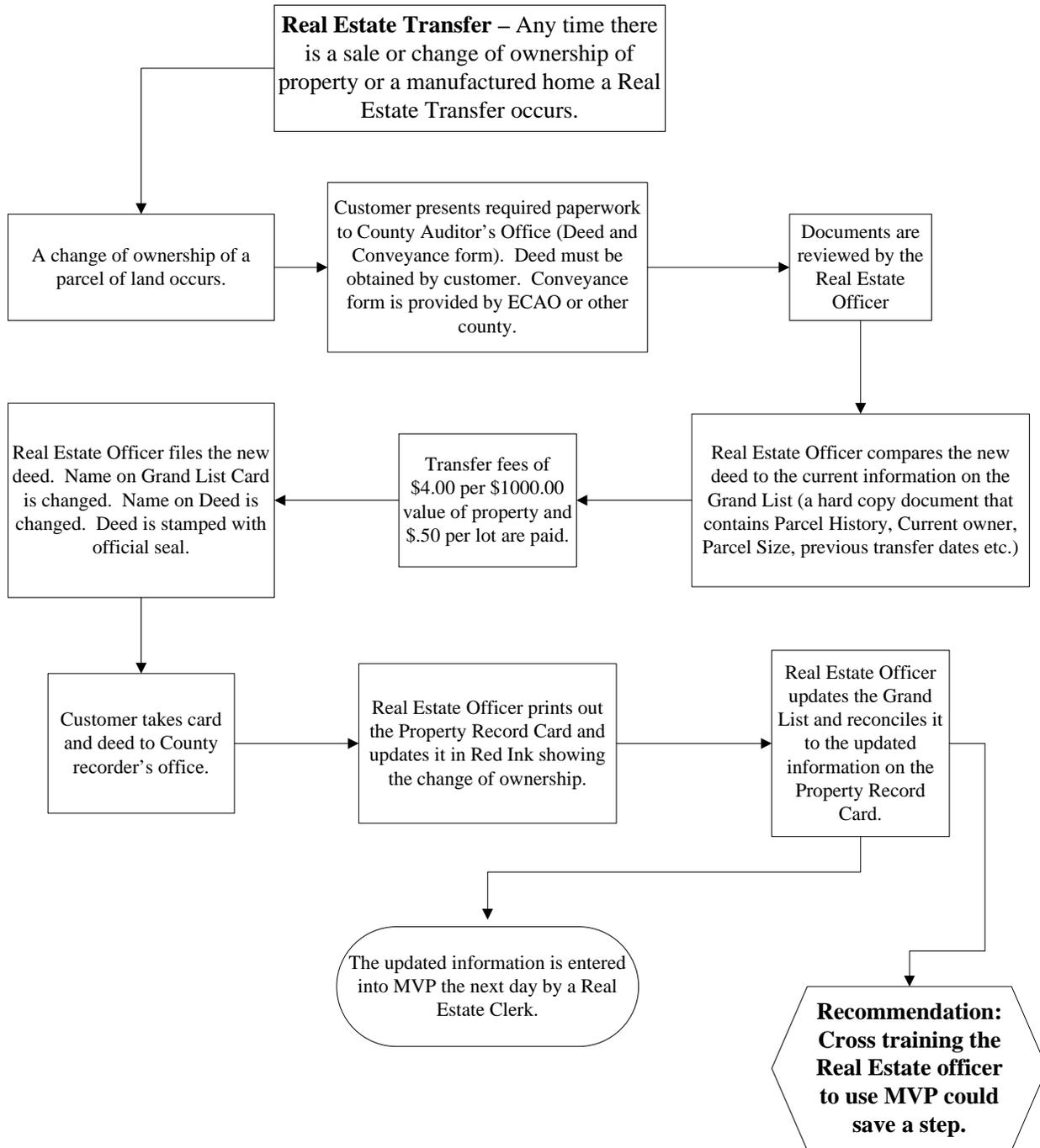
Appendix G

Tax Distribution flow chart



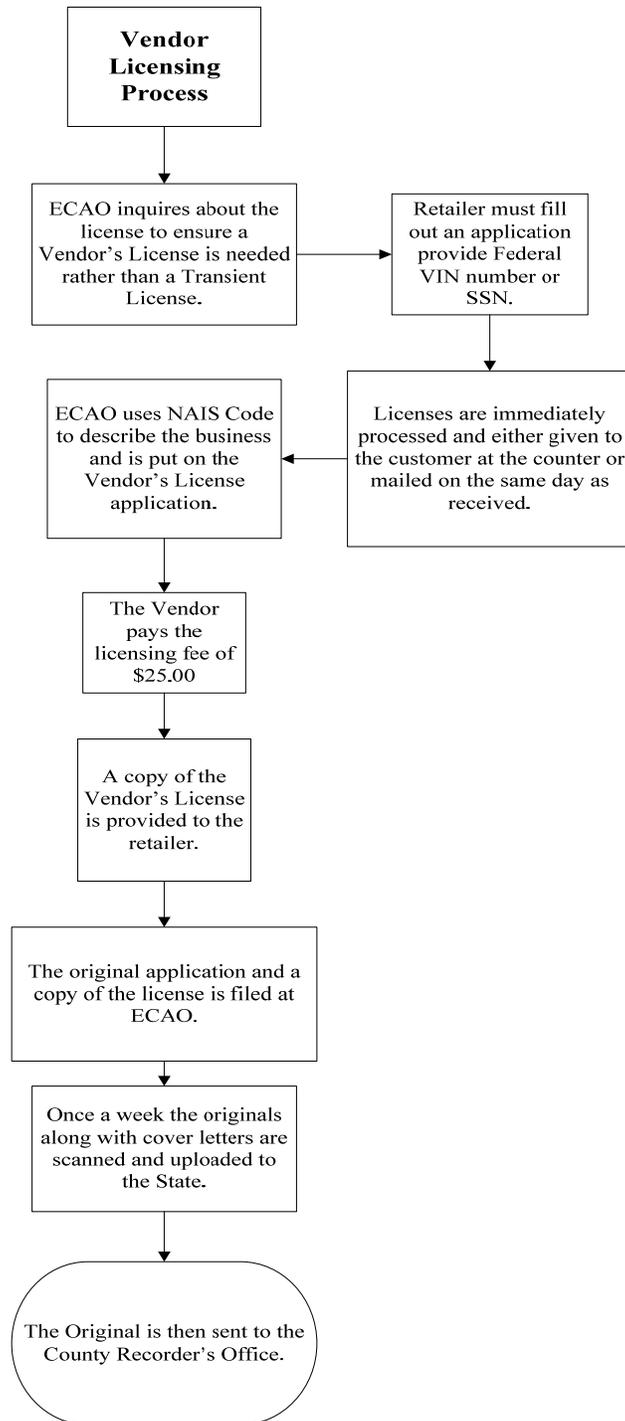
Appendix H

Real Estate Transfer flow chart



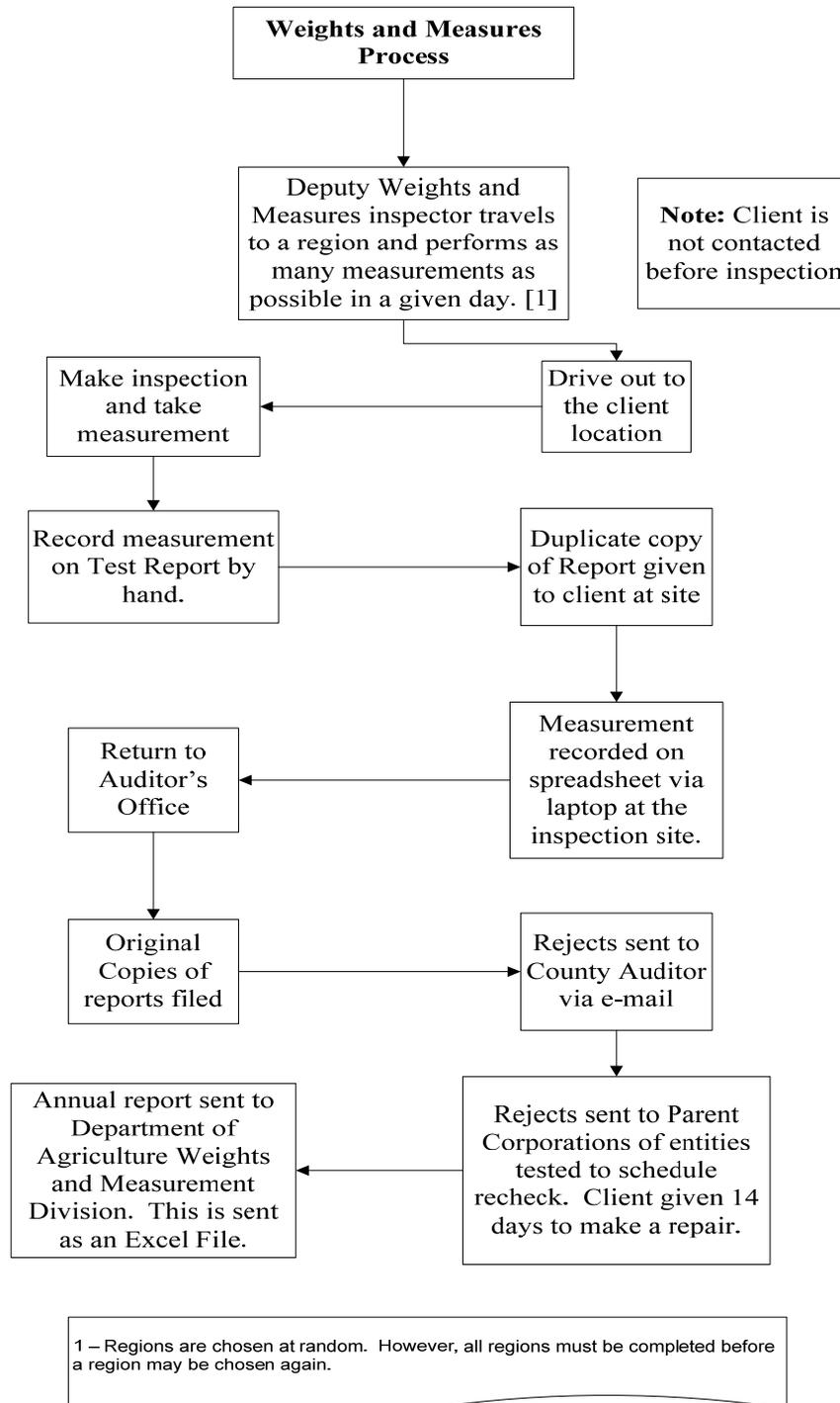
Appendix I

Vendor Licensing process flow chart



Appendix J

Weights and Measures flow chart



Client Response

The letter that follows is the Erie County Auditor's Office's official response to the performance audit. Throughout the audit process, staff met with County officials to ensure substantial agreement on the factual information presented in the report.

RICHARD H. JEFFREY

ERIE COUNTY AUDITOR

7/2/12

Dave Yost
Auditor of State of Ohio
88 E. Broad Street
Columbus, OH

Dear Mr. Yost,

The Erie County Auditor's Office sincerely appreciates the time and effort your office took to complete a performance audit for our office. As a newly elected auditor, my job was to help ensure this office was running as efficiently as possible, and with your recommendations, I feel confident that we are doing just that.

We have been able to successfully implement three of your recommendations as of today. We have effectively completed employee performance evaluations, and will continue to utilize that practice in the future. We have completely rearranged the office to provide a more customer friendly atmosphere to taxpayers who come into our office needing assistance. And we have also been able to implement some cross-training between employees to help speed up the real estate transfer process.

In addition to those, your office provided two very solid recommendations relating to the vision on this office. I believe conducting a survey of customers' satisfaction would be a beneficial tool in gauging areas that we could improve upon. I also believe that developing and executing a strategic plan for this office would greatly benefit employee cooperation and communication as we strive to achieve the same goals and follow the same mission. I'm looking forward to starting this process.

Again, thank you for your recommendations to improve our office. Your team provided a very professional audit and we are pleased to have worked with you.

Sincerely,

Richard H. Jeffrey
Erie County Auditor

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CAMA 627-7610
CAUV 627-7743
Homestead 627-7742
Personal Property 627-7742
Mobile Homes 627-7746
Transfers 627-7853
General 627-7746

Payroll 627-7747

Vendor's License 627-7746

Weights &
Measures 627-6650



Secretary, Erie County Board of Revision
Secretary, Erie County Budget Commission
Member, Erie County Records Commission
Scaler, Weights & Measures