



**Auditor of State**  
**Betty Montgomery**

# WAPAKONETA CITY SCHOOL DISTRICT PERFORMANCE AUDIT

MAY 4, 2004



**Auditor of State  
Betty Montgomery**

To the Residents and Board of Education of the Wapakoneta City School District:

In October of 2003, the Wapakoneta City School District engaged the Auditor of State's Office to conduct a performance audit of selected Treasurer's Office operations. The project included an assessment of Treasurer's Office staffing and workload levels, as well as a review of departmental policies and procedures (standard operating procedures), job descriptions, and performance evaluations.

The performance audit contains recommendations that provide opportunities for the redistribution of staff responsibilities within the Treasurer's Office, as well as enhanced oversight of work processes and procedures. Recommendations also seek to improve operational efficiency, strengthen controls, and enhance accountability. While the recommendations contained within the performance audit are resources intended to assist in refining operations, District officials are encouraged to assess overall operations and develop other recommendations independent of the performance audit.

This report has been provided to the Wapakoneta City School District treasurer and its contents discussed with appropriate District officials. The District has been encouraged to use the results of the performance audit as a resource for improving its Treasurer's Office operations and service delivery.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. 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 "On-Line Audit Search" option.

Sincerely,

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

May 4, 2004

# **Treasurer's Office Staffing Study**

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## **Project History**

The Wapakoneta City School District (Wapakoneta CSD) engaged the Auditor of State's Office (AOS) in October 2003 to conduct a performance audit of its Treasurer's Office. The project includes an assessment of Treasurer's Office staffing and workload levels, as well as a review of departmental policies and procedures (i.e., standard operating procedures), job descriptions, and performance evaluations. AOS recommendations for the distribution of staff responsibilities, as well as the oversight of work processes and procedures, seek to improve operational efficiency, strengthen controls, and enhance accountability.

As of FY 2002-03, Wapakoneta CSD enrolled an Average Daily Membership (ADM) of approximately 3,200 students and employed approximately 312 full-time equivalent employees (FTEs). Although Wapakoneta CSD's current five-year forecast shows that the District is financially solvent through FY 2004-05, the District is projecting a General Fund deficit of approximately \$927,000 in FY 2005-06. Realizing that increases in efficiency lead to cost savings, Wapakoneta CSD has been proactive by engaging AOS to learn how the Treasurer's Office can improve service delivery and maximize financial support.

## **Objectives, Scope and Methodology**

Based on a discussion with the treasurer, the following objectives were used in this performance audit:

- Are staffing levels optimal and do they correlate to workloads which lead to cost-effective operations?
- Are departmental policies and procedures employed to guide staff members in the performance of assigned duties with minimal errors?
- Are departmental job descriptions maintained and updated, and do they sufficiently detail position responsibilities and candidate qualifications (e.g., education and experience)?
- Are employee performance evaluations conducted on a regular basis, and are they sufficiently comprehensive to facilitate measurement and feedback?

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Audit work was conducted between November 2003 and January 2004.

Throughout this report, comparisons are made to the treasurers' offices of several similarly sized school districts. These districts include Cloverleaf LSD (Medina County), Edgewood CSD (Butler County), Greenville CSD (Darke County), Louisville CSD (Stark County), Madison LSD (Lake County), and Tri-Valley LSD (Muskingum County). In addition, comparative information from the Society for Human Resource Management (SHRM) and the Ohio Association of School Business Officials (OASBO) is included in the report.

The performance audit process involved significant information sharing with the Treasurer's Office, including preliminary drafts of findings and recommendations as they were developed. Furthermore, periodic status meetings were held throughout the engagement to inform the Treasurer's Office of key issues impacting selected areas, and share proposed recommendations to improve or enhance operations. Finally, the Treasurer's Office provided written comments in response to various recommendations which were taken into consideration in the reporting process.

The Auditor of State and staff express appreciation to the Treasurer's Office and the peer school districts for their cooperation and assistance throughout this audit.

## **Background**

Sections 3313.22 to 3313.32 of the Ohio Revised Code (ORC) set forth requirements for school treasurers and govern their duties and responsibilities. A school treasurer is appointed by a board of education (ORC § 3313.22) and is the chief financial officer for the school, (ORC § 3313.31). The treasurer is responsible for a wide range of duties, including the following:

- Acting as an agent/adviser in all fiscal matters;
- Recording board meeting minutes;
- Maintaining board vouchers for payment and disbursement;
- Rendering monthly and annual financial statements to both the superintendent and the board;
- Filing annual reports;
- Signing all checks;
- Processing payroll;
- Developing forecasts; and
- Implementing annual budgets.

The level of staffing within a Treasurer's Office is dependent on the size of the school district and the volume of transactions processed. In the smallest of Ohio's school districts, a single individual may fulfill all functions while in the largest, individual departments may be responsible for purchasing, payroll, and reporting.

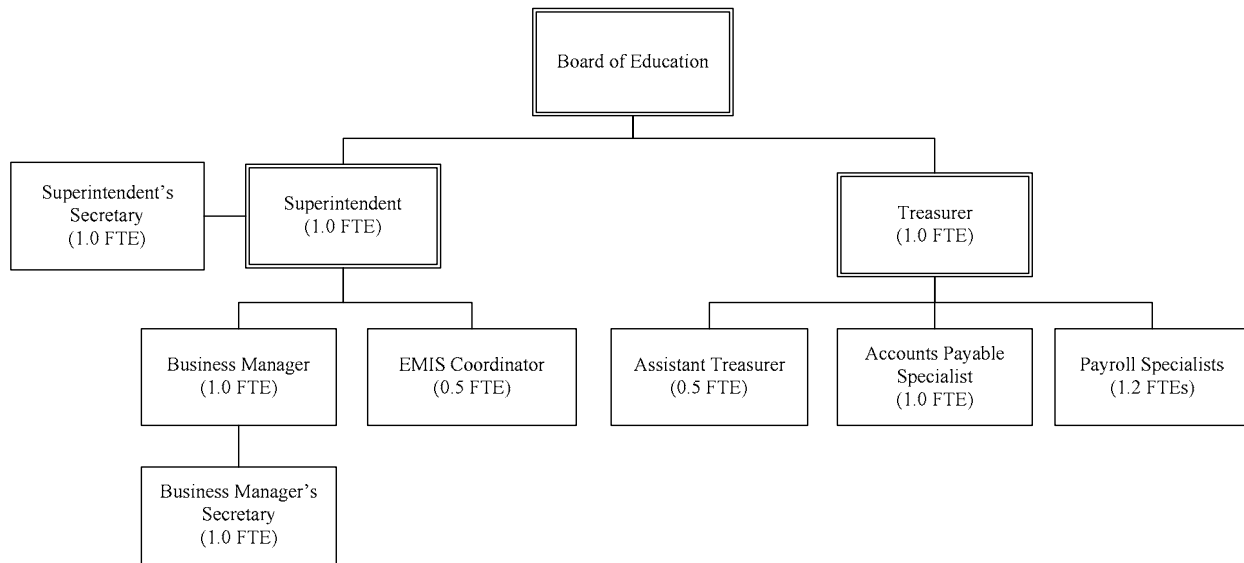
### *Organizational Structure and Function*

The Treasurer's Office at Wapakoneta CSD consists of 5 employees, equating to 4.0 FTEs. In addition to statutorily assigned duties, Wapakoneta CSD's Board of Education (Board) formally stipulates, through board policy, that the treasurer is responsible for staffing the Treasurer's Office, providing necessary training to non-licensed personnel (e.g., accounts payable and payroll specialists), increasing the efficient use of resources to achieve District goals, and interpreting District budgets for the community. The treasurer's position equates to 1.0 FTE. The assistant treasurer is primarily responsible for reconciling monthly bank statements, maintaining a fixed assets inventory system, and assisting other staff members (e.g., accounts payable specialist). She divides her time equally between work in the Treasurer's Office and her other duties as the Education Management Information System (EMIS) coordinator. The assistant treasurer position equates to 0.5 FTE. The accounts payable specialist (1.0 FTE) is responsible for processing all purchase orders, assigning vendor numbers, calculating monthly utility bills, and preparing 1099 forms. Finally, the payroll specialists (0.7 and 0.5 FTEs, respectively) are primarily responsible for processing and verifying payroll, issuing paychecks, maintaining employee payroll deductions (e.g., health insurance premiums), and verifying W-2 form data.

Similar to its peers, Wapakoneta CSD does not have a separate human resources department. Therefore, the Treasurer's Office is responsible for several functions typically associated with personnel management (e.g., benefits administration). The human resources duties are performed primarily by the full-time payroll specialist and this function comprises the remaining 0.3 FTE time allocation under her position (see **Table 1**).

**Chart 1** illustrates the organizational reporting structure of Wapakoneta CSD and the administrative FTEs who perform Treasurer's Office functions.

**Chart 1: Wapakoneta CSD Administrative Organization Chart**



**Source:** Wapakoneta CSD

**Note:** The full-time payroll specialist spends 30 percent of her time performing District personnel management functions (e.g., benefits administration).

Although the superintendent and business manager do not have direct control over the activities of the Treasurer’s Office, they routinely consult with the treasurer on fiscal matters, such as budgeting and collective bargaining negotiations. Furthermore, the superintendent supervises the assistant treasurer on issues pertaining to EMIS. Similar to its peers, the superintendent’s secretary assists the treasurer by typing Board minutes and agendas. The business manager’s secretary assists as well by calling substitute teachers and submitting accompanying paperwork to the Treasurer’s Office.

The treasurer oversees 20 grants which account for approximately \$2 million (or 10 percent) of District revenues. The Treasurer’s Office administers the submission of grant applications, performs required fiscal reporting, monitors fund levels, and makes appropriate disbursements.

*Staffing*

**Table 1** compares Treasurer’s Office staffing levels by function with those of the peers.

**Table 1: Treasurer’s Office Staffing Levels**

	Wapakoneta CSD	Cloverleaf LSD	Edgewood CSD	Greenville CSD <sup>1</sup>	Louisville CSD	Madison LSD	Tri- Valley LSD	Peer Average
Position	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Treasurer	1.0	1.0	1.0	1.0	0.8	1.0	1.0	1.0
Assistant Treasurer	0.5 <sup>2</sup>	1.0	0.9 <sup>3</sup>	0.9	1.0	0.9 <sup>3</sup>	0.4 <sup>4</sup>	0.9
Accounts Payable Specialist	1.0	1.4 <sup>5</sup>	1.0	1.8	1.0	1.3 <sup>6</sup>	1.0	1.3
Payroll Specialist	1.2 <sup>7</sup>	1.0	1.0	1.5 <sup>8</sup>	1.0	1.0	0.7 <sup>9</sup>	1.0
Benefits Administration	0.3	0.1	0.1	0.3 <sup>10</sup>	0.2 <sup>11</sup>	0.1	0.1	0.2
<b>Total</b>	<b>4.0</b>	<b>4.5</b>	<b>4.0</b>	<b>5.5</b>	<b>4.0</b>	<b>4.3</b>	<b>3.2</b>	<b>4.4</b>

**Source:** Wapakoneta CSD and the peers

**Note:** Figures rounded to the nearest tenth.

<sup>1</sup> With the exception of the treasurer, treasurer’s office personnel work seven-hour days.

<sup>2</sup> Also serves as District’s EMIS coordinator, dividing time equally between the positions.

<sup>3</sup> Edgewood CSD and Madison LSD assistant treasurers spend 10 percent of time on benefits administration.

<sup>4</sup> Divides time performing payroll specialist and benefits administration functions.

<sup>5</sup> Includes one full-time employee and one part-time employee who spends 10 percent of time on benefits administration.

<sup>6</sup> Also serves part-time as EMIS data processing coordinator.

<sup>7</sup> Includes one full-time employee and one part-time employee who spends nearly 30 percent of time on benefits administration.

<sup>8</sup> Includes two individuals who perform this function separately for classified and certificated personnel.

<sup>9</sup> Function shared by assistant treasurer and a part-time employee.

<sup>10</sup> Both payroll specialists spend about 15 percent of time on benefits administration.

<sup>11</sup> The treasurer spends 20 percent of her time on benefits administration.

FTE calculations are based on the number of hours spent performing job duties in an eight-hour day. For example, if a position spends 4.0 hours performing a Treasurer’s Office function, the position is the equivalent of 0.5 FTE. Currently, there are no vacancies within the Treasurer’s Office or the peers.

### *Noteworthy Accomplishments*

During the course of this performance audit, several noteworthy accomplishments or best practices were noted within the Wapakoneta CSD Treasurer's Office. These are outlined below.

- **Strategic Planning:** Wapakoneta CSD's 2003-04 Continuous Improvement Plan (CIP) is based on stakeholder feedback solicited from District-staffed action teams, including the treasurer. In addition, Wapakoneta CSD formally links its plan to performance evaluations, as reflected in those given to Treasurer's Office staff, which stipulate that employees are needed as part of the effort to help move the District in the direction of the CIP. Furthermore, the CIP contains mission, vision, and belief (i.e., value) statements, as well as goals and objectives designed to guide the District's programmatic and financial priorities (e.g., monitoring insurance costs). Although Cloverleaf LSD, Edgewood CSD, and Tri-Valley LSD have developed comprehensive strategic plans, none are formally linked to employee performance evaluations.
- **Performance Monitoring:** In accordance with recommendations offered by SHRM, and similar to Madison LSD, the Wapakoneta CSD Treasurer's Office performance evaluations are formally linked to responsibilities stipulated in job descriptions. Moreover, Treasurer's Office performance evaluations are linked to the CIP, enabling the District to establish a formal connection between job responsibilities, performance, and District-wide goals. In addition to annual performance evaluations, conducted by the treasurer, Treasurer's Office personnel are asked to evaluate their own performance by periodically submitting either a blue (positive) or orange (negative) card. These cards serve as a self-evaluation mechanism for identifying areas in need of improvement, while increasing an individual's self-esteem and positive influence within the Treasurer's Office. This card process was not noted in the peer districts.

### *Conclusions*

Overall, the Wapakoneta Treasurer's Office appears to function in a efficient and effective manner. As is common in small entities, the Treasurer's Office could benefit from the formalization and routinization of procedures. Staffing levels appeared adequate with only very limited opportunities for reductions. Finally, job descriptions and performance evaluations would benefit from enhancement and updates.

The District's recent financial audit concluded that Wapakoneta CSD materially complied with applicable laws and regulations and had taken steps to improve internal controls. In the past two years, the Treasurer's Office has taken steps to rectify financial audit recommendations, indicating a willingness to address deficiencies and improve operations.



## **General Recommendations**

### *Staffing and Workload*

**R1** The treasurer should consider reducing payroll function staffing levels by 0.2 FTE to help bring workload levels in line with the peer average. Furthermore, the treasurer should consider reallocating this 0.2 FTE to either the personnel or grant management functions to ensure consistency and maximize skill development.

Overall, the Treasurer's Office is appropriately staffed when compared to the peers. However, the District appears slightly overstaffed in the payroll function.

**Table 2** uses performance indicators to summarize key FY 2002-03 Treasurer's Office workload statistics and compares them with the peers.

**Table 2: FY 2002-03 Workload Statistics**

	Wapakoneta CSD	Cloverleaf LSD	Edgewood CSD	Greenville CSD	Louisville CSD	Madison LSD	Tri- Valley LSD	Peer Average
<b>Treasurer's Office FTEs</b>	4.0	4.5	4.0	5.5	4.0	4.3	3.2	4.4
<b>District Expenditures <sup>1</sup></b>	\$19.4	\$22.8	\$22.0	\$24.9	\$19.0	\$25.4	\$16.9	\$21.8
<b>Expenditures Per Treasurer's Office FTE <sup>1</sup></b>	\$4.9	\$5.1	\$5.5	\$4.5	\$4.8	\$5.9	\$5.3	\$5.0
<b>ADM</b>	3,168	3,616	3,379	3,558	3,203	3,406	3,097	3,377
<b>ADM Per Treasurer's Office FTE</b>	792	804	845	647	801	792	968	768
<b>District Employees <sup>2</sup></b>	312.4	383.9	425.7	402.7	336.6	355.9	357.2	377.0
<b>Employees Per Treasurer's Office FTE</b>	78.1	85.3	106.4	73.2	84.2	82.8	111.6	85.7
<b>Purchase Orders</b>	4,000	5,700	4,700	7,000	3,400	2,100	4,400	4,600
<b>POs Per Treasurer's Office FTE</b>	1,000	1,267	1,175	1,273	850	488	1,375	1,045
<b>POs Per Accounts Payable Specialist FTE</b>	4,000	4,071	4,700	3,889	3,400	1,615	4,400	3,538
<b>Paychecks <sup>3</sup></b>	400	500	500	600	400	400	400	500
<b>Paychecks Per Treasurer's Office FTE</b>	100	111	125	109	100	93	125	114
<b>Paychecks Per Payroll Specialist FTE</b>	333	500	500	400	400	400	571	500
<b>Retirement and Insurance Benefits <sup>1</sup></b>	\$3.5	\$4.7	\$3.8	\$4.4	\$3.7	\$4.5	\$3.3	\$4.1
<b>As a Percent of Expenditures</b>	18%	21%	17%	18%	20%	18%	20%	19%
<b>Per District Employee <sup>1</sup></b>	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01

Source: Wapakoneta CSD, the peers, and the Ohio Department of Education (ODE)

Note: Purchase orders and paychecks have been rounded to nearest 100.

<sup>1</sup> In millions.

<sup>2</sup> District employee figures are based on FTE calculations reported in EMIS and submitted to ODE.

<sup>3</sup> Average number of paychecks issued per payroll run.

Compared to the peers, Wapakoneta CSD has a lower level of operating expenditures, enrolls a lower ADM, and employs fewer staff (both District-wide and in the Treasurer's Office). However, the Treasurer's Office serves a higher level of ADM per FTE. Additionally, Wapakoneta CSD processes more purchase orders per accounts payable specialist FTE and administers a commensurate level of retirement and insurance benefits. This indicates that the Treasurer's Office is appropriately staffed to handle the primary workload of its accounts payable and personnel management functions when compared to similar-sized school districts. On the other hand, the Treasurer's Office issues 33 percent fewer paychecks per payroll specialist FTE. Moreover, the Treasurer's Office has experienced an increase in the number of avoidable mistakes, like posting incorrect amounts to the computer, which can be partially attributed to dividing the payroll function between two employees.

Excluding Greenville CSD, which also divides its payroll function between two employees, peers with higher expenditure levels, higher ADM, and more district personnel assign 1.0 FTE to the payroll function (see **Table 1**). Although Greenville CSD is the second largest peer in terms of expenditures, ADM, and district employees, it falls below the peer average number of paychecks issued per FTE, similar to Wapakoneta CSD. Tri-Valley LSD assigns only 0.7 FTE to this function, yet compared to the peers, it has the lowest expenditure level, the lowest ADM, and it employs the third lowest number of employees. By dividing the payroll function between two employees, the Treasurer's Office cannot ensure payroll processes are performed in a consistent manner, thereby reducing operational efficiency and increasing the likelihood of error.

Payroll processing errors can also be attributed to the absence of formal standard operating procedures (see **R2**), formally adopted job descriptions with minimal position qualifications (see **R3**), and the additional workload associated with having to perform personnel management (human resources). To bring Treasurer's Office staffing levels in line with the peers, the treasurer should reduce the payroll specialist position by 0.2 FTE and reallocate the staff time to either the personnel or grant management functions. This will help to bring payroll workload levels in line with the peers and minimize errors by ensuring consistency among the various functions and enhancing skill development in a single area. Furthermore, given that the treasurer currently spends approximately 25 percent of her time exclusively on grant management, assigning some of the tasks associated with grant administration to a staff person would afford the treasurer more time to guide and supervise staff in all other aspects of Treasurer's Office operations.

*Standard Operating Procedures*

**R2** The treasurer should establish formal standard operating procedures (SOPs) for all functions of the Treasurer's Office. Standard operating procedures will help to improve process flow and reduce systemic errors by establishing formal guidelines that all employees must follow to accomplish day-to-day duties.

Although Treasurer's Office personnel are cross-trained to cover absences, they do not follow formal standard operating procedures for accounts payable and payroll functions. Rather, employees are required to complete checklists for recurring tasks (e.g., payroll processing, COBRA enrollment, and receipt posting) as a means of ensuring work is properly completed. Formal standard operating procedures have not been developed for Treasurer's Office functions.

OASBO recommends that district treasurers prepare and establish financial procedures and controls. Edgewood CSD, Madison LSD, and Tri-Valley LSD have established SOPs based upon board rules and policies governing purchasing and payroll functions. SOPs can help to facilitate new employee training, update job descriptions (see **R3**), and cross-train employees who lack experience in various functions. By formalizing standard operating procedures for all functions, the treasurer can minimize errors (see **R1**) and increase operational efficiency.

The Government Finance Officers Association (GFOA) recognizes that organizations establish policies and procedures so that identified risks do not prevent an organization from reaching its objectives. Policies and procedures provide operational direction but should also provide the following:

- Clear identification of activities to minimize risk and enhance effectiveness;
- Built in internal controls that are not separate from the policies and procedures but an integral part of them;
- Preventive and detective processes to support strong internal controls; and
- Sufficient but not onerous control as excessive controls result in increased bureaucracy and reduced productivity.

SOPs help to ensure a uniform decision-making process and to routinize daily operations so that staff members have a reference tool. Access to SOPs ensures that there is continuity and consistent application of all processes. The absence of written procedures is particularly notable in the Treasurer's Office because of the important role that the office plays in maintaining a strong control environment and a positive ethical climate within Wapakoneta CSD. While many circumstances may compromise the effectiveness of the internal control structure, SOPs can help to ensure that the following common control issues are addressed, should they occur:

- **Segregation of Duties:** Separating responsibility for physical custody of an asset from the related record keeping is a critical control.
- **Access to Assets:** Internal controls should provide safeguards for physical objects, restricted information, and critical forms.
- **Knowledge of Policies:** Employees must stay abreast of changes and understand their responsibilities.
- **Form Over Substance:** Controls can appear to be well designed but still lack substance, as is often the case with required approvals.
- **Control Override:** Exceptions to established policies are sometimes necessary to accomplish a specific task, but can pose a significant risk if not effectively monitored and limited.
- **Inherent Limitations:** There is no such thing as a perfect control system. Staff size limitations may obstruct efforts to properly segregate duties, which requires the implementation of compensating controls to ensure that objectives are achieved. A limitation inherent in any system is the element of human error (e.g., misunderstandings, fatigue, and stress).

The Ohio School Boards Association (OSBA) and OASBO offer management consulting services. These two resources would be able to help the District establish and maintain detailed SOPs. Listed below is a sample policy and procedures manual index, which includes some of the key topics relevant to operational activities.

- Purpose, scope and responsibility;
- Management responsibility;
- Transactions;
- Documentation;
- Security;
- Cash;
- Inventory and Assets;
- Process and Controls; and
- Purchasing.

The District, as with all forms of government, has broad discretion in how it develops and implements SOPs. As the District takes the initiative to formalize its procedures, it will increase accountability for public funds, limit the liability inherent in financial practices,

and strengthen the overall financial structure and governance of monetarily driven business issues.

Developing SOPs will help the Treasurer's Office improve internal controls, enhance employees' abilities to perform non-routine functions, and ensure continuity in processes in the event of turnover within the office. Standard operating procedures can be developed on a collaborative basis by the treasurer, her assistant, and the employees performing the job tasks within the Treasurer's Office. This may be completed over the course of several months and implemented on a gradual basis with little or no additional cost to the Treasurer's Office.

### *Job Descriptions*

**R3 Wapakoneta CSD should regularly review and update all job descriptions to include accurate titles, duties, and responsibilities. The treasurer should also consider updating Treasurer's Office job descriptions to include higher levels of education and work experience.**

Although Treasurer's Office job descriptions stipulate that they will be "periodically reviewed for update," payroll specialist descriptions indicate that they have not been revised since 1999. Although the District works to ensure job descriptions and performance evaluations are linked by containing the same information, it appears that for the payroll specialist position a tangential link between the two was inadvertently overlooked. Job descriptions for other associated positions with the Treasurer's Office indicate that they were last updated in June 2002. Also, excluding the accounts payable specialist job description, which calls for an associate's degree, Treasurer's Office job descriptions require a high school diploma, experience with computers, and business skills. However, District job descriptions are comprehensive and formally linked to performance evaluations. Finally, the District has indicated that it will make the necessary changes to job descriptions to ensure they are up-to-date.

SHRM suggests that job descriptions have the potential to become the subject of contention, including grievances or litigation. Therefore, it is necessary that employers have a plan to review job descriptions on a regular basis. According to SHRM, up-to-date job descriptions foster a greater understanding of duties and responsibilities, and can be used by employees as a reference in performance evaluations. Position descriptions help employees understand the responsibilities of their positions and provide a sense of where jobs fit into the agency as a whole. Accurate position descriptions provide a reliable and defensible foundation for performance evaluations and other compensatory procedures, such as promotions and salary adjustments. All job descriptions should include the job title; salary information; a summary of duties; reporting relationships;

level of decision making; knowledge, skill and ability requirements; and qualifying education, training, and experience.

Additionally, human resource best practice organizations recommend that agencies establish a formal schedule for the review of all job descriptions. A job description should also be reviewed and revised when the job content or organizational structure changes; at management or staff request; when vacancies arise, or when significant performance issues exist.

Although Tri-Valley LSD has not updated its job descriptions since 1994, it requires that all Treasurer's Office employees have either a bachelor's or associate's degree and one-year of related work experience. Furthermore, Edgewood CSD and Louisville CSD updated their job descriptions in 2001 and 2003, respectively, and each stipulates that associate's and bachelor's degrees are preferred. In general, peer job descriptions are more recent and call for higher levels of education and specialized work experience in bookkeeping, accounting, and payroll processing.

Without updated job descriptions for payroll specialists and SOPs (see **R2**), the Treasurer's Office cannot effectively minimize errors, as employees may not be sufficiently aware of their responsibilities. Yet, by regularly updating job descriptions and increasing position requirements, Wapakoneta CSD can foster increased awareness of performance-related expectations, assess employee progress and productivity, and minimize errors by ensuring that the appropriate candidates are hired to perform Treasurer's Office functions.

## Performance Evaluations

**R4 Wapakoneta CSD Treasurer’s Office should consider updating employee performance evaluations to include a numerical rating system to improve performance monitoring via measurement and permit enhanced feedback.**

In addition to its self-evaluation system, Treasurer’s Office staff members receive formal performance evaluations, conducted annually by the treasurer. This evaluation consists of a form that lists position responsibilities and three rating categories: meets expectations, improvement needed, and not applicable. However, unlike a majority of the peers, Treasurer’s Office performance evaluations do not include a numerical system for measuring responses. For example, Cloverleaf LSD and Madison LSD use similar rating categories, but require the evaluator to rank each on a scale of 1-5, and 1-4, respectively. This allows peer evaluators to more effectively measure and monitor employee performance on a numerical basis.

SHRM reports that performance evaluations offer employees the following benefits:

- Provide regular feedback to employees;
- Facilitate the development of performance standards;
- Help to determine pay increases;
- Identify training needs;
- Help to improve communication between management and staff; and
- Improve overall services and operations.

As discussed by Michael Deblieux, author of *Performance Appraisal Source Book – A Collection of Practical Samples*<sup>1</sup>, a good performance appraisal system provides an opportunity to reward work well done and realign employees who have swayed from course. A strategic and focused approach to performance appraisals can benefit an organization. Specifically, as employees are reminded of the purpose and expectations of their positions in the organization, morale and productivity rise and loyalty increases.

Although Wapakoneta CSD has formally linked employee evaluations to its CIP, the District can more effectively track and measure performance by including a numerical rating system, similar to the peers. The numerical rating scale provides the reader with a clear measurement of how the person rated in the category, which can be useful in tracking performance over time. As a depiction of performance, a numerical score can show the recipient how well they performed and can be a clear indication of strengths and weaknesses. Well written, thoughtful supporting comments should reinforce the

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<sup>1</sup> Deblieux, Michael (2003). Performance Appraisal Source Book – A Collection of Practical Samples. Alexandria, VA.: Society for Human Resource Management.



numerical rating but more importantly the comments should provide praise for exceptional performance or guidance on how to improve, especially when work performance adversely affects service quality (see **R1**).

By revising the performance evaluation form, staff will receive informative feedback that will help to convey consistent and balanced praise or criticism while fostering employee development. Furthermore, an enhanced performance appraisal form will allow the evaluator to draw attention to the recipient's interpersonal qualities and technical skills and will help to convey remedies to professional deficiencies. Finally, an evaluation that is sufficiently detailed will help minimize the risk of legal liability in matters related employee discipline.

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# **Wapakoneta City Schools**

Treasurer's Office  
1102 Gardenia Drive  
Wapakoneta, Ohio 45895  
(419) 739-2900 fax (419) 739-2918

April 7, 2004

Auditor of State, Betty Montgomery  
Performance Audit Division  
88 East Broad Street, P.O. Box 1140  
Columbus, Ohio 43216-1140

Dear Betty Montgomery,

Wapakoneta City Schools Treasurer's Office is in the process of implementing the following changes in response to your staffing study:

1. Wapakoneta City Schools is reducing staff in the payroll department. The Treasurer will continue to manage grants and will not implement the audit recommendation of having one of the Treasurer's staff manage the grants.
2. Wapakoneta City Schools is converting the current fiscal procedures into formal written standard operating procedures. Dublin, East Cleveland, and Elyria schools Treasurer's have assisted Wapakoneta in this process through their sharing of process manuals utilized at their districts.
3. Wapakoneta City Schools Treasurer's office will have the business office adopt the Treasurer's staff annual job descriptions as modified annually during the evaluation process as the official document, in lieu of the business department's 1999 manual.

Sincerely,



Susan R. Rinehart CPA, CFO  
Wapakoneta City Schools