

CUYAHOGA COUNTY, OHIO

**AN INDEPENDENT STUDY
CONDUCTED BY THE HENTERLY GROUP, LLC**

**Cleveland, Ohio
December 2010**

THE HENTERLY GROUP, LTD

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December 31, 2010

Edward FitzGerald
County Executive-Elect
1219 Ontario Street
Cleveland, OH 44113

Dear Mr. FitzGerald:

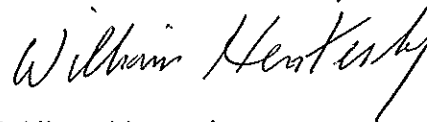
Enclosed is the report of an independent review of county operations. This review was conducted for the period of time from November 11, 2010 through December 31, 2010.

This project was a cursory examination of a broad range of county functions, and was conducted by way of interview as well as evaluation of previously completed reports, audits and reviews. Contained within the body of this report are numerous recommendations made for the consideration of the incoming executive government for Cuyahoga County.

We appreciate the opportunity provided to us to conduct this study for Cuyahoga County, and look forward to discussing information contained within this report at your convenience.

Sincerely,

THE HENTERLY GROUP, LTD.



William Henterly

WH:cm
enclosure

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Introduction

The sprawling and lengthy investigation conducted by the Federal Bureau of Investigation (FBI) came to the public's attention on July 28, 2008, following search warrants executed by the FBI at numerous locations throughout the Greater Cleveland area. Subsequent investigations, indictments, and informations disclosed the wide scope of this federal corruption probe. Additionally, other distinct, but separate investigations, examined activities at other County and regional entities.

Few areas have been untouched by these investigations, which delve into apparent long-standing practices at the municipal, county, and regional levels. Specifically, indictments and informations have resulted from activities at the Cleveland Building and Housing Department, Cleveland Municipal School District, the Regional Sewer District, the Auditor's Office for Cuyahoga County, the Engineer's Office of Cuyahoga County, Cuyahoga County Municipal Housing Authority, Metro General Hospital, Maple Heights School District, and the Greater Cleveland Regional Transit Authority (RTA).

On November 10, 2010, County Executive-Elect Ed Fitzgerald announced his intention to undertake an examination of the County government, with the intent of identifying potential vulnerabilities that may currently exist. This examination would "lay the foundation" for the incoming Inspector General, who would be appointed by the new administration in January 2011. (Attachment 1)¹

The review was initiated on November 10, 2010, with an estimated completion date of December 31, 2010.

¹ Press Release, 11/09/10, Edward Fitzgerald

Methodology

Cuyahoga County is one of 88 counties in the state of Ohio. Within Cuyahoga County there are 59 municipalities, villages, and townships. With a population of 1.3 million people, Cuyahoga County is the 28th largest county in the United States.²

The Ohio constitution allows for counties to set-up a charter government. Only Summit County and Cuyahoga County have elected to do so. Cuyahoga County's charter government was approved by voters in November 2009, and will be implemented in January 2011. The charter form of government allows for a County Executive and an 11-member County Council. The function of the County is to provide criminal and civil justice services, road maintenance and bridge repair, as well as various health and social services.

This review is intended to look at all Cuyahoga County government functions. The scope of this review takes place over a seven and a half week period of time, from November through the end of December 2010. Due to the limited time and resources available, a cursory examination was intended to be achieved. In keeping with the stated objectives of this review, that is to provide a plan for consideration for the incoming Inspector General (IG), area findings are identified and recommendations proposed for future consideration. The proposal recommendations would relate to major areas of County operations, to include:

- Finance
- Purchasing
- Technology
- Staffing and Human Resources

² State Auditor's Report, p.

The evaluations, observations, and recommendations contained within this report have been collected and formulated following the review of previously submitted documents, to include the August 3, 2010 Cuyahoga County Auditor's office performance audit, performed by the Auditor of State (Attachment 2), as well as the internal review and investigation of Cuyahoga County, Ohio, conducted by Richard A. Blake, Esq. Also reviewed was the October 7, 2010 interim report of the Cuyahoga County Transition Executive Committee (Attachment 3). Information within these resources were coupled with results of interviews conducted of numerous County officials, department heads, as well as with other individuals involved with the operation of government functions within the County.

Evaluation

This report took a necessarily broad view of current Cuyahoga County functions and activities. While limited in scope, this review did identify numerous areas that should be of interest to the incoming Inspector General. These items, listed as “focus points,” include a diverse span of recommendations covering subjects such as internal control, purchasing, staffing matters, and technology.

A review of available information relating to the ongoing corruption probe, such as informations and indictments, seems to show that the epicenter of the most egregious actions related to individuals employed by the County Auditor’s office. In particular, it is felt that unchecked access to funds accumulated through the Real Estate Assessment Fund (REAF) became particularly vulnerable to misuse and fraud. To date, there have been no criminal allegations in regard to the bidding or awarding of contracts.

In light of the high profile nature of the ongoing investigation, information continues to surface as to inefficiencies resulting in increased costs for services, staffing, and acquisitions. Complaints and contacts from individual employees of the County have been obtained during the course of this investigation, and continue to be received at a County website dedicated as a tip line for this purpose (report a concern).

As previously stated, the focus points contained within this report are intended as recommendations, suggestions, and observations for the incoming Inspector General. The goal of the report is to enable the Inspector General to commence his complex duties with a firm sample of areas which, at his discretion, may be reviewed, addressed, implemented, or discarded.

Focus Points

The areas contained within this section are recommended for review and consideration of implementation. These items put forth represent a broad overview of matters relating to the operation and oversight of Cuyahoga County government. Collectively, the focus points which follow are intended to safeguard County assets, improve County operations, and implement cost-saving measures. These recommendations are as follows:

1. The new fiscal officer can implement direct deposit for County payroll, making payroll information available online. This eliminates the need for print paper copies.¹
(Attachment 4)
2. Implement formalized procedures for the user access removal for terminated employees. Periodic review of terminated employees and user access should be performed on a routine basis.² (Attachment 5)
3. Implementation of an audit committee, as well as the establishment of an internal audit department. The internal audit function should be separated from the fiscal office, and report directly to the County Executive.³
4. Financial statements for recipients of Title XIX funds are not submitted to Cuyahoga County Community Mental Health Board (CCCMHB), or the Cuyahoga County Alcohol and Drug Addiction Services Board (CCADASB).⁴ This omission should be addressed.

¹ Cuyahoga County Officer's Performance Audit 1-12, 13, 3 August 2010

² Deloitte Report to Board of County Commissioners, 16 June 2010, p. 5

³ Ibid., p. 6

⁴ Ibid., p. 7

5. Sick Leave (SL) and Away Without Leave (AWOL) issues should be examined and reviewed with the intent of tightening standards as to the use of sick leave, and corresponding disciplinary actions resulting from the abuse thereof.⁵ (Attachment 6)⁶
6. Utilize the Buyspeed system for all purchases. This would provide centralized data storage and retrieval capabilities, which would prove helpful for internal control reviews.⁷
7. Review and implement formal policies regarding negotiation standards for outside legal services.⁸
8. Cash drawer and petty cash counts are currently conducted by the Financial Services Department. This function should be moved to the new Internal Audit Department upon its creation.⁹
9. Consideration for raising cut-off amounts for office vouchers (OV), currently at \$1000.00.¹⁰
10. Rental of County facilities, currently needing Board of County Commissioner (BOCC) approval, would more appropriately be administered under the Facilities Director.¹¹
11. Reduce the number of meetings and number of meeting sites for the informal process of real estate appraisal adjustments.¹²
12. Review the grant management, currently being handled by the City of East Cleveland, and consider taking over the trustee function for grant funds entrusted to East Cleveland,

⁵ Steve Lasky Interview, 7 December 2010, p. 1

⁶ Auditor of the State 2-29

⁷ Steve Lasky Interview, 7 December 2010, p. 2

⁸ Ibid.

⁹ Ibid.

¹⁰ Jay Ross Interview, 7 December 2010, p. 1 and Lenora M. Lockett Interview, 9 December 2010, p.1

¹¹ Jay Ross Interview, 7 December 2010, p. 2

¹² James Hopkins Interview, 7 December 2010, p. 1

thereby bringing East Cleveland under the umbrella of Cuyahoga County Department of Development.¹³

13. Install formalized process on procedures to handle the intake and review of requests for funds.¹⁴
14. Request for Qualifications (RFQs) should become centralized under the purchasing department, as opposed to the current function which is handled by individual departments.¹⁵
15. The Small Business Enterprise (SBE) program does have procedures providing sanctions and penalties applicable to both the prime contractor or the SBE. These penalties are seldom utilized or enforced. A review should determine appropriate use of these penalties in order to comply with the strict oversight standards in regard to the SBE program.¹⁶
16. Undertake a detailed analysis of the Clerk of the Board, to establish clearly defined functions and areas of responsibility. This is intended to insure a seamless and uninterrupted process during the transition period.¹⁷
17. Emphasis of cross-training of employees as the functions and responsibilities of the Auditor's Office and Recorder's Office are merged.¹⁸
18. Undertake a review of staffing for Employment and Family Services, in view of the severe Early Retirement Incentive Program (ERIP). Insure adequacy of current staffing and appropriate alignments in view of the severe decline based on early retirements.¹⁹

¹³ Paul Oyaski Interview, 9 December 2010, p. 2

¹⁴ Ibid.

¹⁵ Lenora M. Lockett Interview, 9 December 2010, p. 1

¹⁶ Lenora M. Lockett Interview, 9 December 2010, p. 1 and Robert C. Klaiber Interview, 21 December 2010, p. 1

¹⁷ Jeanne M. Schmotzer Interview, 14 December 2010, p.2

¹⁸ Dave Reines Interview, 16 December 2010, p.2

19. Coordinate the activities of the investigative staff and audit unit of Employment and Family Services (EFS). Their activity should be reviewed in light of the creation of the Inspector General and internal audit function of the incoming County Government.²⁰ (Attachment 8)
20. The Cuyahoga County Engineer's Department should continue with an emphasis on Small Business Enterprise (SBE) oversight.²¹
21. Review the CBIZ risk and advisory service report of February 1, 2010. This report provides an indepth review of the operation of the Cuyahoga County Engineer's Department. A broad range of internal control and managerial recommendations are contained within this report, and considerations should be given to these recommendations.²² (Attachment 10)
22. Institute and employ a Code of Ethics Policy. Code of Ethics instruction is currently contained within the Human Resource package, which is issued to all new employees. The Code of Ethics should stand alone to be read and acknowledged by all new employees with a signature certifying that the information contained within has been reviewed and is understood.²³
23. Review staffing levels of Cuyahoga County Information System Center (CCISC) and CRIS. Staffing should be reviewed for adequacy, and consideration given to moving these departments to the control of the Sheriff's Department, as opposed to Justice Affairs.²⁴ (Attachment 11)

¹⁹ Joseph Gauntner Interview, 21 December 2010, p.2

²⁰ Ibid., p. 1

²¹ Robert C. Klaiber Interview, 21 December 2010, p. 1

²² Robert C. Klaiber Interview, 21 December 2010, p. 2

²³ James McCafferty Interview, 14 December 2010, p. 1

²⁴ Ibid.

Reports of Interviews

Throughout the course of this investigation many individuals, both inside and outside Cuyahoga County government, were contacted as a part of this review. The following reports of interviews pertain to those individuals who contributed to focus points contained in the subsequent section of this report:

1. Deloitte Interview, November 30, 2010
2. David G. Lambert, December 6, 2010
3. Peter Szigeti, December 6, 2010
4. James R. Hopkins, December 7, 2010
5. Steve Letsky, December 7, 2010
6. Jay Ross, December 7, 2010
7. Paul Oyaski, December 9, 2010
8. Lenora M. Lockett, December 9, 2010
9. James McCafferty, December 14, 2010
10. Jeanne M. Schmotzer, December 14, 2010
11. Dave Reines, December 16, 2010
12. Joseph Gauntner, December 21, 2010
13. Robert C. Klaiber, December 21, 2010

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November 30, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition

The following investigation was conducted on November 30, 2010 by William Henterly. A conference call was scheduled between Deloitte auditors Steve Orcutt, Chip Cottrell, and Justin DiMare. The conference call was in regards to auditing work performed for Cuyahoga County. Justin DeMare was the senior manager on the Cuyahoga County project, whereas Steve Orcutt is the audit director and the partner in charge of the Cuyahoga County audit. The last audit was conducted in 2008, and a management letter was issued. The letter contained comments in regards to audit findings along with recommendations. The work performed was a financial statements audit to ensure compliance with generally accepted accounting principles from CGAAP, and existing government regulations. The intent of the audit was not to uncover fraudulent or criminal activities.

There was a performance audit completed by the auditor's office for the State of Ohio. Contact people for this would be Bob Hinckle, Deputy Director, Columbus, Ohio. The

head of the audit team in Cleveland was Bob Wilhelm, who has since retired. Currently, the state auditor employee involved with Cuyahoga County is Carol Ann Shindel.

Orcutt stated that he could not make the management letter available for review, nor could he discuss it. When asked if an audit committee would be appropriate, along with a new position of internal auditor for the county, Orcutt stated that "the audit committee and an internal audit function were highly recommended."

Deloitte is located at 127 Public Square, Suite 3300, Cleveland, Ohio 44114, telephone (216) 589-5745 (Orcutt).

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December 6, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Lambert Interview

David G. Lambert, Assistant Prosecuting Attorney, Civil Division Chief, Cuyahoga County Prosecutor's Office, 1200 Ontario Street, Cleveland, Ohio 44113, telephone (216) 443-5869, was contacted at his office. Present at the time of the interview was Richard H. Blake, telephone (cell) (216) 645-9050. Lambert advised as follows:

The Auditor's office for Cuyahoga County has been very poorly run. Under Sam Muhammad, the situation went from bad to worse. Over the course of the past ten years, Frank Russo did not want reviews or input from the Civil Division of the Prosecutor's office.

In regards to contracting matters, for expenditures of \$25,000 and higher, there is a competitive bid process which entails substantial scrutiny. These projects go through the Board of County Commissioners (BOCC). A review of indictments and information resulting from the ongoing FBI probe shows very little involvement with the competitive bidding process. Any problems which are encountered come in with subcontracting, especially where Small Business Enterprise (SBE) matters are concerned. This is due to

the fact there is much less scrutiny at this area. Lambert pointed out that this was evident by the activities of Tony Ma. Lambert stated that no bid rigging has been uncovered by the investigation, no doubt due to the intense scrutiny at the BOCC level.

In regards to the Auditor's office, Lambert stated that the Real Estate Assessment Fund (REAF) is money accumulated and used by the Auditor's office, and that these funds can be spent without BOCC authorization. It was through the use of the REAF that VAS was hired to do appraisal work for \$21 million extending over the years. Of this amount, \$1.3 million was kicked back to Frank Russo, with other substantial amounts being paid to the law firm of Domiani, Mitchell and Armstrong. Lambert again stated that the Auditor's office is unique and that mismanagement is the major issue. The current acting Auditor, David Raines, was described as being an excellent administrator. Raines has been involved with the terminating and laying off individuals, and must deal with the 2012 appraisal of residences in Cuyahoga County. The question currently is whether to have in-house staff perform the appraisals or engage the services of independent contractors. Jim Hopkins is the head of the Appraisal Department.

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December 10, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Szigeti Interview

Peter Szigeti, Chief Information Officer, Cuyahoga County Prosecutor's Office, 1200 Ontario Street, Justice Center, Cleveland, Ohio 44113, telephone (216) 443-7841, was interviewed on December 6, 2010 at Berea, Ohio. Szigeti advised as follows:

He feels that many things run poorly in Cuyahoga County. The court system has leased a computer system since 1999 at a cost of approximately \$34 million. Szigeti provided us a synopsis which details his historical role with Cuyahoga County of the past 10 years.

The Cuyahoga County Information Services Center (CCISC) is located at 1255 Euclid Avenue and is under the auditor's office. Szigeti feels that this department is patronage laden and has a significant percentage of unqualified staff members.

The Cuyahoga Regional Information System (CRIS) is law enforcement specific and is designed for data-sharing activities to law enforcement agencies. CRIS and Justice Affairs report to the county commissioners, and are involved in grant administration and

application. Szigeti feels that this area would also deserve scrutiny regarding staffing competence and levels.

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December 10, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/James R. Hopkins Interview

James R. Hopkins, Director, Appraisal Department, Cuyahoga County Administration Building, 1219 Ontario Street, Room 307, Cleveland, Ohio 44113, telephone (216) 443-7120, was interviewed on December 7, 2010. Hopkins advised as follows:

Cuyahoga County conducts reappraisals every six years, with updates every three years. The last reappraisal was in 2006, with the next appraisal being scheduled for 2012.

In regards to the informal process, wherein homeowners request a reduction or adjustment to the appraised values of their properties, Hopkins stated that currently the county holds meetings from July through September at approximately 62 sites throughout the County. Hopkins feels that a much shorter time period would be appropriate, with no more than three or four sites located throughout the county. Hopkins feels that one week at each location would be adequate in order to address the informal process. This would result in substantial cost savings, and would standardize the dealings with complaints. The procedure would be handled by data collectors and certified appraisers.

Hopkins feels that he has a good management team in place, and stated that all new employees historically have been initially assigned to the Appraisal Department. In recent years, this policy has not been strictly adhered to. Hopkins feels that any initial assignment of employees to the Appraisal Department is invaluable in that the appraisal process touches on all aspects of the county auditor's business. Additionally, by orientating the employees to the appraisal process, this provides the auditor's office with a reserve pool of trained employees as peak needs arise.

Hopkins stated that there have not been funds set aside to enable data collectors to go to the next level, which is to obtain state appraisal licensing. Additionally, he feels that administrative time should be used to allow data collectors to get state licensing as appraisers.

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December 10, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Letsky Interview

Steven Letsky, Financial Services Administrator, Administrator's Office, 1219 Ontario Street, Room 121, Cleveland, Ohio 44113, telephone (216) 443-7321, was interviewed on December 7, 2010 at Cleveland, Ohio. Present at the time of the interview was Cheryl Arslanian, Manager of Financial Services, telephone (216) 443-7225. Letsky advised as follows:

The management letter from Deloitte dated June 16, 2010, would be made available. Recommendations included within include the formation of an internal audit function and an Audit Committee. Letsky stated that under the government both of these will be formed in that the charter provides for it.

Matters involving sick leave and AWOL (away without leave) issues can be looked at with a view towards improving standards and disciplinary actions. The culture which exists in the county at this time views sick leave as simply an extension of vacation time, used at the discretion of the employee. Letsky noted that sick leave is defined by the Ohio Revised Code.

The procurement system and utilization of office vouchers (OVs) are loaded into the buy speed system (BSS). All acquisitions over \$1,000.00 go through BSS. The recommendation is that all expenditures go through BSS in that this would give one location for all related data.

In regards to legal services, it is recommended that these can be negotiated. Currently, bids are obtained for bond counsel, and Letsky feels that outside legal services can be an issue to be looked at in view of the establishing of formal policies.

Petty cash reviews are currently conducted by his department, with unannounced cash counts in the biggest cash areas such as conveyance, dog licenses, and the map room. Letsky feels that this function would be more appropriately administered by the Internal Audit Department upon its formation.

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December 10, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Ross Interview

Jay Ross, Director, Department of Central Services, 1642 Lakeside Avenue, Cleveland, Ohio 44113, telephone (216) 443-6992, was interviewed on December 7, 2010 at Cleveland, Ohio. Ross advised as follows:

Central Services deals with the building trades, custodial, and until recently, building security. Building security has since been transferred to the Sheriff's Department. Central Services also deals with operational functions to include the print shop, vehicle maintenance, mail room, sale and lease of assets, and real estate management. The department has a \$60 million budget and approximately 350 employees, 90% of whom are in the building trades or custodial.

In regards to purchases under \$1,000.00, the use of office vouchers (OVs) provides flexibility and also has the potential to be abused. Ross pointed out that the trades people tend to go to vendors who they are familiar with. Ross is of the opinion that his department uses the office vouchers more than any other segment of county government. The system and the cut-off amounts have been in place since the 1960s, with

the same \$1,000.00 upper limit. The OVs are usually used on an emergency basis, and Hopkins recommends that the upper limit be raised to \$2,500.00 in that this would have a time advantage in savings. Additionally, there should be some format to ensure that multiple vendors are involved.

A review of OVs by the internal auditor for a given period can be considered, with the selection of random OVs or OVs in excess of a given dollar amount. Regarding department orders, these are usually used for emergencies, and clarification should be given as to what constitutes an emergency. A review of frequency of emergency expenditures could be undertaken, although Ross estimates that these occur no more than four to six times per year. In regards to the purchase of real estate, these matters are addressed under the Ohio Revised Code. Ross feels it would be appropriate to have more leeway in negotiating real estate deals. Additionally, he feels that the rental of county facilities, such as the courthouse, for social occasions should be under the offices of the facilities director. Currently, it is required to obtain approval of the Board of Commissioners.

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December 10, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Oyaski Interview

Paul Oyaski, Director, Department of Development, 1701 East 12th Street, Cleveland, Ohio 44114, telephone (216) 443-7535, was interviewed by Bill Henterly on December 9, 2010 at Cleveland, Ohio. Present at the time of the interview was the Department of Development's Business Services Manager, Jayanti (Jay) Bhattacharya, telephone (216) 443-2136. Oyaski advised as follows:

The primary function of his department is to focus on grant management. The Department of Development (DOD) searches for grants after receiving permission to apply from the Board of County Commissioners (BOCC). It then oversees the application process. The majority of grants are usually from HUD, and there is substantial statutory regulation. Over the last two years, stimulus money has increased, with the DOD receiving approximately \$35 million.

The DOD handles grant money which is then allocated among 51 municipalities in Cuyahoga County. These municipalities have a population of fewer than 50,000, with the municipalities of Cleveland Heights, Parma, Lakewood and Cleveland handling their own

grant funds. One exception is East Cleveland, which despite having a population of less than 50,000 is exempt from the county trustee function.

Oyaski recommends that a review be taken in order to explore the trusteeship function in regards to East Cleveland.

Oyaski stated that his department is audited annually by the State of Ohio due to the amount of funding received. In regards to stimulus money, both state and federal reviews are undertaken.

All expenditures made by the DOD are on a reimbursement basis, with no direct funds being expended to the municipalities.

Oyaski stated that he receives many requests for funds from various segments throughout the county. Oyaski advocates a more standardized process to facilitate the intake and review of fund request proposals. This could be accomplished through the establishment of a committee or through a staff function administered by the DOD.

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December 10, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Lockett Interview

Lenora M. Lockett, Director, Office of Procurement and Diversity (OPD), 1219 Ontario Street, Room 110, Cleveland, Ohio 44113, telephone (216) 443-7487, was interviewed by Bill Henterly on December 9, 2010 at Cleveland, Ohio. Lockett advised as follows:

Her department deals with purchasing and the Small Business Enterprise (SBE) program. The SBE program normally relates to construction projects, with the goal of a 0 - 30% participation. The OPD employees 13 individuals, with an allocation of 3.5 full-time equivalent (FTE) to SBE and 9.5 FTE devoted to purchasing.

Lockett suggested that Requests for Qualifications become centralized under purchasing as opposed to the current function which is handled by individual departments.

Lockett also suggested that there be increased documentation of the files by virtue of the buy speed on-line software. This would bring about the centralization of data which would enable more effective internal controls for purchases over \$1,000.00.

Prior to a vendor payment by the Auditor's Office, Lockett said that there should be a sign-off by the Purchasing Department. Currently, the department head has the ability to sign off on purchases greater than \$1,000.00. Lockett felt that this would be an additional safeguard.

In regards to the SBE program, Lockett noted that there are sanctions or penalties in effect to be applied against the prime contractor or the SBE, but they are seldom used. Lockett recommends a review of the sanctions and penalties policy and procedures in order to utilize this tool more effectively.

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December 15, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/McCafferty Interview

The following investigation was conducted by Bill Henterly at Cleveland, Ohio, on December 14, 2010. James McCafferty, County Administrator, Administration Building, 1219 Ontario Street, Cleveland, OH 44113; telephone (216) 443-7215 advised as follows:

Cuyahoga County currently has 7,160 employees, down from approximately 10,000 employees five years ago. The County budget, including all collected funds, is \$1.4 billion.

The situation concerning sick leave policies was discussed and should be addressed. McCafferty stated that closer adherence to sick leave should be formalized and monitored.

There is an employee code of ethics policy which is folded into the Human Resources package for new employees. A recommendation as to the code of ethics is that it should stand alone and be read, acknowledged and signed by all new employees.

McCafferty feels that a possible weakness in county procurement is the consulting contracts, in that contracts of up to \$25 million have no competitive bids. Especially in the area of information technology, this allows an individual to start at an initial fee below

\$25,000, and then be classified as a sole source provider for an indefinite period of time and ever increasing payments. This effectively detours or circumvents the bidding process. A recommended change to consulting and contracting practices should be considered and handled by purchasing. McCafferty stated that this weakness enabled Tony Ma, dba Broma, to benefit from his IT work with the engineers, the Courts, and the Prosecutor's Office.

McCafferty recommended a review of Cuyahoga County Information Systems Center (CCISC), and CRIS. He felt that these functions should be under the Sheriff's Department as opposed to Justice Affairs, as it currently is. According to McCafferty, Russo had disproportionate authority and was able to "get away with a lot". His activities were very negative towards the operation, and since his removal, many of the problems have been corrected. McCafferty stated that David Reines is doing an excellent job.

McCafferty feels that 90% of the employees of the County are excellent, the bulk of the problems noted through the corruption probe almost exclusively relate to Frank Russo and Frank Russo's hiring policies.

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To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Schmotzer Interview

The following investigation was conducted by Bill Henterly at Cleveland, Ohio, on December 14, 2010. Jeanne M. Schmotzer, Clerk of the Board, Director, 1219 Ontario Street, 4th Floor, Cleveland, OH 44113; telephone (216) 443-7184 advised as follows:

Her office is the official recordkeeping body for the Board of County Commissioners (BOCC), maintaining all journals, both executive and legislative.

Schmotzer is unsure what her status will be under the new county government structure to become effective in January, 2011.

The Clerk of the Board has a staff of 9 individuals. All contracts are processed through this department, including review of forms, accounting, and fund allotment. The NOVUS software system is the automated agenda management system and document management system used by the county. NOVUS affords checks and balances on how contracts are processed, and provides adequate quality controls.

Schmotzer felt that former County Auditor Frank Russo had a disproportionately negative effect on the management of county contracts, and Schmotzer stated that Russo never signed off on any of the contracts he supposedly reviewed.

Schmotzer agreed with the recommendation that one of the top priorities of the transition team would be to clearly define and assign areas of responsibilities for the Board following the initiation of the new county government.

THE HENTERLY GROUP, LTD

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December 17, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Reines Interview

The following investigation was conducted by Bill Henterly at Cleveland, Ohio, on December 16, 2010. Dave Reines, Interim Auditor, County Administration Building, 1219 Ontario Street, Cleveland, OH 44113; telephone (216) 443-8063 advised as follows:

He has been County Administrator for approximately three years, from 2001 to 2004. In that an auditor was needed to certify payroll, Reines was brought in on September 13, 2010. He views his position as temporary, and does not know what his status will be after the first of the year.

Reines has made substantial structural changes to the Auditor's Office since September. He thought that there was a two-tier employment system under the previous auditor, and that there were obvious patronage positions and inconsistent salary structures. Since September 13, Reines has reduced the payroll by 26 people, to include the 3 highest paid employees, those being Jennifer Justice, Dustin Ramsey and Sam Mohammed. He has also produced an organizational chart displaying reporting responsibilities and defined areas of concentration.

The new Auditor's functions will be merged with the Recorder's functions and the non-judicial sections of the Clerk's office under the new Chief Financial Officer. Reines hopes to maintain a high level of customer service, install a cross-training system, and have a clearly defined system for employee work classification.

The last hiring for the Auditor's Office was in 2007 or 2008, and no new hiring is anticipated. The office currently has approximately 200 employees, down from 270 several years ago. Currently, planning is underway for the 2012 appraisal, for which there are three options:

1. Outsourcing all of the components of the job,
2. Bring on appraisers under a 1099 situation, or
3. Hire part-time employees. Hire appraisers and ensure classification as part-time employees.

A decision as to this should be made either in late December or early January, 2011.

Reines provided a summary of the actions taken since September 13, 2010.

(attachment 9)

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December 22, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Joseph Gauntner Interview

Joseph Gauntner, Director of Employment and Family Services, 1641 Payne Avenue, Cleveland, Ohio 44114, telephone (216) 987-6640, was interviewed on December 21, 2010.

Gauntner advised as follows:

In addition to his position with Employment and Family Services (EFS), Gauntner is also Acting Director of the Child Support Enforcement Agency (CSEA). EFS employs approximately 750 employees, with another 360 employees affiliated with CSEA. The operating budget for EFS is approximately \$200 million annually. This agency authorizes approximately \$2.2 billion in benefits, with the majority of it coming from Title 19 funds (Medicaid). The Auditor of the State of Ohio performs an annual audit, basically providing oversight for the federal program.

There is an Investigation and Examiner's division which operates for EFS. This is comprised of a 15-member staff under Lester LaGatta. Additionally, there is a staff of 3 individuals who comprise an internal audit function.

GAUNTNER provided a copy of his 2009 annual report for the Investigation and Examiner's division, dated March 4, 2010. This report details a substantial staff reduction due to the Early Retirement and Incentive Program (ERIP). Overall, Gauntner stated that he lost approximately 280 staff members as a result of ERIT. As such, he recommends a review of staffing levels in order to ensure that there are adequate resources available to address the assigned responsibilities to his departments.

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December 23, 2010

To: File
From: Bill Henterly
Re: Cuyahoga County Transition/Robert C. Klaiber, Jr., Interview

Robert C. Klaiber, Jr., Cuyahoga County Engineer, 2100 Superior Viaduct, Cleveland, Ohio 44113, telephone (216) 348-3808, cell phone (216) 244-1830 was interviewed on December 21, 2010. Present at the time of the interview was Thomas Roche, Chief of Staff, Cuyahoga County Engineer's Office. Klaiber advised as follows:

His department employs 160 people. Approximately five years ago, they were merged with the Cuyahoga County Sanitary Engineering Department which is comprised of an additional 125 employees.

Klaiber feels that a major problem which demands oversight is the Small Business Enterprise (SBE) program. This is a program under which Tony Ma was brought in for the Geographic Information System (GIS) program. Klaiber noted that the SBE was set up as a goal, and is not a requirement. Avoiding the use of SBE simplifies the entire process. Klaiber feels that the SBE program requires a disproportionate amount of oversight. He also feels that this program has been manipulated in the past, and can bring in unqualified

people who are incapable of performing the assigned work. Klaiber recommends aggressive oversight and enforcement of the SBE program.

Klaiber referred to a review conducted by CBIZ Risk and Advisory Services, and provided a copy of the report dated February 1, 2010. A review of this report noted numerous recommendations concerning entry level controls, inventory, general and administrative purchases, human resources, and IT matters.

Legend of Initials and Acronyms

AWOL - Away Without Leave

BOCC - Board of County Commissioner

BSS - Buyspeed System

CCADASB - Cuyahoga County Alcohol and Drug Addiction Services Board

CCCMHB - Cuyahoga County Community Mental Health Board

CCISC - Cuyahoga County Information System Center

EFS - Employment and Family Services

ERIP - Early Retirement Incentive Program

FBI - Federal Bureau of Investigation

IG - Inspector General

OV - Office Vouchers

REAF - Real Estate Assessment Fund

RFQ - Request for Qualifications

RTA - Regional Transit Authority

SBE - Small Business Enterprise

SL - Sick Leave

Attachments Table of Contents

1. Press Release, November 9, 2010
2. Deloitte Letter, June 16, 2010
3. Cuyahoga County Auditor's Office Performance Audit, August 3, 2010
4. Interim Report of the Cuyahoga County Transition Executive Committee, October 7, 2010
5. Memorandum from Lenora M. Lockett, March 20, 2009
6. Memorandum from Jay Ross, April 6, 2009
7. Memorandum from Paul Oyaski, March 19, 2009
8. Employment and Family Services 2009 Report for the Investigation and Examiners
Division, March 4, 2010
9. Actions Taken Since September 13, 2010 (by acting County Auditor)
10. CBIZ Risk and Advisory Services, LLC, February 1, 2010
11. Signature Systems, Ltd.

FOR IMMEDIATE RELEASE

Date: November 9, 2010
From: County Executive-elect Ed FitzGerald
Contact: Matt Carroll, 216-978-9629

CUYAHOGA COUNTY
**EXECUTIVE
ELECT**
Edward FitzGerald

FITZGERALD TO ANNOUNCE INTEGRITY AUDIT OF COUNTY GOVERNMENT, EFFECTIVE IMMEDIATELY

November 9, 2010 – County Executive-elect Ed FitzGerald will announce the appointment tomorrow of an expert to conduct an immediate “integrity audit” of Cuyahoga County government.

William Henterly, a Certified Public Accountant and retired FBI agent with 28 years of investigative experience, contributed to the indictment and conviction of hundreds of individuals, including a large number of government and financial service employees during his tenure with the FBI. His work resulted in fines, restitution, and recoveries exceeding \$70 million dollars.

One of those prosecutions was the conviction in 2002 of Frank Gruttadauria, who plead guilty to massive financial fraud, estimated at \$125 million by federal authorities.

Henterly will use his expertise to examine county government and identify potential vulnerabilities and lay the foundation for the incoming Inspector General, who will begin with the new administration.

“Fighting and preventing corruption in county government is my highest priority, and Mr. Henterly has the expertise to begin our analysis and allow us to move quickly when the Inspector General starts in January,” said FitzGerald.

The announcement will take place:

Wednesday November 10, 2010
11:00 a.m.

Transition Committee Offices
Chicago Title Building – 1275 Ontario Street, 1st Floor
(Behind the County Administration Building, accessible from back parking lot)

June 16, 2010

Board of County Commissioners
Cuyahoga County, Ohio

We have performed an audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cuyahoga County, Ohio (the "County") as of and for the year ended December 31, 2008 (on which we have issued our report dated June 16, 2010, which report was modified to include a reference to the report of other auditors), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. This report does not include the consideration of Metro Health System, the discretely presented component unit, which matters are reported on separately by us. Other auditors audited the financial statements of the Metro Health Foundation, Inc., as described in our report on the County's financial statements. This report also does not include matters that are reported on separately by those auditors.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure for which management of the County is responsible.

Our Responsibility Under Generally Accepted Auditing Standards and *Government Auditing Standards*

Our responsibility under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* has been described in our engagement letter dated July 29, 2009. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards is to express an opinion on the fairness of the presentation of the County's financial statements for the year ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects. Our responsibilities under the aforementioned standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board of County Commissioners are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management and the Board of County Commissioners of their responsibilities.

We considered the County's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the County's 2008 financial statements include collectibility of property taxes, valuation of claims payable for workers' compensation, and the principal assumptions used in the pension and other postemployment benefit disclosures of the Ohio Public Employees Retirement System and the State Teacher Retirement System of Ohio. During the year ended December 31, 2008, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

Uncorrected Misstatements

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. We have attached a copy of the management representation letter to this letter as Appendix B. Included as an appendix to the management representation letter is a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Accounts payable was tested using statistical or other sampling techniques, and certain errors in recording accounts payable as of December 31, 2008, were found in the sample items selected. The effect of the known errors identified has been included in the summary of uncorrected misstatements attached to the management representation letter. However, the mathematical projection of the potential additional unrecorded amounts of \$150,000 at December 31, 2008, is not included in the summary of uncorrected misstatements. Such unrecorded amounts, as well as the effects when considered with the items in the summary of uncorrected misstatements, were determined by management to be immaterial to the financial statements taken as a whole.

Material Corrected Misstatements

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no material misstatements that were brought to the attention of management as a result of our audit procedures.

Significant Accounting Policies

The County's significant accounting policies are set forth in Note B to the County's 2008 financial statements. During the year ended December 31, 2008, there were no significant changes in previously adopted accounting policies or their application, except for the County's adoption of Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Statement No. 50, *Pension Disclosures*.

Other Information in the Single Audit Report

When audited financial statements are included in documents containing other information, such as the County's Single Audit Report ("Single Audit"), we read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its

presentation, in the financial statements audited by us. We have read the other information in the County's Single Audit and have inquired as to the methods of measurement and presentation of such information. If we noted a material inconsistency, or if we obtained any knowledge of a material misstatement of fact in the other information, we discussed this matter with management and, if appropriate, with the Board of County Commissioners.

Disagreements With Management

We have not had any disagreements with management related to matters that are material to the County's 2008 financial statements.

Consultation With Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2008.

Significant Issues Discussed, or Subject of Correspondence, With Management Prior to Our Initial Engagement or Retention

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

Other Significant Issues Discussed, or Subject of Correspondence, With Management

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant issues requiring communication to the Board of County Commissioners.

Significant Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the County's management and staff and had unrestricted access to the County's senior management in the performance of our audit.

Management's Representations

We have made specific inquiries of the County's management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the County is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix B, a copy of the representation letter we obtained from management.

Control-Related Matters

We have identified, and included in Appendix A, a matter involving the County's internal control over financial reporting that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

We have also identified, and included in Appendix A, other deficiencies involving the County's internal control over financial reporting as of December 31, 2008, that we wish to bring to your attention.

The definitions of a control deficiency and a significant deficiency are also set forth in Appendix A.

* * * * *

This report is intended solely for the information and use of the Board of County Commissioners, Auditor of the State of Ohio, the County's management, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

- Appendix A: Matters Related to Internal Control Over Financial Reporting
- Appendix B: Representations From Management

SECTION I — SIGNIFICANT DEFICIENCY

We consider the following deficiency in the County's internal control over financial reporting to be a significant deficiency. This deficiency was identified during our 2007 audit and has not been remediated as of December 31, 2008:

**Cuyahoga County Information Services Center
Information Security**

Observation — Formalized procedures for the administration of user access removal and notification of employee terminations do not exist. Additionally, a periodic review of user access appropriateness to Cuyahoga County application systems is not regularly performed. As a result, detailed testing procedures revealed that terminated and transferred employees retained access to various financial application systems. This presents the risk that active accounts for individuals who have separated from the organization or transferred job positions could provide other employees' unauthorized access to financial systems. Cuyahoga County is currently in the process of centralizing the termination notification process; however, implementation has not been completed. Management is working with the Human Resources department to develop employee termination reports from the SAP system or payroll application for distribution to various system administrators to conduct access removal.

Recommendation — We recommend management conduct a review of each computer platform (Novell, mainframe, Unix, and Oracle) and application (FAMIS, Payroll, FAACS, MVP, PPT, and Sigma) on at least an annual basis to ensure access is commensurate with employee job responsibilities. Additionally, management should continue to work with Human Resource personnel to periodically provide the Information Systems department a listing of employees who have left the Information Services Center or Cuyahoga County agencies, in order for Systems Administrators to ensure that the employees' access has been revoked.

SECTION II — OTHER CONTROL DEFICIENCIES

We identified the following other control deficiencies involving the County's internal control over financial reporting as of December 31, 2008, that we wish to bring to your attention:

Accounts Payable

In determining the amount of accounts payable to record at year-end, the County has adopted a policy of only reviewing disbursements occurring after year-end, which exceed a specified threshold. An estimate of payables falling below the established threshold is not recorded.

Investment File Review

In two out of five selections made during our audit, we noted that the cash manager in the Treasurer's office did not review and sign-off on individual investment files, which document the purchase or sale of an investment.

Fixed Assets

The County updates its fixed asset system once each fiscal year, which does not allow the County to evaluate its fixed asset activity throughout the year, and fixed assets are generally capitalized on the date of the expenditure without regard for the date the assets are placed in service. Also, the County records completed construction projects in the fixed asset system during the year in which the funds allocated to the project are expended, without regard to the date the assets are completed and placed in service. As a result, certain projects may reach completion without being recorded in the fixed asset system on a timely basis.

Supplier Master File

No formal procedures are in place to update the supplier master file for pertinence. Therefore, one-time suppliers will remain in the FAMIS system as a permanent vendor, whether there is continuous activity with the vendor or not.

Loan Collectibility Analysis

No formal procedures are in place to analyze the County's loan receivable portfolio for collectability.

Payroll Tax Updates

The County has purchased a maintenance contract with the County's payroll system vendor. Under this contract, the vendor provides payroll tax updates to the County as they become available. As a service auditors' report is not available for the vendor, the County is responsible for ensuring the payroll tax information is complete and accurate. Upon receipt of the updated information, the County uploads the information into the payroll system. However, there is no evidence that a completeness and accuracy review of the updated information is performed.

Need for an Audit Committee

The County currently does not have an audit committee. With recent developments in the regulatory, legislative, and standard-setting environment resulting from corporate failures and loss of investor confidence, attention has significantly shifted to audit committees and their focus, responsibilities, and importance in an organization. Audit committees fulfill the governing body's fiduciary responsibility by overseeing the entire audit and reporting process, ensuring auditor independence, and ensuring that proper and timely attention is paid to control issues and compliance weaknesses. Audit committees increase the level of confidence in the financial reporting process, and an effective audit committee can significantly increase the integrity and efficiency of the system of internal controls, financial reporting, fraud risk assessment, and the audit process.

Need for an Internal Audit Department

The County currently does not have an internal audit function. The internal audit function is an important element of an organization's control environment. It provides assurance to an organization that its internal controls are adequate and functioning properly. Internal audit activities should be focused to address the risks of loss of financial resources, instances of noncompliance, or other control risks. Examples of areas on which internal audit might focus are:

- Risk assessment as it relates to risk of misappropriation of assets due to fraud
- Internal control reviews

- Independent audits of various accounts and financial activity
- Federal program compliance reviews
- Accounting policy compliance reviews
- Operational reviews and special projects
- Performance audits

Cuyahoga County Information Services Center Business Continuity Plan

As has been noted in the past several years, the County does not have a fully developed disaster recovery (DR) and business continuity (BC) plan that identifies system restoration and supplemental business procedures to be performed in the event of a disaster. Additionally, an alternate processing location in which to restore the County's critical systems (c.g., the mainframe, UNIX, Novell environments) has not been identified. Without a plan for alternate backup processing, data restoration procedures, business process resumption, etc., delays in processing due to such a disaster could be significant.

We understand that a comprehensive risk assessment and business impact analysis was performed during 2006 as a basis for the foundation of a DR plan. Management is currently focusing on data recovery for the County's agencies rather than implementation of the full DR and BC plan. The County is in the process of defining a plan for centralized backups and offsite storage of County-wide agency data. In the future, management hopes to procure a warm or hot site to provide for restoration of critical systems.

As business functions throughout organizations are dependent upon the availability of information systems, BC and backup procedures should be reviewed on at least an annual basis to ensure that the organization is adequately protected in the event of data loss or loss of computer resources.

SECTION III — OTHER MATTERS

Our observations concerning other matters related to operations, compliance with laws and regulations, and best practices involving internal control over financial reporting that we wish to bring to your attention are as follows:

Cuyahoga Community Mental Health Board Monitoring Subrecipient Reporting

Several subrecipients of Title XIX monies were not submitting their audited financial statements to the Cuyahoga County Community Mental Health Board on a timely basis (i.e., within five months after the subrecipients year-end).

Cuyahoga County Alcohol and Drug Addiction Services Board Monitoring Subrecipient Reporting

The Cuyahoga County Alcohol and Drug Addiction Services Board (ADASBCC) is responsible for the Medicaid and Substance Abuse Prevention and Treatment (SAPT) programs. Certain subrecipients receiving Medicaid and SAPT monies were not submitting their audited financial statements to the ADASBCC on a timely basis (i.e., within five months after the subrecipients' year-end).

Cuyahoga County Department of Justice Affairs Semiannual Salary and Wage Certifications

U.S. Office of Management and Budget Circular A-87 requires salaries and wages funded through grant programs where the employees are expected to work solely on a single federal award or cost objective be supported by a semiannual certification that the employees worked solely on that program for the period covered by the certification. We noted that semiannual certifications were not being completed for employees that were working solely on the Homeland Security program.

WIA Program Fixed Asset Listings

During our testing of the WIA fixed asset register we noted the following with respect to several of the items selected for testing:

- The identification number on the inventory tag did not match the fixed asset register
- The fixed asset did not have an inventory tag attached.

Expenditure List Submission

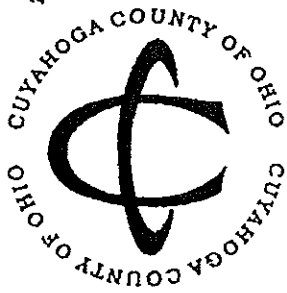
The Furtherance of Justice Funds, created in accordance with Ohio Rev. Code Sections 325.071, 325.12, and 325.13 exist in order to provide for the sheriff's and the prosecuting attorney's expenses relating to the performance of the officer's official duties and in the furtherance of justice. The sheriff and the prosecutor must account for all of the expenditures that have been made from the Furtherance of Justice Fund and file the accounting with the county auditor by the first Monday in January. We noted that the prosecutor's office annual list of expenditures was not submitted to the county auditor by the required deadline.

SECTION IV — DEFINITIONS

The definitions of a deficiency and a significant deficiency that are established in AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, are as follows:

A *deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



COMMISSIONERS
Jimmy Dimora
Timothy F. Hagan
Peter Lawson Jones

MEMORANDUM

To: James McCafferty, County Administrator
David Lambert, Chief Civil Division, Prosecutor's Office
Sandy Turk, Director, Office of Budget & Management (OBM)

From: Lenora M. Lockett, Director, Office of Procurement & Diversity (OPD)

Date: March 20, 2009

Re: Internal Review/Investigation in response to FBI Investigation

As requested on December 23, 2008, the following is a summary of the internal investigation/review performed by OPD in response to the July 28, 2008 FBI raids of various county offices and various businesses.

Sequence of Events

- On July 28, 2008, the FBI raided various county offices and various businesses.
- On August 8, 2008, OPD received an email from Sandy Turk (Director, OBM) requesting any information (contracts, bid sheets, award explanation memorandum, requests for board action...) on Blaze Construction, DAS, and Doan Electric documenting the procurement process. (Attachment A)
- OPD began gathering the requested information/documents. In addition, OPD began gathering information/documents related to two (2) current major projects: the new Juvenile Justice Center Project and the new County Administration Building/Ameritrust Complex Project. OPD's standard record retention procedures are as follows:
 - BuySpeed Software contains data since implementation in 2003
 - OPD office files contain records that are 2yrs old or less
 - County Archives contain OPD records that are 4 yrs old or less and more than 2yrs old
- On August 14, 2008, OPD forwarded documents to Sandy Turk (Director, OBM) documenting the procurement process for contracts with Blaze Construction, DAS, and Doan Electric. (Attachment B)
- On August 25, 2008, OPD forwarded documents to Sandy Turk (Director, OBM) documenting the procurement process for the Juvenile Justice Center Project. (Attachment C)
- On September 5, 2008 and September 8, 2008, OPD forwarded documents to Sandy Turk (Director, OBM) documenting the procurement process for the County Administration Building/Ameritrust Complex Project. (Attachment D)
- On October 31, 2008, OPD received an email from Sandy Turk (Director, OBM) requesting information on the GIS Project and the Fusion Center. OPD began gathering the requested information/documents. (Attachment E)

- On November 3, 2008, OPD forwarded documents to Sandy Turk (Director, OBM) documenting the procurement process for the GIS Project and the Fusion Center. (Attachment F)
- On December 8, 2008, OPD attended a meeting between Deloitte & Touche and various county agencies/departments to discuss the internal investigation/review of the procurement process.
- On December 23, 2008, OPD attended a meeting with various county agencies/departments to discuss additional steps needed to further document the procurement process as related to the FBI Investigation in order to mitigate concerns of Deloitte & Touche. It was requested that each county agency/department prepare a narrative summarizing its internal investigation/review performed in response to the FBI Investigation. Moreover, if applicable, it was requested that each county agency/department provide information on relevant procurements since the submittal of the previously mentioned documents.
- OPD gathered the additional information on procurement activity since the submittal of the previously mentioned documents. There was only additional procurement activity for Blaze Construction. (Attachment G)
- OPD began preparing the narrative summarizing its internal investigation/review in response to the FBI investigation.

Summary of Findings

- Detailed procedures can be found in the Purchasing Policy and Procedure Manual (approved January 2006/amended December 21, 2006) and the Request for Proposal (RFP) Manual (approved December 2006).
- The following table is a brief overview of the Cuyahoga County Procurement Process

TYPE	COST RANGE	RESPONSIBLE AGENCY	PROCUREMENT PROCESS
One time Purchase or Lease	<\$1,000	Department	Exempt from competitive bidding
Purchase or Lease	b/w \$1,000 - \$25,000	Department (typically) OPD	Informal competitive bidding required in most instances*
Procurement or Lease	>\$25,000	Department (processed thru OPD)	Formal competitive bidding required in most instances**
RFP (typically consultant services)	<\$25,000	Department (processed thru OPD)	Exempt from competitive bidding (ORC 307.86)/ use Informal RFP Process
RFP (typically consultant services)	>\$25,000	Department (processed thru OPD)	Exempt from competitive bidding (ORC 307.86)/ use Formal RFP Process
RFQ (typically design professionals)	n/a	Department	Exempt from competitive bidding (ORC 307.86)/ use ORC 153.65-71
Construction Projects (public improvements)	n/a	Department (processed thru OPD)	Formal Competitive Bidding required (ORC 153)

*No competitive bidding requirement under state law. Per county policy, exceptions can be made based on urgency of need, number of registered vendors available to provide the item, and other circumstances surrounding the request.

**Ohio law mandates competitive bidding. However, exceptions are made for sole source purchases (ORC 307.86(B)), purchases from other governmental entities (ORC 125.04 (B), 125.04 (C), 307.86 (C)), and emergency purchases (ORC 307.86 (A) (1) and (2))

- Table 1 summarizes the procurement activities related to Blaze Construction, Doan Electric, and DAS
 - There were 23 purchases/contracts with these vendors
 - OPD had files for 10 of the procurements
 - 4 awards to Blaze Construction as the lowest bidder
 - 1 contract amendment for Blaze Construction, procurement process not applicable for amendments
 - 4 awards to Doan Electric
 - 3 Purchase Orders, less than \$25k, for electrical consultant services, exempt from competitive bidding
 - 1 award as lowest bidder
 - 1 award to DAS, less than \$25k, for consultant services, exempt from competitive bidding
 - Archives destroyed 2 files (awards in 2003)
 - User Departments had 11 Department Orders (b/w \$1k - \$25k) and 1 Office Voucher (see Department files for procurement process)

- Table 2 summarizes the procurement activities related to the Juvenile Justice Center Project
 - There were 14 contract awards, greater than \$25k, formal competitive bidding
 - 12 awarded to the lowest bidder
 - 1 awarded to 2nd lowest bidder – lowest bidder non-compliant on SBE Requirement
 - 1 awarded to 3rd lowest bidder – 2 lowest bidders non-compliant on SBE Requirement
 - There were 15 contract awards, less than \$25k, informal competitive bidding
 - 14 awarded to the lowest bidder
 - 1 awarded to 2nd lowest bidder – lowest bidder withdrew its bid

- Table 3 summarizes the procurement activities related to the County Administration Building/Ameritrust Complex
 - There were 76 purchases/contracts for this item
 - OPD had files for 31 of the procurements
 - 2 awards to the lowest bidders
 - 1 award to the 2nd lowest bidder – lowest bidder deemed to be lacking required experience
 - 2 Legal Notice Advertisements (less than \$25k, exempt competitive bidding)
 - 2 awards for Risk and Insurance (less than \$25k, exempt from competitive bidding)
 - 1 award for Appraisal services (less than \$25k, exempt from competitive bidding)
 - 23 consultant services contracts (less than \$25k, exempt from competitive bidding)
 - 2 awards for Training Services
 - 14 awards for design professionals/consultants
 - 4 awards for elevator maintenance/repair services
 - 1 award for roof assessment services
 - 1 award for environmental services
 - 1 award for electric services from utility company (The Illuminating Company)
 - Archives had 2 awards to the lowest bidder, 1 lease award (less than \$25k, exempt from competitive bidding), 2 consultant services contracts (less than \$25k, exempt from competitive bidding), 5 Legal Notice Advertisements (less than \$25k, exempt competitive bidding) and 1 design professional contract (awarded via RFQ process, see Department files)

- User Departments had 32 Department Orders (b/w \$1k - \$25k (see Department files for procurement process), 1 Legal Notice Advertisement (less than \$25k, exempt competitive bidding) and 1 Archived File (destroyed)
 - Table 4 summarizes the procurement activities related to the GIS Project and the Fusion Center
 - For the Fusion Center, there were 4 purchases off the County's Office Supply Contract with Corporate Express – procurement process not applicable
 - 3 awards off State Contract, ORC 125.04 (B), competitive bidding not required
 - User Department had 2 Department Orders (b/w \$1k - \$25k) (see Department files for procurement process)
 - 4 Design Professional Contracts (1 contract & 3 contract amendments), RFQ Process for initial contract, procurement process not applicable for amendments
 - 1 Purchase Order, less than \$25k, security installation services, informal competitive bidding
- See also GIS Internal File Review*

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Cc: Lee Trotter, file

**First Things First:
Transition to a New Cuyahoga County Government**

**Interim Report of the
Cuyahoga County Transition Executive Committee**

October 7, 2010

The Cuyahoga County Transition Executive Committee is a volunteer body brought together by citizens of our county that represent the constituents, civic and business leadership of Cuyahoga County.

The Executive Committee has led a process involving citizens from all parts of our community to work to recommend ideas and opportunities for the new structure of County Government that was overwhelmingly supported by voters in November 2009. This work has produced a large number of recommendations for consideration by a County Executive and Council that will be elected in November 2010.

This work is not a product of Cuyahoga County nor is it a binding set of requirements on our newly elected officials. It is, however, the expectation that more than seven months of work by citizens and leaders in our community will be accepted by our elected officials, reviewed on its merits and considered for its value in helping our County meet the significant challenges that we face.

Many of the volunteers involved in developing these recommendations have already indicated their willingness to assist our newly elected County Executive and Council with further refining this work and implementing the recommendations that have been made.

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Introduction

With less than thirty days to go before the election of Cuyahoga County's first County Executive and the first members of its County Council, the Cuyahoga County Transition Executive Committee has prepared this interim report to update the public and the candidates for Executive and Council on our activities and to share a few important conclusions that should be areas of focus for action now and immediately following election day.

Since January of this year, hundreds of county residents have participated in over 330 meetings across the county to discuss and debate recommendations to make Cuyahoga County a model of county government. Almost 1,300 members of the public signed up to participate in the transition work groups which have created over one hundred major recommendations and numerous other ideas for consideration by our new county government. In addition, the Transition Executive Committee has commissioned a study of national best practices designed to ensure that the new County government provides the best quality services at the lowest cost to County residents, businesses and taxpayers.

The Transition Executive Committee has met to receive recommendations from all thirteen work groups over the last several weeks. We have worked diligently to deliver ideas and recommendations that will support the efforts of our newly elected officials as they work to quickly understand the major areas of challenge and opportunity in reforming our county government structure and its key processes. We have also met our own objectives of identifying opportunities to create more than 15% savings in general fund expenditures that will not only increase efficiencies, but will also provide a targeted \$50 million for the county to invest in economic development and job creation for the region. We are appreciative of the tremendous effort and support of the citizens, business and community leaders and county employees who invested their time and effort to develop the recommendations. Their work is a testament to their experience and their commitment to service on behalf of the county.

Given the remaining transition timeline, the Transition Executive Committee has identified several important areas of focus for immediate action that merit

recommendation and communication to the candidates now rather than after the election. This report provides some of the most time-sensitive issues that have emerged from the collective efforts of the work groups and our own initial deliberations. We have focused here on steps the new County Executive and County Council should take right away – immediately after the election, even prior to assuming office, and through the early months of the new administration – to take advantage of the new Charter and move our County forward.

These recommendations are grounded in the six principal themes and objectives that were detailed in the preamble to the new Charter, which are:

- Effective and accountable leadership
- Economic growth and job creation
- Competitiveness
- Collaboration and regionalism
- Equity, and
- Streamlined government

Immediately after the election, the Transition Executive Committee will release a detailed report highlighting specific recommendations for the new County government along with the final reports of all of the Transition Executive Committee working groups. At that time, we expect to detail recommendations related to the structure of the new government and – consistent with the objectives we set out for the transition process – a series of options that will result in savings or new revenue totaling more than fifteen percent of County General Fund spending. In the meantime, we recommend that the candidates for County office seriously consider this interim report. While the existing government should continue its normal functions, we urge that incumbent elected and appointed leaders refrain from making politically driven personnel changes, transfers or appointments, or taking any other significant steps that might inhibit the new incoming government from moving forward with the many critical transformational steps presented here.

Effective and Accountable Leadership

Focus on Attracting and Securing the Right People With the Right Skills in the Right Positions

The Transition Executive Committee strongly believes that the key to successful reform of county government will be the attraction of highly talented, experienced and professional candidates for key leadership positions. When it comes to effective and accountable leadership, there is no substitute for ensuring that the right people with the right skills are in the right positions.

The Executive Committee recommends that immediately after the election the new County Executive concentrate on recruiting candidates for new positions within County government, some specifically mentioned in the Charter and some that we believe are necessary to create the authorities and accountabilities required for large-scale change. It is our recommendation that the County Executive recruits and hires the best available candidates for eight specific positions that will report directly to the new County Executive. An organizational structure that includes these leadership roles and invests at the right level for the required talent will enhance the likelihood of rapid transformational change. Those positions include:

- a Chief Operating Officer who will coordinate all day to day functions of County government;
- a Chief Financial Officer who will oversee all functions related to county finance, accounting, budget and performance measurement;
- a Chief Information Officer who will direct a fully integrated countywide approach to using information technology;
- a Chief Procurement Officer who will centralize and professionalize the County's process of acquiring more than \$350 million of goods and services annually;
- a Chief Human Resources Officer charged with creating a culture of accountability and success, attracting high quality talent, standardizing positions and salaries, and ensuring ongoing training and professional development to the 5,000+ person workforce reporting to the new County Executive;

- a Director of Economic Development who will lead County job attraction and retention efforts and serve as a liaison with the new Charter-mandated Economic Development Commission;
- a Director of Law who will serve as the legal advisor to and representative of the County Executive and County Council, and also oversee the implementation and enforcement of a new Code of Ethics for Cuyahoga County.
- a Communications Director who will ensure that the transparency, accessibility and engagement that have characterized the work of the transition will continue under the new government.

Getting the right people for these positions is essential for a successful transition to a new government committed to service quality and effectiveness. Attracting people with the highest levels of professionalism and integrity to these positions will also be a significant step towards assuring ethical governance.

To aid in this process, the Executive Committee – based on recommendations from the work groups – has developed initial recommendations for the duties, qualifications and salary requirements for each of these positions (see Appendix 1). A focus on qualifications is critically important. Cuyahoga County residents simply cannot afford to have these positions filled by unqualified political appointees selected on the basis of who they know rather than what they know. In addition, campaign promises to operatives, current office holders or others in exchange for political support for the election will do a great disservice to the people of our County who deserve the appointment of experienced professional leaders that will take our county forward.

We strongly believe that the investment in the right people is the most important initial focus for our new County Executive. If we get that wrong, nothing else matters because we are counting on these new leaders to identify and take significant steps to both improve efficiency and capitalize on the talents of the vast majority of today's county employees, who are an asset and a resource to all county residents.

Immediately Focus on Establishing a Culture of Transparency and Accountability

Establish a Capacity to Communicate and Engage With the Public

Members of the public must be included in forming the new government, beginning during the creation of the new County Executive's transition team. In our efforts, we took many steps to engage those with an interest in our work. The new County Executive must immediately demonstrate an understanding of the public's desire to be engaged and work to establish a consistent, effective means of communicating with the public and receiving their input. Accountability also will require the Executive and the Council to formally update the public about their progress so that citizens can become full partners in their new government structure. Citizen participants in our process repeatedly expressed their desire for continued engagement.

Demonstrate a Clear Intent to Measure Progress and Success

Effective and accountable leadership will also require that County government take a new approach to planning, performance measurement, performance management and public engagement. Over and over again, transition work groups emphasized the need for county government to think strategically about its goals and objectives and then regularly measure key performance metrics to drive outcomes. Early in the new Administration, the Executive should develop and implement a program of monthly performance measurement and management. Department heads would report to the Executive on established key performance indicators, and those reports would be made available on the County website.

Establish A "Prevention First" Approach to Ethics

The Executive Committee believes that a series of ethics initiatives are needed to ensure that the corruption scandals that have plagued our county will not occur in the future.

We strongly urge that the County Council and County Executive take up, approve and implement a new Ethics Code for County employees during their first weeks in office. Our Code of Ethics work group has produced a detailed ethics policy for immediate consideration. A focus on ethics must start with education and training, and also provide for adequate public disclosure and effective compliance. The Council and the

Executive must ensure that public officials in Cuyahoga County uphold the highest standards of integrity. At the same time, they must also ensure that in the pursuit of integrity the County is also able to carry on its functions in an efficient and effective manner.

The County should not just create rules, but should take a "prevention-first" approach to ethics and integrity issues. Our recommendations to create this environment include a detailed plan for an Internal Audit Department, the creation of an Office of Inspector General, and the provision of qualified, direct advice to the County Executive and Council by a new Director of Law. There are benefits to each of these new resources that the Executive and Council must discuss and debate. While some of these functions may be combined or connected, establishing a clear commitment and a supporting infrastructure for ensuring an ethical and transparent county government should be a top priority in the early weeks of the new administration. In addition, the new government should commit to ongoing efforts to train county staff on the code of ethics and methods for preventing fraud, waste and abuse.

Job Creation, Economic Growth and Competitiveness

The new Charter makes clear that "jobs are job one" of the new County Executive and County Council. The Charter provides for the appointment of a Director of Economic Development, a new Economic Development Commission, and development of a countywide economic development plan. And the new Executive and Council will need to see through to completion ongoing projects, such as the Medical Mart and the development of the county as a hub for advanced energy. Also, the identification of savings from the current operation of government will allow the redirection of some County resources to support the new, aggressive regional economic development strategy.

The new Executive and Council must quickly take concrete steps to bring new jobs and development to Cuyahoga County -- and that process should start prior to January.

Prioritize the Recruitment of an Economic Development Director and Initiate the Work of the Economic Development Commission

First, the newly-elected County Executive should make the identification and appointment of the Director of Economic Development a high priority during the transition. The person that assumes this role must have the talent and the experience necessary to lead the creation of a world class vision for development in the county.

Second, a majority of the appointing authorities to the Economic Development Commission are organizations or authorities that currently exist. It is recommended that representatives of the County Executive-elect, the Mayor of Cleveland, the Greater Cleveland Partnership, the Port Authority, the Mayors and Managers Association and the AFL-CIO be asked to convene immediately to begin the work of drafting ideas about the specific way in which the Commission will operate and the types of individuals that would be best positioned to serve on the Commission. Beginning this work immediately will allow for appointments to the Commission in early 2011 and provide the five-year economic development plan required in the Charter by the deadline of June 1, 2011.

The Executive Committee recommends that those organizations which can appoint Commission members have their nominations ready by January 1, 2011 so that work can begin immediately upon their official appointment at one of the first Council Meetings of the new government. Commission members should be in a position to represent their constituencies at the highest level and be prepared to make a significant investment of their time in the first year of the Commission's life. The "charter" member agencies should also ensure their appointments provide for a diverse set of perspectives on our approaches to economic development.

Convene a One-day Jobs Summit in December, 2010 to Focus the Community on Job Creation

The new County Executive should consider convening the newly elected members of the Council and the appointing authorities of the Economic Development Commission for a one day jobs summit in late December. By moving immediately to start a discussion

about jobs, the new government will send a signal that jobs are the most important objective to support the economic prosperity of our county.

Demand an Immediate and Urgent Focus on Improving the Interface Between County Government and the Business Community

The Executive should also charge the new Director of Development to work with other agencies to report by March 1, 2011 on how the new government can improve the business climate by providing existing and new businesses – big and small – with a one stop point of contact with local government in the county.

Collaboration and Regionalism

Too often the competitive assets of our county and our region are squandered when we act as fifty-nine independent municipalities. We need to operate as one county within a united region. A new county government must usher in a new spirit of collaboration and cooperation with and among other local governments in Cuyahoga County while maintaining the unique personality and flavor of each locality.

It is time to set aside jurisdictional rivalries and adopt a “one for all and all for one” approach to the challenges and opportunities before us – to create prosperity, increase safety, provide for health care and social services for those who need it and improve the efficiency of government operations for the taxpayers who demand it.

To do so, the new County Executive must recognize that regionalism is a key to our county’s future success and new County Council members must understand that their highest duty is to act in the best interests of the county first, rather than narrow geographic and political interests. More often than not, what is good for Cleveland is good for Lakewood, Shaker Heights, and Solon, and what is good for suburban cities, villages and townships is good for Cleveland as well.

Build on Existing Cooperative Efforts by Hearing from the People First

There are numerous examples of local government collaboration across the region. County officials already work with local officials on communications and criminal intelligence, and provide sewer services. The County has also opened its health plan and telecommunications services to local governments. With inter-local efforts as well, and an active county Mayor and Manager association, the new County Executive should first hear what works, and what else is needed.

The Executive Committee recommends that the County Executive conduct town hall public meetings with the local County Council member and local mayors and elected officials in each County Council district. These meetings, which should be held in the first three months of the new government, should help build an action agenda for County wide collaboration to improve services to citizens, eliminate duplication and overlap, and identify short- and long-term opportunities for regionalism.

Equity

Regionalism and collaboration will help to ensure equity based on place. The new county government, however, must also work to ensure that county government renews and builds upon its commitment to equity in another way – how it treats its citizens.

Our transition process is a model. The Transition Executive Committee and work groups have engaged hundreds of Cuyahoga County residents through meetings in communities and neighborhoods throughout the county. Transparency and communication have been our goal, as this work has been done in public through open meetings, with public comment and prompt web availability of documents. There are no backroom deals of the sort that too often leave underrepresented residents behind.

A similar focus on communication, engagement and transparency must become the hallmark for the operation of county government as well. While equity is an important long term focus for the new government, that will require a leadership commitment, there are several short term opportunities that can be acted on in the first few months of the new administration.

Devote Resources to Ensure a Diverse Pool of Candidates for Key Managerial and Leadership Positions, and Prepare for Future Contracting Diversity

When recruiting for the key positions in the new County government, the County Executive and County Council must direct internal and external recruiters to present candidates of varying gender, age, race, ethnicity, with differing life experiences.

In addition, Cuyahoga County should work to become a model for inclusion when it comes to government contracting. As a start, the Charter-mandated Transition Advisory Group should provide the incoming Executive and Council with information on current spending with vendors that might qualify under a future program to encourage the County to contract with small, minority-owned, women-owned, and disabled-owned businesses.

Open the Boards & Commissions Appointments Process

In selecting members of the many boards and commissions that remain under the new Charter, the Executive and Council should commit to ensuring broad representation from throughout the county. More of the same will just produce more of the same and county residents are right to expect more and better. Board and commission appointments should be subject to an open selection process where any county resident can get information on available positions and qualifications on the County website, apply, and be considered to play a leadership role in their government.

Recruit and Appoint Highly-Qualified Human Resources Commissioners

The County, as an employer, must ensure that equal opportunity is available to all residents and that employment decisions are driven by qualifications. The unification of over 5,000 positions under a single executive will help establish standard classification and compensation systems for employees. The appointment of the Human Resources Director to manage day-to-day personnel services and the positioning of the new Human

Resources Commission as a professional, independent arbiter of appeals will ensure that this happens.

The Charter requires the appointment by March 1, 2011 of three Human Resources Commissioners who have experience in personnel matters or administration, and are supportive of equal opportunity. The new County Executive should make the selection of highly-qualified Commissioners a priority, and should strive to have the Commission constituted well before the calendar deadline.

The selection of both the Director of Human Resources and the Human Resources Commissioners are critical appointments. Human capacity is the key determinant of an improved county government. The people that serve in these roles must be willing to create a standard for attending to the County's human capital that will ensure value to the county and result in county employees feeling valued by the community.

Highlighting the talent that exists within County government, removing the shadow that corruption has created from these talented employees and empowering them to partner with our newly elected officials to help the county create new opportunities is critically important.

Streamlining Government

In voting for the new Charter, County residents endorsed a simple concept – to make strategic investments in our economic future, we must reduce the cost of government in Cuyahoga County. But the test for county government going forward should not just be whether we are spending more or less, but whether county taxpayers are getting the service quality they demand at an affordable price. In other words, smaller government alone is not enough – we seek smarter, more efficient and more effective government.

Initial reports from the transition work groups have identified over \$100 million in savings opportunities. Many of the most significant savings will be achieved through efforts that cross departmental lines in information technology, human resources and procurement. Getting these cross-cutting areas right structurally and operationally from the beginning will be critical to making County government less bureaucratic, more accountable, and cheaper.

Prioritize Efforts to Change the Way the County Does Business and Commission a Next Level Analysis of Recommendations in the Procurement, Information Technology, and Finance and Administration Functions

Through its work, the Executive Committee has learned that centralization of procurement and reforms to the process that both maximize value and improve supply chain efficiency could lead to savings of 10-20% on the more than \$350 million the county currently spends on goods and services, yielding \$35 - \$50 million in reduced costs for the county.

Consolidation of County information technology (IT) – computers, printers and telecommunications – would allow for economies of scale and put an end to a piecemeal approach to delivering IT support where resources and spending are divided between operating departments and agencies and the Information Services Center. The current structure results in a system where there are 97 job titles for 200 positions; where county employees use thirteen brands of servers, seventeen brands of printers and ten brands of PCs; and the county uses eight different time and attendance systems, nine different budgeting/forecast systems and ten different billing/payment systems. Under a new county government with a consolidated IT structure and a Chief Information Officer, Cuyahoga County could eventually produce net savings of more than \$6.0 million a year.

In the personnel area, Cuyahoga County leadership has an opportunity to more effectively measure and manage the performance of its workforce and link that performance to compensation. In addition, by standardizing benefits, redesigning benefits and realigning employee premiums, county government can realize up to \$20.0 million in cost reduction and cost avoidance annually.

These efforts to centralize distributed functions, eliminate unnecessary goods and services, standardize procedures, and work across traditional boundaries are critical to restoring citizen confidence in government and to generating the savings needed to invest in the region. The Executive Committee recommends that the County Executive and Council receive regular reports – beginning in January 2011 – on the status of realignment, reorganization, and streamlining activities proposed for and undertaken in

each functional area of County government. While any director or employee can propose such initiatives, performance management capability should be added to the County's budget office to help develop and monitor the status and success of these changes.

Immediately Prepare a Plan for Consolidation of Functions

Under the new County Charter, all or part of the formerly independent functions of the Treasurer, Auditor, Medical Examiner, Sheriff and Clerk of Courts will be the responsibility of the County Executive.

Much of the opportunity for efficiency, cost savings and improved service will come from this elimination of multiple elected officials and the consolidation of duplicate functions. For example, the Sheriff, the Clerk of Court and the Coroner simply will not need their own separate information technology, human resources, grant writing and other fiscal and administrative staff in a new county government where those offices will no longer be held by independent elected officials. Similarly, within Finance and Administration, the elimination of an elected Auditor, Recorder and Treasurer and consolidation of those functions under a new Chief Fiscal Officer for the county could lead to annual savings of \$3.5 million.

The Executive Committee's work groups have provided suggestions for the alignment of these agencies, and for selected operational changes. However, the Charter-mandated Transition Advisory Group (TAG) can assist the County Executive before taking office by developing – and to the extent possible by preparing to implement – specific plans for the combination of the formerly independent functions. By December 17, the TAG should propose a transition plan and schedule to the new Executive.

Conclusion

The Transition Executive Committee has just finished hearing from the thirteen work groups that spent months reviewing every aspect of County government. Over the next several weeks, we will release all of the work group reports and the detailed analysis behind them; provide the public and candidates with a document summarizing best

practices and the most important ideas for County transformation; and offer additional commentary and suggestions from the Transition Executive Committee on the initial steps the County Executive and Council should take to fulfill the promise of our new Charter.

Much has been made of the fact that our county government is "in crisis." But over the past nine months, our committee has come to realize that – as is often the case – in crisis there is often great opportunity. To realize that opportunity, we must start with effective and accountable leadership to guide our county through its present day challenges. As candidates for Executive and the Council and the public conclude the campaign season, we urge them to keep a focus on the immediate steps that must be taken to restore integrity in county government and ensure prosperity for all.

The first demonstration of a new era in county government will be the early signals sent by the County Executive and County Council. These dozen individuals can make major positive strides in this regard by truly and sincerely listening to the recommendations that hundreds of county residents have worked on over these past eight months and that will be released in full detail right after the election. We can assure you that they and many others will be watching.....

First Things First

Appendix 1: Expectations for Key Hires

The Transition Executive Committee recommends that the new County Executive move quickly on finding the right people with the right skills for the right positions. This appendix to the Executive Committee's Interim Report describes in more detail eight of the most critical positions the County Executive must fill as soon as possible.

In each case, senior transformation leaders in the new government will need relevant substantive experience, high ethical standards, the courage to take unpopular positions, the ability to collaborate with the Executive, the Council and their colleagues, and a great deal of patience.

For most positions, experience in a large organization, public and private sector experience, and success managing teams to implement change will be a requirement.

Some of the specific qualifications and public sector compensation benchmarks for each of the eight jobs are listed below. All salary guidelines listed below are just that. In many cases, we believe we may need to pay additional, potentially significant premiums to attract the right individuals to these respective positions. Attracting the right talent from private sector organizations at the same scale and complexity as the county, could require salaries in excess of \$200K per year for the top reports to the County Executive. The Executive Committee believes that these types of investments in key leadership roles will more than pay off in the short and long term by attracting new talent to Cuyahoga County that can implement many of the recommendations included in this report and much more.

Chief Operating Officer (COO)

Duties

- The Chief Operating Officer – sometimes called the Managing Director, County Manager, or Chief Administrative Officer – is responsible for the effective day-to-day operations of the County; she or he focuses on running the government so that the elected Chief Executive can provide leadership and strategic direction;
- The COO is responsible for implementing the vision of the County Executive; other department heads and executives report to the COO, who oversees and coordinates the integration of County services;
- The COO leads the management team, and is responsible for allowing effective relationships to develop between the County Executive and senior County managers, while ensuring that the County acts with a single voice and vision;
- The COO develops a response, and implements it at the direction of the County Executive during a major event, public safety incident, or service disruption.

Experience/Qualification

- Minimum of 15 years management experience; more preferred;
- Experience with large organizations, preferably 5,000+ employees/\$500 million+ in revenue;
- Balance of public and private sector experience preferred;
- Masters degree in public administration, business, management or other related field.

Compensation

The International City/County Managers Association's 2008 survey of counties over 1 million in population reported a mean annual salary of \$189,158 for this position; the third quartile of their survey was \$221,243. The County and City of Philadelphia, a strong executive government of similar size to Cuyahoga, budgets the equivalent position at \$178,155.

Chief Financial Officer (CFO)

Duties

- The Chief Fiscal Officer shall exercise all powers and perform all duties now or hereafter vested in or imposed by general law upon county auditors and county recorders and the powers and duties of clerks of the court of common pleas other than those powers and duties related to serving the operation of the courts, and such other powers and duties not inconsistent therewith as provided herein or by ordinance. The Fiscal Officer shall prepare and maintain the tax maps for the County.

Experience/Qualification

- Minimum of 15 years of progressively expanding responsibilities in financial functions in public accountancy, corporations, or government
- Certified public accountant
- MBA or MPP preferred
- Demonstrated success in improving efficiency in mid-sized financial organizations
- Experience in treasury, budgeting, IT financial systems, and internal audit
- Strong leadership skills
- Results driven
- Absolutely unquestioned integrity

Compensation

The International City/County Managers Association's 2008 survey of counties over 1 million in population reported a mean annual salary of \$163,759 for this position; the

third quartile of their survey was \$189,797. The County and City of Philadelphia, a strong executive government of similar size to Cuyahoga, budgets the equivalent position at \$174,464.

Chief Information Officer (CIO)

Duties

The Chief Information Officer provides the overall management, delivery, and support of information technology services for Cuyahoga County. This position is responsible for strategic, tactical and operational planning of all information technology activities related to applications and infrastructure for all county agencies. This role will oversee several large and complex programs or projects often in parallel.

Experience/Qualification

- Significant leadership experience (5-10 years) for a large information technology function in a public or private organization – ideally with similar scale and complexity.
- Intuitive thought leadership, collaborative approach and ability to build consensus across sectors is imperative.
- Strong track record of developing IT talent to ensure proper leadership is in place to drive innovation and transformational change.
- Professional track record that reflects significant contribution to the organization, including demonstrated leadership in large, complex, multi-functional settings.
- Strong communication skills accompanied by the ability to influence both directly and indirectly and build consensus throughout the business.
- Pragmatic implementation leadership experience leading outsourcing initiatives, data management and hosting is required.
- Undergraduate degree required including a strong academic background in a technical related field such as computer science, electrical engineering, or mechanical engineering. An advanced degree is preferred.
- Strong background of building trust and demonstrating ethics.

Compensation

The International City/County Managers Association's 2008 survey of counties over 1 million in population reported a mean annual salary of \$137,260 for an "Information Services Director"; the third quartile of their survey was \$153,132. The County and City of Philadelphia, a strong executive government of similar size to Cuyahoga, budgets the Chief Information Officer's salary in a range from \$215,787 to \$220,000.

Chief Procurement Officer (CPO)

Duties

- The Chief Procurement Officer heads the Charter-mandated Department of Purchasing;
- The CPO is responsible for the procurement of supplies, materials, equipment, and services for the county including contract negotiation, preparation, administration and monitoring in accordance with bids and proposals (and in cooperation with client departments);
- The CPO partners with county agencies and departments to drive process, innovation, renovation, and cost savings and continuous improvement initiatives through more effective and efficient procurement and delivery of goods and services;
- The CPO leads the restructuring of all areas of county procurement, directing the development and ensuring the execution of standards, controls, policies, procedures, and performance metrics.

Experience/Qualification

- Bachelor's degree in business or public administration, finance, or supply chain; Master's degree preferred;
- 10-15 years in senior position leading procurement activities for a large organization; public sector experience helpful;
- Leadership experience with the ability to initiate and build a procurement function to generate cost savings. Process and systems expertise in full procurement cycle; advanced knowledge of procurement principles, theories and processes.

Compensation

The International City/County Managers Association's 2008 survey of counties over 1 million in population reported a mean annual salary of \$116,550 for a "Purchasing Director"; the third quartile of their survey was \$130,459. The County and City of Philadelphia, a strong executive government of similar size to Cuyahoga, budgets the Procurement Commissioner's salary at \$124,800.

Chief Human Resources Officer (HR)

Duties

- The Chief Human Resources Officer heads the Charter-mandated Department of Human Resources, and serves as the prime contact for the Human Resources Commission and Commissioners;
- The Chief Human Resources Officer works to establish a functioning Human Resources Department, administering a fair and equitable hiring and personnel management process for 5,000+ County employees, and collaborates with the Human Resource Commissioners in fulfilling their oversight and appeal function;

- Chief Human Resources Officer oversees the County's labor relations functions, and works with the CFO, COO and others to ensure a competitive, affordable wage and benefit structure for the County and its workforce.

Experience/Qualification

- Bachelor's degree in some business or public administration, or human resources/personnel; Master's degree and professional certifications preferred;
- 10-15 years in senior position leading personnel function for a large organization, including compensation, benefits and other functions; public sector experience helpful;
- Leadership experience with the ability to manage change to improve equity, standardization and fairness in a complex, unionized environment.

Compensation

The International City/County Managers Association's 2008 survey of counties over 1 million in population reported a mean annual salary of \$123,723 for this position; the third quartile of their survey was \$125,553. The County and City of Philadelphia, a strong executive government of similar size to Cuyahoga, budgets its Personnel Director at \$126,756.

Director of Development

Duties

- The Director of Development, also known as the Director of Economic Development, is the Charter-mandated official responsible for coordinating the various County agencies with economic development functions;
- The Director of Development prepares and presents the County's five-year Economic Development Plan to City Council by June 1 each year, and leads County implementation of the Plan;
- The Director of Development is the primary liaison with the Charter-mandated Economic Development Commission;
- The Director of Development will undertake various initiatives at the direction of the County Executive, such as the creation of a "one stop shop" for new and expanding businesses in the County.

Experience/Qualification

- Individual with at least 15 years of demonstrated experience and accomplishment in the private and/or non-profit economic development field;
- Clear background in attracting new firms and investments to a region;
- Skills and expertise working in and with the real estate finance industry, venture capital, and workforce development areas;
- Capable of designing and implementing new, successful economic development programs and initiatives in partnership with many sectors;

- Ability to work with CEO's of both Fortune 500 firms as well as owners of small businesses;
- Understanding of data and research as it relates to economic indicators and best in class strategies in the field;
- Masters Degree required and previous public-private partnership leadership history preferred.

Compensation

The International City/County Managers Association's 2008 survey of counties over 1 million in population reported a mean annual salary of \$132,622 for this position; the third quartile of their survey was \$158,742. The County and City of Philadelphia, a strong executive government of similar size to Cuyahoga, budgets its Commerce Director at \$185,000.

Director of Law

Duties

- The Director of Law -- sometimes called the County Solicitor or Law Director -- is the legal advisor to and representative of the County Executive, County Council and all offices reporting to the Executive;
- The Law Director reports to the County Executive. In the event of a conflict between the County Executive and County Council, the Law Director provides independent counsel for County Council;
- The Law Director leads an office that provides legal support on legislation; human resources issues; civil litigation; public safety and law enforcement; the issuance of debt; and matters of real estate, environmental and general administrative law.

Experience/Qualification

- Attorney at law in good standing in the State of Ohio;
- At least five years experience representing or advising political subdivisions in Ohio;
- Minimum of 15 years experience practicing civil law; experience managing and supervising other attorneys preferred;
- Experience with large organizations, public and private sector preferred.

Compensation

The County and City of Philadelphia, a strong executive government of similar size to Cuyahoga, budgets its Solicitor salary at \$174,464.

Communications Director

Duties

- The Communications Director will ensure that the plans, priorities and actions of the County Executive and senior officials are clearly articulated to the public and that public engagement is a high priority of County government;
- The Communications Director will organize a regular process of outreach to citizens of the County, including the initial listening session for the new officeholders in early 2011;
- The Communications Director will work with the heads of departments, the performance measurement office, the Executive and Council to make key reports, contracts, performance metrics and other information are accessible to the public in a timely manner, preferably on the County's website.

Experience/Qualification

- Seasoned professional of at least 10 years with the ability to lead and direct all communication efforts of 5,000+ person organization;
- Experience directly with media relations, public affairs, crisis management and the public sector for at least a portion of their career;
- Excellent credibility and articulate spokesperson capacity a must. Demonstrated comfort level with very transparent and open communication channels with the general public;
- Ability to oversee and create publications that serve as marketing tools for an organization;
- Bachelor's degree required.

Compensation

The County and City of Philadelphia, a strong executive government of similar size to Cuyahoga, budgets the Communications Director position at \$120,000.

First Things First

Appendix 2: Human Resources Commission Qualifications, Selection and Compensation

The HRC should be an independent board and have responsibility for ethics enforcement, employee appeals and oversight of human resources performance metrics. The fundamental role of the HRC is to ensure fairness by overseeing the application of key human resources policies and practices to ensure they are administered in a fair, equitable and consistent manner. The requirement of establishing the HRC is a clear statement from the voters regarding the importance of fairness, merit, and ethics. However, the HRC was not created as a substitute of the human resources function or to duplicate the HRD's work.

Charter Section 9.01 states that the County Executive, subject to confirmation by council, shall appoint three individuals to serve as the Cuyahoga County Human Resources Commission (HRC). The Charter provides the general terms and conditions of appointment and employment for the commissioners, however, specifics regarding qualifications, compensation and meeting requirements are lacking.

Once appointed, the HRC is provided authority [Charter Section 9.02(1)] to appoint hearing officers to hear all employee appeals previously under the jurisdiction of the State Personnel Board of Review (SPBR). The Charter is silent as to whether the HRC has authority to appoint additional personnel to perform administrative functions.

Qualifications

The Charter sets forth several baseline qualifications for service as a commissioner on the HRC [Charter Section 9.01]:

- elector of Cuyahoga County;
- experience in personnel matters or personnel administration;
- supportive of equal opportunity considerations;
- no more than two of the three members of the HRC shall be members of the same political party; and
- cannot hold any other public office or public employment with the County.

In accordance with our guiding principles and based on the nature of the functions that will be carried out by the HRC, this workgroup is recommending the following additional qualifications for the ideal candidate for service as a commissioner on the HRC:

- significant management experience over a reasonable sized group of employees. The management experience should include the implementation of HR policies and procedures and decision making regarding disciplinary actions;
- experience setting or approving high level HR strategies;
- can provide multiple examples of ethical behavior in difficult situations;

- cannot have been employed by Cuyahoga County in any capacity in the three years immediately preceding appointment;
- experience analyzing and developing data/metrics; and
- clean background check

In addition, this workgroup recommends the following recruitment plan to identify the best candidates for appointment:

- retention of an outside search/recruitment firm to identify best candidates. This approach will ensure an arm's length, independent search process is utilized. Many firms will do pro-bono work, which would help mitigate the cost
- should use of outside firm be determined cost prohibitive, the best alternative would be an open competitive process (i.e., posting, application, competitive review). A selection committee should be developed including the County Executive, Council President, and member(s) of public.
- regardless of which process is used, interviews should be structured and rigorous and should focus on both experience and competencies.

Appointment Process / Tenure [Charter Section 9.01]

All three HRC members are appointed, subject to confirmation by the Council, by the County Executive. The County Executive must nominate the initial appointees to the HRC not later than March 1, 2011. The Charter provides that the term of office of each member of the HRC is six years, however, the terms are staggered so that no term expires within less than two years of the expiration of any other term. Therefore, terms of offices for the initial appointees shall be six years, four years and two years, respectively. The County Executive shall fill a vacancy occurring for an unexpired term in the same manner as a regular appointment. The County Executive may only remove a member of the HRC for inefficiency, neglect of duty or malfeasance in office after notice and a public hearing before Council, provided that eight members of the Council concur.

This workgroup is recommending that the County Executive and County Council consider the following factors in identifying "inefficiency, neglect of duty, or malfeasance in office:"

- attendance requirement similar to that set forth in Council section of Charter;
- completion of mandatory new-commissioner training on County policies and procedures;
- completion of yearly continuing education requirements on general HR and legal topics.

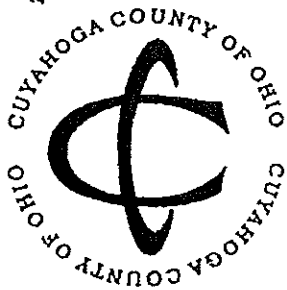
Compensation / Schedule

Section 9.01 states that Council shall establish a per diem compensation for the members of the HRC. Nothing further is stated in the Charter regarding compensation or meeting schedules. Research has indicated that comparable jurisdictions with a similar body that compensate on a per diem basis set their compensation in the range of \$75 - \$200 per meeting (note: one jurisdiction compensates at rate of \$500 per

grievance hearing.). Furthermore, the Commissioners should be considered independent contractors, not County employees.

This workgroup is recommending the following additional parameters for the compensation of HRC members and scheduling of HRC meetings:

- Commissioners will not receive health benefits or pension benefits
- per diem should only be paid if Commissioner attends entire meeting;
- per diem includes all associated fees (e.g., parking, meals, travel);
- per diem should err on the higher side of the comparable rates – recommended rate of \$200 per meeting;
- one of the three members of the Commission shall be designated Chairperson of Commission by the Executive and that individual should receive a slightly higher per diem rate (\$225 per meeting). The Chairperson position shall rotate amongst the members of the HRC every two years; and
- per diem should be capped at yearly total to avoid excessive meetings - \$12,500 per year (\$15,000 for chairperson). This amounts to one meeting per week plus added time for meeting preparation.



COMMISSIONERS
Jimmy Dimora
Timothy F. Hagan
Peter Lawson Jones

MEMORANDUM

To: James McCafferty, County Administrator
David Lambert, Chief Civil Division, Prosecutor's Office
Sandy Turk, Director, Office of Budget & Management (OBM)

From: Lenora M. Lockett, Director, Office of Procurement & Diversity (OPD)

Date: March 20, 2009

Re: Internal Review/Investigation in response to FBI Investigation

As requested on December 23, 2008, the following is a summary of the internal investigation/review performed by OPD in response to the July 28, 2008 FBI raids of various county offices and various businesses.

Sequence of Events

- On July 28, 2008, the FBI raided various county offices and various businesses.
- On August 8, 2008, OPD received an email from Sandy Turk (Director, OBM) requesting any information (contracts, bid sheets, award explanation memorandum, requests for board action...) on Blaze Construction, DAS, and Doan Electric documenting the procurement process. (Attachment A)
- OPD began gathering the requested information/documents. In addition, OPD began gathering information/documents related to two (2) current major projects: the new Juvenile Justice Center Project and the new County Administration Building/Ameritrust Complex Project. OPD's standard record retention procedures are as follows:
 - BuySpeed Software contains data since implementation in 2003
 - OPD office files contain records that are 2yrs old or less
 - County Archives contain OPD records that are 4 yrs old or less and more than 2yrs old
- On August 14, 2008, OPD forwarded documents to Sandy Turk (Director, OBM) documenting the procurement process for contracts with Blaze Construction, DAS, and Doan Electric. (Attachment B)
- On August 25, 2008, OPD forwarded documents to Sandy Turk (Director, OBM) documenting the procurement process for the Juvenile Justice Center Project. (Attachment C)
- On September 5, 2008 and September 8, 2008, OPD forwarded documents to Sandy Turk (Director, OBM) documenting the procurement process for the County Administration Building/Ameritrust Complex Project. (Attachment D)
- On October 31, 2008, OPD received an email from Sandy Turk (Director, OBM) requesting information on the GIS Project and the Fusion Center. OPD began gathering the requested information/documents. (Attachment E)

- On November 3, 2008, OPD forwarded documents to Sandy Turk (Director, OBM) documenting the procurement process for the GIS Project and the Fusion Center. (Attachment F)
- On December 8, 2008, OPD attended a meeting between Deloitte & Touche and various county agencies/departments to discuss the internal investigation/review of the procurement process.
- On December 23, 2008, OPD attended a meeting with various county agencies/departments to discuss additional steps needed to further document the procurement process as related to the FBI Investigation in order to mitigate concerns of Deloitte & Touche. It was requested that each county agency/department prepare a narrative summarizing its internal investigation/review performed in response to the FBI Investigation. Moreover, if applicable, it was requested that each county agency/department provide information on relevant procurements since the submittal of the previously mentioned documents.
- OPD gathered the additional information on procurement activity since the submittal of the previously mentioned documents. There was only additional procurement activity for Blaze Construction. (Attachment G)
- OPD began preparing the narrative summarizing its internal investigation/review in response to the FBI investigation.

Summary of Findings

- Detailed procedures can be found in the Purchasing Policy and Procedure Manual (approved January 2006/amended December 21, 2006) and the Request for Proposal (RFP) Manual (approved December 2006).
- The following table is a brief overview of the Cuyahoga County Procurement Process

TYPE	COST RANGE	RESPONSIBLE AGENCY	PROCUREMENT PROCESS
One time Purchase or Lease	<\$1,000	Department	Exempt from competitive bidding
Purchase or Lease	b/w \$1,000 - \$25,000	Department (typically) OPD	Informal competitive bidding required in most instances*
Procurement or Lease	>\$25,000	Department (processed thru OPD)	Formal competitive bidding required in most instances**
RFP (typically consultant services)	<\$25,000	Department (processed thru OPD)	Exempt from competitive bidding (ORC 307.86)/ use Informal RFP Process
RFP (typically consultant services)	>\$25,000	Department (processed thru OPD)	Exempt from competitive bidding (ORC 307.86)/ use Formal RFP Process
RFQ (typically design professionals)	n/a	Department	Exempt from competitive bidding (ORC 307.86)/ use ORC 153.65-71
Construction Projects (public improvements)	n/a	Department (processed thru OPD)	Formal Competitive Bidding required (ORC 153)

*No competitive bidding requirement under state law. Per county policy, exceptions can be made based on urgency of need, number of registered vendors available to provide the item, and other circumstances surrounding the request.

**Ohio law mandates competitive bidding. However, exceptions are made for sole source purchases (ORC 307.86(B)), purchases from other governmental entities (ORC 125.04 (B), 125.04 (C), 307.86 (C)), and emergency purchases (ORC 307.86 (A) (1) and (2))

- Table 1 summarizes the procurement activities related to Blaze Construction, Doan Electric, and DAS
 - There were 23 purchases/contracts with these vendors
 - OPD had files for 10 of the procurements
 - 4 awards to Blaze Construction as the lowest bidder
 - 1 contract amendment for Blaze Construction, procurement process not applicable for amendments
 - 4 awards to Doan Electric
 - 3 Purchase Orders, less than \$25k, for electrical consultant services, exempt from competitive bidding
 - 1 award as lowest bidder
 - 1 award to DAS, less than \$25k, for consultant services, exempt from competitive bidding
 - Archives destroyed 2 files (awards in 2003)
 - User Departments had 11 Department Orders (b/w \$1k - \$25k) and 1 Office Voucher (see Department files for procurement process)

- Table 2 summarizes the procurement activities related to the Juvenile Justice Center Project
 - There were 14 contract awards, greater than \$25k, formal competitive bidding
 - 12 awarded to the lowest bidder
 - 1 awarded to 2nd lowest bidder – lowest bidder non-compliant on SBE Requirement
 - 1 awarded to 3rd lowest bidder – 2 lowest bidders non-compliant on SBE Requirement
 - There were 15 contract awards, less than \$25k, informal competitive bidding
 - 14 awarded to the lowest bidder
 - 1 awarded to 2nd lowest bidder – lowest bidder withdrew its bid

- Table 3 summarizes the procurement activities related to the County Administration Building/Ameritrust Complex
 - There were 76 purchases/contracts for this item
 - OPD had files for 31 of the procurements
 - 2 awards to the lowest bidders
 - 1 award to the 2nd lowest bidder – lowest bidder deemed to be lacking required experience
 - 2 Legal Notice Advertisements (less than \$25k, exempt competitive bidding)
 - 2 awards for Risk and Insurance (less than \$25k, exempt from competitive bidding)
 - 1 award for Appraisal services (less than \$25k, exempt from competitive bidding)
 - 23 consultant services contracts (less than \$25k, exempt from competitive bidding)
 - 2 awards for Training Services
 - 14 awards for design professionals/consultants
 - 4 awards for elevator maintenance/repair services
 - 1 award for roof assessment services
 - 1 award for environmental services
 - 1 award for electric services from utility company (The Illuminating Company)
 - Archives had 2 awards to the lowest bidder, 1 lease award (less than \$25k, exempt from competitive bidding), 2 consultant services contracts (less than \$25k, exempt from competitive bidding), 5 Legal Notice Advertisements (less than \$25k, exempt competitive bidding) and 1 design professional contract (awarded via RFQ process, see Department files)

- User Departments had 32 Department Orders (b/w \$1k - \$25k (see Department files for procurement process), 1 Legal Notice Advertisement (less than \$25k, exempt competitive bidding) and 1 Archived File (destroyed)
 - Table 4 summarizes the procurement activities related to the GIS Project and the Fusion Center
 - For the Fusion Center, there were 4 purchases off the County's Office Supply Contract with Corporate Express – procurement process not applicable
 - 3 awards off State Contract, ORC 125.04 (B), competitive bidding not required
 - User Department had 2 Department Orders (b/w \$1k - \$25k) (see Department files for procurement process)
 - 4 Design Professional Contracts (1 contract & 3 contract amendments), RFQ Process for initial contract, procurement process not applicable for amendments
 - 1 Purchase Order, less than \$25k, security installation services, informal competitive bidding
- See also GIS Internal File Review*

LML/lml

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Cc: Lee Trotter, file

DATE: April 6, 2009
TO: James McCafferty, County Administrator
FROM: Jay Ross, Director, Central Services *JR*
SUBJECT: Central Services Internal File Review and Investigation
CC: File

As a result of the FBI investigation regarding County officials and businesses, the Central Services Department reviewed the financial records for two firms named in the subpoenas: Doan Electric and DAS Construction.

The department ran these names through the County's financial accounting and management information system (FAMIS). There was one contract approved for DAS Construction in 2004, and a number of expenses (contract, departmental order, office voucher) for Doan Electric for 2005-2008.

The Central Services Department follows standard county practices in the purchase of goods and services.

- All costs over \$25,000 are handled through a formal bid process; the commissioners must approve the issuance of bids and the award of the bid to the lowest and best bid. The only exceptions to the bid process here are state term contract awards and emergency awards, both of which still require commission approval.
- Costs between \$1,000 and \$25,000 are handled through department orders (DO's); the department must get three quotes from local vendors. The three-quote requirement does not apply to emergencies, purchases under state contracts, sole source purchases or purchases from another governmental unit. The DO is then awarded to the lowest bidder; these DO's do not require formal commission approval.
- Under Ohio law, architectural, engineering, and construction management services do not have to be bid regardless of their amount. Instead, for architectural engineering and constructional management services over \$25,000.00 a request for qualification process is followed. In cases of the purchase of such professional services at a cost of less than \$25,000.00, the County, nevertheless, has followed a policy of requiring the solicitation and receipt of three informal bids before awarding such contracts.
- Costs under \$1,000 are handled through office vouchers, with departmental staff ordering these goods and services at their discretion to meet the day-to-day needs of the department. The companies invoice the County for these items, and the invoices must be approved by the ordering party, and then are reviewed by the Facilities Manager and the department director. Office vouchers do not require formal commission approval.

The analysis of each vendor's expenses was handled in the following manner:

DAS Construction: fiscal staff, Kendra Zusy and Bessie Ginley, ran this name through FAMIS and found one expense for the vendor. The expense was for \$24,842 and Ms. Ginley pulled the records on this expense. It was a professional services contract approved by the County Commissioners on November 16, 2004. The County contracted with DAS Construction for value engineering services related to the proposed renovation of Courthouse Square (County-owned building) for the Department of Senior and Adult Services; the County was seeking a local construction company to assist with this effort and DAS Construction was selected based on their construction experience on major projects in the region. The Central Services Department director, who was familiar with the services, negotiated this contract. The County was attempting to move the Department of Senior and Adult Services from a leased facility, Reserve Square, to a County-owned facility to reduce expenses. DAS Construction was hired to review construction costs and determine if space and capital needs could be reduced, bringing efficiencies to the project. It was eventually determined that the agency would not be a good fit for the Courthouse Square space. DAS Construction attended multiple project meetings, provided input on a variety of project issues, and submitted several deliverables related to the project.

Doan Pyramid: fiscal staff, Kendra Zusy and Bessie Ginley, ran this name through FAMIS and found multiple expenses. Ms. Ginley reviewed the expenses and separated these costs into one of three categories: contracts, departmental orders and vouchers. The FAMIS information was pulled for each expense, and both Ms. Ginley and myself reviewed each expense item. These expenses are categorized as follows:

1. **Contracts:** Doan Pyramid was awarded a contract for \$941,000 on November 9, 2004 for the emergency generator installation at the County Justice Center. This project was publicly bid by the County Commissioners through the standard process, with an estimated cost of \$1,600,000. Doan Pyramid was the low bidder. Nick Willis, the project manager for this work, was contacted to determine if there were any issues with the bid and the project work. Doan was confirmed as the low bidder, there were no issues with their bid and no change orders, and they performed satisfactorily on the project.
2. **Departmental Orders:** Ms. Ginley in her review noted eight (8) departmental orders with Doan Pyramid totaling \$65,572.78. All DO's were pulled and reviewed to determine the process for selection and the purpose of the DO. All DO's were awarded to Doan via state contract pricing based on service and time issues (DO's do not state this but we confirmed that state contract prices were used). The department utilizes multiple vendors for electrical and telecommunications supply purchases, with Doan being one of these vendors. The Facilities Manager and Foreman will select one of these vendors for supply purchases, based on bids or state contract pricing, emergency needs, project timing and/or vendor delivery schedules. In addition to their review and approval, the Purchasing Analyst and Department Director review each DO, providing multiple opportunities for review. As a follow-up at this time, Ms. Ginley and I reviewed each DO again, and determined that each expense had been reviewed and approved by the Facilities Manager, confirming that the supplies had been received by the County.

At the same time we also reviewed the number of departmental orders for other electrical supply vendors to determine if Doan had been treated differently from other vendors during this time period. Please see attached listing of DO's for the 2005-2008 time period, which shows that Doan Pyramid along with four other electrical supply vendors received multiple DO's during this period.

3. **Office Vouchers:** Ms. Ginley in her review noted six (6) office vouchers with Doan Pyramid. All office vouchers were pulled to determine their purpose. Departmental staff, in this case trades foremen, make these purchases while performing their daily functions. The Doan Pyramid purchases were for various electrical supplies. The invoices submitted by Doan are reviewed and approved by the specific trades foreman to assure that the supplies were received, and then reviewed by both the Facilities Manager and the department director.

At the same time we also reviewed the number of office vouchers for other electrical supply vendors to determine if Doan had been treated differently from other vendors during this time period. . Please see attached listing of office vouchers for the 2005-2008 time period, which shows that Doan Pyramid along with four other electrical supply vendors received multiple office vouchers during this period.



COMMISSIONERS

Jimmy Dimora
Timothy F. Hagan
Peter Lawson Jones

MEMORANDUM

DATE: March 19, 2009

TO: James McCafferty, County Administrator
David Lambert, Chief Civil Division, Prosecutor's Office
Sandy Turk, Director Office of Budget and Management

FROM: Paul Oyaski, Director, Department of Development
James Herton, Chief Development Officer, Department of Development

SUBJECT: Department of Development Internal File Review and Investigation

CC: File

The Community/Economic Development Division of the Department of Development (DOD), as requested by the County Administrator, conducted a file review of individuals who have directly received financial assistance from the DOD. We conducted the file review due to an on-going investigation by the Federal Bureau of Investigation (FBI) and the Internal Revenue Service (IRS) of certain County offices and local individuals or businesses (named parties). We specifically reviewed individuals or companies that have been identified through public sources (ie.-warrants) or media outlets (ie Cleveland Plain Dealer).

The FBI and IRS has not visited or requested any documents or information from the DOD. In addition, to our knowledge, no DOD staff has been subpoenaed during the federal investigation.

Attached is a detailed synopsis of the Policies and Procedures that that Department of Development follows when considering economic development financial assistance. Generally, all projects proceed through the process in the following manner:

1. Application received by DOD Economic Development staff.
2. Staff and Management reviews application; determine eligibility.
3. Eligible projects are presented to the Loan Review Committee for their review and recommendation. (See attached committee rosters for 2006, 2007 and 2008)
4. Loan Committee recommends, denies or tables loan request.
5. Loans recommended by the Loan Review Committee are presented to the Board of County Commissioners for their consideration.
6. Board of County Commissioners approve or deny loan request.

Audit File Review, Page 2

7. ED Staff works with outside legal counsel and the County Prosecutor's Office on the preparation of legally binding documents.
8. Legally Binding documents are presented to Borrower.
9. County Administrator or the Director of Development execute Loan Agreements after approval of legal form from County Prosecutors Office.
10. Funds are disbursed according to the terms of the Loan Agreement. Under the terms of the Loan Agreement, the Department of Development, similar to a bank, can pay the Borrower's contractors directly for verifiable, eligible project costs.
11. DOD Fiscal Division independently reviews each disbursement request and approves or disapproves all disbursement requests submitted by the Economic Development staff.
12. Borrower pays back the County loan per the terms of the Loan Agreement.

We have identified the following transactions whereby certain "named parties" have received Department of Development Loan financial assistance. Department staff reviewed all the files for each transaction and has found no irregularities. Each transaction followed our normal documented loan procedure. The Loan Summaries presented to the Economic Development Loan Review Committee are attached. The following is a brief summary of each project.

Doan Pyramid Electric

Cuyahoga County provided a \$350,000 Community Development Block Grant (CDBG) economic development loan to Deep Three Partners, LLC which is owned by "named party" Michael Forlani. Mr. Forlani is also a majority shareowner of Northeast Ohio Electric, LLC (d.b.a. Doan/Pyramid Electric). The loan was used to partially finance the acquisition of a 16,500 sq. ft. building and property located at 5060 Corbin Drive, Bedford Heights, Ohio. The loan has been fully disbursed and Deep Three Partners have met all their job creation requirements and are current on loan repayments.

Parkview Apartments

Cuyahoga County provided a \$1 million Brownfield Redevelopment Fund construction loan to Allerton Housing L.P. (Allerton) and a \$1 million Brownfield Redevelopment Fund loan to Teamster Retiree Apartments - Youngstown, Inc. (Teamster Retiree). "Named parties" who are principals in this transaction include Steven Pumper (DAS Construction) and John Joyce.

The Brownfield loans are being used to complete a major renovation of the 17-story, 199-unit multi-family Parkview Apartments located at 1802 East 13th Street in the City of Cleveland. Renovations include asbestos abatement and lead paint remediation, replacing the kitchens, new carpet, new leasing offices, remodeled hallways and common areas, and electrical and roof repairs. The proposed first phase renovation costs are projected at approximately \$6 million with the total project costs of approximately \$16.9 million.

The U.S. Department of Housing and Urban Development is financially participating and holds a first mortgage position. The Parkview Apartments is a Project-based HUD Section 8 facility that benefits from a Housing Assistance Payments (HAP) contract directly with HUD. HUD has contracted with an independent architect to inspect and verify the completion of the work being done at the Parkview project site.

Audit File Review, Page 3

To date, the Allerton loan has \$81,439.51 remaining left to disburse and the Teamster Retiree loan has \$115,553.56 left to disburse. They are current on all quarterly interest-only loan payments.

Green Source Products (1170 Ivanhoe LLC)

1170 Ivanhoe, LLC received an \$800,000 Commercial Redevelopment Fund loan and a \$200,000 Brownfield Redevelopment Fund loan to purchase and redevelop property located at 1170 Ivanhoe Road in the City of Cleveland. The "named parties" are affiliated with DAS Construction. Listed below are the Principals.

1170 Ivanhoe, LLC Ownership Structure and Principals

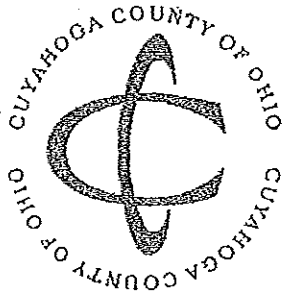
John A. Pumper	Chief Executive Officer	40%
Daniel Pumper	Vice President	20%
John D. Pumper	Chief Financial Officer	20%
Jeffrey Troxell	Vice President	20%

The Property comprises 4.475 acres along the west side of Ivanhoe Road, north of Euclid Avenue. There are two buildings currently located on the Property. The main manufacturing building, which is 65,620 square feet, will be utilized for the headquarter operations of Green Source Products, LLC. Green-Source Products, LLC is a privately-owned company affiliated with D-A-S Construction, which will be leasing the Property from 1170 Ivanhoe, LLC. Green-Source Products brands itself as the 'one stop shopping place' for building green, which makes it a destination for clients interested in utilizing environmentally-friendly and sustainable construction and building products.

The County has fully disbursed the \$1 million in loans and the project has received a No Further Action letter from a Certified (environmental) Professional. They are current on all quarterly interest-only loan payments.


Attachments

- Cuyahoga County Department of Development Loan Procedures
 - General Underwriting Guidelines
 - Economic Development Loan guidelines and process
 - Brownfield Redevelopment Fund Program Description and process
 - Commercial Redevelopment Fund Program Description and process
- Cuyahoga County Community Improvement Corporation/Economic Development Loan Review Committee members 2005, 2006, 2007
- Northeast Ohio Electric Loan Presentation Package
- Parkiew Apartments Loan Review Summary
- Green Source Products Loan Review Summary



COMMISSIONERS
Jimmy Dimora
Timothy F. Hagan
Peter Lawson Jones

EMPLOYMENT & FAMILY SERVICES
Division of Investigation
Proudly Serving All Human Services

Date: March 4, 2010
To: Joseph Gauntner and Arnell Hurt
From: 
Lester LaGatta
Subject: 2009 Annual Report for the Investigation & Examiner's Division

Due to the ERIP (Early Retirement Incentive Program) in 2009, the Division of Investigation experienced the loss of three experienced Investigation Supervisors, four Investigators, one Investigator Assistant and one Senior Examiner. With the loss of the three Investigation Supervisors, the Division was consolidated into two units from the three units that we had previously reduced to after the 2001 Early Retirement Incentive Program.

As you recall, we went from five units to three after the ERIP in 2001. The transition in personnel has been most challenging with the appointments of the two new Supervisors and the loss of three long-time Investigation Supervisors.

Inclusive of all Programs and completed cases for the year 2009, the Division of Investigation's monetary total of Overpayment and Prosecution was \$719,054.04, which includes \$559,923.75 for overpayment and \$159,130.29 for prosecution (IPV's). The Examiner Unit audited and discovered an additional \$119,920.83 dollars of requested remuneration for various compliance issues. Our combined Grand Total for the Investigation and Examiner's Unit is \$838,974.87, a 34% decrease compared to 2008.

Employment & Family Services, 1641 Payne Avenue, Cleveland, Ohio 44114, (216) 987-7000
Ohio Relay Service (TTY) 711

The mission of Employment & Family Services is to improve the economic well being and quality of life for the people of Cuyahoga County. We do this by providing access to jobs, benefits, and community services and by strengthening families."

Overpayment

In 2009 we completed 1426 claims consisting of 1198 cases totaling **\$559,923.75** in Overpayments. This represents a decrease of \$ 161,179.25 or 22% below the previous year of \$721,103.00. We additionally completed 41 IPV cases consisting of 45 IPV claims inclusive of all Programs prepared and sent to the Prosecutor's Office for prosecution totaling \$159,130.29. This represents a 42% decrease from the previous year of \$274,256.01.

Child Care

In 2009, Investigators completed 22 Childcare Recipient cases totaling \$10,193.00 dollars in Overpayment. We additionally prosecuted 4 Childcare Recipient cases (IPV's) totaling \$44,939 dollars. The combined total of Childcare Overpayment and Fraud in 2009 was **\$55,132.00** dollars. This represents an \$85,856.00 dollar decrease or 61% less than the previous year of \$140,988.

Medicaid Investigations

In 2009 we had seven Medicaid cases, up from zero claims in 2008. The total dollar amount for Medicaid claims in 2009 is **\$1,817.75**.

EDP (Early Fraud Detection and Prevention)

We discontinued EDP investigations due to the necessity of prioritizing our activities with Food Assistance overpayment claim referrals.

EBT

EBT's are Electronic Bank Transfers resulting in store/client participating in FS Trafficking. We discontinued EBT's in 2008 due to the necessity of prioritizing our activities with Food Assistance Overpayment claim referrals.

Employment & Family Service Fraud Hot Line (216) 987-6950

The Investigator Assistant working the Fraud Hot Line received and referred 1,985 calls in 2009, sending 625 of those calls to the BVBR Coordinator. The BVBR Coordinator screened the 625 referrals, assigning 39 for investigation.

Benefit Recovery Unit

The Benefit Recovery Unit reviewed 10,197 claims for compliance, representing a 16% decrease from 2008. This total includes 1,224 new claims that were forwarded from the Overpayment units for collection, a 15% increase from the 1038 that were forwarded in 2008.

TOP (Treasury Offset Program) claims were also screened and processed, resulting in actual collections of **\$615,203**, a 71% increase compared to 2008.

The 3011 STOP (State Treasury Offset Program) claims represent a 72% increase from 2008 and increased actual collections by 65%, bringing in **\$283,216** for the year, compared to \$100,182 last year.

*Both TOP/STOP programs collectively brought in **\$898,419**, almost 1 ½ times more than 2008(**\$280,062**).*

- **462** Payments ► Claims on which payments are currently being made by the client.
- **1,500** Recoupments ► Claims set up for repayment by method of reduction.
- **2,593** Installments ► Claims set up for repayment by method of monthly payments by client.
- **2,479** Letters Sent ► Additional collection letters to client.
- **421** Pending ► Case activity pending and no action could be taken by investigation at this time.
- **2,652** Lost Contact (ADC & FS) ► Claim suspended; client not on cash assistance or FS.
- **88** Canceled ► It was not a valid claim or investigation file could not be located.
- **2** Probation ► Letters to Probation Department requesting them to contact client

There are currently 247 cases within the Diversion Program with an outstanding balance of **\$341,803.53**: This is a 15% decrease in the number of cases we had compared to last year, and a 13% decrease in the total dollar amount compared to last year where we reported \$394,978.00. A total of \$26,760.10 was collected during 2009 due to this program. Monthly updated Diversion reports are forwarded to the Prosecutor's office.

Employee Audit Unit

The Employee Audit Unit was assigned 10 case audits in the year 2009. Of those cases, 5 were completed and 5 more are outstanding. All cases are under the direction of the Investigation Manager, Lester R. LaGatta.

Frost and Control-D reports, are rotated monthly based on the time allotted. Spot audits are conducted for anomalies, ambiguities and control weaknesses that may provide for opportunities for employee fraud.

- Various Control D reports are data mined for information that could potentially lead to a finding.
- The Frost program is used to locate anomalies and further audit transactions. Monitored the repayment piece of investigations through Frost.
- Interact with the MIS Department to obtain historical and technical data to improve audit analysis.
- Attended various meetings and seminars related to program issues and procedure.
- Publish case findings in Auditor's memorandum to Chief LaGatta.
- Utilized all available systems to detect, prevent and address fraud.

Training

We have had several training classes throughout the year: The State has increased its offering by way of Video Conferencing, allowing our Investigators to increase their knowledge of various subjects where the State has the greater expertise.

In March 2009, five persons attended the OCOWF Annual Training Conference in Columbus, Ohio. Subjects covered included: EPPIC reports, ALERTS, Interviewing Tips, Case Documentation, Treasury Offset Program and Increasing Medicaid Incentives.

Our two new Supervisors attended several classes in Cleveland and Akron that helped to quickly bring them up to speed and provided them with vital information. They also attended Supervisory Quarterly Meetings at various locations.

We sent a representative to the quarterly ABACUS meetings.

We sent an Investigator to represent us at the OCOWF Board Meetings in Columbus for several meetings during the year.

The entire department attended IVES training in July and several key Investigators attended PARIS training the same month.

To bring the entire department up to speed on Repayment, we had Mandatory training in August.

Several Investigators attended county sponsored computer classes which included Groupwise, Windows XP and various Microsoft Office applications.

We have three Investigators interested in obtaining certification in Managements skills: They are attending classes towards that goal.

The following chart shows details of all outside meetings and training attended in 2009 by Investigators:

MEETINGS/TRAINING ATTENDED IN 2009

DATE	ORGANIZATION	ATTENDEES	PURPOSE
MARCH 30 -- APRIL 1	OCOWF CONFERENCE	LESTER LAGATTA, KEYOME MERLES, KEN CAVALLI, BRIAN SEMETHY, CORELLA COLEMAN-WILLIAMS	ANNUAL TRAINING CONFERENCE
APRIL 24, 2009	ABACUS	CRAIG OLEY	SEMI-ANNUAL USERS GROUP MEETING
MAY 13, 2009	FOOD ASSISTANCE CASE PROCESSING	WANNAH, CRAIG, ARIANNA	DUTY RELATED
MAY 19, 2009	FOOD ASSISTANCE CASE PROCESSING	SIMEON	DUTY RELATED
MAY 20, 2009	FOOD ASSISTANCE CASE PROCESSING	ENTIRE REMAINING DEPT	DUTY RELATED
JUNE 3, 2009	FBI BUSINESS MTG	LES	DUTY RELATED
JUNE 19, 2009	OCOWF	KEN CAVALLI	BOARD MEETING
JUNE 23, 2009	OCOWF VIDEO CONFERENCE	ENTIRE STAFF	QUARTERLY FRAUD CONTROL MEETING
JULY 28, 2009	IVES TRAINING	ENTIRE DEPT.	DUTY RELATED
JULY 30, 2009	PARIS TRAINING	ENTIRE DEPT	DUTY RELATED
AUGUST 18, 2009	REPAYMENT TRAINING	ENTIRE DEPT	DUTY RELATED
SEPTEMBER 22, 2009	REPAYMENT TRAINING	ENTIRE DEPT	DUTY RELATED
SEPTEMBER 25, 2009	OCOWF	LESTER AND KENNETH	BOARD MEETING
OCTOBER 16, 2009	ABACUS	CRAIG OLEY	USER'S GROUP MEETING
NOVEMBER 23, 2009	IEVS VIDEO CONFERENCE	ENTIRE DEPT.	DUTY RELATED
DECEMBER 9, 2009	FRAUD CONTROL VIDEO CONFERENCE	ENTIRE DEPT	DUTY RELATED

Statistical Data

A number of requests for statistical information are performed by our department. This includes receiving, investigating and returning documents to the proper parties. Completed information is returned face-to-face, if possible, or mailed to the requesting party and followed up with a phone call and/or a memo. We notarize various statements both inside and outside of the Agency. All Cash Outs are finalized with notarized statements.

STATISTICAL REQUESTS FOR 2009

Marriages	35
Auto Titles	17
Births	54
Deaths	01
License Plates	47
Property Checks	25
Divorces	02
Criminal Backgrounds	10
Cash Outs	03
Various Notary Public Functions	<u>27</u>
TOTALS	221

Fleeing Felons

After receiving an alert that a customer has an active warrant for their arrest, caseworkers contact Investigations for verification. If the warrant is found to be active, caseworkers return referrals back to the Investigation department for review where we verify the warrant status with the Cuyahoga County Sheriff's Office.

We had fewer requests to verify fleeing felons in 2009: With 1283 requests, we are down 32% from 2008(1885).

Child Care Examiners Unit

The total number of Child Care cases reviewed in 2009 was 512, with two (2) of those cases being referred to Investigations. Thirty-nine (39) percent of the cases reviewed resulted in requested restitution in the amount of **\$119,920.83**. This was **56%** less than what was reported in 2007 (\$275,181.73) and is possibly indicative of an increase of improper completion of paperwork by Child Care Providers: We have surmised that our limited providers sometimes do not realize that prior approval is needed before providing care to an additional member of the same family. The Certification Unit is advised of any adverse actions taken against Home Providers by Child Care Examiners

2009 Additional Accomplishments

- ✓ Food Assistance Incentives resulted in **\$133,522.95**. (Source document GBV 030 RB FS Claim Collection report).
- ✓ OWF/ADC Incentives resulted in **\$40,559.10**. (Source document OWF/ADC GRP 670 RA Claim Collection Report).

*** Legend for acronyms ***

ODJFS – Ohio Department of Job & Family Services

FNS – US Department of Agriculture Food & Nutrition Services

EBT – Electronic Benefit Transfer (Food Stamp Card with computer chip)

ADH – Administrative State Hearing

AE – Agency Error (Category Finding by Investigation when the agency fails to change reported eligibility factors)

IHE – (Intentional Household Error) Client overpayment finding by Investigation that the client is at fault; however, we are unable to prove fraud.

EDP – Early Fraud Detection & Prevention

PRC – Prevention, Retention, Contingency (Emergency funds for rent, utilities, appliances, auto repair, etc.)

FA – Food Assistance

DOD – Date of Discovery

OWF – Ohio Works First

ADC – Aid to Dependent Children

BVBR – Cris-E Investigation Screen System

**Food Assistance Claims
Compliance Report
Federal and State**

Referral	Month	January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Average
Q.C. Claims														
Total Referred Claims - QC		15	11	10	8	10	11	11	12	11	11	15	16	12
Total Claims Complaint-Referral		3	1	1	1	2	3	0	1	0	3	4	5	2
% Completed Complaint-Referral		100%	0%	100%	100%	100%	66%	100%	100%	100%	100%	100%	60%	86%
Total Claims Referred-DOD		8	6	8	5	6	6	6	8	9	8	8	6	7
% Completed Referred-DOD		100%	100%	87%	100%	100%	100%	100%	87%	77%	100%	100%	100%	96%
Total Claims DOD - Established		4	2	3	1	2	1	2	2	4	3	4	2	3
% Completed DOD - Established		50%	50%	100%	0%	50%	0%	0%	0%	25%	0%	25%	50%	29%
Total Claims DOD - PA/ADH IPV		4	4	4	4	4	4	4	4	4	4	4	4	4
% Completed DOD - PA/ADH IPV		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Non-Q.C. Claims														
Total Referral Claims - Non QC		1,377	1,382	1,573	1,554	1,530	1,548	1,546	1,605	1,594	1,474	1,534	1,331	1,504
Total Claims Complaint-Referral		127	231	340	212	149	224	168	256	181	182	217	40	194
% Completed Complaint-Referral		91%	70%	80%	96%	91%	92%	54%	95%	95%	99%	96%	97%	88%
Total Claims Referred - DOD		510	505	516	543	572	557	537	564	656	561	563	551	553
% Completed Referred - DOD		95%	92%	91%	87%	84%	87%	90%	89%	80%	86%	88%	90%	88%
Total Claims DOD - Established		71	37	71	61	106	86	81	70	144	93	87	85	83
% Completed DOD - Established		76%	72%	77%	68%	81%	79%	60%	34%	61%	51%	44%	31%	61%
Total Claims DOD - PA/ADH IPV		423	425	421	423	422	424	411	414	419	422	422	425	421
% Completed DOD - PA/ADH IPV		99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%
Total Q.C. and Non-Q.C. Claims														
Total Ref Claims in Report Month		130	232	341	213	151	227	169	257	181	185	221	45	196
Total Claims Complaint-Referral		130	232	341	213	151	227	168	257	181	185	221	45	196
% Complete Complaint-Referral		91%	69%	80%	96%	91%	95%	54%	95%	95%	99%	96%	93%	88%
Total Claims Referral - DOD		518	511	524	548	578	563	543	572	665	569	571	557	560
% Complete Referral - DOD		95%	92%	91%	87%	84%	88%	90%	89%	80%	86%	88%	90%	88%
Total Claims DOD - Established		75	39	74	62	108	87	83	72	148	96	91	87	85
% Complete DOD - Established		74%	71%	78%	67%	80%	78%	59%	33%	60%	50%	43%	32%	60%
Total Claims DOD - PA/ADH		427	429	425	427	426	428	415	418	423	426	426	429	425
% completed DOD - PA/ADH		99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%

2009
Food Assistance Program
Claim Collection Amounts
and Incentives Earned

Month	Total Collected - IHE	Incentive Amt	Total Collected - IPV	Incentive Amt.	Total Incentive
January	26,633.36	5,326.67	7,052.00	2,468.20	7,794.87
February	67,044.95	13,408.99	32,034.01	11,211.90	24,620.89
March	39,979.00	7,995.94	19,079.10	6,677.68	14,673.62
April	38,431.75	7,686.35	18,782.40	6,573.84	14,260.19
May	38,286.46	7,657.29	17,433.82	6,101.83	13,759.12
June	38,549.80	7,709.96	8,879.59	3,107.59	10,817.55
July	30,287.30	6,057.46	8,950.61	3,132.71	9,190.17
August	24,659.40	4,931.88	5,841.06	2,044.37	6,976.25
September	24,894.53	4,978.90	7,006.61	2,452.31	7,431.21
October	24,499.95	4,899.99	6,242.00	2,184.70	7,084.69
November	23,391.46	4,678.29	9,159.00	3,205.65	7,883.94
December	22,222.00	4,444.40	13,103.00	4,586.05	9,030.45
Totals	\$ 398,879.96	\$ 79,776.12	\$ 153,563.20	\$ 53,746.83	\$ 133,522.95
IHE Incentive	\$ 79,776.12				
IPV Incentive	\$ 53,746.83				
Total Earned	\$ 133,522.95				

IHE Incentive is 20%
 IPV Incentive is 35%

Case 1:09-cv-00101-P

OWF/TANF Collections and Incentives Earned on IPV and IHE Claims
2009

GRP670RA

Month	Source	Count	Amount	Total	OWF Amt.	ADC Amt.	Incentive
January	Total Installment Agreement	259	6,689.97				
	Total Involuntary State	172	25,041.00		15,754.00	9,287.00	
	Total Recoupment (Benefit Reduction)	42	1,436.00		990.00	446.00	
	Totals	473	\$33,166.97	\$ 33,166.97	< total > incentive >	9,733.00	10,659.26
February	Total Installment Agreement	185	5,696.00				
	Total Involuntary State	206	28,559.01		18,888.42	9,710.59	
	Total Recoupment (Benefit Reduction)	41	1,258.00		927.00	331.00	
	Totals	432	\$35,513.01	\$ 35,513.01	< total > incentive >	10,041.59	12,267.48
March	Total Installment Agreement	215	15,160.00				
	Total Involuntary State	82	15,387.00		10,530.00	4,857.00	
	Total Recoupment (Benefit Reduction)	34	1,086.00		742.00	5,201.00	
	Totals	331	\$31,633.00	\$ 31,633.00	< total > incentive >	10,058.00	7,999.63
April	Total Installment Agreement	168	7,801.00				
	Total Involuntary State	43	7,172.00		4,203.00	2,969.00	
	Total Recoupment (Benefit Reduction)	34	1,336.00		1,003.00	333.00	
	Totals	245	\$16,309.00	\$ 16,309.00	< total > incentive >	3,302.00	3,378.97
May	Total Installment Agreement	153	13,958.50				
	Total Involuntary State	10	1,196.00		906.00	290.00	
	Total Recoupment (Benefit Reduction)	40	1,509.00		1,198.00	311.00	
	Totals	203	\$16,663.50	\$ 16,663.50	< total > incentive >	601.00	1,193.24
June	Total Installment Agreement	162	6,321.50				
	Total Involuntary State	3	402.00		256.00	146.00	
	Total Recoupment (Benefit Reduction)	42	1,990.00		1,746.00	244.00	
	Totals	207	\$8,713.50	\$ 8,713.50	< total > incentive >	390.00	1,092.65
	sub total	1,891	sub total	\$ 141,998.98		sub total \$	36,591.22

OWF Incentive is 50%
ADC Incentive is 22% - 25%
(23.5% is used for calculations)

OWF Incentive is earmarked for client services
ADC Incentive may be used at county discretion

CCO

OWF/TANF Collections and Incentives Earned on IPV and IHE Claims
2009

Month	Source	Count	Amount	Total	OWF Amt.	ADC Amt.	Incentive
July	Total Installment Agreement	182	12,575.00				
	Total Involuntary State	5	853.00		510.00	343.00	
	Total Recoupment (Benefit Reduction)	44	1,436.00		1,258.00	178.00	
	Totals	231	\$14,864.00	\$ 14,864.00	1,768.00	521.00	
					884.00	122.44	\$ 1,006.44
August	Total Installment Agreement	135	3,633.50				
	Total Involuntary State	1	268.00		268.00	0.00	
	Total Recoupment (Benefit Reduction)	37	1,276.00		1,034.00	242.00	
	Totals	173	\$5,177.50	\$ 5,177.50	1,302.00	242.00	
					651.00	56.87	\$ 707.87
September	Total Installment Agreement	142	7,978.00				
	Total Involuntary State	2	417.00		0.00	417.00	
	Total Recoupment (Benefit Reduction)	33	1,368.00		1,164.00	204.00	
	Totals	177	\$9,763.00	\$ 9,763.00	1,164.00	621.00	
					582.00	145.94	\$ 727.94
October	Total Installment Agreement	155	3,339.33				
	Total Involuntary State	1	99.00		0.00	99.00	
	Total Recoupment (Benefit Reduction)	34	1,080.00		841.00	239.00	
	Totals	190	\$4,518.33	\$ 4,518.33	841.00	338.00	
					420.50	79.43	\$ 499.93
November	Total Installment Agreement	132	3,313.50				
	Total Involuntary State	1	122.00		122.00	0.00	
	Total Recoupment (Benefit Reduction)	31	1,069.00		830.00	239.00	
	Totals	164	\$4,504.50	\$ 4,504.50	952.00	239.00	
					476.00	56.17	\$ 532.17
December	Total Installment Agreement	152	5,725.59				
	Total Involuntary State	0	0.00		0.00	0.00	
	Total Recoupment (Benefit Reduction)	33	1,127.00		863.00	264.00	
	Totals	185	\$6,852.59	\$ 6,852.59	863.00	264.00	
					431.50	62.04	\$ 493.54
Total Count		3,011	Total Collection	\$ 187,678.90	Total Incentive Earned	\$	40,559.10

OWF Incentive is 50%
ADC Incentive is 22% - 25%
(23.5% is used for calculations)

OWF Incentive is earmarked for client services
ADC Incentive may be used at county discretion

**Child Care Examiners
Calendar Year-End Summary 2009
Submitted by Anita J. Jones, Supervisor
January 25, 2010**

In special circumstances and to offset staffing challenges, Anita Jones takes the lead on some cases as follows:

Child Care Cases Reviewed

Total Cases reviewed by Child Care Examiners was 512 during 2009.

Category of Cases Reviewed

Certified by Employment & Family Services (Homes)

Type B	354
Type AI	11
Type PPI	69

Licensed by Ohio Dept. of Jobs & Family Services (Centers)

Type A	2
Type C	76

Total Cases According to Category 512

Client Referrals to Investigations 2

The Child Care Examiners made two (2) child care related client referrals to Investigations for overpayments. These cases were referred as a result of:

- Child care provider used vouchers when parent was incarcerated
- Couple was living together with a joint child

The Child Care Examiners do not receive dispositions of the client referrals made to Investigations.

It was not necessary for the Child Care Examiners to make any child care provider referrals to Investigations.

Provider Referrals to Certification:

Referrals to the Certification Unit are made on a regular basis by sending a copy of the Examiners' letters to the Certification staff regarding home child care provider issues. The Child Care Examiners are usually advised of the disposition of these referrals via a copy of the Certification letter mailed to the provider regarding these matters and subsequent Certification follow-up.

Overpayment Appeals:

There were four (4) overpayment appeals upheld and no denials. Specifics of these appeals were as a result of:

- Child care provider employed during child care hours of operation
- Child care provider and parent lived in the same home
- Child care provider signed her MOU late and continued to bill during that period
- Child care provider billed outside child care hours of operation

Restitution Summary 2009

Of the 511 cases which were reviewed, approximately 39% (198 cases) resulted in an improper payment and subsequent request for restitution as follows:

Summary of Restitution Requests:

Type B	\$ 60,926.33
Type AI	3,566.55
Type PPI	14,009.50
Certified Homes	\$ 78,592.38
Type A	\$ - 0 -
Type C	27,408.95
Licensed Centers	\$ 27,408.95
Total Child Care Improper Payments.....	\$ 119,920.83

Uncollectible Improper Payments:

There were 17 home providers who were terminated, revoked or voluntarily withdrew as a child care provider, owing the Agency \$29,607.50 in overpayments collectively.

In addition, one (1) Type B provider died in 2009 owing an overpayment in the amount of \$1,550.15.

One (1) child care home provider has made no effort to make restitution on her overpayment, in the amount of \$3,300.24, as a result of billing for the care of a child during her 6-hr. mandatory gap period. She was notified in May, 2009 of the overpayment and has not billed for the care of children since May, 2009. The Certification Unit has been advised.

Collectible Improper Payments:

Ten home providers are making an effort to make restitution on their combined overpayments in the total amount of \$15,688.02. These providers either were informed in December, 2009 that they received an overpayment or have been paying down an overpayment over the course of the past few months because, as limited providers, they receive smaller child care payments, which makes it difficult to make large monthly deductions to satisfy these debts. These total outstanding overpayments are as follows:

Type B providers (4)	\$ 5,566.42
Type PPI providers (5)	\$ 8,258.76
Type AI provider (1)	\$ <u>1,862.84</u>
Outstanding Deductions	\$15,688.02

To date, improper payments, in the amount of \$69,754.92, have been collected as a result of deductions from provider payments and/or voluntarily submission, by the providers, via check or money order to satisfy this debt.

Currently in conjunction with Child Care Payments and, in the future, with the State, we anticipate collecting the above-mentioned \$15,688.02 in remaining improper payments, from calendar year 2009, via deductions from the providers' future payments. These improper payment collections, to date, total \$85,462.94.

2010 Goals:

We also anticipate gearing our efforts more toward technical assistance in 2010, possibly to avoid some of the provider pitfalls with regard to overpayments. Over the past several months, it has become increasingly clear that the primary reason our limited providers find themselves in an overpayment situation because they have indicated that they did not realize that prior approval was needed before providing care to an additional member of the same family.

We will also continue to provide technical assistance to our center providers, according to their requested needs, i.e., group sessions, parent/teacher sessions, etc.

Training Sessions Attended in 2009:

Harvey Milk	LaValle Burten Michael C. Baxter Charlie Johnson
We Have Made Great Strides	Charlie J. Johnson
Communicating for Success	Yvonne Dowell
Working With Muslim Families Religion in America: Working Together Automated Time & Accounting System	Anita J. Jones

Actions Taken Since September 13, 2010

- Elimination of all part-time (less than 30 hours/week) positions.
- Accepted resignations of two top Administrators.
- Abolished position of website Administrator.
- Terminated indicted employee in Weights and Measures Dept.
- Eliminated three full-time positions in Weights and Measures, initiating bumping and layoff process
- Combined savings in salaries and benefits realized by all personnel actions equals \$1.2 million annualized with 26 funded positions (11%) eliminated from the organizational chart.
- Re-negotiated lapsed contracts for satellite offices and one storage facility to allow for payment of past due lease obligations.
- Closed both satellite offices and transferred personnel to downtown office. Projected savings of \$42,000 in rent and utilities.
- Terminated contract with records storage facility and consolidated records with Central Services records stored on Canal Road.
- Eliminated birthdays as a holiday.
- Implemented BOCC policies in the areas of :
 - Internet usage
 - Bereavement Leave
 - Moonlighting Policy
 - Lunch Hour and Breaks
 - Employment of Relatives
 - Blood Bank Donations/Participation
 - Tardiness/Illness and use of sick/vacation time
 - Dress Code
 - Professional licenses
 - Political Activity
- Required all Managers and Directors to submit bi-weekly timesheets.

- Implemented BOCC policy for accumulation of AWOL Hours.
- Issued 18 written reprimands for individuals with ten or more AWOL hours.
- Issued four suspensions for various infractions.
- Scheduled twelve hours of Management training on a variety of subjects for all Directors and Managers.
- Finalized an agreement with the City of Shaker Hts. for the collection of PILOT payments for a fee. Annual revenue to the county estimated at \$40,000.
- Reduced the cost of printing delinquent tax notices by \$200,000, 2009 vs. 2010, by utilizing a competitive bid process.
- Issued an RFP to cost the outsourcing of the 2012 countywide Re-Appraisal.
- Conducted monthly Managers and Directors meetings to roll out new policies and provide a forum for sharing information.
- Scheduled a special Managers and Directors session to review a new performance evaluation form. Plan is to evaluate all staff in January 2011 for 2010.
- Total savings realized through personnel actions, reduced cost of printing delinquent tax notices and eliminating satellite and storage lease exceeds \$1.5 million.



CBIZ Risk & Advisory Services, LLC

Robert C. Klaiber, Jr., PE, PS
Cuyahoga County Engineer
2100 Superior Viaduct
Cleveland, OH 44113

February 1, 2010

Dear Mr. Klaiber,

At your request, CBIZ Risk & Advisory Services, LLC (CBIZ) has performed a comprehensive risk assessment and control review of the Cuyahoga County Engineer's Office. The objective of this review was to determine the existence and strength of the current control environment, the adequacy of compliance with certain internal controls already in place, and present policy and procedural recommendations of how the Cuyahoga County Engineer's Office could enhance their current control environment.

Our review began with a comprehensive risk assessment based on interviews with many key personnel (as well as several individuals that were pertinent to quality of the review), and walk throughs of all noted processes. The aforementioned risk assessment allowed us to create a risk map and corresponding matrix to test controls that were in our scope. The resulting review included the internal controls environment, accounting procedures and pertinent operational processes in place for the periods included in this fiscal year and parts of the previous year where necessary to expand our sample selections. We also included tests of the accounting records, payroll records, human resource records, as well as a review of documentation from the Engineering Department, Construction Department, Sanitation Department, the Yards, and from Administrative functions. Ongoing meetings with County personnel and further walk throughs of other procedures were assessed as we deemed necessary in the process of our review. This engagement was conducted from August - October 2009.

SCOPE OF AUDIT PROCEDURES

The internal review procedures were selected based upon a risk assessment performed in August 2009.

Our review evaluated internal controls for the following:

- Control Environment overview, including policies and process documentation
- Entity Level Controls
- Procurement to Pay Process (Including Change Order and Bid/Contract Award Processes)
 - Road and Bridge Projects



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- Professional Services
- Ohio State Term Contracts
- Maintenance & Repair Yards
- General & Administrative Purchases
- Process controls for Accounts Payable and Payroll System
- Inventory and Fixed Assets Review
- Human Resources
- IT General Controls

Entity Level Controls

Entity level controls are those controls that are pervasive throughout the organization. The County Engineer is responsible for authorizing virtually every action within the Engineer's office. As such, the Engineer places a great deal of reliance on the recommendations of his subordinates

Recommendations

1. Implement a whistleblower hotline, operated by an independent third party, and communicate to all employees that it is their responsibility to report suspected unethical or illegal activities. Include a non-retaliation and anonymity component to the policy.
2. Require that employees submit conflict of interest disclosure statements on an annual basis directed by the Human Resources Department, with oversight from Chief of Staff. We noted that an "Off Duty Employment" policy (Policy E-22) is currently in use, but was not consistently used.
3. The HR Department or a qualified designee should conduct a mandatory ethics training course annually for all employees. The Engineer should participate in this event and use it as an opportunity to reinforce the tone at the top expectation of ethical behavior of all employees.
4. At least annually, the HR department should perform an online search of the Ohio License Center <https://license.ohio.gov/lookup/default.asp> and verify that employee professional licenses are in good standing.
5. We recommend a 3 member leadership committee comprised of the Head of the Engineering Department, the Head of the Sanitation Department and the Chief of Staff. The purpose of this leadership committee is to review and give a majority recommendation (including formal sign off) to the County Engineer on all matters that require the authority of the County Engineer. This committee could meet either independently or convene formally in an appropriate frequency so that the business of the Office could continue uninterrupted. This will enhance segregation of duties and increase oversight, allowing for confident reliance by the County Engineer.



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Procure to Pay

We examined the various procurement functions within the County Engineer's Office and the risk associated with each. We categorized these as Road and Bridge projects, Professional Services; Ohio State Term Contracts; Maintenance & Repair Yards; and General Services and Supplies. In all cases we considered risks such as *contract steering; bid rigging; unwarranted or inflated contract change orders; improper subcontracting; unapproved or excessive overtime*. The Engineer's office does not handle or maintain cash accounts, or disburse funds. A complete list of the risks and controls examined may be found in Appendix 1.

Road and Bridge Projects

We examined, in detail, 18 construction projects including:

- Berea Road
- Eastland Road
- Shaker Blvd Bridge #165
- Eddy, Snow Road
- Cook Road/Stearns Road
- Tri-C Improvements
- Bennett Road Bridge #50
- Ridgebury Blvd
- Cedar Road - Brainard to Lander

Through interviews of key personnel and detailed testing of the records, we conclude that the design and operating effectiveness of the controls in use by the County Engineer's Office are effective.

Recommendations

We offer the following recommendations to further enhance internal control for your consideration:

1. The practice of assigning field inspectors based at least partly on the request of the Contractor should be curtailed. Through interviews with several key personnel we confirmed that the policy of not considering contractor requests when assigning inspectors is an effectively designed control. However, the operating effectiveness of this control could be improved.
2. Ensure that daily overtime reports submitted by field personnel are consistently reviewed and approved by the Area Engineer, Area Construction Engineer and Chief Construction Engineer. A field level review and approval is an effective preventative control that should be enforced. In the event that field level approval is not obtained, there is a detective compensating control in place. This compensating control is in the payroll processing cycle that requires signed approval of all overtime by the employee's supervisor prior to payment. We found no exceptions in our testing of that control.



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Professional Services

Contracts for professional services include third party Consulting Engineers for specific engagements, General Engineering contracts for non-specific work required on an ad-hoc basis, MIS projects such as the document imaging, GIS mapping, and Work Management System.

Recommendations

1. In the pre-selection evaluation of consulting engineers, further segregate the duties regarding compilation of the member's scores. Each member of the selection committee should be provided with sufficient documentation regarding the qualifications necessary to complete the work and the performance history of each contractor being evaluated. Members should submit their evaluations to the Chief Fiscal Officer, or a designee in his department who will compile the scores and submit them in pdf (non-editable) form to the Chief Engineer.
2. When the final evaluation is completed and the winning bidder is selected, each member of the selection committee should be required to sign and date the composite evaluation attesting that their scores are accurate and whether or not they concur with the selection choice. We also suggest that a comment as to "why" they do not concur be documented as well.
3. Consider removing the Chief Engineers from the task of ranking bidders and replace them with qualified subordinates. The Chief's can still retain a vote along with the other evaluators in the final selection process.
4. Change orders and contract amendments should require a secondary review and approval to be performed by the leadership committee in order to reduce the risk of fraud or collusion. We observed this procedure to be in place and operating effectively on construction projects.

Maintenance & Repair Yards

Recommendations

A control review process should be put in place and tested annually to ascertain the integrity of the system is still in place. Monitoring is a key component in the process of a sound control environment.

General & Administrative Purchases

Recommendations

A control review process should be put in place and tested annually to ascertain the integrity of the system is still in place. Monitoring is a key component in the process of a sound control environment.



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Inventory

Recommendations

1. Restrict access to the inventory parts room. A keypad lock would be a low cost solution
2. Implement a perpetual inventory system for stock items. We are not suggesting that this apply to every nut and bolt, but for commodity items such as vehicle parts, aerosols, bar and chain oil, sign blanks, non-bulk motor oils, etc.
3. Conduct a periodic physical inventory and compare the actual counts to the perpetual records. Based on the accuracy of the results, the frequency of physical inventories could be increased or decreased.

HR/Payroll

Recommendations

1. Require supervisors to verifiably review and approve all employee payroll reports prior to submission. This should be the primary control. The review in the finance department would be considered the compensating control.
2. A thorough background check and verification process should be adhered to for all new and prospective employees. Reference checks should be administered and verification of all education and work experience should be noted and verified.
3. All recommended and proposed merit increases and job changes, including CPQ requests should be closely monitored and reviewed by a leadership committee prior to submission to Mr. Klaiber. Verification of the person's experience and ability to perform job duties in the proposed new position should be clearly outlined.
4. We recommend that immediate supervisors be included in the selection committee of new employees and a part of the interview process.
5. We recommend an annual review by the leadership committee of all new hires to ensure compliance with the anti-nepotism policy. A formal sign-off by the leadership committee is recommended.

IT Controls

Recommendations

1. Require that requests for computer resources and access provisioning be in writing, and approved by the employees Supervisor. For sensitive and or privileged access, approval from the Chief of Staff and the data owner should be required.



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2. Conduct at least an annual review of all employees rights and privileges to ensure that they are appropriate. Supervisors should re-certify their employees privileges.
3. Where possible, the use of strong passwords should be enforced. Mandatory password changes should be required every 90 days.
4. Add an item to the employee termination checklist to ensure that MIS is notified immediately and instructed to disable the user access without delay.
5. Secure the server at the Brookpark Yard.

Summary

The exceptions/findings noted above are controls that we found to be deficient. The deficiency may have been a cause of design effectiveness or operating effectiveness which increased the level of risk at the Cuyahoga County Engineer's Office. Overall, we felt that the control environment was fairly sound. In the instances where we found controls were not designed and/or operating effectively, we provided recommendations for remediation to achieve adequacy and to minimize risk. Effective internal control is an ongoing process, not a destination; and as such we recommend that these controls be reviewed on an annual basis to provide the County Engineer reasonable assurance of compliance. It is our recommendation that we retest the updated controls upon your remediation.

We appreciate your cooperation and the attention we received during this engagement.

A handwritten signature in black ink, appearing to read "Frank Campagna".

Frank Campagna,
Director, Midwest Region
CBIZ Risk and Advisory Services, LLC



Engagement Summary

Szignature Systems has worked with the Prosecutor's Office in various capacities for over 10 years. Peter Szigeti, the owner and president of Szignature Systems Ltd., is a man of diverse talents who is driven by the desire to continuously improve his environment.

Mr. Szigeti first came to the Justice Center in 1999. The new administration was sworn in during January of this same year. The administration faced the daunting task of re-structuring the office from an operations, policy and technical perspective. Much work needed to be done in a very short period of time. The Office was rife with operational inefficiencies and bottlenecks. The technological environment was in a state of chaos from both a personnel and technical point of view.

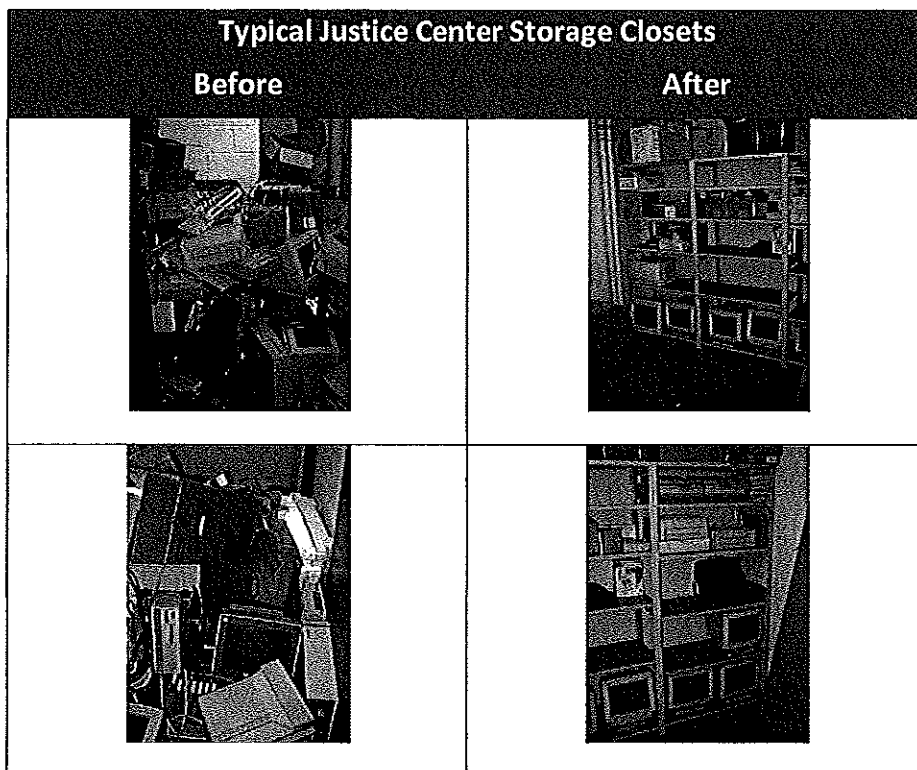
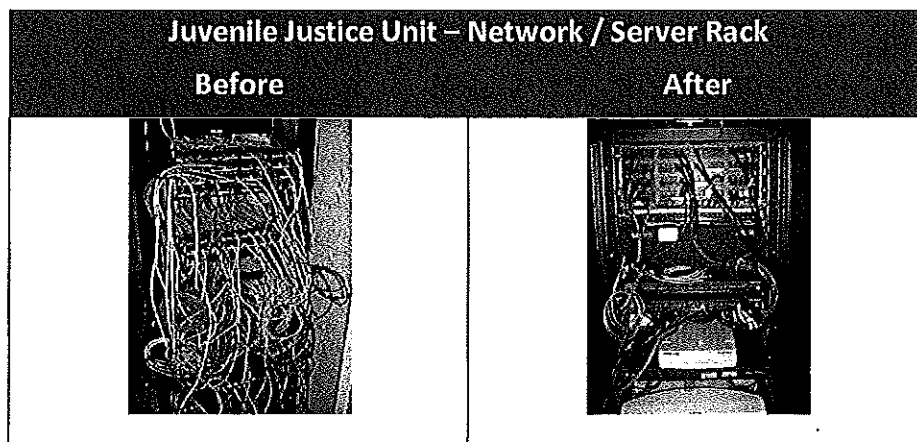
Szignature worked free of charge throughout 1999 and early 2000 to assist the Prosecutor with his transition. The threat of the Y2K bug was also looming at this time. The current IT resources in place at the time were unable to assess, correct or implement any measures to prevent a disaster. Szignature helped the Office assess areas of risk, acquire software and hardware updates, and manage their implementation. Y2K came and went and the Office continued to move forward.

Mr. Szigeti brought much more than IT expertise to the table. He demonstrated capability in the areas of business operations, finance and personnel management. As a result of his insight, abilities and work ethic, the Prosecutor's Office hired Mr. Szigeti as a consultant and paid him as part time county employee earning \$75.00/hr. This arrangement lasted until March of 2003 when Szignature Systems Ltd. was formed. The Prosecutor's Office then engaged Mr. Szigeti through Szignature Systems to manage Information Services, to improve operational efficiencies and to help manage budget and finances. Szignature Systems has been engaged with the Prosecutor's Office ever since.

SZIGNATURE SYSTEMS LTD

Early IT Operations (1999-2002)

Since a picture is worth a thousand words, the before and after photos below are representative of the Prosecutor's Office's Information Services Department prior to the arrival of Ssignature Systems. The "after" photos were taken in mid 2002.




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LTD

Unused/Wasted Equipment	
Before	After
 <p>2 Units purchased in 1998 for over \$15,000</p> <p>Maintenance paid in excess of \$2,000</p>	<p>Units were returned for incidental credit, but the \$2,000+ in recurring annual maintenance was saved</p>

Prior to 2001, the Information Services function for the County Prosecutor's Office was in a state of complete disarray. Years of neglect and mismanagement severely compromised one of the most critical support functions in the Prosecutor's Office. The structure, responsiveness and effectiveness of the Information Services department was poor to non-existent.

Simply put there was no foundation upon which successful operations supported by an effective enterprise wide information system could be built. Ssignature worked diligently to:

- Build an Information Services organization which understands technology, but more importantly the impact of technology on business operations;
- Stabilize the existing computing Infrastructure so that basic improvements could be made;
- Introduce basic technology to Assistant Prosecutor's and Office Staff;



- Learn and document the business processes and functions of the Office; and
- Complete the Preliminary Requirements Definition that was underway and prepare the RFP for the new Case Management System.

Mr. Szigeti began building and managing a staff that would be more self-reliant. The goal was to provide better service and save budget dollars by consuming fewer resources. In 2001 the average monthly charges to the County Information Services Center (CCISC) was reduced from approximately \$45,000 to \$23,000.

The following table summarizes the savings in the key information services budget line items from the 2001 – 2002 budget year:

Line Item	2001	2002	Reduction	Percent Reduction
CCPO Information Services Salaries	321,998	199,538	122,460	38%
CCISC Services	74,776	6,659	68,117	91%
CCISC Network and Main Frame Charges	287,331	194,891	92,440	32%
Totals:	684,095	401,088	283,007	41%



Economic Hard Times (2003-2004)

During the economic hard times during this time period, County Government incurred its first major round of budget cuts. The funding for a case management system was not available. Szignature stayed engaged with the Office and helped streamline business operations and staffing to help meet budgetary constraints. The vision of a state of the art case management system never left the forefront. Efforts continued to plan for and implement a case management system that would:

- Enhance and improve the efficiency of all office operations, reduce future labor and material costs;
- Seal cracks in the Justice System caused by deficient, inaccurate or untimely information; and
- Enable the swift and efficient prosecution of criminals to the fullest extent of the law.

Mr. Szigeti used all of the resources at his disposal to keep improving operations and to help move the Office forward. The foundation was being laid for the early phases of the Case Management System installation. Accomplishments during this period include:

- Completing all initial infrastructure improvements;
- Finalizing department structure and staffing;
- Leading County related Justice Technology efforts; and
- Beginning the implementation of an office wide document imaging system (Over 18.5 million sheets of paper existed in storage that were never microfiched or archived since the early seventies).

Continued Achievement (2005-Present)

Case Management System

With funding in place, thanks in large part to the Gruttadauria Settlement, the Office was ready to embark on its most challenging single project to date. The implementation of this new state of the art custom case management system would touch and change every facet of office operations. The new system would revolutionize the way the Prosecutor's office conducts business. The system would provide an estimated annual benefit of over \$4,000,000.



Significant work effort could now be redirected from unproductive to productive tasks, allowing greater efficiency while concentrating more effort on strategic activities.

The system, known as Justice Matters (JM) has modules for the Adult Criminal; Juvenile; Appellate; Civil; Tax Foreclosure; Child Support Enforcement (CESA); and Children and Family Services (CFS) Units. The following section highlights key areas of the system and the benefits they provide

Criminal Incident Matter Exchange (CRIME)

The CRIME system was initially developed to be a conduit from ALL County law enforcement agencies to the Prosecutor's Office. All agencies with charging authority (103 to date) electronically submit all of their felony incidents to the Prosecutor's Grand Jury Intake department. The impact of this system is significant. All case information is received securely, with full audit trails. The submitting agencies save money by not producing hard copy and hand-delivering the packets downtown, and the Prosecutor's Office saves money by eliminating manual data entry of over 14,000 cases annually.

During the development of this system, it became apparent that the Sheriff's Office had no Investigation Management System whatsoever. They needed a system that could help them prepare and work investigations, manage workloads and efficiently submit cases. The Prosecutor's case management team analyzed the Sheriff's requirements and enhanced the CRIME system to provide all of the required functionality free of charge to the Sheriff. The Prosecutor's Office continues to provide support and enhancement of this system for the Sheriff. Many smaller law enforcement agencies have adopted and use the CRIME system as their primary incident management system. The Prosecutor's Office provides unfunded ongoing support to these agencies as well.

Justice Matters - Grand Jury

The Grand Jury Module is used by the Grand Jury Attorneys to review all case material and to prepare and present the indictment. This module has provided savings through much more efficient work flow. The attorneys use the system to produce the indictment themselves, eliminating the need for dedicated typists to type and revise indictments. These typist positions have been re-allocated throughout the office to fill other vacant positions while reducing the Office's staffing level by three FTEs for an annual payroll savings in excess of \$113,000. (Calculation based on 3 clerical FTEs at \$28,000 with a 35% benefits rate.)

The Grand Jury Attorneys are able to receive, prepare and present their cases faster than ever before. Since the initial incident data is received electronically (within 48 hours) from the CRIME system, the attorneys have all of the required information to proceed. Enhanced docket



management provided by the system allows optimal use of the Grand Jury sessions. Grand Jury forepersons electronically sign true billed indictments. They no longer have to endure the tedium of hand signing each individual page. All in all, these process improvements made possible by JM, have reduced the average time from receipt of a new incident to grand jury presentation from 48 to 14 days. This reduction of 34 days is major contributor to the \$3,000,000 savings in prisoner board and care for 8 months in 2009 as reported by the County Office of Budget and Management. When combined with the savings enabled by the CRIME system (a reduction of 6 days from arrest to receipt by the Prosecutor's office), the estimated annual reduction in prisoner board and care for Cuyahoga County will approach \$8,000,000.

In the near future, the Prosecutor's Office will begin the process of eliminating paper files for all lower level felony cases. This move will result in the savings of an additional \$34,000 annually in printing costs.

Justice Matters – Adult Criminal

The adult criminal portion of the system is used by Assistant Prosecuting Attorneys (APAs) and their supervisors in the day-to-day adjudication of cases. This module has completely redefined the old manual process that had been in place for over 100 years. The new process provides many new benefits and is much more efficient.

To begin, all General Felony APAs are now assigned community-based roles. The county has been broken down into 5 regions. Each APA is responsible for all of a region's cases on a given floor. Each APA is now also responsible for their case from cradle to grave. Under the prior system, there was no automated way for the APAs to manage their cases. As a result, APAs were teamed together and were assigned to two judges in groups of three. There was no way to coordinate schedules, so a different attorney was likely to work on a case each time a pre-trial or trial was scheduled. Victims were often confused and frustrated because they had to deal with several APAs before their case was settled. This was not an effective process.

Under the new system each APA handles his/her own cases. Victims now have a single point of contact on a case. The community-based approach enables each APA and supervisor to foster relationships with the local law enforcement agencies that provide them their cases. These relationships allow for the ongoing exchange of information among law enforcement partners which ultimately results in better prepared cases and more effective prosecutions. The new process initially eliminated 5 Community Based Prosecution APA positions, saving over \$506,000 per year in personnel and benefit costs. . (Calculation based on 5 Community Based Prosecutor FTEs at \$75,000 with a 35% benefits rate.)



The adult criminal module also has built in functionality to handle the local open discovery requirement that was mandated early in 2009. This was a massive operational requirement that had to be met in a very short time frame. The system designers came together and proposed a revolutionary way to provide for both the creation of the discovery material by the APAs and for the delivery of all discovery materials to defense counsel. This requirement was met within the scope of the project and without the addition of any personnel. This solution, the Defense Attorney Portal is discussed in the following section.

Justice Matters – Defense Attorney Portal

The Defense Attorney Portal was developed to meet the local open discovery requirement mandated by the common pleas judges. The APAs are responsible for assembling all required discovery materials. All materials including police reports, witness statements, crime scene photos, 911 audios etc., exist in the Justice Matters system electronically. The APAs review all material (electronically redacting where appropriate) and create a "discovery package" that is electronically sent to the secure web-based Defense Attorney Portal. Over 800 defense attorneys have been registered on and trained by the Prosecutor's staff in the use of the portal.

Each defense attorney creates an account and password used to log into the portal. Once logged in, each attorney sees only their assigned cases. Their discovery materials are available for viewing only after the demand for discovery is received and logged by the Prosecutor's intake staff. The system records the user, date and time each time the material is viewed or downloaded. The portal provides a convenient system for defense attorneys to view all of their new and pending cases, and to see all discovery materials.

From February through December 2009, the system has amassed some impressive statistics. Over 22,000 packages have been delivered consisting of over 80,000 documents, comprised of over 600,000 pages. Since the system was designed with the flexibility to accommodate such changes, in excess of \$115,000 will be saved each year over manual paper based delivery of all discovery material.

Justice Matters – Clerk of Court's Portal

The Clerk of Court's portal was designed as a stopgap measure to help improve processes through electronic data exchange with the Clerk's office in the absence of proper system interfaces. These interfaces are currently being resisted by the Court.

The portal allows for the electronic transmission of court case numbers to the Justice Matters system. The JM system routes electronically signed and generated indictments and complaints to the Clerk's portal for retrieval. Unfortunately, due to the lack of an interface into their own



system, the Clerk's personnel will have to print the documents, manually enter all of the relevant data and then scan the documents for storage in the Proware system.

Document Management (Scanning)

The Prosecutor's scanning/document management operations have evolved significantly over the last five years. The overall scanning project was divided into two phases. The first phase involved the planning and supervision of all aspects of scanning operations during the conversion of over 40 years of archives (18.5 million pages) of various prosecutor files. This phase was completed, and all of these documents are accessible via an interim retrieval system.

The second phase involves the configuration and management of ongoing scanning operations. All paper documents received pertaining to current criminal cases are immediately processed and attached to the appropriate electronic case file in JM. This operation has been in place for 18 months. The department processes over 185,000 pages monthly. As a result of these operations, all relevant case information now reaches all parties in an efficient and timely fashion. Over 20,000 square feet of warehouse space leases are no longer required.

Video Conferencing

The county wide video conferencing implementation was the result of a \$410,000 grant that was obtained through a \$205,000 cash match that was put forth by the Prosecutor's Office. This effort led by the Prosecutor's Chief Information Officer and the Cuyahoga County Information Services Center (CCISC) resulted in the design and implementation of a county wide video conferencing network. The savings from this effort are ongoing. Over 85% of suburban law enforcement Grand Jury testimony is handled via video conference. The savings for all continue to accrue as these 10-15 minute appearances replace 4 hour trips that usually incurred overtime costs as well. Judges are requesting increased capabilities for parole and probation violation hearings as well. The application of video conferencing results in fewer deputy hours required to transport prisoners to the court rooms.

In Conclusion

Szignature Systems has been an integral part of all of the efforts described herein and is proud of these accomplishments. The Justice Matters system has allowed the Office to run efficiently and continually do more with less. This is evidenced by the fact that the Prosecutor's office has fully maintained operations in the face of repeated budget cuts with furloughs, and has emerged under budget year after year. 2009 operations resulted in a \$1,000,000 budget surplus. Many opportunities still exist for improvements and efficiency gains. Szignature Systems would like to continue to partner with Cuyahoga County to meet these challenges.