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## Government Efficiency & Accountability

### Government Efficiency and Accountability

Efficient and effective use of taxpayer dollars is one of the primary responsibilities of state government. This Executive Budget includes several initiatives that are designed to reduce administrative costs through state agency collaborations, thereby freeing resources that can be redirected for services to Ohio's citizens. Four initiatives are outlined in this analysis:

- Office of Accountability and Results—a resource for state agencies to improve efficiencies and track progress;
- Shared Services—a strategy to establish central processing for specific functions currently undertaken separately by all agencies of government;
- Advantage Ohio – Procurement Reform and Strategic Sourcing—a strategy that enables agencies to improve current buying power through enhanced collaboration; and
- Consolidation of the business operations for 28 occupational licensing boards and commissions.

### Office of Accountability and Results

The Office of Accountability and Results, housed within the Department of Administrative Services, provides support and guidance to all state agencies to implement the Governor's expectation that agencies manage for results. A summary of the services offered by this office include:

- ***The Ohio Government Accountability Plan:*** This approach allows state agencies to focus on core goals. The office assists the Governor, Chief of Staff and Cabinet Secretary in the creation and monitoring of Flexible Performance Agreements between Cabinet Directors and Governor that identify key departmental goals and metrics to move Ohio forward. Agreements and results are reported at <http://results.ohio.gov>.
- ***Continuous Process Improvement:*** The office encourages, coordinates and tracks statewide process improvement efforts. By providing support to the Governor's Office and state agencies, the office plans, designs and leads efforts to solve problems and reform government services. Facilitated sessions with state agency staff, including process improvement teams and Kaizen events, can achieve dramatic reductions in waste, cycle time, and costs. For example:
  - Through the use of a Kaizen event, the Department of Taxation reduced the amount of time required to resolve taxpayer disputes. It took more than 100 days for agents to process a taxpayer's correspondence, and there was a backlog of more than 16,000 pieces of correspondence, which created a 60 – 90 day delay before the work could even begin. As a result of the improvement efforts, the backlog was eliminated in 60 days and staff reduced the processing time from 100 to 13 days, which is more than a 70 percent decrease in delays for the taxpayer. The department also eliminated work silos, empowered agents to manage their work as a team, and developed a better billing notice to ensure agents get what they need the first time.
  - More than 2,300 suggestions have been collected from state employees statewide who are proposing ways to save state resources and remove steps from bureaucratic processes that may affect the public or business community. To date, the office has acted on nearly 10 percent of those suggestions and many more are under review for action.

The office also researches private sector, non-profit and other governmental practices in the area of performance and productivity in order to identify best practices and innovative approaches to continuously improve. The office serves as a clearinghouse for such information.

- ***Regulatory Reform:*** On February 12, 2008, Governor Strickland signed Executive Order 2008-04S "Common Sense Business Regulation" and called upon state agencies to simplify their rules, treat those affected by the rules as customers and partners, and streamline inefficient and drawn-out regulatory processes. The Executive Order called for an across-the-board review of current regulations,

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eliminating those that are unnecessary or needlessly burdensome while establishing regulatory performance standards that will make Ohio a more competitive place to do business.

The Office of Accountability and Results is responsible for coordination and implementation of the Executive Order with regulatory agencies. This includes the development of an implementation process, support of agencies in conducting rigorous regulatory review efforts and documenting progress and results. The office also coordinates a regulatory agency ombudsman program to resolve business concerns and assist agencies to identify and improve regulation enforcement processes that are unnecessarily burdensome, complex or expensive.

- **Ohio Business Gateway:** The office also works with the DAS Office of Information Technology on the transformation of the Ohio Business Gateway into a business portal, creating a one-stop-shop for information and transactional processes between state government and the private sector. There are many fees and applications that may be processed at this website. A phased approach, tied to available resources and the time needed for complex technical changes, is underway to make the information side more robust.

Ohio Business Gateway navigation is being made easier, and registered employers now have access to all resumes on Ohio Means Jobs/Monster.com. Within the next few months, all state contract opportunities and all state contracts larger than \$25,000 will be posted in one location. By fall 2009, a central rule change notification will be launched on the site. Additionally, a new business start-up wizard, central business demographics update and unified sign-on to the portal are in development.

- **Internal Asset Development:** The office coordinates and develops a network of internal employees who provide consulting, coaching and facilitation services throughout state government. These employees work with state agencies to develop the knowledge required to effectively implement the Accountable Government model, including planning, implementation, analysis, improvement, and reporting skills. These internal assets provide services normally purchased through outside consultants and vendors, and not only save considerable taxpayer dollars with their expertise, but are also investments in Ohio government's growth as their value increases as they gain experience.
- **Organizational Development:** The office assists with transforming state government into a high performance organization by providing advice and assistance in areas such as leadership, strategic planning, customer focus, information and analysis, human resource development, process management, and achieving results. A sample of specific duties includes facilitating strategic and operational planning efforts, managing the Efficiency.gov on-line system to collect employee and customer feedback and ideas for improvement, assisting with the development of dashboards and scorecards to collect data and track progress, teaching courses in a variety of topics, and coordinating the <http://results.ohio.gov> website that transparently tracks results.

The mission of the Office of Accountability and Results reflects the goals of the Ohio Government Accountability plan. The Office has already assisted in identifying and capturing millions of dollars in cost savings throughout state government.

### Ohio Shared Services

Although the concept of "shared services" is relatively new to Ohio government, it has a long history of success in the private sector. The concept is to eliminate silos and share a pool of resources among entities in order to make routine processes as efficient and cost effective as possible. This concept will be applied to a number of financial transaction processes during the fiscal year 2010-2011 biennium. Through shared services, state agencies will work with the Office of Budget & Management to consolidate some of their back-office finance processing functions.

Specifically, Ohio Shared Services will streamline such processes as accounts payable, travel reimbursement, general ledger and intra-agency transfers. Each of these processes will be governed by a service level agreement, which is a two-way agreement of commitment for both the agency and Ohio

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Shared Services. Unlike basic centralization of services, the service level agreement makes sure that both the agency and Ohio Shared Services are meeting their mutually agreed upon goals. It promises to be a relationship of equals that consistently strives for improvement.

State agencies are not required to participate in shared services. Those agencies that have participated in the planning process to date have volunteered to do so. With that said, it is anticipated that participating agencies will be able to use shared services to help operate within reduced funding levels and at the same time continue to perform core agency functions that serve Ohioans.

Ohio Shared Services will make it easier to do business with the State of Ohio. The vendor community will be able to realize the benefits of Ohio Shared Services. In fiscal year 2010, vendors will be able to see the status of their invoices through an online portal. Also, vendors will be able to call one number to inquire on payment issues with any state agency. The greatest benefits for the State will come through the following outcomes:

- Reducing the cost of back-office functions in order to devote more resources for citizen serving programs;
- Consolidating and streamlining business practices and administrative processes;
- Implementation of advanced functionality such as e-government and self-services web applications; and
- Creating the organizational foundation for migration of other state administrative services in the future.

Efficiencies resulting from this project will help save Ohio taxpayers money and will help alleviate some of the staffing shortages that will result from the aging of the workforce in the years ahead. The finance shared services operation will be operational in fiscal year 2011 and is expected to reduce overall agency costs by 10 percent to 15 percent annually for the participating agencies. Following implementation of the finance solution for fiscal year 2010 and 2011, Ohio Shared Services will explore restructuring the state's payroll processes and anticipates reducing costs by a similar percentage in the 2012-2013 biennial budget.

### Advantage Ohio – Procurement Reform

Advantage Ohio is a four-part initiative of Governor Ted Strickland to address Ohio's business climate and reform government operations with the emphasis on the creation of a competitive advantage for Ohio to attract and retain business. By taking steps to reform government operations in the areas of regulatory reform, adjudicative and administrative reform, expansion of the Ohio Business Gateway, and procurement reform, the state can better partner with the private sector to improve the way the state does business.

As a part of Advantage Ohio, a panel of public and private sector procurement officers recommended reforming Ohio's procurement of goods and services in order to realize cost savings. The panel concluded that in order to realize such savings the state's procurement laws and practices must change.

- ***Create a center-led supply organization across state government:*** Today many state agencies operate their purchasing activities independently in an uncoordinated fashion. While all operate under some common rules and practices, there is no single point of management and accountability for agency procurement. The panel recommends a single point of accountability, typically a Chief Procurement Officer or CPO, at the highest level to bring focus, leadership, structure, and change.

“Center-Led” allows current agency organizations to remain in place (decentralized to continue mission-specific performance) while operating under common goals set by the Chief Procurement Officer. Over time the CPO will review operations and the efficacy in centralizing or decentralizing activities. The focus will be on productivity, benefits, and the purchasing needs across the state government.

- ***Maximize state government's purchasing power through leverage:*** Much more can be done to seek economies of scale and to leverage the State's purchasing power for common goods. The opportunity for cost savings through supplier reduction and greater state agency participation is significant. This

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also requires strategic sourcing that spans multiple years with major focus on participation. Savings in state agencies alone are estimated at \$34 to \$72 million annually, not including potential savings for higher education or for local governments.

- ***Apply a consistent strategic sourcing process:*** Strategic sourcing is a systematic institutional process that continuously improves and reevaluates the purchasing activities of the organization. The principles of strategic sourcing commonly used in the private-sector are well understood. The benefits to both private and public sector organizations are also well known. These principles should be broadly applied in how the state does business.
- ***Attract, develop and retain a talented corps of supply management professionals:*** The quality of staff is more critical than their number to accomplish the transformation goals we endorse. Best practices in industry suggest improvements in adopting position standards, certification, training, and recruiting. These measures among other personnel-management actions focused on the skills and acumen of the state procurement workforce are necessary.
- ***Set annual targets for key procurement performance metrics across state government:*** A key to achieving the transformation of state procurement is goal setting and measurement. Cost savings should be built into strategic category goals. Every agency should operate under common definitions and metrics. Annual targets, centered on key objectives, should be set. Agencies must be held accountable for the results, which should be periodically reported.
- ***Maximize use of information technology to facilitate the conduct of commerce across the supply chain:*** Technology has advanced significantly in how suppliers interact with buyers, from how they hear about bid opportunities to how orders are placed. This has favorably impacted the speed of orders, lowered the cost of goods sold, and driven down the cost of procurement operations. With minimal investment, the state should adopt practices to take advantage of these advancements and create efficiencies.
- ***Accomplish these objectives without compromising product quality, customer service, or supplier diversity objectives:*** The principles of strategic sourcing have consistently proven to increase value for dollars spent without compromise to the quality of goods and services acquired. It is acknowledged that the state has an on-going obligation and must remain ever mindful of satisfying supplier diversity objectives. In practice, strategic sourcing does take these factors into account and has shown that they are not mutually exclusive.

### **Consolidate Support Services for Specific Boards and Commissions**

The Strickland Administration has developed a plan to improve efficiency and accountability, while preserving autonomy, in the operations of Ohio's 28 occupational licensing boards and commissions by:

- Sharing resources;
- Reducing duplicative administrative functions; and
- Implementing standardized rules and procedures.

The plan calls for the Central Service Agency within the Department of Administrative Services, in consultation with the Office of Budget & Management, to examine the support services it provides to the 28 boards and commissions and make recommendations regarding the consolidation of finance, human resources, procurement, or other administrative functions in order to achieve administrative cost savings and efficiency. DAS will have the authority under the plan to standardize rules regarding administration, personnel, and procurement for all 28 boards and commissions.

With the implementation of the Executive Budget, Ohio's 28 occupational licensing boards and commissions will improve efficiency and accountability while preserving autonomy in their operations by

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sharing resources, reducing duplicative administrative functions, and implementing standardized rules and procedures. The 28 boards and commissions included in the plan have combined budgets of \$36 million for fiscal year 2009, with approximately \$27 million, or 74 percent, for payroll costs.

Three of the projected benefits of this consolidation are:

- The support services of these boards are similar enough that they may be leveraged across all 28 agencies to realize efficiencies and improvements in results and accountability.
- Uniform application of DAS procedures for administration, personnel, and procurement to boards and commissions.
- Creation of a collaborative and consultative environment centered at CSA wherein boards and commissions may improve service delivery and operational efficiency.

In preserving board autonomy, each participating board or commission will retain all oversight of their respective areas of initial license issuance and regulation. Each will retain an executive director to coordinate these functions and the appointed boards and commissions will remain intact and retain all duties and responsibilities prescribed in Ohio Revised Code.

DAS estimates that once the plan is fully implemented, the plan could save the boards and commissions as much as \$12 million annually on back office support functions. By aligning the 28 boards and commissions with similar purposes and sharing resources, DAS will provide more effective and efficient support services to the boards and commissions than they would enjoy with individual support teams. The plan will improve uniformity and quality in governance and accountability by standardizing rules, procedures, and reporting.