

ENGAGE GWINNETT
INTERNAL SERVICES REPORT
Status Quo

Appreciation to County Staff

We appreciate the assistance provided to our group by County staff, particularly those in the Human Resources Department and the Financial Services Department. We acknowledge the time spent in preparing and compiling information for us and then in discussing it with us. Our work would not have been possible without the responsiveness and cooperation of staff, and we thank them for their willingness to tackle the tasks associated with our review, while still maintaining their normal job responsibilities.

Approach to Examination of Internal Services

Our group agreed to review internal services functions in addition to our original assignment of Fire and EMS. Internal Services functions include: Financial Services Department (Finance), Information Technology Department (I/T), Human Resources Department (H/R) and Support Services Department. Due to time limitations, we focused primarily on Finance and H/R but also looked briefly at funding and staffing for I/T and Support Services. Initially, H/R and Finance staff provided us with an overview of the Departments through presentations and reports. We also requested and received a number of statistical and information reports, which are posted on the Engage Gwinnett website. H/R and Finance leadership visited with us several times after the initial presentations in order to further explain reports and answer follow-up questions from our group.

One of our objectives was to determine some appropriate ratios to measure the level of Internal Services support required by the rest of County government now and that could be applied to determine the changes needed within the Internal Services areas as County government changes. We requested assistance from the designated research staff from Georgia Gwinnett College, as well as the Chamber's Human Resources Association, in identifying industry standards for internal services functions that could be used as benchmarks. We found that there are few such standards in existence, although there are some "rule of thumb" measurements in the H/R arena; for example, a ratio of one H/R positions per each 100 employees is commonly used as a method for generating a rough estimate of the number of H/R employees needed.

The lack of widely recognized standards for most Internal Services functions led us to ask that comparison data from peer local governments be collected as a substitute. County staff selected other metro Atlanta governments as the peer group, based on ability to collect the information within a relatively short period of time and familiarity with organization structure of each. We do not view all of these governments as good matches for Gwinnett or as aspiration models for the level of efficiency we expect from Gwinnett County. However, looking at the group provides some sense of the range that exists nearby, with the figures for Cobb County warranting further examination.

Observations

- Certain functions such as recruitment, employee benefits, payroll, accounting, fleet maintenance and computer operations are necessary to the functioning of all County departments and, in turn, to the provision of services to the public.
- Providing internal services on a centralized basis to all County departments improves the likelihood of consistency and continuity of services. It provides the opportunity for greater efficiency and lower cost as well.
- The Internal Services departments, as a group, have sustained larger percentage reductions in staffing and funding than other County departments.
- Reductions in positions, retirements of long-time employees and organizational restructuring of Internal Services departments have resulted in many employees working in areas where they have limited experience.
- The cuts made to the staffing and funding of the Internal Services departments were premised on there being substantial reductions in staffing and funding across the County organization.
- While funding and staffing were restored to most parts of the County organization with the property tax increase imposed in late 2009, this is not generally the case for Internal Services departments.
- Support staff have also been reduced in the public services departments as part of the budget cutting process; in most cases these positions have not been added back even though funding for direct services has been restored with the millage rate increase.
- Many of the cost containment steps taken within County government have generated greater overall work volume for one or more Internal Services department. For example, extra work was involved for Finance and H/R for every employee who retired as a result of the early retirement incentive program.
- The Tax Assessor's Office, which is reported as part of the Financial Services although it reports to the Board of Tax Assessors rather than the Board of Commissioners, has reduced staffing through contracting for certain appraisal services.
- As evidenced in the public participation meetings, the public typically does not mention Internal Services functions as a funding priority.

Challenges and considerations

- With the 2010 Adopted Budget, Internal Services departments must support higher service demands than were estimated at the time cuts to their staffing and funding were made.

- The retirement of experienced employees and reassignment of others due to restructuring have resulted in routine tasks requiring additional time than was the case previously.
- All County departments are negatively affected by slow or poor performance of assigned tasks and functions by the Internal Services departments, and, in turn, the ability of the operating departments to deliver services to the public is hindered.
- Tasks that cannot be performed adequately and timely by Internal Services departments are often informally shifted to operating departments.
- Operating departments have reduced support staff and are poorly prepared to absorb functions previously performed by Internal Services departments.
- Continuation of adverse economic conditions will place sustained pressure on Internal Services departments, especially Finance, to monitor conditions, prepare updated forecasts and recommend revised strategies in response to changing conditions.
- Technological improvements represent perhaps the best approach for allowing more to be done with fewer staff throughout the County, and particularly in Internal Services departments. However, there is limited funding available for such improvements, and implementing improved technology requires the dedication of precious staff time.
- The tax assessment function is under the greatest amount of pressure it has felt since the countywide reassessment that took effect in 1991. There is no end in sight for this heightened pressure since high volumes of property value changes and tax appeals are anticipated to continue for several years.
- The collection of property taxes for the County, the School System and Gwinnett municipalities is delayed if the Tax Assessors Office is unable to perform its duties in a timely fashion and successfully demonstrate that the Tax Digest has been prepared in accordance with all relevant State laws and regulations.
- The loss of investment income and cost of borrowing funds to cover cash flow shortages generated by delay in tax collections will be costly to all the Gwinnett government entities.

Major recommendations

- We are very concerned about how much more change the Internal Services departments can handle without serious threat to their ability to function. Therefore, we recommend that all proposed changes in the funding and operations of Internal Services departments be subjected to an intense review and analysis process. All possible consequences should be fully investigated, and the projected benefits should be carefully balanced with the potential risk associated with the proposed changes.
- In fact, we believe that the Internal Services areas may have been cut to a point at which their ability to support the rest of County government may be in jeopardy. Accordingly, we

recommend that the County closely examine the potential shortfalls in service which are likely and the impact these will have on other County operations.

- Consider advancing technology improvements that have been postponed until future years since these will allow some Internal Services areas to accomplish more with the existing staff. This would be particularly helpful for Finance and H/R.
- We recommend that the Internal Services departments identify appropriate communities and organizations to use for benchmarking purposes. Comparisons with these peer communities and organizations should be an on-going and formalized process. While we acknowledge that such comparisons are difficult and imperfect, we believe that it is important to demonstrate how Internal Services areas in Gwinnett County government stack up against other Internal Services operations across the country.
- Identify and evaluate best practices from other progressive Internal Services departments, including how these departments are addressing cuts in funding.
- We are alarmed by the level of risk associated with production of the County's Tax Digest under current economic and regulatory conditions, especially when coupled with the shifting of some appraisal functions to external firms. To curtail potential problems, we recommend that the County assign additional staff with needed background and experience to manage the contractual relationships and to perform quality control for the entire appraisal process. This should be done even if it can only be accomplished through hiring additional experienced staff or contracting for quality control services.
- We recommend that the County carefully monitor the volume of appeals and other activities associated with the production of the Tax Digest and be prepared to provide additional resources to the Tax Assessors Office in the form of temporary staff or contractual services should these be necessary.
- We recommend that the Board of Tax Assessors assume a leadership role in determining the resources needed by the Tax Assessors Office and seeking these from the County.