Performance Audit of the County Commissioners' Office

CARROLL COUNTY, NEW HAMPSHIRE

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1. INTRODUCTION AND EXECUTIVE SUMMARY

This chapter provides an introduction and an executive summary of the performance audit of Carroll County Commissioners' Office. This chapter identifies the information and approach used in this study, and presents key findings, conclusions and recommendations.

1. INTRODUCTION

The Matrix Consulting Group was retained by Carroll County to conduct a performance audit of the Commissioners' Office. The scope of the study, as defined by the proposal, included the following:

- Evaluation of internal financial controls, including departmental adherence and supervisory oversight within the Commissioner's Office/Administration.

- Evaluation of adherence by departments to controls and policies regarding employee time management and payroll.

- Make policy and operational recommendations related to financial controls and reporting, including program refinements, new strategies, resource modification as well as best practices required to achieve better fiscal responsibility.

- Evaluate adherence by County Departments to duly established policies governing hiring, dismissals and departures, grievance procedures, job descriptions, overtime approval, employee time reporting/tracking (Kronos).

- Evaluate Commissioner's Office/Administration policies for bidding for materials/services, issuance of RFPs, capital purchases, centralized purchasing, contract writing/review, personnel record keeping and confidentiality, and adherence to the policies and applicable state statutes (RSAs).

- Evaluate and report on any assessment by the Commissioner's Office/Administration of departmental performance.

- Identify policy and operational recommendations related to departmental performance measurement or metrics.

- Make recommendations for changes in County organizational structures and recommendations on alternate staffing (internal vs. external), including but not limited to a County Administrator position. Recommendations should address

enhanced financial control, improved administration of department operations, and greater operational efficiencies.

This draft report provides the results of this performance audit. The report is structured as follows:

• Chapter 1 presents an introduction to the report and an executive summary;

• Chapter 2 presents an analysis of the Human Resources Department operations;

• Chapter 3 presents an analysis of the County Commissioner's and Financial operations; and

• Chapter 4 addresses overall staffing and organizational structure of the Commissioners' Office.

The following section provides examples of the positive aspects of the work practices employed by the Finance Department.

2. THE HUMAN RESOURCES AND FINANCE DEPARTMENTS HAVE SOME STRENGTHS IN THEIR DELIVERY OF SERVICES.

This performance audit of the Commissioners' Office, by its nature, focuses on opportunities for improvement. However, there are strengths in current practices used by the Human Resources and Finance Departments that should be noted. Selected examples of the current strengths are listed below.

• The Finance Department staff have begun limited functionally cross-training of staff in order to ensure continuity of services on occasions when there are absences in the Department. However, this must be significantly increased.

• The County has begun efforts to address prior problems in the financial operations through greater focus on delinquent accounts, conducting an annual audit and finally implementing the Kronos system for employee time management.

• The County has adopted a new employee performance appraisal form that will be instituted in the coming year.

• The County has recently implemented an automated time system, Kronos, which requires employees to report time worked. The system allows for the electronic

submittal of time, and has the capability to provide managers with a variety of reports on employee time and costs.

• The Human Resources Department is currently engaged in an effort to ensure that all personnel files contain standardized and Department of Labor-compliant files.

These strengths provide a sound foundation for the opportunities for improvement in the services delivered by the Finance Department.

3. THERE ARE SEVERAL SIGNIFICANT ISSUES THAT MUST BE ADDRESSED TO IMPLEMENT APPROPRIATE OPERATIONAL PRACTICES AND FINANCIAL CONTROLS.

Carroll County has dealt with many issues over the last year that have garnered significant public attention regarding operational practices of the County Commissioners and the administration of the County. These have had significant impact on the successful operation of the administration of the County and diverted much attention away from addressing more fundamental and critical operational practices. The County has several significant issues that must be addressed to demonstrate operational practices expected of a professionally operated County, and to ensure that issues regarding past financial irregularities (both theft of funds and failure to perform basic required financial practices) are not encountered in the future.

The following are the key themes that emerged from the audit. The specific recommendations for improvement are contained in the following section of the report, but these themes summarize the overriding issues identified:

• **Critical Financial Policies (and Other Operational Policies) Have Not Been Adopted or Consistently Followed:** The County has not adopted basic financial policies to govern the operation of the County. These policies are standard practice in municipal government. Additionally, other operational policies and practices that were established do not appear to be consistently followed by staff and Commissioners (i.e. – Right to Know freedom of information request policy, and in at least one situation - hiring / salary increase).

- **Core Financial Duties Are Not Performed At All or Not in a Timely Manner:** There were multiple examples identified during the audit where basic financial duties were not performed at all or not in a timely manner. Representative examples of these duties include: timely reconciliation of bank accounts, monitoring and implementing collection activities for past due funds owed to the County, oversight and auditing of collections and cash handling by departments, and most importantly completing an annual financial audit.

- **Commissioners Meetings are Not Conducted in the Most Effective Manner:** County Commissioners meet weekly, with most meetings scheduled for approximately ½ day. However, the approach utilized for these meetings is very loose. While an agenda is prepared, it typically lists only topic areas for discussion, review and action and has not evolved to the point of development of agenda items prior to the meeting with supporting materials and a recommended action. County Commissioners are often attempting to make significant policy determination and other managerial actions "on the fly".

- **The Budget Process Has Not Historically Served as the Basis for an Annual Work Plan for Each Department:** Once budgets are adopted, they should serve as the basis for the annual work program for the Department with money allocated for the acquisition of needed supplies, materials and equipment and the implementation of adopted services at defined service levels. Some cases were noted where the budgets were not fully understood by staff regarding what was approved by the Delegation and the authority to proceed with purchases (i.e. – equipment). More importantly, key service areas are not clearly defined by the budget process and services are undertaken that were not expressly proposed, adopted or condoned (i.e. – raising pigs at the County Farm).

While these issues are correctable, in most cases relatively simply, there is not a strong focus on the oversight and management of the day-to-day operations of the County organization. An organization the size and complexity of Carroll County requires ongoing and active management either by the Commissioners or through an appointed position.

The following table summarizes the recommendations that were developed to address the identified issues.

4. SUMMARY OF RECOMMENDATIONS.

The following table summarizes the primary improvement opportunities identified by the Matrix Consulting Group in the performance audit of the Commissioners' Office. The chapters within this report should be read for a detailed discussion and analysis of each recommendation.

Chapter / Section	Recommendation	Priority	Responsible Party	Cost
Human Resources				
2.1	The Human Resources Department should continue with the standardization of all files. It should also develop a list of appropriate and inappropriate documentation for all personnel files, and should maintain separate files for each. The Department should also establish formal protocols for access to each of the file types.	Medium	HR Director	n/a
2.2	Once all files currently in the Human Resources Department conform to the same set of standards, the County should centralize all employee personnel files in the Human Resources Department.	Medium	HR Director	n/a
2.3	The Human Resources Department should formally review each job description to ensure compliance with federal requirements including ADA legislation, and to ensure that job requirements (such as education and experience) are consistently applied.	Medium	HR Director	n/a

Chapter / Section	Recommendation	Priority	Responsible Party	Cost
2.3	The County should adopt a policy of routine review and updating of job descriptions to ensure review of each description every three to five years.	Medium	HR Director	n/a
2.4	The County should develop a formal classification and compensation plan for its non-union employees. This plan should ensure both internal and external equity, and should ideally be performed by an outside vendor in order to eliminate any perception of bias in the process. The cost of a classification and compensation plan can vary depending upon the firm used, however it is estimated that such a plan for Carroll County would cost approximately $15,000.	High	County Commission	$15,000
2.5	The Human Resources Department should begin conducting exit interviews of employees voluntarily leaving County employment.	Low	HR Director	n/a
2.5	An annual report should be provided to the County Commissioners outlining findings from the exit interviews.	Low	HR Director	n/a
2.6	The Human Resources Director should begin the development of policies and procedures that cover all pertinent details of County employment and policy. This effort should be completed within 12 to 18 months.	High	HR Director	n/a

Chapter / Section	Recommendation	Priority	Responsible Party	Cost
2.7	The County should purchase and implement a Human Resources Information System to facilitate planning and analysis of personnel-related information, as well as to allow for on-line submittal of applications and resumes.	Medium	County Commission / HR Director	$25,000
2.8	Enhance the new employee orientation session to include a broader description of the employee's role as a County employee, in addition to his or her role within their specific department.	Low	HR Director	n/a
2.9	The County should develop and implement core training courses for all employees, and should also develop a required training curriculum for all supervisors.	Medium	HR Director	n/a
2.10	The project team recommends that the County continue in its employee and supervisor performance evaluation program implementation. However, there are certain refinements that the County should consider during this implementation phase.	Medium	HR Director	n/a
2.11	Develop and implement a standard policy and procedure on hiring practices.	High	County Commission / HR Director	n/a
2.12	Carroll County should implement a formal training policy outlining the annual training requirements for various positions.	Medium	HR Director	n/a

Chapter / Section	Recommendation	Priority	Responsible Party	Cost
2.12	Carroll County should implement a standard and formalized supervisory training program for all supervisors that includes a core set of classes, and is supplemented annually with topical items.	High	HR Director	n/a
Financial Operations				
3.1	The County should develop a Financial Policies and Procedures Manual.	Highest Priority (critical)	County Commissioners / Finance Manager	n/a
3.2	The Finance Manager should develop a uniform policy for the acceptance of checks and handling NSF checks.	High	Finance Manager	n/a
3.2	The Finance Manager should develop uniform cash handling standards and procedures and train all Departments that accept payments on these policies.	Highest Priority	Finance Manager	n/a
3.3	The County Commissioners should develop performance plans for departmental personnel to ensure that (a) the Finance Department is providing adequate support to personnel to ensure proficiency and skill levels to perform job functions and (b) to use as a tool to which the Department can hold staff accountable.	High	County Commissioners	n/a
3.4	Centralize all procurement files in the Business Office under the management of the Controller.	Low	Finance Manager	n/a
3.5	Begin the development of a multi-year Capital Improvement Plan for use in Fiscal Year 2016. Preliminary steps should occur beginning in the fall of 2015.	High	County Commissioners / Finance Manager	n/a

Chapter / Section	Recommendation	Priority	Responsible Party	Cost
3.6	Assign the responsibility for taking minutes at Commission meetings to the Administrative Assistant in the Business Office.	Medium	County Commissioners	n/a
3.7	Ensure that bank statements are reconciled by the end of the month following receipt of the statement. Also, the Business Office should take proactive steps to communicate with departments that have had recurring issues in reporting purchase amounts that are different from those reported by the bank.	Highest Priority (critical)	Finance Manager	n/a
3.8	The County Commissioners should modify their Commission Meeting protocol by developing agenda memorandums for all action items that will be acted upon during a commission meeting. The agenda items should be posted with the agenda.	High	County Commissioners	n/a
3.9	The County should institute a performance measures and reporting program.	Medium	County Commissioners	n/a
Organizational Structure and Staffing				
4.2	No change in the staffing allocation for the Finance Department is recommended at this time. However, if the County Administrator position, as recommended in a subsequent recommendation, is not pursued, the County should implement a Chief Financial Officer position.	n/a	n/a	$70,000 to $90,000
4.2	No change in the staffing allocation for the Human Resources Department is recommended at this time.	n/a	n/a	n/a

Chapter / Section	Recommendation	Priority	Responsible Party	Cost
4.3	Carroll County should consider the implementation of a County Manager position to oversee day-to-day administrative operations of the County and provide necessary administrative support to enable the County Commissioners to focus on strategic and policy decisions. Alternatively, the County should implement a Chief Financial Officer position.	High	County Commissioners	$90,000 to $120,000
4.4	The County should monitor expenses for information technology services and consider in the next several years the potential to bring this service in-house to increase support to Departments at the point in time that the costs for a dedicated position would be off-set by the reduction in the IT contract.	Low	County Commissioners	n/a
4.5	The County should seek to implement multi-year collective bargaining agreements with its employee unions. Additionally, the ending dates of the collective bargaining agreements should be staggered.	High	County Commissioners	n/a
4.6	The County should not implement a program to "buy back" unused employee leave time as it is not a prevailing or recommended practice. If however, the County desires to implement a program, it should develop and adopt (or negotiate where necessary) a formal policy regarding the terms, conditions and circumstances under which buy-back of leave time will be allowed to ensure consistency of application to all employees.	Low	County Commissioners	n/a

The priorities assigned to each of the recommendations listed above were determined based upon an assessment of the most critical issues necessary to reduce risk and liability of the County, improve operations, and to address issues that will have the greatest potential for improving operations. While some items may be identified as medium or low priority, they may be targeted for implementation earlier than some highlighted as high priority due to availability of staff or time to accomplish. These priorities are provided as a baseline indication of need and not an absolute requirement that all high priority items should be addressed prior to lower ranked priorities.

5. AREAS FOR FUTURE EVALUATION.

The delegation requested that the project team, as part of the assigned tasks, identify potential areas for future study that may be beneficial for the County to review. Since this study reviewed the majority of administrative functions, the project team would only suggest that limited reviews of staffing approaches (number of staff, allocation of positions, organizational structure, and associated personnel practices – such as overtime use) for the major functional areas of the County would be an appropriate area for future consideration. These operations would include Sheriff, Corrections, and the Nursing Home. As principal service areas, and ones that represent a substantial portion of the total budget, these would be the most likely areas where the County could benefit from review.

2. ANALYSIS OF HUMAN RESOURCES OPERATIONS

This chapter presents an analysis of the Human Resources Department business processes and service delivery approaches.

1. The Department Should Establish a Listing of All Required Documents That Constitute a Complete Personnel File.

The Human Resources Director, who at the time of the study had been the position for approximately one year, has identified the standardization of personnel files as one of the primary initiatives of the Department. Many of the personnel files in the Department, which are kept in the office of the Human Resources Generalist/Benefits Administrator, had been reported to have contained inappropriate information, such as I-9s, and many lacked certain files that should be found in all personnel files, such as training records, pay rate changes, etc.

The Human Resources Department has, in the past year, developed a "New Hire and Orientation Tracking Sheet". This tracking sheet provides a listing of all required documentation and information related to employee elective enrollments, and provides for the employee's initials and signature signifying receipt of each form. This form is placed in the employee's personnel file, and constitutes baseline, required information for all new employees. This is an excellent step in standardizing all personnel files going forward, however the Department has not yet established what constitutes a complete personnel file for all employees.

Documentation in a personnel file beyond the initial paperwork for new employees should provide basic facts about an employee's history with the County. The files should not contain commentary about the employee, such as opinions,

interview notes, unexplored allegations by other employees, etc., as these files may be

viewed by the employee, Human Resources staff, and may even be subpoenaed in a

lawsuit.

Contents of a complete personnel file should include the following elements:

Employment History
Job application
Resume and cover letter
Education verification
Employment verification
Job offer or rejection letter
Position job description
Emergency contact information
County New Hire Tracking sheet
Life of employment documentation (e.g., transfers, promotions, internal job applications, etc.)
Employee Development
Performance appraisals and performance improvement plans
Records from any formal counseling sessions
Attendance and tardiness documentation
Disciplinary actions
Employee recognition forms, such as certificates, awards, recognition letters, etc.
Training records and requests for training
Needs assessments
Training expense reports
Termination Records
Resignation letter
Exit interview documentation
COBRA notification
Final accounting for termination, such as final paycheck, vacation pay, return of property, etc.

Equally important is the information that should not be included in a personnel

file. This information includes, but is not limited to:

- Medical information and forms containing health information on employees,
- Investigative documentation, attorney recommendations, etc.,
- I-9 forms,
- Background and reference checks, and
- Department-specific documentation such as criminal record release form, confidentiality statements, etc.,

These types of data should be retained by the Human Resources Department,

but in separate, locked file with different access protocols than those related to an

employee's general personnel file.

Recommendation: The Human Resources Department should continue with the standardization of all files. It should also develop a list of appropriate and inappropriate documentation for all personnel files, and should maintain separate files for each. The Department should also establish formal protocols for access to each of the file types.

2.   The County Should Centralize All Personnel Files in the Human Resources Department.

The Human Resources Department maintains all personnel files for all departments with the exception of the Sheriff and County Attorney. Moreover, not all departments are forwarding all relevant information to the Human Resources Department for retention in personnel files, such as training and certification records. The purpose of centralizing all personnel files is to ensure that:

*   All files are in conformance with the same set of standards regarding what constitutes a complete file.

*   Files do not contain inappropriate information.

*   The risk of unauthorized access to files is minimized.

Individual departments typically express hesitation to turn over custodianship of personnel files, as they feel a greater sense of control over their access when they are nearby. Further, retrieval of files is simply more convenient when the files are in close proximity. However, a decentralized filing system does not ensure uniformity of file content, and it risks having information on a topic stored in multiple locations, which can present problems when data are requested or subpoenaed. Individual departments may retain duplicate records of documentation contained in employees' files, however the official County files should reside in a single, centralized location.

The project team recommends that, once the Human Resources Department has established what constitutes a complete personnel file and has ensured that all existing

files in the Office are in conformance with the same set of standards, the remaining

County departments turn over custodianship of their personnel records to the Human

Resources Department.

Recommendation: Once all files currently in the Human Resources Department conform to the same set of standards, the County should centralize all employee personnel files in the Human Resources Department.

3.   The Human Resources Department Should Ensure That All Employees Have Current Job Descriptions That Are Both Consistent and Compliant with the Americans with Disabilities Act (ADA)

The project team reviewed the job descriptions in place in the County and found

them to be in a standard, consistent format, and generally descriptive of job duties

typical of positions of a similar nature. However, there are certain elements of these job

descriptions that should be modified or, at a minimum, reviewed. These include the

following:

•   The job descriptions should be dated.

•   The job descriptions should be reviewed and modified to be in compliance with ADA legislation.

•   The job descriptions should be reviewed to ensure that all primary functions are included.

Regarding the first point, although some job descriptions are dated, most are not.

Dates should be provided on each job description as new job functions be added,

deleted or modified. It is necessary to be able to show the date on which these changes

were made if a legal challenge were made.

Regarding the second point, it is important to note that ADA does not require an

organization to have job descriptions. It is, however, beneficial for the County to

maintain ADA-compliant job descriptions for at least two reasons:

- It helps the County to know whether a particular applicant can meet the job requirements. The County cannot ask an applicant whether their particular observed or suspected disability would prevent them from performing a certain task. However, it is permissible to ask an applicant whether they can meet the essential job functions that are enumerated in an officially adopted job description.

- It helps the County to defend against a claim of discrimination on the basis of disability. If the County is challenged regarding an issue as to whether an individual could perform the essential functions of a particular job, the job description itself can be an effective defense if it can be noted that a particular disabled individual could not perform one of the essential requirements enumerated therein, even if the County provided reasonable accommodation.

It is important that the County enumerate the essential functions of each job in the job description before advertising or interviewing for the job, since language in the job description cannot be used as evidence constituting essential functions if included after a charge of discrimination. Therefore, it's important that the County consider what is, and is not, an essential function. Simply put, essential functions are those that cannot be reassigned if an individual in the position cannot perform them, and the functions are specialized and require specific expertise to perform them. Standards enumerated in a job description generally will not be questioned as long as it can be demonstrated that they are essential for the job, and are applied equally and fairly among the incumbents in the position. Generally, job descriptions should avoid language that refers to an incumbent's ability to "walk", "stoop", "climb", "talk", hear" or any other action that can be reasonably performed in an alternative manner. The project team noted that the current job description for the Farm's Maintenance Supervisor, for instance, lists "stooping, sitting, standing, bending, lifting…" as required abilities. The job description for the Finance Manager contains similar requirements, as well. These may need to be modified to allow for an incumbent's strict inability to

perform these duties in these manners, and should use language such as "position oneself to perform" such duties if it can be determined that an individual could reasonably perform duties without the specific physical requirements to "stoop, sit, stand, bend, lift", etc.

Regarding the third point, the Human Resources Department should ensure that all essential job duties are included in the current job descriptions. As noted above, the current job descriptions appear to enumerate typical duties associated with positions, although the project team's scope of services did not include a review of job content of positions outside the Commissioner's Office. However, a couple of notable omissions and possible inconsistencies were noted, as described below:

- The job description for the Administrative Assistant in the Commissioner's office does not list among the primary duties the requirement to receive all requests under RSA 91-A ("Right to Know" legislation) and to provide such copies, if they are available.

- The job description for the Human Resources Director requires "knowledge of human resources management equivalent to completion of a Bachelor's degree plus five to ten years of progressively responsible managerial experience required in personnel management or a human resource coordinator (public sector preferred), or any equivalent combination of education and experience which demonstrates possession of the required knowledge, skills and abilities." However, the job requirements for the Finance Manager require somewhat less stringent educational and experience requirements. Specifically, the current job description for that position that the incumbent should possess "a high school diploma with accounting/business/office management preparation. Knowledge of computers required. Two years of accounting/office management work, or any combination of education and experience, which demonstrate possession of the required knowledge, skills, and abilities." These differences may, in fact, be justified, however they appear to occupy similar organizational authority, and the differences in job description requirements should be considered and explained, or the job descriptions themselves should be modified if the differences cannot be justified.

It is commendable that the County has written job descriptions for what appears to be all, or nearly all, positions in the County. However, the current job descriptions should be reviewed and modified in certain instances in order to be compliant with the ADA, and to remove the inconsistencies that were noted above and all jobs that do not have a job description should have one written immediately.

Carroll County should implement an internal policy of periodic review of all classification to maintain accurate and current job descriptions. This can be accomplished by implementing a policy of reviewing each classification upon recruitment for a new employee and conducting routine reviews of 20% to 25% of the descriptions annually. This practice would place Carroll County in line with best practices in the classification field.

Recommendation: The Human Resources Department should formally review each job description to ensure compliance with federal requirements including ADA legislation, and to ensure that job requirements (such as education and experience) are consistently applied.

Recommendation: The County should adopt a policy of routine review and updating of job descriptions to ensure review of each description every three to five years.

4.   The County Should Create a Classification and Compensation Plan for All Non-Union Employees.

Although many of the County's employees are covered under collective bargaining agreements, with compensation levels that are negotiated under these agreements, there are also many non-union employees as well. In fact, the most current figures indicate that 162 of the 338 (48%) are non-union employees. As these employees are not covered under bargaining agreements, their starting rates of pay, as well as subsequent pay increases, have historically been determined by the County

Commissioners on bases that have not always been made clear to affected employees. Employees in all organizations are concerned with their compensation levels, however they also need to know that these levels are fair, and that the method by which pay and pay increases are determined is equitable and understood by all.

A formal classification and compensation plan, when properly designed, ensures both internal and external equity. Internal equity is achieved when the content of all positions is evaluated on a set of pre-determined factors relating to their difficulty, complexity and importance to the organization. Each position is rated on a numeric scale against these criteria, which results in the establishment of a rank order listing of all jobs, from the highest to the lowest. Typical factors used to determine the rating of specific jobs include:

- Supervision exercised

- Purpose and nature of contacts

- Complexity

- Physical demands

- Work environment

- Education and experience required

There may be others used, however the basic requirement is that the same set of factors is used to evaluate all jobs.

External equity is achieved when compensation levels reflect market rates. This is an important facet of compensation, as it reflects an organization's commitment to its employees, and also affects its ability to attract and retain qualified employees. Organizations need to establish pay ranges that are competitive, and also need to

periodically adjust these rates through salary surveys to ensure that their pay ranges do

not lag behind others in their competitive market.

The lack of a formal tool to guide the establishment of compensation levels may

give the impression that decisions related to employee pay are not objective, and over

time this results in a lack of trust in the process. This, in turn, damages morale, and

could even lead to high levels of turnover.

Recommendation: The County should develop a formal classification and compensation plan for its non-union employees. This plan should ensure both internal and external equity, and should ideally be performed by an outside vendor in order to eliminate any perception of bias in the process. The cost of a classification and compensation plan can vary depending upon the firm used, however it is estimated that such a plan for Carroll County would cost approximately $15,000.

5.   **The Human Resources Department Should Solicit Employee Feedback through Conducting Exit Interviews with Employees Who Voluntarily Leave County Employment.**

There are a number of reasons why the Human Resources Department should

conduct employee exit interviews on a regular, ongoing basis. These include the

following:

•   They produce useful and quantifiable information about issues of concern regarding employment with the County.

•   They can identify areas in which supervision is problematic.

•   They can help identify issues regarding benefits, policies or procedures that limit the County's desirability as an "employer of choice".

•   They demonstrate interest in improvement of the organization over the long term.

•   They enable the County to measure change over time in the employment arena.

Exit interviews are an important steps that the Human Resources Department

can take in the short-term to identify potential problems or liability within the workplace.

In the next six to twelve months, the Human Resources Department should implement a policy of conducting exit interview for all employees who separate employment with the County. Examples of the questions typically found on an exit interview form include:

	Sample Exit Interview Questions
1.	Why have you decided to leave the County?
2.	Have you shared your concerns with anyone prior to deciding to leave?
3.	Was there a single event that was responsible for your decision to leave?
4.	What does your new employer offer that encouraged you to accept their offer and leave the County?
5.	What do you value about the County?
6.	What did you dislike about the County?
7.	The quality of supervision is important to most people at work. How was your relationship with your manager/supervisor?
8.	What could your manager/supervisor do to improve his/her management style and skill?
9.	What are your views about management and leadership, in general, in the County?
10.	What did you like most about your job in the County?
11.	What did you dislike about your job? What would you change about the job?
12.	Do you feel you had the resources and support necessary to accomplish your job? If not, what was missing?
13.	We try to be an employee-oriented County in which employees experience positive morale and motivation. What is your experience with morale and motivation in the County?
14.	Were your job responsibilities characterized correctly during the interview process and orientation?
15.	Did you have clear goals and know what was expected of you in your job?
16.	Did you receive adequate feedback about your daily performance and in the performance development planning process?
17.	Did you clearly understand and feel a part of the accomplishment of the County's mission and goals?
18.	Describe your experience of the County's commitment to quality and customer service.
19.	Did the management in the County care about and help you accomplish your personal and professional development and career goals?
20.	What would you recommend to help us create a better workplace?
21.	Do the policies and procedures of the County help to create a well-managed, consistent, and fair workplace in which expectations are clearly defined?
22.	Describe the qualities and characteristics of the person who is most likely to succeed in this County organization.
23.	What are the key qualities and skills we should seek in your replacement?
24.	Do you have any recommendations regarding our compensation, benefits and other rewards and recognition efforts?
25.	What would make you consider working for this County again in the future? Would you recommend the County as a good place to work to your friends and family?
26.	Can you offer any other comments that will enable us to understand why you are leaving, how we can improve, and what we can do to become a better County organization?

The County should annually summarize the finding resulting from the exit interviews and provide a report to the County Commissioners. If during exit interviews,

any information is provided that indicates the occurrence of illegal activity or activity that

would create a liability for the County (i.e. – sexual harassment), it should be

immediately reported to the County Commissioners and an investigation conducted.

Recommendation: The Human Resources Department should begin conducting exit interviews of employees voluntarily leaving County employment.

Recommendation: An annual report should be provided to the County Commissioners outlining findings from the exit interviews.

6.   The Department Should Develop and Distribute a Comprehensive Set of Polices and Procedures.

The Human Resources Department's web site contains a limited set of policies

and procedures, called a "Personnel Reference Guide". The following table provides

the topics covered in the Guide:

Code of conduct and ethics	Health and retirement
Personal appearance	Holidays
Unacceptable conduct and job performance	Personal days
Attendance	Sick days
Cell phone usage	Vacation
Complaint policy	FMLA
Discharges and suspensions	General leave of absence
Donated sick time	Jury duty
Harassment/Sexual Harassment	Worker's compensation
IT/Electronic communications	Transitional alternate duty
Private and protected communications	Americans with Disabilities Act
Social networking	
Workplace violence/bullying	Equal Employment Opportunity

Although the Guide contains many important policies, it does not cover all

policies that would constitute a comprehensive personnel policies and procedures

manual. Furthermore, some of the topics covered in the Guide do not address all

aspects of the topics that should be included in a more comprehensive manual.

The existing policies and procedures listed in the table should be re-evaluated to

determine their continued applicability, with changes being posted, and all employees

notified of any changes. These should be provided in hard copy form to all employees, and should be posted on the County web site, with e-mails sent to all department managers as the policies and procedures change so that the manual can be updated, and so that employees have the opportunity to review the changes. This effort should begin with the assistance of an industry resource such as the Society for Human Resource Management (SHRM), to obtain standard policies and procedures that may be amended to fit County policies and unique requirements.

The following are example topics from a comprehensive personnel manual showing the types of policies that should be addressed and include:

EXHIBIT
Suggested Personnel Policies and Procedures

I.   Organization for Personnel Administration

•   Role of the Human Resources Department in Employee Discipline and Grievance Procedures

•   Work Standards and Progressive Disciplinary Procedures

•   Purpose and Process of Grievance Procedures

II.   Rules

•   Standards of Conduct

•   Release from Duty with and without Pay

•   Non-discrimination Policy (including Affirmative Action Statement and Policy and EEO Statement)
        -       Policy
        -       Definitions
        -       Complaint Procedure

•   Management and Administrative Procedures
        -       Purchasing Policies
        -       Time or Shift-swapping
        -       Payroll

- Other Employment
- Workers Compensation
- Voting Rights

- Work Standards and Discipline
  - Performance Standards
  - Employee Performance Appraisal
  - Attendance
  - Personal Conduct
  - Attitude and Behavior
  - Insubordination
  - Drug-free Workplace
  - Storage of Illegal Drugs or Alcohol
  - Seat Belt Policy

- Ethical and Behavioral Expectations
  - Smoking
  - Use of County-owned Equipment or Personnel Resources
  - Criminal Charges against an Employee
  - Disclosure of Information
  - Political Activity Rule
  - Permitted Political Activity
  - Limitations on Political Activity
  - Solicitations for Contribution
  - Surrender of Property
  - Rewards or Gifts
  - Lending or Borrowing Money
  - Falsifying Records
  - Conduct of Personal Enterprise on County Time
  - Assembly of Employees

III.   Regulations

- Recruitment
  - Filling Vacancies
  - Appointments
  - Reclassification
  - Promotion
  - Transfer
  - Public Announcements of Position Vacancies
  - Applications (forms, denial, security clearance, active status, disqualification)
  - Investigation of Candidate History

- Examinations and Other Requirements

- Employment Status
  - Probationary Period
  - Regular Status
  - Temporary Status

- Separation
  - Resignation
  - Abandonment of Job
  - Layoff and Reduction in Force
  - Order of Layoff
  - Special Cases
  - Notice of Layoff to Employees
  - Demotion in lieu of Layoff

- Disability

- Loss of Required Certification or License

- Termination
  - Pre-termination Hearing Procedures
  - Termination Procedures for Job Abandonment
  - Notice of Termination
  - Pay upon Termination

- Employment of Relatives (Nepotism)

  - Employees
  - Elected Public Officials
  - Definition of a Relative

- Pay Practices

- Attendance
  - Warning and Review
  - Counseling
  - Continued Absenteeism

- Tardiness
  - Docking of Pay
  - Disciplinary Action Schedule

- Attendance Records

- Leave Time Regulations

- Holidays

- Personal Leave/Vacation
  - Eligibility
  - Accrual
  - Maximum Allowable Accumulation
  - Request for Leave
  - Payment of Unused Leave
  - Periods of Leave
  - Emergencies While on Leave

- Sick Leave
  - Eligibility
  - Rate of Accrual
  - Certification by Physician
  - Maximum Allowable Accumulation
  - Chargeable Sick Leave
  - Forfeiture of Sick Leave
  - Reinstatement
  - Extended/Emergency Sick Leave

- Leave of Absence with Pay
  - Standard Approval Procedure
  - Military Leave
  - Jury Duty
  - Funeral Leave
  - Workers Compensation
  - Temporary Disabilities not Covered by Workers Compensation
  - Family Medical Leave

- Leave of Absence without Pay
  - Standard Approval Procedure
  - Family and Medical Leave Act (Employee and Employer Requirements)
  - Reasons for Taking Leave
  - Advance Notice and Medical Certification
  - Job Benefits and Protection
  - Serious Medical Conditions
  - Certification of Serious Medical Condition
  - Employment Protection
  - Health Benefits Protection

- Educational Leave

- Hazardous Weather
  - Leave Options in Hazardous Weather
  - Critical Positions during Hazardous Weather

- Compensation

- Fair Labor Standards Acts (definition of Exempt and Non-Exempt)

- Part-Time Employees and Compensation

- Class Specifications (Job Descriptions)

- Compensation Plan

- Employee Relations
  - Grievance Claim
  - Petition
  - Appeals
  - Grievance Procedure and Timing
  - Resolution
  - Responsibilities of Department, Manager, Human Resources Department, etc.

- Right to Search Personal Property

- Human Resources Policy
  - Department Records
  - Inspection
  - Destruction of Records
  - Application Release
  - Information Required to Be Released
  - Information Required to Be Withheld
  - Terminated Employees and Release of Information

Recommendation: The Human Resources Director should begin the development of policies and procedures that cover all pertinent details of County employment and policy. This effort should be completed within 12 to 18 months.

7. The County Should Procure a Human Resources Information System to Facilitate Record Retrieval, and to Allow Managers to Plan and Analyze Personnel-Related Information.

Currently, all personnel data reside in manual form in the Human Resources

Department, as well as certain other County departments. Manual systems such as

these may, in fact, be comprehensive and contain all relevant data regarding an

individual's employment records, however these systems do not facilitate retrieval of information by department managers, nor do they facilitate analysis.

A Human Resources Information System (HRIS) is a software package that replaces manual, paper-based methods of inputting, tracking and recording employee information. Depending upon the software manufacturer, these systems may be broken into modules that contain the following information:

- **Personal and job-related information**. This would include profile information on each employee, such as name, address, phone, Social Security number, dependents, marital status, benefits selections, salary, salary history, etc. This type of information is generally separated from any other modules, as the employees accessing this information would not require access to information contained in other modules.

- **Requirements for Each Position Title.** This module contains information regarding all position titles, each employee holding each position title, the requirements for the position (i.e., education, experience, etc.), employees holing job requirements for specific open positions, and, if desired, a listing of job titles held (both within and outside the County) prior to their current jobs with the County.

- **Planning and Analysis.** This module can be utilized to show which employees meet the requirements for specific jobs, and where there may be short-falls, based on a lack of skills, probable retirements, historic turnover rates, and a variety of other factors. Further, this module may be used to facilitate an analysis of important metrics such as turnover rates for specific position titles, positional costs of hiring, days to fill job openings per job title, and other important analyses.

- **Compliance.** The HRIS can be used to report on compliance with legal requirements regarding gender neutrality, equal opportunity, and others, by tracking the profile of the applicant pools, the profiles of employees interviewed for, hired or promoted into open positions, and the degree to which the County is in compliance with requirements in these regards.

Clearly, much of the information stored in the HRIS is confidential, and should not be accessed by all County employees or their managers. Therefore, care should be taken in restricting access to each of the modules in the system. However, when fully

implemented, in addition to the facets described above, the HRIS will facilitate retrieval, planning and analysis of employee information, and will allow the Human Resources Department to leverage the information that currently resides only in manual form. Further the HRIS will allow applicants, both internal and external, to submit applications and resumes on line, and will facilitate the hiring manager's ability to use filters such as education and experience to be able to determine the most qualified candidates for interview. In addition, the HRIS can allow employees to submit benefits changes on line, thereby reducing paperwork, and the manual work of both the employee and the Human Resources Department's personnel, can store data such as I-9 and W-2, and other related data.

The County currently utilizes GFS as its financial system, and Kronos for recording time and attendance. The Human Resources Director should pursue the implementation of the GFS Human Resources module to enhance internal operations. If the County has not purchased, this module it should determine the cost of doing so. Other comparable HR modules can be procured for between $15,000 and $25,000 so if the cost greatly exceeds this amount a determination should be made whether the benefits of having an integrated system (utilizing GFS) outweigh the additional procurement cost.

Recommendation: The County should purchase and implement a Human Resources Information System to facilitate planning and analysis of personnel-related information, as well as to allow for on-line submittal of applications and resumes.

8.   The County Should Enhance Its New Employee Orientation Sessions to Promote Employee Understanding of County Operations.

Employee orientation sessions are a necessary process in assimilating employees into an organizational structure. In many cases, however, these sessions provide only the essential information to employees regarding their employment, and touch on issues such as attendance policy, benefits, performance appraisals, social media policy, and the like. These are important facets of employment and should be a part of any employee orientation.

The new employee orientation should be broadened, though, to educate the new employee in the role he or she plays, not just in their specific department, but also in the overall context of County employment. The new employee orientation session is, perhaps, one of the final opportunities the County has to educate the employee in his or her role in the County, and how their efforts contribute to the overall efforts the County makes on behalf of all of its residents. To this extent, the orientation session provides a unique opportunity to reach each employee and to break down the proverbial "silos" of government, which tend to build in any organization over time.

The project team recommends that the Human Resources Department develop a formal agenda for each new employee orientation session that builds upon the information provided in these sessions, to include a broader-based orientation that gives an employee a sense of contribution on a larger, countywide scale. Recommended topics include:

•	Ethics

•	Description of what each department in the County is responsible for

•	Identify where each County facility is located, and what departments/functions are located at each

•	Discussion of pay and benefits

- Discussion of employee's role as "ambassador" of the County

- Description of the levels of government in the County and the State of New Hampshire

- Description of revenue sources for the County

- Description of areas in which Carroll County ranks No. 1 in the State

There may be other topics that the County desires to include in these sessions. The overall objective, however, is to reach the employee at an early stage of employment in order to remove, to the greatest possible extent, the silos that can build over time within each department.

Recommendation: Enhance the new employee orientation session to include a broader description of the employee's role as a County employee, in addition to his or her role within their specific department.

9.   **The County Should Adopt and Implement a Training Program for Its Employees.**

Currently, the County does not have a formal training program for its employees. Within the past year, the Human Resources Director has provided certain training, such as sexual harassment, and during the course of the study, certain employees attended an off-site training session provided by Primex. However, these efforts do not constitute a comprehensive training program and do not ensure that all County employees receive basic training on important elements of employment.

The County should develop and adopt a consistent policy on the amount, type and frequency of training to be provided to all employees. Furthermore, supervisors should be provided training over and above this basic curriculum that is provided to all County employees. Each department should continue to provide training specific to

their respective professions, however, as has been noted in an earlier section of this report, as these training courses are completed, records should be forwarded to the Human Resources Department for inclusion in each employee's personnel file.

The Human Resources Department should establish basic core training programs provided to all employees. Potential topics may include sexual harassment, diversity in the workplace, drug and alcohol awareness, ethics, time management and others. In addition, the Department should develop training curricula for all supervisors that covers effective supervisory skills training, equal employment practices, workplace violence prevention, public speaking, effective discipline, communication, managing challenging employees and customers, team-building and others. Each supervisor should be required to attend the basic supervisory curriculum that is established, but this basic core should be supplemented with training is specific areas of concern that may emerge from time to time.

The Human Resources Department may find that it cannot directly provide each identified course to all employees. In these cases, the County may need to contract for the provision of certain courses. The project team estimates that a three-day course for a single supervisor would range from $1,500 to $2,000. However, once the basic supervisory courses are completed, the Human Resources Department should provide ongoing refresher courses.

Recommendation: The County should develop and implement core training courses for all employees, and should also develop a required training curriculum for all supervisors.

10.   The County Should Continue to Move Forward with Its Recent Initiative to Implement an Employee Performance Evaluation Program.

During the course of this study, County department heads, working with the Human Resources Department Director, adopted a Personnel Evaluation Program that is intended to:

• Establish mutually understood performance expectations/goals

• Provide feedback on accomplishments and areas in need of improvement

• Develop a plan or maintaining job performance at a satisfactory level or for improving performance

Under this program, each employee is to meet with his or her supervisor at the time of employment to develop an agreement addressing the work to be accomplished in the ensuing six months. During this six-month period, the employee's progress is to be discussed on an ongoing basis, with formal feedback given at the end of this probationary period. Then, every year, on the anniversary of this six-month probationary period, and every year following, employees are to be given an annual performance evaluation.

There are ten factors on which all employees will be evaluated, and ten on which supervisors are to be evaluated. These are enumerated in the table below.

Form A (Supervisory)	Form B (Employee)
Serving the Public	Serving the Public
Planning and Organizing	Planning and Organizing
Leadership	Teamwork
Oral and Written Communication	Oral and Written Communication
Personnel Management	Personnel Relations
Achieving Goals	Achieving Goals
Policy Development	Preparation
Financial Management	Fiscal Responsibility
Decision Making	Decision Making
Initiative/Motivation	Initiative/Motivation

In conducting the evaluations, evaluators are instructed to rate employee, or supervisor, performance on a scale of one (unsatisfactory) to five (outstanding).

In reviewing the performance evaluation criteria, the project team noted several items that the County should consider as potential enhancements to the current program. These include the following:

- The "Teamwork" criterion appears to mix several factors on which employees are to be evaluated. The lowest score available for this criterion evaluates the employee's motivation to improve personal development, yet none of the other four rating factors do this. Others of the rating factors for Teamwork rate the employee's motivation and information sharing. Moreover, one of the other nine evaluative criteria is "Initiative/Motivation", which, to some extent, is duplicated in the Teamwork evaluative criterion.

- The "Personnel Relations" evaluative criterion is very similar to the "Teamwork" criterion in that it evaluates the employee's ability to work well and cooperatively with others. This criterion places emphasis on the employee's ability to communicate, and work with, others. As the "Teamwork" criterion places great emphasis on the "sharing of information" with others, it is difficult to distinguish this from the employee's ability to "communicate with others."

- There is some overlap in the evaluative factors established for the "Leadership", and "Personnel Management" evaluative criteria. The factors under "Leadership" place emphasis on motivating employees to accomplish tasks. The "Personnel Management" criterion also evaluates the supervisor on his or her ability in "selecting managing motivating and developing staff members to meet individual and group goals."

- The "Achieving Goals" criterion rating factor number 1 indicates that the supervisor "…establishes unrealistic goals for employees", yet none of the other four rating factors mentions the supervisor's ability to set goals for employees.
- The "Achieving Goals" criterion evaluates production and accuracy of work in addition to achieving goals. These evaluative criteria should be separated from the achievement of goals.

- Volume of work and quality of work are two distinct evaluative criteria that are mixed within the "Achieving Goals" evaluative criterion and should be separated from each other, as well as from the achievement of goals.

- Two of the rating factors for the "Policy Development" criterion mention job knowledge, but the other three do not. The other rating factors in this evaluative criterion place emphasis on the supervisor's effective analysis of problems.

- Knowledge of an employee or supervisor's job is not specifically evaluated. This is a key component of performance. As noted above, there are certain rating

factors that mention an employee's job knowledge, but this is not evenly applied as a rating factor.

- Attendance is not included as an evaluative criterion in the performance evaluation program.

- Safety is not included as an evaluative criterion in the performance evaluation program.

- A supervisor's ability to delegate responsibilities to staff is not included as an evaluative criterion in the performance evaluation program.

- Although supervisors are evaluated on their abilities to develop policies, they are not evaluated on their abilities to implement policies.

In reviewing the Performance Evaluation Program documentation, there is no discussion of a "weighting" system, whereby various factors may be given more emphasis than others in the evaluation of an employee's performance. This means that each evaluative factor has the same importance to a particular department as any other. Many performance evaluation systems allow for variable "weights" to be assigned to specific evaluation criteria, based on the importance of a particular criterion to the organization, or based on a specific employee's annual goals and emphasis for development. The project team recommends that the County five consideration to this enhancement to the performance evaluation program, as it can be a valuable management tool to focus an individual employee's attention on what has been identified as an area of specific improvement opportunity.

Recommendation: The project team recommends that the County continue in its employee and supervisor performance evaluation program implementation. However, there are certain refinements that the County should consider during this implementation phase. These have been identified in the points made above.

11.   The County Should Adopt and Adhere to a Standard Hiring Policy.

The Personnel Reference Guide that is available on the County's web site does not address the issue of standard hiring practices. The lack of hiring policies and procedures has, in some cases, led to ineffective practices, as well as confusion.

One such case occurred within the past year when the Nursing Home had a vacant Receptionist position. That Department received over 60 applications and resumes, and, without a screening process to determine the most qualified candidates, interviewed each of the applicants at a great cost of staff time in the interview process for a relatively low-level position in the organization. A greater efficiency could be achieved through appropriate screening of applications against minimum and desired qualification and interviewing only the top five to six candidates. Additional interviews can be conducted if a suitable candidate is not found during the initial interviews.

Another irregularity in the hiring process also occurred within the past year during the hiring of the Human Resources Director. The Commission approved a salary rate upon hire and upon completion of probation. A review of documents and Commission meetings do not see any formal action changing this approval. However, the salary paid upon completion of probation exceeded the amount approved during public session. The project team makes no comment regarding the appropriateness of the salary paid, that is a policy decision of the Commission, however, the process for granting the increase appears inconsistent with adopted policy, practice and appropriate practices.

These are two examples of hiring practice irregularities within the past year, however these are only symptoms of a larger issue, which is the lack of an adopted policy and procedure on hiring staff.

The objective of any hiring process is to hire the most qualified and suitable individual for a vacant position as soon as possible within the constraints of a pre-established salary range. However, without some standards to guide the process, hiring managers may employ their own tactics to hire the "right person" for a job, and these tactics may vary widely from one hiring manager to the next. One of the primary values of any Human Resources Department is the standardization of the recruitment, screening and hiring processes associate with filling vacancies. However, without clear, adopted polices relating to these processes, the possibility exists for disparate practices.

The County should develop and adopt a standard hiring policy that is administered by the Human Resources Department. The policy should address, at a minimum, the following elements:

• Statement of laws and regulations that govern the hiring of employees. This may include EEOC uniform guidelines on employee selection procedures, Title VII of the Civil Rights Act. The Age Discrimination in Employment Act, the Pregnancy Discrimination Act, the Equal Pay Act, as well as many others.

• Position approval by the Commissioners' Office.

• Approval of the salary range by the Commissioners' Office.

• Standard avenues of advertisement for vacant positions. This may include newspapers, web sites, local public sites, County bulletin boards, or other means. This should also include a statement of the minimum length of time that positions should be advertised.

• The Human Resources Department's role in application acceptance and screening.

• The Human Resources Department's role in the interview process. The Human Resources Department should be involved in the review of interview questions to ensure conformance to legal requirements and restrictions regarding permissible and impermissible questions to ask during interviews.

- The role of the Human Resources Department in checking references and education of final candidates for employment..

- The role of the Human Resources Department in initiating background checks of final candidates for employment.

- The role of the hiring department in assessing interviewees and in making the hiring decision. This may include a formal assessment form that provides qualitative and quantitative assessments of the evaluation committee members on a variety of factors including motivation. Personality, references, speaking ability, job knowledge and experience, and other factors.

- The role of the Human Resources Department in the development and transmittal of employment offer letters.

- The role of the Human Resources Department in completing a Personnel Action Form, which solicits information from the employment candidate on standard information related to such items as name, Social Security number, hiring department, pay, marital status, dependents, etc.

The development of standard polices and procedures relating to the hiring of new

County employees is necessary in order to avoid the irregularities in hiring practices

that have occurred in the past year, and likely in year prior to the documented problems

that the project team noted above.

Recommendation: Develop and implement a standard policy and procedure on hiring practices.

12. Carroll County Should Adopt a Formal Training Program for Employees.

Over the last several years, the amount of training provided by Human

Resources to employees in the County has been extremely limited. The provision of

training is currently fragmented between the County's Human Resources Department

and the operating departments. A consistent policy and practice should be adopted that

outlines the type, amount and frequency of training that will be provided to employees.

This policy should outline and differentiate the required training for general employees

and for supervisory employees. At a minimum, the policy should provide the following

for supervisory personnel: an annual allotment of eight hours covering basic supervisory practices supplemented by refresher training on sexual harassment, diversity, and equal employment practices. Job specific training should continue to be provided by the operating department, but tracked and monitored in the human resources department in a centralized system.

Just as important, if not more, is the development of a comprehensive supervisory training program for all supervisors. Several concerns were noted regarding the sufficiency and ability of supervisors to effectively perform the required supervisory functions of their position. In part, this is due to unclear expectations of the role of the supervisor versus the role of the Human Resources Department. Additionally, in some areas, such as employee performance evaluations, supervisors are not taking seriously enough their role in conducting these in a timely manner. Supervisors must not only be trained on their specific roles in handling discipline and employee oversight, but should be held accountable for effectively performing these key duties.

The County's Human Resources staff should develop a formalized supervisory training program that provides a core set of training sessions for all supervisors, that is required for all supervisors to attend. These core sessions would include topics such as: Role and Responsibility of a Supervisor, Effective Personnel Management, Discipline and Performance Management, Teambuilding, Communication, etc. This core set of training classes should then be supplemented on an annual basis with topical sessions on emerging issues, problematic areas, and general refresher courses.

If staff does not feel qualified to develop this effort or does not have sufficient time, the

County should contract for this service.

Recommendation: Carroll County should implement a formal training policy outlining the annual training requirements for various positions.

Recommendation: Carroll County should implement a standard and formalized supervisory training program for all supervisors that includes a core set of classes, and is supplemented annually with topical items.

3.   ANALYSIS OF FINANCIAL OPERATIONS

This chapter presents an analysis of financial operations in Carroll County and detail specific improvement opportunities to increase financial policies, establish appropriate internal controls, and implement a more professional financial operation expected in County government.

1.   FINANCIAL PROCEDURES SHOULD BE SIGNIFICANTLY ENHANCED.

The Matrix Consulting Group has a number of concerns regarding the process used for collection of revenue from the various departments in the County, and the depositing of that revenue with banks. Those concerns are presented below.

- The County Finance Department does not ensure that all receipts from Departments are timely deposited within County accounts.

- The Finance Department lacks a policy regarding wire transfers.

- The Finance Department does not routinely timely reconcile bank accounts monthly. In many cases, bank accounts have not been reconciled for periods exceeding six months.

- The County has not adopted cash handling polies for all staff. These should be adopted by the County Commissioners, based upon recommendations from the Finance Manager, and all County Departments required to follow the adopted policy.

- The utility billing process is handled outside the GFS system creating a more complicated process that requires transfer of data between multiple financial systems and spreadsheets. Reconciliations of accounts receivables against payments and balances in the County accounts is not routinely conducted nor completed in a timely manner.

- Despite relatively recent issues that have arisen regarding theft of funds by a prior employee, the County has not significantly improved key financial practices. The risk and liability within the County for future financial problems remains.

- The County has not conducted a financial audit for a three-year period. While this issue is currently being addressed, this is a significant failure of the County to meet a basic financial obligation.

- The County has outsourced the preparation of financial statements but this was done with limited oversight by County Staff. The contracting out of the actual preparation does not absolve County staff of ensuring that the financial statements are accurate. Additionally, accountants are only able to develop statements based upon available records and the lack of appropriate financial practice and reconciliations is notable. As the current financial audit is finding, these financial statements have significant misstatements in them. Correction of these financial statements potentially will result in the County having a fund reserve significantly below what it has been estimated – perhaps by as much as $1 million dollars.

The County must immediately implement a financial policies and internal controls

manual. This manual should address all core and major financial practices including,

but not limited to:

- Cash Handling,

- Banking procedures,

- Budget Preparation and Monitoring,

- Reconciliation practices,

- Procurement policies and practices,

- Preparation of financial statements,

- Annual Audit procedures,

- Accounts Payables,

- Accounts Receivables,

- Collection Procedures for Outstanding Amounts Owed to the County,

- Fixed Asset and Asset Management Procedures, and

- Fund Balance and Reserve Policy.

This manual should be utilized to train all personnel on appropriate financial

practices within the County. The Finance Department should also develop a program of

conducting annual audits of cash handling processes for each Department to ensure

compliance with the adopted procedures and ensure the internal controls over County

funds.

Recommendation: The County should develop a Financial Policies and Procedures Manual.

2.   THE FINANCE MANAGER SHOULD DEVELOP CASH HANDLING PROCEDURES FOR ALL DEPARTMENTS.

Under the current structure of Carroll County, there are many departments that

are responsible for the collection of funds for services provided. The Finance Manager,

as the chief financial officer, should provide uniform guidelines that provide consistent

practices in the receipt, accounting, deposit, and reconciliation of funds received.

These guidelines will provide uniformity and consistency among departments while

increasing the safeguarding of County funds.

Specific policies that should be developed include:

- **Acceptance of Checks:** Procedures and guidelines should be outlined about the type of payments that can be made by check and the type of checks that are accepted. For example, items which are not easily revoked following issuance (licenses, permits, etc.) generally require a guaranteed form of payment such as cash, cashier's check, or credit card payment.

- **Handling of Insufficient Fund Checks:** The handling of checks returned for insufficient funds, commonly referred to as NSF checks, should be addressed uniformly throughout the organization.   The Finance Department should actively pursue the collection of checks returned for insufficient funds and charge an administrative fee for doing so.

The staff of the Finance Office should make the first effort on collecting on all checks

returned for NSF by sending a letter and/or contacting by phone those individuals

writing the checks.   The collection amount to redeem the check would include the

current bad check fee that is being charged. The Finance Manager should consider

implementing the use of a collection agency for bad debts that are not satisfied within

90 days.

- **Cash Handling Standards and Procedures:** The Finance staff should develop a training session for other departments' employees on cash handling procedures. This training should initially be provided to all employees that are responsible for accepting payments. Refresher training should be provided at least every other year. The training session should cover the previous polices discussed above in this section, as well as other duties such securing funds, daily reconciliation, etc.

- **Depositing of Funds with the County:** A policy should be developed that outlines how and when departments will make deposits with the Finance Department for placement in the County's bank accounts. Currently, most departments are making weekly deposits. The frequency required of a specific department should be based upon the amount of funds typically deposited. Those departments will higher amounts should deposit daily.   In no case, should deposits be made less than weekly.

Recommendation: The Finance Manager should develop a uniform policy for the acceptance of checks.

Recommendation: The Finance Manager should develop uniform cash handling standards and procedures and train all Departments that accept payments on these policies.

3. **PERFORMANCE PLANS SHOULD BE DEVELOPED FOR EACH FINANCE OFFICE STAFF MEMBER.**

The Finance Department has personnel with a variety of technical skills,

background and experience. However, as will be noted, there are significant

performance issues within the Office and key financial duties that are not being

handled appropriately or in a timely manner. This is perhaps the greatest single

issue identified within this audit. There is considerable risk to the County due to this

failure. It is impossible to know the true financial condition of the County with the lax

financial practices that have been allowed to occur. There are significant examples

of key financial duties allocated to the Finance Staff that are not being conducted in a timely manner.

The County Commissioners should develop performance plans for personnel to ensure that (a) the Finance Department is providing adequate support to personnel to ensure proficiency and skill levels to perform job functions and (b) to use as a tool by which staff can be held staff accountable.

Developing employee performance furthers the mission of the organization and enhances the overall quality of the workforce within the organization by promoting a climate of continuous learning and professional growth; helping to sustain employee performance at a level which meets or exceeds expectations; enhancing job- or career-related skills, knowledge and experience; enabling employees to keep abreast of changes in their fields; making employees competitive for employment opportunities within the organization; promoting key departmental objectives; and motivating employees. Performance development plans may be considered at each stage of the performance management process.

An important component of the performance process is the development of employees' work-related skills, knowledge and experience. The development process offers another opportunity for managers and employees to work collaboratively to improve or build on performance and to contribute to organizational effectiveness. In order for the organization to remain competitive and to retain its reputation for excellence, employees should have up-to-the-minute information and the ability to use new technologies, adapt to organizational change, work in flatter organizations in which cross-functional skills and knowledge are required, and work effectively in teams and

other collaborative situations. Employees, too, recognize that it is essential for them to continue to learn so that they will be effective in their current jobs and able to move into other positions or accept new responsibilities as circumstances demand.

The County Commissioners should develop a performance management plan worksheet as a formal or informal tool to document performance-related employee development objectives. The worksheet helps to relate these objectives to the specific essential functions and tasks of the position, the organization's annual goals and strategic initiatives, as well as the associated performance standards. This worksheet and the resulting performance management plan should consist of the following:

• Description of the plans for performance and / or career development objectives.

• Description of resources necessary to meet the objectives.

• Estimated completion date for each performance objective.

• Statement of how successful completion of the plan's objectives will be appraised.

The performance plans should also incorporate detailed training and professional designations and / or certifications that should be attained by personnel in each classification. Certification programs provide an important tool for validating the professional competency of staff. It provides a tool for managers to ensure that staff knowledge and skills meet national industry standards. Finance certification programs are now available in almost every sub-field of the discipline. Most programs require professional experience before granting certification, and many also mandate substantial continuing education efforts after the certification is awarded. Almost all programs require candidates to pass at least one examination.

- Professional designations and / or certifications for the specialty functions should be required, specifically:
  – Certified Purchasing Officer

  – Certified Payroll Professional

  – Certified Management Accountant

- Specialist positions should have memberships in the relevant professional organizations (such as GFOA – the Government Finance Officers Association) to:
  – Provide access to professional continuing education.

  – Keep personnel up-to-date with respect to industry changes and best practices.

The Finance Department should require key positions to complete their certification and attain professional designations.

Recommendation: The County Commissioners should develop performance plans for departmental personnel to ensure that (a) the Finance Department is providing adequate support to personnel to ensure proficiency and skill levels to perform job functions and (b) to use as a tool to which the Department can hold staff accountable.

4.   The County Should Centralize All Procurement Files in the Business Office.

The Business Office maintains a file of each purchase made for materials, supplies, routine services such as computer repairs, copier repairs, etc., however, the files for goods and services obtained via the bid process may be maintained in either the Finance Department or in the department making the purchase.

The County should centralize files related to goods and services purchased through bids, and each file should contain the same, standard information. This information should include the following:

- RFP number and date

- Name, address (including electronic address and facsimile address, if appropriate), and telephone number of the contracting officer

- Type of contract contemplated

- Copies of advertisements

- Quantity, description, and required delivery dates for the item

- Applicable certifications and representations

- Anticipated contract terms and conditions

- Instructions to offerors and evaluation criteria for other than sole source actions

- Proposal due date and time

- Any questions submitted by potential bidders

- Folder for each bid

- Bid tabulations

- Other relevant information; e.g*.,* incentives, variations in delivery schedule, cost proposal support, and data requirements.

Each of these items should be contained in the procurement file and should be in the same order for each file in order to facilitate retrieval. Once the goods or services have been received and the contract for services has been fulfilled, the Department receiving these goods or services should evaluate vendor performance, and include this evaluation in the procurement file.

Recommendation: Centralize all procurement files in the Business Office under the management of the Controller.

5.   The County Should Develop a Multi-Year Capital Improvement Plan.

The County currently funds capital projects on a year-to-year basis without formal long-term projections of what capital needs will occur in future years. This has the effect of funding current needs without respect to potentially greater needs in following years, and also fails to plan for potential financing needs in out-years as well. The

development of a multi-year capital improvement plan (CIP) would assist the County in making choices about which projects should be financed and implemented, and when.

A documented multi-year CIP would describe projects, outline the years in which funding is likely to occur, and would also provide information on the funding sources that apply to each of the specific the projects. Although the planning horizon for a CIP can be any number of years, typically they cover a period of five years. The key point in making multi-year capital forecasts is to allow policy and decision-makers the ability to prioritize projects and their funding so as to make more informed decisions in the current year.

The development of a multi-year CIP is a structured process that should involve many stakeholders. In developing the CIP, the County should appoint a specific individual, such as the Finance manager, who directs the effort, and also assists the stakeholders in developing their plans and estimates.

There are several typical steps in the development of the CIP, and these are provided below:

- **Determine the condition of existing capital assets.** Each department manager should assess the condition of their departments' existing assets. These condition assessments should be completed on standard forms developed by the Finance Manager. The forms should describe, for each asset, any renovations needed, or even replacements, along with justification.

- **Establish a priority ranking system.** This is one of the most important facets of the CIP, as it will determine the ranking of specific capital project requests. The priority ranking system is a direct reflection of County policy, and as such should be deliberated to ensure that multiple points of view are incorporated. Possible criteria that the County may wish to consider include:

    - Projects that address a public safety issue and that cannot be postponed

    - Projects that enhance quality of life for residents

-       Projects that are required by law or by contract

-       Projects that enhance operating efficiency of one or more County departments

-       Projects that increase revenues or decrease expenses

-       Projects that prevent a further deterioration of an existing, functional asset

-       Projects that may create jobs in the County

-       Projects that may have a short window of opportunity to receive grant funding

-       Projects that may result in either a new service, or enhanced service, to residents

Some, if not most, projects will meet more than one of the criteria established. Most governmental agencies develop scoring systems by which each criterion is weighted according to a pre-established system, and each project receives a final score, based on the extent to which it meets established criteria. By definition, then, the higher-scoring projects are those that most meet the County's needs and priorities.

•   **Make financial forecasts**. The Finance Manager, in coordination with the Commission, the Delegation and with the assistance of other members of the Finance Department, will need to project the availability of funding for capital projects over the multi-year planning horizon. This plan will, by its nature, be a complex interaction of many factors, but will minimally require a projection of likely tax receipts, existing debt obligations, any projected new revenue sources, grant availability, and others.

•   **Develop project requests.** Departments should submit their requests on standard forms that solicit information relating to a project description, the location of the project (if applicable), existing condition of any asset that is in need of renovation or replacement, the benefits of the project, the likely results of not funding the project in the current year, the likely expenses (and/or revenues) for the project in each year of the planning horizon, any expense reductions related to the project, and any new staffing or operating expenses related to the project.

Once the project forms have been received by the Finance Manager, they should

be ranked according to the pre-established priority scoring methodology established

earlier in the process.

The development of a multi-year CIP is a complex, but worthwhile process that will benefit the County in many ways, including the following:

- It places the decision as to whether to fund a specific project request within a broader context than just the current year.

- It incorporates the views of multiple stakeholders in the development of the County's priorities regarding capital funding.

- It informs decisions relating to the development of the Operating Budget, as it projects any needs for new staffing and maintenance needs for each project.

- It allows for a greater degree of planning for needed funding sources.

Recommendation: Begin the development of a multi-year Capital Improvement Plan for use in Fiscal Year 2016. Preliminary steps should occur beginning in the fall of 2015.

6. The County Should Assign the Responsibility for Taking Commission Meeting Minutes to the Administrative Assistant in the Business Office.

The County currently pays $6,500 per year for a part time employee to take minutes at meetings of the County Commission. As the Commissioner's Report for 2013 stated, that year was "a challenge", due, among other events, to the resignation of several County minute takers.

During the course of this study, the Commission announced that the current minute taker had accepted another position, but had agreed to take minutes by accessing available electronic recordings of the meeting (i.e. – through tape recording or online access sources). The project team believes, however, that this method may not result in timely transcription of minutes and is not the most effective manner for handling County Commission meetings.

Given the high turnover in the position of minute taker, the project team recommends that the County assign the duties of taking minutes at Commission

meetings to the Business Office's Administrative Assistant. This position is a full time employee of the County, and assignment of this function to the Administrative Assistant would allow the County to avoid the $6,500 paid to a part time position, and would provide more stability to the position as well.

The job description of the Administrative Assistant states that the position is the "official Administrative Assistant for the County Commissioners…", and "handles all business, including correspondence, meeting schedules, documents, etc. for the Commissioners." Although these duties do not specifically state that the position takes minutes at Commission meetings, the duties that are stated in the job description are similar in nature, and could be added to the current job description.

Recommendation: Assign the responsibility for taking minutes at Commission meetings to the Administrative Assistant in the Business Office.

7.   The Business Office Should Ensure That Bank Statements Are Reconciled in a Timely Manner.

As of June 5, 2014, the Business Office had not reconciled its general checking account since December 2013, which, as of this writing, was over six months. Reconciling bank statements involve matching the County's cash balance as reported by the bank to the balance found in the County general account. Timely bank reconciliations are an accounting best practice, and benefit the County in many ways, including the following:

*   More timely detection of financial irregularities and errors, incorrect postings of transactions, incorrect bank fees, duplicate checks cashed.

*   Timely reconciliation will detect if cash deposits are not reaching the bank, and possibly checks that are being cut to unknown vendors.

*   Ensures an accurate reflection of the County's financial statement.

Differences between the bank's record of cash and the County's record can exist because of the reporting time delay from when the County deposits or writes checks to when the bank clears the checks and records them. Cash reporting differences could also be a result of the time lapse during which bank charges and credits aren't known by the Business Office until a bank statement becomes available.

In interviews, it was also noted that departments making purchases sometimes report the amounts of these purchases differently from the amounts that the bank statement shows. This is an internal reporting issue that can delay reconciliation, but it is one that should be addressed immediately if this is a recurring cause of delay. The Business Office should take immediate steps to hold formal meetings with the departments that consistently are sources of this particular problem.

Recommendation: Ensure that bank statements are reconciled by the end of the month following receipt of the statement. Also, the Business Office should take proactive steps to communicate with departments that have had recurring issues in reporting purchase amounts that are different from those reported by the bank.

8.   The County Commissioner's Should Modify Their Approach to the Weekly Commission Meeting.

As both the primary policy-making and administration board of the County, the County Commissioners have a significant impact on the successful operation of the County. The weekly Commission meetings are part update and communication between the County Commissioners and formal action and decision-making. A more formalized agenda should be developed and utilized that includes agenda item documents for all action items that are developed in advance of the Commission meeting. At the present time, action is determined "on the fly" at the Commission meeting, including attempts to develop policy. This is an ineffective approach to

handling County business and policy development. For example, all bid are opened, reviewed and action taken – often during the same meeting. It would be more beneficial for bids to be opened in advance, reviewed against the requirements, an analysis conducted of cost, and a recommendation for award developed. This should be summarized in a short one-page agenda item placed on the Commission meeting agenda for action. This ensures that appropriate consideration is given before taking action and that all critical elements have been considered.

While the example is used above regarding bid acceptance and award, the same approach should be used for all items that the Commission will vote on during meetings. The potential for errors, misunderstanding and poor decision is increased when they are made without proper preparation. This will also enable the individual Commissioners time to consider action items in advance of meetings.

Recommendation: The County Commissioners should modify their Commission Meeting protocol by developing agenda memorandums for all action items that will be acted upon during a commission meeting. The agenda items should be posted with the agenda.

9.   **The County Should Institute a System of Performance Measures for Each Department.**

Carroll County issues an Annual Report that describes the services of each of its departments, and provides minutes of Delegation meetings, ad well as the budget. Within the departmental descriptions, most departments provide some form of workload report. For instance, the Sheriff reports total transports, arrests, investigations, and other work-related metrics. The Registry of Deeds provides the numbers of copy requests, requests for fax, foreclosures, and certain other measures. These are reflective of the work performed in these departments, but do not provide the reader

with any context within which to evaluate whether these were high or low workload metrics, nor do they provide the reader with any meaningful information about the efficiency with which the work was accomplished. To accomplish this, many local governments have instituted a formal system of performance measurement and reporting.

There are many benefits to any governmental organization in measuring and reporting performance. These include the following:

- **It can stimulate creativity**. Instituting meaningful measures can induce employees to consider ways in which to reduce costs, increase productivity, enhance customer service, and many other positive results. The key is to define measures that are critical to the success of the organization, and that are under the control of a specific department. Further, they should be reflective of actual results rather than simple inputs.

- **It can improve accountability.** Although the two departments within the scope of this project primarily have internal customers (i.e., other County employees), it is true that the ultimate consumers of County services are the taxpayers. Without a system of reporting on the value that residents receive for their taxes, they have no basis on which to assess this value. When department managers are held to account for the attainment of specific results, taxpayers are much more informed about the achievements and challenges of each department, and the County overall.

- **It facilitates the setting of priorities**. When managers and employees understand which activities the Commission, the Delegation and the public consider to be the most important, they can better prioritize their time and focus.

The project team recommends that the County institute a system of performance measures that reflect not only workload measures, but performance measures that reflect the efficiency with which departmental resources have been utilized. The measures established should be reflective of the primary and most important functions and activities of each department. The number of measures should initially be limited in scope as County departments acclimate to the process of gathering and reporting data.

However, these measures may be expanded as managers and employees become accustomed to the process. Furthermore, the same measures should be reported each year, with prior years displayed along-side the current year measures. For example, to reflect the value of a safety-training program, a department may reflect the numbers of workers compensation claims per employee. Another example may be the number of accounts payable processed per FTE, or the average business days to process a payable.

Potential performance measures for the functions included in this study may include the following:

Finance
Number of accounts payable paid per FTE in Business Office
Average number of business days to process payables
Payroll errors as percentage of total checks
Dollar amount of purchases processed per Business Office FTE
Percentage of purchases made on P-cards
Percentage of bank reconciliations completed within one month of receipt of bank statement
Receipt of unqualified opinion on financial audits
Percent of Delegation questions responded to within 3 business days of receipt
Human Resources
Number of lost time injuries per employee
Cost of lost time injuries
Countywide sick time per 1,000 hours worked
Percentage of employees receiving performance evaluations within five days of anniversary date
Percentage of employees rating job satisfaction as "high"
Percentage of eligible supervisors receiving supervisory training
Employee satisfaction with benefits programs
Percent change in average cost per employee in medical benefits plan

Recommendation: The County should institute a performance measures and reporting program.

4. ORGANIZATIONAL STRUCTURE AND STAFFING ANALYSIS

This section of the report, summarizes the analysis that was conducted on the organizational structure and staffing of the Commissioner's Office. It includes benchmark data from other Counties throughout New Hampshire regarding staffing levels for Finance and Human Resources functions, and also for County Administrator-type positions.

1. INTRODUCTION

As part of the larger scope of work for Carroll County, the Matrix Consulting Group conducted a survey of each of the counties in New Hampshire to determine the organizational structure and staffing levels of their county administration, particularly in the finance and human resource functions.

Each county in the State of New Hampshire was included in the survey. The population and number of employees for each county can be found in the table below.

County	Population	Employees
Hillsborough	401,000	552 FT, 268 PT
Rockingham	295,000	572 FT
Merrimack	146,000	709 FT
Strafford	123,000	330 FT, 175 PT
Grafton	89,000	452 FT
Cheshire	77,000	278 FT
Belknap	60,000	170 FT
Carroll	**48,000**	**173 FT, 77 PT**
Sullivan	44,000	225 FT
Coös	33,000	144 FT
Average	**131,600**	**366**

As the table demonstrates, the population of Carroll County is smaller than most New Hampshire counties, at only 58% of the median size, and 36% of the average. The

size of Carroll County's staff, likewise, is significantly smaller than that of most other counties in the state.

In order to collect staffing and organizational data for each county, the project team contacted the county's staff, conducting short interviews with the county administrator or human resources director to gather information.

2.   RESULTS OF THE COMPARATIVE SURVEY

The following sections outline the results of the comparative survey. The responses of each county are grouped by points of comparison.

(1)   County Administrator Position

The following table shows the position title and direct reports for the County Administrator position in each New Hampshire county.

County	Position Title	Direct Reports
Strafford	County Administrator	All department heads
Merrimack	County Administrator	All department heads except corrections, nursing home, and elected heads
Hillsborough	County Administrator	All department heads except corrections and nursing home
Cheshire	County Administrator	All department heads except elected heads
Belknap	County Administrator	All department heads except elected heads
Grafton	Executive Director	All department heads except corrections and elected heads
Rockingham	N/A	N/A
Carroll	**N/A**	**N/A**
Coos	County Administrator	All department heads except elected heads
Sullivan	County Manager	All department heads except elected heads

As the table demonstrates, Carroll County is one of two in the state that do not make use of a County Administrator, Rockingham County being the other. For each of the other counties, the position is appointed by the board of commissioners and serves as an administrator over all department heads, with some exceptions for departments led by an elected official, the Department of Corrections, and/or the nursing home.

(2)   Finance Staff

The following table shows the number of finance staff in each county, and outlines the position titles of the finance staff in each county.

County	Finance Staff	Finance Positions
Strafford	2	Finance Director PT Finance Clerk (2)
Merrimack	3	Accountant I Accountant II (2)
Hillsborough	2	Staff Accountant PT Account Clerk (2)
Cheshire	5	Assistant County Administrator/Finance Director Assistant Finance Director Accounts Payable Coordinator Accounting Assistant (2)
Belknap	3	Finance Director Assistant Finance Director Account Clerk
Grafton	3	Executive Director/Finance Director Financial Coordinator Accounts Payable Coordinator
Rockingham	7	Finance Officer Executive Assistant Senior Accounting Systems Analyst Deputy Finance Officer Accounting Officer (2) Associate Accounting Analyst
Carroll	**3**	**Finance Manager Controller Administrative Assistant**
Coos	2	Finance Director Accounts Payable Clerk
Sullivan	1.5	County Manager (.5) Bookkeeper

As the table shows, the size and assignments of the Carroll County finance staff are typical of counties in New Hampshire. Carroll County is one of 5 counties with a dedicated Finance Director/Manager. In the others, this role is filled by the County Administrator/Executive Director, or is managed by an Accountant. The staffing allocation for Carroll County is appropriate for the size of the organization. No recommendation is being made for an increase in finance staff in light of the recommendation made later in this chapter regarding the County Administrator.

However, if a County Administrator position is not pursued, the project team would recommend that staffing of the Finance be reconsidered and the establishment of a Chief Financial Officer position be considered to oversee all Financial Services staff. Existing staff does not have the time, nor perhaps the ability, to focus on the strategic goals and policy development necessary to address the serious deficiencies noted. The implementation of this position would enable the County to achieve many of the benefits of a County Administrator position, especially related to improved financial operations and development of policies and procedures, with the notable exception of the oversight of all operating departments. It is expected that this position would have a cost impact to the County of approximately $70,000 to $90,000.

Recommendation: No change in the staffing allocation for the Finance Department is recommended at this time. However, if the County Administrator position, as recommended in a subsequent recommendation, is not pursued, the County should implement a Chief Financial Officer position.

(3)   Human Resources Staff

The following table shows the number of human resources staff in each county, and outlines the position titles of the human resources staff in each county.

County	Human Resources Staff	Human Resources Positions
Strafford	1.5	Human Resources Director (1.5)
Merrimack	5	Human Resources Director Human Resources Assistant (4)
Hillsborough	2	Human Resources Manager Human Resources Assistant
Cheshire	2	Human Resources Manager Human Resources Assistant
Belknap	2	Human Resources Director Human Resources Generalist
Grafton	3	Human Resources Director Human Resources Generalist Human Resources Clerk
Rockingham	2.5	Human Resources Manager Human Resources Assistant

		PT Human Resources Clerk
Carroll	**2**	**HR Director**
		HR Generalist/Benefits Administrator
Coos	1	Human Resources Manager
Sullivan	2	Human Resources Director
		Human Resources Assistant

As the table shows, the size and assignments of the Carroll County human resources staff are typical of counties in New Hampshire. Like each of the other counties, Carroll County employs a Human Resources Manager/Director, and it is one of 8 counties to provide an assistant position as well.

Similar to our recommendation in Finance, the project team does not believe that additional staffing is required within the Human Resources Department. Staffing is in alignment with that typically seen for organizations the size of Carroll County.

Recommendation: No change in the staffing allocation for the Human Resources Department is recommended at this time.

3.   COST & BENEFITS ANALYSIS OF A COUNTY ADMINISTRATOR POSITION.

In the areas of Finance and Human Resources, Carroll County compares similarly to other counties in the State of New Hampshire, both in the types of positions utilized and in the number of staff for each function relative to the size of the county. Carroll County is, however, one of just 2 counties in the state that do not have a County Administrator/Manager/Executive Director reporting to the Board of Commissioners and overseeing the day-to-day operations of the county. The following sections outline the potential costs and benefits of creating such a position in Carroll County.

(1)   Costs

One of the most frequently quoted disadvantages of employing a professional administrator is the monetary cost. The table below shows the annual salary of the County Administrator/Manager/Executive Director in each county.

County	Salary of County Administrator
Strafford	$147,527*
Sullivan	$112,388
Hillsborough	$109,711
Merrimack	$109,391
Belknap	$106,720
Cheshire	$106,642
Grafton	$104,707
Coos	$96,429
Rockingham	N/A
Carroll	**N/A**
Average	**$111,689**

*The County Administrator and Nursing Home Administrator positions are combined in Strafford County. The average salary of the position when Strafford is excluded comes to $106,570.

In addition to the cost of employing a professional administrator, the position would add another organizational layer to the management of the County and change the manner in which departments interacted with the Commission. It would also require Commissioners to relinquish some responsibility for overseeing the day-to-day operations of the County.   None of the New Hampshire Counties, in implementing an administrator position, have changed the number of Commissioner's on their board as part of the change. They have all retained a three-member board.

(2)   Benefits

Establishing a County Administrator would benefit the County by providing a separation between the policy-setting and administrative roles of governance. The responsibility of policy-making would reside with the Board of Commissioners, while the administrator would oversee the day-to-day operations of the county and carry out the

policies established by the Board with an emphasis on efficiency and equity. A full-time county administrator would dedicate himself or herself to empirically optimizing the County's service delivery through concrete performance measures.

The addition of a County Administrator would also benefit the County by increasing accountability. A full-time professional would be available to lead and direct the department heads on a daily basis, ensuring that the policies set by the Board of Commissioners are implemented consistently. A professional administrator would also take responsibility for regular audits, ensuring fiscal accountability for the County. These measures would result in a greater level of consistency in practice and oversight for the County's departments and services.

Finally, given the significant issued identified with the current financial practices, and the added day to day oversight and support that could be provided by this position (improving the daily operations both in professionalism and consistency), the position of County Administrator provides the best opportunity to improve operations and address these issues that have lingered for an extended period of time. It is recommended that if this is pursued that the County seek an individual with extensive local governmental financial expertise as this is the most critical deficiency that has been identified in this report.

Recommendation: Carroll County should consider the implementation of a County Manager position to oversee day-to-day administrative operations of the County and provide necessary administrative support to enable the County Commissioners to focus on strategic and policy decisions. Alternatively, the County should implement a Chief Financial Officer position.

4. The County Should Consider Hiring an Information Technology Manager in the Future.

The County currently contracts with a private information technology firm for repair and maintenance services, as well as for recommendations on needed capital purchases. In FY 2014, the total expenditures for outside IT services were $137,799. The breakdown of expenditures is presented in the table below.

Department	FY 2014 Expenditure
Commissioners	$3,500
Human Resources	$16,000
Water Works	$150
Attorney	$1,5124
Victim/Witness	$300
Registry of Deeds	$75
Sheriff	$27,000
Dispatch	$27,000
Administration Building	$3,500
Maintenance	$150
Jail	$17,000
Nursing Home	$28,000
Total IT Expenditure	**$137,799**

These expenditures include the annual costs for contracted IT support and also for software licensing, both for the main financial system and for Kronos. The estimated annual cost of the IT contract is $103,000. The expenditure for information technology services has almost reached a level where the annual cost for contracted services exceeds the total cost of hiring a full time professional Information Technology Manager to the extent that employing a full-time County position may be warranted.

As the position of Information Technology Manager would be a new position for the County, there is no current pay range established for such a position. It is estimated that the position will cost approximately $50,000 to $60,000.   Assuming a fringe benefits rate of 40%, the total cost of hiring this position is approximately $77,000 based upon the midpoint of the anticipated salary range identified above. This represents a

current cost savings of approximately $26,000 on an annual basis for the County. It would be reasonable to assume that some limited contracted services would be required for specialized services, which would further reduce the amount of annual savings. However, the position would be dedicated full time to address County department needs, and represents an additional benefit compared to the on-call services currently provided by the contract service provider.

The expenditure of almost $103,000 is for part time services of an IT professional who may or may not be the same individual on each service event. The project team recommends that the County monitor IT costs over the next several years and consider hiring an information technology professional. This position could be dedicated on a full time basis to calls for service from individual departments, and can coordinate the County's information technology capital requirements in a manner that would not be provided by a part time vendor.

Recommendation: **The County should monitor expenses for information technology services and consider in the next several years the potential to bring this service in-house to increase support to Departments at the point in time that the costs for a dedicated position would be off-set by the reduction in the IT contract.**

5. COLLECTIVE BARGAINING APPROACH.

A review of the collective bargaining approach currently utilized by the County shows that all three collective bargaining agreements are currently one year contract, and due to expire at the same time. While this approach is beneficial in selected circumstances, most notably when the County desires to make fundamental or significant changes to employee benefits or compensation approaches and wishes all employees to be treated consistently. In the normal course of business, there are many

benefits to having in place multi-year collective bargaining agreements and collective

bargaining agreements with staggered ending dates.

A few of the more notable benefits include the following:

• Multi-year agreements enable longer-range financial planning, as employee benefits and compensation levels are known in advance enabling budget predictability.

• Multi-year collective bargaining agreements reduce the cost of negotiations (as external labor counsel is needed less frequently) and reduces the amount of time that County Management staff must spend in the negotiation process.

• Where consistency among bargaining units is often maintained, multi-year agreements that are staggered often set expectations for other units whose agreements are being negotiated.

• Staggered ending dates (through multi-year agreements) prevent all contracts from expiring at the same time and enable the Commission and management staff to focus on a single contract at a time – rather than having to deal with all contracts at the same time. This is especially critical for those staff, such as Human Resources, who would be involved in the negotiations for multiple agreements.

There are also a few potential downsides to having staggered and multi-year

contracts. One of the most significant detriments is the inability to implement a major

change in compensation approach or benefit change immediately and treat all County

employees consistently. With staggered terms, it requires multiple years to implement

these types of changes. Another notable impact is that individual union groups will look

at the settlement given to other unions who have a multi-year agreement in place, and

expect comparable treatment on wages and benefits – even if economic conditions

have changes. This requires the County to better track individual trade-offs that were

made during negotiations by each union in gaining wage or benefit changes / increases.

Notwithstanding these detriments, the common practice among employers is to

utilize multi-year contracts as the benefits typically greatly outweigh the negatives.

Additionally, it is more common for employers to stagger the ending dates of their agreements so that not all agreements end at the same time. If the County is only able to achieve one of these changes, the implementation of multi-year agreements is more beneficial than the staggered terms.

Recommendation: The County should seek to implement multi-year collective bargaining agreements with its employee unions. Additionally, the ending dates of the collective bargaining agreements should be staggered.

6.   LEAVE TIME PAYOUTS FOR EMPLOYEES.

The project team was asked to provide input regarding common and acceptable practices for the payout of leave time to employees at a point in time other than upon separation (i.e. – hardship requests). In our experience, the payout of leave time (such as vacation and sick leave) to employees at a point in time other than from separation of employment is not a common practice in local governments. Leave time is designed to ensure that employees have time away from work to "refresh" or to handle family obligations (in the case of vacation and personal leave) or to ensure continuity of salary when employees are impacted by illness (in the case of sick leave). These leave times are not typically designed to be utilized for additional compensation and payments to employees for unused leave time (whether vacation or sick leave) is an added cost for the County – and one that is typically not budgeted for.

While there are cases of local governments that have adopted or negotiated leave time buy-back programs, they are usually very limited in nature and often do not provide full-value for the time "sold back". For example, some local governments have adopted a program of buying back sick leave time once employees have accrued and maintain a set minimum balance level but this buyback if typically for a small percentage

of the times equivalent value if utilized (for example 20% to 40%). In these limited cases, the program is based upon a formally adopted or negotiated program and is typically contained in the employee manual or collective bargaining agreement.

Absent the adoption of a formal policy, the project team would not recommend that the County pursue the buy-back of unused employee leave time. Further, the project team would recommend that the County not implement this type of buy-back program as it is not a prevailing or recommended practice.

Recommendation: The County should not implement a program to "buy back" unused employee leave time as it is not a prevailing or recommended practice. If however, the County desires to implement a program, it should develop and adopt (or negotiate where necessary) a formal policy regarding the terms, conditions and circumstances under which buy-back of leave time will be allowed to ensure consistency of application to all employees.

APPENDICES

APPENDIX A – PROFILE

The purpose of the descriptive profile is to document the project team's understanding of the Carroll County's Commissioner's Office organization. The profile includes a summary of the roles and responsibilities for each functional area, organizational structure, allocation of staff by function, and the principal assigned responsibilities of staff. Data contained in the profile was developed based on work conducted by the project team, including:

• Interviews with Carroll County staff (all staff assigned to Commissioner's Office and Human Resources) to discuss roles and responsibilities, services provided, existing policies and procedures guiding work activities, inter-divisional coordination, technology utilized, etc.

• Interviews with key Department Directors to understand services provided to them by the Commissioner's Office, Finance and Human Resources, sufficiency of services, inter-departmental coordination, and other issues impacting service delivery

• Collection and review of various data (including annual reports, annual budget, policies and procedures) describing organization and staffing, work processes, policies and procedures, workload and service levels as well as costs.

• Limited observations of worksite, processes, workflow and staff activities (this will be expanded during analytical phase).

The structure of this descriptive profile for the Carroll County Commissioner's Office / Administration is as follows:

• Introduction

• Organizational charts of each functional unit.

• Summary descriptions of key roles and responsibilities of positions

• Summary of services provided and technology utilized for each functional unit.

• Summary of relevant statutes, policies or procedures governing each functional area.

The descriptions of responsibilities provided in the "Summary of Key Roles and Responsibilities" section summarize the team's understanding of the major programs and service activities to which staff throughout Carroll County Commissioner's Office / Administration are assigned. These descriptions are not intended to provide the level of detail of a typical job description. Rather, the descriptions provide the basic responsibilities and reporting relationships for each position.

1. COMMISSIONER'S OFFICE / FINANCE.

The Commissioner's Office/Finance Department consists of three Commissioners and three full-time financial and accounting staff members. The Commissioner's Office is responsible for the support of the County's financial functions and responsibilities, assuring both legal and fiscal responsibility to the Commissioners and to the public. The core functions of the Commissioner's Office/Finance Department are to provide financial oversight and administer all accounting functions for all of the County's funds and accounts, prepare the County's annual operating and capital budgets, coordinate the annual financial audit, verify that proper fiscal practices are maintained, administer the County's accounts payable, accounts receivable, and payroll functions, and the County's purchasing functions.

(1) Organizational Structure / Staffing Allocation.

The following chart shows the current organizational structure of the Commissioner's Office:

Carroll County Commissioner's Office
Organizational Chart
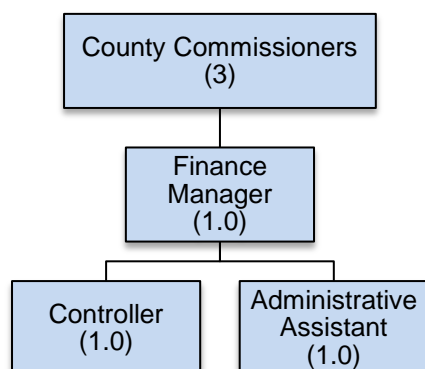
The following section provides a summary of the key roles and responsibilities of the positions allocated to the Commissioner's Office

(2)   Summary of Key Roles and Responsibilities.

Position	Number of Staff	Responsibilities / Role
Administration / Finance		
Finance Manager	1.0	• Runs bi-weekly employee payroll • Oversees accounts payable • Develops the County budget. Runs budget reports for department managers as requested. • Manages and reconciles the County's bank accounts. • Issues RFP, and coordinates with selected firm to perform annual audit.
Controller	1.0	• Handles invoice processing and payments. Processes payables weekly. • Assists, as needed, with 91A requests. • Prepares budget detail reports for departments as requested. • Reconciles bank statements. • Serves as back up to Finance Manager on cutting checks.

Position	Number of Staff	Responsibilities / Role
Administrative Assistant	1.0	• Posts Commission meetings on website. Manages Commissioners' calendars. • Posts RFP notices on website and in newspapers • Drafts agenda for Commission meetings • Sends water bills to approximately 47 customers • Performs medical and dental billing • Serves as receptionist in Commissioner's Office • Handles Commissioners' mail • Deposits checks • Balances the Transfer Account • Writes checks for Nursing Home medical services • Files all Commission documentation and correspondence • Places 300+ employee checks in envelopes bi-weekly. • Coordinates with HR Department on 91A requests • Serves as purchasing agent for HR, Business Office and Maintenance, gathering information from vendors and making most financially advantageous purchases. Prepares all bid notifications for the County.

(3) Summary of Service Provision.

The following table summarizes major finance functions and identifies the entity responsible for the provision of the service (Finance staff, Department staff, or Contracted Vendor).

Finance Function	Service / Role Performed		
	Provided by Business Office Staff	**Performed by Another Dept.**	**Contracted Out**
Accounting	All accounting functions are provided by the Commissioners' Office Finance Staff.		The preparation of annual financial statements have been contracted out for several years. Financial audits, when conducted, have appropriately been completed by qualified CPA firms.
Accounts Payable	Payables data entered into ACS. Invoices paid weekly. Treasurer and two Commissioners sign checks.	Departments , approve, note the account from which to be paid, provide invoices and cover sheets to Business Office.	
Accounts Receivable			
Bank Reconciliations	Performed by Finance Manager	The Registry of Deeds (1), Jail (2), Sheriff (2) and Nursing Home (3) each reconcile accounts within their departments	
Budgeting	Assembled by Business Office and presented to Commission for submittal to State by 12/1. Delegation may make changes till 3/31.	Departments provide input to the Business Office regarding projected expenditures	
Cash Handling / Payments			
Internal Controls	Responsibilities for entry of receivables into ACS and bank deposits are separated.		

	Service / Role Performed		
Finance Function	**Provided by Business Office Staff**	**Performed by Another Dept.**	**Contracted Out**
Payroll	Business Office creates payroll time file from Kronos, which is transferred into ACS. Business Office runs validation report and ensures correct pre-tax contributions, SSI, Medicare, etc. Business Office prints checks	Time and attendance entered by supervisors for Sheriff Deputies via computer in Kronos by employees and approved by supervisors.	

(4)   Technology Utilized.

The following table summarizes the current technology and software systems utilized by Finance to provide services.

Technology / Software Name	**Summary of utilization**
Kronos	Time and attendance software interface with ACS. Approved employee time is entered into Kronos and exported to ACS for payroll.
ACS	County general ledger system. Used for payroll, payables, receivables, accounting, and budget.

2.   HUMAN RESOURCES:

The Human Resources Department was formed in 2008, and is responsible for overseeing personnel-related services designed to support the operations of the County. These functions include the following: recruitment and hiring, new employee orientation, employee training, insurance and other benefits administration, policy and procedure development and maintenance, performance appraisal administration, collective bargaining and negotiations, and enhancing employee morale.

(1)   Organization

The following chart shows the current organizational structure of the Human

Resources Department:

**Carroll County Human Resources Department
Organizational Chart**
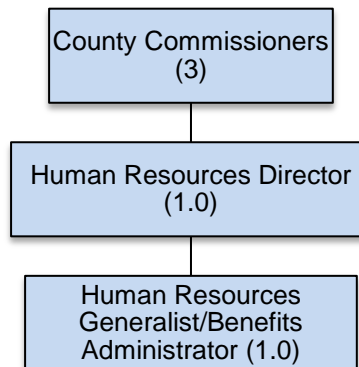
```
          ┌─────────────────────┐
          │ County Commissioners│
          │        (3)          │
          └──────────┬──────────┘
                     │
          ┌──────────┴──────────┐
          │ Human Resources Director│
          │        (1.0)        │
          └──────────┬──────────┘
                     │
          ┌──────────┴──────────┐
          │  Human Resources    │
          │ Generalist/Benefits │
          │ Administrator (1.0)  │
          └─────────────────────┘
```

The following section provides a summary of the key roles and responsibilities of

the positions allocated to the Commissioner's Office for Human Resources.

(2)   Summary of Key Roles and Responsibilities

Position	Number of Staff	Responsibilities / Role
Human Resources		
Human Resources Director	1.0	• Responsible for all personnel issues for the County, including the recruitment, hiring, and retention of employees. • Serves as a resource for the County to assist in resolving personnel issues. • Advises the County Commissioners on personnel policy and procedure, wages, benefit, working conditions and operational issues requiring their attention. • Assures compliance with State and Federal Labor and Employment laws, such as Worker's Compensation Law, the Family and Medical Leave Act, and the Americans with Disabilities Act. • Reviews and recommends changes in employee benefits and insurance coverages. • Responsible for updating policies and procedures, employee manuals, etc. • Identifies, administers or procures employee training • Conducts new employee orientations, and conducts exit interviews • Participates in employment interviews. • Develops policies and procedures for approval by the Commission • Serves as the County's contact point for legal matters as they relate to personnel issues. • Director serves as the Chair of the County Information Technology Committee and the Joint Loss Management Committee.

Position	Number of Staff	Responsibilities / Role
Human Resources Generalist/Benefits Administrator	1.0	• Maintains the Kronos timekeeping system. • Enters new hire information, makes status changes for all employees. • Responsible for employee records retention. Conducts file audits on each to ensure each is complete. • Conducts County's open enrollment for medical and dental • Makes employee benefit changes. Explains benefits to employees. • Coordinates with benefits vendors and third party administrators to make presentations to employees. • Maintains New Hire Orientation tracking sheets. • Resolves claims, reports changes in benefits, approves invoices for payment. • Assists the Director in employee relations, counseling and exit interviews. • Assists and coordinates with the County's third party administrators for workers compensation and unemployment.

(3)   Summary of Service Provision.

The following table summarizes major human resources functions and identifies the entity responsible for the provision of the service (Human Resources staff, Department staff, or Contracted Vendor).

Human Resources Function	Service / Role Performed		
	HR Staff	**Operating Department**	**Contracted Out**
Applicant Screening	All applications are received in HR Office and screened		

	Service / Role Performed		
Human Resources Function	**HR Staff**	**Operating Department**	**Contracted Out**
Applicant Interviews	HR handles for DOC, County Farm, Registry and Business Office	Sheriff and Attorney conduct interviews. Nursing Home conducts all RN and LPN interviews, as well as dietary and housekeeping positions. Maintenance positions for the Nursing Home are handled collaboratively with the HR Department	
Applicant Reference Checks	HR handles for, County Farm, Registry and Business Office	Sheriff, DOC, Attorney and Nursing Home conduct reference checks for all positions in their respective departments.	
Applicant background, polygraphs, psychological examinations		Sheriff and DOC conduct these on applicants in their departments. These are not performed in other departments.	
Data entry for transactional processing (pay changes, employee information, etc.)	Large majority performed by HR. These involve personnel actions such as pay changes, changes in marital status, FMLA, changes in benefits selections, placement on military leave, etc.	Some input done by Business Office, such as tax status and retirement	
Employee Recruitment	All ads are posted by HR. HR also attends certain job fairs		
Employee Relations	HR does this for all employees		
Contract Negotiations	HR is on negotiating team	Finance Manager is on negotiating team	Contract attorney leads the negotiating team

	Service / Role Performed		
Human Resources Function	**HR Staff**	**Operating Department**	**Contracted Out**
Grievance Processing / Administration	Formal grievances are handled by HR (terminations, discipline, pay, etc.)	Issues of a minor nature that do not involve termination, formal discipline or pay may be handled at the department level	
Employee Wellness Programs	No formal program established yet, but HR provides certain activities such as the walking program last Fall		
Healthcare Administration / Claims Processing / Problem Resolution	HR handles, e.g., open enrollment, answering questions, etc.		Interlocal Trust is the Healthcare administrator
COBRA Notification and Processing (healthcare provided when employee separates employment)	HR processes dental notifications and collections		Interlocal Trust (TPA) processes health notifications and collections.
Workers' Compensation Insurance / Coordination	All claims and reports of injury come to HR		Primex is the Workers Compensation administrator
FMLA (Family Medical Leave Act) Administration	HR administers FMLA		
Military Leave Administration	HR administers military leave		
Payroll Services	HR is the administrator of the Kronos timekeeping system	Business Office runs bi-weekly payroll	
Coordination of Employee Training (centrally coordinated or provided by departments)	HR provides and/or obtains training of a general nature for all County departments. There is no mandated training in the County, however the HR Department provides sexual harassment, discrimination and workforce violence training for all employees.	Sheriff and DOC have mandatory training and certification that are administered internally	

Human Resources Function	Service / Role Performed		
	HR Staff	**Operating Department**	**Contracted Out**
Employee Orientation	HR staff provide all new employee orientations		
Performance Evaluation Coordination	HR acts as a resource on more serious disciplinary issues		
Employee Discipline	HR acts as a resource on more serious disciplinary issues		Departments administer discipline internally
Exit Interviews	HR mails out exit interview forms, and performs some in-person interviews.		
Employee Assistance Program (EAP)	HR informs employees of the existence of the EAP, and the services provided. Brochures are available in the hallway		MKS Perfomance Solutions is the EAP administrator
Risk Management (OSHA, ergonomics, safety programs)	The Safety Committee, chaired by HR, handles oversight.	The Safety Committee is, by charter, to be comprised of 50% management and 50% labor. All departments with the exception of Attorney and Business Office are represented on the Committee.	
Internal Investigations (Sexual Harassment, Discrimination)	HR handles internal investigations	Sheriff and DOC handle internal affairs investigations	
Training and Certification Tracking and Compliance	HR maintains a central file (all paper), however the department does not receive all certificates	Sheriff and DOC maintain their own records HR does not possess any of these records.	

Human Resources Function	Service / Role Performed		
	HR Staff	**Operating Department**	**Contracted Out**
Personnel Files	HR maintains personnel files for all departments except Sheriff. HR maintains most of the payroll-related (e.g., W-2, I-9, medical enrollment, etc.) information for the Attorney personnel. Other items covered in files include applications, reference checks, disciplinary actions, employee handbook sign-offs ,job descriptions, offer letters, and other.	Sheriff maintain its own personnel files. The County Attorney also reportedly maintains all non-payroll files on its employees.	

(4)   Technology Utilized.

The following table summarizes the current technology and software systems

utilized by Human Resources to provide services.

Technology / Software Name	Summary of utilization
Kronos	Carroll County purchased this system in 2010, however it was only fully implemented in April, 2014. This timekeeping system allows input of employee hours by type, as well as supervisor approval of employee time.

3.   ORGANIZATIONAL CHARACTERISTICS:

The following sections provide general information regarding County operations.

(1)   Summary of Budget.

The following table presents a summary of the Carroll County budget for the last

three years by major program area:

SUMMARY OF EXPENDITURES

Fiscal Year	FY 2012	FY 2013	FY 2014
Expenditures			
County Convention Costs		$30,651	$17,651
Judicial		$-	$-
Jury Costs		$-	$-
County Attorney		$476,818	$489,781
Victim Witness		$108,847	$113,297
Executive		$235,351	$237,939
Financial Administration		$-	$-
Treasurer		$6,267	$6,267
Other Legal		$30,000	$33,300
Personnel Administration		$158,612	$175,230
Planning & Zoning for Unincorp'd.		$-	$-
Medical Examiner		$14,400	$14,400
Register of Deeds		$532,960	$551,274
Maintenance of Buildings		$342,334	$344,590
Insurance, Not Otherwise Allocated		$-	$-
Contingency		$-	$-
Other		$101,243	$104,831
Subtotal General Government		**$2,037,483**	**$2,088,560**
Sheriff		$1,796,982	$1,809,294
Public Safety Dispatch		$801,955	$848,795
Corrections		$3,381,263	$3,223,302
County Farm Operating		$177,373	$128,261
Nursing Home Administration		$1,181,414	$1,194,289
Nursing Home Operating		$10,955,685	$11,049,960
Human Service Direct Assistance		$4,107,954	$4,310,708
Coop Extension Administration		$225,427	$229,259
Economic Development Admin.		$225,427	
Other Economic Development		$199,425	$206,425
Debt Service		$2,864,749	$2,790,114
Capital Outlay			$34,001
EXPENDITURE TOTALS	**$**	**$27,955,137**	**$27,912,968**

The following table provides actual expenditures for calendar years 2012 and 2013, and the approved 2014 budget for the Commissioners Office.

COMMISSIONERS OFFICE EXPENDITURES

Fiscal Year	Actual CY 2012	Actual CY 2013	Budget CY 2014
Expenditures			
Overtime-Bus. Office	$408.12	$483.70	$500.00
Minute Taker Wages	$-	$-	$-
Payroll Expense	$12,850.50	$13,133.50	$13,059.00
Bus. Office Salaries	$86,655.67	$88,942.17	$87,455.00
Commissioners Salaries	$31,500.00	$31,500.00	$31,500.00
Social Security	$8,047.28	$8,380.91	$8,216.00
Medical Insurance	$27,029.40	$25,864.41	$26,264.00
Retirement	$8,402.92	$9,015.18	$9,530.00
Workers Comp	$369.96	$369.96	$370.00
Unemployment Tax	$457.73	$550.62	$1,540.00
Dental Insurance	$810.45	$564.13	$1,344.00
Education & Conferences	$1,017.74	$1,995.00	$2,000.00
Medicare	$1,882.24	$1,960.33	$1,921.00
Other Fees & Services	$-	$10.00	$150.00
Office Supplies	$2,619.93	$2,521.47	$3,000.00
Dues, Licenses, Subscrip	$10,838.00	$10,618.00	$11,800.00
Postage	$1,499.57	$862.00	$1,500.00
Meals	$-	$-	$-
Computer Expense	$6,999.09	$7,177.87	$7,000.00
Advertising	$60.00	$-	$100.00
Telephone	$4,080.85	$5,535.17	$3,600.00
Annual Reports	$982.00	$596.34	$1,000.00
Travel	$7,465.96	$5,505.82	$7,000.00
Ossipee Town Tax	$6,873.00	$6,759.00	$7,000.00
Photocopier	$1,035.39	$2,811.03	$1,000.00
Insurance	$4,999.20	$5,504.64	$3,500.00
Grants	$-	$-	$1.00
Unincorporated Places Exp	$-	$-	$1.00
New Equipment	$1,499.98	$1,222.49	$1,500.00
Information Technology	$3,134.95	$3,125.07	$3,500.00
Total	$231,519.93	$235,008.81	$235,351.00

The following table provides actual expenditures for calendar years 2012 and 2013, and the approved 2014 budget for the Human Resources Department.

HUMAN RESOURCES EXPENDITURES

Fiscal Year	Actual CY 2012	Actual CY 2013	Budget CY 2014
Expenditures			
Salaries	$75,412.06	$89,833.05	$95,751.00
Social Security	$4,427.00	$5,755.64	$5,936.00
Medical Insurance	$2,472.54	$19,344.85	$15,820.00
Retirement Expense	$6,124.55	$7,828.10	$9,369.00
Workers Comp	$474.96	$474.96	$475.00
Unemployment Tax	$295.58	$376.80	$440.00
Dental Insurance	$111.23	$190.69	$384.00
Education & Conferences	$5,519.85	$1,736.67	$2,500.00
Medicare	$1,035.29	$1,346.02	$1,387.00
Other Fees and Services	$2,123.28	$5,625.00	$2,000.00
Office Supplies	$2,879.11	$2,657.46	$2,500.00
Dues, License, Subscrip	$50.00	$365.00	$600.00
Postage	$90.00	$321.06	$250.00
Advertising	$7,012.38	$5,912.66	$5,500.00
Telephone	$1,595.60	$2,014.73	$2,000.00
Travel	$957.08	$959.45	$1,000.00
New Equipment	$1,876.33	$473.00	$700.00
Information Technology	$14,897.83	$12,083.28	$12,000.00
Total	$127,354.67	$157,298.42	$158,612.00

SUMMARY OF REVENUES

Fiscal Year	Actual CY 2012	Actual CY 2013	Budget CY 2014
Revenue			
County General	$13,345,121	$13,762,153	$13,766,410
Sheriff	$300,384	$307,262	$259,060
Registry of Deeds	$878,167	$829,183	$820,044
Jail and HOC	$49,317	$36,664	$66,445
Farm	$137,665	$162,269	$128,500
Maintenance	$20,000	$20,000	$20,000
Interest	$59,858	$1,841	$70,000
Other	$2,575,000	$1,900,000	$1,900,000
Subtotal General Fund	**$17,365,512**	**$17,019,372**	**$17,030,459**
Nursing Home	$10,978,735	$11,021,799	$10,699,251

APPENDIX B – BEST MANAGEMENT PRACTICES ASSESSMENT

FINANCE

Performance Target	Strengths	Potential Improvements
FINANCE - ADMINISTRATION		
Financial services staff are cross-trained for critical accounting processes.	There is some degree of cross-training between the Finance Manager and Controller. The Finance Manager typically completes payroll and budgets, with the Controller's primary responsibility being accounts payable.	The degree of cross-training is such that the Finance Manager attempts to ensure that she is not away from the office on a payroll week. Cross-training for this function should be enhanced.
Financial service staff receives appropriate training and professional development.	Business Office staff attend conferences on a regular basis, including those provided by Primex (County insurance carrier) as well as the annual Association of Counties Conference. All Business Office staff recently received Excel training as well.	
Written policies and procedures have been developed for critical financial processes.		There are few formal financial polices and procedures in place at the County.
The Business Office is utilizing the most current version of an integrated financial and human resources information system.	The County utilizes version 13.03 It is updated at a minimum annually.	
Annual refresher training is provided for the automated financial system.		There is no ongoing training program on the financial system, which has been in place in the County for a number of years.
Electronic payments and online services have been aggressively implemented to streamline processes, enhance service to the public, and limit "walk in" traffic.		There are no means by which residents and businesses may pay electronically for services other than in the Nursing Home, which receives electronic payments for resident services from the State or from other agencies.

Performance Target	Strengths	Potential Improvements
The accounting and financial expenditures as a percentage of all funds' revenues approximates 2% (low-end) to 3% (average).	Total projected revenues for FY14 are $12,483,678. The Commissioner's Office FY14 budget is $237,939. This equates to 1.9% of total revenues.	
FINANCE – BUDGETING AND FINANCIAL PLANNING		
There are detailed procedures for preparing, adopting, monitoring, and amending the budget.	State legislation governs the preparation and adoption of the County budget. The process begins in September, with the Commission's budget submitted no later than December 1. Changes may be made to the budget by the Delegation until March 31, on which date the adopted budget must be submitted to the State.	Budget monitoring is done centrally by the Commissioner's office staff. Department managers do not have access to GFS (the financial system), and must request budget updates from the Business Office.
Goals, objectives, and performance measures are incorporated into the budgeting process.		There are no goals, objectives or performance measures stated in the adopted budget. The establishment and statement of performance measures in the budget provides the public with a degree of information about the uses to which their tax dollars are being employed. Little information is conveyed through the simple presentation of budgetary figures, however if these are tied to the achievement of specific objectives, then the reader of the budget is better informed. Performance measures also impart a degree of accountability for their achievement on the parts of managers. Therefore, the performance measures adopted should not be statements of achievement (e.g., numbers of payroll checks issued), but rather the efficiency with which specific departments utilized the resources to achieve them (e.g., percentage of payroll checks issued without error).

Performance Target	Strengths	Potential Improvements
The budget has annually been awarded the GFOA Distinguished Budget Presentation award.		The County has not received the GFOA Distinguished Budget Presentation award. The award is given to budgets that conform to specified criteria that relate to such features as ease of locating data, inclusion of goals and objectives, presentation of short term factors that influenced the budgetary decisions, inclusion of a budget message that articulates priorities and issues, inclusion of an organization chart, and other criteria.
The County has a multi-year financial plan.		The County does not have a multi-year financial plan. A multi-year financial plan can be a valuable tool for municipalities, both during times of financial distress as well as when revenues meet and exceed expectations. The plan sets forth longer-term financial priorities that are products of consensus among stakeholders so that decision-makers can work toward established goals, rather than making choices on the pressing needs of the moment.
The financial condition of the County has been evaluated based upon the ICMA publication: Evaluating Financial Condition: A Handbook for Local Government		The financial condition of the County has not been evaluated based on the noted ICMA publication. This handbook guides financial managers in the evaluation of financial condition, and asks questions related to where the County will be in 2 to 3 years, what are the most important aspects of the County's financial condition, how challenges and opportunities will be explained to policy-makers, establishing policies that will ensure a sound bond rating, as well as other facets of financial condition.
FINANCE – FINANCIAL REPORTING		

Performance Target	Strengths	Potential Improvements
Monthly financial statements for all funds are prepared and presented to the County Commissioners. Departments have access to on-going information regarding financial performance of their budgets.	The Business Office prepares financial statements for all funds for the Commissioners on a regular basis.	Departments do not have access to the GFS system, which contains information on budgetary performance of each department.
The County retains independent auditors to prepare a CAFR annually.	The County contracts for the preparation of annual financial reports through an independent firm.	The date of the last CAFR was 2011.
The County's financial statements receive an "Unqualified Opinion" from the County's independent auditors.		The County has not conducted a financial audit for at least three years. While financial statements were prepared, it is evident from the current financial audit being conducted that these financial statements have significant misstatements regarding the financial position of the County. Fund reserves may have been overstated by amounts approximating $1M – a significant and unusual variation.
The management letter resulting from the independent audit is submitted to the County Council each year.	The management letter is reportedly submitted to the Commissioners and is filed with the State each year.	
The CAFR has annually been awarded the GFOA Distinguished Financial Reporting Presentation award.		The County's CAFR has not been awarded the GFOA Distinguished Financial Reporting Presentation award.
FINANCE – ACCOUNTS PAYABLE		
All disbursements are supported by adequate documentation (invoice, receiving report, purchase order).	The County requires supporting documentation to support all payments.	
Invoices are reviewed and approved before payment is made.	Finance staff review prior to payment. County Commissioners often review prior to signing of checks and may questions items.	
Accounts payables are processed in sufficient time to obtain discounts.		Discounts are seldom achieved due to processing times.

Performance Target	Strengths	Potential Improvements
Accounts payable has streamlined accounts payable processes by making payments electronically.		Limited electronic payments are utilized in Carroll County.
FINANCE – PAYROLL		
There is a personnel file on each employee that contains approved pay rates, completed income tax withholding forms, etc.	The Human Resources Department maintains personnel files on each employee that contain approved pay rates, completed income tax withholding forms, as well as other facets of employment.	
All employees file time/attendance reports.	All employees with the exception of Deputy Sheriffs and Bailiffs at the Courthouse input their time and attendance into the Kronos system, which was recently fully implemented.	
The time/attendance reports are reviewed and approved by an appropriate supervisor.	Employee time and attendance are reviewed by direct supervisors. Only employees may make changes to their own Kronos entries.	
There are records to account for vacation and sick leave earned and taken by employees.	This information is electronically stored in the payroll system (ACS).	
There are computer-generated reports available showing all changes made to payroll and someone independent of the payroll and human resources departments reviews this report at least on a monthly basis.	The process followed by the County requires that department heads sign off on any changes, and employees sign as well. The HR Department reviews, and makes any approved changes. The Finance Manager then reviews to ensure the change is correct.	
The payroll information system and the human resources information system are integrated.	The Kronos payroll time and attendance system is integrated with the ACS general ledger system, however, there is no dedicated HRIS in the County's HR Department.	
The County maximizes the use of direct payroll deposit	Approximately 80% are on direct deposit.	

Performance Target	Strengths	Potential Improvements
Ongoing communication is provided to employees concerning payroll issues: changes, announcements about taxes, deferred comp, payroll schedules, etc. and reminders about leave.	The HR Department sends e-mails to department heads and posts notices at all time clocks, break rooms, etc.	
Formal, written protocols have been developed for wire transfers.	The banks have established protocols, and the County follows these.	
The County deposits revenue daily with the vendor bank.	Register of Deeds and Nursing Home make daily deposit, and can make these electronically. During tax season, the Business Office makes daily deposits, as the volume is much heavier during this time.	
Armored car makes daily deposit pick-up.	Checks are scanned electronically and deposited at vendor banks.	Cash deposits are made by a County employee at the bank.
There is a written investment policy.	Follows state guidelines.	There is no formal, written policy.
Investment performance is reported monthly to the County Commission.		No formal statement is submitted to the Commission, although investment performance is reported to the Commission.
FINANCE – ACCOUNTS RECEIVABLE		
The County updates its user fees bi-annually.	The County has few user fees. Generally, water rates are reviewed annually at budget time.	
The accounts receivable balance in the general ledger is reconciled monthly with the detailed accounts receivable list.		Monthly reconciliation is not conducted. Many accounts receivables are not fully integrated into the financial system making full financial status difficult to determine.
Effective collection procedures have been put in place.		The County does not have a policy outlining their approach to collecting revenues / fees and other amounts owed to them.

Performance Target	Strengths	Potential Improvements
There is a formal written policy regarding collection of delinquent accounts		No formal policy exists for the collection of delinquent accounts. Notably, recent experience has demonstrated that Financial staff do not routinely evaluate delinquent accounts for collection action.

HUMAN RESOURCES

Performance Target	Strengths	Potential Improvements
HUMAN RESOURCES - MANAGEMENT		
Human Resources have a multi-year strategic plan with annual goals and measurable objectives.		The relatively new HR Director has an objective the development of annual goals and performance measures, however this initiative has been subordinated to other issues such as the development of required policies, as well as the review of all personnel files to ensure compliance with DOL standards.
Human Resources has been integrated into the County-wide strategic goals and is part of the overall business strategy of the County.	Human Resources is viewed by the Commission and most operating departments as a critical organization in assisting in recruitment and hiring, job description development, timekeeping and reporting, performance evaluations, disciplinary policy, as well as other elements of personnel services. The Commission has designated the Human Resources Director to chair the monthly department head meetings.	The County has not adopted formal strategic goals, either on a departmental or County-wide basis.

Performance Target	Strengths	Potential Improvements
Human Resources uses appropriate performance measures and interpretive benchmarks to evaluate its major programs and uses these in management decision-making.		As noted above, there are no formal performance measures in use in the HR Department. These might include such metrics as recruitment time periods for specific position types, turnover rates, HR expense factor (ratio of total County expenses to those of HR), cost per hire, percentage of performance evaluations completed on schedule, and others.
Human Resources maintains personnel records in an efficient and readily accessible manner utilizing an integrated human resource information system (HRIS).	The HR Department is currently engaged in an effort to ensure that all personnel files contain standardized and DOL-compliant files.	The Department does not possess an HRIS. A comprehensive HRIS should be used for recruitment management, benefits tracking, absence tracking, compensation tracking and management, training and certification tracking and other "profile'-related metrics. However, a robust HRIS would also allow the analysis of employee trends in, for example, workers compensation claims and costs, turnover of high and low-performing personnel, effectiveness of training and any required training, effectiveness of merit increases on productivity, as well as many other facets of personnel issues.
There are approximately 90 – 100 full-time municipal employees for every 1 full-time HR employee.		With approximately 340 County employees and two (2) employees in Human Resources, this equates to a ratio of about 170:1.
HUMAN RESOURCES – RECRUITMENT AND SELECTION		
Human Resources use a workforce planning system to project retirement rates by division or County and prepare for replacement of lost competencies and skills. This system has been automated. The plan is updated annually.		The HR Department does not formally project retirement rates, and does not identify the skills that will likely be lost through retirement in a centralized manner.

Performance Target	Strengths	Potential Improvements
Human Resources have efficient and effective processes for recruiting and hiring qualified personnel.	The Department advertises in papers in Carroll, Belknap and Strafford counties, as well as on the "Jobs in NH" web site. Further, the Department sends advertisements to Primex, NH Municipal Association, "NH Counties" and on the County's web site. Applicants can download applications from the County site, and submit these to HR on-line.	
Human Resources have standard County-wide procedures to announce vacancies and to receive and process applications.		Although County departments reportedly know and understand the process of job announcements, there are no formal procedures that outline this process.
Human Resources monitor the effectiveness of different recruitment methodologies to track where additional work is needed. This includes such metrics as ratio of invitations to interviews, interviews to offers, offers to hires, etc.		The Department does not monitor any formal metrics related to recruitment.
Human Resources job vacancy announcements provide information on positions to be filled, education, experience, knowledge, skills, and abilities required and compensation range.	During the conduct of this project, two job postings were on the web site. These were for Nursing staff and for Correctional Officers. Both of these postings listed information on the positions, educational and experience requirements, and certain knowledge, skills and abilities. In a separate section of the website, "Rolling Employment Opportunities", compensation ranges are listed for the noted jobs.	Compensation ranges should be listed in the same section of the web site as the job postings. This reduces any confusion on the part of the applicant, who may not navigate to a separate section.

Performance Target	Strengths	Potential Improvements
Human Resources utilize technology to make the recruitment process more efficient and timely. This includes: • Using the Internet as a primary means to advertise positions and recruit qualified candidates, accept applications on-line, and resume processing software to match jobs to candidates. • Using the web site to highlight the County's benefit and retirement packages, maximizing their use as recruitment tools. • Expanded recruitment outreach by connecting commercial employment web sites to the County's on-line application system.	The Department utilizes its web site to advertise all positions. Applications may be submitted electronically via e-mail.	The Department does not utilize software to match jobs to candidates. The web site does not provide any information on the County's benefit and retirement packages. The web site is not linked to any commercial employment web sites.
HUMAN RESOURCES – EMPLOYEE RETENTION		
Human Resources maintains historical data on turnover rates for major classes of employees and monitors this data to identify unusual variations in the turnover rate.		

Performance Target	Strengths	Potential Improvements
Human Resources maintains clear and effective channels of communication with County employees, including: • Providing readily accessible copies of a useful employee handbook, the collective bargaining agreement, and information on County personnel policies and benefit packages; • Communicating County news and changes in policy to all employees; and • Opportunities for employee feedback on County policies and practices that affect their areas of work or expertise, including employee membership on policy committees, and/or the solicitation of employee input on County policies and programs.	Used to do quarterly newsletter; - not being done now Policy changes are posted – send to each employee to sign	Periodic newsletter should be implemented.
HUMAN RESOURCES - TRAINING		

Performance Target	Strengths	Potential Improvements
Human Resources provides a comprehensive staff development program to achieve and maintain high levels of productivity and employee performance.		The County does not provide active and ongoing staff development, either for line employees or for managers and supervisors. The benefits to staff development include increased retention of employees, as well as a more productive workforce. Well-managed city and county organizations should provide ongoing training, both in-service as well as through targeted seminars, conferences and other specific training opportunities. Managerial and supervisory topics for consideration by the County include: • Building effective teams • Leadership development • Motivating and delegating • Creative problem solving • Effective meeting techniques • Developing and using effective performance measures • Conflict management • Effective performance appraisal
Human Resources: • Conducts orientation programs for all new employees, and includes information on County procedures, performance expectations and evaluations, training and career opportunities, and personnel policies regarding such issues as absences, leave approval and tardiness; • Human Resources maintains training records for all County employees. These records are maintained on the HRIS.	The HR Department conducts orientation sessions for all new employees. The HR Director covers selected topics from the Employee Handbook, including harassment, workplace violence, attendance expectations, tardiness, and others. Departments also provide their own orientations that highlight specific issues related to attendance, expected hours of work, etc. Training records are maintained in personnel files for all departments with the exception of Corrections and Sheriff.	Training records are not forwarded to HR in all instances. There is no formally-adopted performance evaluation program in the County as yet, so there is no coverage of this process in orientation sessions.

Performance Target	Strengths	Potential Improvements
Human Resources conducts needs assessments for the County-wide training program that include input from employees and their supervisors at least every other year.		Needs assessments are not conducted by HR staff.
Human Resources develops a pool of potential managers and supervisors in the County who are receiving training prior to their selection to become administrators.		HR has not historically identified future administrators, and has not developed a training plan for these individuals.
All middle and top managers have a County leadership-training program for administrators and managers.		Managers do not receive leadership training prior to becoming managers.
Human Resources utilizes e-learning technologies to provide training to County employees cost effectively.		There are no e-learning opportunities provided by HR, however the Department may, from time to time, identify e-learning opportunities such as webinars for staff who may have interests.
HUMAN RESOURCES – WORKER'S COMPENSATION		

Performance Target	Strengths	Potential Improvements
Human Resources uses cost-containment practices for its Workers' Compensation Program to be proactive in attempts to reduce frequency and cost of Workers' Compensation claims. The following metrics are utilized to manage the Worker's Compensation practices: • Average Cost per Claim • Annual Cost per FTE • Frequency Rate (per 100 employees) • Percentage of Open Claims • Percentage of Annual Indemnity Claims • Average Reporting Lag Time • Percentage of Claims by Part of Body • Average Claim Duration • Percentage of Litigated Claims • WC Costs as Percentage of Payroll	The TPA, Primex, provides a full platform of metrics, and the HR staff have access to the metrics listed here as well as many others. Primex reportedly is available for presentations to the Commission on an as-requested basis.	
HUMAN RESOURCES – CLASSIFICATION AND COMPENSATION		
Human Resources periodically compares its entry-level salaries with other public and private agencies, and adjusts entry-level salaries as necessary to compete for qualified applicants.		Surveys are not conducted to ensure that entry-level salaries are competitive.
Human Resources maintains up-to-date, clear, concise, and readily accessible position descriptions that accurately identify the duties of each position and the background and competency levels required.	The Department maintains job descriptions for all positions that contain duties	The HR Department reports that it is possible that not all job descriptions are current.
Human Resources proactively reviews the allocation of County employees to classifications every three to four years to ensure that employees are properly classified.		The Department does not systematically review the allocation of employees to classifications.