



*cutting through complexity*

# Fulton County, Georgia

## Fulton County High Level Organizational Assessment

State and Local Government Advisory

April 16, 2015



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The background consists of several overlapping, blurred images of business-related documents. On the left, there's a document with a blue header that says "rental growth". Below it, a bar chart with blue bars and a red trend line is visible. To the right, another document shows a line graph with an upward-sloping line. The overall scene suggests a professional or financial context.

# Executive Summary

### Background and Objectives

KPMG offered Fulton County (the County) Pro Bono advisory services to conduct a high-level operational assessment of key County functions with the goal of identifying opportunities for cost reduction, revenue generation, and service improvement. The assessment reviewed key County functions and compared the County's current operations to leading or commonly accepted practices among other government organizations.

KPMG worked with the County to define the following three broad areas for high-level analysis:

- **Governance** – included review of the County's organizational structure, performance measurement standards, and internal and external governing policies and requirements
- **Expenditures** – included review of the County's internal support service delivery model, and the County's procurement, fleet, and facilities spend
- **Revenue** – included review of the County's current public private partnership arrangements, user fee structure and fine collection practices

During the course of the assessment, KPMG identified a number of additional opportunities for cost reduction, revenue generation, and service improvement that require further detailed analysis.

### Approach

KPMG began the engagement on November 17<sup>th</sup>, 2014 and completed the following key tasks:

- Conducted project kickoff meeting with key County project stakeholders
- Requested and analyzed relevant data (operational, financial, organizational) from County departments
- Conducted more than 20 interviews with County management
- Gained a high level understanding of current County operations within the scope areas above and compared with leading or commonly accepted practices among other government organizations
- Identified opportunities to further analyze or implement change resulting in cost reduction, revenue generation and service improvement

KPMG's analysis is based on data provided by the County. KPMG did not independently verify or audit information provided.

## Opportunities Summary

Based on our fieldwork and analysis, KPMG identified opportunities across the three review areas: Governance, Expenditures, and Revenue. KPMG quantified many savings opportunities and identified numerous additional opportunities to improve governance and reduce expenditures. Based on the opportunities quantified, Fulton County could realize potential annual cost savings of approximately **\$12M - \$54M** without impacting constituent service delivery. There are numerous other opportunities identified in this report that need additional analysis for quantifying impact on cash flow. If implemented, the County will likely see additional annual significant cost savings and enhanced revenues along with improved internal controls, operating efficiencies, and organizational enhancements.

The following tables summarize select opportunities identified along with potential cost savings, if applicable. The report should be read in its entirety to provide context and gain a full understanding of the County's current state, all opportunities identified, and potential benefits.

Review Area	Opportunities Summary
<b>Governance</b>	<ul style="list-style-type: none"> <li data-bbox="438 644 1769 815">■ Fulton County should consider filling critical vacant or interim leadership positions to promote governance and accountability. As Fulton County stabilizes the County Manager position with a consistency, the Board of County Commissioners (BOCC) should continue to evolve towards being a strategic (as opposed to tactical) board and leverage the County Manager to execute against the BOCC's established goals and objectives by managing daily operations</li> <li data-bbox="438 858 1769 1093">■ Fulton County should create a centralized, formalized, and consistent Performance Measurement process to monitor and measure the efficiency and effectiveness of constituent and internal service delivery activities and outcomes. Fulton County should establish , measure, and monitor Countywide, Division/Department, and Job function performance measures that align to common strategies and objectives. The Performance Measurement results should be transparent for objective evaluation and aid leadership in decision making for providing efficient and effective constituent services</li> <li data-bbox="438 1136 1769 1272">■ Fulton County should create formal processes regarding updating internal policies and procedures within regularly scheduled intervals to help ensure that they are applicable and relevant to current County operations. Fulton County should formally communicate policy changes to employees via email and train employees on updated policies and procedures to help ensure compliance</li> </ul>

## Additional Opportunities or Further Analysis Summary

Review Area	Additional Opportunities for Further Analysis
<b>Governance</b>	<p>Fulton County should further assess the following additional opportunities for mitigating the following:</p> <ul style="list-style-type: none"> <li>■ Numerous manual and paper based processes</li> <li>■ Limited insight regarding misallocation and duplication of resources</li> <li>■ Fragmented service delivery processes</li> <li>■ Limited employee performance evaluation</li> <li>■ Lack of formal fraud communication channel</li> <li>■ Lack of insight into internal staffing and workloads</li> <li>■ Limited focus on HR strategy</li> <li>■ Lack of formal County branding effort</li> <li>■ Limited deployment of mobile technology</li> <li>■ Limited recognition of high performing employees</li> <li>■ Limited communication channels for internal staff collaboration</li> <li>■ Lack of formal succession plan</li> <li>■ Lack of formal community engagement strategy</li> </ul>

## Opportunities Summary

Review Area	Opportunities Summary
<b>Expenditures</b>	<ul style="list-style-type: none"> <li>■ Fulton County should evaluate the feasibility of centralizing the Information Technology, Personnel, Finance, and Purchasing functions to further streamline end to end business processes and reduce costs. Centralizing these four functions could result in an estimated <b>\$7.2M and \$13.5M</b> in potential annual cost savings and improved efficiencies</li> <li>■ Fulton County should conduct a procurement strategic sourcing assessment for countywide goods and services. Strategic sourcing of contractual services will allow the County to further achieve economies of scale and reduce administrative overhead. Fulton County could realize between <b>\$5.2M and \$40.2M</b> annually in potential procurement cost savings and spend</li> <li>■ Fulton County should evaluate current processes and procedures for tracking, analyzing, and reporting fleet maintenance activities and costs. Enhanced processes for tracking, analyzing, and reporting fleet maintenance activities will allow Fulton County to make more informed decisions by developing financial mechanisms that capture all costs, including labor, supplies, fuel, depreciation, and overhead attributable to fleet activity. The County should analyze the benefits associated with: Insourcing and/or outsourcing fleet maintenance activities, Centralization of fleet maintenance and repair services across all County departments, and Economies of scale associated with consolidated repair services and contracts</li> <li>■ Fulton County should adopt a space planning program to strategically determine which structures in its portfolio bring added value to County operations and which structures are candidates for divestment. As a result of divestment, the County may realize savings on direct and indirect maintenance expenditures</li> </ul>

## Additional Opportunities or Further Analysis Summary

Review Area	Additional Opportunities for Further Analysis
<b>Expenditures</b>	<p>Fulton County should further assess the following additional opportunities for mitigating the following:</p> <ul style="list-style-type: none"> <li>■ Numerous internal support (non service delivery) functions</li> <li>■ Limited insight into employee overtime</li> <li>■ Inconsistent procurement processes</li> <li>■ Limited analysis of Jail efficiency or privatization analysis</li> <li>■ Limited use of County inmates to subsidize internal and external service delivery costs</li> <li>■ Incomplete understanding of facility energy costs</li> </ul>

## Opportunities Summary

Review Area	Opportunities Summary
<b>Revenue</b>	<ul style="list-style-type: none"> <li>■ Fulton County should develop formal processes and procedures for evaluating potential private partnerships and alternative revenue sources. Processes should include formal methodologies to evaluate the potential relationship's ability to: increase revenue, increase funding for capital asset replacements, and reduce operational and administrative costs</li> <li>■ The County should perform an operational and organizational scan to gain a comprehensive understanding of the cost of service delivery and applicable fees for services. As part of the scan, the County should perform a formal cost of services evaluation. Following the determination of the full cost of service, the County should evaluate whether or not to recover the full cost of the service or subsidize the service. The County should create a countywide policy on user fees that provides guidance as to the determination and implementation of user fees</li> <li>■ The County should strengthen and improve procedures to enhance internal reporting of outstanding fines and the monitoring of collection agency performance to ensure acceptable collection levels that maximize the County's revenue generating capabilities</li> </ul>



# Governance

### Overview

Governance refers to the established processes, controls, and relationships that provide the framework for an organization to manage operations. In leading organizations, formal governance structures exist to inform and align decision making for strategic planning, policy, and operations.

Formal governance is a key component of leading organizations. Without formal governance, there is unclear understanding of roles and responsibilities, reduced accountability, inability to measure and correct performance, and inefficient service delivery.

KPMG reviewed the following areas as part of the Governance Review:

- Organizational Design
- Performance Measurement Standards
- Internal Policies and Procedures
- External Policies and Procedures

KPMG identified additional governance opportunities for the County resulting from our fieldwork and analysis. These additional opportunities do not directly relate to our original scope, but provide Fulton County with additional opportunities for improved governance. The following slides summarize KPMG's observations and analysis.

## Organizational Design

Organizational design has a direct impact on the effectiveness of governance. An organization’s structure impacts the ability to communicate, implement strategy, and the capacity to enforce policies and procedures. To gain a holistic understanding of Fulton County’s current organizational design and efficiency, KPMG assessed Fulton County’s organizational structure, span of control, and current administrative vacancies.

### Current State

#### ■ Organizational Structure

- The County Manager oversees Fulton County daily operations. Six positions report directly to the County Manager. Each of the six positions reporting to the County Manager oversee or act as a liaison to a series of departments, offices or divisions, grouped by common service delivery areas. The following chart shows each manager position with corresponding departments

Role	Number of Departments, Offices or Divisions Supervising	Departments, Offices or Divisions
Deputy County Manager - Municipal Services	6	Police, Fire, Parks & Recreation, General Services, Planning & Community Services, 911 Communications
Deputy County Manager - Health and Human Services	4	Health Services, Housing & Community Development, Aging & Youth, Library Arts & Culture
Assistant County Manager (position 1 of 2)	4	Justice System, Tax Assessor, Registration & Elections, Tax Commissioner
Assistant County Manager (position 2 of 2)	4	Personnel, IT, Purchasing, Finance
Assistant to County Manager	6	Office of Diversity & Civil Rights Compliance, AFCEMA, Economic Development, Ryan White, Child Attorney, Contract Compliance
Director of External Affairs	3	Communications, Broadcast & Cable, Intergovernmental Affairs

- Fulton County’s current organizational structure allows the opportunity for fluid communication between different hierarchical tiers. Weekly Executive Team meetings among Department Directors create a consistent forum for executive leadership to discuss long and short term strategy as well as give and receive feedback
- The grouping of departments based on function and service line creates a consolidated and effective organizational structure which allows similar services to collectively drive strategy and governance

### Organizational Design (continued)

- **Span of Control**
  - Span of control refers to the number of direct subordinates a supervisor oversees. An effective span of control helps create clear downward and upward lines of communication. Clear lines of communication allow for effective coordination of resources and accountability
  - KPMG evaluated the span of control for the County Manager and the five deputy/assistant manager positions. The County Manager's span of control is 6. The average span of control for the six direct reports to the County Manager is 4.5
  - Industry leading practices indicate that span of control varies with the degree of complexity associated with the work, and varies from 3-6 (more complex, less routine roles) to 7-10 (less complex, more routine roles). Fulton County's average managerial spans of control of 6 and 4.5 aligns with industry leading practices associated with more complex, less routine roles
- **Countywide Vacancies**
  - Fulton County relies on an Executive Team (consisting of the County Manager and five deputy/assistant managers) and department/division directors to drive service delivery, promote accountability and develop strategic plans. As of January 2015, the County had:
    - 1 interim County Manager
    - 2 vacant Deputy County Manager positions out of 2 Deputy County Manager positions
    - 1 vacant Assistant County Manager position out of 2 Assistant County Manager positions
    - 3 vacant Director positions out of 21 Department/Division Director positions
    - 8 Interim Director positions out of 21 Department/Division Director positions
  - Two vacancies, the Deputy County Manager for Municipal Services and the Deputy County Manager for Health and Human Services oversee a combined 1,943 FTEs comprising 37% of the County's total FTE population
  - Over the last five years, Fulton County has experienced an average loss of approximately 900 employees a year resulting from dismissal, separation or retirement. The annual loss represents an average loss of 17% of the County's workforce each year

### Organizational Design (continued)

#### ■ Board Oversight

- Fulton County operates under the commission-county manager form of government. This system combines the policy leadership of elected officials with the administrative abilities of a county manager. Fulton County's BOCC is comprised of 7 members representing seven districts (six geographic districts and one "at large" district) and meets in regular session twice a month
- Since 2008, Fulton County has had 6 different County Managers (3 permanent and 3 interim) with an average tenure of approximately 15 months. To compensate for turnover, the BOCC has had to become increasingly involved in the oversight and execution of daily operating activities within the County
- Frequent turnover at the County Manager position has resulted in an environment that is not ideal for an optimized strategic governing body. The current environment has resulted in an increased focus on daily operating decisions and reduced the BOCC's capacity to focus on big picture, strategic issues facing the County

#### **Opportunities**

- To fully realize the benefits of an efficient organizational structure, the County should consider filling critical vacant or interim leadership positions to implement and execute the Department-level strategic plans and promote governance accountability (ex: that policies and procedures are being followed)
- In leading organizations, governing boards typically provide strategic governance. The board plays a key role in overseeing the organization and ensuring that it operates in the best interests of its stakeholders and in support of the organization's vision, mission, and goals. The purpose of the board is to establish policies to ensure that the organization achieves desired results under conditions acceptable to the board. As organizations grow, it is important for governing boards to continually assess their role within the organization. Evaluation allows a board to continually define its role within an organization and identify opportunities for change
- As Fulton County stabilizes the County Manager position, the BOCC should evaluate opportunities to delegate daily operational decision making and focus on more strategic, long term policy decision making

### Performance Measurement Standards

Performance measurement is a method to help organizations govern and monitor policies and requirements through measured outcomes or activities. Reliable, consistent, and quantitative metrics provide organizations the ability to measure operating and financial performance.

#### **Current State**

- Fulton County does not have a formalized, centralized, and consistent performance measurement process that holistically measures the County's performance and constituent service delivery outcomes
  - Fulton County established the Performance Management Division in 2009 with a staff of 2 employees tasked with measuring performance. The Division began reporting on Key Performance Indicators (KPIs) in 2012 and prepared KPI reports for that year. Due to resource limitations, the development of departmental business plans and KPI reports was discontinued in January, 2013. Select personnel from the Performance Management Division transitioned to the Training and Career Development Division and the Performance Management Division was dissolved
- Currently, individual departments prepare performance measures under their own purview by leveraging departmental KPIs. Departmental KPI reports do not roll up to a County-wide, standardized measurement scorecard. Fragmented KPI collection, analysis, and reporting results in inconsistent understanding of performance measures among County managers and directors and does not support a holistic, countywide, KPI strategy for measuring and monitoring efficient and effective constituent service and internal service delivery
- In general, individual departmental KPIs measure service volume, not outcomes. Measuring service volume instead of outcomes, makes it difficult to identify root causes (positive or negative) in goals, performance measures, or constituent service delivery

### Performance Measurement Standards (continued)

#### Opportunities

- Fulton County should create a centralized, formalized, and consistent Performance Measurement process. Fulton County should look to include the following key areas within the performance measurement process to help enhance organizational governance:
  - Countywide performance measures that align to overall strategies and objectives
  - Division/Department performance measures that align to Countywide strategies and objectives
  - Job function/position performance measures that align to Division/Department strategies and objectives
  - Actionable outcome measures against which County management, Division/Department, and job function/position personnel can be held accountable
- Fulton County should implement continuous monitoring and evaluation of established KPI's and KPI results
- Fulton County should leverage leading performance measurement methodologies as a means to enhance and evaluate governance throughout County. Many leading County governments use the CountyStat methodology as its basis for a performance measurement program
  - CountyStat is a data tracking and management methodology that leverages robust data analytics and KPIs to track performance. CountyStat allows quantitative reports and assess the performance of the respective Departments within the County and better hold Department leadership accountable by using consistent, insightful KPIs throughout a fiscal year
  - CountyStat is similar in nature to the CitiStat performance measurement methodology, which has resulted in cost savings for some of the nation's largest cities. For example, following the implementation of the CitiStat model, the City of Baltimore reported first year savings of \$13.2 million by monitoring cost variables and making changes to avoid future costs
- In order for any performance measurement program to be successful, constant and ongoing monitoring and reporting must be in place to link performance data to goals. Following the establishment of key performance measurement standards, Fulton County should implement ongoing, systematic and comprehensive program evaluation. Ongoing evaluation will assist the County with developing outcome based measures, providing data for key management decisions, and offer evidence of program effectiveness and benefit

### Internal Policies and Procedures

Internal policies and procedures form the foundation for organizational processes and controls, which dictate governance and help ensure operational success. Comprehensive, regularly updated policies and procedures allow organizations to continually evolve, improve, and achieve operational and organizational needs.

#### Current State

- The Board of County Commissioners (BOCC) Procedural Rules, County Code, and Fulton County Personnel Policies and Regulations govern operations across the organization
  - BOCC Procedural Rules establish governing processes and procedures for BOCC meetings. The BOCC Procedural Rules were last updated in March 2008. BOCC Procedural rules updates are reactive and result from issues or discussions identified by BOCC members. BOCC Procedural Rules and are not reviewed/updated in regularly scheduled intervals
  - The County Code defines the jurisdiction and authority of Fulton County officials. The County Code was last updated in June 2014. The County Code is reviewed quarterly and updated, as necessary, dependent upon BOCC action
  - The County governs personnel policies through two main mechanisms: 1) The Fulton County Personnel Board and 2) The Fulton County Personnel Regulations. The Fulton County Personnel Board hears cases brought by employees covered by the Civil Service Act and oversees personnel policies and regulations. The Board consists of seven members and meets at a minimum once per month. The Personnel Regulations govern the rights, privileges, and responsibilities of County employees, are maintained by the County Manager's office, and were last updated in November of 2013. Fulton County Personnel Regulations are updated as needed (change in State Law, Personnel Board recommendations, or BOCC resolution) and are not reviewed/updated in regularly scheduled intervals

Internal County-Wide Policies and Procedures	Last Updated	Required Review Timeline	Maintained By
BOCC Procedural Rules	March 2008	As the need arises	County Clerk's Office
Personnel Regulations	November 2013	As the need arises	County Manager's Office
Code of Laws	June 2014	Quarterly	County Clerk's Office

#### Opportunities

- The County should create formal processes regarding updating internal policies and procedures within regularly scheduled intervals to help ensure that they are applicable and relevant to current County operations. The County should formally communicate policy changes to employees via email and train employees on updated policies and procedures to help ensure compliance
- The County should implement formal periodic training programs for new and experienced hires covering the County's internal policies and procedures. The County should formally track employee compliance with required trainings

### External Policies and Procedures

As a local government, Fulton County is also governed by external laws, legislation, and regulations. KPMG identified an external governing requirement (State of Georgia House Bill 1452 or HB 1452) specific to Fulton County impacting operations.

#### Current State

- Fulton County is governed by HB 1452 which was passed by the Georgia Legislature in 1998. HB 1452 requires Fulton County to obtain BOCC approval for all contracts and purchase orders exceeding \$49,999
- Fulton County has a large number of contracts/purchase orders exceeding \$49,999. Purchase orders exceeding \$49,999 represent approximately 18% of total contracts/purchase orders in 2014, representing an increase of approximately 5.6% since 2012. In 2014, the BOCC approved 799 contracts/purchase orders

Procurement	2012	2013	2014
Number of POs \$50K & Higher Issued	746	706	799
Dollar Value of POs \$50K & Higher	\$ 369,112,587	\$ 402,806,928	\$ 470,425,569
Number of POs \$2,500 to \$49,999	1660	1538	1617
Dollar Value of POs \$2,500 to \$49,999	\$ 25,681,774	\$ 24,587,529	\$ 25,682,322
Number of POs less than \$2,500 Issued	3582	2917	2014
Dollar Value of POs less than \$2,500	\$ 3,028,245	\$ 2,210,150	\$ 2,013,049
<b>Total Number of POs Created</b>	<b>5988</b>	<b>5161</b>	<b>4430</b>
<b>Total Dollar Value of Pos</b>	<b>\$ 397,822,606</b>	<b>\$ 429,604,606</b>	<b>\$ 498,120,941</b>
<b>Percentage of POs \$50K &amp; Higher</b>	<b>12.46%</b>	<b>13.68%</b>	<b>18.04%</b>

- Contracts and purchase orders requiring Board approval result in prolonged end-to-end business processes, increased resource dedication and oversight, and decreased focus on service delivery
- Generally speaking, the threshold of contracts and purchase orders exceeding \$49,999 requiring BOCC approval is low compared to other public sector organizations

**External Policies and Procedures (continued)****Opportunities**

- Procurement approval thresholds exist to balance risk and efficiency. Where there is perceived risk, the thresholds should be lower. Procurement thresholds should be higher when the organization's internal control structure and procurement processes are formalized, tested, and have the proper "checks and balances" to reduce risk
- Fulton County should consider measuring the direct and indirect cost impacts of maintaining a \$49,999 contract/purchase order threshold policy for BOCC approval
- Fulton County should evaluate current purchasing processes to assess internal controls related to procurement thresholds. Throughout the evaluation, key stakeholders should be consulted to help ensure confidence in the County's end to end procurement processes
- Under the leadership of the County Manager and BOCC, Fulton County should strive to improve the effectiveness, transparency, and stakeholder confidence of its procurement process. Once an improved procurement process is accomplished and stakeholder confidence is high, the County should work closely with the Georgia Legislature to raise the \$49,999 contract/purchase order threshold

## Additional Opportunities

Based on interviews and fieldwork, KPMG identified the following additional Governance observations.

Current State	Initiative / Focus Area	Benefits
<p><b><u>Numerous Manual and Paper Based Processes</u></b> Many processes throughout the County are paper based, manual and cumbersome.</p>	<p>Enhance use of enabling technology to automate current manual processes.</p>	<ul style="list-style-type: none"> <li>■ Reduce manual processes</li> <li>■ Reduce processing time and cost</li> <li>■ Increase transparency, tracking, and reporting capability</li> </ul>
<p><b><u>Limited Insight Regarding Misallocation and Duplication of Resources</u></b> The County has limited insights regarding whether the County has sourced a function to a third party, but may, at times, also perform the function with in house staff.</p>	<p>Assess current sourcing agreements and internal job duties to ensure there is not duplication of sourced activities and internal County employee responsibilities.</p>	<ul style="list-style-type: none"> <li>■ Decrease process duplication</li> <li>■ Decrease operational costs</li> <li>■ Increase process governance</li> </ul>
<p><b><u>Fragmented Service Delivery Processes</u></b> There is limited integration of citizen service delivery processes. The County lacks a formal, systematic approach for citizen service delivery. The County does not integrate service delivery through centralized case management, multi-disciplinary service delivery teams and standard operating processes.</p>	<p>Integrate external service delivery (Health and Human Services, Community Services, etc.) through centralized case management, development of common delivery practices consistent across County programs and integration of processes, goals, and initiatives across customer facing County programs</p>	<ul style="list-style-type: none"> <li>■ Alignment of County services to citizen needs</li> <li>■ Readily available, relevant, and integrated data for management decisions</li> <li>■ Minimize service fragmentation and duplication</li> <li>■ Holistic provision of services to citizens</li> <li>■ Reduce future service delivery costs</li> </ul>
<p><b><u>Limited Employee Performance Evaluation</u></b> The County's employee performance evaluation system is not linked to employee rewards, or compensation. As a result, there is limited, investment in employee skill sets, career progression, or recognition.</p>	<p>Develop formal and consistent employee performance evaluation process that is tied to employee total rewards and recognition</p>	<ul style="list-style-type: none"> <li>■ Increase employee accountability</li> <li>■ Increase employee morale and recognition opportunities</li> <li>■ Formalize skill and performance standards</li> <li>■ Define career development paths</li> </ul>

## Additional Opportunities

Current State	Initiative / Focus Area	Benefits
<p><b><u>Lack of Formal Fraud Communication Channel</u></b></p> <p>The County does not have a process or method that allows employees to anonymously report suspected fraud or internal misconduct (fraud hotline). The County also does not have a formal policy to protect employees from retaliation for reporting suspected fraud or misconduct (also known as a Whistleblower policy)</p>	<p>Establish a formal fraud hotline and whistleblower policy for County employees.</p>	<ul style="list-style-type: none"> <li>■ Increase internal accountability</li> <li>■ Enhance internal controls and reporting mechanisms</li> <li>■ Enhanced protection of public interest and tax dollars</li> </ul>
<p><b><u>Lack of Insight into Internal Staffing and Workloads</u></b></p> <p>County processes and workflows have not been formally evaluated to determine that staffing levels and individual workloads are appropriate and support current and future business needs.</p>	<p>Conduct comprehensive employee time study</p>	<ul style="list-style-type: none"> <li>■ Verify and validate employee count and job responsibilities</li> <li>■ Identify opportunities for resource allocation focused on service delivery</li> </ul>
<p><b><u>Limited Focus on HR Strategy</u></b></p> <p>The County's current Human Resources function is transactional in nature, focusing on daily routine tasks. There is limited focus on countywide HR strategy and long term resource planning.</p>	<p>Develop formal countywide human resources strategy</p>	<ul style="list-style-type: none"> <li>■ Strengthen personnel roles and responsibilities</li> <li>■ Formal Recruitment, Retention, and Retirement planning</li> <li>■ Identification of key required skill sets for current and future County needs</li> </ul>
<p><b><u>Lack of Formal County Branding Effort</u></b></p> <p>There is no formal County branding effort to increase internal employee or external public awareness of Fulton County services, accomplishments, and opportunities.</p>	<p>Create and execute a formal county branding effort</p>	<ul style="list-style-type: none"> <li>■ Increase community awareness/involvement</li> <li>■ Enhance County's public image and business/community partnerships</li> <li>■ Increase employee morale</li> <li>■ Enhance understanding of how employee performance links with county goals</li> </ul>

## Additional Opportunities

Current State	Initiative / Focus Area	Benefits
<p><b><u>Limited Deployment of Mobile Technology</u></b>            There is limited use of mobile technology by County employees performing fieldwork across the County. Limited use of mobile technology results in increased service delivery timeframes and delayed management reporting.</p>	<p>Evaluate the need for mobile resources for County employees. If warranted, develop a formal countywide mobile workforce strategy.</p>	<ul style="list-style-type: none"> <li>■ Increase employee access, timely data entry, and reporting</li> <li>■ Expedite service delivery</li> <li>■ Enhance efficiency and information flow</li> </ul>
<p><b><u>Limited Recognition of High Performing Employees</u></b>            County employee morale is low. There is limited formal recognition for high performing employees.</p>	<p>Establish formal, regular employee recognition processes to enhance internal morale and enable employee development.</p>	<ul style="list-style-type: none"> <li>■ Increase employee morale</li> <li>■ Increase employee productivity and accountability</li> </ul>
<p><b><u>Limited Communication Channels for Internal Staff Collaboration</u></b>            There are limited opportunities for County staff to identify and present ideas for internal and external service delivery improvements.</p>	<p>Evaluate internal communication processes and identify methods to spur employee innovation and forums for idea sharing. For example, the City of Atlanta implemented an employee ideas competition and reported an estimated cost savings opportunity of \$7.1M annually from the top 3 ideas.</p>	<ul style="list-style-type: none"> <li>■ Increase employee innovation (as a result of internal competition and dialogue)</li> <li>■ Increase internal stakeholder buy in</li> <li>■ Increase operational and organization efficiencies</li> </ul>
<p><b><u>Lack of Formal Succession Plan</u></b>            The County does not currently have a countywide, formal succession plan. As of March 2015 there are 911 County employees eligible for retirement, representing 17% of total County personnel. Retirement of tenured employees without formal succession planning results in increased knowledge gaps.</p>	<p>Develop formal countywide succession planning</p>	<ul style="list-style-type: none"> <li>■ Formal knowledge transfer and skills training</li> <li>■ Increase organizational communication</li> </ul>

## Additional Opportunities (continued)

Current State	Initiative / Focus Area	Benefits
<p><b><u>Limited Use of Mobile Applications</u></b>            Fulton County has three mobile applications related to the library. The apps allow library patrons to manage their library accounts and print materials and also allow County employees to process books. The County has one additional app in testing, but has not deployed mobile applications across all service delivery functions beyond the library system.</p>	<p>Expand accessibility and use of mobile accessibility (Apps) for County programs</p>	<ul style="list-style-type: none"> <li>■ Increased citizen access and satisfaction</li> <li>■ Expedite service delivery</li> <li>■ Enhance efficiency and information flow</li> <li>■ Reduce costs</li> </ul>
<p><b><u>Lack of Formal Community Engagement Strategy</u></b>            There is no formal Community Engagement strategy to drive business development, identify external service delivery partners, or increase the County's community footprint.</p>	<p>Create and execute a community engagement strategy</p>	<ul style="list-style-type: none"> <li>■ Enhanced coordination between County programs and community partners</li> <li>■ Increase community and citizen awareness/involvement</li> </ul>

The background features a collage of financial documents. On the left, there's a bar chart with a y-axis labeled 'LIS' and values '300' and '200'. A blue bar is visible. In the center, a green trapezoidal shape contains the text 'Expenditures'. To the right, there's a line graph with an upward-trending line. At the bottom, another bar chart with blue bars and a red line is partially visible.

# Expenditures

## Overview

There are two sides of the equation impacting an organization's efficiency and effectiveness – expenditures and revenues. KPMG performed a high level review of Fulton County expenditures. Fiscal Year 2014 Fulton County expenditures totaled more than \$780 million. KPMG reviewed the following sample functions that directly impact County spend:

- Internal Support Service Delivery Model
- Procurement
- Fleet Management
- Facilities Maintenance

KPMG identified additional opportunities for the County to reduce expenditures resulting from our fieldwork and analysis. These additional opportunities do not directly relate to our original scope, but provide Fulton County with additional opportunities to achieve reduced spend.

The following slides summarize KPMG's observations and analysis.

## Internal Support Service Delivery Model

### Current State

Effective internal service delivery is a key component to supplying employees with the support, resources, and tools they need to do their jobs. The strategic and effective placement of core internal support business functions across an organization is a crucial element in achieving success. Optimized and effective internal support service delivery can help organizations achieve more in terms of productivity and cost efficiency.

KPMG reviewed the County's service delivery model for the following support functions:

- Information Technology (IT)
- Personnel
- Finance (Excluding Utilities)
- Purchasing

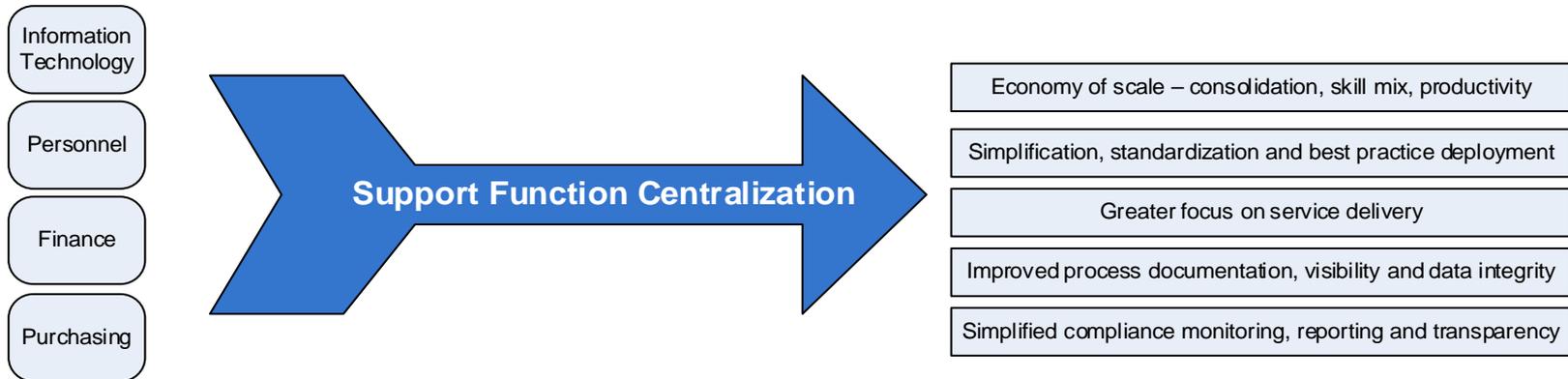
KPMG noted that the County's current service delivery model for the above functions is decentralized with numerous FTE's performing similar functions across numerous County departments. FTEs performing support tasks exist both within the formal department (IT, Personnel, Finance, and Purchasing) and within outside central support County departments. The table below shows the four internal support functions and corresponding FTEs within the primary internal support department, outside the primary support department, and number of outside departments with supporting FTEs.

Internal Support Functional Area	Number of FTEs in Internal Support Department	Number of FTEs in Outside Departments	Total FTEs	Number of Outside Departments with Support FTEs
IT	121	63	184	14
Personnel	31	45	76	15
Finance (Excluding Utilities)	62	255	317	17
Purchasing	26	14	40	6

## Internal Support Service Delivery Model (continued)

### Opportunities

Creating a centralized or shared service environment for support services is a common leading practice. Moving from a decentralized to a centralized model will help the County to standardize core business processes, improve accountability, increase transparency and enhance internal service delivery. As the County evaluates centralization options, key operational, organizational, and strategic requirements should be considered. The diagram below shows common benefits from centralization.



The following slides discuss cost saving opportunities associated with the centralization of each of the four internal support service delivery areas.

## Internal Support Service Delivery Model – Information Technology

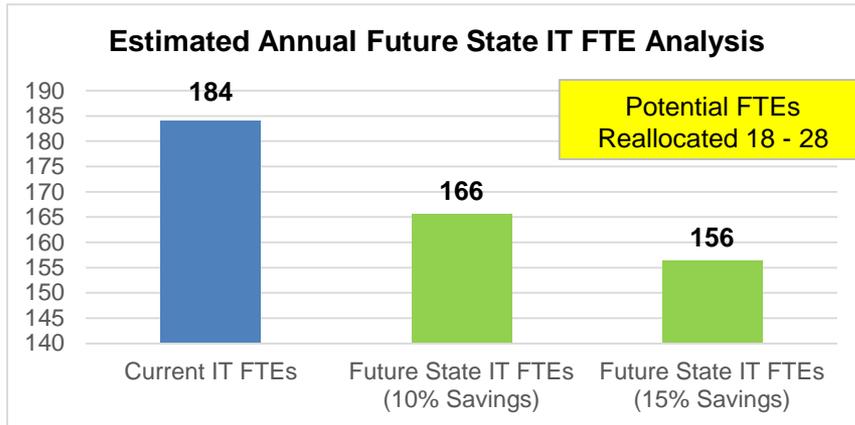
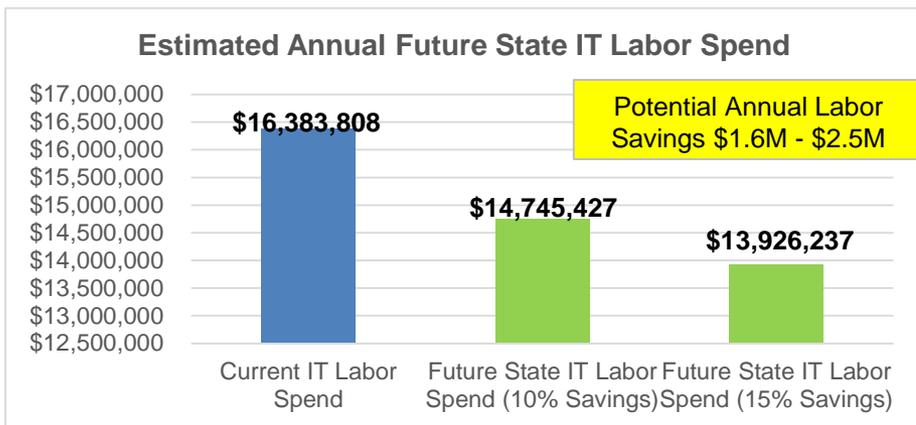
Industry leading practices and KPMG’s research indicates estimated annual cost-savings of 10% - 15% for moving from a decentralized IT environment to a centralized IT environment. KPMG leveraged these metrics to evaluate Fulton County’s potential cost savings. Potential cost savings identified in this slide are conservative and do not include costs related to indirect expenses, operating expenses, or cross over costs.

### Current State

- Fulton County’s total IT department spend in FY2014 was \$29,566,310
- Fulton County’s IT department consists of 121 FTEs with a total labor cost of \$11,832,582
- There are 14 departments outside of the IT department that maintain 63 IT FTEs with a total labor cost of \$4,551,226
- Combined, the County has 184 IT support FTEs with a total labor cost of \$16,383,808

### Opportunities

- The County should conduct a separate study to further identify ways to reduce costs through operating efficiencies and indirect cost reduction
- Applying industry leading benchmarks of 10% - 15% to the total labor cost of all IT FTEs (\$16,383,808), Fulton County could realize potential annual labor cost-savings ranging from \$1,638,381 (10%) to \$2,457,571 (15%)
- We estimate a centralized IT support model would need between 156 – 166 FTEs or 18 – 28 fewer FTEs
- The following charts illustrate the potential annual labor cost savings the County could realize with a centralized IT support function



## Internal Support Service Delivery Model – Personnel

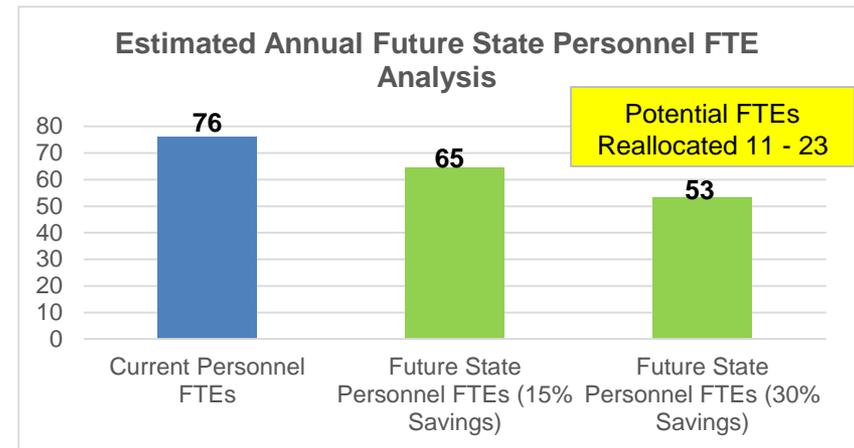
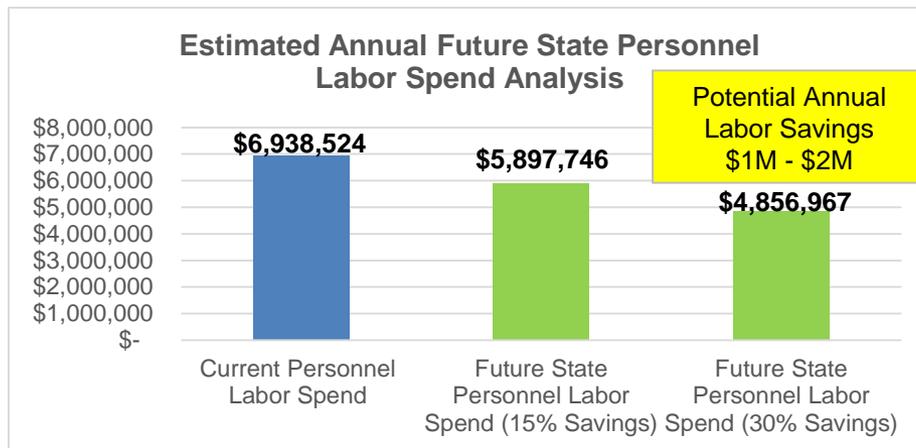
Industry leading practices and KPMG’s research indicates estimated annual cost-savings of 15% - 30% for moving from a decentralized Personnel environment to a centralized Personnel environment. KPMG leveraged these metrics to evaluate Fulton County’s potential cost-savings. Potential cost savings identified in this slide are conservative and do not include costs related to indirect expenses, operating expenses, or cross over costs.

### Current State

- Fulton County’s total Personnel department spend in FY2014 was \$3,742,584
- Fulton County’s Personnel department has 31 FTEs with a total labor cost of \$3,378,750
- There are 15 departments outside of the Personnel department that maintain 45 Personnel FTEs with a total labor cost of \$3,559,774
- Combined, the County has 76 Personnel support FTEs with a total labor cost of \$6,938,524

### Opportunities

- The County should conduct a separate study to further identify ways to reduce costs through operating efficiencies and indirect cost reduction
- Applying industry leading benchmarks of 15% - 30% to the total labor cost of all Personnel FTEs (\$6,938,524), Fulton County could realize potential annual labor cost-savings ranging from \$1,040,779 (15%) to \$2,081,557 (30%)
- We estimate a centralized Personnel support model would need between 53 – 65 FTEs or 11 – 23 fewer FTEs
- The following charts illustrate the potential annual labor cost savings the County could realize with a centralized IT support function



## Internal Support Service Delivery Model – Finance

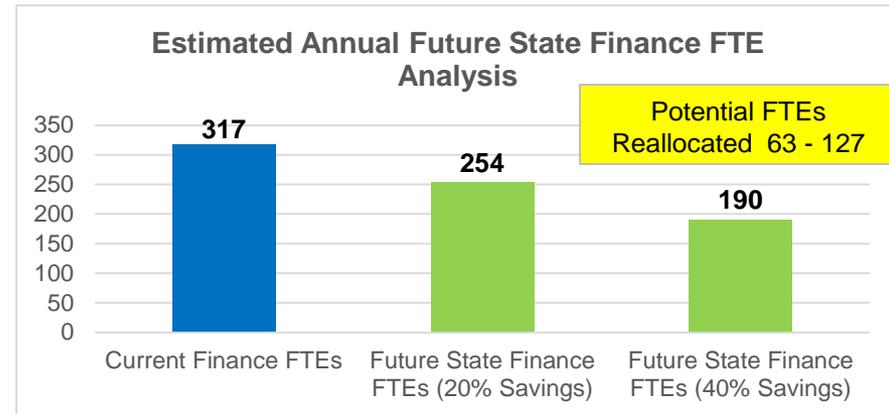
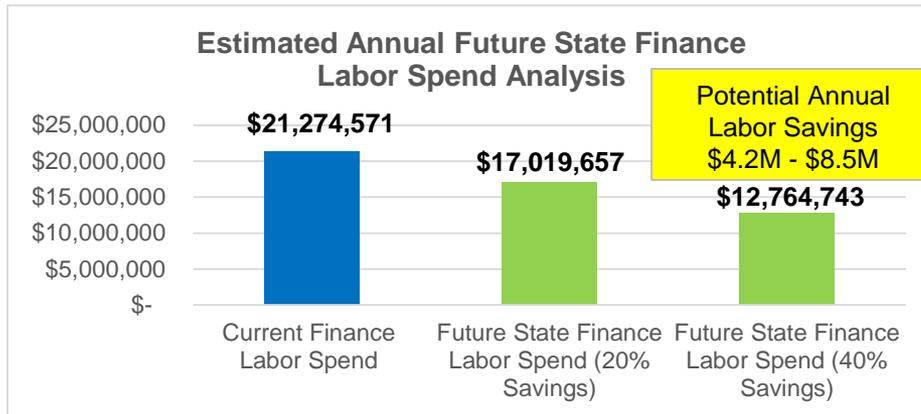
Industry leading practices and KPMG’s research indicates estimated annual cost-savings of 20% - 40% for a moving from a decentralized Finance environment to a centralized Finance environment. KPMG leveraged these metrics to evaluate Fulton County’s potential cost-savings. Potential cost savings identified in this slide are conservative and do not include costs related to indirect expenses, operating expenses, or cross over costs.

### Current State

- Fulton County's total Finance department spend in FY2014 was \$7,568,403 (excluding the Water and Sewer Fund )
- Fulton County's Finance department has 62 FTEs (excluding Water and Sewer employees) with a total labor cost of \$6,887,310
- There are 17 departments outside of the Finance department that maintain 255 Finance FTEs with a total labor cost of \$14,387,261
- Combined, the County has 317 Finance support FTEs with a total labor cost of \$ \$21,274,571

### Opportunities

- The County should conduct a separate study to further identify ways to reduce costs through operating costs through operating efficiencies and indirect cost reduction
- Applying industry leading benchmarks of 20% - 40% to the total labor cost of all Finance FTEs (\$21,274,571), Fulton County could realize annual labor cost-savings ranging from \$4,254,914 (20%) to \$8,509,828 (40%)
- We estimate a centralized Finance support model would need between 190 – 254 FTEs or 63 – 127 fewer FTEs
- The following charts illustrate the potential annual labor cost savings the County could realize with a centralized Finance support function



## Internal Support Service Delivery Model – Purchasing

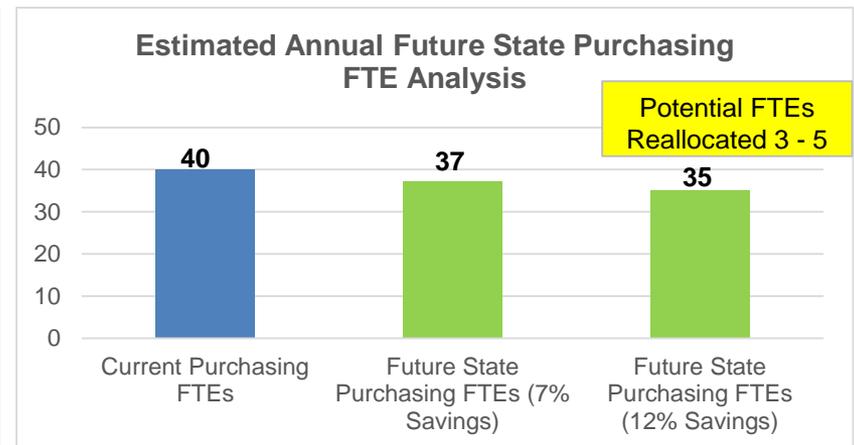
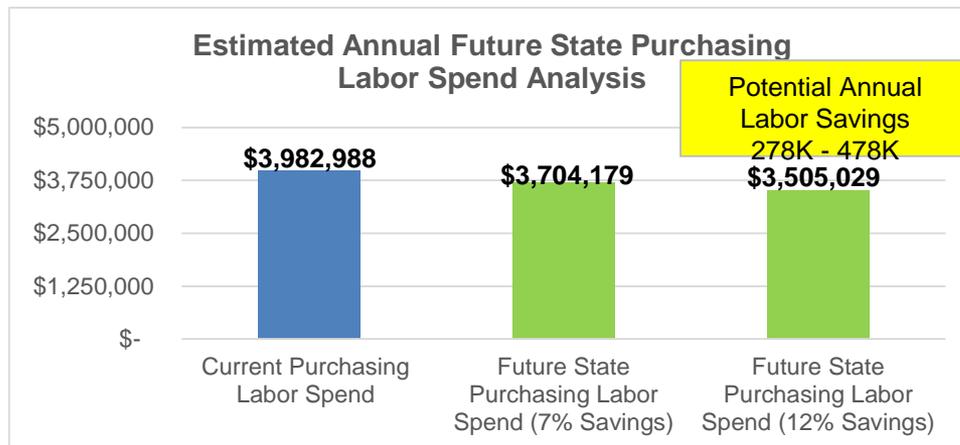
Industry leading practices and KPMG's research indicates estimated annual cost-savings of 7% - 12% for a moving from a decentralized Purchasing environment to centralized Purchasing environment. KPMG leveraged these metrics to evaluate Fulton County's potential cost-savings. Potential cost-savings identified in this slide are conservative and do not include costs related to indirect expenses, operating expenses, or cross over costs.

### Current State

- Fulton County's total Purchasing department spend in FY2014 was \$3,020,934
- Fulton County's Purchasing department has 26 FTEs with a total labor cost of \$2,708,347
- There are 6 departments outside of the Purchasing department that maintain 14 Purchasing FTEs with a total labor cost of \$1,274,641
- Combined, the County has 40 Purchasing support FTEs with a total labor cost of \$3,982,988

### Opportunities

- The County should conduct a separate study to further identify ways to reduce costs through operating expenses and indirect cost reduction
- Applying the industry leading benchmark of 7%-12% to the total labor cost of all Purchasing FTEs (\$3,982,988) Fulton County could realize annual cost-savings ranging from \$278,809 (7%) to \$477,959 (12%)
- We estimate a centralized Purchasing support model would need between 35 – 37 FTEs or 3 – 5 fewer FTEs
- The following charts illustrate the potential annual labor cost savings the County could realize with a centralized Purchasing support function.





## Expenditures

### Internal Support Service Delivery Model Opportunities Summary

With a centralized model, internal support service delivery functions have the potential to realize long-lasting operational efficiencies and cost reductions. The following table summarizes potential cost savings and FTE optimizations for each of the four internal support service delivery areas.

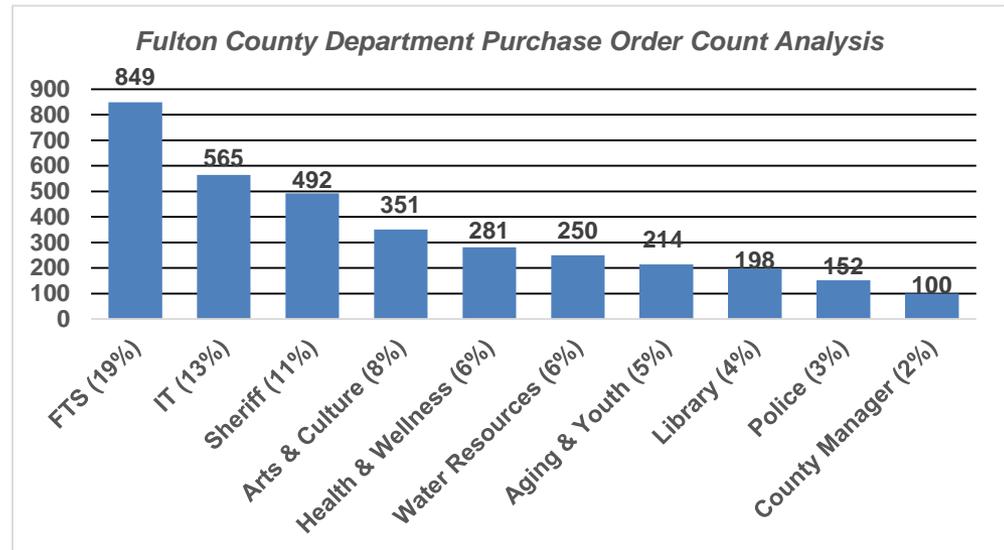
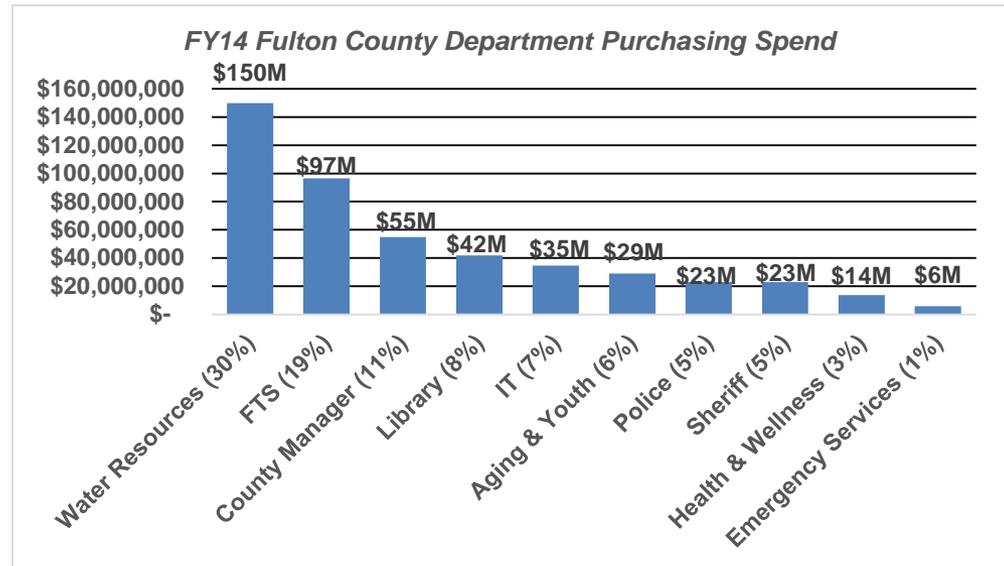
Internal Support Service Delivery Area	Low End Potential Annual Labor Cost Savings	High End Potential Annual Labor Cost Savings	Low End Potential Annual FTE Reallocations	High End Potential Annual FTE Reallocations
IT	\$1,638,381	\$2,457,571	18	28
Personnel	\$1,040,779	\$2,081,557	11	23
Finance (Excluding Utilities)	\$4,254,914	\$8,509,829	63	127
Purchasing	\$278,809	\$477,959	3	5
<b>Subtotal</b>	<b>\$7,212,883</b>	<b>\$13,526,916</b>	<b>95</b>	<b>183</b>

## Procurement

Procurement of goods and services is a key business function of local governments. Effective and efficient procurement processes, standards, and procedures are key success factors for leading organizations.

### Current State

- In FY14, Fulton County procured \$498,120,941 worth of goods and services. Ten departments accounted for 95% (\$471,914,934) of the County-wide dollar amount
- In FY14, Fulton County executed 4,430 contracts/purchase orders. Ten departments account for 77% (3,452) of the County-wide purchase order count (4,430)
- The following 9 Departments were both in the top 10 spending departments as well as top 10 departments by purchase order count. They are as follows, from the greatest spend to least: Water Resources, Fleet and Transportation Services, County Manager, Library, IT, Aging and Youth, Police, Sheriff, and Health and Wellness
- Fulton County has not performed a comprehensive, formal strategic sourcing assessment. Leading practices indicate that strategic sourcing can save an organization between 1% to 8% in direct costs and 5% to 10% in indirect costs. With FY2014 total procurement spend of \$498M and allocated indirect Purchasing costs of \$3.9M, the County could realize annual savings between \$5.1M and \$40.2M



### Procurement (continued)

#### **Current State, Continued**

- In addition to reviewing departmental procurement volume, KPMG inventoried Fulton County contracts for services from FY11 to FY14. KPMG noted:
  - Fulton County currently utilizes state term contracts to help ensure economies of scale for select commodity services
  - The County has engaged multiple vendors for the same service, as outlined below:
    - The County has six distinct vendors to provide janitorial services for various County facilities
    - The County has four financial collections vendors to perform fee collection for the County in FY14

#### **Opportunities**

- Fulton County should conduct a formal, compressive strategic sourcing assessment for services procured throughout the County
- Fulton County should evaluate additional opportunities to consolidate common contractual services provided to the County. Additional contract consolidation will allow the County to further achieve economies of scale. Contract consolidation will help Fulton County reduce administrative overhead associated with maintaining multiple contracts for a single service

## Fleet Management

Critical business functions and service delivery processes are supported daily with vehicles owned by the County. As a result, maintaining a vehicle fleet is a key component to County operations and organizational success.

### Current State

- Fulton County’s fleet includes approximately 1,400 vehicles, spanning 71 different Divisions/Departments
  - Fulton County’s Fleet and Transportation Services (FTS) department maintains approximately 1,100 of the 1,400 County vehicles. As of February 2015, the Department maintains 4 full-time technicians and 2 full-time supervisors at a labor and benefit cost of \$322,063 annually to service the vehicles under its purview. The supervisors overseeing vehicle repairs do not perform vehicle maintenance. As a result, 4 technicians are responsible for repairing approximately 1,100 vehicles at a ratio of 275 vehicles to every 1 technician. The County’s vehicle to technician ratio is significantly higher than general or suggested practices for counties as displayed below

Suggested Vehicle-to-Technician Ratios	
Vehicle Type	Vehicle : Technician Ratio
Transit bus	10:1
School bus	20 to 30:1
Fire Departments	30:1
Small Towns	35:1
Counties & Cities	55 to 60:1
Utilities	55 to 75:1
Fulton County Actual Vehicle-to-Technician Ratio	275:1

\*www.government-fleet.com

- FTS indicated it spends approximately \$500,000 on vehicle parts annually which translates to \$500 in part replacement/repair per vehicle per year
- The remaining approximate 300 vehicles are maintained by the Fulton County Police and Fire Departments. The Fulton County Police Department has outsourced the majority its maintenance and repair needs for \$300,000 per year for the last 3 years while the Fire Department’s performs the maintenance in house through 2 FTEs at a labor and benefit cost of \$152,515
- The County does not currently maintain a system to track, analyze, and report the cost of routine maintenance services for its fleet. Additionally, FTS does not track the cost associated with the services it is providing, provide predictable repair times, nor issue an invoice or receipt to evidence performance of services

### Opportunities

- The County should evaluate current processes and procedures in place for tracking, analyzing, and reporting fleet maintenance activities and costs. Enhanced processes for tracking, analyzing, and reporting fleet maintenance activities will allow Fulton County to make more informed decisions by developing financial mechanisms that capture all costs, including labor, supplies, fuel, depreciation, and overhead attributable to fleet activity
- Additionally, the County should consider that fleet maintenance is not a core service delivery objective of the County and evaluate a more holistic approach to fleet management. The County should analyze the benefits associated with:
  - Insourcing and/or outsourcing fleet maintenance activities
  - Centralization of fleet maintenance and repair services across all County departments
  - Economies of scale associated with consolidated repair services and contracts

## Facilities Inventory Management

Fulton County maintains numerous buildings and structures throughout the 528 square mile County boundary. Facilities generally house County workers, serve as outlets for constituent services and provide logistical support for service delivery.

### Current State

- The County maintains approximately 250 structures varying from Water Reclamation Plants, Senior Centers, Warehouses, and Fire Stations. As of January 2015, 25 of the structures, spanning 6 agencies, were either closed or unoccupied

Agency	Unoccupied Parcel
Cooperative Extension	Camp Fulton/Truitt 4-H Center: Berry Cottage, Birdsong Cottage, Cabin 1, Cabin 4, Cabin 5
FTS	Airport Complex Maintenance Warehouse, Farbest Community Building, Fire Training Area House 1, Fire Training Area House 2, Jere Wells Health Center, Old Campbell County Court House, Old Rockdale Health Center, Red Oak Health Center
Health & Wellness	Adamsville Health Center, Lakewood Health Center, South Fulton Health Center
Housing & Human Services	Mental Health Facility Warehouse 3, Mental Health Facility Storage Building
Registration and Elections	Elections Warehouse 1, Election Warehouse 2, Election Warehouse 3
Water Resources	North Fulton Water Services Greenhouse Office, Providence Park Maintenance Building, Providence Park Activity Building, Wolf Creek Public Works Warehouse

- Although 25 buildings are closed or unoccupied, the County is incurring annual expenses related to required maintenance and insurance. Unoccupied buildings also pose additional safety and property value risks
- In 2014, Fulton County began using the Cityworks software to provide comprehensive asset and work management solutions for its infrastructure and real estate related activities
  - Fulton County is not utilizing the Cityworks software to its fullest capacity and is not actively inputting pertinent maintenance information (labor, material and contractor costs) into the program

### Opportunities

- Fulton County should adopt a space planning program to strategically determine which structures in its portfolio bring added value to County operations and which structures are candidates for divestment. As a result of divestment, the County may realize savings on direct and indirect maintenance expenditures. The County should also consider selling the closed or unoccupied properties as discussed in the Revenues section of this report. The County should optimize its use of Cityworks. Accurate maintenance records will allow the County to perform preventative maintenance in which the County can make repairs before they turn into larger, more costly projects

## Additional Opportunities

Based on interviews and fieldwork, KPMG identified the following additional Expenditures observations.

Current State	Initiative / Focus Area	Benefits
<p><b><u>Numerous Internal Support (Non Service Delivery) Functions</u></b></p> <p>Fulton County is performing numerous internal support functions that do not directly support service delivery (i.e. Accounts Payable, Payroll, Pension Administration, Call Center Operations, Medical Billing, Meter Reading). Many similar organizations have found they can achieve similar outputs at lower costs through outsourcing, allowing internal employees to focus on strategy, not transactions.</p>	<p>Evaluate current and future costs of sourcing</p>	<ul style="list-style-type: none"> <li>■ Reduce administrative and operational cost</li> <li>■ Potential reallocation of current FTEs to strategic tasks</li> <li>■ Increase focus on service delivery</li> </ul>
<p><b><u>Limited Insight into Employee Overtime</u></b></p> <p>In FY14, Fulton County spent over \$1.3M in employee overtime. Increased overtime hours results in increased personnel spend and strained internal County resources.</p>	<p>Conduct comprehensive employee overtime study</p>	<ul style="list-style-type: none"> <li>■ Identify alternative methods to reduce total number of overtime hours</li> <li>■ Reduce administrative and operational costs</li> </ul>
<p><b><u>Inconsistent Procurement Processes</u></b></p> <p>Current procurement processes are not consistently followed among Constitutional offices and County departments.</p>	<p>Evaluate procurement processes countywide to ensure the County is able to maximize economies of scale and minimize procurement of excess goods</p>	<ul style="list-style-type: none"> <li>■ Reduce procurement process duplication</li> <li>■ Centralize process governance and accountability</li> <li>■ Increase compliance with County regulations and requirements</li> </ul>
<p><b><u>Limited Analysis of Jail Efficiency or Privatization Analysis</u></b></p> <p>In FY14, Fulton County spent over \$74 million on County Jail maintenance, personnel, and operations.</p>	<p>Conduct an efficiency study and to evaluate potential cost savings and operational efficiencies that could be realized within County operations</p> <p>Conduct a jail privatization feasibility study and to evaluate potential cost savings and operational efficiencies through privatization</p>	<ul style="list-style-type: none"> <li>■ Decrease administrative and operational costs</li> <li>■ Create contractual accountability for performance</li> <li>■ Reallocate County resources to primary service delivery tasks</li> </ul>

## Additional Opportunities (continued)

Current State	Initiative / Focus Area	Benefits
<p><b><u>Limited Use of County Inmates to Subsidize Internal and External Service Delivery Costs</u></b></p> <p>Fulton County does not consistently leverage County inmates to assist with County internal and external service delivery.</p>	<p>Evaluate opportunities to align and increase inmate work opportunities to support and supplement Fulton County services.</p>	<ul style="list-style-type: none"> <li>■ Decrease costs of performing County services</li> <li>■ More effectively maintain the County infrastructure. For example, the City of Atlanta leverages inmates to supplement code enforcement efforts to board up abandoned properties</li> </ul>
<p><b><u>Incomplete Understanding of Facility Energy Costs</u></b></p> <p>Fulton County has not conducted a comprehensive Countywide energy audit identifying facility improvements that may result in less energy costs.</p>	<p>Conduct a comprehensive energy audit to evaluate opportunities for energy efficiencies throughout Fulton County facilities</p>	<ul style="list-style-type: none"> <li>■ Cost savings</li> <li>■ Smaller environmental footprint</li> </ul>



# Revenue

## Overview

There are two sides of the equation impacting an organization's efficiency and effectiveness – expenditures and revenues. KPMG performed a high level review of Fulton County revenues. Fiscal Year 2014 Fulton County revenues totaled over \$880 million. KPMG reviewed the following sample functions that directly impact County revenues:

- Public Private Partnerships
- Fee Assessment
- Collection of Past Due Fines

KPMG identified additional revenue opportunities for the County to increase revenues resulting from our fieldwork and analysis. These additional opportunities do not directly relate to our original scope, but provide Fulton County with additional opportunities to achieve increased revenue.

The following slides summarize KPMG's observations and analysis.

### **Public Private Partnerships**

Public Private Partnerships (P3) refer to government services or private business ventures which are funded and operated through a partnership of government and one or more private sector company. P3s explore opportunities for the public sector to leverage existing assets for revenue as well as how the public sector can leverage private sector revenues for capital and service delivery improvements. Through public private partnerships, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility.

#### **Current State**

- Fulton County does not have a county-wide, coordinated approach for exploring, evaluating and engaging in public-private partnerships
- There is limited consideration of revenue based business partnerships and alternative funding streams by the County

#### **Opportunities**

- Many leading public sector organizations leverage P3 to improve service delivery and reduce costs. Fulton County should develop formal processes and procedures for evaluating potential private partnerships and alternative revenue sources. Processes should include formal methodologies to evaluate the potential relationship's ability to: increase revenue, increase funding for capital asset replacements, and reduce operational and administrative costs
- Based on Fulton County's current state, KPMG identified the following opportunities for initial evaluation:
  - Perform Asset Scan for Potential Monetization (buildings, towers, and parking garages)
  - Explore County land, buildings, and parks for P3 opportunities (capital improvements, renovations, maintenance etc.)
  - Assess revenue generation opportunities associated with food service in the Fulton County Government Center
  - Assess opportunities for advertising revenues
  - Assess opportunities for additional revenue through naming rights and private sponsorships

## **Fee Assessment**

Fees for service provide essential revenue streams for recouping costs of constituent services. Making informed policy decisions regarding whether to recover total costs of service provision or to subsidize service provision requires knowing the total associated expenses for providing constituent services.

### **Current State**

- Eleven Fulton County Departments (outside of the Justice System) charge fees for an array of services
- There is no countywide policy on user fees. Currently, there is not a holistic countywide formal procedure that directs departments in assessing and updating user fees
- Fulton County has not recently conducted a review of user fees to establish if the fees are providing for the full cost of services. Current fee amounts are based on dated information and, as a result, the fees charged are not based on the current full cost of providing services
- Several Fulton County departments do not formally track fees nor the revenue associated with fee collection

### **Opportunities**

- The County should perform an operational and organizational scan to gain a comprehensive understanding of the cost of service delivery and applicable fees for services. As part of the scan, the County should perform a formal cost of services evaluation. Following the determination of the full cost of service, the County should evaluate whether or not to recover the full cost of the service or subsidize the service. The decision to recover or subsidize costs is based on several factors including: internal and external policy, the type of service, and the current and future delivery costs
- The County should create a countywide policy on user fees that provides guidance as to the determination and implementation of user fees. Formal policies and processes should consider applicable laws and regulation and provide specific guidance for the issuance, update, and determination of user fees

## Collection of Past Due Fines

Collecting sufficient revenues is vital to any government's ability to fund safe, prompt, and quality constituent services. In addition to fees, governments traditionally raise revenues to cover the costs of service delivery through fines.

### Current State

- Fulton County's Department of Internal Audit began overseeing Fulton County's fine collection efforts in 2012. Prior to 2012, individual Departments were responsible for collecting outstanding debt
- The Department of Internal Audit enhanced internal procedures and collection efforts by requiring Departments to provide prompt notification to the County Administration of outstanding accounts. The Department of Internal Audit also engaged four collection agencies to attempt to collect from delinquent payers
- The following figures provided by Fulton County, indicate that as of January 2015, Fulton County is attempting to collect fines associated with Water & Sewer, State Court, Code Enforcement, Fire Inspections and Health Inspections in the amount of \$12,290,564.27

Year	Total Fines Submitted	Total Fines Collected	Percent Collected
2012	\$ 8,519,575.00	\$ 95,860.23	1.13%
2013	\$ 2,822,888.45	\$ 68,320.90	2.42%
2014	\$ 317,075.00	\$ 68,679.96	21.66%
2015 (Q1)	\$ 631,025.82	\$ 2,540.00	0.40%
<b>Total</b>	<b>\$ 12,290,564.27</b>	<b>\$ 235,401.09</b>	<b>1.92%</b>

### Opportunities

- The County has taken steps to centralize the fine collection process. The next step is to enhance that process to increase cost recovery and improve efficiencies. The County should strengthen and improve procedures to enhance internal reporting of outstanding fines and the monitoring of collection agency performance to ensure acceptable collection levels that maximize the County's revenue generating capabilities. Enhanced internal and external accountability and measuring of vendor performance is critical to Fulton County's efforts to collect outstanding fines



The background image is a blurred newspaper page. It features a blue banner with the text 'rental growth' in white. Below the banner, there is a bar chart with blue bars and a red line graph. The y-axis of the chart has numerical values: 200, 300, and 400. The x-axis has labels for years: 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, and 2016. The red line graph shows an upward trend, starting around 200 in 2008 and reaching approximately 400 by 2016. The text 'rental growth' is positioned above the chart. The overall image is out of focus, with the green banner and white text being the primary focus.

# Next Steps

Any strategic transformation of an organization requires investment of resources and close collaboration across multiple stakeholders to achieve desired goals and objectives. Leading organizations implementing change and undertaking significant transformation establish formal governance processes and working groups to implement and manage change across the organization. Many organizations:

- **Establish a Formal Program Management Office (PMO)**
- **Implement a Structured Change Management Plan**

### Establish Formal Program Management Office (PMO)

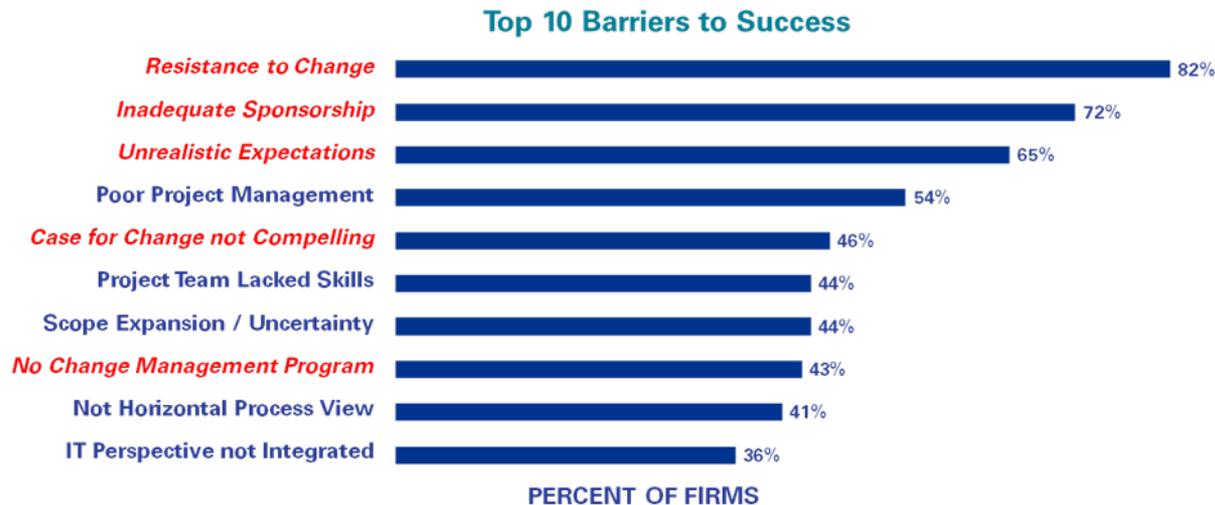
A formal governance structure with multiple working groups will provide strategic, program, and operational governance for implementing and managing large transformation initiatives. Establishing a PMO will increase accountability, provide a structured process for issue resolution, and contribute to successful and timely implementations. A typical PMO will provide:

- Structured methodical **framework** for various County initiatives
- Organization and stakeholders for **input and decision making**
- Formal **working groups** with defined roles and responsibilities
- Communication and **change management**
- **Issue resolution** processes
- **Performance measures** and reporting

Establishing a PMO will allow the County to not only establish formal governance, process, procedures, and measurements regarding key initiatives, but it will provide a single organizational component within the County that may be held responsible, and hold others responsible, for progress and desired goals.

### Implement a Structured Change Management Plan

Change management and communication are critical and necessary factors for successful organizational change. Leading organizations implement formal change management strategies during organizational transformation. The chart below illustrates the importance of an effective change management and communication plans to achieve successful outcomes during organization transformation. The chart shows that 5 out of the top 10 organization transformation barriers to success are “people” issues.



Source: Survey of CEOs Regarding Business Transformation: Barriers to Success, Conference Board



*cutting through complexity*

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