

ANTOINETTE CHRISTOVALE
DIRECTOR OF FINANCE

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF FINANCE
200 N. SPRING ST.
ROOM 220 - CITY HALL
LOS ANGELES, CA 90012

(213) 978-1774



ANTONIO R. VILLARAIGOSA
MAYOR

April 8, 2011

The Honorable Budget and Finance Committee
The Honorable Audits and Governmental Efficiency Committee
200 N. Spring Street, Room 303
Los Angeles, California 90012
Attn: Erika Pulst, Legislative Assistant/Richard Williams, Legislative Assistant

RE: Office of Finance Accounts Receivable Citywide Improvement Initiatives and Checklist (C.F. Nos. 09-2560 & 10-0225)

Dear Honorable Committee Members:

As requested by the Joint Budget and Finance and Audits and Governmental Efficiency Committees, I am releasing the enclosed report entitled, "Office of Finance Accounts Receivable Citywide Improvement Initiatives." This report is a follow-up to our transmittal dated November 10, 2010 entitled "Non-Tax Receivables Management Centralization in the Office of Finance" and furthers our anticipated ongoing reporting on citywide accounts receivable management efforts.

If you have any questions, please contact me at (213) 978-1774.

Sincerely,

Antoinette Christovale, CPA
Director of Finance

Attachments

cc: Honorable Wendy Greuel, City Controller
Honorable Carmen Trutanich, City Attorney
Rev. Jeff Carr, Chief of Staff, Mayor's Office
Matt Szabo, Deputy Chief of Staff, Mayor's Office
Robert "Bud" Ovrom, General Manager, Department of Building & Safety
Gerry Miller, Chief Legislative Analyst
Miguel Santana, Chief Administrative Officer
June Lagmay, City Clerk, Office of the City Clerk
Millage Peaks, Fire Chief, Los Angeles Fire Department
Tony Royster, General Manager/City Purchasing Agent, Department of General Services
Douglas Guthrie, General Manager, Los Angeles Housing Department
Randi Levin, General Manager/Chief Technology Officer, ITA
Maggie Whelan, General Manager, Personnel Department
Michael LoGrande, Director of Planning, City Planning Department
Cynthia Ruiz, Commission President, Board of Public Works
Amir Sedadi, Interim General Manager, Department of Transportation
Steve Ongele, Interim City Treasurer
Commission On Revenue Efficiency
Richard Tefank, Executive Director Police Commission, Los Angeles Police Department

ACCOUNTS RECEIVABLE CITYWIDE IMPROVEMENT INITIATIVES



OFFICE OF FINANCE

**Antoinette Christovale, CPA
Director of Finance**

March 31, 2011



Office of Finance

Accounts Receivable Citywide Improvement Initiatives

EXECUTIVE SUMMARY

The City of Los Angeles (City) is experiencing significant revenue shortfalls and collecting monies due is fundamental to maintaining the City's core services. The continuing economic issues coupled with recent audits by the City Controller and the recommendations of the City Council established Commission on Revenue Efficiency (CORE) all culminate in an escalated urgency and need for realizing citywide accounts receivable improvements as soon as possible in order to earlier reap the apparent financial benefit of the ensuing centralization and policy improvement initiatives. The City's intent is inherent in the Macias Consulting Group Study (Macias Study), *Feasibility and Implementation Study: Centralization of Billing and Collection Activities* (2009); establishment of the CORE Commission; and in City Council actions (C.F. 10-0225).

And the City has acted. The major tenets of the Macias Study are underway as the City has embarked on Macias Phase I: *Development of centralized citywide accounts receivable billing data warehouse and reporting* and Macias Phase II: *Centralized accounts receivable management activities*, including the recommended contracting of Fire Department Emergency Medical Service (EMS) billing and the pending Department of Transportation (DOT) Request for Proposal (RFP) for parking citations billing and collection. These two actions account for the largest portion of the financial benefit identified in the Macias Study, albeit it is generally believed that these estimates are significantly higher than what the City can expect to realize.

The Office of Finance (Finance) has also implemented City Council's approved Revenue Programs including:

- Offer in Compromise
- Citywide Non-Tax Amnesty
- Administrative Tax Lien
- Primary and Secondary Collection Agency Programs
- Top Tax and Non-Tax Debtors Postings
- Litigation Referral
- Parking Permit Revocation Referral Program

Finance proposes to continue a multi-faceted effort in improvement of citywide accounts receivable management, with this document outlining the various initiatives. The accounts receivable related directives of the City Controller, Macias Study, CORE and City Council are each represented herein via initiatives Finance is proposing and undertaking. (Exhibit i)

Accounts Receivable Citywide Improvement Initiatives

However, these efforts cannot be achieved by any one department alone. Accounts receivable management improvement is a broad citywide effort that impacts numerous departments. While Finance is a primary stakeholder in citywide accounts receivable management the capacity and authority are not presently available to Finance to effectively manage the entire scope of directives. But Finance desires to be a partner in those accounts receivable citywide improvements outside of Finance's direct control and can facilitate departments' report-back to the City Council on the status of those efforts identified in Exhibit ii.

Last, this document intends to further the City's efforts in improvement of citywide accounts receivable management. This is an iterative process and this document and attachments provide organization and identification of work already undertaken and yet to be done. Finance will continue to take input, refine, and evolve from this point and requests adoption of the following recommendations to facilitate these efforts. Finance looks forward to continuing engagement with the Mayor, City Council, City Controller, City Attorney, City Departments and CORE in furthering and improving on the City's initiatives.

RECOMMENDATIONS

The Office of Finance recommends that the City Council, subject to approval of the Mayor:

1. Instruct the Office of Finance (Finance) to continue regular quarterly reporting on progress to the City Council of proposed and ongoing initiatives being undertaken by Finance as described in Exhibit i, or as otherwise authorized by the City Council.
2. Instruct City departments to prepare and submit responses, as coordinated by the Office of Finance, to City Council within 60 days on the directives contained in Exhibit ii including status and timeline for report-back.
3. Instruct Office of Finance, with the assistance of the Office of the City Attorney, to develop a Request for Proposals for sale of uncollectible accounts receivable and submit to City Council for authorization within 45 days.

Attachments

- Exhibit i – Finance Directives Checklist
- Exhibit ii – Departmental Report-Back Tracker
- Exhibit iii – Accounts Receivable Citywide Initiatives Improvement Roadmap

Accounts Receivable Citywide Improvement Initiatives

DISCUSSION

Macias Study Implementation

In June 2007, the City Controller’s *Audit on Citywide Billing and Collection Practices* brought forth a number of findings and recommendations for improving citywide receivables management. One of the major products of the 2007 Controller Audit was the culmination of the Macias Consulting Group’s study on the feasibility of centralizing citywide billing and collection activities in December 2009.

In the report *Feasibility Study: Centralization of Billing and Collection Activities FINAL*, released December 21, 2009, Macias Consulting Group recommended a three-phased approach:

Macias Study Phase I	Macias Study Phase II	Macias Study Phase III
Centralization of Report Development and Enhanced Revenue Metrics	Greater Centralization of Accounts Receivable Management Activities	Centralization of Non-Specialized Billings

Macias Study Phase I is to expand billing and collection reporting and performance management. Macias Study Phase II is to provide direct bill generation, issuance, and collection, including billing monitoring and oversight to Finance for bills with similar processes and/or with high levels of outstanding collections. Macias Study Phase II also significantly recommends billing and collection process changes for Emergency Medical Services (EMS) and parking citations. Macias Study Phase III is to be implemented ad hoc as experience and need dictate.

In the proposed implementation plan for Phase I, Macias Consulting Group recommends that the City “develop a reporting capability that allows the City to monitor and report, through a central portal, all City receivables. This portal would allow departments and City officials to have access to real-time reports for better monitoring accounts receivable in existing systems”. The Macias Study estimates net revenue of \$16 million over a six-year period. This estimate is based on the assumption that, after Phase I implementation, the City could recover up to ten percent (by year five) of \$45.8 million citywide unrecoverable billings per year through enhanced reporting, metrics, and accountability.

As part of the adoption of the City Administrative Officer’s (CAO) *Three-Year Plan for Fiscal Sustainability*, the City Council instructed Finance to implement the first phase of the consolidation of the City’s accounts receivable activities (C.F. 09-0600-S159). The CAO reported back to City Council with a funding plan for FMS Phase 2, a citywide accounts receivable billing data warehouse and reporting tool that was adopted by City Council. The project is underway, pending approval of the Concept Design by the Financial Management System (FMS) Project Oversight Committee (POC), with an anticipated system delivery date of December 2011 as proposed.

Accounts Receivable Citywide Improvement Initiatives

The FMS Phase 2 citywide accounts receivable billing data warehouse project was specifically established to address the key findings recommended by Macias Consulting Group for Phase I implementation; a necessary first step to leverage currently inaccessible citywide accounts receivable data to determine approaches, benefits, and successes in progressive phases of accounts receivable centralization.

The Macias Study estimates that Phase II: *Greater Centralization of Accounts Receivable Management Activities* could realize as much as \$274 million gross new revenue over a six-year period, primarily from EMS contracting disclosed below. Although this figure appears unlikely, the City has acted on a number of the most significant Phase II recommendations.

Foremost, the City is moving forward on a major transformation of the Fire Department's EMS billings in opting to contract for a new account management system and services that should significantly aid the department's accounts receivable management. Department of Transportation (Transportation) parking citations are likewise recommended by Macias Consulting Group for continued outsourcing and makes some suggested changes in the future contract, including a recommendation that delinquent receivables be sent to collection at 15 months. Transportation is developing a Request For Proposal and is anticipated to address recommended changes in its accounts receivable management. As reported in the recently released Controller's Comprehensive Annual Financial Report as of June 30, 2010, Fire Department (EMS billings) and Transportation (Parking fines, etc.) receivables accounted for 85.5 percent of citywide accounts receivable. According to the Macias Study, over a six-year period, these billings by these two departments are anticipated to have the most significant revenue impact of the Macias Study recommendations totaling \$253 million and \$12 million respectively; however, it is believed that the Macias Consulting Group's revenue projections are overstated. The Fire Department estimates increased EMS revenue of approximately \$11.6 million over this period.

While the Macias Study Phase II further recommends further centralization of Fire Department billing and collection activities under Finance, further evaluation and analysis needs to be conducted prior to centralizing these billings or any other additional billings under Macias Study Phase III. Billing can be a nuanced activity that may require some level of subject matter expertise in both bill calculation and handling customer questions and issues. Transition is not likely to be seamless and requires ample change management effort. Presently, Finance's Citywide Collection Unit's core function is collection of delinquent citywide receivables over \$5,000. Finance has been successful in this effort, more than tripling (from \$7 million to \$30 million) annual receipts since being consolidated from the City Attorney's Office. Finance may be best poised to successfully manage citywide collections activity prior to embarking on billing centralization. This would be a departure from the path contemplated by the Macias Study which bundled the centralization of both billing and collection activities by departments, but it is worthy of consideration as potentially more effectively achieved.

Accounts Receivable Citywide Improvement Initiatives

Further discussion of the next steps in accounts receivable citywide improvement initiatives follows.

Next Steps

Despite significant City undertakings, the increasing urgency and importance of citywide accounts receivable management improvements has recently been highlighted by both the 2010 City Controller's *Follow-Up Audit on Citywide Billing and Collection Practices* and the City Commission on Revenue Efficiency's (CORE) *Blueprint for Reform of City Collections* (October 2010).

The 2010 City Controller's Follow-Up Audit found little changed in citywide accounts receivable management improvement since 2007, citing low collections rates and the need to implement centralized accounts receivable reporting in the City FMS.

CORE's Blueprint includes 65 categorized citywide accounts receivable management improvement recommendations. The advice of this expert panel of commissioners is highly valued and Finance is incorporating and following through as identified herein.

The remainder of this document provides an updated status on Finance's accounts receivable citywide improvement initiatives, the organization of the work, initial steps for achievement, and considerations for enhancing and escalating the City's efforts. The outlined overlapping fundamental steps are as follows:

- Step 1: Organize and Improve Accounts Receivable Data and Reporting
- Step 2: Implement and Improve Citywide Policies and Procedures
- Step 3: Centralize Accounts Receivable Processes and Technology

Throughout these stages, Finance is pursuing a number of accounts receivable citywide improvement initiatives corresponding to Exhibit i:

Step 1 Initiative

Citywide Reporting Initiative

Step 2 Initiatives

- Revenue Programs Initiative
- Citywide Accounts Receivable (AR) Expertise Initiative
- Departments' Practices Initiative
- Delinquency Penalties Initiative
- Uncollectibles Initiative
- Administrative Authority Initiative

Step 3 Initiatives

- Centralized Collections Initiative
- Citywide Customer ID Initiative
- Central Payment Portal Initiative
- Citywide Billing Initiative

Accounts Receivable Citywide Improvement Initiatives

Each of these initiatives map to the corresponding directives of the City Council, City Controller, CORE, and Macias Study. Point-in-time status of individual directives being directly addressed by Finance can be viewed in Exhibit i. A visual roadmap of these directives is presented in Exhibit iii.

Through this outlined approach, Finance aims to better communicate and inform on the state of citywide accounts receivable, improve citywide accounts receivable management, enhance existing citywide revenue streams, establish greater accountability, and ultimately increase the department's authority over citywide receivables management helping to further these aims.

Step 1: Organize and Improve Accounts Receivable Data and Reporting

Data is fundamental to business process evaluation, program effectiveness measurement, cost-benefit analysis, and technological applications. Accurate and complete data is a cornerstone piece of informed decision-making and effective receivables management and centralization efforts. This step of receivables management is well underway on several fronts via the Citywide Reporting initiative and the corresponding directives identified in Exhibit i.

Citywide Reporting Initiative

Under the City's current accounts receivable reporting, only quarterly summary level data is generated through a manual process that has proven insufficient to adequately track, monitor, report, and improve upon citywide accounts receivable billing and collection management or even to answer many of the routine questions in governance of the City's financial health.

The Citywide Reporting initiative is well underway:

Breakdown of Citywide Reporting Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Citywide Reporting	2	5	-	4	11

Currently underway FMS Phase 2 centralized accounts receivable billing data and enhanced reporting is the implementation of Macias Phase I. This project is currently on track for a December 2011 implementation assuming approval of the project design as proposed, with analysis and reporting to subsequently follow. Completion of this project will realize enhanced billable receivable reporting and initiation of the remaining Next Step directives including increased reporting frequency and detail.

Finance is making significant strides in the Citywide Reporting initiative and the fruition of these efforts will begin to bear over the course of the next year.

Accounts Receivable Citywide Improvement Initiatives

Step 2: Implement and Improve Citywide Policies and Procedures

Standardization and implementation of departmental best practices in receivables management is critical to successful centralization efforts. Finance is working to support all of the following initiatives and corresponding Exhibit i directives as described below.

Revenue Programs Initiative

All of the City Council's approved revenue programs in FY 2010-11 are underway:

Breakdown of Revenue Programs Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Revenue Programs	4	4	-	1	9

FY 2010-11 Programs include:

- Offer in Compromise
 - Implemented December 2010
- Citywide Non-Tax Amnesty
 - Runs February through April 30, 2011
- Administrative Tax Lien
 - Implemented December 2010
- Secondary Collection Agency Contracts
 - Effective December 2010

This document does not propose to evaluate these programs; Finance will report FY 2010-11 year-end results for all of these new programs.

Citywide AR Expertise Initiative

Finance will leverage existing citywide inter-departmental accounts receivable expertise to inform and promote citywide improvement initiatives. The Citywide AR Expertise initiative is in the preliminary stages:

Breakdown of Citywide AR Expertise Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Revenue Programs	-	2	-	1	3

The City's Revenue Management Committee (RMC) and Revenue Collection Review Task Force (Task Force) are integral to Finance's efforts. Finance is preparing an outline of identified best practices in receivables management for input and review by

Accounts Receivable Citywide Improvement Initiatives

the Task Force prior to submission of a full report to the City Council. The RMS is cornerstone to informing the City's efforts in pursuing accounts receivable citywide improvement initiatives. Like citywide billing data and reporting, receivables management data is vital to informed decision-making. Finance is consolidating citywide receivables terms, practices, and requirements along with a citywide survey to validate and complete this effort. Information spanning application of penalty and interest, applicable ordinances, and specific billing procedures will be centralized and accessible for the universe of citywide billable receivables. This data will be maintained with an annual validation and update by City departments. This information will further the City's efforts in fulfilling the Departments' Management Practices initiative among other initiatives.

Departments' Management Practices Initiative

A primary goal of Finance is the implementation and support of identified best practices and programs in accounts receivable management. The Departments' Management Practices initiative is also in the preliminary stages as information gathering is the foundation of this initiative:

Breakdown of Departments' Management Practices Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Department's Management Practices	-	1	-	3	4

Additionally, Finance will facilitate departments' report-back on department specific directives identified by the City Controller, CORE, and Macias Study listed in Exhibit ii. With these informational resources, Finance will identify further improvement opportunities and strategies for Next Steps in continuing efforts for accounts receivable citywide improvement initiatives.

Delinquency Penalties Initiative

Finance has aggressively pursued and applied delinquency penalties on tax receivables, but application of interest and penalties on a citywide basis will require a coordinated effort involving numerous departments, bill types, and diverse regulations and requirements. There is much work to be done in broader application of penalty and interest on a citywide basis:

Breakdown of Delinquency Penalties Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Delinquency Penalties	2	3	-	3	8

While Finance has implemented delinquency penalties for City tax receivables, there is no universal application of interest and penalties citywide and many bill types are not presently assessed any delinquency penalty or interest. In addition to exploring a baseline citywide interest assessment on delinquent receivables, application of interest

Accounts Receivable Citywide Improvement Initiatives

should be evaluated on a case-by-case basis due to the uniqueness and legal requirements of many City revenues.

This protocol is based on the notion that individual receivable types may be subject to various requirements that need to be vetted on a case-by-case basis. Finance will consult with the City Attorney on an omnibus-type of application of interest and penalty, but individualized analysis would still be required to determine those receivables to which it could not be applied. Receivables should be individually reviewed for penalty and interest assessment against both legal and business requirements. As Finance does not have authority over the multitude of receivables collected by citywide departments, conduct of this exercise will rely heavily on revenue departments' expertise that Finance will work to facilitate. This to-be-identified review process would begin to respond to the Next Step directives of the Delinquency Penalties initiative. Pending updated survey data and discussions with the City Attorney, Finance will begin development of a citywide penalty and interest application process and report back with initial findings and next steps in conjunction with Finance's proposed quarterly reporting update on accounts receivable citywide improvement initiatives.

The Implemented and Initiated directives of the Delinquency Penalties initiative correspond to Finance and City Attorney's implementation of the administrative tax lien program in December 2010 in accordance with Council's direction. Finance will report back with FY 2010-11 year-end lien program results.

Uncollectibles Initiatives

Finance is a member of the Board of Review along with the City Controller (Chair) and the Treasurer. The Board of Review evaluates and approves uncollectible debt amounts under \$5,000 for write-off. Write-off amounts over \$5,000 require City Council approval. Redefining the Board of Review has begun and will continue in partnership with the members and City Council:

Breakdown of Uncollectibles Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Uncollectible	-	1	-	3	4

For the first time, in December 2009, Finance conducted an uncollectible debt sale. Finance is drafting a Request For Proposal (RFP) for expanded broker evaluation and sale of uncollectibles and will report back to City Council in 45 days for authorization to proceed. Dependencies on the execution of a contract will allow Next Step directives involving the sale of uncollectibles to proceed. Ordinances governing the Board of Review and processes will be reassessed for possible adjustments in conjunction with Finance's efforts identified under the Administrative Authority initiative.

Accounts Receivable Citywide Improvement Initiatives

Administrative Authority Initiative

The Administrative Authority initiative is an approach to establishing greater authority for Finance over citywide accounts receivable management; a key finding of successive studies on citywide accounts receivable management has been that Finance lacks the authority required to adequately influence citywide practices.

Breakdown of Administrative Authority Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Admin Authority	-	1	-	1	2

Finance is presently underway with updating the Citywide Guidelines and will conduct reviews of the draft in April 2011 prior to formal release. Upon completion of drafting the revised Citywide Guidelines Finance will begin to conduct a City Ordinance review to identify and recommend to City Council opportunities for clarifying and strengthening the authorities of Finance in improving citywide accounts receivable management.

Step 3: Centralize Accounts Receivable Processes and Technology

Each of the aforementioned audits and studies has brought forward various issues to resolve and practices to put into place. Many of the recommendations have been implemented to varying degrees, but one of the underlying themes throughout has been the merit of centralizing citywide accounts receivable activity. This is an area that the City, through these audits and studies, has identified as an efficiency and revenue enhancement opportunity. All of the following initiatives have significant potential technological implications across a span of City departments and none are simple undertakings; however, they all merit consideration, prioritization, and development of a roadmap in their pursuit from a citywide context.

Centralized Collections Initiative

Although not specifically centered on by the Macias Study, centralized management of citywide collection activities present efficiencies that merit additional review in the near-term.

Breakdown of Centralized Collections Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Centralized Collections	2	3	-	3	8

While billing may rely on specific departmental knowledge in generation and handling, collection activity could be a more opportune task for Finance to successfully and more quickly overtake. Presently, Finance manages citywide collection contracts, tax receivables collection activity, and citywide non-tax receivables over \$5,000. Non-tax receivables under \$5,000 are sent directly to a contracted collection agency by the billing department.

Accounts Receivable Citywide Improvement Initiatives

Finance is presently pooling, evaluating, and analyzing available citywide collections data to help determine possible costs and benefits of enhanced centralized collections management. While Finance has made inroads in implementing and initiating directives aimed at improving collections management, further enhancement and centralization of citywide collections management tools and activities would more holistically achieve the intent of these directives as well as those identified as Next Step. Some of the potential benefits of a robust centralized collections management system include:

- Performance-based monitoring and assignment of debt to external collection agencies
- Centralized collections data and reporting
- Standardized, automated processes for both primary and secondary collections
- Centralized case management for the entire collections lifecycle
- Centralization of collections business functions and tools (e.g. skip tracing, lien tracking, etc.)
- Increased opportunities to pool accounts by debtor across all departments
- Reduced departmental interface management and technical support requirements
- Reduced dependency on departmental collections management processing and manual processes
- Increased control and accountability for collections management under the Office of Finance

At present, Finance is prioritizing centralized collections management for consideration as the “next step” in the centralization of accounts receivable. This will require collaboration and cooperation of citywide departments in facilitating the review process.

Citywide Billing Initiative

While the City is engaged in significant billing and collection improvements recommended by the Macias Study as identified in the Macias Study Implementation section of this report, Phase II additionally principally identifies consolidation of non-EMS Fire Department billings and collections to Finance as feasible. City Council has requested report backs from the Fire Department and Finance on centralized billing and collections processes and recommendations.

Breakdown of Citywide Billing Directives’ Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Citywide Billing	-	2	3	2	7

Finance will work with the Fire Department to report back to City Council with initial findings relative to consolidating Fire Department billings (Non-EMS) and collections. It is important that such an analysis be jointly conducted and Finance is presently working with the Fire Department to prepare a timeline for a report back to the City Council with preliminary findings and recommended next steps.

Accounts Receivable Citywide Improvement Initiatives

It should be additionally noted that Finance does presently handle renewals for numerous Police and Fire Department permits.

Citywide Customer ID Initiative

The concept of citywide customer identification is not addressed in the Macias Study but it dovetails multiple efforts underway between Finance and various other departments with business customers and vendors.

Breakdown of Citywide ID Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Citywide ID	1	4	1	-	6

Finance has taken steps to address the core of this issue in identification of delinquent tax debtors and scofflaws to ensure appropriate actions are taken to collect what is due the City. Presently, Finance posts online two lists of top delinquent tax debtors and top delinquent non-tax debtors on the internet and intranet respectively for access by departments. Finance is presently exploring improved utility of these lists.

Significantly, Finance is also working with the Controller via FMS and General Services Department (GSD) to implement Charter Section 264 "Withholding Payment to Contractors." A Finance Tax and Permit System (LATAX)/FMS service vendor intercept of payments for City vendors not current with their tax payments is currently in development and presently anticipated to go live in conjunction with FMS. A commodity vendor intercept with GSD's Supply Management System (SMS) is also planned but presently the SMS system resources are largely devoted to FMS GoLive. In the meantime, Finance has begun a tax intercept process based on Supply Management System (SMS) vendors and a manual process will be put in place with GSD to intercept any monies related to SMS vendors.

Additionally, Finance interfaces with Building and Safety to identify building permit applicants without business tax registration or who owe taxes prior to receipt of permit. Finance is also developing online view capability to LATAX for City departments to cross-reference vendors for tax registration and debts prior to entering into an agreement.

Pursuit of a broader application across multiple departments and systems will require a citywide effort.

Central Payment Portal Initiative

The concept of a citywide central payment portal is also not addressed in the Macias Study; however, a number of departments including Finance, Building and Safety, and Housing all have online payment options.

Accounts Receivable Citywide Improvement Initiatives

Breakdown of Central Payment Portal Directives' Status (Exhibit i)

Initiative	Implemented	Initiated	Submitted	Next Step	Total
Central Payment Portal	-	-	-	2	2

Development of a citywide central online payment portal requires significant coordination, direction, and prioritization among numerous departments and like the other centralization efforts, would be best considered from a citywide perspective.

CLOSING

At this point, Finance is not in a position to singularly successfully implement the majority of directives contained herein, nor to pursue a more aggressive timeline or plan. Neither can Finance guarantee delivery or adherence to the loose timelines shown in Exhibit iii, subject to a number of critical success factors, including:

- Citywide prioritization and authority
- Citywide departmental direction and participation
- Citywide data and business process analysis findings
- Citywide budgetary and staffing impacts
- Delivery and ongoing support of current citywide technology projects

While Finance is churning and making progress on a number of the initiatives being undertaken within current resources; Finance has proposed Fiscal Year 2011-12 budget packages that would sustain Finance's core mission, including:

- Lifting the hiring freeze for Finance positions
- Eliminating furloughs for Finance staff
- Establishment of a fund to sustain Finance's revenue generation through economic downturns when such efforts are most needed

These measures would aid Finance throughout, but they will not significantly escalate the pace of accounts receivable citywide improvement initiatives contained herein. In embarking straight into Macias Phase I, Finance is only resourced for supporting the billing data warehouse project and then incrementally proceeding with the stages of citywide accounts receivable centralization as resources are provided.

The Macias Study identifies additional resource requirements for approaching the City's accounts receivables centralization efforts on a more holistic scale. The Project Management approach outlined in the Macias Study recommends a dedicated project manager to develop, communicate, oversee, and implement all three phases of the Macias Study. A Project Manager's responsibilities would include project charter and plan development, managing scope, schedule, budget, and escalation of issues. Such a model could potentially be applied to efforts identified herein with further resource identification pending the desired scope and pace of these citywide initiatives,

Accounts Receivable Citywide Improvement Initiatives

particularly for centralization efforts, such as collections management. Further consideration of additional resources may be best coordinated through the CAO which can bring a citywide budgetary perspective and make recommendations on appropriate funding and resource allocation in pursuit of citywide efficiencies and revenue enhancement.

Increasing resources alone, will not accomplish the sweeping citywide tasks involved in accounts receivable centralization and improvement initiatives. Finance looks to partner and lead in these efforts, but ultimately this is a citywide undertaking requiring citywide support, prioritization, and authority. This is the very beginning of a roadmap that Finance will do its best to further and promote, but development of a more detailed roadmap of citywide solutions to centralization efforts would be more expeditiously furthered by a governance body of City Officials such as the FMS Project Oversight Committee (POC). The FMS POC has in fact preliminarily introduced a high level conceptual roadmap of future technology projects dovetailing many of the centralization initiatives considered herein and Finance would encourage advancement of this discussion, weighed against the City's current technology priority of implementing FMS Phase 1.

Finance appreciates the support of the Mayor, City Council, City officials, and CORE in advancement of these accounts receivable citywide improvement initiatives and looks forward to continuing to report on quarterly progress in furthering these citywide aims.

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
1	Citywide Reporting	City Controller	<p>1)a) In implementing centralized billing and collections, Finance should:</p> <p>Explore the cost effectiveness of having the Information Technology Agency (ITA) build any interfaces and system modifications as part of the Financial Management System (FMS) implementation, as opposed to Macias' proposal to hire a contractor to develop a portal.</p>	ITA	Council has approved <u>FMS Phase 2</u> project to build a citywide accounts receivable billing data warehouse and reporting tool as recommended.	03/31/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
2	Citywide Reporting	City Council	<p>Instruct the CAO, with the assistance of the City Attorney, Office of Finance and the CLA, to report to the City Council by March 10, 2010 with a summary report that contains the following information (CF# 10-0332 March 4, 2010):</p> <p>-A comprehensive summary of all outstanding receivables due the City, broken down by principal, interest, fines, and fees.</p> <p>-What portion of the amount is realistically collectible, and what portion should be considered for write off due to legal or practical constraints.</p>	City Attorney; CAO; CLA	<p>In post-development of the <u>FMS Phase 2</u> accounts receivable billing data warehouse project, in-scope citywide non-tax billable receivables data will be available and broken out by principal, interest and penalty.</p> <p>Uncollectibles trending data will accrue over time in the data warehouse. But initial evaluation will likely require at least a year of data.</p>	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
3	Citywide Reporting	CORE	2) FMS ROLL OUT AND FUTURE FUNDING - CORE recommends that ITA and Finance take all actions necessary for full and smooth launch of the new FMS by July 1, 2011, coupled with implementation of the accounts receivable module / component by September 30, 2011. Additionally, it will be vital for the City to fund the future phases of greater accounts receivable centralization.	ITA	FMS Phase 1, including Accounts Receivable module, is scheduled to GoLive <u>July 2011</u> . FMS Phase 2 accounts receivable billing data warehouse is preliminarily scheduled for <u>December 2011</u> delivery, pending approval as proposed.	03/31/2011	Initiated
4	Citywide Reporting	CORE	41) REVISE ACCOUNTS RECEIVABLE REPORTING TEMPLATE - CORE recommends that Finance revise the accounts receivable template used by departments and Finance for reports of quarterly receivables. i. Include columns delineating breakdowns of any applied interest, penalties and late fees. ii. Include columns delineating the age of receivables with greater specificity, and in time frames that will (a) correspond to the process flow and timetable(s) outlined in the (revised) Collection Guidelines, and (b) more clearly delineate accounts approaching statute(s) of limitations for collections.	Citywide	A revised AR Quarterly Report data capture template, including the recommended changes, has been provided to departments. Updated citywide reporting will be generated in the <u>third quarter FY 2010-11</u> .	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
5	Citywide Reporting	Macias Study	1) a) As part of centralization of report development, Finance should develop query access for each existing receivable system: - Envision -eTims (outsourced) -HIMS -FSS -CryWolf -PIMS	ITA; Citywide	These systems are all in-scope of the <u>FMS Phase 2</u> accounts receivable billing data warehouse.	03/31/2011	Initiated
6	Citywide Reporting	Macias Study	3) The City Should Increase Accounts Receivable Reporting Frequency and Content for the Fire, Housing, Police and Transportation Departments from quarterly to monthly for four departments with high billing rates and receivables.	DOT; LAFD; LAHD; LAPD	<u>FMS Phase 2</u> accounts receivable billing data warehouse project automated reporting will readily allow for monthly AR report generation.	03/31/2011	Next Step
7	Citywide Reporting	Macias Study	3)a) The content of the account receivable reporting should report the historic amount billed and amount collected-to-date, per month, from those billings.	Citywide	Billing data will accumulate on a go-forward basis from <u>FMS Phase 2</u> accounts receivable billing data warehouse project go-live. Reporting is anticipated to be generated once sufficient data has accumulated for trending analysis.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
8	Citywide Reporting	Macias Study	3)b) These departments should determine the causes for late (over 90 days), and report a breakdown of receivable dollars by categorized cause, and Finance should graphically report these metrics to the Mayor's office and to Department management. This information will help both Finance and the Mayor's office oversee the effectiveness of these four departments in maximizing revenue.	DOT; LAFD; LAHD; LAPD	Causality reporting is envisioned for <u>FMS Phase 2</u> accounts receivable billing data reporting and in the data mapping process Finance is working with departments on identifying causal data.	03/31/2011	Next Step
9	Citywide Reporting	Macias Study	4)a) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance: -the Police Department should add DUI billings to their accounts receivable reporting.	LAPD	Finance will work with the Department to include in the <u>3rd Quarter AR Quarterly Report</u> for FY 2010-11.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
10	Citywide Reporting	Macias Study	<p>4)b) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance:</p> <p>- the Public Works Bureau of Sanitation should add billings for industrial waste, septage waste hauling, groundwater, and refuse and recycling services in the quarterly accounts receivable and collections report provided to Finance.</p>	PW San	Sanitation IWMD billings are currently reported.	03/31/2011	Implemented
11	Citywide Reporting	Macias Study	<p>4)c) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance:</p> <p>- the Bureau of Street Lighting should include billings for street light repairs.</p>	PW BSL	Finance will work with the Department to include in the <u>3rd Quarter AR Quarterly Report</u> for FY 2010-11.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
12	Centralized Collections	City Controller	27) Finance should provide departments with reports or electronic files that would allow the departments to reconcile their inventory of accounts to Finance's records.		<p>Finance implemented this recommendation with the 2008 web-based portal and provided subsequent training to departments on using the tool to reconcile their inventory to Finance's records. In addition, CUBS (CCU system) reports are available to departments.</p> <p>Finance is enhancing this web tool based on user feedback to facilitate ease and usability for departments including:</p> <ul style="list-style-type: none"> -Excel export and improved printing -User defined query parameters <p>The contractor is working on these enhancements with an anticipated delivery timeline of approximately 6 months.</p>	03/31/2011	Initiated
13	Centralized Collections	City Controller	28) Finance should determine the feasibility of enhancing the website to meet the information needs of user departments.	Citywide	See response to Document Line No. 12.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
14	Centralized Collections	City Council	AUTHORIZE the Office of Finance to negotiate and execute a two-year contract with four firms to provide secondary collection services on a contingency fee basis with the Office of Finance to be responsible for the contracts, though other City departments will also have the opportunity to refer delinquent accounts. (CF#10-0396 August 11, 2010)		This recommendation has been implemented with four secondary collection agency contracts effective <u>December 31, 2010</u> .	03/31/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
15	Centralized Collections	City Council	INSTRUCT the Los Angeles Police and Fire Departments to report back on the current process of referring delinquent accounts to the Office of Finance with recommendations to expedite the process. (CF#s 10-0225 and 10-1155 October 13, 2010)	LAFD; LAPD	According to the Police Commission's response to Council File #s 10-0225 and 10-1115, all eligible accounts have been referred to collection agencies on a weekly basis, except for accounts that have been contested, have entered into installment agreements for payment, or are scheduled to be satisfied through alarm school. Further information is listed in their memo. The Fire Department has not yet formally responded regarding the referral of accounts to collection agencies. <u>Finance is following up with the Fire Department on reporting back.</u>	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
16	Centralized Collections	CORE	19) COMPULSORY / AUTOMATIC ACCOUNT TRANSFERS - CORE recommends replacing the current system of department "referrals" of accounts from one stage of collections to another with a de facto system of compulsory account transfers, under the supervision of Finance. Rather than make referrals a discretionary or recommended act by a department, the transfer should be compulsory (and, preferably, automatic) – unless there is a specific reason or circumstance to not do so.	ITA; Citywide	In FMS Phase I, automated account transfers to primary collections are being conducted for departments using the Accounts Receivable module, though external systems may not; secondary collections referral automation in FMS requires a technical enhancement, but also requires additional business and technical process analysis relative to the impacted systems. In the meantime, Finance is in the process of coordinating departments' referrals between primary and secondary agencies.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
17	Centralized Collections	CORE	<p>21) PRIMARY COLLECTIONS - CORE recommends that Finance amend the Collection Guidelines setting forth the process flow for primary collections of accounts of less than \$5,000 – as follows: i. Delinquent accounts, shall henceforth be de facto transferred to a primary collection agency (unless a department provides a satisfactory specific reason or circumstance not to).ii. If no payment is received within a 9 month period from transfer of an account to the primary collection agency, the account shall, in consultation with Finance, be automatically transferred to secondary collections.iii. If partial payment is received within the 9 month period, the period for the primary agency to hold the account may be extended up to another three months. iv. Finance shall have discretion to “pull” any account or pool of accounts at will.</p>	ITA; Citywide	<p>i. See Document Line No. 16 for information on automated transfers. ii. & iii. Under existing contracts, primary collection agencies have up to a year to collect once delinquent accounts are referred to the agency; however, these contracts are set to expire <u>September 2012</u>. New primary collection contracts may reflect the recommendation that agencies will have up to 9 months to collect once accounts are referred, instead of 12 months. i.v. Finance has the contractual right to pull or pool accounts, but generally the determination to do so is with the referring department in practice.</p>	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
18	Centralized Collections	CORE	22) SECONDARY COLLECTIONS - CORE recommends that Finance amend the Collection Guidelines to provide for an automatic or compulsory transfer of unpaid accounts from primary to secondary collection vendors as soon as time allotted to primary collection has expired. Such transfer should be automatic and, at the same time, in consultation with Finance. Such transfer, we generally believe, should be for a six (6) month period -- except where Finance determines otherwise.	ITA; Citywide	Current secondary collections contracts stipulate a six month collection period. See also Document Line No. 16 for more information on automated transfers.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
19	Centralized Collections	CORE	23) MULTIPLE VENDORS AND COMPETITION - CORE recommends that Finance have contracts with at least two private collection agencies with respect to each major type of receivable. Each vendor would initially receive equal referrals and Finance would evaluate and publish each vendor's performance quarterly. Under a rewards-based system for distributing accounts, the evaluations would be determinative of the volume of accounts assigned in subsequent quarters. Competition is good, and Finance should reward superior performance with additional referrals.		Council has approved contracts with 4 secondary collection agencies, effective <u>December 2010</u> . Expansion of vendor competition may be reviewed in context of the next contract cycle in <u>2012</u> .	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
20	Citywide Customer ID	City Controller	34) Finance should develop a comprehensive database of delinquent debtors, which departments could refer to before accepting payments by check.	Citywide	<p>In accordance with LAMC 21.15, Finance since 2009 has been posting a list of delinquent tax debts due the City in excess of \$100,000 on a regular basis. In addition, a list of delinquent accounts that are in litigation are also posted.</p> <p>In <u>May 2010</u>, Finance began posting a non-tax debtor list on the City intranet. The purpose of the list is for departments to cross reference when servicing customers and request payment before extending additional services, permits, or fees to a debtor. Finance is currently exploring improved utility of the list.</p> <p>See also Document Line No. 21 for more recent technical solutions.</p>	03/31/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
21	Citywide Customer ID	CORE	4) CITYWIDE CUSTOMER ID SYSTEM - CORE recommends implement-action of a consistent Citywide ID system for all accounts to be used by individuals and companies for their dealings with any and every City department. Finance, ITA and the Treasurer should prepare and submit a report on needed funding and a projected timeline for such implementation, along with projected cost savings from such a consistent system.	City Controller; GSD; ITA; Treasurer; Citywide	An LATAX/FMS service vendor intercept of payments for vendors not current with their tax payments is currently in development and presently anticipated to go live in July 2011 in conjunction with FMS. A commodity vendor intercept with SMS is also planned but presently the SMS system resources are largely devoted to FMS GoLive. In the meantime, Finance is preparing a tax intercept process based on SMS vendors via a manual process with GSD to intercept any monies related to SMS vendors.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
22	Citywide Customer ID	CORE	44) INVENTORY OF CITY DATABASES - CORE recommends that ITA develop and submit an inventory to Council of currently existing and available department and Citywide data pools / databases that could assist in identifying parties who may owe the City money. Specifically: Instruct ITA and Finance to prepare an inventory of known databases, with brief descriptions of the data fields in each database, the format / software of each of the databases and the accessibility of the database to other departments.	ITA; Citywide	A citywide review of accounts receivable systems and data types has been conducted jointly by FMS Phase 1 and the FMS Phase 2 Project Team. Relevant information is being captured in the accounts receivable billing data warehouse scheduled for <u>December 2011</u> . The data warehouse; however, does not constitute a customer identification system.	03/31/2011	Initiated
23	Citywide Customer ID	CORE	45) INVENTORY OF NON-CITY DATABASES - CORE recommends that Finance submit to Council a memorandum identifying non-City databases which might be beneficial for the City to have access to for the purposes of revenue enhancement.		On <u>October 7, 2010</u> , Finance submitted recommendations for the City's 2011-12 Legislative Proposals request in which the IRS, State Board of Equalization, and the LA County Assessor's Office are identified as desired data sources that are not currently accessible without legislative action. Finance will provide a status of the proposals as they proceed through the legislative process.	03/31/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
24	Citywide Customer ID	CORE	<p>46) DATA BASE OF DELINQUENTS - CORE recommends that Finance, in consultation with the City Attorney, develop a process for departments to access a master list / database of both business tax and non-business tax-related receivables - to verify that a party does not have delinquent accounts with any City department prior to the City extending or granting to such party:</p> <ul style="list-style-type: none"> -Certain services, -Permits, -Approvals, -Contracts, -Employment, or -Commission/Board appointment or renewal 	City Attorney	<p>See Document Line Nos. 21 and 25.</p> <p>Finance is developing online view capability to LATAX for City departments to cross-reference vendors for tax registration and debts prior to entering into an agreement.</p> <p>Finance also interfaces with Building and Safety to identify permit applicants without business tax registration or who owe taxes prior to receipt of permit.</p> <p>Finance is initiating discussion with the City Attorney's Office.</p>	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
25	Citywide Customer ID	CORE	48) POST LIST OF TOP NON-TAX DEBTORS ON THE INTERNET - CORE recommends that Finance post the names of top non-tax-delinquent debtors on the City's website – subject to City attorney approval.	City Attorney	The internet posting of tax debtors is modeled after the State of CA top debtors list to motivate debtors to pay amounts due the City. The intranet posting of non-tax debtors is only to be used by City Departments to cross reference and request payment before extending additional services, permits, or fees to a debtor. Finance is presently exploring improved utility of the list. Finance is not recommending internet posting of non-tax debtors at this time. Finance will request City Attorney advice.	03/31/2011	Initiated
26	Central Payment Portal	CORE	3) CENTRAL PAYMENT PORTAL - CORE recommends that Finance, ITA and the Treasurer prepare and submit a report on the needed funding and projected timeline for implementing a Citywide on-line payments portal – with multiple ways to pay for accounts and receivables.	ITA; Treasurer; Citywide	Finance, the Departments of Building & Safety, and Housing have online payment portals. However, this item speaks to centralizing and merits a citywide perspective and discussion. Finance will initiate this conversation with ITA and the Treasurer subsequent to Document Line No. 27.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
27	Central Payment Portal	CORE	49) ON-LINE AND AUTO-PAY OPTIONS - CORE recommends that Finance, in consultation with the Treasurer and ITA, prepare and submit a report on the extent and availability of on-line and auto-pay payment options (credit card, e-check, etc.) for various types of collections by departments and Finance and collection agencies.	ITA; Treasurer	Finance accepts multiple online payment forms including Automated Clearing House, credit and debit cards, and eCheck for tax and permit holders. All City outside collection agencies maintain online payment options. Finance will coordinate with the Treasurer and ITA.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
28	Citywide Billing	City Controller	<p>1)b) In implementing centralized billing and collections, Finance should:</p> <p>-Work with the CAO, LAFD, and other stakeholders to determine responsibilities related to EMS billing and collection functions.</p>	CAO; LAFD	<p>The direction for EMS billings and collections is presently being undertaken by the Fire Department as authorized by Council. Fire is the new contract holder for services supporting Fire's system and processes from the field through collections.</p> <p>Finance will work with Fire collaboratively in support of their accounts receivable management efforts. Fire should report back with the results of their system enhancements once sufficient data is available. The City may re-evaluate the current arrangement once sufficient time has lapsed to evaluate successes and future steps in EMS billing and collections process improvements.</p>	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
29	Citywide Billing	City Council	INSTRUCT the Office of Finance, with the assistance of the City Administrative Officer and the Chief Legislative Analyst to review Phase I and Phase II recommendations of the Macias report, reconcile Council actions to-date with those recommendations and submit revised recommendations within 45 days to the Budget and Finance Committee. (CF# 10-0225 October 13, 2010)	CAO; CLA	The accompanying report identifies the City's implementation of the Macias Study to date and next steps.	03/31/2011	Submitted
30	Citywide Billing	City Council	INSTRUCT the Office of Finance, with the assistance of the City Administrative Officer, the Chief Legislative Analyst, the City Attorney, the Los Angeles Police and Fire Departments, and any other affected department, to report in 45 days with recommendations to structure a centralized billing and collections process and bring forth any ordinances needed for implementation. (CF#s 10-0225 and 10-1155-S1 October 13, 2010)	City Attorney; CAO; CLA; LAFD; LAPD	The Police Commission is sending aged collectibles to collections as are EMS bills by the Fire Department. DOT's RFP should likewise include provisions for enhanced collection efforts. These departments should report back with the results of their system enhancements once sufficient data is available. The City may re-evaluate the current arrangement once sufficient time has lapsed to evaluate successes and next steps in billing and collections process improvement.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
31	Citywide Billing	City Council	INSTRUCT the Office of Finance to report on the status of the creation of a centralized City billing process; including the anticipated increase in collections from utilization; the amount of time before a debt is referred to a collection agency; the authority which would be needed by the Revenue Manager to act as "Collections Sheriff." (CF#s 10-0225 and 10-1155 October 13, 2010)		The accompanying report is the latest status in citywide billing and collection improvement. While the Macias Study provides some estimates of financial benefits, it is premature from Finance's perspective to speculate on financial benefits. Citywide Guidelines specify referral to collections by 45 days past due. In the manner of a "Collections Sheriff", Finance is supportive of the Inspector General concept.	03/31/2011	Submitted
32	Citywide Billing	CORE	1) MACIAS STUDY FOLLOW-THROUGH - CORE recommends that Finance prepare a memorandum for Council re: the next steps it recommends to follow-up and follow-through on the "Feasibility Study: Centralization of Billing and Collection Activities", dated Dec. 21, 2009, by Macias Gini & O'Connell.		The accompanying report identifies the City's implementation of the Macias Study to date and next steps.	03/31/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
33	Citywide Billing	CORE	53) CONSOLIDATED BILLINGS - CORE recommends that Finance report to Council about possible MOUs and other arrangements to consolidate billings or assign billing responsibility to another department or agency, in or out of the City – DWP, County, BOE, etc.	Citywide	Finance will initially address this recommendation with the Revenue Management Committee and Revenue Collection Review Task Force comprised of major receivables billing departments to determine next steps and opportunities.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
34	Citywide Billing	Macias Study	<p>1) The City should centralize report development and develop enhanced revenue metrics, as described in Phase 1, and centralize billing and collections for the following invoices, as described in Phase 2:</p> <ul style="list-style-type: none"> -Ambulance (EMS) billing -Ambulance (contract) -Inspection Restitution (Fire) -Fire safety watch -Film safety (Fire) -Brush clearance/ non-compliance (Fire) -Other Fire Department fees -DUI charges (Police) -Annual permits (e.g., CUPA)(Fire) -False alarm billings (Police) -Parking citations (delinquent collections only) 	ITA; Citywide	<p>Phase 1 of Macias: Centralization of report development and enhanced metrics is currently underway as FMS Phase 2 citywide accounts receivable billing data warehouse. The project is pending approval of the FMS Project Oversight Committee and if proceeding as planned, the system delivery date target is <u>December 2011</u>. Data and reporting will be leveraged in determining ongoing AR centralization efforts.</p> <p>The most significant revenue pieces of Macias Phase 2 are underway as Fire EMS billings are contracted and updated DOT parking citation billing processes is pending release of an RFP.</p>	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
35	Admin Authority	CORE	6) STRENGTHEN AUTHORITIES OF THE OFFICE OF FINANCE - CORE recommends that Finance submit proposed ordinance changes to Council that would clarify and strengthen the authorities needed by Finance to ensure compliance of departments with its instructions – and to provide Finance greater latitude in developing instructions and guidelines it deems efficacious.	City Attorney	Finance is presently updating Citywide Guidelines and upon completion will turn the focus of the department’s administrative review to City Code.	03/31/2011	Next Step
36	Admin Authority	CORE	20) PROCESS FLOW AND TIMETABLE - CORE recommends that the Current Non-Tax Accounts Receivable Process Flow and Timetable of the Collection Guidelines be replaced with CORE’s updated Recommended Non-Tax Flowchart.	Citywide	Updated Citywide Guidelines are anticipated to be released for review by <u>April 2011</u> . Process flow and timetable reflect current business processes and will continue to evolve as changes in processes occur.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
37	Citywide AR Expertise	City Council	Direct Finance, with the assistance of the City Administrative Officer (CAO), Chief Legislative Analyst (CLA), City Attorney and operating departments establish a Revenue Collection Review Task Force to identify all of the methods that individually and collectively are available to the City, including outside resources, in order to secure the revenue due to the City. The Task Force should identify systems that are working and those that must be reevaluated and reinstated. After conducting its review, the Task Force recommend to Council new processes and procedures to capture outstanding revenue due to the City and institutionalize systems that will minimize and mitigate the delay in receipt of accounts payable and the potential of revenue in the future. (CF# 09-2560-S1 February 10, 2010)	City Attorney; CAO; CLA; Citywide	The Task Force has convened and an outline is drafted and being prepared for review of Task Force Committee members by <u>April 2011</u> for discussion, feedback and direction in preparing a final draft.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
38	Citywide AR Expertise	CORE	8) REVENUE COLLECTION REVIEW TASK FORCE - CORE recommends that Finance immediately report to the Council's Budget & Finance Committee regarding the status of creation of this Task Force. CORE further recommends that the Committee request each of the members of the Task Force to appear before the Committee.	City Attorney; CAO; CLA;	See response to Document Line No. 37.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
39	Citywide AR Expertise	CORE	9) REVENUE MANAGEMENT COMMITTEE - CORE recommends that Finance take all necessary steps to reconstitute and invigorate its current Revenue Management Committee (the "RMC").	Citywide	<p>Finance will survey RMC members in <u>April 2011</u> to help determine ways to improve the value of meetings and maximize revenue collection.</p> <p>Additionally, Finance will survey departments' practices including those identified in Document Line Nos. 33, 40, 41, 42, 43, 60.</p> <p>Surveying is an initial step to allow Finance to begin to evaluate how to best proceed with a broad swath of directives composing this initiative of improving departments' practices given limited staffing and competing projects. RMC members are subject matter experts and a resource that can extend Finance's reach and hopefully simultaneously better engage the membership in citywide change.</p>	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
40	Departments' Practices	City Controller	33) Finance should require departments that receive a high volume of checks to work with the City Treasurer to explore the feasibility of installing a check verification system.	Treasurer; Citywide	Finance is contacting the Treasurer to preliminarily identify departments with high check receipt volumes with an emphasis on non-sufficient fund checks.	03/31/2011	Initiated
41	Departments' Practices	CORE	39) USE OF CITY ATTORNEY LETTERHEAD - CORE recommends that Finance report to the Council and the City Attorney regarding departmental compliance with Sec. 4.4 of the Collection Guidelines.	City Attorney; Citywide	Finance will begin with a survey of the RMC in <u>April 2011</u> for updated sample City Attorney notices to review current compliance.	03/31/2011	Next Step
42	Departments' Practices	CORE	50) ADVANCE PAYMENTS - CORE recommends that Finance identify services and billing types for which City departments should, or could, demand advance payment(s) and/or deposits.	Citywide	Finance addresses this directive in its review of departments' billing and collections practices. Finance will survey the RMC in <u>April 2011</u> for pre-payment opportunities.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
43	Departments' Practices	Macias Study	2) The Office of Finance should ensure that 14 Departments Establish Uniform Billing Procedures: Fourteen of the 17 City departments included in our review rely on informal, locally-developed processes and institutional knowledge, rather than consistent, documented processes for billing. The remaining departments, such as the Police, Fire and Transportation departments have more detailed guidance governing billing and collection processes.	Citywide	Finance will survey the RMC in <u>April 2011</u> to identify codified and uniform billing procedures for departments' receivables.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
44	Revenue Programs	City Council	INSTRUCT the City Administrative Officer, with the assistance of the Office of Finance and in consultation with the Chief Legislative Analyst to report on potential parameters and probable success of a billing amnesty program, including better ways to utilize the City Intranet for publication of delinquent non-tax debtors. (CF#s 10-0225 and 10-1155 October 13, 2010)	CAO; CLA	The Non-Tax Amnesty Program is effective <u>February 1, 2011 through April 30, 2011</u> . A list of non-tax debtors' accounts is posted on the intranet so that City departments can cross reference this list and can request payment due the City when a listed debtor applies for additional City services. Finance is presently exploring improved utility of the list.	03/31/2011	Initiated
45	Revenue Programs	CORE	24) SELECTION CRITERIA AND COMPENSATION - CORE recommends that the City's future collection agency-related Requests for Proposals (RFPs) and agreements refocus from low-fee, low-bid contracts to performance-based selection and compensation. For aged accounts, vendors should be provided with significantly enhanced commission(s) in relation to the difficulty and likelihood of collection.	City Attorney	Implemented in Secondary Collection Contracts. Current contracts will expire in <u>September 2012</u> . Finance will work with City Attorney to implement in the next collections contract cycle as well.	03/31/2011	Implemented

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
46	Revenue Programs	CORE	25) COLLECTION AGENCY CONTRACT PROVISIONS - CORE recommends specific provisions for collection agency contracts be considered, as follows: i. Competition clauses (See CORE Nos. 23 and 58). ii. Performance guarantees. iii. Performance bonds. iv. Annual financial statements to monitor vendor's strength and resources. v. Quarterly meetings between the vendor, Finance and department personnel to review and discuss how to improve everyone's performance. vi. Options for debtors to pay online. vii. Benchmarks. viii. Preferences for local employment. ix. Incentives to aggressively work the "back end" of account pools. x. Incentives to collect sooner rather than later. xi. Sophisticated and effective skip tracing. xii. Pairing of pools of receivables.		Finance will review with the City Attorney in conjunction with the next contract cycle. Existing contracts are scheduled to expire <u>September 2012</u> .	03/31/2011	Next Step
47	Revenue Programs	CORE	29) FINANCE'S EXERCISE OF SETTLEMENT AUTHORITY - CORE recommends that Finance report on its claims settlement statistics and policies to the Council's Budget & Finance Committee.		Finance implemented the Offer in Compromise program in <u>December 2010</u> and will continue ongoing. Finance will report back on its FY 2010-11 year end results.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
48	Revenue Programs	CORE	30) IMPLEMENT OFFER IN COMPROMISE PROGRAM - CORE recommends that Finance report to the Mayor, Council, CAO and CORE on the details and timetable of the forthcoming Offer in Compromise Program.	Citywide	The Offer in Compromise Program was implemented in <u>December 2010</u> and is an ongoing program.	03/31/2011	Implemented
49	Revenue Programs	CORE	31) EXPEDITE NON-TAX AMNESTY PROGRAM - CORE recommends that the Council expedite and fund the implementation of a comprehensive non-tax amnesty program proposed by Finance in its FY 10-11 budget.	Citywide	The Non-Tax Amnesty Program was implemented <u>February 1, 2011 through April 30, 2011.</u>	03/31/2011	Implemented
50	Revenue Programs	CORE	37) REFERRALS TO CITY ATTORNEY - CORE recommends that Finance and the City Attorney clearly memorialize the parameters, dollar thresholds and timing of cases transferred to the City Attorney from Finance or from departments.	City Attorney	Finance is meeting bi-weekly with the City Attorney's Office regarding litigation case strategy and improvements.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
51	Revenue Programs	CORE	40) COLLECTION REPORTS - CORE recommends that Finance and the City Attorney copy the other on monthly collection reports. Finance should copy the City Attorney on any reports related to departmental compliance with the Collection Guidelines and with reports on the status of collections by each department. Similarly, CORE recommends that the City Attorney furnish updates regarding all collections and account delinquency cases being handled by the City Attorney.	City Attorney	Finance is meeting bi-weekly with the City Attorney's Office regarding litigation case strategy and improvements.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
52	Revenue Programs	CORE	58) AMEND COLLECTIONS CONTRACTS - CORE recommends amendment of Finance's private collection contracts to make additional/secondary collection attractive to collection vendors. Because collecting aged accounts is considerably more difficult than primary collection, Finance should amend its existing contracts with private collections vendors to provide that an enhanced commission (of up to 40%) be paid with respect to collecting aged and difficult accounts. Working very aged accounts is not attractive to City vendors under the current compensation agreements. (See also CORE No. 24).		Secondary collection agencies' contracts have been established as of <u>December 2010</u> . In general, commission rates are substantially higher for secondary collection.	03/31/2011	Implemented
53	Delinquency Penalties	City Controller	21) The Mayor's Office should form a work group, which includes Finance and the City Administrative Officer (CAO), to review interest and penalties charged on various departmental billings.	CAO; Citywide	Finance proposes to coordinate a citywide review of interest and penalties and will discuss with City Attorney and report back on a process.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
54	Delinquency Penalties	City Controller	22) Finance should determine when interest should begin accruing and when the interest rate should be changed.	Citywide	<p>Finance has a standard for determining when interest should begin accruing and when the interest rate should be changed. Departments have been provided this information for consideration in the application of their billing and collection practices. Finance updates the interest rate annually and notifies departments.</p> <p>Due to the unique business practices throughout the City, Finance believes that the application of interest should be evaluated on a case-by- case basis as a method of incentive for compliance, insuring that the City receives monies owed for services.</p> <p>See Document Line No. 53.</p>	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
55	Delinquency Penalties	City Council	REQUEST the City Attorney and INSTRUCT the Office of Finance to report back to the Council on the feasibility of granting the Office of Finance the ability to administer liens on unpaid business tax assessments without having to refer the matter to the City Attorney's Office. (CF# 09-1476 July 10, 2009)	City Attorney	Effective <u>September 12, 2010</u> , Los Angeles Municipal Code (L.A.M.C.) Sec. 21.15 was amended authorizing Finance to record liens against real and personal property used in connection with activities that generated unpaid taxes, interest, and penalty liabilities due the City. (See L.A.M.C. Sec. 21.15 (o)).	03/31/2011	Implemented
56	Delinquency Penalties	City Council	REQUEST the City Attorney to report on all legal options to pursue delinquent payments; other related penalties or asset acquisition; parameters under which legal action should be considered; and the amount of time appropriate to allow a collection agency to resolve payment before it is referred to the City Attorney. (CF#s 10-0225 and 10-1155 October 13, 2010)	City Attorney	Finance has expedited certain audit cases to the City Attorney's Office for litigation. Additionally, Finance has implemented a lien program as described in Document Line No. 55. With implementation of secondary collections the City collection process is now 18 months. These programs are in part designed to help reduce the referral of delinquent accounts to the City Attorney's office for litigation.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
57	Delinquency Penalties	CORE	32) STANDARDIZE INTEREST AND PENALTIES - CORE recommends that the Council instruct the City Attorney to prepare draft ordinance(s) necessary to apply consistent fees, penalties, and interest charges for all City receivables - except as may be noted as being impermissible. Said draft should then be sent to each department General Manager, who would have no more than 30 days to object. Revised draft ordinance(s) would be submitted to the AGE Committee and to Council for review and approval.	City Attorney; Citywide	Finance will contact the City Attorney for advice on this.	03/31/2011	Next Step
58	Delinquency Penalties	CORE	33) INCREASE INTEREST AND PENALTIES - CORE recommends that Finance prepare a report on the feasibility of increasing the interest rate and penalties currently applied to delinquent receivables to no less than the average being charged by other municipalities.	City Attorney; Citywide	See response to Document Line Nos. 53 and 54.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
59	Delinquency Penalties	CORE	34) ADMINISTRATIVE LIENS - CORE recommends that Finance move to aggressively implement the City's newly adopted administrative lien Ordinance for delinquent taxes. Finance should also report on its implementation and the results thereof to the Council's Budget & Finance Committee six (6) months after the effective date of the Ordinance.		LAMC 21.15 (o) regarding liens is effective and Finance implemented the Lien Program in <u>December 2010</u> . Finance will report back on FY 2010-11 year end results.	03/31/2011	Implemented
60	Delinquency Penalties	CORE	36) LIEN RECOMMENDATIONS - CORE recommends that Finance and the City Attorney collaborate to draft a framework for a Citywide policy dictating the greater use of liens and other encumbrances with recommendations for applications.	City Attorney	Presently, the lien program referenced in Document Line No. 59 is the only such program under Finance. Finance will survey the RMC as to the applicabililty and use of liens to other receivables. Finance will draft an initial policy for inclusion in the Citywide Guidelines on the use of liens.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
61	Uncollectible	City Controller	7) For accounts returned as uncollectible by Allied, Finance should refer the accounts directly to the Board of Review (BOR) for write-off approval unless a specific department requests to make the referrals itself.	City Attorney; City Controller; Treasurer; Citywide	In conjunction with BOR members and the City Attorney, appropriate changes to the mandates and governing codes of the BOR will be evaluated. Finance is following up with the principal parties to begin discussion.	03/31/2011	Next Step
62	Uncollectible	CORE	26) RFP / RFQ FOR EVALUATION OF SALEABLE RECEIVABLES - CORE recommends that Finance issue a Request for Proposals (RFP) / Request for Qualifications (RFQ) for evaluation of receivables for sale and for brokers specializing in such sales. Council should be presented with the scope of work for the RFP / RFQ prior to its release.	City Attorney; City Controller; Treasurer; Citywide	Finance is in the process of drafting an RFP for a broker and will report back within <u>45 days</u> for Council approval.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
63	Uncollectible	CORE	27) REDEFINE THE BOARD OF REVIEW - CORE recommends amending the City Administrative Code to make the primary charge of the Board of Review (BOR) the evaluation of (pools of) accounts receivable for sale or auction. Currently, the BOR is charged with evaluating improbable receivables for write-off. While there are some receivables of clearly no value that need to be evaluated for write-off approval by the BOR, nearly all the rest of the City's improbable receivables should, more appropriately, be evaluated by the BOR, in consultation with debt sale brokers, for approval for sale or auction. For the bulk of aged receivables, the City would then automatically write-off the difference between the amount of the debt and the amount realized in a final sale or auction.	City Attorney; City Controller; Treasurer; Citywide	In conjunction with BOR members and the City Attorney, appropriate changes to the mandates and governing codes of the BOR will be evaluated. Finance is following up to schedule a meeting with the principal parties to begin discussion.	03/31/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

Exhibit i

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
64	Uncollectible	CORE	28) REVIEW OF ACCOUNTS RECEIVABLES FOR SALE - CORE recommends that the Mayor and Council direct that accounts uncollected after secondary collections should be automatically forwarded to the Board of Review for evaluation and recommendation for auction or sale.	City Attorney; City Controller; Treasurer; Citywide	See response to Document Line No. 63.	03/31/2011	Next Step
65	Resource Requirement	City Controller	24) Finance should consider reducing the scope of its departmental reviews so that it can increase the number of departments reviewed.		Finance is updating and narrowing the scope of its departmental reviews. Given competing directives and lack of staffing, departmental reviews are currently on hold; however, Finance can resume departmental reviews if fully staffed in the Citywide Program pending a hiring freeze exemption for a Management Analyst II position.	03/31/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
66	Resource Requirement	City Council	<p>Instruct the CAO, with the assistance of the City Attorney, Office of Finance and the CLA, to report to the City Council by March 10, 2010 with a summary report that contains the following information (CF# 10-0332 March 4, 2010):</p> <p>- A proposed incentive mechanism to share a portion of the amounts collected with City departments, including Finance and the City Attorney, to enhance staffing to seek additional debt collection.</p>	City Attorney; CAO; CLA	Finance's FY 2011-12 Budget Package outlines a proposal for establishing a funding source to sustain the Department's revenue collection activities.	03/31/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
67	Resource Requirement	City Council	<p>Instruct the CAO, with the assistance of the City Attorney, Office of Finance and the CLA, to report to the City Council by March 10, 2010 with a summary report that contains the following information (CF# 10-0332 March 4, 2010):</p> <p>-Detailed recommendations on supplemental resources - both in-house and contract - that should be authorized to expedite collection of the City's receivables.</p>	City Attorney; CAO; CLA	In Finance's FY 2011-12 Budget Package, the Department requests that Finance staffing be exempted from furloughs and the City's hiring freeze. Finance's budget package also outlines a proposal for establishing a funding source to sustain the Department's revenue collection activities. As evaluation of further receivables centralization initiatives continues, additional resources requirements will be identified. See Document Line No. 65.	03/31/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
68	Resource Requirement	CORE	7) ADEQUATE STAFFING AND FUNDING FOR FINANCE - CORE recommends that the Council prioritize staffing and funding for Finance's revenue-generating positions and work.i. Exempt Finance's revenue-generating positions from employee furloughs and hiring freezes.ii. Allocate funding needed to fully staff Finance's Revenue Management Division.iii. Allocate funding needed to fund analysts and clerical staff for the FMS project.iv. Consider a stable and certain funding source for Finance's collection work – perhaps, in part, from Finance's collections.	CAO; CLA	In Finance's FY 2011-12 Budget Package, the Department requests that Finance staffing be exempted from furloughs and the City's hiring freeze. Finance's budget package also outlines a proposal for establishing a funding source to sustain the Finance's revenue collection activities.	03/31/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
69	Resource Requirement	CORE	43) AUDIT OF DEPARTMENTAL AR REPORTS - CORE recommends that Finance present to Council and the CAO a Memorandum regarding the resources needed by Finance to adequately audit the accounts receivable being reported by departments.		Finance's FMS Phase 2 team will be responsible for delivery of a centralized reporting system, along with post-implementation departmental accounts receivable activity monitoring, tracking, analysis, reconciliation and reporting. Finance's FMS Phase 2 team resources continuation requested in the department's <u>FY 2011-12 Budget request</u> .	03/31/2011	Submitted

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
1	Building & Safety	CORE	47) CROSS REFERENCE LISTS OF DELINQUENTS - CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.		
2	Building & Safety	Macias	5)a) Building and Safety Department should increase the timeliness in referring delinquent billings to collections.		
3	Building & Safety	Macias	5)b) Building and Safety Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process the different types of bills produced within the Department. Similarly, procedure manuals should be developed for the collections process.		
4	Building & Safety	Macias	5)c) Building and Safety Department should develop a set of metrics to measure billing and collection process performance. This should include: cycle time to complete various types of billings, average labor hours and cost to produce a bill, and initial payment collection rate by bill type.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
5	Building & Safety	Macias	5)d) Building and Safety Department should review its substantial aging receivables to determine what amount should be written off.		
6	Building & Safety	Macias	5)e) Building and Safety Department should conduct a feasibility study into possible on-line customer access for scheduling and payments of inspections.		
7	CAO	CORE	14) L.A. COUNTY BUDGETING PARADIGM - CORE recommends that the CAO report to the Mayor and the Council on the feasibility of adopting aspects of the County of L.A.'s budgeting paradigm – wherein department budgets are based, in part, on collections targets. Departments that do well can benefit. Departments that fail to meet expectations are called to account by the County's CEO and by the Board of Supervisors.		
8	CAO	CORE	16) REVENUE TARGETS AND FSRs - CORE recommends that the Mayor, CAO and Council make department-by-department revenue targets (and performance) a fixed part the budget process, of the regular Financial Status Reports (FSRs) by the CAO, and that these targets be included in all quarterly reports by departments.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
9	CAO / CLA	CORE	<p>10) QUARTERLY IG REPORTS RE DEPARTMENTS' COMPLIANCE WITH COLLECTION GUIDELINES AND DIRECTIVES - CORE recommends that the Inspector general (IG) proposed by CORE (See Sec. VI.D.) prepare quarterly reports of departments' compliance and performance to submit to the Mayor, Controller, City Attorney and the Council: i. Compliance of departments with each of the criteria in Directive No. 5. ii. Compliance of departments with all applicable Collection Guidelines. iii. Performance of departments with capturing all billable services and fees – including full cost recovery. iv. Progress of departments in cultivating new revenue sources. v. Reports to include both details and a simple chart/checklist with summary scores or grades for each department.</p>		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
10	CAO / CLA	CORE	15) PILOT PROGRAM - CORE recommends that Council create a pilot program with several departments (or a cluster of departments) that would dedicate or earmark a portion of collections to fund the costs of collections and to benefit said departments' operations. The paradigm might be that a portion of certain revenues be apportioned or directed to help fund and support: i. Collection positions at Finance. ii. The post of Inspector General for Revenue & Collections. iii. Revenue-generating positions in the specific department. iv. Staffing needs and programs of the specific department.		
11	CAO / CLA	CORE	18) INSPECTOR GENERAL - CORE recommends the establishment and appointment of an Inspector General for Revenue and Collections to independently report on, and aid in the implementation of, the City's Collection Guidelines, the Controller's recommendations, the recommendations of this Blueprint and other collection reforms.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
12	City Attorney	CORE	35) RECORDED PARKING LOT LIENS / ENCUMBRANCES - CORE recommends that the City Attorney, in consultation with the CLA, prepare a memorandum regarding the feasibility of requiring parking lot/facility/structure tax agreements to be recorded upon the title to the real properties whereupon such operations currently exist. Such agreements could serve as an encumbrance upon the real properties to essentially guaranty payment of the parking tax and as a lien that could be foreclosed upon in the event of non-payment (similar to property taxes).		
13	City Attorney	CORE	38) CONTINGENCY CASES – CORE recommends that the City Attorney outline a proposed framework for contingency cases.		
14	City Attorney	Macias	9)a) City Attorney's Office should document litigation cost recovery billing processes within the department.		
15	City Attorney	Macias	9)b) City Attorney's Office should provide quarterly litigation cost recovery receivables report to Finance.		
16	City Clerk	Macias	10)a) City Clerk's Office should, in providing billing and collection related services for Business Improvement Districts (BIDs), discuss with the respective BIDs strategies for increasing the collection rate from merchant based BIDs, after the initial invoice and after subsequent notices.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
17	City Clerk	Macias	10)b) City Clerk's Office should improve efficiencies in the generation and review of the approximately 2,000 manual based invoices to merchants should also be investigated.		
18	Controller	Macias	11) City Controller's Office should: due to their low volume, transfer fee-for-services billings (i.e. copying and heir finder services) to Finance or the General Services Department.		
19	EnvironmentLA	Macias	12)a) EnvironmentLA should document solid waste permit billing processes within the department.		
20	EnvironmentLA	Macias	12)b) EnvironmentLA configure ARS to refer delinquent accounts to collections after 45 days past due.		
21	EnvironmentLA	Macias	12)c) EnvironmentLA should refer existing delinquent accounts to collections.		
22	EnvironmentLA	Macias	12)d) EnvironmentLA review substantial aging receivables to determine what amount should be written off.		
23	Fire	Controller	9)a) LAFD should meet with the contracted vendors to identify controls that will need to be in place to accurately capture billing information.		
24	Fire	Controller	9)b) LAFD should consider incorporating the identified controls to achieve this objective into the final contract.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
25	Fire	Controller	9)c) LAFD should, once the contracts are in place, perform a review to ensure that all emergency medical transportation services provided will result in the required billing information being captured and sent to the contractor to generate invoices in a timely manner.		
26	Fire	Controller	10) Until the outsourcing of EMS billings has been completed, LAFD should, on a sample basis, ensure that all 902Ms that the billing unit receives are entered into the billing system.		
27	Fire	Controller	18) Fire Department management should establish controls to ensure that CUPA billings are mailed in a timely manner. LAFD should explore ways to expedite the billing process so that bills can be mailed as soon as practical.		
28	Fire	Controller	19) LAFD and LAPD should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.		
29	Fire	Controller	31) The Fire Department should sequentially number certificates of fitness and ensure that each certificate is properly accounted for.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
30	Fire	CORE	54) EMS DATA CAPTURE AND BILLING - CORE recommends LAFD expedite modernization and streamlining both for Field Data Capture and Emergency Medical Services Billing and Collection – pursuant to the two contracts for LAFD’s outsourcing approved by the Council August 3, 2010. Finance and the Inspector General should monitor and report on the vendors’ performance.		
31	Fire	CORE	55) CAPITATED PAYMENT SYSTEM - CORE recommends that while modernizing the current paradigm of individual billings, the City should also pursue negotiated bulk contracts with 3rd party payers -such as Medicare, Medi-Cal and private insurers. This could be an innovative alternative to the current patient-by-patient, bill-by-bill approach.		
32	Fire	CORE	56) LEVERAGE EXISTING RELATIONSHIPS - CORE recommends that the City leverage existing relationships and contracts with health insurers and providers. L.A. has business relationships with some of the same insurers and providers that reject or slow-pay EMS bills from LAFD. L.A. should assess how to use the contracts it grants to these same companies to the City’s advantage.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
33	Fire	Macias	13)a) Fire Department – Emergency Medical Services should refer delinquent EMS accounts to collections. In June 2009, Fire received statutory authority from the City to start referring delinquent accounts to collections.		
34	Fire	Macias	13)b) Fire Department – Emergency Medical Services should review its substantial aging receivables to determine what amount should be written off.		
35	Fire	Macias	14)a) Fire Department – Other Billings should bill for brush clearance removal at time of occurrence, rather than annually.		
36	Fire	Macias	14)b) Fire Department – Other Billings should review its substantial aging receivables to determine what amount should be written off until Finance assumes responsibility for accounts receivable management, the department should review current billing procedures to ensure that all non-EAS accounts receivable are referred to collections 45 days after delinquency as required by Finance.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
37	General Services	Macias	15)a) General Services Department should evaluate for their compatibility with other division responsibilities and activities the Accounting division's responsibilities for i) special events deposits, ii) laboratory testing billing for only three accounts, iii) film permit deposits for use of city buildings and iv) lease management of city owned buildings. Another location within the General Services Department or in another City department may yield improved efficiencies and effectiveness.		
38	General Services	Macias	15)b) General Services Department should review the controls over the Peachtree accounting system that is used for Accounting Division billing activities to ensure that they are effective and adequate.		
39	General Services	Macias	15)c) General Services Department should evaluate the processes and controls used for transferring data from the Peachtree system to the City's financial system for efficiency and effectiveness.		
40	General Services	Macias	15)d) General Services Department should review the deposit requirements for leasing City owned buildings to ensure that the City is sufficiently protected should tenants depart without paying rental amounts due.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
41	Housing	CORE	47) CROSS REFERENCE LISTS OF DELINQUENTS - CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of delinquent accounts.		
42	Housing	CORE	64) HOUSING DEPARTMENT REPORT TO AGE COMMITTEE - CORE recommends that the Council's Audits & Governmental Efficiency Committee instruct LAHD to present an overview of its billing and collections practices, status of accounts receivable and utilization of liens.		
43	Housing	CORE	65) REDUCE TIMELINE FOR PAYMENT OF LAHD BILLS - CORE recommends that LAHD propose to the City Council recommended Ordinance changes to compress the tiers and timeline of LAHD's collection process.		
44	Housing	Macias	16)a) Housing Department – Fee Billings should conduct an independent post implementation review of the Departments new HIMS system upon completion of its implementation to ensure the accuracy and integrity of the financial data.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
45	Housing	Macias	16)b) Housing Department – Fee Billings should develop cycle time metrics to complete its various types of billings and re engineer processes to reduce the time necessary to complete and issue bills.		
46	Housing	Macias	16)c) Housing Department – Fee Billings should develop a web-based portal so that property owners can update contact and parcel description information to reduce the time required by staff to update property ownership information.		
47	Housing	Macias	16)d) Housing Department – Fee Billings should allow property owners to pay annual rent registration on-line.		
48	Housing	Macias	16)e) Housing Department – Fee Billings should conduct a feasibility study of streamlining the city codes and statutes on code and housing fee exemptions that could be applied to property owners.		
49	Housing	Macias	16)f) Housing Department – Fee Billings should increase fee billing A/R reporting frequency from quarterly to monthly and continue to distribute the reports to all applicable parties. These reports should include data on total billings and revenue receipts to date.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
50	Housing	Macias	16)g) Housing Department – Fee Billings should dedicate two of its existing staff to monitor and follow up on aging receivables, and thus improve the timeliness of referring delinquent billings to collections.		
51	Housing	Macias	16)h) Housing Department – Fee Billings should review the current aging receivables to determine delinquent billings eligible for write-off.		
52	Housing	Macias	16)i) Housing Department – Fee Billings should prepare detailed step by step billing, payment and collection procedures for staff to follow.		
53	Housing	Macias	16)j) Housing Department – Fee Billings should develop reporting interfaces for the Housing’s Housing Information Management System (HIMS).		
54	Housing	Macias	17)a) Housing Department - Real Estate Billings should include real estate loan billings in the quarterly accounts receivable and collections report provided to Finance.		
55	Housing	Macias	17)b) Housing Department - Real Estate Billings should assess the accuracy and reliability of real estate loan billing transactions as processed by the HIMS system.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
56	Housing	Macias	17)c) Housing Department - Real Estate Billings should develop a manual that describes and maps the billing processes throughout the Department. The loan generation procedures currently available should be formalized in this central document.		
57	Inspector General	CORE	11. QUARTERLY IG REPORTS RE COLLECTION RECOMMENDATIONS OF CORE AND CONTROLLER - CORE recommends that the Inspector General (IG) proposed by CORE (See Sec. VI.D.) prepare quarterly reports to submit to the Mayor, Controller, City Attorney and the Council: i. Status of implementation of each of the currently not-implemented and/or partially implemented recommendations in the Controller's 2007 and 2010 Audits. ii. Status of implementation of each of CORE's recommendations that are ultimately adopted by the City.		
58	Mayor	CORE	5) TREAT FINANCE INSTRUCTIONS AS MAYORAL DIRECTIVES - CORE recommends that the Mayor clarify for the benefit of all department General Managers that instructions by Finance to departments regarding revenue, billing and collections shall be treated as Mayoral directives. Finance instructions could also be incorporated into future Mayoral directives regarding collections, or used as the basis therefore.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
59	Mayor	CORE	<p>12) DEPARTMENT MANAGERS ATTESTATION TO COMPLIANCE - CORE recommends that the Mayor, CAO and Council's Budget & Finance Committee require department General Managers, as part of annual budget requests, to submit a letter attesting their department's compliance with Directive No. 5 and with all provisions of the Collection Guidelines. Any and all provisions wherein a department is not in compliance shall be detailed by the General Manager and reviewed as part of the budget process.</p>		
60	Mayor	CORE	<p>13) PERFORMANCE GUIDELINES FOR GENERAL MANAGERS - CORE recommends that, in order to implement a clear management evaluation policy which includes revenue and collection performance criteria, the Mayor, as Chief Executive should consider development of specific individual performance guidelines with each General Manager. These guidelines should include goals and expectations set respectively by the General Manager and the Mayor and should be evaluated annually by the Mayor and his executive team with advisory input from the City Council as appropriate to consider the General Manager's capability and performance in meeting the overall responsibilities of running the individual department.</p>		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
61	Mayor / Council	CORE	42) WRITE-OFFS - CORE recommends that the Mayor and Council direct City departments and Finance to present accounts for timely write-off in accord with the timelines set forth in Collection Guidelines. It is further recommended in the event that departments fail to timely submit qualifying receivables, certain sums shall be withheld from their budget allocations until such time as there is compliance. This recommendation will only need to be implemented so long as the current system of referrals exists.		
62	Personnel	Macias	18)a) Personnel Department should establish internal controls in the following areas: provide supervisory review of bills prepared by staff and check to verify that the universe of bills were prepared and issued.		
63	Personnel	Macias	18)b) Personnel Department should prepare monthly memos to the Unit Director on the total revenue billed so that month-to-month comparisons could be made to help ensure billing accuracy.		
64	Personnel	Macias	18)c) The Unit Director should conduct spot checks to validate that all van pool participants are appropriately charged.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
65	Planning	Macias	19)a) Planning should document cost recovery and expedited cost recovery billing processes within the department.		
66	Planning	Macias	19)b) Planning should document cost recovery exceptions, such as new project manager training, and provide non-chargeable time codes for these exceptions. This will reduce supervisors' manual adjustments to cost recovery bills.		
67	Planning	Macias	19)c) Planning should review substantial aging receivables to determine what amount should be written off.		
68	Police	Controller	19) LAFD and LAPD Commission should refer accounts within 45 days of delinquency, unless they can demonstrate that it is in the City's best interest to hold onto the account longer.		
69	Police	Macias	20)a) Police Department should develop a comprehensive set of desktop manuals that clearly define the steps that staff should take to process false alarm bills within the CryWolf system. Likewise, the procedures for the other types of bills, DUI and Board Ups, should also be developed.		
70	Police	Macias	20)b) Police Department should refer delinquent accounts to collections. Review its substantial aging receivables to determine what amount should be written off.		

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#	Department	Source	Instruction	Status Update	Date
71	Police	Macias	20)c) Police Department should develop a set of metrics to measure billing and collection performance. This should include: cycle time to complete a bill (primarily false alarm), average labor hours and cost to produce a bill, and initial payment collection rate by bill type.		
72	Police	Macias	20)d) Police Department should investigate the feasibility of implementing an on-line payment system for false alarm bills that would allow property owners to view the details of false alarm bills, make on-line payments, and file protests.		
73	PW – Bureau of Engineering	Macias	6)a) Bureau of Engineering should work with the Public Works General Accounting Office and Finance to receive billing reports for performance monitoring purposes.		
74	PW – Bureau of Engineering	Macias	6)b) Bureau of Engineering should examine the feasibility of automating B permit bill data generation.		
75	PW – Bureau of Engineering	Macias	6)c) Bureau of Engineering should configure the Merlin system to allow for electronic data extraction into Excel which would help reduce errors that occur now because of manual data entry.		
76	PW – Bureau of Engineering	Macias	6)d) Bureau of Engineering should code grant formulas onto the Excel spreadsheets to allow staff to easily compute matching requirements and reduce manual activities.		

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#	Department	Source	Instruction	Status Update	Date
77	PW – Bureau of Sanitation	Macias	7)a) Bureau of Sanitation should develop processes and procedures for refuse and recyclables collection, septage waste hauling, and groundwater fee billings		
78	PW – Bureau of Sanitation	Macias	7)b) Bureau of Sanitation should include refuse and recycling collection, industrial waste billing, septage waste hauling, and groundwater fee receivables in quarterly report to Finance		
79	PW – Bureau of Street Lighting	Macias	8) Bureau of Street Lighting (BSL) should include billings for street light repairs in the quarterly accounts receivable and collections report provided to Finance.		
80	PW – Office of Accounting	Macias	21)a) Public Works Department – General Accounting Office; centralized billing procedures should be fully developed by the Office that address all the bill types generated by its various bureaus and agencies.		
81	PW – Office of Accounting	Macias	21)b)Public Works Department – General Accounting Office should establish interfaces so that Bureaus submit billing data electronically rather than manual drop off of information.		
82	PW – Office of Accounting	Macias	21)c) Public Works Department – General Accounting Office should, until Finance centralizes more billing and collections activities, dedicate more time of other billers to monitor and follow up on aging receivables.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
83	PW – Office of Accounting	Macias	21)d) Public Works Department – General Accounting Office should review aging receivables to determine what amount should be written off.		
84	Transportation	CORE	57) RECALL SEVERELY AGED DELINQUENT ACCOUNTS FROM ACS - CORE recommends that DOT recall from ACS severely aged delinquent accounts and transfer them, in consultation with Finance, for assignment to additional/secondary collections by another vendor (with possible inclusion in a non-tax amnesty program) or for sale/auction.		
85	Transportation	CORE	59) NEW DOT BILLING AND COLLECTION CONTRACT(S) - CORE recommends that DOT consult with CORE prior to and during the process of issuing an RFP for a (new) vendor contract. Expiration of the existing ACS contract presents the opportunity to assess the strengths and weaknesses of current practices and fee structure(s) -- and ways to improve.		

Departmental Response Tracker

#	Department	Source	Instruction	Status Update	Date
86	Transportation	CORE	<p>60) RENTAL CAR PROGRAM - CORE recommends that DOT should develop and present to Council a new strategic program to boost collections on parking tickets issued to rental vehicles. For citations issued between May 2006 and June 2008, the category of "rentals and miscellaneous" constituted 11.65%, or \$22.96 million, of DOT's Difficult to Collect accounts. As detailed below, rental companies can simply provide DOT with renter information and then they are excused from responsibility. If a rental car company does not timely furnish the information, DOT and its vendor may, and should, seek payment from the rental car company. The City should also consider using renewal of franchise agreements with rental companies at LAX, or the negotiations to eventually build a central rental car facility at LAX, as leverage to engage these companies in taking more responsibility. We might, for example, request that rental companies maintain a list of renters with unpaid tickets and refuse to rent to them until the tickets are paid.</p>		

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#	Department	Source	Instruction	Status Update	Date
87	Transportation	CORE	<p>61) PRIORITIZE REPAIR OF BROKEN PARKING METERS - CORE recommends DOT's swifter repair and replacement of broken meters to improve revenues from both meters and parking citations. According to a recent study conducted for the City, 10-12% of the City's parking meters were broken or failed at any given time. This results in a very substantial loss of both parking meter income and in the ability of traffic officers to issue citations.</p>		
88	Transportation	CORE	<p>62) REVISE DOT REPORTING OF RECEIVABLES - CORE recommends that DOT amend and supplement its current format for reporting of accounts receivable. Reports of DOT's receivables are quite misleading. As noted above, because the current AR reporting format does not separate out late fees and penalties, the 15% of parking citations that are due and unpaid disproportionately impact the reported sums due. Moreover, the reported sums due do not reflect the sizeable portion of said sums that, if paid, would actually be payable to other entities (pursuant to the California Vehicle Code), or to the collection vendor. DOT should thus revise its AR reporting template (in accord with Blueprint Recommendation No. 41), and also create separate report columns to clarify the net amount that would accrue to DOT, after required distributions to other parties.</p>		

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#	Department	Source	Instruction	Status Update	Date
89	Transportation	CORE	63)a) TRAFFIC OFFICERS - CORE recommends funding for sufficient numbers of citation officers. Parking ticket revenues are being hindered by reductions in the number of traffic officers employed by the City to issue citations, coupled with frequent assignment of officers to traffic control or special events duties – thus reducing the number of citations that can be issued. Maintaining revenue-producing positions in the City must be a priority.		
90	Transportation	CORE	63)b) COLLECTION OVERHEAD AND EXPENSES - CORE recommends that DOT present to the Council’s Audits and Governmental Efficiency Committee (AGE) a report on overhead and expenses for parking management support services. DOT’s current vendor contract provides for reimbursement of various overhead and expenses, including printing, postage, certain supplies, document storage, etc. There is also a provision for a mark-up of up to 10% on some of these reimbursements. A report reviewing such overhead and expenses during the period of the contract is advisable.		

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#	Department	Source	Instruction	Status Update	Date
91	Transportation	CORE	63)c) SCOFFLAW ENFORCEMENT - CORE recommends the Council consider seeking a change in the current definition of a scofflaw in California Vehicle Code -- from a vehicle that has five delinquent and unsatisfied citations to a vehicle that has three delinquent and unsatisfied citations. Reducing the threshold for scofflaw enforcement would serve to increase the City's overall collection rate, and collection revenues		
92	Transportation	CORE	63)d) VEHICLE LIENHOLDERS - CORE recommends that DOT consider the feasibility of providing notice to vehicle lienholders of impoundments or impending impoundments. A lienholder may be a vehicle dealer, bank, credit union or acceptance corporation that holds a security interest – and the right to repossess the vehicle in the event that a borrower of lessee fails to pay as promised. Impoundment of a vehicle for multiple unpaid parking tickets can increase both the potential for default by a borrower or lessee – and the costs for lienholders who reclaim a vehicle from impoundment in order to repossess it. Thus, it may merit considering how notices to lienholders might be used to put extra pressure on repeat parking violators to pay.		

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#	Department	Source	Instruction	Status Update	Date
93	Transportation	CORE	63)e) REDUCE MARGINS OF ERROR - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities to reduce margins of error in issuance of citations. Such citations being issued not just by DOT but also by LAPD, the General Services Dept. (GSD) and other City entities.		
94	Transportation	CORE	63)f) POLICY RE UNLIKELY TO COLLECT CITATIONS - CORE recommends that DOT and its vendor(s) develop an internal policy on issuance to and reporting as receivable citations issued to homeless and others from whom collection is less likely.		
95	Transportation	CORE	63)g) TECHNOLOGY - CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities for application of new and improved parking and citation-related technologies. For example, expanding the use of license plate scanning and recognition cameras and devices increases both scofflaw identification and citations issued.		

Departmental Response Tracker

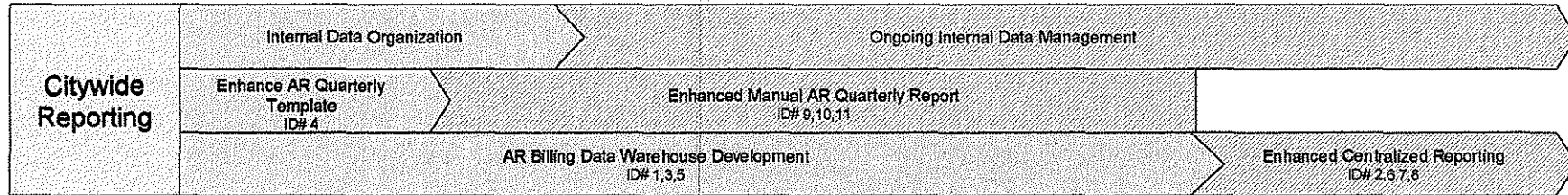
#	Department	Source	Instruction	Status Update	Date
96	Transportation	Macias	22)a) Transportation Department – Parking Citations should expand focus from vendor contract management to include vendor collection performance management. This includes working with the collections vendor to set performance goals, identifying barriers to achieving these goals (e.g., using Pareto analysis tools to track and address key receivables causes), and assisting in removing these barriers. The collection vendor currently provides some collection performance information to the DOT to initiate this added focus.		
97	Transportation	Macias	22)b) Transportation Department – Parking Citations should adjust 2011 contract to refer delinquent citations to city collection agencies.		
98	Treasurer	CORE	51) CREDIT / DEBIT CARD FEES - CORE recommends that the Treasurer prepare and submit a report on the fees currently being paid by the City for various types of credit card and debit card transactions – and whether there may be ways to reduce costs to the City. Payments for which payers must pay additional fees to use a credit card or to pay online should generally be discouraged.		

Departmental Response Tracker

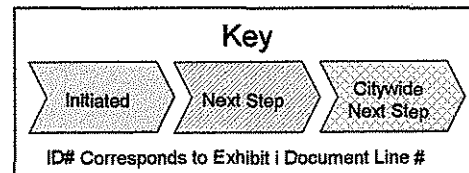
#	Department	Source	Instruction	Status Update	Date
99	Treasurer	CORE	52) RETURNED CHECKS – CORE recommends that the Treasurer prepare and submit a report on rejected and returned checks and the disposition thereof. A uniform and full-cost recovery bad check charge should be applied.		
100	Citywide	CORE	17) ENCOURAGE AND THANK CITY WORKERS - CORE recommends that each department implement a recognition program for employees.		

Step 1: Data and Reporting

Step 1: Organize and Improve AR Data and Reporting

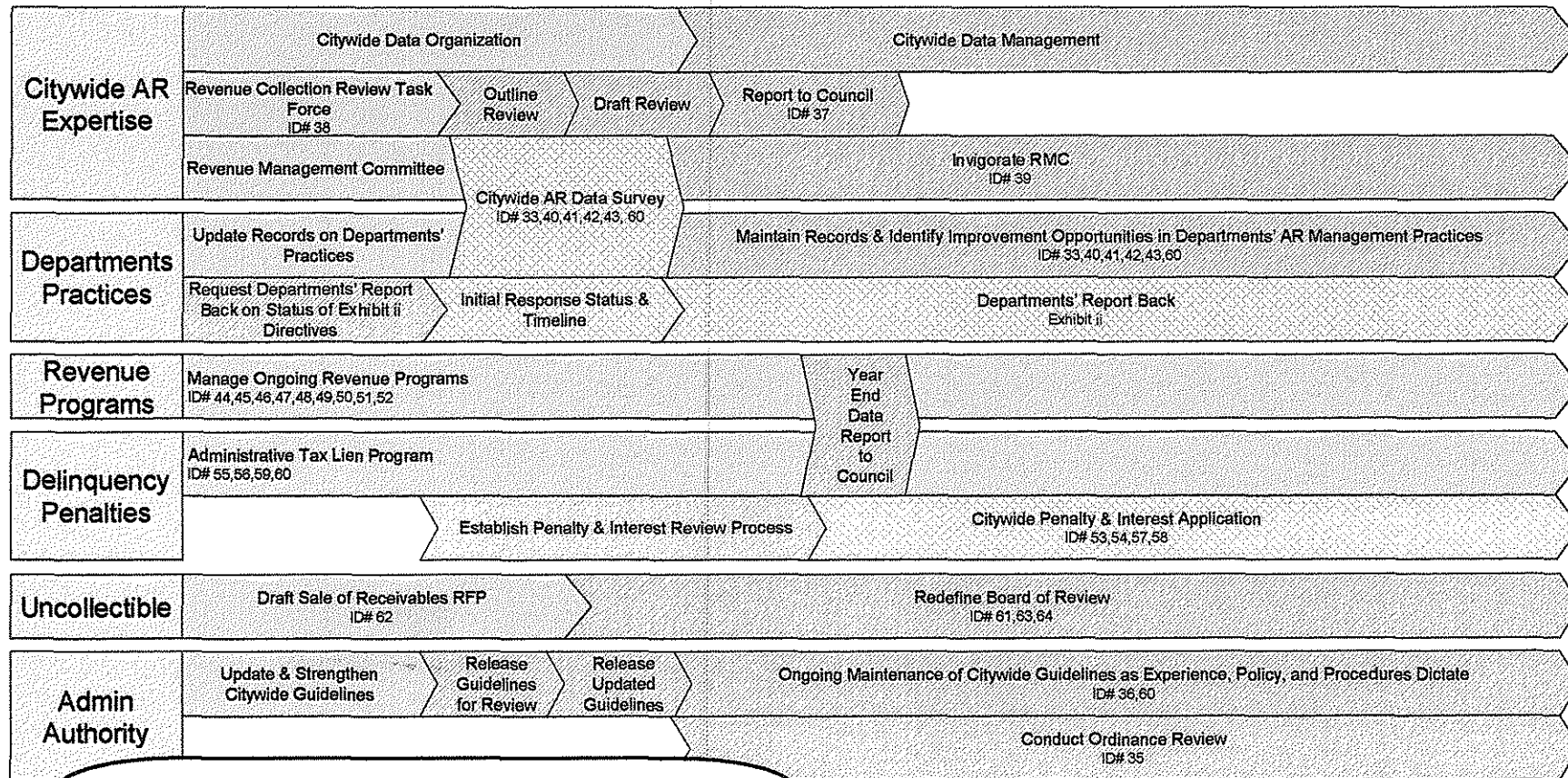


Finance is the business lead in implementing this currently underway initiative and is progressing on delivery as scheduled.

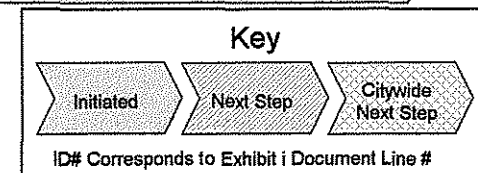


Step 2: Policy and Procedure

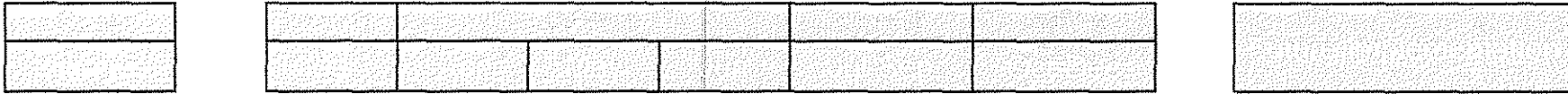
Step 2: Improve and Implement Citywide Policies and Procedures



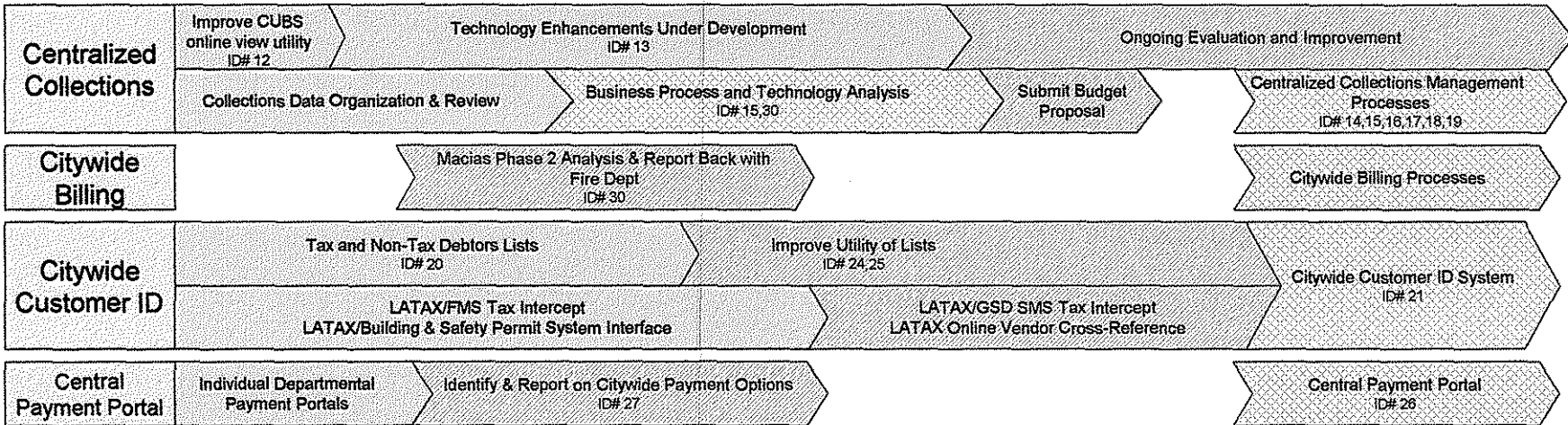
These broad efforts require coordination and participation across citywide departments and officials, which Finance will work to facilitate. As experience and resources dictate, Finance will continue to develop plans and evolve approaches.



Step 3: Centralization & Technology



Step 3: Centralize Accounts Receivable Processes and Technology



Finance will advocate for City discussion of future AR-related technical solutions, but centralization is a citywide effort with numerous stakeholders, various priorities, inter-departmental impacts, extended implementation timelines, and upfront development costs beyond the scope of any single department.

