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ANTONIO R. VILLARAIGOSA
MAYOR

August 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: Accounts Receivable Citywide Improvement Initiatives Report 4th Quarter FY11 (C.F. Nos. 10-0225)

Dear Honorable Committee Members:

As requested by the Joint Budget and Finance and Audits and Governmental Efficiency Committees, I am releasing the Accounts Receivable Citywide Improvement Initiatives Report for the 4th Quarter Fiscal Year 2010-2011. This report is a follow-up to our transmittal dated April 8, 2011 and furthers ongoing quarterly reporting on citywide accounts receivable management efforts. It also includes responses from City departments on various directives.

If you have any questions, please contact Jeffery Whitmore, Revenue Manager, Office of Finance at (213) 978-1781 and City Departments directly on their report backs.

Sincerely,

Antoinette Christovale, CPA
Director of Finance

Attachments

cc: Honorable Wendy Greuel, City Controller
Honorable Carmen Trutanich, City Attorney
Gaye Williams, Chief of Staff, Mayor's Office
Matt Szabo, Deputy Chief of Staff, Mayor's Office
Georgia Mattera, Deputy Mayor of Budget and Finance Policy
Gerry Miller, Chief Legislative Analyst
Miguel Santana, Chief Administrative Officer
Bud Ovrom, General Manager, Department of Building & Safety
June Lagmay, City Clerk, Office of the City Clerk
Brian Cummings, Interim Fire Chief, Fire Department
Tony Royster, General Manager, Department of General Services
Douglas Guthrie, General Manager, Housing Department
Randi Levin, General Manager, Information Technology Agency
Maggie Whelan, General Manager, Personnel Department
Michael LoGrande, Director of Planning, Planning Department
Andrea Alarcon, President, Board of Public Works
Jaime de la Vega, General Manager, Transportation Department
Richard Tefank, Executive Director, Police Commission
Commission on Revenue Efficiency (CORE)

AN EQUAL EMPLOYMENT OPPORTUNITY -- AFFIRMATIVE ACTION EMPLOYER

Accounts Receivable Citywide Improvement Initiatives

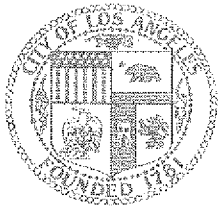
Fiscal Year 2010-11
4th Quarter Report



OFFICE OF FINANCE

Antoinette Christovale, CPA
Director of Finance

June 30, 2011



Office of Finance

Accounts Receivable Citywide Improvement Initiatives

SUMMARY

On April 8, 2011, Office of Finance (Finance) transmitted the first of ongoing quarterly reporting in response to the Macias Consulting Group Study (Macias Study), *Feasibility and Implementation Study: Centralization of Billing and Collection Activities* (2009); 2010 City Controller's *Follow-Up Audit on Citywide Billing and Collection Practices*; Commission on Revenue Efficiency's (CORE) *Blueprint for Reform of City Collections* (October 2010); and City Council actions (C.F. 10-0225).

On May 3, 2011, the City Council instructed:

1. 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.
2. City departments to prepare and submit responses, as coordinated by Finance, on the directives contained in Exhibit ii within 60 days.
3. Finance, with the assistance of the City Attorney, to develop a Request For Proposals (RFP) for sale of uncollectible accounts receivable and submit to Council for authorization within 45 days.

Finance Initiatives (Exhibit i)

Finance is continuing to report quarterly on progress toward implementing the various recommendations and ultimately improving collection of monies due the City. This is the second Accounts Receivable Citywide Improvement Initiative (ARCII) update for the 4th Quarter of Fiscal Year (FY) 2010-11. 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)

Finance is pursuing the many initiatives for citywide accounts receivable improvements within existing resources. Finance has successfully implemented Council's revenue programs in FY 2010-11 and has made some progress in addressing the escalated initiatives, particularly in acquiring information needed to further efforts in improving upon and informing about citywide accounts receivable.

FY 2010-11 citywide collections totaled \$27.3 million, slightly below prior year's \$28.3 million. This was despite several new initiatives:

- Secondary collections (\$.05 million) contracts executed December 2010
- Non-Tax Amnesty program (\$2.9 million) from February through April 2011
- Administrative Tax Liens (\$1.1 million) initiated December 2010

Accounts Receivable Citywide Improvement Initiatives

While both the Non-Tax Amnesty Program and Administrative Tax Liens were successful exceeding the budgeted revenues by \$1 million, the secondary collections program was low performing, in part due to a mid-year start, but also due to a slow adoption and implementation rate as collections among various departments is decentralized and dependent on modifications and interface development with their systems, in addition to the business process changes. Finance continues to work with departments to facilitate implementation of secondary collections processes where appropriate and will continue to evaluate the program's effectiveness along with ways to improve it, such as through enhanced centralized collections management tools.

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 with analysis and reporting to subsequently follow, although some departments may not meet this timeline for their own interface development. The primary known exception to the project's Concept Design is the non-involvement of the Los Angeles Convention Center (LACC), which was in-scope of Council's original project approval. LACC expressed confidentiality issues with the project scope and as of present, is not participating and will not be part of the initial system implementation. More recently, a preliminary assessment from the City Attorney indicates it may also be problematic to include ambulance billings as part of the reporting system due to Health Insurance Portability and Accountability Act (HIPAA) constraints on information. This is under further review and consideration.

Looking forward, this system development begets a need for ongoing resource requirements in supporting, maintaining, and using the system. Without continuing appropriate staffing the system's functionality and accuracy would be at-risk. Additionally, the baseline deliverable will need to continue to evolve to address the many nuances and variations of citywide accounts receivable types and reporting requirements. Permanent resources will be required in the FY 2012-13 Budget. In the meantime, Finance is making progress in current reporting of the citywide Accounts Receivable Quarterly (ARQ), and is further expanding and honing reporting in the upcoming 4th Quarter ARQ report.

In improving and compiling information on citywide receivables, Finance also engaged the Revenue Management Committee (RMC) to obtain information for response to many of the initiatives that Finance is addressing in Exhibit i.

Departments' Report Back (Exhibit ii)

Finance has compiled departments' report-backs on department specific directives identified by the City Controller, CORE, and Macias Study listed in Exhibit ii. All departments' responses have been received with City Attorney's response to Council to follow. It is important to note that since the Fire department started referring delinquent ambulance billings to the City contracted collection agencies administered by Finance, \$4.3 million in payments have been received. This is revenue that otherwise would not have been collected.

Accounts Receivable Citywide Improvement Initiatives

Leveraging this survey data and other information sources, detailed information spanning application of penalty and interest, applicable ordinances, and specific billing procedures for the universe of citywide billable receivables is being centrally compiled by Finance (See draft template - Exhibit iii). This data will be maintained with an annual validation and update by City departments. With this resource along with the aforementioned data capture underway by Finance, the Inspector General position will have an information repository as a starting point in working with departments to achieve citywide initiatives. Finance proposes to work with departments to centrally compile this data in the next 90 days and request Council's support in this action.

Sale of Uncollectibles RFP

An RFP for expanded broker evaluation and sale of uncollectibles is pending final review in conjunction with the City Attorney. The RFP was being designed to secure a broker for evaluation and sale of debt; however, this proposed model requires further legal consideration and the RFP as drafted may need to be modified. In the event that broker services cannot be secured, City staff would be required to conduct the debt sale. This was the case in the City's prior debt sale and it proved to be a cumbersome process for City staff. Additionally it should be noted that ambulance billings and parking citations are likely outside the scope of any debt sale by Finance due to legal constraints. Upon completion of review, the RFP will be transmitted to Council for further consideration.

Next Steps in Centralization

While the Macias Study identifies that citywide billing may be feasible, little tangible financial benefit is traceable to this effort in the figures provided in the study. Finance believes that centralized billing is not the next most logical and productive step in improving citywide accounts receivable management. Enhanced centralized management of citywide collection activities is likely to be the most significant improvement that can be made by Finance in terms of efficiency and potential revenue. While billing relies on specific departmental knowledge in generation and handling, collection activity is a more opportune task for Finance to successfully and more quickly overtake. Collections management is a core competency of Finance.

Finance is presently working to determine possible costs and benefits of enhanced centralized collections management. Some of the potential benefits of a robust centralized modern 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

Accounts Receivable Citywide Improvement Initiatives

- 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 Finance

Finance is prioritizing centralized collections management for consideration as the “next step” in the centralization of accounts receivable. This will require continuing collaboration and cooperation of citywide departments in facilitating the review process, legal support on issues related to types of debt eligible to be centralized under Finance, change management, determination of appropriate resource levels, procurement, and implementation. Finance is working toward presenting options for centralized collections management in the FY 2012-13 budget development process.

Closing

Resource enhancements will be required to fully implement many of the directives identified in this report, particularly those with a reliance on technological enhancement. Finance’s current capacity to pursue significant additional new technologies is limited. In the meantime, Finance will continue to pursue data, policy, and procedure improvements while managing ongoing activities and programs; however, the pace of execution of citywide improvements is unlikely to increase significantly as many of the directives are an escalation of Finance’s existing programs without additional resources.

Finance will continue to take input, refine, and evolve from this point. 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

That the City Council, subject to approval of the Mayor:

1. Request the City Attorney to report back to the Council with responses to items designated to the City Attorney in Exhibit ii as well as to identify a liaison to assist the Office of Finance in addressing legal issues pertinent to the initiatives listed in Exhibit i.
2. Request Citywide departments to work with the Office of Finance in compiling extensive citywide accounts receivable data in a form similar to Exhibit iii over the next 90 days as coordinated by Finance.

Attachments

- Exhibit i – Finance Directives Checklist
- Exhibit ii – Departmental Report-Back Tracker
- Exhibit iii – Draft Invoice-Type Workbook Template

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 FMS Phase 2 project to build a citywide accounts receivable billing data warehouse and reporting tool as recommended.	03/31/2011	Implemented
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>On 6/30/2011, Finance released the FY11 3rd Quarter Accounts Receivable Quarterly Report, which provides a breakdown of outstanding receivables by principal, interest and penalties.</p> <p>Uncollectibles trending data will accrue over time in the FMS Phase 2: accounts receivable data warehouse. But initial evaluation will likely require at least a year of data.</p>	06/30/2011	Initiated

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, went live <u>July 2011</u> . FMS Phase 2 accounts receivable billing data warehouse is currently scheduled for <u>December 2011</u> delivery.	06/30/2011	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	Revised Accounts Receivable Quarterly reporting was produced for the 3rd Quarter, FY 11. Refinements (including multiple aging report variations) will continue to occur with the launch of FMS Phase 2.	06/30/2011	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 FMS Phase 2 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	FMS Phase 2 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	The FY11 4th Quarter Accounts Receivable report will include quarterly and annual billing data. Billing data will accumulate on a go-forward basis from FMS Phase 2 accounts receivable billing data warehouse project go-live. Reporting is anticipated to be generated once sufficient data has accumulated for trending analysis.	06/30/2011	Initiated

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 FMS Phase 2 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	Inclusion of this receivable type is not presently feasible as it is not system maintained. Further analysis is necessary.	06/30/2011	Next Step
10	Citywide Reporting	Macias Study	4)b) Departments should include currently missing information to their quarterly A/R reports to the Office of Finance: - 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.	PW San	Sanitation IWMD billings are currently reported.	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
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	Inclusion of this receivable type is being re-evaluated post-FMS GoLive.	06/30/2011	Next Step
12	Centralized Collections	City Controller	<p>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>		<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> <p>-Excel export and improved printing -User defined query parameters</p> <p>The contractor is working on these enhancements with an anticipated implementation of October 2012.</p>	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
13	Centralized Collections	City Controller	28) Finance should determine the feasibility of enhancing the website to meet the information needs of user departments.	Citywide	Enhancement is feasible and underway. See response to Document Line No. 12.	06/30/2011	Implemented
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	<p>According to the Police Commission's response (Council File No. 10-0225), 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.</p> <p>Fire has indicated in its responses that delinquent accounts are referred to collections within 45 days except as otherwise required by Ordinance. For example CUPA invoices are deemed delinquent at 60 days from the invoice date. Fire Department began referring Ambulance billings over 270 days to City collection agencies in February 2010 generating \$4.3 million.</p>	06/30/2011	Submitted

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, automated account transfers to primary collections are being conducted for departments using the Accounts Receivable module, as do various other citywide receivable systems. Citywide departments are in the process of establishing referrals to secondary agencies. Citywide centralized enhanced collections management system would facilitate this recommended process.	06/30/2011	Initiated

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> . Citywide centralized enhanced collections management system would facilitate this recommended process.	06/30/2011	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 will begin providing the list in a more searchable and sortable Excel format.</p> <p>Finance is developing a LATAX look up file that will provide departments access to BTRC and other status for tax accounts. See Doc Line No. 21.</p>	06/30/2011	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 was developed and implemented in conjunction with FMS on July 5th. 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 has implemented a tax intercept process based on SMS vendors via a manual process with GSD to intercept any monies related to SMS vendors.	06/30/2011	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

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
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.		<p>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 (SBOE), and the LA County Assessor's Office are identified as desired data sources that are not currently accessible without legislative action.</p> <p>Finance's proposal for information sharing between the SBOE and LA County has been advanced in the form of AB 563. This bill is working its way through the California legislature. The Senate Governance and Finance Committee voted 6 - 3 in favor of the bill.</p> <p>Finance is inquiring on the status of legislation for IRS data sharing and will update once available.</p>	06/30/2011	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 consulting with the City Attorney's office.</p>	06/30/2011	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 not recommending internet posting of non-tax debtors at this time. Finance is awaiting City Attorney's advice.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
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	A number of departments have online payment portals as discussed in Document Line No. 27. However, this item speaks to centralizing and merits a citywide perspective and discussion. Finance has suggested that next steps in citywide core financial systems be discussed in FMS POC. With addition of Treasurer function to Finance, this will be further explored internally as well.	06/30/2011	Next Step
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. Additional departmental online payment options are identified in Exhibit i-a.	06/30/2011	Submitted

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

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
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	Finance is pursuing enhanced centralized collections management and will develop a proposal through the FY 2012-13 budget process.	06/30/2011	Next Step
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

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
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
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 requested feedback from RMC members on potential consolidation opportunities for further exploration; however, no responding departments identified any among existing receivables.	06/30/2011	Initiated

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 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>	06/30/2011	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	Mayor's Executive Directive No. 5, re-released on May 18, 2011 along with accompanying updated Citywide Guidelines, additionally extends Mayoral directive to Finance instructions regarding billing and collections. Finance is initiating review of City Ordinances pertaining to the Board of Review and to be followed by review of other ordinances governing receivables management. See Also Document Line Nos. 67 and 69.	06/30/2011	Initiated
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 were released in <u>May 2011</u> by the Mayor's Office. Process flow and timetable reflect current business processes and will continue to evolve as changes in processes occur.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
37	Departments' Practices	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	A report back to Council is being drafted.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
38	Departments' Practices	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
39	Departments' Practices	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	Finance recently required all City departments with accounts receivable to participate in the RMC. Finance has received and is reviewing feedback from RMC members to help determine ways to improve the value of meetings and maximize revenue collection.	06/30/2011	Initiated
40	Departments' Practices	Neighborhood Council Budget Advocates	4) Create a Board of Permits and Licenses with representatives from CAO, Office of Finance, LAPD, Public Works, City Attorney's Office, DOT, and LAFD Emergency Ambulance Services.	City Attorney; CAO; DOT; LAFD; LAPD; PW Board	Finance is in contact with the CAO on the establishment of such a body.	06/30/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
41	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	Most departments, in prior consultation with the Treasurer's Office, do not use check verification services as it was deemed not cost effective for their particular situations; however, a couple of departments have expressed interest in evaluating the use of such a service. After consolidation of Treasurer's Office, Finance will follow up with these departments in the 1st Quarter of FY 12.	06/30/2011	Initiated
42	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	While one department has not yet responded, Finance has reviewed the submissions and has deemed that they are generally compliant with requirements though there are a few minor adjustments in a couple of samples that Finance is providing feedback on.	06/30/2011	Initiated
43	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. Survey responses on this topic did not identify additional pre-payment opportunities.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
44	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 is pending receipt of two departments' updated billing processes and procedures.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
45	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 ran from <u>February 1, 2011 through April 30, 2011</u> and \$2.9 million was received, exceeding the \$1 million revenue goal. 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 modifying this list in a more searchable and sortable Excel format. See also Document Line No. 20.	06/30/2011	Implemented
46	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
47	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
48	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's settlement authority under Los Angeles Administrative Code Section 5.177.1 accounted for \$3.9 million of collections generated revenue, representing 592 claims in FY11.	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
49	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
50	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> The successful Non-Tax Amnesty Program resulted in \$2.9 million collected, exceeding the \$1 million revenue goal.	06/30/2011	Implemented
51	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
52	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
53	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
54	Revenue Programs	Neighborhood Council Budget Advocates	7) Aggressively reduce primary and secondary collection periods for all licenses, permits, fees, and fines. Period not to exceed 120 days.		Collection periods are anticipated to be reduced in the next contract cycle with existing collection agency contracts due to expire <u>September 2012</u> . See Document Line No. 17.	06/30/2011	Next Step

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 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 report back on a process pending advice from City Attorney. See Document Line Nos. 56 and 59. Also pending resource referenced in Document Line No. 71.	06/30/2011	Next Step
56	Delinquency Penalties	City Controller	22) Finance should determine when interest should begin accruing and when the interest rate should be changed.	Citywide	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. Finance is awaiting City Attorney's advice on application to other receivable types. See Document Line Nos. 55 and 59.	06/30/2011	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	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
58	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. 57. 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
59	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 has requested City Attorney's response on item.	06/30/2011	Next Step
60	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. 55, 56 and 59.	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
61	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> . While the implementation was delayed, Finance collected \$1.1 million in FY11, exceeding the \$1 million revenue goal.	06/30/2011	Implemented
62	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 draft an general policy for inclusion in a future update to 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
63	Delinquency Penalties	Neighborhood Council Budget Advocates	2) Mandate that businesses must maintain valid business permits and must pay for such permits in a timely manner or be subject to suspension or revocation.	City Attorney; Citywide	This proposal requires citywide coordination and review as permits span multiple departments and types, although it is currently the case for a number of permits that they are not renewed without payment except where legal requirements dictate otherwise. City Attorney input will also be required. Finance will initiate coordination of this review after fulfillment of resource requirements as identified in Document Line No. 71.	06/30/2011	Next Step
64	Delinquency Penalties	Neighborhood Council Budget Advocates	3) Amend City ordinance so that permits may be suspended or revoked by the City after 30 to 45 days of non-payment and hearings.	City Attorney; Citywide	This proposal requires citywide coordination and review as permits span multiple departments and types. See also Document Line No. 63.	06/30/2011	Next Step

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
65	Delinquency Penalties	Neighborhood Council Budget Advocates	5) Combine hearing efforts of Office of Finance, City Attorney, and CID (LAPD).	City Attorney; LAPD	The feasibility and legal practicality of this proposal is uncertain. Each of these entities' administrative hearing processes addresses unique issues in an attempt to finalize assessment determinations, litigation decisions, and permit actions. Due process concerns are of issue in the analysis of this proposal as these entities each have differing roles and authority. City Attorney review has been requested.	06/30/2011	Next Step
66	Delinquency Penalties	Neighborhood Council Budget Advocates	6) Make revoked permits subject to ACE citation.	City Attorney; Citywide	The Administrative Citation Enforcement program is still under review and development at this time. This proposal is being shared with the City Attorney's Office.	06/30/2011	Next Step
67	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

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
68	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	An RFP for a broker is pending final review in conjunction with City Attorney.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
69	Uncollectible	CORE	<p>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.</p>	<p>City Attorney; City Controller; Treasurer; Citywide</p>	<p>In conjunction with BOR members and the City Attorney, appropriate changes to the mandates and governing codes of the BOR will be evaluated as discussed in Document Line No. 35.</p> <p>See also response to Document Line No. 68 regarding debt sale.</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
70	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. 68.	03/31/2011	Next Step
71	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 has updated and narrowed the scope of its departmental reviews. Given competing directives and lack of staffing, departmental reviews are currently on hold. Finance received a hiring freeze exemption on May 27, 2011 for staff to renew this function once the hiring process and training are completed. The review process will initially incorporate follow-up on a number of inter-departmental coordinating initiatives identified in this checklist.	06/30/2011	Initiated

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
72	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	<p>Finance's FY 2011-12 Budget Package outlines a proposal for establishing a funding source to sustain the Department's revenue collection activities.</p> <p>The proposal was not adopted.</p>	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
73	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	<p>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. 71.</p> <p>Finance's proposals were not adopted; however, certain bargaining units have bargained furlough reductions. Finance resources responsible for much of collections are still subject to furlough.</p>	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
74	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 Finance's revenue collection activities. Finance's proposals were not adopted.	06/30/2011	Submitted

Finance Directives Checklist
Sorted by Initiative and Recommendation Source

#	Initiative	Source	Directive	Partners	Status (as of last update)	Updated	Status Indicator
75	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> . Requested resources are continued in the FY 11-12 Budget.	06/30/2011	Submitted

ONLINE PAYMENT OPTIONS BY DEPARTMENT

Department	Payment Types	Website
Animal Services	Over-the-Counter (OTC) and Online-Credit Card	www.laanimalservices.com/
Building & Safety	Over-the-Counter (OTC) and Online-Credit Card	www.ladbs.org/
Office of Finance	OTC and Online-Credit Card, ACH debit, e-check	www.ci.la.ca.us/finance/
Library	OTC and Online-Credit Card	www.lapl.org
Convention Center	OTC – Credit Card	www.lacclink.com/
Ethics Commission	Online – Credit Card	http://ethics.lacity.org/
Fire	OTC – Credit Card, in process of setting up on-line credit card acceptance	http://lafd.org/
Housing	OTC and Online – Credit Card, in process of setting up e-check	http://lahd.lacity.org/
LAWA	OTC – Credit Card	www.lawa.org
PW – Engineering	OTC and Online – Credit Card	http://eng.lacity.org/
Rec & Parks	OTC and Online – Credit Card, E-check	www.ci.la.ca.us/rap/
Transportation	OTC and Online – Credit Card	http://ladot.lacity.org/
DWP	OTC, IVR, and Online – Credit Card, e-check, Kiosk in Van Nuys	www.ladwp.com/
Zoo	OTC and Online – Credit Card	www.lazoo.org/

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – B&S
2	Building & Safety	Macias	5)a) Building and Safety Department should increase the timeliness in referring delinquent billings to collections.	See Exhibit ii – B&S
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.	See Exhibit ii – B&S
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.	See Exhibit ii – B&S
5	Building & Safety	Macias	5)d) Building and Safety Department should review its substantial aging receivables to determine what amount should be written off.	See Exhibit ii – B&S

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – B&S
7	Building & Safety formerly EnvironmentLA	Macias	12)a) EnvironmentLA should document solid waste permit billing processes within the department.	See Exhibit ii – B&S
8	Building & Safety formerly EnvironmentLA	Macias	12)b) EnvironmentLA configure ARS to refer delinquent accounts to collections after 45 days past due.	See Exhibit ii – B&S
9	Building & Safety formerly EnvironmentLA	Macias	12)c) EnvironmentLA should refer existing delinquent accounts to collections.	See Exhibit ii – B&S
10	Building & Safety formerly EnvironmentLA	Macias	12)d) EnvironmentLA review substantial aging receivables to determine what amount should be written off.	See Exhibit ii – B&S
11	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.	Per the City Charter, the Budget is developed in coordination with the Mayor's Office. Revenue targets are developed in consultation with Departments and the City Administrative Officer and approved by the Mayor and Council. Any deviations from revenue targets are addressed through the Financial Status Reports to the Mayor and Council.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
12	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.	The Adopted Budget sets revenue targets for all City Departments. The CAO Financial Status Reports to the Mayor and Council will track the revenue progress of City Departments. The FSR will highlight performance on meeting targets.
13	CAO / CLA	CORE	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.	Funding of \$150,000 and position authority was authorized in the Office of the CAO for Fiscal Year 2011-12. The CAO is currently working with the Personnel Department and CORE to develop a job description for this position. It is anticipated that these duties will be included as part of the responsibilities of this position.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
14	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.	<p>Revenues from collection items are considered one time receipts. The City's Financial Policies preclude the use of one-time revenues for ongoing expenses. The CAO will be reviewing this proposal for compliance with the City's current financial policies.</p> <p>It should also be noted that restricting the use of General Fund revenue reduces the revenue available for other priorities.</p>
15	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.	Funding of \$150,000 and position authority was authorized in the Office of the CAO for Fiscal Year 2011-12. The CAO is currently working with the Personnel Department and CORE to develop a job description. The hiring and selection of this position is underway and the anticipated duties will include those recommended.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
16	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).	Pending report back to Council
17	City Attorney	CORE	38) CONTINGENCY CASES – CORE recommends that the City Attorney outline a proposed framework for contingency cases.	Pending report back to Council
18	City Attorney	Macias	9)a) City Attorney's Office should document litigation cost recovery billing processes within the department.	Pending report back to Council
19	City Attorney	Macias	9)b) City Attorney's Office should provide quarterly litigation cost recovery receivables report to Finance.	Pending report back to Council
20	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.	See Exhibit ii – CLERK

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
21	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.	See Exhibit ii –CLERK
22	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.	Finance will discuss further with the Controller to determine whether there is any efficiency to be gained.
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.	See Exhibit ii – LAFD
24	Fire	Controller	9)b) LAFD should consider incorporating the identified controls to achieve this objective into the final contract.	See Exhibit ii – LAFD
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.	See Exhibit ii – LAFD
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.	See Exhibit ii – LAFD
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.	See Exhibit ii – LAFD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – LAFD
29	Fire	Controller	31) The Fire Department should sequentially number certificates of fitness and ensure that each certificate is properly accounted for.	See Exhibit ii – LAFD
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.	See Exhibit ii – LAFD
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.	See Exhibit ii – LAFD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – LAFD Finance will request follow-up response from CAO and Personnel Department.
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.	See Exhibit ii – LAFD
34	Fire	Macias	13)b) Fire Department – Emergency Medical Services should review its substantial aging receivables to determine what amount should be written off.	See Exhibit ii – LAFD
35	Fire	Macias	14)a) Fire Department – Other Billings should bill for brush clearance removal at time of occurrence, rather than annually.	See Exhibit ii – LAFD
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.	See Exhibit ii – LAFD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – GSD
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.	See Exhibit ii – GSD
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.	See Exhibit ii – GSD
40	General Service	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.	See Exhibit ii – GSD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – LAHD
47	Housing	Macias	16)d) Housing Department – Fee Billings should allow property owners to pay annual rent registration on-line.	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD
51	Housing	Macias	16)h) Housing Department – Fee Billings should review the current aging receivables to determine delinquent billings eligible for write-off.	See Exhibit ii – LAHD
52	Housing	Macias	16)i) Housing Department – Fee Billings should prepare detailed step by step billing, payment and collection procedures for staff to follow.	See Exhibit ii – LAHD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
53	Housing	Macias	16)j) Housing Department – Fee Billings should develop reporting interfaces for the Housing’s Housing Information Management System (HIMS).	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD
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.	See Exhibit ii – LAHD
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.	The establishment of this position is underway.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	The Mayor's Office re-released recently updated Citywide Guidelines under Executive Directive No. 5, stipulating that Finance instructions regarding billing and collection be treated as Mayoral Directives.
59	Mayor	CORE	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.	Finance is following up with the Mayor's Office.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
60	Mayor	CORE	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.	Finance is following up with the Mayor's Office.
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.	This instruction has come from each of these bodies and departments are initiating write-offs in response.

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	Internal reports are produced to show that bills are prepared correctly and 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.	Memos showing total billed will be prepared for review by the Unit Director. However, benefits billings vary from month-to-month based on the number of individuals who fall off Payroll. Accuracy cannot be determined based on monthly comparisons.
64	Personnel	Macias	18)c) The Unit Director should conduct spot checks to validate that all van pool participants are appropriately charged.	Upon van pool enrollment deductions are created in PaySR. When an individual changes van pools, employees review deductions for correctness and make changes as necessary. The Unit Director will begin checking to ensure participants are appropriately charged.
65	Planning	Macias	19)a) Planning should document cost recovery and expedited cost recovery billing processes within the department.	See Exhibit ii – PLA
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.	See Exhibit ii – PLA

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
67	Planning	Macias	19)c) Planning should review substantial aging receivables to determine what amount should be written off.	See Exhibit ii – PLA
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.	See Exhibit ii – LAPD
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.	See Exhibit ii – LAPD
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.	See Exhibit ii – LAPD
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.	See Exhibit ii – LAPD
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.	See Exhibit ii – LAPD

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – PW
74	PW – Bureau of Engineering	Macias	6)b) Bureau of Engineering should examine the feasibility of automating B permit bill data generation.	See Exhibit ii – PW
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.	See Exhibit ii – PW
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.	See Exhibit ii – PW
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	See Exhibit ii – PW
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	See Exhibit ii – PW
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.	See Exhibit ii – PW

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – PW
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.	See Exhibit ii – PW
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.	See Exhibit ii – PW
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.	See Exhibit ii – PW
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.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – DOT
86	Transportation	CORE	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.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
87	Transportation	CORE	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.	See Exhibit ii – DOT
88	Transportation	CORE	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.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – DOT
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.	See Exhibit ii – DOT
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	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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 or 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.	See Exhibit ii – DOT
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.	See Exhibit ii – DOT
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.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	See Exhibit ii – DOT
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.	See Exhibit ii – DOT
97	Transportation	Macias	22)b) Transportation Department – Parking Citations should adjust 2011 contract to refer delinquent citations to city collection agencies.	See Exhibit ii – DOT

Departmental Response Tracker

#	Department	Source	Instruction	Department Response
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.	As a newly absorbed function effective August 17th, Finance will evaluate this in the next quarter.
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.	As a newly absorbed function effective August 17th, Finance will evaluate this in the next quarter.
100	Citywide	CORE	17) ENCOURAGE AND THANK CITY WORKERS - CORE recommends that each department implement a recognition program for employees.	This question was recently posed in a CORE survey of departments.

FORM GEN. 180 (REV. 6-80)

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: June 29, 2011

TO: Antoinette D. Christovale, CPA
Director of Finance

FROM: Robert R. "Bud" R. Ovrum
General Manager
Department of Building and Safety



Ray Chen
For

SUBJECT: LOS ANGELES DEPARTMENT OF BUILDING AND SAFETY'S
(LADBS') RESPONSE TO RECOMMENDATIONS IN THE
ACCOUNTS RECEIVABLE IMPROVEMENTS INITIATIVES
DEPARTMENTAL RESPONSE TRACKER (C.F. NO. 10-0225)

Attached is LADBS' response to your letter dated May 5, 2011. Please contact Lina Bustamante, Departmental Chief Accountant at (213) 482-6816 or Karen Penner, Acting Chief of Resource Management Bureau at (213) 482-6749 if additional information is needed.

Tracker No. 1

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.

Joint LAHD and LADBS Response

LAHD and LADBS have discussed and agreed that it is possible for the two departments to share delinquent account information and withhold certain services that are legally allowed.

LAHD Specifics

The LAHD Business Policy allows LAHD to deny the Affordable Housing Trust Fund (AHTF) funding applicants when they have any unresolved delinquencies or other non-compliance issues with the City. The Department, however, will not be able to deny the cores services mandated by City Ordinances for the Department to provide. Core services such as code inspections, complaint investigation, urgent repair of unsafe buildings, etc., cannot be denied due to reasons of delinquent accounts with the City.

LADBS Specifics

LAMC Section 98.0411 gives the Department of Building and Safety (LADBS) authority to withhold the issuance of building permits, licenses or approvals to the cited person until the noncompliance fee has been paid. This authority is specific to delinquent noncompliance fees and LADBS and cannot be applied to any other delinquent fees due to LADBS or any other City agency.

The Department has a mandate to protect the lives and safety of its residents and visitors. Because of this mandate, inspections (elevator, pressure vessel, auto repair yards, etc.) are performed and permits are issued. Inspections/permits cannot be withheld despite the fact that the site/owner/business operator is/are either in LADBS' or Housing Department's (LAHD) list of delinquent accounts.

Code changes would be required to withhold issuing permits or providing other LADBS or LAHD services for parties appearing on either department's lists of delinquent accounts.

LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)

Page 3 of 5

Tracker No. 2

Building and Safety Department should increase the timeliness in referring delinquent billings to collections.

LADBS Response

All billings that are 45 days delinquent are electronically sent to collections. The Department's Accounts Receivable System as mandated by LAAC 5.181 automatically flags accounts that are 45 days delinquent and sends the files to the different collection agencies (NCO, Office of Finance, and MSB).

Tracker No. 3

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.

LADBS Response

An accounts receivable manual had been developed that defines the steps that staff must take to process the different types of bills produced within the Department. This manual also includes the Department's instructions regarding processing collections. A copy of the manual was sent to Office of Finance for their perusal on June 6, 2011. The Department periodically reviews the manual to identify the changes that are needed.

Tracker No. 4

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 invoice type.

LADBS Response

The Department has more than 20 types of invoices, including invoices billed for the Local Enforcement Agency and other City Departments. The City's year-end schedules, the conversion of the citywide accounting system from FMIS to FMS and staff shortages, the Department requests more time to develop a set of metrics to measure billing and collection process performance. Due to the complexity and variety of the Department's billing, we estimate that the draft of this set of metrics will be available 90 days after the end of this fiscal year.

LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)

Page 4 of 5

Tracker No. 5

Building and Safety Department should review its substantial aging receivables to determine what amount should be written off.

LADBS Response

The Department is in the process of reviewing the substantial aging receivables to determine the amount that should be written off. We had submitted and received approval from the Board of Review on April 27, 2011 to write off 2,031 uncollectible accounts amounting to \$291,395.18 and on May 25, 2011, another 1,331 accounts amounting to \$315,015.42. The Department will submit another request for write off at the next scheduled Board of Review meeting.

Tracker No. 6 Building and Safety Department should conduct a feasibility study into possible on-line customer access for scheduling and payments of inspections.

LADBS Response

The Department's website (ladbs.org) provides customers many on-line services. The following on-line services are specifically responsive to instruction outlined in Departmental Response Tracker No. 6:

1. Request for an inspections as long as customer has permit number. This Internet request for inspection service has been available since 2002.
2. Request and pay for off hour inspections. This started in May 2009.
3. Pay invoices. Customers can view their accounts and pay for invoices on-line. This service started in 2006.

Tracker No. 7

EnvironmentLA should document solid waste permit billing processes within the department.

LADBS Response

Ordinance 181198 approved on June 11, 2010 gave authority to LADBS to carry out the Local Enforcement provisions of subsections B, C, D and E of Section 190.01 of LAMC. All waste permit billings for FY 2010-11 were entered in LADBS' accounts receivable system. Therefore, all billings and collection transactions are now monitored and documented.

LADBS' RESPONSE TO DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)

Page 5 of 5

Tracker No. 8

EnvironmentLA configure ARS to refer delinquent accounts to collections after 45 days past due.

LADBS Response

Since LADBS took over the billing process that pertains to the Local Enforcement provisions of the code, all delinquent accounts that are 45 days past due have been automatically referred to collections electronically.

Tracker No. 9

EnvironmentLA should refer existing delinquent accounts to collections.

LADBS Response

Please see LADBS' response to Tracker No. 8.

Tracker No. 10

EnvironmentLA review substantial aging receivable to determine what amount should be written off.

LADBS Response

We have recently completed entering the delinquent receivables amounting to \$25,509 in our accounts receivable system. These receivables can not be referred to collections and can be tracked by the Department. It is too early to write off these accounts.

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: July 1, 2011

TO: Antoinette D. Christovale, Director of Finance
Office of Finance

FROM: June Lagmay, City Clerk
Office of the City Clerk



SUBJECT: Accounts Receivable Improvements Initiatives Departmental Response Tracker (C.F. No. 10-0225)

The Special Assessment Section of the Administrative Services Division of the Office of the City Clerk is the coordinating agency for 40 established Business Improvement Districts (BIDs) in the City. The section works to promote efficiency in facilitating the establishment of proposed BIDs according to State and/or City law and BID policy through the cooperative work process with the Council members, City Attorney, County Assessor, the Community Redevelopment Agency and Consultants working with BID proponent groups as necessary. The section also provides billing and collection related services to five (5) Merchant-based BIDs and have developed strategies for increasing the collection rate from these BIDs.

In an effort to increase the collection rate of assessments from Merchant-based BIDs this Office generates a list of delinquent businesses that have not paid their assessments and communicates this information to the respective BID administrators. The timeliness of this information allows the administrators to pursue additional strategies to recover the assessments owed. Another effort that would soon be implemented is the use of color coded envelopes for final notices to businesses within the BID. These final notices as identified on the envelopes, should be an effective reminder. An additional strategy for increasing the collection rate would be to secure from the Office of Finance, frequent or regularly updated accurate lists of current businesses operating within the boundaries of the BID. Such lists would provide the maximum assessments to which collections efforts may be targeted, and on which budgeted BID programs may be developed.

With the implementation of the new Financial Management System (FMS) the Office of the City Clerk should improve efficiencies in the generation of invoices for Merchant-based BIDs. FMS would allow for the elimination of paper-based, manual internal billing and provide the capability to automatically apply business owners' payments to receivables through a lockbox system. Systematic functions provided by FMS to support collections and write-offs will add to the improvements and efficiencies in the management of accounts receivables.

The proposed changes to improve the efficiency in the management of accounts receivables may realize an increase in the assessments collected for BIDs. However,

any increase in assessments collected will not realize increased revenues for the City. Such assessments collected through the BID program are revenues which allow the individual BIDs to implement their Council approved programs and activities.

If you have any questions or need additional information on this matter, please contact Miranda Paster, Acting Chief, Administrative Services Division at (213) 978-1111.


JL:HW:MP:rmh

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: June 30, 2011

TO: Antoinette Christovale, Director
Office of Finance

ATTN: Jeffery Whitmore, Revenue Manager

FROM: Millage Peaks, Fire Chief 
Fire Department

SUBJECT: ACCOUNTS RECEIVABLE DEPARTMENT RESPONSE
TRACKER, CF 10-0225

The Fire Department (LAFD) is in receipt of the Department Response Tracker which contains the list of recommendations from Council, CORE, and Macias Study. Per your request, below is the Department's response to the recommendations applicable to LAFD.

23. Controller (9a) - LAFD should meet with the contracted vendors to identify controls that will need to be in place to accurately capture billing information.

LAFD Comment:

The City Council approved the new EMS Data Capture and Billing System on August 3, 2010. The Data Capture System was implemented on September 23, 2011. The New Billing System was implemented November 1, 2010 on the paper-based system. The two systems are expected to be fully functional by June 30, 2011.

The new system will reconcile every incident record with the CAD Dispatch information to ensure each call is recorded and an electronic patient care record generated for each patient. This will ensure that each billable patient care record is transferred into the Billing System to maximize revenue.

24. Controller (9b) - LAFD should consider incorporating the identified controls to achieve this objective into the final contract.

LAFD Comment:

The identified controls and procedures are being incorporated in the final contract.

25. Controller (9c) - 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.

LAFD Comment:

Effective November 1, 2010, the LAFD began to scan and send all billing documentation electronically to ADPI (Intermedix) for entry into the Contractor's billing system. Effective June 28, 2011, the LAFD will be completely automated and all billing records will be in electronic format at the point of service.

26. 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.

LAFD Comment:

100% of the paper based documents collected beginning November 1, 2010, are batched and scanned daily and sent to ADPI for processing. The LAFD obtains a weekly posting report that reflects the number of records received and the number of records billed.

27. Controller (18) - Fire Department management should establish controls to ensure that CUPA billings are mailed in a timely manner.

LAFD Comment:

Due to the significant State and County submission schedule changes in the administration of CUPA, the billing procedure and timing was changed. Effective July 1, 2010, invoices will be sent to vendors by September 30 of each year. The change was necessary to effectively manage CUPA accounts which have increased from 5,000 accounts in 1998 to more than 11,000 accounts in 2010. The invoices for the fiscal year 2011 were mailed timely on September 21, 2010.

28. Controller (19) - LAFD and the LAPD management 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.

LAFD Comment:

The Fire Department refers delinquent accounts timely by sending out delinquent notices within 45 days except as limited by ordinance. For example per ordinance, CUPA invoices are deemed delinquent if not paid within 60 days from the date of the invoice. A 50% penalty is applied to the total invoice amount if not paid within 60

days. After which vendors are given 10 days to pay. If not paid, the invoices are referred to collections.

29. Controller (31) Pre-number the certificates of fitness and assign someone independent of the Fire Inspector and cashier to control the inventory of certificates.

LAFD Comment:

The Department has developed an application to track the issuance, associated fees, and payments of Certification of Fitness. The implementation of the application has been delayed to September 1, 2011 due to staff focus on the new LAFD Deployment Plan.

The system-generated number will be used to control the inventory of certificates instead of the "pre-number" technique.

30. CORE (54) - EMS DATA CAPTURE AND BILLING – CORE recommends that 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.

LAFD Comment:

Both contracts were approved by Council August 3, 2010, and fully executed prior to September 30, 2010, following City Attorney review and approval. The ordering of the FDACS tablets, configuration of EMS resources, building of data structure and assessments of training began in October 2010. The training of all 16 LAFD battalions will be completed on June 28, 2011. The LAFD has worked with the Office of Finance to integrate the Contractor's information into the City's Centralized Accounts Receivable Reporting (CARR) system. The LAFD will continue to work with Office of Finance and the Inspector General to provide any information required.

31. 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, Med-Cal and private insurers. This could be an innovative alternative to the current patient-by-patient, bill-by-bill approach.

LAFD Comment:

Capitation is a fixed payment for services negotiated among insurance providers. Based on preliminary research, the LAFD has determined that there are no such capitated arrangements in the country for municipal emergency ambulance services. Capitated arrangements are common for non-emergency private ambulance

providers as they attempt to increase revenue by lowering fees and increase volume. LAFD has an obligation to provide emergency services for the City of Los Angeles so there is no need to lower our fees in order to achieve increased volume.

32. CORE (56) - LEVERAGING EXISTING RELATIONSHIPS – CORE recommends that the City leverage existing relationships and contracts with health insurers and providers. LA has business relationships with some of the same insurers and providers that reject or slow pay EMS bills from LAFD. LA should assess how to use the contracts it grants to these same companies to the City's advantage.

LAFD Comment:

Often there is no direct correlation between the 85 hospitals the LAFD delivers patients to and the City's health insurers. To date, the LAFD and ADPI have not encountered slow pays or rejections to claims filed with Kaiser Permanente or Blue Cross of California. Although the LAFD is not involved with the negotiations between the City and its health insurers, the LAFD is glad to assist the CAO and City Personnel Department wherever it might be able to.

33. Macias (13a) – 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.

LAFD Comment:

Pursuant to LAAC Section 5.181 the Fire Department should refer Delinquent EMS accounts to Collection Agency for additional collection efforts. It sets referral at the time reasonable collection efforts have failed but not later than nine months from the date of initial billing. LAAC 22.210.2 deems EMS accounts not paid within 90 days of billing delinquent.

LAFD started referring delinquent EMS accounts to collection in February 2010. As of June 7, 2011, 303,993 delinquent accounts totaling \$177,987,321 million has been referred to NCO and \$4 million has been collected.

34. Macias (13b) – Fire Department – Emergency Medical Services should review its substantial aging receivables to determine what amount should be written off.

*** LAFD Comment:**

LAFD started referring delinquent EMS accounts to collection in February 2010. As of June 7, 2011, 303,993 delinquent accounts totaling \$177,987,321 million has been referred to NCO and \$4 million has been collected.

Pursuant to contract, NCO has one year to collect on the referrals after which they would be returned to LAFD for write off. As of June 7, 13,646 accounts totaling \$5,798,840 haven been returned. Further returns were delayed due to the City's amnesty plan which gave discounts to those who paid their delinquent non-tax accounts during the amnesty program.

35. Macias (14a) – Fire Department – Other Billings should bill for Brush clearance removal at time of occurrence, rather than annually.

LAFD Comment:

The length of the appeals process, the number of appeals received and the re-inspections necessary to ensure that hired contractors actually cleared the brush make it difficult to bill for brush clearance removal at the time of occurrence.

In addition, the Fire Code requires the Non Compliance and Brush Clearance charges to be appealed by the property owners to the Board of Fire Commissioners. Appointed hearing officers conduct the appeal hearings. Therefore the Fire Department would have to hire a hearing officer on a full time basis. Hiring hearing officers once a year for a one-month period results in significant cost savings.

36. Macias (14b) – 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.

LAFD Comment:

The Fire Department reviews the status of uncollectible non-EMS accounts twice a year and refers them to the Board of Review for approval write-off. The last referral was in August 2010.

The Department refers delinquent accounts timely by sending out delinquent notices within 45 days except as limited by ordinance. For example per ordinance, CUPA invoices are deemed delinquent if not paid within 60 days from the date of the invoice. A 50% penalty is applied to the total invoice amount if not paid within 60 days. After which vendors are given 10 days to pay. If not paid, the invoices are referred to collections.

If you require any additional information, please contact Mariana Rivera at (213) 978-3479 or Ngozi (Zim) Mbamalu at (213) 978-3402.

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

DATE: June 29, 2011

TO: Antoinette Christovale, Director of Finance
Office of Finance
Attention: Jeffery Whitmore, Revenue Manager

FROM: Tony M. Royster, General Manager
Department of General Services

**SUBJECT: ACCOUNTS RECEIVABLE IMPROVEMENTS INITIATIVES DEPARTMENTAL
RESPONSE TRACKER (C.F. NO. 10-0225)**

This is in reply to your letter dated May 5, 2011. The following are General Services Department's (GSD) responses to the instructions included in the Tracker:

Item number 37, instruction 15a):

GSD 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.

Response:

GSD has evaluated and determined that centralized accounting is more effective and efficient than diversifying the duties in different divisions.

Item number 38, instruction 15b):

GSD 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.

Response:

GSD has reviewed and determined that Peachtree accounting system in itself has effective and adequate controls.

Item number 39, instruction 15c):

GSD should evaluate the processes and controls used for transferring data from the Peachtree system to the City's financial system for efficiency and effectiveness.

Response:

This instruction is not applicable as GSD will not be transferring data from the Peachtree system to the City's financial system.



Antoinette Christovale, Director of Finance

-2-

June 29, 2011

Item number 40, instruction 15d):

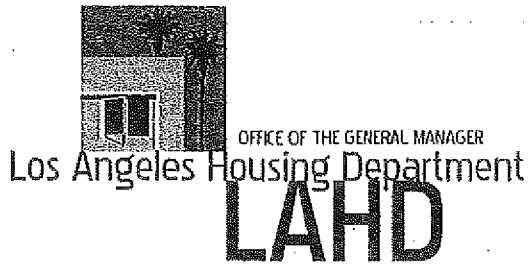
GSD should review the deposit requirements for leasing City owned buildings to ensure that the City is sufficiently protected should tenants depart without paying rental amounts due.

Response:

Existing leases do contain security deposit requirements and GSD does receive security deposits.

If you require additional information or have any questions, please contact Len Applebaum at (213) 928-9596 or email Len.Applebaum@lacity.org.

c: Samantha Hanzy, Management Assistant
Office of Finance



1200 West 7th Street, 9th Floor, Los Angeles, CA 90017
tel 213.808.8808 | fax 213.808.8615
lahd@city.org



Antonio R. Villaraigosa, Mayor
Douglas Guthrie, General Manager

June 30, 2011

Antoinette D. Christovale, CPA
Director of Finance
Office of Finance
Los Angeles City Hall
200 N. Spring St, Room 220
Los Angeles, CA 90012

RE: Accounts Receivable Improvements Initiatives Departmental Response Tracker (C.F. No. 10-0225)

Dear Ms. Christovale:

Please see the attached report from the Los Angeles Housing Department (LAHD) in response to the memorandum titled Office of Finance Accounts Receivable Improvements Initiatives Citywide Departmental Response Tracker (C.F. No. 10-0225) dated May 5, 2011.

LAHD has carefully reviewed the recommendations related to our Department. I am pleased to report that most of the recommendations have already been completed or are in progress. Maximizing revenue collections is a high priority in LAHD. In recent years, through automation, and policy and procedure improvements, the Department has achieved increased revenue collections and improved customer service. LAHD looks forward to working with your Office to continue these efforts.

If you have any questions, please feel free to contact me at (213) 808-8808. Questions related to the details of the responses may also be directed to Greg Kung, Acting Assistant General Manager, at (213) 808-8899.

Sincerely,

A handwritten signature in cursive script that reads "Doug Guthrie".

DOUGLAS GUTHRIE
General Manager

Attachment

cc: Rushmore Cervantes, Executive Officer, LAHD
Greg Kung, Acting Assistant General Manager, LAHD
Helmi Hisserich, Assistant General Manager, LAHD
Roberto Aldape, Assistant General Manager, LAHD

LAHD's Responses To The Accounts Receivable Improvements Initiatives Departmental Response Tracker Memo

Below are the items LAHD is responsible for responding to based on the memo.

41 - CROSS REFERENCE LISTS OF DELINQUENTS - CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety (LADBS) 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.

Joint LAHD and LADBS Response:

LAHD and LADBS have discussed and agreed that it is possible for the two departments to share delinquent account information and withhold certain services that are legally allowed.

LAHD:

The LAHD Business Policy allows LAHD to deny the Affordable Housing Trust Fund (AHTF) funding applicants when they have any unresolved delinquencies or other non-compliance issues with the City. The Department, however, will not be able to deny the core services mandated by City Ordinances for the Department to provide. Core services such as code inspections, complaint investigation, urgent repair of unsafe buildings, etc., cannot be denied due to reasons of delinquent accounts with the City.

LADBS:

LAMC Section 98.0411 gives LADBS the authority to withhold the issuance of building permits, licenses or approvals to the cited person until the noncompliance fee has been paid. This authority is specific to delinquent noncompliance fees and LADBS and cannot be applied to any other delinquent fees due to LADBS or any other City agency.

LADBS has a mandate to protect the lives and safety of its residents and visitors. Because of this mandate, inspections (elevator, pressure vessel, auto repair yards, etc) are performed and permits are issued. Inspections/permits cannot be withheld despite the fact that the site/owner/business operator is/are either in LADBS' or LAHD's list of delinquent accounts.

Code changes would be required to withhold issuing permits or providing other LADBS or LAHD services for parties appearing on either department's list of delinquent accounts.

42 - 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.

LAHD Response:

The Los Angeles Housing Department is preparing a report on its billing and collections practices to be submitted to the Audits and Government Efficiency Committee by June 30, 2011. Please see Attachment A for a draft copy of the report.

43 – 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.

LAHD Response:

In August 2009, LAHD transmitted proposed amendments to the Rent Stabilization Ordinance (RSO) Ordinance to compress the tiers and timelines of the Department's invoice aging and collection process. The City Council adopted the amendments on May 31, 2011; the Mayor concurred on June 7, 2011 and the amendments become effective July 15, 2011. The amendments streamline the billing and collection process and reduce the time for delinquent accounts to be referred to collection agencies. The amendment changes will be incorporated into the Department's next annual billing cycle and collection policy for the 2012 Annual Bill in December 2011. For details of the RSO amendments, see Council File 09-2033.

44 – Housing Department – Fee Billings should conduct an independent post implementation review of the Department's new HIMS system upon completion of its implementation to ensure the accuracy and integrity of the financial data.

LAHD Response:

LAHD is planning to have an IT Audit consultant conduct a review or system audit of the Billing Information Management System (BIMS). The scope of review will cover the accuracy and integrity of financial data, and ensure that systems and internal controls are in place. This review will provide assurance for LAHD accounting that data reported from the system are reliable for GAAP reporting as well.

LAHD will request the City Controller for LAHD to use her master agreement with audit consultants. A request for qualification will be distributed to consultants on the list, and the selection process will take place based on standard procedures for selection. After the selection, an MOU with the consultant will be executed.

Review objectives:

The audit objectives were to assess whether:

- IT controls in place were adequate and effective thereby ensuring data completeness, accuracy and reliability;
- Business rules, as stipulated by the Ordinances, Code and Rent program guidelines are factored into the system design and implementation.
- Objectives of computerization were achieved (reporting, accurate billing, promote efficiency and maximization of revenue collection) and
- Collections and accounts receivable in BIMS are reconciled against the amounts in FMS

The following are examples of tasks to be done:

1. Review of business rules
2. Review of systems and objectives
3. System design that ensure business rules are in compliance
4. Systems security review
5. Adequacy of input controls
6. Validation checks in software
7. Reporting-accuracy of data in the quarterly accounts receivable aging report
8. Accuracy of data used in reporting for year-end GAAP accruals of accounts receivable.
9. Reports that assist in estimating allowance for doubtful accounts.

45 – Housing Department – Fee Billings should develop cycle time metrics to complete its various types of billings and reengineer processes to reduce the time necessary to complete and issue bills.

LAHD Response:

In 2008, LAHD assessed the billing and collection process. As a result of the analysis, LAHD proposed changes in the Ordinances. Until July 2011, the RSO and SCEP Annual Bill required four invoice aging stages prior to delinquent accounts being forwarded to collections. The amended Ordinances, effective July 15, 2011, shorten the invoice aging time line and expedite delinquent bills to collections. The changes are in conformance with the Executive Directive No. 5 and the Office of Finance's Citywide Guidelines to Maximize Revenue Collection (Guidelines). However, the Guidelines recommend a 30 day delinquent stage and a 45 day collection stage. LAHD is required by the prevailing Ordinances to adhere to a 60 day delinquent stage and 45 day collection stage.

46 – 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.

LAHD Response:

The Department's Web Portal was developed in 2008 and became accessible to property owners in 2009. The Portal allows property owners to review their Annual Bills, emergency contact information, request and process exemptions online, access and print forms, print Rent Registration Certificates, print payment receipts and provides numerous payment options. Additional enhancements are being incorporated this year, including the addition of American Express and Discovery credit cards; and electronic check (ACH) as payment options. The portal will continue to evolve as LAHD develops more ease of use features. However, ownership change requests require certified legal documents that cannot be submitted online. Billing staff still needs to verify property ownership data via the County Assessor's data and certified documents from the owners.

47 – Housing Department – Fee Billings should allow property owners to pay annual rent registration on-line.

LAHD Response:

Property owners have had the ability to pay fees online since 2009. Each year, the Department continues to enhance the Web Portal for ease of use, adding features and providing the property owners with greater access to information. In 2011, LAHD added American Express and Discovery credit cards to our site as payment options. In May 2011, LAHD submitted a request to the City Treasurer to add electronic check (ACH) payment option. When approved, ACH will be made available on the portal. Additionally, Spanish-language forms and interface are being developed to enhance property owner access on the portal. In 2009, the Department installed computers in each of the six public counter offices, geographically located throughout the City, for property owners without access to a home computer or to expedite their time at the locates rather than wait in line.

48 – 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.

LAHD Response:

LAHD initiated an assessment of the Rent Stabilization Ordinance in 2008. In 2009, LAHD drafted a transmittal of proposed amendments to the. Part of the amendments addressed property owner guidelines for requesting an exemption and provides the Department with greater oversight in the approval and monitoring of the exemptions. The City Council adopted the amendments on May 31, 2011, which were concurred by the Mayor on June 7, 2011. The amended Ordinance will be effective July 15, 2011. In addition, to better manage the exemption records, the Department has implemented a Document Management System which provides optical images of property owner exemption requests online. LAHD monitors and reviews exemption requests to ensure compliance with the Ordinances.

49 – 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.

LAHD Response:

LAHD has an automated A/R report which is generated monthly. The current reporting frequency required by the Office of Finance (OOF) is quarterly. If monthly reports are needed, LAHD can send them monthly.

50 – 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.

LAHD Response:

The Billing Information Management System (BIMS) automatically ages invoices through each billing stage. Reports on the various bill types, invoice stages and aging can be generated by BIMS with

minimal effort. These features decrease the time required to ensure the timeliness of referring delinquent accounts to collections. Additionally, with access to real-time data, both billing and collection; and BIMS System staff liaise and schedule billing jobs a month in advance to ensure workload continuity and appropriate billing timeliness. One senior staff is assigned to monitor and charged with the oversight for this responsibility.

51 – Housing Department – Fee Billings should review the current aging receivables to determine delinquent billings eligible for write-off.

LAHD Response:

The Billing Information Management System (BIMS) provides real-time access to the aging account receivables. The senior staff responsible for this assignment ensures aging invoices are referred to collections in a timely manner, as prescribed by the 'Citywide Guidelines to Maximize Revenue Collection.' Additionally, the individual monitors the collection rate of each account and determines when to recall and refer the account to the secondary collection agency, and again when to refer potential accounts to LAHD's Accounting Division for inclusion in the write-off program.

52 – Housing Department – Fee Billings should prepare detailed step by step billing, payment and collection procedures for staff to follow.

LAHD Response:

The Billing and Collection Policy and Procedures Manual (Manual) was first created several years ago. The Manual is provided to staff and segments reviewed periodically during staff meetings. The Manual is updated regularly to ensure staff is kept current with procedural changes. In May 2011, the City Council adopted Rent Stabilization Ordinance and Housing Code amendments. The changes to the current Ordinances will impact staff in several Divisions. LAHD is currently designing a training program that will address the changes, clarify processes and educate the staff prior to the 2012 Annual billing cycle. Updates to the Manual, will incorporate computer screen images to reflect steps requires completing each function. Please see a copy of the Collections Policy and Procedures Manual in Attachment B

53 – Housing Department – Fee Billings should develop reporting interfaces for the Housing's Housing Information Management System (HIMS).

LAHD Response:

LAHD is currently working with the Office of Finance and FMS ITA to set up an outbound/Interface file from LAHD Billing System (BIMS) to FMS - Centralized Account Receivable Reporting (CARR) data warehouse. Testing of the interface is scheduled to happen in August, 2011. Full implementation is expected to be in December 2011.

54 – Housing Department - Real Estate Billings should include real estate loan billings in the quarterly accounts receivable and collections report provided to Finance.

LAHD Response:

Since the operation of Real Estate Loans Receivable is more like bank loans receivable, and is vastly different from fee-based accounts receivable, Office of Finance does not recommend including LAHD loans receivable data in quarterly accounts receivable and collections report.

55 – Housing Department - Real Estate Billings should assess the accuracy and reliability of real estate loan billing transactions as processed by the HIMS system.

LAHD Response:

Loan Receivable section within accounting division is continually assessing the accuracy and reliability of real estate loan revenue billing and enhancement of current HIMS system. Before and during the first implementation of HIMS a couple of years ago, Accounting staff worked with Systems group in formulating the algorithm for the system to automatically calculating interest revenue. There were tests to ensure our interest calculation and loan balances were accurate. Each year, there is an external audit for the Comprehensive Annual Financial Report (CAFR), where tests are performed to verify that there is no material misstatement of the loans receivable and revenue data in the financial city's financial statements.

56 – 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.

LAHD Response:

LAHD has existing written policies and procedures for the billing of real estate loans. The loan generation procedures are enforced via the use of the Housing Information Management Systems (HIMS) and written procedures. Attachment C contains a copy of the Loans Receivable Billing Process for your reference.

100 – ENCOURAGE AND THANK CITY WORKERS - CORE recommends that each department implement a recognition program for employees.

LAHD Response:

LAHD employees are recognized at regular Section meetings and during Bureau quarterly meetings. The quarterly meetings provide special recognition for the professionalism and daily efforts of our employees, while selecting specific individuals whose work ethic and integrity exemplifies the Department. The Program brings staff together from all Bureaus and Divisions and is supported by the General Manager and the Executive team.

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INFORMATION
www.planning.lacity.org

June 6, 2011

Antoinette Christovale, Director
Office of Finance
Room 220, City Hall
Mail Stop 766

Attention: Jeffery Whitmore, Revenue Manager

RE: Accounts Receivable Improvements Initiatives Departmental Response Tracker

In response to your request dated May 5, 2011, here are our responses to each of the three items pertaining to the Department of City Planning:

#65 Instruction 19a) Planning should document cost recovery and expedited cost recovery billing processes within the department.

Department Response: The department has detailed procedures documents for cost recovery and billing for expedited services. For non-expedited cost-recovery, documented procedures are not available in one centralized format, but are available for some specific areas. Sufficient staff time is not available to commit significant resources to developing comprehensive procedures manuals at this time.

#66 Instruction 19b) 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.

Department Response: The department's current work order structure provides work orders for specific cost-recovery activities and projects, as well as work orders for specific and general non-chargeable activities.


Accounts Receivable Improvements
June 6, 2011
Page 2 of 2

#67 Instruction 19c) Planning should review substantial aging receivables to determine what amount should be written off.

Department Response: The department reviews aging receivables as staff time permits, and submits requests for write-off when appropriate. The last write-off request was submitted on March 31, 2011 and approved by the Board of Review on April 27, 2011 (C.F. 11-0826).

If you have further questions, please contact Matthew Crawford of my staff at (213) 978-1288.

Michael J. LoGrande
Director of Planning



Eva Yuan-McDaniel
Deputy Director of Planning

LOS ANGELES POLICE COMMISSION

BOARD OF
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June 21, 2011

Ms. Antoinette D. Christovale, Director
Office of Finance
Attention: Jeffery Whitmore, Revenue Manager
200 North Spring Street, Room 220 - City Hall
Los Angeles, California 90012

RE: Accounts Receivable Improvements Initiatives Departmental Response Tracker (C.F. 10-0225)

Dear Ms. Christovale,

We are in receipt of your correspondence dated May 5, 2011 requesting a formal response to the subject matter noted above by June 30, 2011. The following provides the Police Commission response to the items (Tracker Numbers) identified in the Departmental Response Tracker, Exhibit ii:

Tracker #68 - 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.

Response

The new false alarm management system (CryWolf) was designed to comply with the Mayor's Directive No. 5 by moving unpaid accounts receivables through the billing cycle and eventual referral for collections and write-off, if necessary. Since December 2009, all delinquent invoices that met the criteria for referral were identified and referred to a City approved collection agency. Subsequent monthly referrals were made to the collection agency through June 2010. Since July 1, 2010, the Commission refers delinquent accounts for collection on a weekly basis. An account may not be referred within the 45 days of delinquency period if the alarm user has been offered an installment payment agreement; is contesting the bill through a waiver request; and/or, is scheduled for alarm school. CryWolf is programmed to allow for tracking of accounts that are under an installment agreement for non-compliance with the payment agreement. If the account is not paid as agreed, the invoice(s) is automatically sent to the collections folder for referral.

The Police Commission requests that you separate the LAFD from the LAPD Commission with regards to this Tracker.

Ms. Antoinette Christovale, Director
Page 2

Tracker #69 – 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.

Response – CryWolf System

A comprehensive desktop *Alarm Section Manual* was completed in July 2009 and was last revised in January 2011. The Manual incorporates the policy and procedure for processing billing in CryWolf as well as all of its other functions. The Manual delineates the billing cycle (e.g. original bill, delinquent bill, final notification) and includes copies of CryWolf screen shots with detailed instructions to follow when processing billing; returned checks; payments; waiver requests; etc. In addition to the desktop Manual, an electronic CryWolf Administrative and Operations manual is available in CryWolf under the “Help” icon, which includes detailed instructions on a variety of areas, including how to process billing for false alarm activations, payments, adjudicating fees, etc.

The Alarm Section also maintains the following desktop manuals:

Wachovia Lockbox Excessive Alarms Download/CryWolf Instructions – This Manual provides the steps for viewing individual invoice payments made through the Wachovia Lockbox for false alarms, including the checks and bill stubs for each individual invoice.

CryWolf Systems Manual – The Manual provides details about the applications, hardware and interfaces. It also provides who to contact for technical support related to servers, application software, files, databases and interfaces.

AllianceOne Client Access User Guide – This guide explains the seven collection agency access features to use when following up on the status of a referral.

Response - Board-ups

Desktop procedures delineating each step required when processing board-up billings have been developed and are maintained by the Board-Up Coordinator assigned to the Police Commission.

Response – DUI

The Police Commission is not responsible for processing DUI billings. Your request has been forwarded to the Fiscal Operations Division of the Police Department, with specific emphasis to Tracker No. 69 related to DUI billings.

Tracker #70 – Police Department should refer delinquent accounts to collections. Review its substantial aging receivables to determine what amount should be written off.

Response

As noted under Tracker #68, the Police Commission has an established policy and procedure for referring delinquent accounts to collections. This policy and procedure has been in place since the implementation of CryWolf, which was programmed to produce a table/queue of outstanding

Ms. Antoinette Christovale, Director
Page 3

invoices that are 45 days delinquent to alert the Alarm Section of invoices that need to be referred to a collection agency. After the initial invoice and two delinquent notices (Delinquent Notice and City Attorney Final Notification) have been sent, outstanding invoices are electronically referred out for collection on a weekly basis. Within one day of referral, an acknowledgement is received from the collection agency providing the account name, invoice number, principal collection fee, and total amount. Through the collection agency's Client Access User Guide, the Alarm Section is able to view the status of a particular account using various search methods. After 365 days from the date of referral, outstanding invoices are retrieved from the collection agency. A report detailing the uncollected invoices is then prepared and submitted through the Board of Police Commissioners for approval by the Board of Review to write-off.

Tracker #71 – *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.*

Response

As mandated by the Mayor's Executive Directive No. FM-3, the Police Commission reviews on an annual basis the cost to respond to alarm activations. The fee to recover the cost is determined by calculating the amount of time (expressed in the percentage of one hour) spent by sworn and civilian personnel multiplied by the position's average hourly salary rate (established by the City Administrative Officer). The salary rates for the Office of Finance, who processes the payments, is also factored in, as well as indirect costs such as fringe benefits, department administration and support, central services and compensatory time off. Direct salary costs are then multiplied by the rates established in the current Cost Allocation Plan prepared by the Controller's Office. The CryWolf system has the capability of generating a number of reports that provide alarm statistics, including billing and collection rates. On at least a quarterly basis, reports are generated and provided to the Office of Finance for the Mayor's review that include the total outstanding, collected and referred to collections by age.

Tracker #72 - *The 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.*

Response

To address this recommendation, the Police Commission contacted the designers of CryWolf, Public Safety Corporation (PSC) and the Office of Finance. The Office of Finance is responsible for accepting payments on behalf of the City. The Systems Director from the Office of Finance indicated that Finance currently provides the functionality for taxpayers to pay their bill on-line and that they can adapt the same system to process payments for false alarm bills in CryWolf. The Systems Director will work with PSC to get a process in CryWolf that would provide Finance with a nightly extract of balances owed which they could use for this process.

The feasibility to accept protests (waivers) on-line was discussed with PSC. They offer a 'citizen facing' web site that allows people to: (a) add new (and renew existing) accounts online; (b) update their account information online; (c) make online payments; and, (d) view their history (an actual CryWolf short history) online. The alarm subscriber would also be able to file a protest/waiver request by using a 'contact us' section that allows them to enter their account number and type in

Ms. Antoinette Christovale, Director
Page 4

their protest/waiver request – and then press a button which emails it to the Alarm Section. A more complete option can be designed at the request of the City and/or Police Commission. All of these functions are available; however, a contract amendment would have to be executed for the system enhancements. The cost to accomplish this is unknown since no formal cost proposal was solicited at this time.

Tracker #100 – ENCOURAGE AND THANK CITY WORKERS – CORE recommends that each department implement a recognition program for employees.

Response

The Police Commission has an Employee of the Month program to recognize employees for their outstanding work. The employee(s) are nominated by their peers and selected by the Commission supervisors. In addition, during the Police Commission's quarterly office meetings, employees are recognized and are provided with positive comments for their hard work, dedication and efforts to ensure compliance with the Mayor's directive.

If you require additional information, please contact Senior Management Analyst II Eva Vega of my staff at (213) 2376-1422.

Very truly yours,


RICHARD M. TEFANK, Executive Director
Board of Police Commissioners

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

BOARD OF PUBLIC WORKS MEMBERS

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VALERIE LYNNE SHAW
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Exhibit ii – PW

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EXECUTIVE OFFICER

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June 27, 2011

Antoinette D. Christovale, CPA
Director, Office of Finance

RE: Accounts Receivable Improvement Initiatives Departmental Response Tracker (C.F. No. 10-0225)

Dear Ms. Christovale,

In response to your letter dated May 5, 2011 regarding the above subject, attached please find the formal report back of the Department of Public Works, particularly, responses to Departmental Tracker Nos. 73 to 83. Our response is the result of coordinating and working with all the Bureaus mentioned in the Tracker.

If you have any questions, please contact Victoria A. Santiago, Director, Office of Accounting, at (213) 978-0900.

Sincerely,

Andrea A. Alarcon
Acting President, Board of Public Works

Attachment

C: Honorable Antonio Villaraigosa, Mayor
Honorable Bernard Parks, Chair, Budget and Finance Committee
Honorable Dennis Zine, Chair, Audits and Governmental Efficiency Committee
Honorable Carmen Trutanich, City Attorney
Honorable Wendy Gruel, City Controller
Rev. Jeff Carr, Chief of Staff, Mayor's Office
Matt Szabo, Deputy Chief of Staff, Mayor's Office
Georgia Mattera, Deputy Mayor of Budget and Financial Policy
Gary Lee Moore, Director, Bureau of Engineering
Enrique Zaldivar, City Engineer, Bureau of Sanitation
Ed Ebrahimian, Director, Bureau of Street Lighting
Nazario Saucedo, Director, Bureau of Street Services
John Reamer, Director, Bureau of Contract Administration



DEPARTMENT OF PUBLIC WORKS

**DEPARTMENTAL RESPONSE
TO THE**

**ACCOUNTS RECEIVABLE
IMPROVEMENT INITIATIVES
DEPARTMENTAL RESPONSE
TRACKER (C.F. NO. 10-0225)**

**Particularly Tracker Item Nos. 73 to 83
for the Department of Public Works**

**ANDREA A. ALARCON
ACTING PRESIDENT
BOARD OF PUBLIC WORKS**

JUNE 30, 2011

EXECUTIVE SUMMARY

On May 5, 2011, General Managers of all City Departments (except Airports, Harbor, Water and Power, City Employees' Retirement System and Fire and Police Pensions), were requested to prepare a formal report back to the Office of Finance, in response to the Accounts Receivable Improvement Initiatives Departmental Response Tracker (C.F. No. 10-0225). The initiative was a result of an effort to improve citywide accounts receivable management. Per the Office of Finance, its report was an amalgamation of numerous recommendations, reports, and audits issued by the City Council, City Controller, Macias Consulting Group, and the Council created Commission on Revenue Efficiency (CORE). The initiative is in line with the Mayor and City Council efforts to improve Citywide Accounts Receivable management.

DISCUSSION

The Accounts Receivable Improvement Initiatives Departmental Response Tracker included item nos. 73 to 83, as recommended by the Macias Consulting Group, for the Department of Public Works. This formal report and the discussions below provide responses to each tracker item as requested by the Office of Finance.

Item # 73: Bureau of Engineering

Instruction: Bureau of Engineering should work with the Public Works General Accounting Office and Finance to receive billing reports for performance monitoring purposes.

Response: The City's new FMS will be implemented on July 5, 2011. The new FMS has an Accounts Receivable (AR) module that will include the Accounts Receivable currently residing in the City's stand alone Accounts Receivable System (ARS). Office of Accounting worked closely with the FMS Team during the development stage to make sure that generation of billing reports will be provided. Bureau of Engineering will be able to generate billing reports provided by FMS. Should the reports not meet the purpose of monitoring billing performance, Bureau of Engineering will work with Office of Accounting on generating automated billing reports to satisfy this purpose.

Item # 74: Bureau of Engineering

Instruction: Bureau of Engineering should examine the feasibility of automating B permit bill data generation.

Response: Bureau of Engineering's B-permit billings are done through the City's ARS and is part of the AR module of the new FMS. Office of Accounting uses its internal ad hoc reporting system, MERLIN, for generating cost reports for B-permit billings. Bureau of Engineering and Office of Accounting will work with Office of Finance if there is still a need to automate B permit bill data generation given the City's new FMS.

Item # 75: Bureau of Engineering

Instruction: 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.

Response: The Board of Public Works supported by the Information Technology Agency (ITA) is responsible for the maintenance and technical upgrades to MERLIN. Electronic data extraction to Excel has always been available in MERLIN since its inception. Bureau of Engineering and Office of Accounting will work with the Office of Finance for clarification of electronic data extraction it wants that is not being met by MERLIN.

Item # 76: Bureau of Engineering

Instruction: Bureau of Engineering should code grant formulas onto the Excel spreadsheets to allow staff to easily compute matching requirements and reduce manual activities.

Response: Bureau of Engineering will do exactly as instructed for all grants received by the Bureau. Going forward with FMS, the Bureau of Engineering and Office of Accounting will include grant billings in the Accounts Receivable module of FMS.

Item # 77: Bureau of Sanitation

Instruction: Bureau of Sanitation should develop processes and procedures for refuse and recyclables collection, septage waste hauling, and groundwater fee billings.

Response: Bureau of Sanitation has existing written policies and procedures for refuse and recyclables collection, septage waste hauling, and groundwater fee billings. Currently, refuse and recyclables collection and groundwater fee billings are included in the City's ARS or the AR module in the new FMS. Going forward, the Septage Waste Hauling and Groundwater Fee billings will be included in the Industrial Waste Billings (IWB) system. The Private Waste Hauler revenues are generated as permit compliance payments and are tracked by the Recycling Data Management System (RDMS). The Sewer Service Charge, Multi Family Bulky Item Fee and Solid Resources Fee (trash fee) are billed through the Department of Water and Power. The IWB and the AB939 waste hauler fee written policies and procedures are available at the Bureau of Sanitation or Office of Accounting upon request.

Item # 78 Bureau of Sanitation

Instruction: Bureau of Sanitation should include refuse and recycling collection, industrial waste billing, septage waste hauling, and groundwater fee receivables in quarterly report to Finance.

Response: Office of Accounting is already reporting quarterly the refuse and recycling collection and groundwater fee receivables to Office of Finance. Septage waste hauling and groundwater fees will be captured and reported through the new IWB, which should be fully implemented by December 2011. The quarterly reporting to Office of Finance for groundwater fees will switch from the Office of Accounting to Bureau of Sanitation when the new IWB system is implemented.

Bureau of Sanitation does not anticipate changes in reporting for the AB939 Compliance Fee-Private Waste Hauler Fee, nor changes to the Sewer Service Charge, Multi Family Bulky Item Fee or Solid Resources Fee (trash fee) which will continue to be billed through the Department of Water and Power.

Item # 79: Bureau of Street Lighting

Instruction: Bureau of Street Lighting should include billings for street light repairs in the quarterly accounts receivable and collections report provided to Finance.

Response: Currently, Bureau of Street Lighting billings for damage claims are being sent out by the Office of Finance. This is not included in the quarterly reporting. The Office of Finance, Bureau of Street Lighting and Office of Accounting will re-evaluate inclusion of the Bureau of Street Lighting Damage Claims Receivable in the AR Quarterly Report post FMS GoLive.

Item # 80: PW – Office of Accounting

Instruction: 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.

Response: Office of Accounting worked closely with the FMS Team to ensure that billing requirements of the Department of Public Works are met by the new system. For department billings that will not be captured in FMS, Office of Accounting will work with the Bureaus to identify all types of these billings. Office of Accounting, in coordination with the Bureaus, will then develop centralized billings procedures for all the bill types generated by its various bureaus and agencies. As an initiative towards this goal:

- a) For Billings with internal system within the Bureau (example: IWB billings), Office of Accounting will work with the respective Bureau, FMS Team and Office of Finance for an interface with FMS as required in Office of Finance' Centralized Accounts Receivable Reporting (CARR) project.
- b) For billings that can not be interfaced with FMS (example: BSS Illegal Sign Billings), OOA will work with respective Bureau to ensure that the billings and collections are trucked, monitored and recorded in FMS through a journal voucher, for the general ledger, and with the Bureau's internal schedule as the subsidiary ledger.

Item # 81: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office should establish interfaces so that the Bureaus submit billing data electronically rather than manual drop off of information.

Response: Office of Accounting will work with the FMS Team and the Office of Finance in developing interfaces to enable Bureaus to submit billing data electronically.

Item # 82: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office should, until Finance centralizes more billings and collections activities, dedicate more time of other billers to monitor and follow up on aging receivables.

Response: Office of Accounting used to have a dedicated Senior Management Analyst I in charge of Revenue Collections. Because of position vacancy and later, deletion in the budget, the Senior Management Analyst I is concurrently the Manager for the Cost Accounting Division. In addition, due to budget cuts and managed hiring that result in staff shortage in the Office of Accounting, employee assigned to do billings are given additional tasks and are currently working on more than one desk. Moreover, position vacated by a staff assigned to update ARS was deleted in FY 2012 budget. Thus, pursuing more aggressive collections efforts and monitoring of and follow ups on aging receivables is sacrificed.

Office of Accounting will work with Bureaus in pursuing aggressive collection efforts for accounts that are delinquent before it is referred to a collection agency.

Item # 83: PW – Office of Accounting

Instruction: Public Works Department – General Accounting Office should review aging receivables to determine what amount should be written off.

Response: Aging of Accounts Receivable forms the bases for referring delinquent accounts to collection agencies and/or Office of Finance. Accounts returned by the collection agency and Office of Finance as uncollectible are presented to the City's Board of Review for write off recommendation. However, Office of Accounting is being very careful in determining any request for write off, making sure that all collection efforts were done and that the accounts are legitimately deemed uncollectible before proceeding with the write off request. The new FMS will allow departments to monitor accounts returned by Collection Agencies and Office of Finance as uncollectible. This will allow Office of Accounting in the preparation of write off requests more frequently.

CONCLUSION

The Department of Public Works has been and will always work closely with the Office of Finance in meeting its efforts to improve Citywide Accounts Receivable management. Already, Office of Accounting, in coordination with the Bureaus, is heavily involved in the CORE, CARR and recently, the Citywide Centralized Billings and Collections system project of the Office of Finance. The Department of Public Works is one with the Mayor, Council, City Controller, City Attorney and Office of Finance in ensuring the success of this goal.

CITY OF LOS ANGELES
CALIFORNIA

Jaime de la Vega
GENERAL MANAGER



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
TRANSPORTATION
100 S. Main St., 10th Floor
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(213) 972-8480
FAX (866) 530-3154

July 28, 2011

Ms. Antoinette Christovale, Director of Finance
Office of Finance
200 North Spring Street, Room 220
Los Angeles, CA 90012

**Subject: Accounts Receivable Improvement Initiatives Department
Response Tracker (CF. No. 10-0225)**

Attached are LADOT's responses for your letter dated May 5, 2011, regarding the above-entitled matter.

Please contact me at (213) 972-8480 or jaime.delavega@lacity.org any time if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Jaime de la Vega".

Jaime de la Vega
General Manager

Attachment

84 - 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.

DOT contacted the City Attorney's Office regarding this recommendation. The City Attorney's Office informally opined that the California Vehicle Code (CVC) does not explicitly provide approval for external secondary collections. Further, the CVC does not explicitly provide approval for non-tax amnesty. DOT has requested ACS to accelerate the outbound calling to less than 24 months from issuance date.

#85 - 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.

DOT has incorporated the CORE recommendations as approved by the City Attorney in the final draft RFP. Other improvements have been incorporated in the current system

#86 - 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.

ACS implemented new programming to expedite notices to the correct owner since rental car ownership information is dynamic, in that, most rental car companies do not own their vehicles for more than two years. Further, ACS is confirming ownership with the DMV as soon as the citation is processed, and also is strictly enforcing the requirement for rental car agencies to provide the

driver's license information of the renter within the timeframe as required in the CVC. Finally, ACS is also working with the larger rental agencies on a master database repository of their entire nationwide inventory.

#87 - 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.

DOT has replaced old and malfunctioning meters with new technology including multi-space pay stations and single space meters. Seventy percent (70%) of metered spaces have been upgraded and now run at greater than 99% up-time. By the end of FY11-12, 93% of the metered spaces will be upgraded.

88 - 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.

DOT provided the fine, penalty and City share distribution in December 2010 and revised the format for the quarter ending March 2011 to allow for discrete aging timeline. After meeting with the Office of Finance, DOT requested, and the Office of Finance approved, a different timeline consistent with the parking citation life cycle. Beginning with the June 2011 reporting timeframe, the fines and penalties will be separate; the aging component will be consistent with the ticket lifecycle and the City share will be clearly stated.

#89 - 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.

The Mayor's 2011-12 budget authorized funding to hire an additional 100 part-time traffic officers. DOT enforcement is also being reorganized with the assistance of LAPD Commander Michael Williams (on loan from the LAPD) to implement a strategic plan that will improve accountability and streamline activities utilizing improved and/or enhanced enforcement technology.

#90 - 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.

The Department pays ACS on a per citation processing basis and there are reimbursable costs included into the contractor's overall pricing schedule. In the current contract, the Department reimburses ACS for postage, storage and printing costs. Of these three reimbursable items, printing does include a 10% overhead fee. The contract does specify the an overhead charge for additional specified services and equipment beyond those required in the RFP shall not exceed 10% above the actual cost of the time or service; and that the contract must provide the City with a minimum of three bids and prior written approval from the city prior to procurement.

#91 - 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

The Department will query the California Public Parking Association members to inquire about their overall support and report back to CORE in the next report.

#92 - VEHICLE LIENHOLDERS - CORE recommends that DOT consider the feasibility of providing notice to vehicle lien holders of impoundments or impending impoundments. A lien holder 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 lien holders who reclaim a vehicle from impoundment in order to repossess it. Thus, it may merit considering how

notices to lien holders might be used to put extra pressure on repeat parking violators to pay.

DOT will contact the City Attorney's Office to discuss the legalities of such a program under the Fair Debt Collections Act and will update CORE in the next report.

#93 - 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.

The Department is working with ACS to revise the current error report to count all missing or blank mandatory fields as errors and to use these error reports to identify opportunities for additional training. Upon completion of the revised report, LADOT will begin monthly reviews and counseling of officers who are identified as having an error rate of 5% or greater for missing mandatory fields.

#94 - 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.

DOT and ACS will discuss this recommendation to reduce the receivable for the difficult to collect population. DOT will also survey other cities regarding their policies regarding parking citation issuance to and collections from the homeless.

#95 - 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.

The Department currently has all 19 license plate (LPR) vehicles currently deployed as follows:

- 15 LPR vehicles are deployed citywide daily through the High Priority Scofflaw Team. This team is deployed in Southern, Central, Hollywood and Western parking enforcement areas, Monday through Friday from 7:00 a.m. to 6:30 p.m.
- 4 LPR vehicles are deployed daily in the Valley Parking Enforcement Area. These vehicles are deployed Monday thru Friday from 7:00 a.m. to 6:30 p.m.

The only time the LPRs are not deployed is due to vehicle maintenance and system malfunctions.

The Department will also secure new handheld ticket writers in the upcoming RFP with higher resolution cameras and bar code reading capability and some real-time data downloads. These features will improve the quality of parking citations and the potential collectability.

#96 - 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.

The Department surveyed all members of the California Public Parking Association and found that no City has collection performance goals written into their parking citation contracts. However, the Department currently uses an incentive collections program, called Special Collections, with a flat fee that is only paid when a delinquent citation is fully paid after 79 days. In July, the Department will review ACS' annual collection presentation and proposed enhancements for possible implementation shortly thereafter.

In regards to collection performance, the Department is preparing a new format based on ticket life-cycle milestones to begin this analysis based upon the following ticket life-cycle penalties:

Days from issued date	Penalty added
37	Penalty doubles
58	\$25 added
79	\$3 DMV hold fee and \$21 special collection fee

LADOT will analyze this schedule and the payment rates to determine if adjustments need to be made that would maximize revenue based on historical payment history.

#97 - Transportation Department – Parking Citations should adjust 2011 contract to refer delinquent citations to city collection agencies.

The new RFP will align, as much as legally possible under the California Vehicle Code, with Executive Directive 5 as it related to the referral of delinquent accounts to the City's contracted collection agencies.



For all of the following fields, enter information associated with each Invoice Type.
For purposes of this survey accounts receivable types not to be included are as follows:

- 1) Tax
- 2) Governmental Sources
- 3) Inter-departmental Transfers
- 4) Grants
- 5) Point-of-Sale Receivables

Field	Instructions
1. Invoice Type (Name)	Enter the type of invoice based on the specific service rendered and accounts receivable.
2. Joint or Consolidated Billing?	Enter whether this is a joint or consolidated billing with multiple invoices and/or departments and identify these.
3. Dept Billing	Enter your Department.
4. Business Lead Contact	Enter the name of your Business Lead Contact.
5. AR System	Enter the name of your Accounts Receivable System.
6. AR System Support	AR system maintained in-house or by vendor? If vendor, please list name of vendor.
7. Transaction Type	Enter the type of transaction (e.g. fee for service, cost recovery, permit, renewal).
8. Service Provided	Enter the services provided; extended description of rendered services.
9. Applicable City Codes	Enter the applicable City Codes/Ordinances pertaining to the receivable.
10. Applicable State or Federal Regulation	Enter the applicable State or Federal regulation pertaining to the receivable.
11. Dept Code, Revenue Source Code, Fund	Enter the applicable Fund, Department Code, and Revenue Source Code, e.g. (Fund 100 / Dept. 38 / RSC 2080). List all associated.
12. Non-City Amounts?	Enter whether the invoice includes amounts that are not City receivables and identify the entity for which the City is billing.
13. Interdepartmental or Grant Funds	Enter whether the invoice includes amounts that are interdepartmental transfers or grants.
14. Other Governmental Agencies	Enter whether the invoice includes amounts that are due from other governmental agencies and identify the principal agency or type.
15. Fee Schedule	Enter or provide your Department's Fee Schedule (if applicable).
16. Last Fee Adjustment	Enter when your Department last adjusted the fee and by what approximate percentage.
17. Deposit or Pre-payment collected?	Identify if deposit or a pre-payment is collected. If no, is this a possible option?
18. Delinquent Debtor Cross-Reference?	Identify any tools or resources used for cross-referencing and identifying delinquent debtors.
19. Check Verification System	Enter whether your Department utilizes a check verification system and identify the tool used.
20. Non-Sufficient Funds (NSF) Checks Fee	Enter whether NSF fee is applied and amount.
21. Invoice Term	Enter the term of the invoice (e.g. at 30 days past due or delinquent).
22. First Delinquency Notice	Enter number of days past due (counting from invoice due date) when Department sends out the 1st delinquency notice.
23. Final Notice	Enter number of days past due (counting from invoice due date) when Department sends out the final delinquency notice and whether City Attorney letterhead is used. Provide a sample copy of the final notice letterhead to Finance.
24. Interest	Enter the terms of interest charged (if applicable) on a monthly basis.
25. Penalty	Enter the terms of penalty charged (if applicable) on a monthly basis.
26. Liens	Enter if liens may be applied to this receivable type and identify the terms. If not currently applied, is there a prospective opportunity to apply liens?
27. Payment Plan	Is a payment plan option offered? If so, enter the terms of your Department's payment plan.
28. Payment Acceptance Options	List payment acceptance options (e.g. check, credit card, online payment, etc.)
29. Reimburse / Refund Threshold	Is there a minimum threshold for application of refund or reimbursement? What is the amount?
30. Appeal/Hearing Process	Identify whether an appeals or hearing process is available and the basic parameters.
31. Collection Referral	Enter whether your Department's delinquent Accounts Receivable are eligible for referral and number of days past due (counting from invoice due date).
32. Primary Collection Agency	Enter the name of your Department's Primary Collection Agency.
33. Secondary Collection Agency	Enter the name of your Department's Secondary Collection Agency.
34. Statute of Limitation/Write-Off	Enter whether your Department's delinquent Accounts Receivable are allowable for write-off (e.g. write-off [not] eligible) and identify the statute of limitation on collection (e.g. 5 years from invoice generation). Separately identify if penalty and interest is subject to write-off or adjustment/waiver by department where uncollected.
35. Documented AR Procedures	Enter whether your Department has written Accounts Receivable procedures, the date of the latest version, and please provide a copy to Finance.
36. Approximate Annual Billing (FY10)	Enter your Department's approximate annual \$ billing amount for FY 2010.
37. Approximate Annual Receipts [Cash Basis (FY10)]	Enter your Department's approximate annual \$ receipts amount for FY 2010 on a cash basis.
38. Annual Invoice Volume (FY10)	Enter your Department's annual invoice generation volume for FY 2010.
39. Billing Cycle	Identify your Department's Billing Cycle (Annual, Quarterly, within # days of service, etc).
40. Calculation of Uncollectible Amount	Enter your Department's calculation for determining uncollectible amounts.