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CONTROLLER

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The Honorable Bernard Parks, Chair
Budget and Finance Committee
Los Angeles City Council
200 N. Main Street, Room 395
Los Angeles, CA 90012

The Honorable Paul Koretz, Chair
Audits and Governmental Efficiency Committee
Los Angeles City Council
200 N. Main Street, Room 395
Los Angeles, CA 90012

October 12, 2010

RE: CF 09-2560

Dear Committee Chairs Parks and Koretz and Honorable Council Members:

Today, the joint meeting of the Budget and Finance and Audits and Governmental Efficiency Committees will consider the Commission on Revenue Efficiency's Blueprint for Reform of City Collections. This Blueprint offers many recommendations that will help move the City toward an improved collection process, increasing accountability and transparency as well as providing better methods to track and collect outstanding debt.

The Commission has done outstanding work, and the Mayor and Council need to move swiftly to implement these recommendations. This Blueprint is very thorough and proposes a number of new revenue-generating ideas that need to be further researched, and emphasizes a number of other earlier recommendations that the Mayor and Council need to revisit.

As the report highlights, much of the information included is not new. The report echoes many of my office's recommendations toward a centralized collection process and further highlights that the City has not moved forward on implementing many of my audit recommendations. Throughout the past several years, the City's billing and collection process has been studied, analyzed and audited, and all arrived at one main recommendation: to centralize billing processes to effectively manage City revenues. It is now time for action to centralize the City's billing processes, which will save millions of dollars each year.

The Honorable Bernard Parks
The Honorable Paul Koretz
October 12, 2010
Page 2

One of the Blueprint's highest recommendations is to create an Inspector General to oversee the City's billing and collection process. This position would be given the authority to work directly with departments and to implement the recommendations from my audits as well as from the Blueprint. This position is very similar to the Collections Sheriff that I worked with the Valley Industry and Commerce Association to bring forward in 2008 to oversee the City's collections process. At the time, we were told that this position was not needed. It has become clear that the City needs to explore all ideas that could help generate additional revenue and improve the collections process.

As the Committees consider the recommendation for further oversight of this process, I encourage you to think carefully about where this position is housed and that it be given the appropriate authority to work with the Office of Finance and other City departments to effectively implement the recommendations to improve the City's billing and collections process. This position can only be effective if it is given the appropriate authority Citywide.

These recommendations will help increase transparency and success in the City's collections process. I cannot emphasize enough how valuable these recommendations are as the Mayor and Council continue to explore alternatives to future cuts that may be needed to balance the City's budget. These recommendations need to be implemented as soon as possible to help mitigate further budget cuts and imminent challenges during this budget year as well as in upcoming years with increasing deficits.

It is paramount that the Blueprint's recommendations be implemented swiftly to improve our City's billing and collections process to avoid ever accumulating over \$500 million in uncollected precious City revenue. I intend to conduct independent assessments and report periodically to the policymakers on the status of these efforts to ensure successful implementations, and to identify any impediments and barriers that may negatively impact complete implementation of the recommendations.

Sincerely,



WENDY GREUEL
City Controller

cc: Ron Galperin, Chair, Commission on Revenue Efficiency