

AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE
Report/Communication for Signature

Council File Number: 00-1110

Committee Meeting Date: 8-7-02

Council Date: 10-23

COMMITTEE MEMBER	YES	NO	ABSENT
Councilmember LaBonge, Chair	✓		
Councilmember Greuel	✓		
Councilmember Holden			✓

Remarks NAIF - Review of UGS Asset Mgmt System

Maria Kostrencich, Legislative Assistant ----- Telephone 978-1057

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE

reports as follows:

	<u>Yes</u>	<u>No</u>
Public Comments	<u>XX</u>	—

AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE REPORT relative to the review of the Department of General Services' (DGS) Asset Management System.

Recommendation for Council action:

NOTE and FILE the Macias, Gini and Company review of the DGS Asset Management System dated March 2000, conducted by Macias, Gini and Company, LLP, inasmuch as the DGS has responded to the recommendations contained in the report and no Council action is required.

Fiscal Impact Statement: Not applicable.

Summary:

At its meeting of August 7, the Audits and Governmental Efficiency Committee considered a review of the DGS Asset Management System dated March 2000, conducted by Macias, Gini and Company for the Controller's Office. The purpose of the project was to evaluate the current status, operations, maintenance, and effectiveness of the Asset Management System.

DGS staff reported that three of the recommendations have been implemented and two are ongoing. The DGS is committed to implementing the recommendations contained in the report.

The Committee members questioned the audit firm, the Controller and the DGS with respect to the recommendations. The DGS was requested to provide information to the Councilmembers regarding Asset Management Division's procedures in processing City-owned properties that are no longer required for the use of the City and are made available for sale. In addition, the Committee requested a list of the city departments and other governmental agencies that are notified of any pending sale of surplus properties.

The Committee members recommend that this matter be Noted and Filed, inasmuch as the department has responded to and implemented the recommendations contained in the review of the Asset Management System. The matter is now forwarded for Council consideration.

Respectfully submitted,

AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE

Handwritten signatures of Paul Brown and W. J. Newell.

mk
10-17-02
#001110.wpd

REPT.
ADOPTED

OCT 23 2002

LOS ANGELES CITY COUNCIL

COUNCIL ROLL CALL

ITEM(S) # 6-20

- Noticed Pub Hrg
- Pub Hrg Held
- Pub Hrg Not Held

- CLOSED SESSION
- Beginning
- Reconvene

COMMUNICATION(S) ORD(S)

COMMITTEE REPORT(S) *1st/2nd # 7-9*

CITY ENGR/B&S REPORT(S) *#17 by Dec #20 by Ex #17 by B&S*

TRACT MAP(S) # _____ CD _____

PARCEL MAP(S) # _____ CD _____

WITHDRAWN FROM AGENDA
REFERRED TO:

MOTION AMENDING SUBSTITUTE

CONTINUED TO:

10 VOTES TO CONSIDER: PUB HRG
 CLOSED

ITEM(S) # 6-20

COMMENTS *#10416 Rpts submitted
#14 - Cont 11-6 - (2 wks)*

	YES	NO
BERNSEN		
GALANTER		
GARCETTI		
GREUEL		
HAHN		
HOLDEN		
<i>M</i> LABONGE		
MISCIKOWSKI		
<i>S</i> PACHECO		
PERRY		
REYES		
RIDLEY-THOMAS		
WEISS		
ZINE		
PRES. PADILLA		
TOTALS	12	1

U.V. ADOPTED FAILED
 FORTHWITH TO MAYOR
 ORD OVER DATE: _____

CITY OF LOS ANGELES
CALIFORNIA

JON KIRK MUKRI
GENERAL MANAGER



JAMES K. HAHN
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 485-5801
FAX No. (213) 620-9149

August 8, 2002

Honorable City Council of the City of Los Angeles
Office of the City Clerk
Room 395, City Hall

RECEIVED
CITY CLERK'S OFFICE
2002 AUG 15 AM 7:16
BY _____
CITY CLERK
DEPUTY

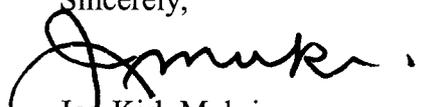
SURPLUS SALE OF CITY PROPERTIES
NOTICES TO OTHER GOVERNMENTAL AGENCIES

We have been asked by the Audit and Government Efficiency Committee to provide information to you regarding Asset Management Division's procedures in processing City-owned properties that are no longer required for the use of the City and are made available for sale. Specifically, we were requested to address Government Code Sections 54220 through 54232 which requires that any City-owned property that are declared surplus must first be offered to other governmental agencies to give them the opportunity to purchase said property at market value.

Section 54220 of the Government Code provides "that surplus land, prior to disposition, should be made available for park and recreation purposes, for open space purposes, or for low and moderate income housing purposes." Enclosed for your information is a list of the city departments and other governmental agencies that are notified of any pending sale of surplus properties.

If you need additional information, please do not hesitate to call me at (213) 485-5801 or Ms. Lourdes P. Owen at (213) 485-1520.

Sincerely,


Jon Kirk Mukri
Enclosure

00-1110

AUG 16 2002

SURPLUS PROPERTY NOTIFICATION LIST (54220s)

Outside agencies (notice on GSD letterhead) - verify Attention line for correct names

DATE MAILED: _____

RESPONSES RECEIVED: _____

1. State Resources Agency
1416 Ninth Street
Sacramento, CA 95814
Attention: Naomi Cooper, Legislative Program Analyst

2. Los Angeles Unified School District
355 South Grand Avenue, Suite 500
Los Angeles, CA 90071
Attention: Scott Graham, Director c.c. Alberto Tovar (same address)
Real Estate and Asset Management Branch

3. Metropolitan Transportation Authority
P.O. Box 194
Los Angeles, CA 90053
Attention: Velma Marshall, Director of Real Estate

4. Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard
Los Angeles, CA 90057
Attention: Donald J. Smith, Executive Director

5. Jerry Scharlin, Administrator
Community Redevelopment Agency of the City of Los Angeles
354 South Spring Street, Suite 800
Los Angeles, CA 90013
Attention: Director of Real Estate

6. Regional Planning Commission
County of Los Angeles, Open Space Section
320 W. Temple Street
Los Angeles, CA 90012
Attention: Real Estate Planning

7. Santa Monica Mountains Conservancy
5750 Ramirez Canyon Road
Malibu, CA 90265
Attention: Joe Edmiston, Executive Director

SURPLUS PROPERTY NOTIFICATION LIST

City Departments on Interdepartmental correspondence

8. Ellen Oppenheim, General Manager (MS 625/13)
Department of Recreation and Parks
Attention: Barry Simon, Land Management
13/F1, CHE, STOP 625

9. Garry W. Pinney, General Manager
Los Angeles Housing Department
Attention: Ruperto Albelda
111 N. Hope Street, Room 700
LA 90012 MS 958
cc John Wickham
MS 958
(213) 847-7692

10. Lillian Kawasaki, General Manager
Community Development Department
Attention: Jasper Williams, Industrial and Commercial Development Division
215 W. 6th St., Rm 500
LA 90014 MS 850

11. Wayne Tanda, General Manager
Department of Transportation
221 N. Figueroa, Suite 500, MS 725
Attention: Alan Willis, Principal Transportation Engineer
Bureau of Parking Regulations & Special Operations
555 Ramirez St., Space 315, MS 742

RETURN AFTER FIVE DAYS



DEPARTMENT OF GENERAL SERVICES
ASSET MANAGEMENT DIVISION
201 City Hall South
111 E. First Street
Los Angeles, CA 90012

Honorable City Council of the City
of Los Angeles
Office of the City Clerk
Room 395, City Hall

#160

CITY OF LOS ANGELES

CALIFORNIA



RICHARD J. RIORDAN
MAYOR

J. MICHAEL CAREY
City Clerk

When making inquiries
relative to this matter
refer to File No.

Office of the
CITY CLERK
Council and Public Services
Room 615, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

00-1110

June 6, 2000

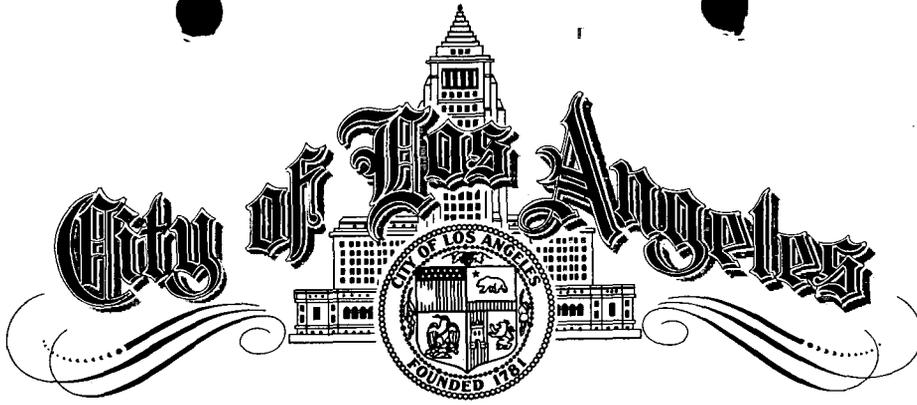
GOVERNMENTAL EFFICIENCY COMMITTEE

In accordance with Council Rules, communication from the Controller relative to report on the review of the DGS' Asset Management System, was referred on June 6, 2000, to the GOVERNMENTAL EFFICIENCY COMMITTEE.

J. Michael Carey

City Clerk
amm





OFFICE OF
CONTROLLER

RICK TUTTLE
CONTROLLER

220 CITY HALL
LOS ANGELES 90012
(213) 485-5093

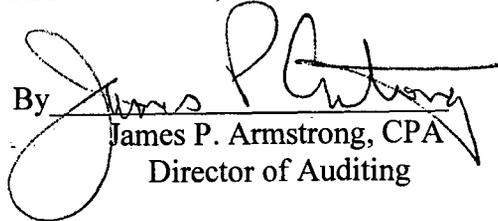
June 5, 2000

Honorable City Council of the City of Los Angeles
Office of the City Clerk
Room 607, City Hall East

We are transmitting herewith, the final report on the Review of the Department of General Services' Asset Management System. The contract audit firm of Macias, Gini and Company, LLP conducted the review for the Controller's Office.

Very truly yours,

RICK TUTTLE, CONTROLLER

By 
James P. Armstrong, CPA
Director of Auditing

RECEIVED
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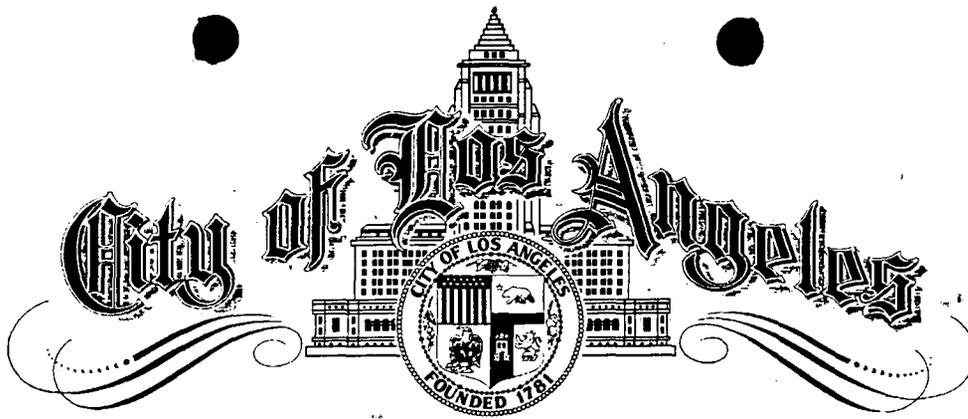
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CITY CLERK
BY _____ DEPUTY

GOVT EFFICIENCY

JUN 5 2000

R\vicky\clerkltr



OFFICE OF
CONTROLLER

RICK TUTTLE
CONTROLLER

200 N. MAIN STREET
ROOM 1200
LOS ANGELES 90012
(213) 485-5093

June 5, 2000

Mr. Jon Kirk Mukri, General Manager
Department of General Services
111 East First Street, Suite 701 CHS
Los Angeles, CA 90012

Dear Mr. Mukri:

Attached is the final report on the review of the Department of General Services' Asset Management System. The contract audit firm of Macias, Gini and Company, LLP conducted the review for the Controller's Office. Before the report was finalized, a draft copy was provided to your Department for review and comment. In addition, the auditors discussed the findings and recommendations in the draft report with you and your staff to ensure you had an adequate opportunity to comment on the contents of the report.

The purpose of the project was to evaluate the current status, operations, maintenance, and effectiveness of the Asset Management System (AMS). The auditors report that the technical architecture of AMS is adequate to maintain, categorize, and report space utilization for the City. While the system appears to be sound, it is important to note that the City could make much better use of the system's capabilities than it currently does, by keeping building, headcount, and equipment information complete and up to date and by ensuring that non-General Services offices and departments understand how to use this system as a resource. To this end, the auditors report that the Department of General Services (DGS) should:

Develop and maintain a process to ensure a complete portfolio of all City properties including those of the Proprietary Departments,

Develop an efficient method to distribute information on the availability and utilization of space,

Implement a process to obtain current data from user Departments and verify that data on a periodic basis.



Mr. Jon Kirk Mukri, General Manager
Department of General Services
June 5, 2000
Page Two

The auditors also report that the "Office of the Controller should consider the opportunities offered by AMS to support required information for the implementation of Government Accounting Standards Board Statement 34 (GASB 34)."

The Controller's Office agrees with the suggestion to utilize AMS as an information source to implement GASB 34 and believes the system can be of even further use if all system capabilities are used properly. Our Office is currently a member of an Inventory Task Force to develop potential solutions to identified shortcomings in the City's current fixed assets inventory system. These shortcomings include the difficulty of producing a comprehensive or integrated report of the location of all City assets. This has become increasingly more important with the advent of entities studying requests for secession.

If the City were using AMS to its full potential, the system could produce accurate reports on the location of all space owned or leased by all City Departments along with the number of employees assigned to work in those locations. If this information were currently available, responding to comprehensive requests for information from entities such as the Local Area Formation Committee (LAFCO) as part of the study of secession by various regions of the City would be much less time consuming and costly.

We understand that the DGS is committed to implement the recommendations contained in the attached report. We encourage the Department to move as quickly as possible to ensure the timely implementation of all recommendations to facilitate the tracking of City assets and the preparation of accurate reports on City assets. We further urge the City as a whole to support these efforts and to work to ensure that appropriate and complete information is provided to the Department for entry into the system.

Please review the final report and advise the Controller's Office within 30 days on actions taken to implement the recommendations. A follow-up will be conducted during our next audit.

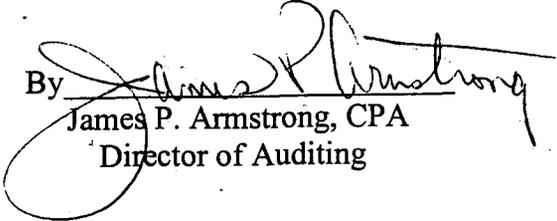
Mr. Jon Kirk Mukri, General Manager
Department of General Services
June 5, 2000
Page Three

The cooperation extended by your staff during the course of the review was appreciated.
If you have any questions, please call Victoria Ancajas, Chief Auditor, at (213) 485-4525.

Very truly yours,

RICK TUTTLE, CONTROLLER

By


James P. Armstrong, CPA
Director of Auditing

Cc: Hon. Richard Riordan, Mayor
Hon. John Ferraro, President, City Council
Hon. Michael Feuer, Chairperson, Budget and Finance Committee
Hon. Rita Walters, Member, Budget and Finance Committee
Hon. Laura Chick, Chairperson, Governmental Efficiency Committee
Hon. Mark Ridley-Thomas, Member, Governmental Efficiency Committee
Hon. Alex Padilla, Chairperson, Information Technology & Gen. Services Committee
Hon. Rudy Svorinich, Member, Information Technology & Gen. Services Committee
Kelly Martin, Chief of Staff, Office of the Mayor
Jennifer Roth, Deputy Mayor, Office of the Mayor
William T. Fujioka, City Administrative Officer
Ronald Deaton, Chief Legislative Analyst
Gerald Capodiecici, Acting City Treasurer
Independent City Auditors



Macias, Gini & Company LLP
Certified Public Accountants

Partners
Kenneth A. Macias
Ernest J. Gini
Kevin J. O'Connell

515 South Figueroa Street
Suite 950
Los Angeles, CA 90071-3330
213•612•0200
213•612•0277 FAX
www.maciasgini.com

**Office of the Controller - Audit Division
City of Los Angeles
Report on the Review and Analysis of the
Asset Management System
Department of General Services
March 2000**

**Macias, Gini & Company LLP
Consulting Department
Contact: R. Daniel McCord
(916) 928-4600, ext. 310**

OFFICE LOCATIONS

Sacramento • Los Angeles • San Francisco Bay Area



Macias, Gini & Company LLP
Certified Public Accountants

Partners
Kenneth A. Macias
Ernest J. Gini
Kevin J. O'Connell

515 South Figueroa Street
Suite 950
Los Angeles, CA 90071
213•612•0200
213•612•0277 FAX
www.maciasgini.com

March 22, 2000

Mr. James P. Armstrong, CPA
Director of Auditing
Office of the Controller
City of Los Angeles
205 South Broadway
Suite 520
Los Angeles, California 90012

Dear Mr. Armstrong:

Enclosed is our report on the review of the Asset Management System, which is a component of the Department of General Services of the City of Los Angeles. The purpose of the project was to review the current status, operations, maintenance, and effectiveness of the Asset Management System to meet the following objectives:

1. To make a determination if the Asset Management System has adequate controls to safeguard information, maintain integrity of the data within the system, and provide reliable information to management.
2. To evaluate if staff from the Department of General Services and other users of the system were utilizing the capabilities of the system to effectively manage properties under their control.
3. To review the underlying inventory of City properties for accuracy.

We appreciate the opportunity to assist the City of Los Angeles in this area. Please contact Mr. Dan McCord at (916) 928-4600 or myself at (213) 612-0200 if you have any questions or comments.

Very truly yours,

MACIAS, GINI & COMPANY LLP
Certified Public Accountants

By (for):

Kenneth A. Macias, CPA, MBA
Managing Partner

OFFICE LOCATIONS

Sacramento • Los Angeles • San Francisco Bay Area

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Executive Summary

In 1996 the Office of the Controller of the City of Los Angeles (the City) issued a report on its review of the Asset Management System. The current status of the findings of that review is included as Appendix D to this report. This current study of the Asset Management System was completed in part as a follow-up to that report.

Subsequently the Audit Division of the Office of the Controller of the City of Los Angeles requested Macias, Gini & Company LLP to review, evaluate, and assess the current status of the Asset Management System (AMS) used by the City's Department of General Services (DGS). The purpose of this assignment was to:

- To make a determination if the Asset Management System has adequate controls to safeguard information, maintain integrity of the data within the system, and provide reliable information to management.
- To evaluate if staff from the Department of General Services and other users of the system were utilizing the capabilities of the system to effectively manage properties under their control.
- To review the underlying inventory of City properties for accuracy.

The summary of the findings and recommendations of our review and analysis of the Asset Management Systems are as follows:

1. The current technical architecture of the Asset Management System is an adequate information technology system to maintain, categorize, and report space utilization for the City. However, the Department of General Services does not have an efficient or effective method of distributing this information to information users.

The Asset Management Division currently has a plan to provide this information distribution function by way of the City's Intranet system. This will allow "on-demand" access to the information both for utilized and vacant space. The plan should be subject to consideration by the City as an effective and efficient addition to the Asset Management System.

Recommendation: Pursue either some form of electronic network distribution or Citywide Intranet distribution of relevant information.

2. The Asset Management System, when fully operational, will hold a significant amount of information that will be of use to the various department's of the City and for those within the City administration who are responsible for planning and monitoring departmental activities. This issue addresses not only the distribution aspect of the AMS but also the usefulness of the information. Currently some users are not fully aware of the type of information available from AMS.

Recommendation: The Asset Management Division should develop a process to meet with the information users in order to develop a shared approach to the use and access to this information. It may be that the AMS currently holds information that may just need to be reformatted for these users.

3. For the Asset Management System to be effective it needs to have a complete portfolio of subject properties. Currently the Asset Management Division is in the process of adding approximately 80 additional properties to the system which will then include a total of 1,422 property records. A similar finding was made during the last review of AMS in 1996 at which time representatives of the Asset Management Division indicated that the database would be completed in the near future. Based upon our review this did not occur.

Properties in AMS are currently limited to Council-controlled departments and do not include the assets of the Department of Water and Power (DWP). The only exceptions are DWP properties that are leased to the City and the properties controlled by the Department of Recreation and Parks. Further, land holdings are not included in AMS.

Leases are added to the system as they are accepted by the City and currently there are 154 leases in AMS.

Recommendation: The Asset Management Division has a projected completion date to enter these properties into the system by July 1, 2000. This process should be monitored by DGS management to ensure the deadline is met. At that time the Asset Management Division should implement a plan for routine monitoring of the database, preferably on a cycle basis, to verify the completeness of the data within the AMS. This is currently in process.

To be able to provide a comprehensive asset management program, the Asset Management Division should also expand the database to include the assets of the proprietary departments. Such assets would include those of the proprietary departments such as the airport and harbor.

4. The Asset Management System includes data for space such as square footage, headcounts, and utility expenses. Our review of the system, and confirmed by the Asset Management Division, indicated that user departments were at times deficient in reporting headcount figures to the division. This type of data is important as it will allow for space utilization standards to be analyzed such as total square footage to headcount or common space per headcount.

Recommendation: The Asset Management Division should develop a process to obtain needed data from user departments. Further, DGS should monitor the performance of this process to collect pertinent data. It is understood that the division is aware of this condition.

5. During our site review of properties to test square footage measurements, we noted an additional structure on one of the subject properties (Fire Station #4). Representatives of the Asset Management Division indicated that they were aware of the possibility that such additional structures exist and that property reviews should be a component of the AMS, once it is fully operational.

Recommendation: The Asset Management Division should develop a process to obtain the property data from user departments and verify the data on a cycle basis. To be effective this process should include some reporting process to the various department managements and to the appropriate City officials for those situations where such reporting is inadequate.

Background

The AMS was conceived out of the larger objective to align the City's facilities management practices more in line with the private sector. The focus was to view facilities as assets that require the use of modern management practices. As a result several functions were consolidated into DGS's Asset Management Division. Out of the need to capture comprehensive management information on facilities, the AMS was developed.

The AMS is an integrated information system approach to capture and report on key facility measures, such as square footage, cost, occupancy, utility expenses, leased compared to owned space, and headcount. Subsidiary information, such as lease contracts, maps, and floor plans are also captured and integrated into the system.

The Asset Management Division is the entity responsible for system operations and management. Within the Division, there is a designated System Administrator who oversees the day-to-day operation of the AMS.

It is important to note that AMS integrates information from a variety of sources. The Division obtains information from Building & Maintenance, Leasing, Engineering, Parks and Recreation, and Library functions. This information then flows to the AMS for management reporting. The only information that is self-generated is the site and floor plans and the headcount information. This information is the direct responsibility of the Asset Management Division. Consequently, there are some validation processes that are observed to ensure accurate information. However, the accuracy of the information is ultimately the responsibility of the originator.

The attached flowcharts (Appendix B) summarize the general information flow for the AMS.

Discussion

The following sections discuss the detail comments related to each of the three project objectives.

Project Objective 1 - To make a determination if the Asset Management System has adequate controls to safeguard information, maintain integrity of the data within the system, and provide reliable information to management.

Adequacy of controls to safeguard information.

Currently all data files and supporting documents are maintained by the Asset Management Division of the Department of General Services.

The data files are resident on the Division's computer system and the documents are maintained in file cabinets. To a large degree the documents are copies of floor plans the originals of which are with department, building managers or facility managers. In terms of adequacy of safeguarding this information it appears that the Division has adequate facilities and procedures.

It should be noted that for public safety facilities, space on the floor plans tends to be generic as to the points of entrance and exit to these facilities. This information is not needed for the Division's work and if obtained by certain individuals it could compromise the operations of these public safety departments. We do not see this as a reportable finding.

In terms of access, security, and changes to the data, both electronic and in document form, the Division uses standard password access to the system and has varying levels of security over transactions within the system.

Maintain integrity of the data within the system.

Additions, deletions, and changes to system data follow a structured protocol including approval of new data to be entered to the system. Further, the underlying records were maintained in files that could be reviewed as needed.

To test the integrity of the data with the system, we conducted site visits and made independent calculations of selected square footage measurements. We found them to agree to those measurements from the AMS. However, at one site (a fire station) we noted a garage that was not on the floor plan. We were informed that such structures were added to parcels after the floor plans were entered into AMS and that the Division was concerned about these types of situations. We have noted this as one of our findings and have made relevant recommendations to do site visits on a cycle basis to maintain the system data.

Provide reliable information to management.

Based upon our review, it appears that the AMS will provide reliable data to management if the system is subject to on-going reviews of the underlying data. However, it was noted that the distribution of this information to users outside of the DGS could be more efficient and effective. The Division currently has a proposal to put the information on the City's Intranet system for "on-demand" access by both those who occupy the space and those charged with the planning and analysis of the City's operations. This proposal should be given serious consideration. Further, the Division should develop approaches to inform departments and others that would use the system as to the amounts and types of data contained in AMS with the anticipation that this data would be of use to them on a regular basis. We found this to be the case for those who produce cost allocation information for the City.

In terms of finding and recommendations for Project Objective 1, there were no specific points found other than those discussed above. These points have been incorporated into the Findings found in subsequent sections of this report.

Project Objective 2 - To evaluate if staff from the Department of General Services and other users of the system were utilizing the capabilities of system to effectively manage properties under their control.

This project objective has some overlap with the previous objective, and as such the above comments also pertain to this objective.

Based upon our observations and review it appears that the Asset Management Division was aware of the capabilities of the AMS and used those capabilities for property management. However, since not all properties have been entered into the system, this management process is not as effective as it could be. As noted previously, the Division needs to complete its data entry function and develop approaches to maintain the system data.

Again, as noted above, for those current and potential system users outside of the DGS, there remain opportunities for more effective distribution of information by use of the City's Intranet. In addition, there are the opportunities for access to the data for those with specialized needs such as cost allocation plans and the user departments themselves. This capability is important if the City implements some form of a charge-back program for either space cost or facility management cost.

The following findings and recommendations pertain to Project Objective 2:

Finding # 1: The current technical architecture of the Asset Management System is an adequate information technology system to maintain, categorize, and report space utilization for the City. However, the Department of General Services does not have an efficient or effective method of distributing this information to information users.

The Asset Management Division currently has a plan to provide this information distribution function by way of the City's Intranet system. This will allow "on-demand" access to the information both for utilized and vacant space. The plan should be subject to consideration by the City as an effective and efficient addition to the Asset Management System.

Effect: Those potential users of the system will either not have access to the information or will have delayed access, which in either case will result in sub-optimal performances. Additionally, it will allow certain discrepancies with the data that could have been reviewed by users to go undetected.

Recommendation: Pursue either some form of electronic network distribution or Citywide Intranet distribution of relevant information.

Finding # 2: The Asset Management System, when fully operational, will hold a significant amount of information that will be of use to the various department of the City and for those within the City administration who are responsible for planning and monitoring departmental activities. This issue addresses not only the distribution aspect of the AMS but also the usefulness of the information. Currently some users are not fully aware of the type of information available from AMS.

Effect: The result is that potential users will miss opportunities for developing an information base for better decision making.

Recommendation: The Asset Management Division should develop a process to meet with the information users in order to develop a shared approach to the use and access to this information. It may be that the AMS currently holds information that may just need to be reformatted for these users.

Project Objective 3 - To review the underlying inventory of City properties for accuracy.

We had two concerns as to the accuracy of the underlying inventory records within the Asset Management System. The first was the completeness of the data in terms of the inclusion of all City controlled property, and the second concern was that the data was a correct representation of the space.

In terms of the completeness of the data files, we were informed that as of mid-February 2000 the Asset Management Division had approximately an additional 80 properties to enter into the system in order to complete the data entry phase of the system implementation. At that time the system will include a total of 1,422 property records. The timing for completing this work is set to be done by July 1, 2000. It is important for management of both DGS and the Asset Management Division to monitor the progress of this process to complete the data entry of the space inventory of the City by July 1, 2000.

As to the validity of the actual data, we made selected site visits to properties included in the Asset Management System and made test measurements at these sites to trace back to the

data files. We also reviewed with the Asset Management Division staff the general status of the data within the system. There are currently five particular information items included in the Asset Management System that are reported on a comprehensive basis:

- Floor Plans
- Square Footage
- Headcount
- Utility Costs
- Lease Information

For the floor plans we had one exception during our site visits. At Fire Station #4 we found a garage that had been built behind the existing structures. Representatives of the Asset Management Division indicated that this could occur with fire stations that add structures such as this through their own department rather than through the Department of General Services. The Division staff was aware of the situation and they anticipated the need for ongoing site visits to verify floor plans on a cycle basis.

For the square footage measurements we had no exceptions.

For the headcount we found that the data was generally incomplete. The data comes from the user departments on a voluntary basis and as such it was not always available. This is a situation that needs to be corrected and has been noted in our findings and recommendations.

Utility costs are obtained from the Automated Billing System from the Department of General Services and are reported by building where available.

Lease information is from the DGS and for those properties with leases tested, we found the data to be complete.

The following findings and recommendations pertain to Project Objective 3:

Finding # 3: For the Asset Management System to be effective it needs to have a complete portfolio of subject properties. Currently the Asset Management Division is in the process of adding approximately 80 additional properties to the system which will then include a total of 1,422 property records. A similar finding was made during the last review of AMS in 1996 at which time representatives of the Asset Management Division indicated that the database would be completed in the near future. Based upon our review this did not occur.

Properties in AMS are currently limited to Council-controlled departments and do not include the assets of the Department of Water and Power (DWP). The only exceptions are DWP properties that are leased to the City and the properties controlled by the Department of Recreation and Parks. Further, land holdings are not included in AMS.

Leases are added to the system as they are accepted by the City and currently there are 154 leases in AMS.

Effect: The result is that the AMS database will not be able to address all departmental requests for information, as the database is not complete.

Recommendation: The Asset Management Division has a projected completion date to enter these properties into the system by July 1, 2000. This process should be monitored by DGS management to ensure the deadline is met. At that time the Asset Management Division should implement a plan for routine monitoring, preferably on a cycle basis, the completeness of the data within the AMS. This is currently being done.

To be able to provide a comprehensive asset management program, the Asset Management Division should also expand the database to include the assets of the proprietary departments. Such assets would include those of the proprietary departments such as the airport and harbor.

Finding # 4: The Asset Management System includes data for space that includes square footage; headcounts, and utility expenses. Our review of the system and confirmed by the Asset Management Division, indicated that user departments were at times deficient in reporting headcount figures to the division. This type of data is important as it will allow for space utilization standards to be analyzed such as total square footage to headcount or common space per headcount.

Effect: The result is that the AMS database will not be able to address all departmental requests for information, as the database is not complete.

Recommendation: The Asset Management Division should develop a process to obtain needed data from user departments. Further, DGS should monitor the performance of this process to collect pertinent data. It is understood that the division is aware of this condition.

Finding # 5: During our site review of properties to test square footage measurements we noted an additional structure on one of the subject properties (Fire Station #4). Representatives of the Asset Management Division indicated that they were aware of the possibility that such additional structures exist and that property reviews should be a component of the AMS once it is fully operational.

Effect: The result is that the AMS database will be incomplete and its usefulness will be compromised.

Recommendation: The Asset Management Division should develop a process to obtain this data from user departments and verify the data on a cycle basis. To be effective this process should include some reporting process to the various department managements and to the appropriate City officials for those situations where such reporting is inadequate.

It has been noted that the Department of General Services is aware of these conditions and is in the process of implementing actions to address them. We will follow up with a letter report to the Office of the Controller in July 2000 to comment on the status of these findings at that time.

Further, it should be noted that the implementation of the recommendations will require the Department of General Services to assess its current resource commitment to AMS and will likely result in a change in the allocation of resources. This will be particularly the case for the above referenced asset cycle review process and any electronic distribution process.

Other Comments

As an additional comment, but not to be considered as a finding as it is outside the original scope of work, the Office of the Controller should consider the opportunities offered by AMS to support required information for the implementation of Governmental Accounting Standards Board Statement 34. This accounting standard requires local governmental entities to disclose specific information concerning capital assets and infrastructure assets. Opportunities include the use of a common database for these assets or, at a minimum, some synchronization between the AMS and the accounting records maintained by the Office of the Controller.

It has been noted that the Department of General Services is aware of these conditions and is in the process of implementing actions to address them. We will follow up with a letter report to the Office of the Controller in July 2000 to comment on the status of these findings at that time.

Appendix A Summary of Project Tasks

Interviews Conducted

- David Paschal, Assistant General Manager - General Services Department, City of Los Angeles.
- Reginald Sawyer-Jones, Chief Management Analyst - Asset Management Division of the Department of General Services, City of Los Angeles.
- Greg Wilkin, Portfolio Manager, - Asset Management Division of the Department of General Services, City of Los Angeles.
- Amy Arnold, Facility Inventory Information Manager, - Asset Management Division of the Department of General Services, City of Los Angeles.
- Virginia Reynolds, Cost Allocation Plan Section, Office of the Controller, City of Los Angeles.

Documentation Reviewed

- Audit Report titled "1995 Survey of Office Space Management," dated June 28th 1996 issued by the Audit Division of the Office of the Controller - City of Los Angeles.
- Asset Management System User Training Manual, Submittal 1
- AMS Project Documentation, dated August 1998.
- AMS System Flowchart.
- Building Book of City Facilities.
- Various AMS-generated floor plans, maps, and cost allocation reports.

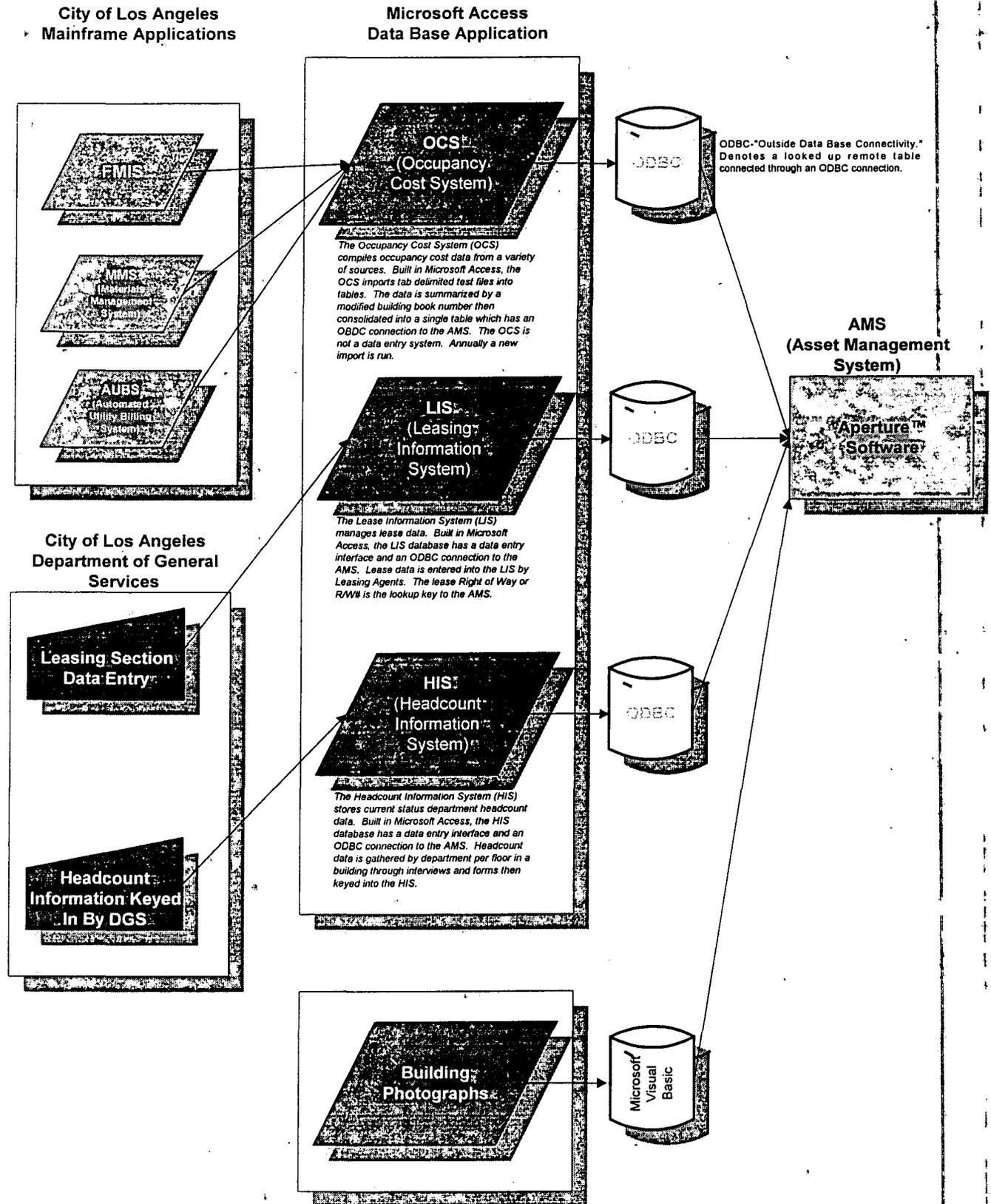
AMS Information Tested

- Selected floor plans and associated square footage.
- Headcount and utility cost reported for the above floor plans.

Appendix B
Diagrams of Asset Management System Processes

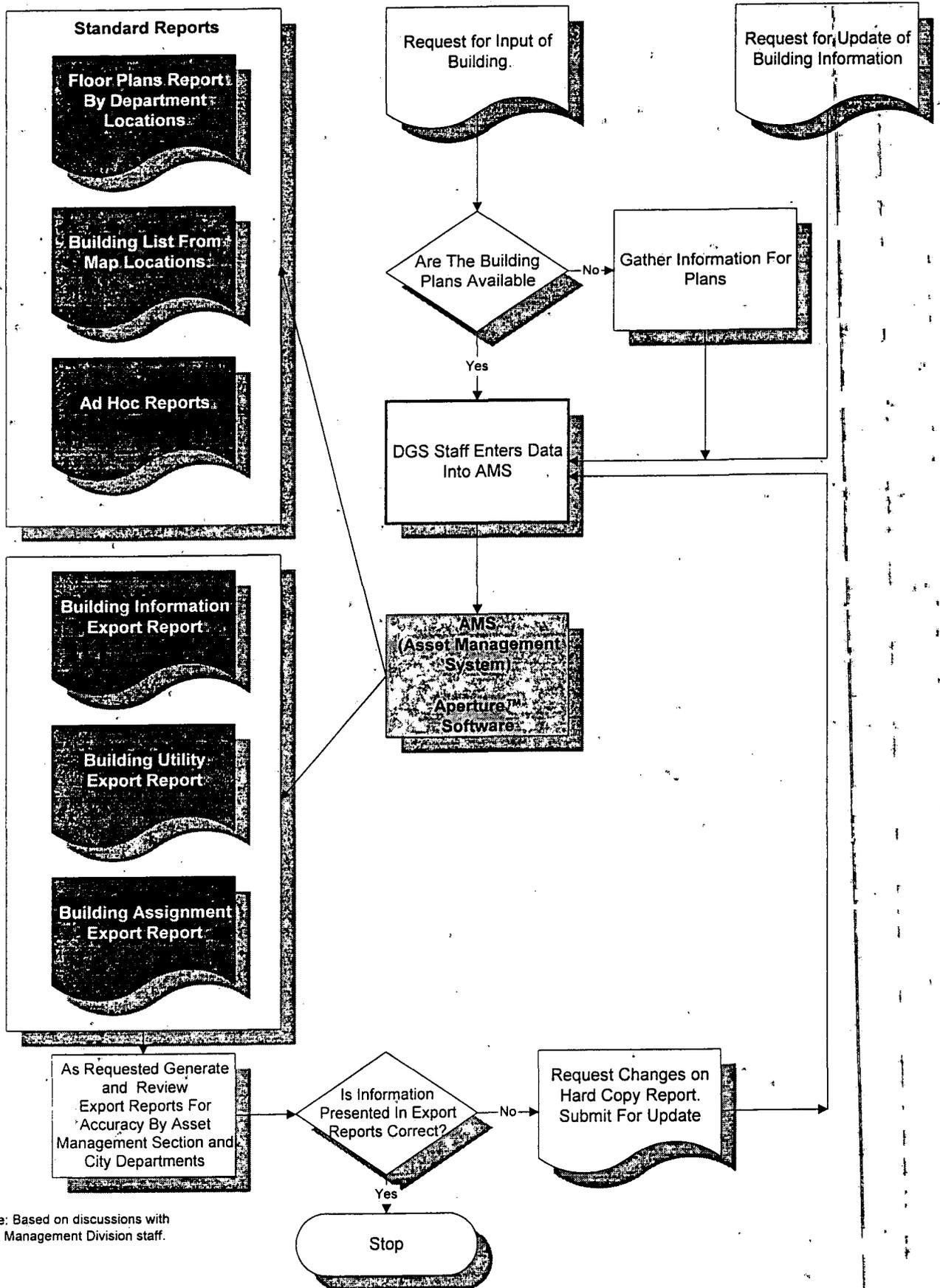
1. Overview of Asset Management System and Associated Applications.
2. Detailed Asset Management System Flowchart.

Overview of Asset Management System and Associated Applications



Source: Based on discussions with Asset Management Division staff and a review of the Asset Management System Database Structure Flowchart.

Detailed Asset Management System Flowchart



Source: Based on discussions with Asset Management Division staff.

Appendix C
Asset Management System Standard Reports

1. Floor Plans Report By Department Locations.
2. Building List From Map Locations.



STANDARD REPORT
FLOOR PLANS REPORT BY
DEPARTMENT LOCATIONS

City of Los Angeles
Department of General Services

Asset Management

Asset Management Division

Wednesday, December 29, 1999

Department Locations

Report
Notes

For information regarding this report contact Amy Arnold at (213)847-0481.

BB#	Name	Address	Level	Use/Dept	S.F.
1/129/A	LAUSD prop-subleased to	804 Broadway ST Venice, CA	01		429.88
1/18/*	C.ERWIN PIPER	555 E RAMIREZ LOS ANGELES	02		60 572.65
1/18/*	C.ERWIN PIPER	555 E RAMIREZ LOS ANGELES	MZ		1,702.16
1/18/*	C.ERWIN PIPER	555 E RAMIREZ LOS ANGELES	MZ		9,096.54
1/18/*	C.ERWIN PIPER	555 E RAMIREZ LOS ANGELES	MZ		13 220.31
1/26/*	City Hall Mail	201 N LOS LOS ANGELES	ML		209,511.75
1/26/*	City Hall Mail	201 N LOS LOS ANGELES	P1		287 534.36
1/26/*	City Hall Mail	201 N LOS LOS ANGELES	P2		283 220.75
1/26/*	City Hall Mail	201 N LOS LOS ANGELES	P3		283 396.68
1/26/*	City Hall Mail	201 N LOS LOS ANGELES	P4		273,530.59
1/39/*	Northeast Muni Bldg-Old	421 N AVENUE 19 LINCOLN HTS	B		103.72
11	11	11	11		1,427,219.89
1/3/*	San Pedro Municipal Building	538 S BEACON ST SAN PEDRO CA	1	*CHOOSE FROM DEPTS	7 982.3
1/3/*	San Pedro Municipal Building	538 S BEACON ST SAN PEDRO CA	3	*CHOOSE FROM DEPTS	8,004.39
1/3/*	San Pedro Municipal Building	538 S BEACON ST SAN PEDRO CA	5	*CHOOSE FROM DEPTS	8,241.2
1/3/*	San Pedro Municipal Building	538 S BEACON ST SAN PEDRO CA	6	*CHOOSE FROM DEPTS	8 252.55
4	4	4	4	*CHOOSE FROM DEPTS	32,480.95
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES	01	City Administrative Officer	106.64
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES	06	City Administrative Officer	11 343.45
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES	15	City Administrative Officer	27 338.12
1/26/*	City Hall Mail	201 N LOS LOS ANGELES	P4	City Administrative Officer	16 324.58
4	4	4	4	City Administrative	56,112.91
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES	06	City Attorney	6 258.15
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES	16	City Attorney	26 373.63
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES	17	City Attorney	25 374.14
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES	18	City Attorney	21 528.44
1/19/*	Constituent Service Center -	8475 S VERMONT SOUTH CENTRL	02	City Attorney	112.5
1/5/*	Van Nuys Municipal Building	14410 SYLVAN VAN NUYS CA	01	City Attorney	8,100.92
1/8/*	West L.A. Municipal Building	1650 PURDUE AV WEST L.A. CA	01	City Attorney	1,548.24
1/8/*	West L.A. Municipal Building	1650 PURDUE AV WEST L.A. CA	02	City Attorney	12,231.97
23/3/*	COUNTY CRIMINAL	210 W TEMPLE LOS ANGELES	05	City Attorney	104.94

STANDARD REPORT

BUILDING LIST FROM MAP LOCATIONS

AMS

City of Los Angeles
Department of General Services

Asset Management

Asset Management Division

Wednesday, December 29, 1999

Department Locations

1

Report Notes.

For Information regarding this report contact Amy Arnold at (213)847-0481.

BB#	Name	Address	Level	Use/Dept	S F
1/129/A	LAUSD prop-subleased to	804 Broadway ST Venice, CA	01		429.88
1/18/*	C.ERWIN PIPER	555 E RAMIREZ LOS ANGELES.	02		60,572.65
1/18/*	C.ERWIN PIPER	555 E RAMIREZ LOS ANGELES.	MZ		1,702.16
1/18/*	C.ERWIN PIPER	555 E RAMIREZ LOS ANGELES.	MZ		9,096.54
1/18/*	C ERWIN PIPER	555 E RAMIREZ LOS ANGELES.	MZ		13,220.31
1/26/*	City Hall Mail	201 N LOS LOS ANGELES	ML		209,511.75
1/25/*	City Hall Mail	201 N LOS LOS ANGELES.	P1		287,634.86
1/25/*	City Hall Mail	201 N LOS LOS ANGELES	P2		283,220.75
1/25/*	City Hall Mail	201 N LOS LOS ANGELES.	P3		283,096.66
1/25/*	City Hall Mail	201 N LOS LOS ANGELES.	P4		273,630.59
1/39/*	Northeast Muni Bldg-Old	421 N AVENUE 19 LINCOLN HTS.	B		103.72
11	11	11	11		1,427,219.89
1/3/*	San Pedro Municipal Building	538 S BEACON STSAN PEDRO, CA	1	*CHOOSE FROM DEPTS	7,962.9
1/3/*	San Pedro Municipal Building	538 S BEACON STSAN PEDRO, CA	3	*CHOOSE FROM DEPTS	8,004.39
1/3/*	San Pedro Municipal Building	538 S BEACON STSAN PEDRO, CA	5	*CHOOSE FROM DEPTS	8,241.2
1/3/*	San Pedro Municipal Building	538 S BEACON STSAN PEDRO, CA	6	*CHOOSE FROM DEPTS	8,252.55
4	4	4	4	*CHOOSE FROM DEPTS	32,480.95
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES.	01	City Administrative Officer	106.64
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES.	06	City Administrative Officer	11,343.45
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES.	15	City Administrative Officer	27,838.12
1/25/*	City Hall Mail	201 N LOS LOS ANGELES.	P4	City Administrative Officer	16,824.66
4	4	4	4	City Administrative	56,112.9
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES.	06	City Attorney	6,258.15
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES	16	City Attorney	26,373.63
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES.	17	City Attorney	25,374.14
1/14/*	CITY HALL EAST	200 N MAIN ST LOS ANGELES.	18	City Attorney	21,623.44
1/19/*	Constituent Service Center -	8475 S VERMONT SOUTH CENTRL.	02	City Attorney	112.5
1/5/*	Van Nuys Municipal Building	14410 SYLVAN VAN NUYS, CA	01	City Attorney	8,100.92
1/8/*	West L.A. Municipal Building	1650 PURDUE AVWEST L.A., CA	01	City Attorney	1,648.24
1/8/*	West L.A. Municipal Building	1650 PURDUE AVWEST L.A., CA	02	City Attorney	12,231.97
23/3/*	COUNTY CRIMINAL	210 W TEMPLE LOS ANGELES.	05	City Attorney	104.04

Appendix D
Comments on Status of Recommendations from Audit Report
Issued by the Office of the Controller Dated June 28, 1996

The Office of Controller of the City of Los Angeles issued a report dated June 28, 1996 that was the result of their survey of office space management by the Department of General Services. Included in that report were findings and recommendations that are relevant to the findings and recommendations in our report.

The purpose of this appendix is to comment on the status of those findings and recommendations. The page reference is to the report dated June 28, 1996.

Page Ref.	Findings and Recommendations	Status
3	"...and recommend that GSD management provide proper oversight to...eliminate vacant space by either finding new tenants to fill the space or terminated lease immediately."	The department currently reviews all vacant space on a regular basis.
3	"...and recommend that GSD management provide proper oversight to...develop a procedures to identify vacant or underutilized space held by all departments."	The department currently reviews all identified vacant space on a regular basis. However, until the database is complete there is an opportunity for vacant space to exist but not be identified by AMS. See Finding #3 on page 10.
3	"...and recommend that GSD management provide proper oversight to...accelerate the implementation of charge back for space cost to all City Departments."	This is an open item for City management.
2	"...and recommend that GSD management provide proper oversight to...identify the City's property recording and reporting needs and consider the feasibility of incorporating those needs into any redesign of the system.	This has been noted as a continuing finding. See Findings #1 and #2 on pages 8 and 9 respectively.
2	"...and recommend that GSD management provide proper oversight to...ensure that all property information including surplus properties is entered timely and correctly in the new data system.	This has been noted as a continuing finding. DGS has implemented a plan to have all properties current by July 1, 2000. See Finding #3 on page 10.

Appendix E
Asset Management System Costs

Cost Components	Amount
Three Professional Licenses	\$ 14,565
Four Read-Only Licenses	2,440
Consulting Fees For Initial Implementation of System	148,000
Consulting Fees For To Tailor System to AMS Needs	120,000
Digital Camera With Wide-Angle Lens	790
Survey System To Re-Draw Floor Plans When Needed	14,000
Total	<u>\$ 299,795</u>

Source: AMS Records, does not include staff salaries and benefits.