

CITIZENS ECONOMY AND EFFICIENCY COMMISSION OF LOS ANGELES COUNTY



October 18, 1996

Honorable Michael Antonovich, Chair
Los Angeles County Board of Supervisor
Room 869, Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Chair
Gunther W. Buerk

Vice Chair
David Farrar

Dear Chairperson Antonovich:

The attached report entitled, *Internal Services Department (ISD) Restructuring Review*, was undertaken by the Commission as a result of Board direction at its meeting held on July 18, 1995. It includes comments on the status of the items adopted by the Board at this meeting and those action items subsequently identified by the CAO, per Board direction. The Commission's comments, with additional recommendations, are divided into two sections corresponding to the Board and CAO items and are presented in detail in the appendices.

In several instances the reader will find direct or indirect similarities between items listed on both charts. These items are identified within the EEC Comment Column in Appendix 2.

The Commission relied on the accuracy of the status reports submitted by ISD and upon departmental comments in preparing this report. Discussions with departments enabled additional modifications to insure its timeliness. Since this report reviews the status of those items adopted by the Board and those identified by the CAO as action items, it should not be considered to be an audit or review of overall departmental operations.

The Commission is fully committed to supporting the County in achieving its strategic objectives in the area of departmental efficiency and effectiveness. We look forward to assisting your Board in its future efforts.

Sincerely,

Gunther Buerk
Chairperson

C: Each Supervisor
Each Economy and Efficiency Commissioner
David Janssen, Chief Administrative Officer
Alan Sasaki, Auditor-Controller
William Stewart, Director, ISD

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INTERNAL SERVICES DEPARTMENT (ISD) RESTRUCTURING REVIEW

INTRODUCTION

On June 5, 1995, the Board of Supervisors referred to the Economy and Efficiency Commission the Chief Administrative Officer's "draft study related to the restructuring of the Department of Internal Services, along with the Director of Internal Services' response for their review and recommendations back to the Board." The Economy and Efficiency Commission submitted its report¹ on July 5, 1995 in response to this direction. During the Board's July 18, 1995 meeting, it took various actions in response to recommendations by the Chief Administrative Officer (CAO) and the Economy and Efficiency Commission (EEC) concerning the restructuring of the Internal Services Department (ISD). (Appendix 1 identifies these actions.)

A recommendation adopted by the Board on July 18 was to "Direct the CAO to recommend to the Board actions to be taken by ISD over the next six months that will address concerns relating to this restructuring." This direction resulted in the Chief Administrative Office developing an additional set of action items. (Appendix 2 identifies these action items.) ISD subsequently supplemented the CAO's action items with additional items that are also identified in Appendix 2.

On July 18 the Board also took action to: "Direct the E&E Commission to evaluate ISD's progress on the above referenced action items and submit its recommendations to the Board at the end of a six month period." The Commission is submitting this report according to that direction.

This report includes comments on the status of the adopted Board items, as summarized in Appendix 1, and those action items identified by the CAO, as summarized in Appendix 2. The report divides these comments into two sections corresponding to the items covered in each appendix. In several instances the reader will find direct or indirect similarities between items listed on both charts. Notes in the *EEC Comment Column* of Appendix 2 identify these related items and make the appropriate references.

In the preparation of this report the Commission relied on the accuracy of the information submitted by ISD and upon departmental review of its draft. The Commission made modifications to insure that the report is current as of the submission date. Since this report is designed to review the status of both the recommendations adopted by the Board adopted and the action items identified by the CAO, the reader should not consider it an audit or review of ISD operations, procedures or policies.

SECTION 1

¹ Review of the Proposed Restructuring of the Internal Services Department, Los Angeles County Citizens' Economy and Efficiency Commission, June, 1995.

REVIEW OF THE BOARD DIRECTED ACTIONS ON THE RESTRUCTURING OF THE INTERNAL SERVICES DEPARTMENT (ISD)

Appendix 1 presents a summary of the recommendations made by both the Chief Administrative Officer and the Economy and Efficiency Commission, the action(s) taken by the Board, the due date of the action, if appropriate, and the responsible agency and status of each action. A shading of the status box indicates those items that are pending completion. In some instances the Commission felt that further comments were necessary either to clarify a position or suggest additional actions. These comments follow in this section and are referenced by recommendation number from Appendix 1.

CAO Recommendation #18

Comment

The application of restructuring within the department, as confirmed in a study prepared by the Department of Human Resources (DHR)², has significantly improved the ratio of administrative to direct service employees. The DHR study documented an overall improvement of 18% in supervisory/subordinate ratios in the 1996/97 proposed budget as requested, when compared with 1995/96. In addition, the department reports a 26.5% improvement in the final 1996-97 budget. ISD also reports that it has streamlined Facilities Operations Service (FOS) and has an improvement of 42% in Information Technology Service (ITS) in the 1996-97 budget. The DHR study shows that in most areas the ISD compares favorably overall to those organizations to which it was compared. ISD should be recognized for their achievements in these areas and should be encouraged to monitor these ratios to ensure they maintain a streamlined organization.

The County should capitalize upon the advances made in ISD in personnel management, specifically in the area of improvement in supervisor/subordinate ratios. Further attempts to improve these ratios, both within the department and county wide, would be desirable. To ease these efforts specific bench marking goals, perhaps based upon industry standards or another appropriate authority, should be

² Review of Internal Services Department Supervisor/Subordinate Staffing Ratios, Los Angeles County Department of Human Resources, March 4, 1996.

established. With these standards in place, future efforts could focus on a continuing review of both staffing ratios and the effectiveness of a county wide departmental/service organizational structure.

The methodology used in this study has demonstrated the effectiveness of this approach in solving these types of problems. It appears that the methodology identified by DHR could be used as a basis for further evaluations of other County departments. Based upon the achievements identified while evaluating ISD, the Department of Human Resources should become more intimately involved with the conduction of a review of the class specifications within the County. As part of this process with the assistance of County departments, appropriate methodologies and systems can be identified with which the DHR can assist other departments in a review of their supervisor/subordinate ratios.

Recommendations

1. Direct ISD to continue to review their organizational structures, taking into consideration changes in customer service levels and organizational requirements, to maintain a streamlined organization.

Implementation: *Ongoing*

2. Direct DHR to monitor class specifications and develop methods and systems to review county wide/departmental supervisor/subordinate ratios.

Implementation: *Ongoing*

CAO Recommendation #21

Comment

A Quality Assurance Program within the Information Technology (IT) function of Los Angeles County is an important tool with which the County can insure that it develops, implements and enforces established IT practices. The department has taken actions to begin this process, but an emphasis on the continuation of this important process is critical to the effectiveness of IT practices county wide. Due to the county wide applicability of this program, with its impact on ITS, the Chief Information Officer (CIO) should be assigned the responsibility for developing this program to insure its consistent application.

Recommendations

3. Direct the CIO to review and revise, where necessary, the Quality Assurance Program developed by ITS to insure both its consistency with industry standards and its applicability to information systems county wide.

Implementation: *Within Six Months of Appointment of the CIO*

4. Direct the CIO to take responsibility for the IT Quality Assurance function and its countywide application.

Implementation: *Upon Appointment of the CIO*

CAO Recommendation #22

Comment

The development of a policy on the downsizing of applications and their movement to more cost effective platforms has county wide applicability. As a result, the Commission feels that the Chief Information Officer should be responsible for the development, implementation, monitoring and revision of this policy.

Recommendation

5. Direct the CIO to take responsibility for developing, implementing, monitoring and revising a policy to reengineer and downsize applications and for their movement to more cost-effective computing platforms. The responsibility should include the consistent county wide application of this policy.

Implementation: *Upon Appointment of the CIO*

CAO Recommendation #23

Comment

Efforts on data center outsourcing taken by the ISD have focused on the specifics of the Downey Data Center. Pursuit of a policy that addresses the broader needs of outsourcing data center operations will be required by the County. This policy should be the responsibility of the Chief Information Officer to insure its county wide application.

Recommendation

6. Direct the CIO to take responsibility for developing, implementing, monitoring and revising a policy on data center outsourcing. This responsibility should include the consistent county wide application of this policy

Implementation: *Upon Appointment of the CIO*

EEC Recommendation a, b, c, d

Comment

The Internal Services Department has stated that it has reviewed its mission with major customers, and that during this period the Board had not redirected its mission. As a result, ISD has chosen to retain its mission statement which is, "To meet customer needs by consistently providing high quality, timely, cost-effective support services."

It is the Commission's impression that a major concern of the original study prepared by the CAO³ was a belief on their part that ISD should "have exercised greater leadership and county wide vision with regard to the services they provide." It appears that the CAO's original efforts considered both the identification and exercise of appropriate levels of leadership and the development of a proactive stance by the department were critical in defining ISD's role within the County. A confusion on this issue between the CAO and the ISD led, in part, to the concerns that the CAO expressed in her restructuring study.

³ Internal Services Restructuring Study, Los Angeles County Chief Administrative Office, June 13, 1995.

In its report⁴, the Commission agreed that difficulty existed in identifying existing organizational roles and responsibilities. The Commission expressed the opinion that the involved departments must clarify and understand roles and responsibilities in these service areas. This report cited instances where confusion as to departmental authority and responsibility appeared to exist. It stated, in part, “The Code Sections aside, the leadership responsibility must be assumed in an organization as large as the County to insure that it is moving in the proper direction.” This statement recognized that the proper identification and understanding of the roles and responsibilities of the participants in this process were critical to effectively providing this service. It is evident that a clarification of this organizational issue would significantly reduce confusion and increase service responsiveness to customers.

To illustrate the basis for the Commission’s confusion on this point, the CAO study stated that “Many departments believe ISD should have exercised greater leadership and county wide vision with regard to the services they provide, as well as be more innovative in developing new ways to cost effectively deliver a higher level of quality services. . . .” Reviewing Government Code on this matter revealed that section 2.08.080 stated:

***Data Processing Coordination.** The Chief Administrative Officer shall plan, coordinate, set priorities, and monitor all data processing functions in the County. It shall be the duty of each department having or desiring a data processing application to define their information needs and communicate such needs to the Chief Administrative Officer.*

Additional review revealed that County Ordinance attempted to address the issue of responsibility assignment. It states that the ISD Director is responsible for “the systems planning and technical planning, design approval of requisitions as to quality and standards, . . . for all county-wide and multi-user communication systems, networks and facilities.” It also states the ISD Director is responsible for “planning installing . . . county data center facilities including related equipment and systems software. . . .” and has the “. . . authority to review and approve all systems and equipment which interface with such data center facilities, systems, and equipment. . . .”

It is evident from both the CAO study and the ISD response that neither “common organizational understanding” nor adopted ordinance provisions had adequately clarified these organizational roles and responsibilities. This confusion as to the assignment of responsibilities apparently existed among all of the participants in this process and was particularly true as it relates to data processing responsibilities.

⁴ Review of the Proposed Restructuring of the Internal Services Department, Los Angeles County Citizens’ Economy and Efficiency Commission, June, 1995.

Neither ISD nor the CAO has taken action during the evaluation period to correct this situation by defining organizational roles and responsibilities. As a result, the statement made in the EEC report that “. . . there are significant gaps existing in the delegation and implementation of responsibility and authority for the development of policies, the establishment of standards, and for the conduct of planning and oversight of the County,”⁵ continues to be valid. The failure to arrive at a resolution of this matter leaves in place the circumstances that created the original organizational confusion and continues the probability of future similar misunderstandings. The probability of future misunderstandings will be further compounded with the creation of a Chief Information Office (CIO). The Commission feels that this is an important issue for the departments to resolve.

Recommendations

7. Direct the Internal Services Department, in collaboration with the Chief Administrative Office and the Chief Information Office, to define organizational roles and responsibilities clearly and to make recommendations to the Board for their adoption and amendment to the County Code, as necessary.

Implementation: Within Six Months of Adoption of this Recommendation by the Board

8. Direct the Economy and Efficiency Commission to review the organizational roles and responsibilities identified and submitted to the Board as noted in recommendation #7, and make any additional recommendations that it may feel are necessary.

Implementation: Within three weeks of submission to the Board of the identified organizational roles and responsibilities.

⁵ Ibid., pg 11.

SECTION 2

REVIEW OF THE SIX MONTH CAO ACTION PLAN ON THE RESTRUCTURING OF THE INTERNAL SERVICES DEPARTMENT (ISD)

During the meeting at which the Board took the above actions, the Chief Administrative Office was directed to prepare for the Board a six-month Action Plan for ISD. This plan was to cover those issues that the CAO felt to be important in the furtherance of the department's restructuring efforts. The CAO completed this plan and ISD incorporated the identified action items with the original recommendations adopted by the Board (Appendix 1). Throughout the six-month implementation period, ISD made periodic presentation on the progress made in accomplishing the CAO action items. Representatives of the Board Offices, the Economy & Efficiency Commission, the Chief Administrative Office, the Auditor-Controller and the Department of Human Resources attended these presentations.

Besides the items identified for action by the CAO, the Commission has reviewed additional action items suggested by the ISD in evaluating the department.⁶ Appendix 2 lists each CAO Action Item, with the ISD response regarding its status. The EEC Comment column clarifies, where necessary, the Commission's position on a particular item. A shading of a box in this column shows those items that will require addition effort to complete. Those items that required more extensive comments than would be available on the appendix have been more fully addressed below.

CAO Action Item #2

Comment

The changes that ISD has implemented have resulted in increased organizational efficiencies and significant cost savings for the Department. This is a commendable effort that both the Chief Administrative Office and the Internal Services Department should capitalize upon to insure continued organizational improvement within the department and county wide. The application of

⁶ Since the Board, in an action taken on October 3, 1995, gave responsibility for evaluating the Information Technology Service (ITS) to the Chief Information Officer, the Commission has not undertaken any further evaluation of that organization.

the methodology used in the completion of this exercise will enhance the Vision 2000 Strategic Planning process. The use of this approach would result in advancements in the operational efficiency of the County.

CAO Action Items # 7, 8, 9, 10

Comment

Job Order Contracting and the Service Level Agreement Model are new procedures to the County. Development of improved scheduling and job estimating procedures and systems represent attempts to improve the process under which ISD operates. These approaches will require periodic evaluation to insure that they meet their original expectations and that they continue to be the appropriate means of addressing contracting issues.

Recommendations

9. Direct the ISD to evaluate Job Order Contracting as a process at such time that the department requests a follow-on contract(s).

Implementation: Upon Request of Follow-on Contract

10. Direct the ISD to evaluate the Service Level Agreement Model one year after its implementation and report back to the Board on the results of this evaluation.

Implementation: One Year After Implementation

11. Direct the ISD to evaluate the improved scheduling and job estimating procedures and systems approximately one year after their implementation and report to the Board on the results of this evaluation.

Implementation: One Year After Implementation

CAO Action Item #17

Comments

A study recently completed by the EEC⁷ addressed many issues involving space consolidation that ISD is currently facing. A recognition of the potential for savings in this area, by both the department and the CAO, is important to the initiation of constructive action. To date, ISD has held discussions with the CAO regarding the financing of part of the one time cost that they anticipate will be offset by savings.

Recommendation

12. Direct the CAO, working with the ISD, to pursue the savings potential offered by the consolidation of spaces within the department actively.

Implementation: *Within Six Months of Adoption of this Recommendation by the Board*

CONCLUSION

The actions taken by the Internal Services Department display a concerted effort on their part to improve the efficiency and effectiveness of their department. This process shows that a department, working cooperatively with the CAO, can develop and produce significant results when responding to clearly identified goals with reasonable time frames. In the case of ISD, it appears that the use of this approach has been successful in addressing many organizational and operational concerns expressed by the CAO. As a result both the CAO and ISD have reduced organizational frustration, improved internal communications, and organizational efficiency and effectiveness has increased.

This problem resulted from the difficulty facing many departments; that the County has not clearly identified organizational expectations. By clearly identifying expectations and establishing realistic due dates, departments can develop processes and procedures to achieve these objectives. This process will become increasingly effective in establishing a basis for holding departments accountable

⁷ Asset Management Strategies for the Los Angeles County Real Estate Portfolio, Los Angeles County Citizens' Economy and Efficiency Commission, September, 1995.

for their performance. The demonstrated success of this project has proven the value of this approach and its applicability to the Board ordered Vision 2000 Strategic planning process. The Commission fully supports the clear identification of departmental expectations, and the resulting departmental accountability, that Vision 2000 will develop and implements.

Comment

Job Order Contracting and the Service Level Agreement Model are new procedures to the County. Development of improved scheduling and job estimating procedures and systems represent attempts to improve the process under which ISD operates. These approaches will require periodic evaluation to insure that they meet their original expectations and that they continue to be the appropriate means of addressing contracting issues.

Recommendations

9. Direct the ISD to evaluate Job Order Contracting as a process at such time that the department requests a follow-on contract(s).

Implementation: Upon Request of Follow-on Contract

10. Direct the ISD to evaluate the Service Level Agreement Model one year after its implementation and report back to the Board on the results of this evaluation.

Implementation: One Year After Implementation

11. Direct the ISD to evaluate the improved scheduling and job estimating procedures and systems approximately one year after their implementation and report to the Board on the results of this evaluation.

Implementation: One Year After Implementation

the methodology used in the completion of this exercise will enhance the Vision 2000 Strategic Planning process. The use of this approach would result in advancements in the operational efficiency of the County.

CAO Action Items # 7, 8, 9, 10

Comment

Job Order Contracting and the Service Level Agreement Model are new procedures to the County. Development of improved scheduling and job estimating procedures and systems represent attempts to improve the process under which ISD operates. These approaches will require periodic evaluation to insure that they meet their original expectations and that they continue to be the appropriate means of addressing contracting issues.

Recommendations

9. Direct the ISD to evaluate Job Order Contracting as a process at such time that the department requests a follow-on contract(s).

Implementation: Upon Request of Follow-on Contract

10. Direct the ISD to evaluate the Service Level Agreement Model one year after its implementation and report back to the Board on the results of this evaluation.

Implementation: One Year After Implementation

11. Direct the ISD to evaluate the improved scheduling and job estimating procedures and systems approximately one year after their implementation and report to the Board on the results of this evaluation.

Implementation: One Year After Implementation