



NEWS FROM

CITY CONTROLLER LAURA N. CHICK

City Hall East, Room 300, 200 N. Main St., Los Angeles, CA 90012

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CHICK FINDS CITY LAX IN COLLECTING MONIES OWED IT

Los Angeles – Citing the City on lax revenue collection efforts, City Controller Laura Chick is putting forth 35 recommendations to improve the process.

“We are potentially losing out on millions of dollars that could hire more police officers and firefighters, fill potholes, trim trees and buy library books,” said Chick.

“How can the City of Los Angeles, that has so many unmet needs and demands for services, not care about collecting all the money legitimately owed it?,” asked Chick in a letter to the Mayor, City Attorney and City Council.

The Chick audit examined five departments: Fire, Bureau of Sanitation, Bureau of Engineering, Planning and Environmental Affairs, as well as the Office of Finance’s role in monitoring and managing the collection process. Among the findings:

- \$450,000 in unbilled services, lost interest revenue, and services that the City provided that it could have avoided

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Chick

ADD-1-1-1-1

- Potential to generate over \$1 million in revenue from departments billing for additional services
- City is unable to determine total accounts receivable at any point in time
- Lack of effective processes to ensure that a billing occurs for every billable service provided

“Over the last two decades several reports have detailed the problems with our collections process. In 1998 as a City Councilmember I authored, and the City Council adopted, a motion to improve and reform the way the City collects the dollars owed it. Now nearly ten years later, while some improvements have been made, we still have a long way to go,” said Chick.

Among the report’s recommendations:

- Centralize City’s billing functions
- Fire Department should utilize tools to ensure that Paramedics/Emergency Technicians are obtaining the right information to bill back patients with insurance
- Office of Finance employees should not be in the business of collections and should refer accounts directly to the outside agency
- Office of Finance should monitor outside collection agencies to determine whether they are properly reporting collections

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Chick

ADD-2-2-2-2

- Office of Finance should develop a database of delinquent debtors, which departments could refer to before accepting payments by check
- Office of Finance should ensure that all departments have written policies and procedures for the billing and collection process

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