



OFFICE OF  
CONTROLLER

200 N. MAIN STREET, RM 300  
LOS ANGELES 90012  
(213) 978-7200  
[www.lacity.org/ctr](http://www.lacity.org/ctr)

May 12, 2009

Ms. Randi Levin, General Manager and Chief Technology Officer  
Information Technology Agency  
200 N. Main Street, Room 1400  
Los Angeles, CA 90012

Dear Ms. Levin:

**SUBJECT: EVALUATION OF ITA'S RESPONSE TO THE CONTROLLER'S  
PERFORMANCE AUDIT OF THE CITY'S PUBLIC,  
EDUCATIONAL, AND GOVERNMENT ACCESS CHANNELS**

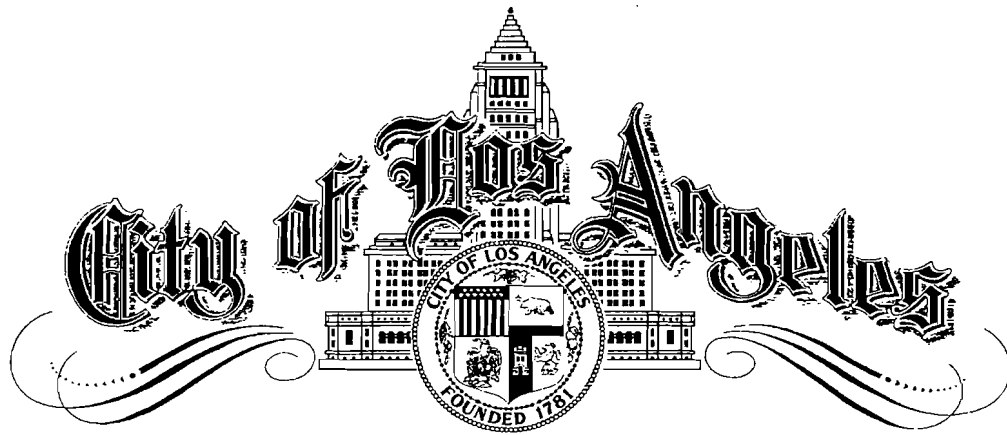
My Audit Division evaluated the information provided in your letter dated March 27, 2009 addressing the recommendations contained in the report entitled, "Performance Audit of the City's Public, Educational, and Government Access Channels."

The timelines and planned actions to address the recommendations are acceptable. My staff may follow up in the future to ensure actions taken in response to audit recommendations are fully implemented, and that your Department continues to take actions to improve operations.

If you have any questions or comments, please contact Farid Saffar, Director of Auditing at (213) 978-7392.

Sincerely,

  
RUSHMORE D. CERVANTES  
Acting City Controller



OFFICE OF  
CONTROLLER

LAURA N. CHICK  
CONTROLLER

200 N. MAIN STREET, RM 300  
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March 3, 2009

Ms. Randi Levin, General Manager and Chief Technology Officer  
Information Technology Agency  
200 N. Main Street, Room 1400  
Los Angeles, CA 90012

Dear Ms. Levin:

**SUBJECT: EVALUATION OF ITA'S RESPONSE TO THE CONTROLLER'S  
PERFORMANCE AUDIT OF THE CITY'S PUBLIC,  
EDUCATIONAL, AND GOVERNMENT ACCESS CHANNELS**

My Audit Division evaluated your response, dated January 26, 2009, to the report entitled, "Performance Audit of the City's Public, Educational, and Government Access Channels."

I appreciate your willingness to take the lead to develop the City's strategy for providing PEG access in the most effective and efficient manner. However, most of your responses do not provide detail about specific actions that will be taken and there are no targeted implementation dates. I recognize that complete implementation of some actions may be limited due to budgetary constraints, but without defining the steps and timeframes for doing so, it is likely that improvements will not be achieved. Additional information is needed for the following recommendations:

**Recommendations 1 and 2:**

*Management should work with City officials to develop, in an expedited manner that minimizes the disruption of service to Los Angeles residents, a long-term strategic plan for PEG access.*

*Management should work with City officials to establish well-defined, concrete and performance-based expectations of LACTAC and any other third-party or City-controlled PEG operators to ensure the existence of an adequate framework from which to monitor channel operations, approve grant provisions, and hold PEG operators – including LA36 and LA CityView 35 – more accountable.*

Ms. Randi Levin, General Manager and Chief Technology Officer  
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Your response indicates that meetings with the CAO, CLA, City Attorney staff and Council Offices are on-going and reports are being prepared for City Council and Mayor consideration to address the recommendations.

Please indicate when the reports will be finalized for submission to the City Council and Mayor.

**Recommendations 3, 4, 5, and 8:**

*ITA management should perform more thorough oversight to assure that money is being used as designated in the grant agreement, quality services are provided, and the City is receiving value from its investments.*

*LA CityView 35 management should reach out to "underrepresented" departments, agencies, elected officials, commissions, boards, and other City entities that do not utilize LA CityView 35 services.*

*ITA management should capture and track additional performance and viewership statistics that can be monitored, evaluated, and used to demonstrate accountability and value. This should include defining more useful performance measures, setting specific performance goals, and analyzing performance trends over time. Incentive-based grant provisions could also be established to encourage LACTAC and other third-party operators for optimizing performance.*

*LA CityView 35 and LA36 should conduct a cost-analysis to identify complete production costs and the basis that could be used to charge customers a fully-loaded reimbursement rates, or – at a minimum – revise fees to help augment funding.*

Your response to each of these recommendations is that appropriate steps will be taken subject to budgetary and staffing constraints. It is understandable that resources are necessary to fully implement these recommendations. However, your response does not indicate whether your department developed plans for steps that could be taken in relation to any of these recommendations, and what could be done with current resource levels and were appropriately prioritized to best utilize current available resources. With the City facing budget shortfalls, it is critical that operations are performing at optimum levels. Therefore, your Department, and LA36 where necessary, should identify the actions that can be taken to better measure performance and mitigate some challenges based on current conditions. Target implementation dates for specific actions should also be determined.

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**Recommendations 6 and 7**

*LA CityView 35 and LA36 should examine the practicality of conducting more robust marketing, outreach, or public relation efforts to increase awareness and interest in both channels.*

*LA CityView 35 and LA36 should exercise dedicated, regular, and proactive efforts to secure additional funding streams to maintain current levels of operations.*

As with other responses to the report's recommendations, your Department indicates that appropriate steps will be taken subject to budgetary and staffing constraints. Given the City's budgetary constraints, it is important that other funding sources be identified to enhance the City's ability to increase PEG access capacity; creating greater interest in both channels may help in that endeavor. I encourage you to identify the actions that can be taken, given the current resource levels, to increase interest in both channels and secure additional funding to support them.

**Recommendation 9**

*ITA management should work with City officials to make a modest financial investment to identify viewership trends, demographics, interests, and other statistics that could be used to attract and maintain financial sponsors and underwriters to augment City funding sources.*

I am pleased to see your Department took a positive step with this recommendation and is working with the Nielsen Corporation to obtain viewership information. This is an acceptable action plan, however, there is no implementation date noted. Please indicate when you expect to complete this recommendation.

**Recommendation 10**

*LA CityView 35 management should improve efficiencies in the use of contract expertise.*

Your response indicates that the contracting process will be reviewed to ensure continued compliance with the City's contracting policies and subject to budgetary and staffing constraints the recommendation will be implemented.

The report suggested several ways to improve ITA's use of contract personnel. For example, the audit noted that ITA's practice for paying technicians was to guarantee at least 8 hours of pay; however, some of the initial contracted work did not require a full-day's work and alternate work was assigned. To provide better control, we recommended that ITA apply half-day or hourly rates or require contractor invoices to

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specify projects and tasks performed to assure that invoiced amounts reflect actual hours worked.

Based on the contract issues noted in the audit, more specific action plans and target implementation dates should be developed to provide better controls over contract expenses.

**Recommendation 11**

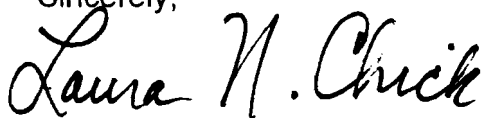
*ITA management should establish defined practices to manage LA CityView 35 reimbursements on a go-forward basis.*

Your Department intends to take the appropriate steps to implement this recommendation subject to budgetary and staffing constraints.

In the past, due to Citywide budgetary issues, resources available to LA CityView 35's production budget were transferred to the City's General Fund. During the audit, ITA management indicated that a temporary solution was implemented to ensure funds are available to offset reimbursable costs. However, without a permanent solution and with City funding challenges continuing at least for the short-term, there is a risk that LA CityView 35 cannot maximize its programming. ITA needs to establish defined practices to ensure reimbursements are available for LA CityView 35 productions.

Please provide specific actions taken or planned and the target implementation dates to my office by March 31, 2009. If you have any questions or comments, please contact Farid Saffar, Director of Auditing at (213) 978-7392.

Sincerely,



LAURA N. CHICK  
City Controller