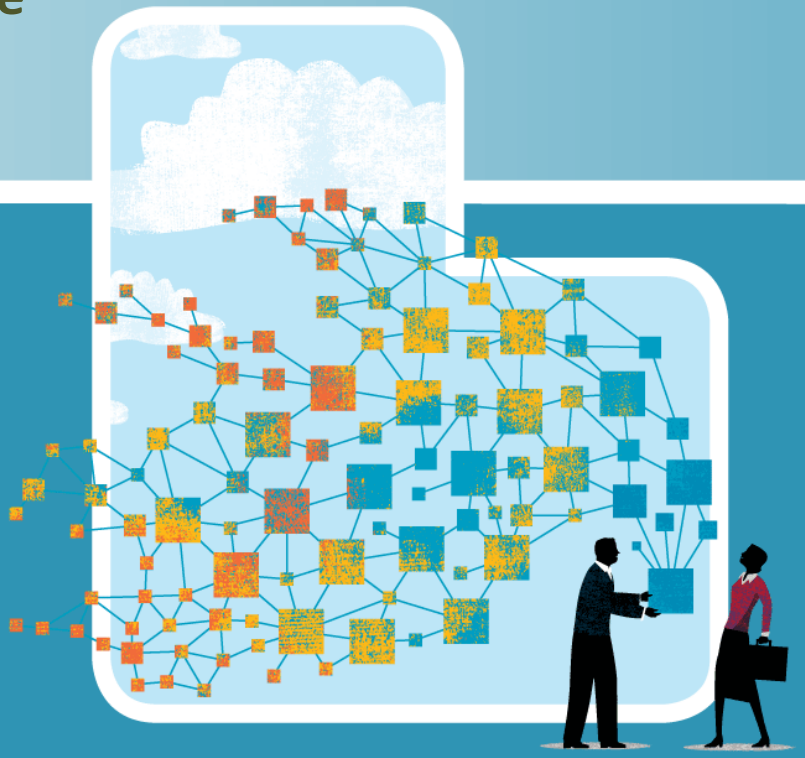
CITY OF PORTLAND

Office of Management and Finance Assessment and Review



Final Report

April 1, 2014

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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OVERVIEW

- Overview
- Commendations
- Recommendations Summary
- Detailed Findings and Recommendations

Overview

STUDY PURPOSE

- To conduct an organizational and operational assessment of how the City provides and oversees management and finance functions for bureaus, the Council, and the City as a whole.
- The focus will include current and proposed jurisdiction, structure, and scope of the City's Office of Management and Finance, including management and financial oversight, organizational structure, reporting relationships, administrative layers, professional qualifications, and other aspects of the City's management and financial oversight.
- The goal of the project is to ensure best practices operations and oversight of the City's management and finance functions.

STUDY METHODOLOGY

- Interviews – conducted confidential interviews with Commissioners and Chief of Staffs, OMF directors and managers, and directors of non-OMF bureaus
- Advisory Committee – worked with a Mayor-appointed Advisory Committee tasked with offering expert advice and reviewing findings and recommendations
- Documents – reviewed a wide range of relevant documents
- Analysis – evaluated efficiency and effectiveness against City commitments and industry best practices
- Deliverables – prepared draft and final reports and presented the final report to the City Council

ADVISORY COMMITTEE MEMBERS

Name	Title	Organization
Dr. Norwood Knight-Richardson	VP, CAO	OHSU
Jim Piro	CEO	PGE
Gregg Kantor	CEO	NW Natural
Tom Simpson	Dir Gov/Reg Affairs	Standard Insurance
Michael Jordan	COO	OR Dept. of Admin. Svcs.
Bruce Warner	Former Executive Director	PDC
Cindy Nichol	CFO & Dir. of Admin. Svcs.	Port of Portland
Ken Thrasher	Former CEO	Fred Meyer
Mike Greenfield	Former Executive	State of Oregon

CONSIDERATIONS

- The City of Portland is uniquely governed through a commission form of government.
- The City's elected officials embrace the commission structure and the enhanced accountability and access to decision makers it provides citizens.
- At the same time, elected and appointed officials have faced a number of challenges due to the structure and application of this form of government.
- The findings and recommendations provided in this report focus on enhancing OMF organizational and operational performance within the commission environment.

Commendations

COMMENDATIONS – 1

- Use of both ad hoc and standing cross-functional teams within Facilities, Technology Intake Projects, Green Team, and Diversity Intake
- Recent citywide Technology Assessment and Bureau of Technology Services plan to address key recommendations
- Collection of revenue on behalf of Multnomah County by the Revenue Bureau continues to be a beneficial relationship
- OMF facilitated meetings of all City bureau directors and small bureau directors
- Annual employee satisfaction survey conducted by the Revenue Bureau

COMMENDATIONS – 2

- Service bureaus surveys of customers to gather feedback to improve service, and healthy competition between OMF bureaus and divisions to receive the highest response rates and scores
- Bureau of Human Resources' Site Team Model (embedded resources)
- Fleet, Printing & Distribution, and Procurement marketing and delivery of services to other agencies (e.g., Multnomah County, Portland Public Schools, Metro, and the State of Oregon)
- Fleet recognition as the "Top Fleet Department in North America"

COMMENDATIONS – 3

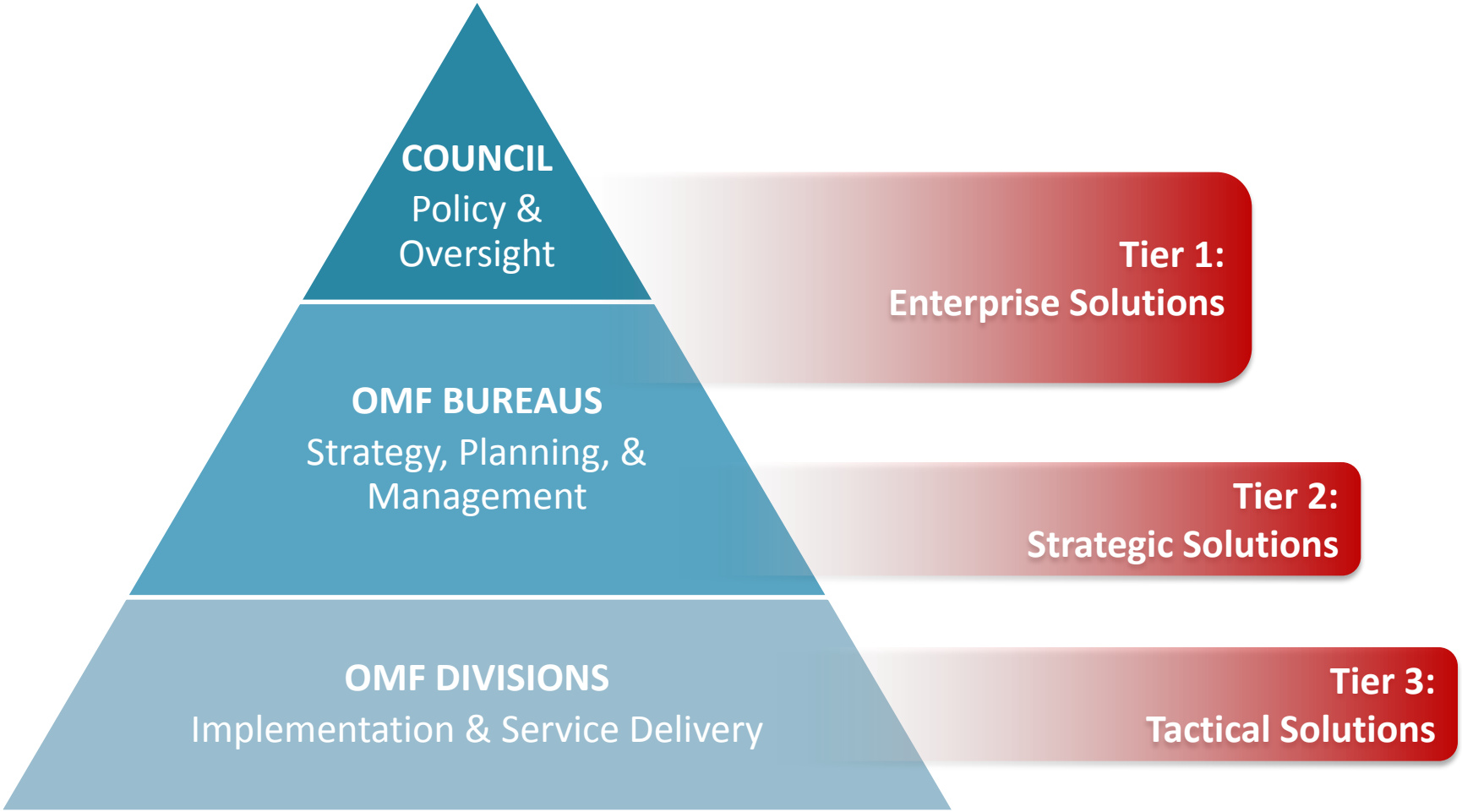
- 2013 BHR anonymous customer survey to all Commissioner offices and bureaus, and BHR management plans to follow-up on survey results in early 2014 by meeting with each bureau director
- Update of the City's Procurement manuals in the last two years to ensure City solicitation code matches state statute, administrative rules adhere to initiatives, and all processes are clear for Procurement staff and bureau customers
- Citywide Projects division within OMF execution of the Public Safety Systems Replacement Project (PSSRP), which has its own governance structure

Recommendations Summary

OVERARCHING OPPORTUNITIES

- Define common vision and priorities to guide decision-making
- Stabilize organizational structure to improve continuity
- Remove operational silos to enhance cohesiveness/collaboration
- Clarify key leadership roles/authorities to increase effectiveness
- Develop management tools to decrease risks and increase efficiency
- Define customer service philosophy and service levels to enhance accountability and manage expectations
- Strengthen communication to improve engagement and teamwork

TIERED SOLUTION FRAMEWORK



TIER 1 SOLUTIONS

A. Structure
B. Leadership
C. Management Tools
D. IT Governance

TIER 1 – STRUCTURE

Recommendations:

- Integrate the financial functions within OMF (Accounting, Grants, Public Finance & Treasury, and Revenue) into one bureau under the leadership of a Bureau of Revenue and Finance (BRF) Director reporting to the Chief Administrative Officer (CAO).
- Keep the Policy Team, Business Operations, and Citywide Projects groups reporting to the CAO. Within the CAO's Office, institute a liaison role to each Commissioner to provide day-to-day support on behalf of the CAO.
- Integrate Enterprise Business Solutions (EBS) into the Bureau of Technology Services (BTS).

TIER 1 – STRUCTURE (CONT.)

Recommendations:

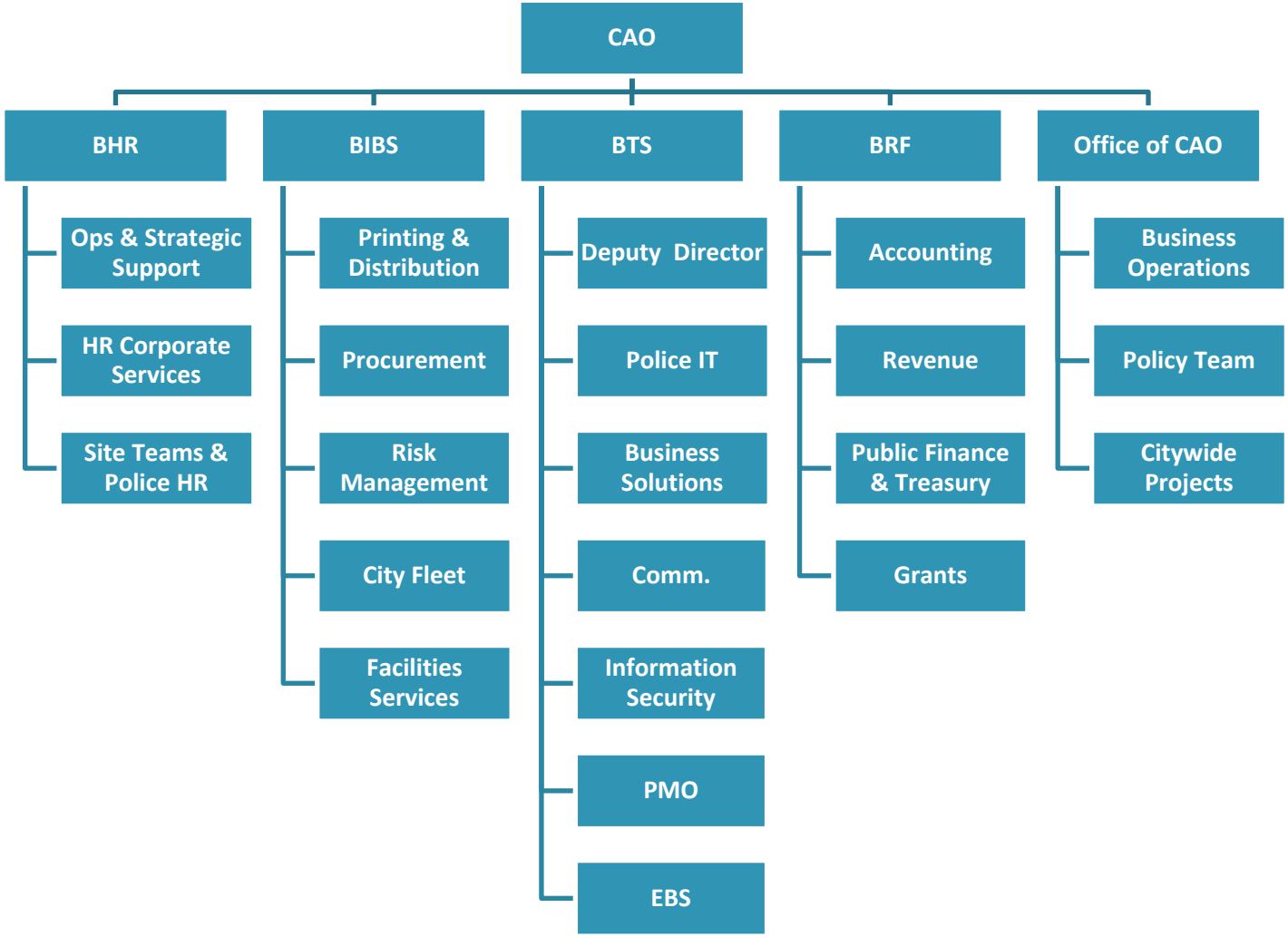
- Fill the vacant BTS Deputy Director position, with responsibility for Administration, Customer Relations, Production Services, and Support Center.
- Centralize citywide Facilities management, maintenance, and acquisition functions.
- Centralize the receivables and debt collection functions that exist throughout the City within the Revenue Division.
- Move the Office for Community Technology to BTS or Bureau of Development Services.
- Move the Regulatory Division of the Revenue Bureau to the Bureau of Transportation.

TIER 1 – STRUCTURE (CONT.)

Recommendations:

- Continue to keep the City Budget Office separate from OMF predicated on 1) clarifying the role of the City Budget Office to focus on the budget process and associated five-year forecasting, and 2) the City Budget Office participating in a multi-bureau, long-term financial planning and forecasting team comprised of the CAO, Bureau of Financial Services Director, City Budget Officer, and lead financial personnel from the large bureaus.
- Continue to seek opportunities to gain synergies by grouping related bureaus under common Commissioner leadership (e.g., Bureau of Environmental Services and Water Bureau).

TIER 1 – STRUCTURE (CONT.)



TIER 1 – LEADERSHIP

Recommendations:

- Clarify the role of the CAO, through ordinance, to perform the dual function of managing OMF and supporting citywide administration activities on behalf of the Council. Citywide responsibilities should include, but not be limited to, strategic planning, culture and values, change management, customer service, translating policy to daily operations, key performance indicators for overall operational efficiency and effectiveness, etc.
- Clarify the role of the Chief Budget Officer (CBO), through revision to Ordinance 185807, to be focused on the budget process and associated five-year forecasting.

TIER 1 – LEADERSHIP (CONT.)

Recommendations:

- Assign the Bureau of Revenue and Finance (BRF) Director, through ordinance, clear responsibility and authority for the dual role of managing this Bureau and leading the City's long-term financial planning and forecasting activities for all funding sources on behalf of the Council. To support the responsibilities to the Council, the BRF Director should chair a standing long-range financial planning team that includes the CAO, Budget Officer, other key BRF leadership, and lead financial personnel from the large bureaus. This position may need to have the title of Chief Financial Officer (CFO) to attract the caliber of candidates desired and align with industry peers. A job description will need to be prepared for this new role.

TIER 1 – LEADERSHIP (CONT.)

Recommendations:

- In order to manage the long-term financial health of the City, the responsibilities of the Bureau of Revenue and Finance Director should include, but not be limited to:
  - Key financial performance metrics
  - Financial risks (Superfund site)
  - Significant obligations (e.g., Oregon PERS)
  - Capital replacement forecast and reserves
  - Credit rating factors
- In addition, the BRF Director needs to be a CPA and possess a thorough knowledge of GASB requirements.

TIER 1 – MANAGEMENT TOOLS

Recommendations:

- Define and implement a citywide comprehensive planning and performance reporting framework . The framework should consist of a citywide strategic plan, bureau business plans that implement the strategic plan, bureau budgets aligned with business plans, performance metrics tied to plan execution, and regular reporting of actual to plan. Performance metrics should include outcome (effectiveness) and cost and productivity (efficiency) measures.
- Develop a citywide technology strategic plan building on the ten strategic initiatives defined by BTS to respond to the citywide technology assessment as well as existing initiatives, provide the BTS Director authority to enforce the plan, and hold the BTS Director accountable for plan execution.

TIER 1 – IT GOVERNANCE

Recommendations:

- Establish a Citywide IT Governance Committee. BTS is moving in the right direction to establish cross-functional teams to assist in decision-making around technology investments through the formation of Communities of Interest (similar lines of business). The Citywide IT Governance Committee should consist of a representative cross-section of senior personnel from throughout the City with responsibility to recommend funding of proposed technology projects based on consistency with the IT Strategic Plan. The CTO should head the Committee and have ultimate authority and accountability for making funding recommendations.

TIER 2 SOLUTIONS

A. Office of Management and Finance (OMF)
B. Bureau of Human Resources (BHR)
C. Bureau of Technology Services (BTS)
D. Revenue Bureau (Revenue)
E. Bureau of Internal Business Services (BIBS)

TIER 2 – OMF

Recommendations:

- Define OMF's service philosophy and priorities, clarify goals, develop performance metrics, and prepare business plans for bureaus within OMF. Consistently and transparently manage to the service philosophy and delivery plan.
- Develop service level descriptions for OMF services provided to bureaus. Consider defining service level packages for small, medium , and large bureaus, which can serve as a guide for developing service delivery plans.
- Clarify the roles and responsibilities between Accounting and Business Operations, as well as the authorities of Accounting in relation to accounting functions residing in other City bureaus.

TIER 2 – OMF (CONT.)

Recommendations:

- Develop policies, procedures, and standards required to support service delivery plans. Since OMF supports a variety of service models, ranging from mostly centralized to mostly decentralized, to meet the management and finance needs of bureaus throughout the City, policies, procedures, and standards should be clearly define and distinguish:
  - Requirements to manage risks
  - Direction to drive efficient operations
  - Guidance to facilitate effective, flexible execution

TIER 2 – BHR

Recommendations:

- Conduct a classification and compensation study.
- Develop a detailed work plan for delivering Citywide training coordination.
- Continue efforts to streamline recruitment and personnel change processes and deliver excellent customer service.

TIER 2 – BTS

Recommendations:

- Prioritize initiatives that will achieve operational efficiencies.
- Ensure that plans for implementing initiatives and the recommendations from the citywide technology assessment account for existing projects and are clearly communicated across the Bureau.
- Involve BTS leadership in the planning and prioritization process to ensure greater clarity of understanding, including vision and goals.
- Continue to pursue alternatives to ensure reserve funds for servers and network hardware is available.

TIER 2 – REVENUE

Recommendations:

- Move the Office for Community Technology to BTS or the Bureau of Development Services.
- Move the Regulatory Division to the Bureau of Transportation.

TIER 2 – BIBS

Recommendations:

- Gain synergies and mitigate risks by consolidating ADA and Civil Rights compliance oversight, reporting, and management in OEHR.
- Require all professional, technical, and engineering (PTE) contracting activities to be reviewed with Procurement before soliciting services to maximize consistency across PTE procurements and minimize risks.

TIER 3 SOLUTIONS

Recommendations:

- CBO and OMF need to document and explain to bureaus overhead cost allocation methods and interagency agreements, respectively.
- BHR needs to coordinate with bureau management to provide core onboarding for new employees.
- BTS should continue to move forward with the rollout of Office 365 in a structured manner with an increased focus on managing project risk.
- BTS should fill key vacant IT positions, particularly at the management and leadership levels, with full-time employees.

STRATEGIC IMPLEMENTATION INITIATIVES

- The City Council should direct the CAO to prepare a management action plan for executing Council prioritization of Tier 1-3 implementation recommendations.
- The action plan should define lead responsibility, timing, and any costs to implement each recommendation.
- The action plan should also define additional analysis and deliberation required to determine how best to implement:
  - Citywide planning and performance reporting framework
  - Centralization of receivables and debt collection
  - Centralization of facilities activities

Detailed Findings & Recommendations

FINDING/RECOMMENDATION CATEGORIES

- Citywide
- Office of Management and Finance (OMF)
- Office of the CAO
- Bureau of Human Resources (BHR)
- Bureau of Internal Business Services (BIBS)
- Bureau of Technology Services (BTS)
- Revenue Bureau

CITYWIDE – 1

Finding:

- ***The City operates in a commission form of government, with bureaus reporting directly to Commissioners (Councilmembers), no City Manager, and limited continuity or cohesiveness across bureaus.*** In 2013, the City of Portland celebrated 100 years of the commission form of government. Eight attempts have been made to repeal this form of government in Portland. With the right supporting structure, resources, responsibilities, authorities, and tools in place, many of the siloed characteristics of this form of government can be alleviated, and the Commissioners can be better equipped to work together towards common goals and priorities and a shared enterprise focus.

CITYWIDE – 1

Recommendation:

- ***Implement the recommended changes described in this report related to bureau structure, responsibility and authority of key leadership positions, management tools, and governance in order to maximize the benefits of the commission form of government.*** Implementation of the recommended changes will position the City to maximize the advantages of the commission form of government, by leveraging the enhanced accountability it offers while also working in an integrated and cohesive manner towards common goals and priorities.

CITYWIDE – 2

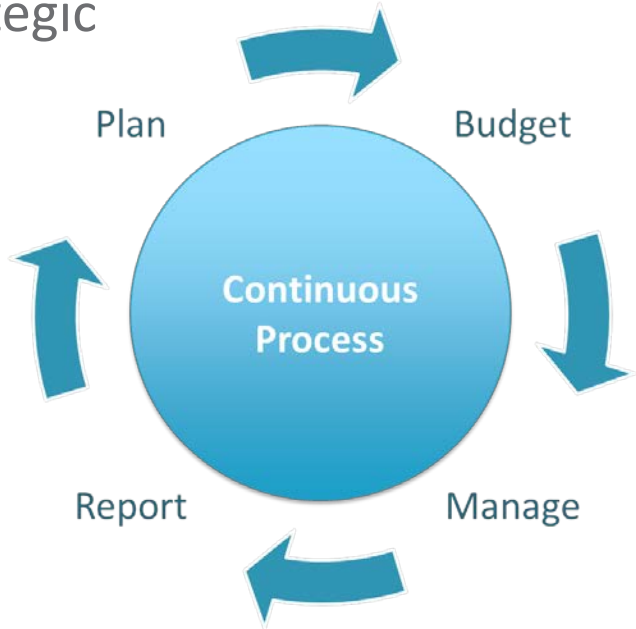
Finding:

- ***The City does not have a comprehensive planning, prioritization, and performance framework to guide decisions at the Council level and across bureaus.*** Adopted by the City Council in April 2012, the Portland Plan, viewed by many as a surrogate strategic plan, focuses on how to improve the lives of Portlanders and businesses over the next 25 years through actions in support of 12 measures tied to prosperity, education, health, and equity. However, there does not appear to be any clear nexus between bureau budgets and the Portland Plan. In addition, the Portland Plan does not address Police, Fire, or OMF.

CITYWIDE – 2

Recommendation:

- ***Define and implement a comprehensive planning and performance reporting framework .*** The planning and reporting framework should consist of a citywide strategic plan, bureau business plans that implement the strategic plan, bureau budgets aligned with business plans, metrics that support performance management of plan execution, and regular reporting of actual to plan. Performance metrics should include outcome (effectiveness) and cost and productivity (efficiency) measures .



CITYWIDE – 3

Finding:

- ***The City's bureau organizational structure has lacked continuity due to bureau assignments changing from one administration to the next.*** Changes in Commissioner bureau assignments have advantages and disadvantages, depending on the similarity in vision, philosophy, leadership style, and priorities between Bureau Director and assigned Commissioner. Recent assignments made by the Mayor have, to some extent, grouped related functions (e.g., Bureau of Environmental Services and Water Bureau) to the same Commissioner.

CITYWIDE – 3

Recommendation:

- ***Continue to seek opportunities to gain synergies by grouping related bureaus under common Commissioner leadership.*** Assignment of related bureaus to the same Commissioner will strengthen bureau synergies and facilitate enhanced communication, coordination, and collaboration between bureaus that should naturally have close working relationships.

CITYWIDE – 4

Finding:

- ***Separating the Budget Office from OMF appears to be achieving the purposes related to budgeting delineated in the enabling ordinance.*** In December 2012, the City Budget Office (CBO) and City Budget Officer were created to provide timely, accurate, and unfiltered information and accurate analysis regarding financial planning, forecasting, and budgeting to the Mayor, City Commissioners, and the City Auditor. Reports are that the new structure and process are more effectively meeting the budgeting and associated five-year forecasting needs of elected and appointed officials.

CITYWIDE – 4

Recommendation:

- ***Continue to keep the City Budget Office separate from OMF predicated on 1) clarifying the role of the City Budget Office to focus on the budget process and 2) the City Budget Office participating in a multi-bureau, long-term financial planning and forecasting team comprise of the CAO, Bureau of Financial Services Director, City Budget Officer, and lead financial personnel from the large bureaus.*** See Office of the CAO Recommendation #1. If this team is not formed or if the team does not adequately meet the needs of the City, then consider moving the CBO to OMF and integrating it into the proposed Financial Services Bureau.

OFFICE OF MANAGEMENT & FINANCE – 1

Finding:

- ***The CAO has an excessive span of control of 10, which reduces time spent on citywide needs.*** Five bureaus and five groups report to the CAO. Two of the groups (Accounting and Public Finance & Treasury) report to the CAO due to the elimination of the CFO position and the Financial Services group that was led by the CFO. The other groups include Business Operations, Enterprise Business Solution (EBS), and the Policy Team.

OFFICE OF MANAGEMENT & FINANCE – 1

Recommendation:

- ***Integrate the financial functions within OMF into one bureau under the leadership of a Bureau of Revenue and Finance Director reporting to the CAO, and make other changes to reduce the CAO's span of control.*** The Bureau of Revenue and Finance (BRF) should consist of the following four groups: Accounting, Grants, Revenue, and Public Finance & Treasury. EBS should be integrated into the Bureau of Technology Services (BTS). The Policy Team and Business Operations should continue to report to the CAO. These changes will result in a span of control of 1:7 for the CAO, including BHR, BIBS, BTS, BRF, Citywide Projects, Policy Team, and Business Operations.

OFFICE OF MANAGEMENT & FINANCE – 2

Finding:

- ***Not all bureaus and divisions within OMF have developed comprehensive business plans, service level agreements (SLAs), or performance metrics.*** As a result, these bureaus lack tools necessary to strategically guide operations, support the evaluation of operational and organizational efficiency and effectiveness, facilitate prioritization processes, and enable performance-based budgeting. The 2012-2017 OMF Strategic Plan identifies 17 strategic issues and associated elements, which include a goal, performance measure, and set of strategies for each strategic issue. However, elements are not quantified, prioritized, or scheduled, so it is difficult to translate these elements into OMF bureau and division plans.

OFFICE OF MANAGEMENT & FINANCE – 2

Recommendation:

- ***Define OMF's service philosophy and priorities, clarify goals, develop performance metrics, and prepare bureau business plans.*** This work should build on the 2012-2017 OMF Strategic Plan and translate the Strategic Plan into business plans for each bureau and division. Business plans should define service levels, action plans for strategic initiatives, resource requirements, and associated costs. Also see Citywide Recommendation #2 for suggestions for a comprehensive planning and performance framework.

OFFICE OF MANAGEMENT & FINANCE – 3

Finding:

- ***OMF's recent service philosophy is reported to generally reflect delegation of responsibility to non-OMF bureaus without the requisite policies, authority, guiding principles, and standards.*** Prior philosophies, especially when OMF and the position of Chief Administrative Officer (CAO) were created in 2001 through the consolidation of support service activities by Mayor Vera Katz, reflected more centralized responsibility and direction from OMF. The service philosophy of OMF has changed over the years with the varying approaches of each CAO leading OMF and the relationship between the CAO and the Mayor. Non-OMF bureaus desire a strong customer service/solution orientation from OMF.

OFFICE OF MANAGEMENT & FINANCE – 3

Recommendation:

- ***Develop policies, procedures, and standards required to achieve desired execution within bureaus.*** Since OMF supports a variety of service models, ranging from mostly centralized to mostly decentralized, to meet the management and finance needs of bureaus throughout the City, policies, procedures, and standards should be clearly define and distinguish :
  - Requirements to manage risks.
  - Direction to drive efficient operations.
  - Guidance to facilitate effective, flexible execution.

OFFICE OF MANAGEMENT & FINANCE – 4

Finding:

- ***Bureaus throughout the City do not have a clear understanding of OMF service levels.*** A number of non-OMF bureaus indicated that they did not have an adequate appreciation/understanding of what the impact of cuts within OMF, due to economic conditions, would have on services provided to non-OMF bureaus since service level agreements are mostly not in place and non-OMF bureaus were not involved in OMF budget discussions. As such, non-OMF bureaus were not well positioned to defend their support service needs during budget reduction processes.

OFFICE OF MANAGEMENT & FINANCE – 4

Recommendation:

- ***Develop service level descriptions for OMF services provided to bureaus.*** Consider defining service level packages for small, medium , and large bureaus, which can serve as a guide for developing bureau-specific service level agreements. Service level descriptions should at least address the core services of accounting/ finance, human resources, IT, risk management, and procurement. They should also define type of service, frequency of service, resourcing strategy (e.g., centralized, embedded, assigned, decentralized, or a combination), and costs.

OFFICE OF MANAGEMENT & FINANCE – 5

Finding:

- ***Bureaus throughout the City do not have a clear understanding of the basis for "overhead" charges they receive.*** It was reported that the City moved from a primarily cost of service model to a part cost allocation and part cost of service model. The two models in place include 1) General Fund overhead maintained and processed by the City Budget Office and 2) interagency agreements maintained and processed by OMF. The City Budget Office and OMF have not adequately communicated to non-OMF bureaus how these models work and what services are covered by each model.

OFFICE OF MANAGEMENT & FINANCE – 5

Recommendation:

- ***Document and explain to bureaus overhead cost allocation methods and interagency agreements.*** The CBO and OMF need to work together to provide bureaus a clear explanation of the basis for General Fund overhead cost allocations and interagency agreement charges, respectively. Documentation provided to bureaus should address how the models work and what services are covered by each model. Future adjustments should be communicated in a timely manner. The Budget Advisory Committee would be a good forum for these discussions.

OFFICE OF MANAGEMENT & FINANCE – 6

Finding:

- ***Morale within some components of OMF is low due to a lack of empowerment and trust, responsibility without authority, a siloed operating environment, management by committee, and shifts in leadership philosophy and management approach.*** However, indications are that these areas are improving under the current Interim CAO and other leadership changes. The elimination of silos within OMF has been an area of focus over the past few years, but there is still room for improvement.

OFFICE OF MANAGEMENT & FINANCE – 6

Recommendation:

- ***Consistently and transparently manage to the service philosophy and delivery plan.*** Define clear performance expectations that are aligned with the OMF service philosophy and defined service levels, and manage to those expectations. Clarify and align roles, responsibilities, and authorities with performance expectations. Empower personnel to make decisions associated with their roles, responsibilities, and authorities, and link performance reviews accordingly.

OFFICE OF THE CAO – 1

Finding:

- ***There is no individual fulfilling the role of citywide, long-term financial planning and policy development/enforcement, focusing on the overall financial health of the City, and advising the Council on strategic financial decisions.*** While the Budget Office prepares financial forecasts, they cover a five-year period and focus only on the General Fund. The four primary financial functions within the City are located in three separate Bureaus, including the City Budget Office, Revenue Bureau, Accounting (Office of the CAO), and Public Finance & Treasury (Office of the CAO). In addition, there are financial planning functions within enterprise-funded bureaus.

OFFICE OF THE CAO – 1

Recommendation:

- ***Assign the Bureau of Revenue and Finance (BRF) Director, through ordinance, clear responsibility and authority for the dual role of managing BRF and leading the City's long-term financial planning and forecasting activities on behalf of the Council.*** To support the responsibilities to the Council, the Bureau of Revenue and Finance (BRF) Director should chair a standing long-range financial planning and forecasting team that includes the CAO, Budget Officer, other key BRF leadership, and lead financial personnel from the large bureaus (e.g., Environmental Services, Transportation, and Water). This position may need to have the title of Chief Financial Officer (CFO) to attract the caliber of candidates desired and align with industry peers.

OFFICE OF THE CAO – 1 (CONTINUED)

Recommendation:

- In order to address the overall long-term financial health of the City, the responsibilities of the Financial Services Bureau Director should include, but not be limited to:
  - Key financial performance metrics
  - Financial risks (Superfund site)
  - Significant obligations (e.g., Oregon PERS)
  - Capital replacement forecast and reserves
  - Credit rating factors

OFFICE OF THE CAO – 2

Finding:

- ***There appears to be a lack of coordination between Business Operations and some other bureaus and divisions, which may be reducing the efficiency and effectiveness of service delivery.*** For instance, Business Operations serves, in part, as a facilitator to help bureaus, especially small non-OMF bureaus, with accounting and budget analysis challenges. In these instances, there does not appear to be adequate collaboration or coordination between Business Operations and Accounting and Business Operations and the City Budget Office to ensure delivery of the most efficient and effective solutions to small non-OMF bureaus.

OFFICE OF THE CAO – 2

Recommendation:

- ***Develop a financial services plan for small, medium, and large bureaus, as part of an overall OMF service delivery plan.*** As part of this plan, define what services will be provided by each Financial Services group, as well as the CBO. Since Business Operations services operates largely on a project basis, develop and implement a service forecast to define and track projects. The forecast should be shared with the other Financial Services groups and CBO, and it should identify the primary issues and resourcing strategy. By sharing the forecast with the other groups, coordinated, holistic solutions can be defined, while improving communication, collaboration, and service delivery. The Financial Services Bureau Director will need to set expectations.

OFFICE OF THE CAO – 3

Finding:

- ***Communications and relationships between Accounting and Business Operations is suboptimal.*** Communication and cooperation and are essential to efficient and effective operations. There appears to lack of clarity of the roles and responsibilities, differing service delivery philosophies, and even an "us versus them" relationship between these two groups. This environment not only impacts interaction between these two groups, but it also creates confusion for customers, especially small bureaus.

OFFICE OF THE CAO – 3

Recommendation:

- ***Clarify the roles and responsibilities of Accounting and Business Operations, and institute regular planning meetings to coordinate service delivery.*** Based on the adopted financial services plan, clearly define the roles and responsibilities of both groups and a common service delivery philosophy. Utilize the Business Operations forecast as a management tool to facilitate communication between the two groups. Improved communication and working relationships should result in higher quality service, increased compliance with City policies, and enhanced accounting accuracy. The Financial Services Bureau Director will need to set expectations.

OFFICE OF THE CAO – 4

Finding:

- ***Changes in OMF structure and leadership have hindered efficiency and effectiveness within the Office of the CAO.*** Efficient and effective management of an organization with the complexity and size of OMF requires stable leadership and continuity of, and coordination between, functions. Structural changes (e.g., separation of the Budget Office and elimination of the CFO position) have contributed to confusion and uncertainty. Other challenges identified include tone at the top, establishing a proper balance between oversight and customer service, conflict resolution, budget prioritization, and the transfer of payroll to BHR.

OFFICE OF THE CAO – 4

Recommendation:

- ***Establish a clear OMF service philosophy and delivery plan, and consistently and transparently manage to the philosophy and plan.*** The CAO and Bureau Directors within OMF must develop a clear vision and action plan and clearly and regularly communicate the vision and plan to ensure awareness and adoption at every level of the organization and within all bureaus and groups. A review of recent structural changes, clarification of roles and responsibilities, maintenance of strong internal controls, and consistent decision-making and communication will resolve conflicts, improve morale, and increase service delivery efficiency and effectiveness.

OFFICE OF THE CAO – 5

Finding:

- ***Non-OMF bureaus do not take full advantage of the expertise in Accounting.*** A depth of knowledge exists for technical accounting that can be a valuable resource. Consultation on new rules and regulations is necessary to ensure City policy is followed and appropriate accounting treatment occurs. Complicating the situation is a lack of clarity about the Controller's authority relative to non-OMF bureau accounting decisions. In some circumstances, non-OMF bureau accountants are allowed to act unilaterally and work around policies.

OFFICE OF THE CAO – 5 (CONTINUED)

Finding:

- As a result, there have been actual and potential accounting irregularities and various inefficiencies. Examples include:
  - Five unauthorized bank accounts of various bureaus were recently detected and closed.
  - Another recently-discovered bank account had not been subject to monthly reconciliations.
  - City property managers were conducting property inventories using a separate property data base, without the benefit of Accounting and the SAP capital asset module.
  - Bureau personnel were considering rolling out a citywide billing process without consulting with OMF.

OFFICE OF THE CAO – 5

Recommendation:

- ***Clarify authorities of Accounting in general and the Controller in particular, ensure they are clearly articulated in policies, and communicate them to and reinforce them with all City bureaus.*** It is essential to the City that Accounting requirements are adhered to, otherwise the City is at risk of not being fully compliant with policies, rules, and regulations. The Financial Services Bureau, and especially Accounting and Treasury, should identify potential instances of non-compliance, prioritize those situations, ensure policies and procedures address them, and develop a communication plan for addressing them.

OFFICE OF THE CAO – 6

Finding:

- **Enterprise Business Solutions (EBS) and the Bureau of Technology Services (BTS) fulfill compatible roles, but they do not work together in a fully compatible manner.** EBS was formed when the City embarked on SAP implementation. The original charter was to provide leadership for the City to become more enterprise-oriented, break down silos, and get the City to focus more on citywide needs. EBS views its functions as the management and maintenance of SAP for the City, acting as a liaison with bureaus, developing and conducting training, and providing change management in support of SAP.

OFFICE OF THE CAO – 6 (CONTINUED)

Finding:

- BTS views its role as responsible for addressing the City's overall information technology needs.
- SAP is an essential component of the City's technology infrastructure, and EBS provides expertise with this application.
- BTS and EBS reportedly do not consistently collaborate on technology decisions and have different cultures and work styles.

OFFICE OF THE CAO – 6

Recommendation:

- ***Integrate EBS into BTS to serve as the SAP technical expert.*** Given the increasing focus of BTS on the enterprise technology needs of the City and the focus of EBS on SAP, which is the City's Tier 1 enterprise system, EBS should be an integral component of BTS. As BTS moves towards rationalization of applications across the City, EBS will play an important role in determining which technology needs should be met with SAP and which needs should be addressed with separate applications and how those applications interface with SAP.

HUMAN RESOURCES – 1

Finding:

- ***The City's classification and compensation system is outdated and lacks position-specific job descriptions.*** Best practice recommends conducting a classification and compensation study every three to five years. It has been 13 years since the City completed a classification and compensation study. The current classification and compensation system lacks clear definition leaving room for inaccurate interpretation and judgment. Without an accurate, current, and clearly defined classification and compensation system, the City may have difficulty effectively managing and retaining its workforce.

HUMAN RESOURCES – 1

Recommendation:

- ***Conduct a classification and compensation study.*** BHR should conduct a Citywide classification and compensation study that incorporates position-specific job descriptions and update its outdated system immediately. Doing so will allow the City to begin to operate with accurate information and in turn, more effectively recruit, manage and retain its workforce. To address this need as soon as possible, BHR should consider engaging a contractor to conduct the study.

HUMAN RESOURCES – 2

Finding:

- ***BHR recruiting and personnel change processes are burdensome and not meeting customer needs.*** Efficient and effective recruitment is critical to a well-functioning workforce. While there are certain conditions within which City recruitment must operate, such as Civil Service requirements, recruitment appears to be highly process-oriented, resistant to change, a candidate for streamlining, and needing greater customer service and solution orientation. IT resources, like NeoGov, are not being used to their full capabilities. Without a well-functioning recruitment process, the City may not obtain the best qualified candidates.

HUMAN RESOURCES – 2 (CONTINUED)

Finding:

- Some of the processes for bureaus to fill vacancies and submit personnel changes include paper documents and redundancies, resulting in a stream of paperwork and corrections between bureaus and BHR. BHR is examining how to streamline the process for filling vacancies by determining which errors/omissions must be returned to a bureau for correction and which may be changed by BHR. Additionally, BHR is working with EBS to make the process for many personnel changes electronic, which would be more efficient and less susceptible to errors.

HUMAN RESOURCES – 2

Recommendation:

- ***Continue efforts to streamline processes for filling vacancies and making personnel changes.*** BHR, in partnership with EBS, is making progress in adding capabilities to its SAP system that will allow many personnel changes to be processed between BHR and bureaus in an electronic, more efficient and uniform manner. These new capabilities will be piloted with bureaus. If BHR successfully achieves the goals of this project, then the personnel change process should become less cumbersome and resource intensive. Based on the current project timeline, bureau roll-out of this function should occur in late 2014.

HUMAN RESOURCES – 2 (CONTINUED)

Recommendation:

- Additionally, BHR management is currently developing an overall work plan to improve its recruitment processes, including the process for filling vacancies. We recommend that this work plan incorporate the following improvement goals:
  - Automation of as much of the recruitment process as possible using existing software tools, such as NeoGov, to increase process speed and decrease human error.
  - Elimination of unnecessary or redundant approvals/reviews.
  - Increase in timeliness of BHR turn around in each phase of recruitment process.

HUMAN RESOURCES – 2 (CONTINUED)

Recommendation:

- Communication of clear, documented procedures for bureaus to follow in vacancy submission process, including roles and lines of authority, to decrease the need for re-submission due to errors or omissions.
- Pending completion of class and compensation study and roll-out of additional SAP capabilities, use of the same base position-specific data among BHR processes to ensure consistency, accurate recordkeeping, transparency and easier reporting.

HUMAN RESOURCES – 2 (CONTINUED)

Recommendation:

- The goals of this streamlining process should be to provide better customer service, both internally to other bureaus and externally to potential City employees, by performing tasks faster, more accurately and with greater ease. As streamlining progresses, BHR should reach out to bureau management to measure if its changes have been effective. With appropriate management and use of its current human capital and technological resources, BHR should not require additional resources at this time to streamline recruitment processes and provide better customer service.

HUMAN RESOURCES – 3

Finding:

- ***BHR does not provide comprehensive Citywide training or training coordination.*** Many bureaus have their own internal training programs, but there is a lack of coordination/leverage of these programs across bureaus, and the City's Learning Management System (LMS) is not yet fully functional. BHR has several goals in the area of Citywide training, including incorporating a greater amount of e-learning, coordinating internal trainings and developing a comprehensive Citywide training catalog through LMS, and fully automating the training registration and recordkeeping process.

HUMAN RESOURCES – 3 (CONTINUED)

Finding:

- However, BHR indicated that it does not have enough resources to accomplish these goals. Without Citywide training and/or training coordination across the bureaus, the City may not be efficiently scheduling training, receiving the most competitive pricing for training, or adequately reducing risks.

HUMAN RESOURCES – 3

Recommendations:

- ***Develop a detailed work plan for delivering Citywide training coordination.*** In order to offer Citywide training coordination and further its goals of providing a more automated training system, greater training offerings and more current means of training, BHR should develop a detailed, goal-oriented and time-specific work plan for achieving results. This plan should include outcomes that are measureable so that the City and BHR may determine how well it is progressing.

HUMAN RESOURCES – 3 (CONTINUED)

Recommendations:

- ***Determine what training is being offered throughout the City and what types of training City employees need and desire.*** As part of its work plan and in order to coordinate a comprehensive Citywide training program, BHR must first determine which trainings are offered within City bureaus and which trainings City employees need and desire. With this information, BHR can best determine if efficiencies may be gained where trainings within individual bureaus overlap, such as CPR training, as well as if training gaps exist within certain bureaus and Citywide.

HUMAN RESOURCES – 3 (CONTINUED)

Recommendations:

- To determine which trainings are being offered, BHR should conduct a Citywide census of trainings offered year-round within bureaus. To determine which trainings employees need and desire, BHR should conduct focus groups within all bureaus that strategically sample all employees within all work groups.

HUMAN RESOURCES – 3 (CONTINUED)

Recommendations:

- ***Make Citywide training provision and coordination a priority and provide BHR additional resources to achieve these goals.*** BHR's Training and Workforce Development program is currently staffed by 3 full-time equivalent positions (FTEs). These positions are responsible for coordinating and conducting all of the currently offered Citywide trainings, development of training materials, maintenance and development of the Learning Management System (LMS), data entry into LMS, training bureaus on the use of LMS, marketing Citywide training, Citywide training recordkeeping and reporting, and other related tasks.

HUMAN RESOURCES – 3 (CONTINUED)

Recommendations:

- The current staffing level does not allow for significant focus on improvements, planning, and achievement of future goals. Rather, staff mainly must focus on fulfilling day-to-day responsibilities. The City should dedicate more resources to this area to establish Citywide training coordination and provision. The City could provide additional resources by hiring 1 FTE dedicated to continuing Citywide training coordination and provision efforts and/or providing funding for the use of an outside consultant to quickly conduct a Citywide training inventory and survey employees to determine and analyze which trainings are offered now and which trainings are needed.

HUMAN RESOURCES – 3 (CONTINUED)

Recommendations:

- Adding resources to BHR's Citywide training efforts may lessen the need for other bureau employees to expend as much time on training provision, coordination, and record keeping as centralization, automation, and efficiencies improve. Better Citywide training coordination processes are also likely to save the City money by eliminating multiple contracts with multiple outside entities for similar training needs, such as CPR, and allow the City to engage similar services from a more competitive position.

HUMAN RESOURCES – 4

Finding:

- ***The City lacks an onboarding program for new employees.*** Onboarding should communicate the City's mission, values, and culture, as well as familiarize new employees with policies and procedures. There is no standard onboarding process for City employees that is centrally managed by BHR in conjunction with bureau- or division-centric onboarding. According to the Society of Human Resource Management, effective onboarding leads to higher job satisfaction, organizational commitment, performance, and career effectiveness, as well as lower turnover and stress.

HUMAN RESOURCES – 4

Recommendation:

- ***Coordinate with bureau management to provide core onboarding for new employees.*** To provide a standard core onboarding process that communicates the City's mission, values, and culture, as well as familiarizes employees with Citywide policies and procedures, BHR should centrally provide a core portion of onboarding while individual bureaus provide bureau-specific components. These centrally provided core portions should include, at a minimum, entry and enrollment of the new employee into central BHR maintained systems and processes like payroll, benefits and retirement, enrollment of the employee into any required training courses, review of Citywide policies and procedures, and review of other centralized functions.

HUMAN RESOURCES – 4 (CONTINUED)

Recommendation:

- To ensure the onboarding process is efficient and effective, BHR should work with the other bureaus to establish onboarding objectives, determine roles and responsibilities, outline an onboarding timeline for new employees, develop a process for ensuring employees complete the onboarding process both centrally with BHR and within the individual bureaus, and establish a feedback loop from both employees and bureau management to determine if the onboarding process is achieving its objectives. BHR has already started this process by communicating with some bureaus and developing an Onboarding Pilot Charter with OMF.

INTERNAL BUSINESS SERVICES – 1

Finding:

- ***Title II (ADA) and Title VI (Civil Rights) compliance may be hindered by the separation of these activities from other Equity and Human Rights functions.*** Title II and Title VI require the City to address physical access to facilities, as well as policies to ensure that all people regardless of race, color, sex, age, disability, or national origin can take part in, and benefit from, City programs and services. Title II and Title IV compliance is overseen by Facilities Services, which creates unclear priorities, roles, and responsibilities with related activities performed by the Office of Equity and Human Rights (OEHR), thereby hindering a strategic approach to compliance and increasing risk of non-compliance.

INTERNAL BUSINESS SERVICES – 1

Recommendation:

- ***Gain synergies and mitigate risks by consolidating Civil Rights compliance oversight, reporting, and strategic management in OEHR.*** Centralized oversight for compliance with Title II, Title VI, and other civil rights laws and initiatives will mitigate risk of non-compliance. This enables the City to take a proactive, strategic approach to compliance. Management of facility accessibility should continue to be staffed within Facilities, working closely with OEHR to achieve the City's goals.

INTERNAL BUSINESS SERVICES – 2

Finding:

- ***Facilities management is decentralized, resulting in a lack of understanding of citywide assets, conditions, redundancies in equipment and services, and potential lost revenue or increased costs.*** It is best practice for facilities maintenance and management to be centralized, however, it is not City policy for the Facilities Division to be the "provider of choice" for acquisition, maintenance, or operations activities. There are multiple teams across Bureaus with real estate acquisition, building maintenance, and project management responsibilities. There is no citywide building asset inventory. There may be redundancies in equipment, services, contracts, and activities, which could lead to increased costs to the City.

INTERNAL BUSINESS SERVICES – 2

Recommendation:

- ***Centralize citywide Facilities management, maintenance, and acquisition functions within the Public Works Department.*** Centralized facilities management is industry best practice. Cost efficiencies can be gained by eliminating redundancies in equipment, services, and roles. Central management will also help to standardize the costs of maintenance services and procedures for property and facility acquisition. The City should establish consistent levels of service for facilities maintenance and management, which will identify the costs of maintaining and operating City assets effectively and efficiently.

INTERNAL BUSINESS SERVICES – 2 (CONT.)

Recommendation:

- Understanding the value, condition, needs, and utilization of the City's assets will lead to more efficient and effective management. Facilities should lead the facilities condition assessment currently being planned, and partner with risk management, IT, and public safety groups to ensure all aspects are addressed. The City should utilize a computerized maintenance management system to record facility condition assessment data and all maintenance activities going forward.

INTERNAL BUSINESS SERVICES – 3

Finding:

- ***Procurement has no visibility to professional, technical, and engineering (PTE) services contracts until the intent to award, which creates risk for the City.*** Unlike construction, goods, and non-PTE services constructs, PTE services contracts are procured and managed in a decentralized manner. Procurement best practice is for centralized oversight of all purchases and contracts. While a detailed procurement manual for PTE services was updated in March 2012, there is no City policy requiring the involvement of Procurement staff during PTE procurement or contracting processes, resulting in increased risk to the City regarding whether the procurement process is compliant with statute, City Code, regulations, and best practice.

INTERNAL BUSINESS SERVICES – 3

Recommendation:

- ***Require all PTE contracting activities to be reviewed with Procurement before soliciting services to maximize consistency across PTE procurements and minimize risks.*** Formalize roles and responsibilities to ensure Procurement is aware of all PTE solicitations and able to provide assistance to departments at all stages in the procurement process. Provide mandatory training on procurement policies and procedures to individuals currently managing PTE contracts and key department staff. Utilize the new procurement data system to track all solicitations and contracts and provide, at a minimum, view access to the system to departments.

REVENUE – 1

Finding:

- ***Revenue collection functions are performed by multiple bureaus throughout the City.*** City Code states that other bureaus "shall consider" using the Revenue Bureau in the collection of City Revenue. The Revenue Bureau manages receivables for a variety of taxes and fees. Revenue Bureau staff specialize in the management of receivables and debt collection. Without centralized A/R processing and management, individual bureaus are performing work that may result in increased costs to the City and may not be collecting receivables effectively or enforcing collection processes, interest rates, and penalties uniformly. Additionally, customers receive multiple bills from multiple bureaus.

REVENUE – 1 (CONTINUED)

Finding:

- Other bureaus/divisions performing revenue collection include:
  - Bureau of Development Services – Land use permits, building permit fees/fines, nuisance/code violation fees, sidewalk dev. charges
  - Bureau of Planning and Sustainability – residential solid waste haulers franchise fee
  - Police Bureau – alarm permit fee and false alarm charges, etc.
  - Parks Bureau – park user fees/rentals
  - Fire Bureau – fire inspection fees/fines
  - Office of Neighborhood Involvement – liquor license processing fees
  - Portland Bureau of Transportation – street, parking, ROW permits, sidewalk development charges
  - OMF Accounting – miscellaneous City receivables
  - Water Bureau and BES – utility billing
  - Auditor's Office – Lien Collection

REVENUE – 1

Recommendation:

- ***Centralize the receivables and debt collection functions that exist throughout the City within the Revenue Division.*** To achieve efficient, effective and consistent accounts receivable and debt collection management as well as move towards a more customer service oriented invoicing process, the City should centralize accounts receivable and debt collection management within its specialized Revenue Division. The Revenue Division already provides some accounts receivable management for other City bureaus, such as PBOT's leaf pick-up service payments and PPB "board up" fees.

REVENUE – 1 (CONTINUED)

Recommendation:

- Once a process within these bureaus creates an accounts receivable, the Revenue Division assumes management of the receivable and any subsequent debt collection that may arise. The Revenue Division is already set-up, with specially trained staff, to provide that same centralized accounts receivable management for the many other fees and charges that are currently being handled individually within multiple bureaus throughout the City.

REVENUE – 1 (CONTINUED)

Recommendation:

- In addition to a more efficient, effective and consistent receivable management and debt collection process, by centrally managing the accounts receivable and debt collection process, the City can also move towards the goal of one day providing its customers one invoice from the City for all fees, rather than multiple invoices from multiple bureaus. Purchasing the supplies and equipment to centrally invoice and maintain records will also likely be less expensive than the current decentralized invoicing process. Overall, central management of accounts receivables and debt collection will likely maximize revenue collection for the City.

REVENUE – 2

Finding:

- ***The Office for Community Technology's primary function is different from that of other functions within the Revenue Bureau.*** The Office for Community Technology (OCT) was merged into the Revenue Bureau in July 2012. Prior to this merger, OCT was a stand alone bureau. The Revenue Division and OCT's priorities are different. OCT's mission is to champion public policy and technology investments for communications and utility infrastructure to keep local communities economically and culturally healthy. The Revenue Bureau's mission is to collect revenues to fund essential services and provide regulatory oversight for protection of the public.

REVENUE – 2 (CONTINUED)

Finding:

- OCT generates about 15-20 percent of General Fund revenue through its franchise agreements with private utilities.
- While much of the work that OCT staff perform affects City revenue, processes directly related to fee collection are not the focus of what OCT staff do on a day-to-day basis.
- OCT's mission-driven work requires direct interaction with the Council, the Mt. Hood Cable Regulatory Commission, and community stakeholders.
- The Mt. Hood Cable Regulatory Commission opposed the merger of the OCT within the Revenue Bureau.

REVENUE – 2 (CONTINUED)

Finding:

- OCT was originally envisioned as the single and primary point of contact for overseeing and coordinating City contacts with private utilities, which had previously been fragmented throughout the City.
- OCT performs or coordinates some functions that also occur within other City bureaus, such as grants management, technology services, zoning, and right of way.
- Within six other municipalities we examined, missions similar to OCT's were accomplished through various organizational structures:

REVENUE – 2 (CONTINUED)

Entity	Service	Type	Location
City of Seattle, WA	Community Technology Program	City Department	IT Department
City of Austin, TX	Community Technology and Telecommunications Commission	Commission	City Council
City of San Leandro, CA	Commercial Broadband Strategy	Strategy/Policy and Public-Private Partnership	City Council Private Sector Partner: Lit San Leandro
City of Baltimore, MD	Inter-County Broadband Network	Statewide Initiative	Mayor's Office of Information Technology
County of Sonoma, CA	Access Sonoma Broadband	County Project	Sonoma County Economic Development Board
City of Lakeland, TN	Broadband Access for All Areas of Lakeland	Public-Private Partnership	Partner: Connected Tennessee

REVENUE – 2

Recommendation:

- ***Move the Office for Community Technology to BTS or the Bureau of Development Services.*** OCT should be moved to an area of the City's organization with which its function and priorities better align. Organizations similar to OCT that operate within City government are typically found within Economic Development or Information Technology Departments. The Revenue Division should continue to collect fees on behalf of OCT and remain involved in the franchise agreement term negotiations to ensure terms affecting revenue are in the City's best interest.

REVENUE – 3

Finding:

- ***The Regulatory Division's mission is different from that of other groups within the Revenue Bureau.*** The Regulatory Division provides oversight and promotes public safety for taxis, shuttles, livery, limousines, tour vehicles, towing, special events, Pay & Park and non-pay private parking lots, secondhand shops, poker clubs, permitted games, and payday lenders through the issuance and enforcement of related permits. Most of these activities directly involve the Portland Bureau of Transportation. The misalignment of missions can result in sub-optimal operational effectiveness.

REVENUE – 3

Recommendation:

- ***Move the Regulatory Division to the Bureau of Transportation.*** Most of the Regulatory Division's activities directly involve the Bureau of Transportation. The Division regulates mainly transportation-oriented businesses and activities. By locating the Regulatory Division within the Bureau of Transportation employees within both groups should gain efficiencies. Per Recommendation Revenue – 1, once an A/R is created by Regulatory Division activities, that collection process should still be managed by the Revenue Division.

TECHNOLOGY SERVICES – 1

Finding:

- ***Over the years, the City has lacked an enterprise approach to planning, technology, and service delivery.*** The result has been a proliferation of applications and programs that represent redundancies across bureaus. This increases the number of systems requiring support and associated workloads. It should be noted, however, that BTS recently commissioned a citywide technology assessment, the results from which reinforced the need for a citywide/enterprise approach to technology, and the City has defined a series of ten (10) strategic initiatives to respond to the results of the citywide technology assessment.

TECHNOLOGY SERVICES – 1

Recommendation:

- ***Develop a Citywide Technology Strategic Plan building on the 10 strategic initiatives defined by BTS to respond to the citywide technology assessment, as well as existing initiatives, provide the BTS Director authority to enforce the plan, and hold the BTS Director accountable for plan execution.*** As BTS moves forward with its strategic initiatives, begin developing a strategic plan that articulates how the City will develop an Enterprise Architecture Program, leverage existing enterprise applications such as SAP, and incorporate an enterprise viewpoint into any technology governance processes and decision-making. This will necessitate that the City clearly defines and communicates this vision and obtains adequate authority to pursue and implement.

TECHNOLOGY SERVICES – 1 (CONTINUED)

Recommendation:

- A citywide technology plan should include strategies and initiatives that are developed in response to both internal factors such as City goals and Bureau needs and external factors such as trends and regulatory changes.
- As part of adopting an enterprise viewpoint, BTS should update its inventory of applications and the associated functionality delivered by each in order to identify opportunities for eliminating redundant systems and consolidating systems over time. A good starting point would be to inventory and compare systems within each Community of Interest, since similarities in services may be reflected in similarities in functional, processing, and reporting requirements for supporting applications.

TECHNOLOGY SERVICES – 2

Finding:

- ***BTS is primarily operating in reactive mode, which hinders the Bureau's ability to make progress on the initiatives that have been identified over the past few months.*** BTS lost 38 FTEs over the past five years and has had four members of its leadership team leave over the past year. As such, resources have become strained as customer needs and service level expectations have remained at or exceeded prior levels. Further, this situation represents a threat of lost institutional knowledge.

TECHNOLOGY SERVICES – 2

Recommendation:

- ***Prioritize initiatives that will achieve efficiencies and knowledge retention.*** While shifting to a more enterprise focus should reduce workloads over the long-term, other actions ought to be prioritized that will achieve more short-term efficiencies. These include recommendations from the Technology Assessment related to migrating away from the mainframe environment, continued virtualization, and actions to break down the silos within BTS to facilitate greater communication and collaboration. Over time, decreasing line level workloads, coupled with adoption of the Technology Assessment recommendation for increased planning, will allow BTS to take on a more proactive stance.

TECHNOLOGY SERVICES – 2 (CONTINUED)

Recommendation:

- Further, greater emphasis should be placed on succession and/or exit planning, including a focus on capturing knowledge that is critical to the leadership and functioning of BTS operations.

TECHNOLOGY SERVICES – 3

Finding:

- ***As a result of budget cuts over the past several years, Bureaus have been looking to gain efficiencies through technology, which has increased the workload for BTS.*** The recent technology assessment has resulted in the identification of a number of new initiatives that are adding to the current BTS workload, and there is little guidance being provided regarding how to prioritize these initiatives along with Build and Maintain projects. The potential positive impacts associated with pursuing the recommendations from the assessment may be offset by added strains at all levels of the Bureau.

TECHNOLOGY SERVICES – 3

Recommendation:

- ***Ensure that plans for implementing initiatives and the recommendations from the Technology Assessment account for existing projects, and are clearly communicated across the Bureau.*** The existing initiatives and recommendations coming out of the Technology Assessment represent significant opportunities to improve the management of technology across the City. However, Bureau leadership should not lose sight of existing projects and workloads while planning for the rollout of new projects. Initiatives should be combined with existing projects onto a master project list for the purpose of having visibility.

TECHNOLOGY SERVICES – 3 (CONTINUED)

Recommendation:

- BTS should identify key vacancies that should be filled immediately. These include the vacated Deputy Director position to maintain a reasonable span of control at the top level of the Bureau. Also, the vacant PMO Manager position and vacancies in any other areas where workloads may be most significantly impacted should be filled.

TECHNOLOGY SERVICES – 4

Finding:

- ***There is a lack of clarity within BTS of the Bureau's vision, priorities, and action plan to meet citywide technology needs.*** BTS recently prepared an implementation plan in response to the citywide technology assessment. This detailed plan provides a roadmap for project implementation. However, the Bureau does not have a comprehensive set of goals or business plan to facilitate priority setting, guide activities, and enable the divisions in the Bureau to execute in a cohesive manner. The lack of strategic clarity, especially given the heavy workload, leads to frustration within the BTS team.

TECHNOLOGY SERVICES – 4

Recommendation:

- ***Involve BTS leadership in the planning and prioritization process to ensure greater clarity of understanding, including vision and goals.*** To address frustrations and concerns about ambiguity, as well as to achieve buy-in, the entire BTS leadership team should be involved in developing plans and setting priorities. This team should also be included in goal setting for their divisions, which can be rolled up into a Bureau plan. At a minimum, the CTO should clearly communicate his vision for moving the division forward coming out of the technology assessment.

TECHNOLOGY SERVICES – 5

Finding:

- ***There is a high-profile project underway within BTS to rollout Office 365 that presents a number of risk factors that may not be fully addressed.*** The rollout of Office 365 has an accelerated timeline, external project manager, and core team largely staffed with external resources. The use of external resources is necessary due to budget constraints to hiring employees. It was noted that there are over one thousand applications across the City that needed to be checked for compatibility with the new software, but there are only a few application compatibility issues that remain at this point. This project touches almost every employee in the City.

TECHNOLOGY SERVICES – 5

Recommendation:

- ***Continue to move forward with the rollout of Office 365 in a structured manner with an increased focus on managing project risk.*** An immediate examination of project status, including resources and comparison of actual versus planned timeline, budget, etc. is warranted. From a quality assurance perspective, continuous monitoring of project components to minimize key risk factors should be conducted. Initially, an evaluation of the timeline, including consideration of a more rapid rollout to smaller bureaus/departments as noted in the Technology Assessment, will help level set resources and expectations.

TECHNOLOGY SERVICES – 6

Finding:

- ***BTS is no longer collecting replacement funds for servers and other network hardware.*** The City continues to collect replacement funds for PCs, laptops, and virtualization. While virtualization efforts may reduce the need for replacing server hardware on a server-by-server basis, it will not eliminate the need to fund replacement of servers on an ongoing basis, nor will it address the need to replace other types of networking hardware. BTS is trying to reinstitute a hardware/infrastructure replacement fee to address this reserve deficiency.

TECHNOLOGY SERVICES – 6

Recommendation:

- ***Continue to pursue alternatives to ensure reserve funds for servers and network hardware is available.*** To avoid a situation where the City is unable to fund replacement of critical technology components that are nearing end of life, the City should examine alternatives for replenishing reserve funds. Whatever option is selected, including reinstatement of the hardware/infrastructure replacement fees, appropriate communication coupled with reinforcement from City executives, should be made to the Bureaus to achieve buy-in.

TECHNOLOGY SERVICES – 7

Finding:

- ***There are a number of temporary resources within BTS that are being paid for with the Bureau's reserves.*** One of the mechanisms for addressing resource needs with reductions in head count is to bring in temporary resources as temps, interns, or contract employees. While BTS appears to need the resources and reserves are a source of funds for this need, the reduction of reserves may have negative impacts on future capital and/or operational needs.

TECHNOLOGY SERVICES – 7

Recommendation:

- ***Fill key vacant IT positions, particularly at the management and leadership levels, with full-time employees.*** There are some key vacancies, particularly at the management/leadership level, that should be filled, including Deputy Director, PMO Manager, and Communications Manager. These positions will be necessary to push forward the initiatives and projects that have been defined either by the CTO or through the Technology Assessment. Establishing a satisfactory mechanism to replenish reserves and hardware replacement funds will allow BTS to reallocate budget to these positions without significant impact on the bottom line.

TECHNOLOGY SERVICES – 8

Finding:

- ***The City is missing key components for comprehensive IT Governance.*** While a project intake process is defined, it is downstream from IT governance processes. With the implementation of concepts around Communities of Interest (similar lines of business), BTS is moving in the right direction to establish cross-functional teams to assist in decision-making around technology investments. There is a Technology Oversight Committee (TOC) that provides oversight to projects, but this is a citizen committee, and it is not involved in the governance process. Technology governance requires defined citywide goals, objectives, strategies, priorities, and decision making to guide technology investments.

TECHNOLOGY SERVICES – 8

Recommendation:

- ***Establish a Citywide IT Governance Committee.*** BTS is moving in the right direction to establish cross-functional teams to assist in decision-making around technology investments through the formation of Communities of Interest (similar lines of business). The Citywide IT Governance Committee should consist of a representative cross-section of senior personnel from throughout the City with responsibility to recommend funding of proposed technology projects based on consistency with the IT Strategic Plan. The CTO should head the Committee and have ultimate authority and accountability for making funding recommendations.

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