April 21, 2022

Honorable Members of the
Budget and Finance Committee
c/o Office of the City Clerk
200 N. Main St. Room 395
Los Angeles, CA 90012

RE: CONTROLLER — MAYOR'S PROPOSED BUDGET FY 2022-2023

Dear Honorable Committee Members:

Thank you for the opportunity to submit comments to your honorable Committee regarding the Mayor's budget proposal for the Office of the Controller for FY 2022-2023. The Proposed Budget for this Office provides many of the resources needed to fulfill our Charter-mandated responsibilities. We are pleased to see continued funding for Special Fund analysis and reporting which will allow our office to continue this important work in collaboration with your Committee. Additionally, we appreciate funding for the City's Financial Management System (FMS) upgrade project, as well as funding in the Unappropriated Balance for much needed Citywide FMS user training. Given the one-time nature of Federal funds from the current year and the anticipated decrease in available General Fund revenue, we understand that difficult budget decisions must be made. Considering this, we do believe that some modest changes to our Office's proposed budget will ensure the success of investments to which the City has already committed.

Our Office has tried to identify offsets or other methods to absorb the costs of our important additional requests, outside of the one-time salaries reduction included in the Proposed Budget. However, this Office is unable to absorb the costs of the additional requests, absent cuts to other essential functions within the Office.

The highest priorities for which our Office is requesting additional resources are for two Citywide projects: the Human Resources and Payroll Project (HRP) and Accounting Training and Support.

1. Human Resources and Payroll Project (HRP) - $552,049

The HRP project is currently scheduled to go live with Phase 1 of the project on May 8, 2022, consisting of the Human Capital Management (HCM) and Compensation modules. Phase 2 of the project is scheduled to go live in December 2022, consisting of Absence Management, Time Tracking, and Payroll modules. The majority of Phase 2 work will center around the payroll functions of this Office. The Controller's Office is required to ensure all City employees are paid accurately and in a timely manner. To ensure that there is a smooth transition, the current payroll system (PaySR) must be available and fully operational until the HRP system can reliably assume all of its functions (which may extend beyond December 2022). We have taken several steps to ensure the success of this phase, including assigning certain existing PaySR staff to HRP and making others available to the HRP project part-time. However, our payroll operations and system teams are operating under minimum staffing levels, and both teams will be strained further with the implementation of new requirements under new MOUs.

Additional staff for HRP are needed to complete the required tasks (testing, configuration, functional support, issue tracking and resolution, etc.). The new system (Workday) will require additional support staff (more than the current support requirements for PaySR) post-implementation. Workday will release at least two major updates each year. Each release will require review, analysis, configuration, and testing. Further, some updates may require training for all City users. Transitioning to a global platform such as Workday brings many advantages. It also requires the City to shift from a highly customized legacy system, built to accommodate hundreds of specific MOU requirements, to a one-size fits all approach. If this project is not done correctly, the City will assume a high level of risk as it relates to employee compensation, tax elections, and human resources.

With Phase 2 rapidly approaching, we will require sufficient staffing to support certain HRP Phase 1 functions, Phase 2 implementation, the existing PaySR system, and implementation of system changes due to new MOU agreements. Thus, we are requesting four additional positions to support HRP Phase 2 and the system post-implementation. We are requesting the following additional positions: two Fiscal Systems Specialist II positions — one for payroll accounting and one for reporting, PRISM (the module which stores PaySR historical data), and integration support; one Fiscal Systems Specialist I — to process payroll workstreams, testing and support; and one Senior Management Analyst I — to support Organizational Change Management. The total direct cost for these four additional positions is $552,049.

2. Citywide Accounting Training and Support Unit - $127,476

Subsequent to the submission of our Office's budget proposal, the City Administrative Officer (CAO) met with our Office and indicated that a number of smaller City departments have been challenged by various critical accounting tasks. The CAO inquired as to the possibility of our Office's assistance in providing training to these departments in multiple areas including, but not limited to: the City's accounting policies and procedures; FMS transaction processing and accounting; and financial and budgetary document processing. In the past, our Office housed a

dedicated accounting training program; however, due to the City's previous budget challenges, the program was eliminated. To address the existing needs of City departments, our Office requests the restoration of an Accounting Training and Support Unit staffed with, at minimum, one Principal Accountant II (total direct cost is $127,476). This Unit would ensure that accounting staff in smaller departments are provided the appropriate training on compliance with the City's accounting policies and procedures, and with other applicable State and Federal laws.

While this Office's Accounting Assistance Program has been and continues to be an excellent short-term solution for many City departments facing staffing challenges, this alone is not an adequate or sustainable solution for untrained accounting staff.

3. Audit Management System - $75,775
The contract for the audit management systems used by this Office will expire leaving this Office with no system to manage audits and documents. The cost for a new system includes a one-time cost of $75,775, with a recurring cost of $38,475 per year for the system. Audit Management software allows auditors to do more with less, be more efficient, and improves accuracy and accountability by providing a tool for managing audit projects, documents and data.

On behalf of this Office, I respectfully request that you consider our proposed changes to the Mayor's FY 2022-23 Proposed Budget in order to support efforts to implement and maintain critical systems. We look forward to our continued collaboration with your Committee, and the City Council, during this budget deliberation process.

Sincerely,

Chris Concepción
Chief Deputy Controller

Cc: Office of the Mayor
        Office of the Chief Legislative Analyst
        Office of the City Administrative Officer