Commission on California State Government
Organization and Economy

FINDINGS AND RECOMMENDATIONS CONCERNING ORGANIZATION FOR CENTRAL STAFF SERVICES

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STATE OF CALIFORNIA

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Executive Secretary

March 11, 1963

LETTER OF TRANSMITTAL

and

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Organization for Central Staff Services

Honorable Edmund G. Brown
Governor, State of California

Honorable Hugh M. Burns
President pro Tempore, and to Members of the Senate

Honorable Jesse M. Unruh
Speaker, and to Members of the Assembly

Gentlemen:

The report of this Commission to the Governor and the Legislature released on January 21, 1963 ("Findings and Recommendations Concerning Reorganization of the Executive Branch of California State Government") stated that the Commission was engaged in a review of draft proposals leading to the transfer of units of the Department of Finance to a proposed Executive Office and a separate Department of General Services. These proposals were based on the earlier recommendations of the Governor's Committee on Organization of State Government which delivered its report, The Agency Plan for California, in December 1959. The drafts were presented by the administration to the Commission for study and recommendation prior to decision by the Governor as to the measures he would propose for legislative consideration. Testimony has now been received and evaluated, and considerable independent analysis completed on these proposals. This memorandum report presents the Commission's conclusions and recommendations on these matters for action by the Governor and the 1963 Legislature.

In summary, the Commission concurs that a basic reorganization of the Department of Finance is both necessary and desirable if the Executive Branch of the State Government is to meet effectively the present and future needs of the State Government and in turn the needs of the people of California. It is recommended, for the reasons stated herein, that steps be taken by the Legislature and the Governor to establish a Department of General Services separate from the Department of Finance. Such a proposal has been regularly and responsibly put forward for the past 25 years. In the Commission's view, it is time to act. This action, in the judgment of the Commission, will not only facilitate an improved level of general services administration but will permit the Director of Finance to devote his energy and talent to his principal assignment--that of being the Governor's chief fiscal, planning and program adviser.

Separation of general services management from the Department of Finance will, in our judgment, provide an adequate administrative framework to meet the objective of strengthening the program, fiscal management and policy advisory services to the Governor. Accordingly, the Commission recommends that no action be taken at this time to dissolve the Department of Finance through the establishment of an Executive Office. The Commission does not oppose administrative action at this time by the Governor which would better coordinate the work of his office with related programs in the Department of Finance. This traditionally has been and should be one of the important prerogatives of the Chief Executive of this state. Nor does the Commission oppose statutory action at this time by the Legislature which would improve the organization of the Department and enable both the Governor and the Director of Finance to meet their responsibilities more effectively. There may well be occasion now for detailed changes, including the transfer of functions to or from the Department of Finance in addition to general services.

In short, the Commission endorses the basic objective of strengthening the program, fiscal management and policy advisory services to the Governor. It is believed, however, that these objectives can be attained, at this time, through the continued existence of a reoriented Department of Finance as a separately identified department. After sufficient experience with the operation of a General Services Department and the new Agencies, together with related internal reorganization and changed emphasis in the Department of Finance and the Governor's Office, judgments concerning the need for further major reorganization of the central executive offices can then be reached on the basis of much more additional evidence than is now available.

In presenting this report, the Commission expresses its appreciation to the Governor, the Director of Finance, the Legislative Analyst, the Auditor General and to many others who have met with us to discuss the

question of how the executive branch can best be organized to meet the needs of the people of California. In its deliberations, we have met with the complete cooperation of a large number of public-spirited citizens both in and out of state government. A continuance of this same spirit of dedication and interest will do much to insure that the framework for action here recommended will lead to more effective, efficient and responsible state government.

Respectfully,

Eugene C. Lee, Chairman
Assemblyman Milton Marks, Vice Chairman
Assemblyman John T. Knox
State Senator George Miller, Jr.
Manning J. Post
Sol Price
Richard Sherwood
Roy Sorenson
State Senator V. L. Sturgeon
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Frank D. Tellwright

ORGANIZATION FOR CENTRAL STAFF SERVICES

Background for the Proposal to Establish a General Services Department

The Department of Finance has been responsible for most of the state government's central service and supply functions since the Department's establishment in its present form in 1927. Such centralization has permitted the effective administration of these services and the California State Government has enjoyed an enviable reputation in this respect. Why then is it now proposed that this organizational arrangement, which has been so successful in the past, be changed through the establishment of a separate Department of General Services? The Commission addresses its inquiry to this question.

The need for an organizational unit in the state government with exclusive responsibility for the provision of central service and supply functions is well recognized. Included are such programs and services as the design and construction of state buildings, buildings and grounds maintenance, property acquisition, purchasing, state printing, automotive maintenance, local assistance, and administrative hearing services. The best organizational placement of responsibility for these activities, however, has been the subject of many studies by both the Legislature and the administration during the past 25 years. It is a question about which there have been strong differences of opinion. Basically, these differences of thought relate to whether the administration of these functions should be integrated with the fiscal and management control responsibilities of the Department of Finance, should be a separate division of Finance, or should be the responsibility of a separate department established for that purpose.

In 1939, a report on the reorganization of state government by the Bureau of Public Administration of the University of California stated that:

> "Indications are that when the activities of a Department of Finance are multiplied beyond those of a strictly staff character, the department is likely to become so involved in service functions as to submerge partially disinterested control over staff and financial matters. In extreme cases this would mean the loss of the department's main reason for existence."1/

The report called for reorganization to strengthen both the fiscal management and the service and supply practices of the state government.

The Committee on State Organization (1937-41), otherwise known as the Interim Committee of Twenty-five of the California Conference on Government and Taxation, was also concerned with the variety of functions for which the Department of Finance was responsible which were unrelated and extraneous to the department's main purpose--fiscal and program control. The report of that committee also recommended the functional organization of the department in such a way that its functions would be clarified and made more effective.

This same problem was studied by the 1949 Assembly Interim Committee on Governmental Reorganization. The report of that committee in discussing the provision of central service activities by the Department of Finance stated:

> "Good organization presupposes a unity of purpose for a particular activity; the Department of Finance is characterized by a multiplicity of functions which serve either to diffuse supervisory responsibility for the director, or force him to neglect some functions altogether. This situation should not be permitted to continue."2/

The committee presented several alternative organizational arrangements designed to provide improved administrative direction to the State's central service and supply functions. The report suggested that the creation of an

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1/ Jack E. Thomas, Administrative Reorganization of State Government, 1939 Legislative Problems, No. 7 Bureau of Public Administration, University of California, Berkeley, February 28, 1939.

2/ First Partial Report- 1949 Assembly Interim Committee on Governmental Reorganization (1951) p. 90.

entirely new office for general services reporting directly to the Governor would be the most desirable. It was pointed out, however, that further study and analysis were necessary before a final recommendation could be made. The committee also observed that the suggested separate department for general services, as contrasted to integration within a department of administration or finance, was contrary to the most advanced thinking of that time with regard to central general service management and its organizational placement. They noted, however, that in some states the centralization of service and supply functions was a goal yet to be met, while in California this goal had been achieved in years past. In another report to the Committee by management consultant Louis J. Kroeger, the same problem was also discussed from the viewpoint of the other need--namely, freeing the Director of the Department of Finance from detailed operational responsibility for general services.1/

As recommended by the 1949 Assembly Interim Committee on Governmental Organization, this question of the provision of general administrative services to the state government was studied in depth in 1952 by the succeeding assembly interim committee. To facilitate this study the committee established a Subcommittee on General Services which in turn was assisted by a distinguished advisory committee comprised of representatives from private industry.

The Subcommittee of General Services as well as the full committee approved the report of the advisory committee which recommended that:

> "there be established in the Executive Branch of the State Government a unit which will provide the general services that have been studied and referred to previously and such other service functions as seem appropriate hereafter to be included. We believe that the efficiency of state government will be improved by consolidating into one department those 'general service or overhead' functions which are common to many departments and agencies."2/

1/ Fiscal Management and Fiscal Controls by Louis J. Kroeger and Associates (1949).

2/ Management of General Services in California State Government--A Department of General Services--Third Partial Report of the Legislature by Assembly Interim Committee on Governmental Reorganization. 1/1/53

The proposed organization would have consisted of a Department of General Services organized on a functional basis and comprised of a Division of Buildings and Grounds, Division of Architecture, Division of Materiel, Division of Centralized Management Services, and a Division of Printing.

With respect to the proposed separation of the central service and supply responsibilities from the fiscal and management control duties of the Department of Finance the above report stated:

> "As the Governor's staff agency, the Department of Finance should carry out his management policies by budgetary control and internal audit of state activities, thus providing the administrative branch with its primary means of enforcing efficiency in State Government. We do not believe that such a responsibility is compatible with the operation of the various overhead functions of the State Government. We do not believe that the Department of Finance should be an operating agency as well as a control branch of the state government."

The Legislative Analyst also called for the separation of service and control responsibilities of the Department of Finance by means of the establishment of separate Department of General Services. In his memorandum report of May 1, 1952 to the above Interim Committee, it was stated:

> "A sharp and clear distinction should be made between the responsibilities of a finance director exercising management responsibilities through budgetary and fiscal control and the direct management responsibility properly chargeable to an outright operating agency."

Legislation was introduced in 1953 to create a Department of General Services as a result of the findings and recommendations of the above Interim Committee on Government Reorganization. This proposal, AB 2338 (1953) was referred to the Assembly Committee on Government Reorganization, amended and reported back without further action. The matter was then referred to the Joint Legislative Committee on Governmental Reorganization and hearings were started again on October 2, 1953. Subsequent deliberation was delayed, however, due to the press of other activities (considerations leading to the establishment

of a Department of Alcoholic Beverage Control) and the next hearing was not held until October 8, 1954.

The Legislative Analyst reiterated his previous recommendations relating to central service and supply management at the October 8, 1954 hearing of the joint committee. He stated:

> "A good case can be made for a Department of General Services just based on the fact that with the very great responsibilities which the Director of Finance has to carry out and participating on the many boards in carrying out the budget work, the chief fiscal advisor of the Governor, matters of taxation, matters of school apportionments, matters of social welfare--all of them complicated matters of great policy magnitude, that is a time-consuming job, and that there is a real case that can be made for having a management expert responsible for these housekeeping functions reporting directly to the Governor."

At this hearing, however, the Director of Finance strongly objected to the transfer of the general services functions of the Department of Finance to a separately established department. His objections were based on his feeling that the Department of Finance had combined effectively the functions of performing central services with the exercise of required budgetary and fiscal control. He stated that, in his opinion, it would be very difficult if not impossible to separate the service and budgetary control functions of the several divisions of the Department of Finance. Some subsequent Directors of Finance and a number of the staff of the department concurred with this expression of departmental policy, and no statutory changes were made in the ensuing years. As best as it can be determined, there were no further official studies or recommendations on the organizational aspects of general services administration until the Governor's Committee on Organization of State Government released its report in December, 1959, proposing a Revenue and General Services Agency. Consequently, until 1961, the administrative direction of general service activities has continued as an integral part of the fiscal management and control functions of the Department of Finance.

The current management of the Department of Finance, however, concurs with the findings of the previous legislative interim committee studies as well as those of other study groups. Accordingly, the general service activities of the department have been organized informally as a separate functional unit under the direction of a Deputy Director of Finance. This arrangement is considered as interim organization measure pending the formal approval of a separate Department of General Services. This was anticipated 15 years ago by the 1949 Assembly Interim Committee, which in recommending an entirely new office for general services, stated:

> "yet should these (general) services remain within the Department of Finance for the present, organized as a major 'service' or bureau under a deputy director with major responsibility for direction and control, any subsequent change to a coordinate department in the State would involve a relatively simple transition."1/

Such a transition is now requested.

The proposal2/ currently before this Commission, although recognizing that the Department of Finance has, in part, done a successful job of providing central management and service functions, calls for the separation of that department's major program and fiscal planning and control activities from responsibility for the provision of service and supply functions. The proposal also provides for the assignment of the Division of Architecture--now outside the Department of Finance--to the new department.

1/ First Partial Report - 1949 Assembly Interim Committee on Governmental Reorganization (1951). p.90.

2/ Proposal for Creation of a General Services Department - Department of Finance. 10/3/62 (Attached)

The Commission's Recommendations Concerning a General Services Department

The Commission concurs with the premise, documented clearly in past studies as well as by current testimony, that the administration of supply and overhead services would be improved through organizational separation from the program and budget planning and fiscal control activities of the state government. This can be and has been accomplished only in part by informal organizational changes within the Department of Finance. Full realization of the potential benefits from a unified administration of service and supply functions will be facilitated by provision of separate departmental status. Of even greater significance will be the freeing of the State's principal budget and fiscal control officer from concern and responsibility for the administration of general services. Accordingly, it is recommended that action be taken by the 1963 Legislature to create a Department of General Services as discussed below.

California state government is now sufficiently large and complex to make desirable the establishment of a Department of General Services--a truly service department--separate from the Department of Finance. While it can be argued that this move will add another official--a General Services Director--on the organization chart reporting directly to the Governor, the programs and activities in this field only rarely require gubernatorial attention, and then with reference to matters of important state policy which would demand his consideration in any event. But while not generally involving gubernatorial attention, these matters do require the full-time specialized leadership of a man of the status and calibre of a state department head, upon whom both the Legislature and the Governor can place responsibility. These conditions cannot be met effectively by divisional status within a department.

General Services would be the sixth largest department in the state government with an annual support budget of approximately 10 million dollars. It would be concerned directly with the annual expenditure of more than 300 million dollars from other sources. It would administer many programs distinct in character, requiring specialized staff, and having complex relationships with all other state agencies and many contacts with local government. It would have within it the State's top architect administering a multi-million dollar building program, one of the largest printing plants west of the Mississippi, the State's second largest real property procurement operation, and it would maintain over 12 million square feet of office space. The provision of separate departmental status to these functions would focus responsibility for these important services in a single individual, would provide this officer with the status and authority necessary to exercise leadership throughout state government and would establish a rank and salary commensurate with the responsibility.

The Department of General Services as proposed includes the Division of Architecture which is now located in the Department of Public Works within the Highway Transportation Agency. This proposed organizational reassignment is in accord with legislative intent as expressed by Section 14000 of the Government Code which states:

> "It is recognized that the Division of Architecture within the Department of Public Works is being retained temporarily in the Department of Public Works pending the enactment of legislation creating a General Services Agency or one similar thereto, into which the Division of Architecture will be transferred." (Amended by Stats. 1961, Ch. 2073)

The Commission agrees with this judgment. Increased coordination with related central services can be expected and resultant economy can be reasonably anticipated. <u>For the same reason it is also recommended that the office of the State Fire Marshal be aligned organizationally with the Division of Architecture as a component of the General Services Department</u>. The Fire Marshal is now

assigned, by executive order, to the non-statutory Public Safety Agency. This recommendation, which is endorsed by the Public Safety Administrator, is in accord with a suggestion of this Commission contained in its first report that consideration be given to the reassignment of the present units of the Public Safety Agency on a functional basis. It is also noted that the 1959 reports of the Governor's Committee on Organization of State Government and of the Task Forces contained similar recommendations concerning both the State Architect and the State Fire Marshal.

Fiscal Control, Program Planning and Policy Coordination--The Department of Finance

The establishment of a Department of General Services and the functional reassignment of extraneous operating functions of the Department of Finance to the appropriate operating agencies will have the important effect of permitting the Director of Finance to serve more effectively as the Governor's principal fiscal planning, program and policy adviser. The Commission agrees with the statement of the present Director of Finance that the present pattern of program development does not provide sufficiently for the identification and discussion of fundamental policy questions. It is also true that there is an urgent need for critical evaluation of programs leading to the reduction and eventual abandonment of those that are no longer essential. Other areas of need could be cited. We concur that a Director of Finance, relieved of responsibility for administering a variety of general services, will be better able to bring about more basic planning, and program analysis and evaluation within the state government than has been achieved in the past. This cannot occur if the Director of Finance must also concern himself with the management of general services, and he cannot avoid this concern as long as the Department of Finance is statutorily responsible for such programs. Correcting this deficiency comprises the second compelling reason for establishment of a Department of General Services.

The job of Governor of California has become increasingly demanding. He is expected to make sound decisions on complex social and economic issues affecting governmental service at both the state and local level. The Executive Branch must be so organized as to provide accurate and timely information on which the Governor may base these decisions. In its initial report, the Commission indicated its belief that the grouping of operating departments into agencies, with the several agency administrators serving as an executive cabinet, should provide for an over-all review of major program and policy questions in a far more rigorous and regular fashion than has previously been the case. If the potential benefits of this revised organizational structure are to be realized, however, it is also necessary to accommodate a new set of relationships between the Governor, his Secretaries, and the Department of Finance.

Central staff advice now comes to the Governor from two main sources--the immediate office of the Governor represented by the Secretariat and the Department of Finance. The Secretariat is utilized, properly we think, to assist the Governor in fulfilling the important political and ceremonial responsibilities of his office. The Director of Finance, on the other hand, provides the technical and management staff to meet the Governor's other main responsibilities--those of Chief Executive of the State Government. Although separate, these political and executive responsibilities must inherently and properly become intertwined if effective and realistic solutions are to be reached for the many policy, planning, and fiscal questions and considerations affecting all the people of California.

As discussed above, the formal assignment of the State's service and supply functions to a general services department will permit the Governor's principal staff officer to devote his attention to fiscal, program and policy matters--his main responsibility--without detriment to the general service function.

The extent and precise manner of coordinating or integrating these program and policy considerations with the other established responsibilities of the Governor's Office, in the opinion of the Commission, should, within statutory limitations, be left solely with the Governor. Flexibility should be retained so that working relationships may be adjusted to sometimes rapidly changing conditions, situations and specific problems as well as to particular personnel. The means employed by one Governor to meet a problem may not apply to another Governor faced with another or even the same problem under different circumstances.

In the Commission's judgment, this necessary flexibility and added coordination in organization and staffing between the Governor's Office and the Department of Finance can be achieved by the Governor at this time without the major statutory changes involved in the abolition of the Department and the establishment of a new Executive Office. Further consideration of such a major move should await additional experience with the agency form of administrative organization, the cabinet, a General Services Department, and a newly-oriented Department of Finance.

In recommending that the Department of Finance continue as a strong and vital force in state administration, the Commission would note, however, that certain administrative and statutory changes may well need to be taken at this time involving both the Department and the Governor's Office. The need for coordination of State Planning Office programs with proposed urban affairs activities in the Governor's Office is a case in point, which will have to be carefully considered. Other examples could be cited.

The Executive Audit and Management Analysis. As tentatively set forth in the preliminary memoranda to the Commission concerning general services and the proposed Executive Office, major responsibility for the internal audit activities of the executive branch, now the responsibility of the Audits Division of the

Department of Finance, was to be assigned to the new General Services Department. If the Department of Finance, as revised, is to be retained--as this Commission recommends--much of the argument for this transfer is no longer relevant. While the General Services Department may well require internal auditors to meet its own needs, central administrative responsibility for state programs and standards of internal auditing should remain within the Department of Finance.

The internal audit is an important tool of administration. It should be a strong right-arm of the Governor and of the agency administrators and department heads. The internal audit constitutes management's review of accounting, financial and other data to insure the reliability and adequacy of accounting and financial controls, compliance with statutory and administrative policies, and related matters. It is to be contrasted with the Controller's pre-audit and the Auditor General's post-audit responsibilities. The former ascertains that funds are available in the appropriate account before a warrant is issued; the latter is responsible to the Legislature to provide an independent check upon the financial statements prepared by the executive branch. The three types of audits are distinct, all are essential, each must be coordinated with the other to the end that the administration of financial control is sound and efficient.

The Commission has not made a detailed investigation of auditing in the state government. It is clear, however, that many of the questions raised by Price Waterhouse & Co. in its comprehensive report to the Legislature in 1954 remain unresolved. With respect to the internal audit, there appears to be a general recognition that there is currently no integrated system or plan of internal auditing in state government, although current audit activities run well over one million dollars per year in budgeted cost alone. The Auditor General has recently reported that internal auditing is marked by "unbalanced

scope, uneven quality and widely divergent staffing patterns" and by a "lack of criteria for the establishment and operation of an internal audit function within state agencies."1/

In recommending that central responsibility for internal auditing remain with the Department of Finance, the Commission expresses the hope that this highly important activity be reviewed at the earliest possible time in order that a comprehensive plan for internal auditing can be developed. The Commission is in basic agreement with the recommendation of the Auditor General that much of the present auditing activity should be decentralized to the agency or department level in order to be of maximum service to management. This should only be done to the extent that central leadership in the establishment of standards and the evaluation of auditing performance is further developed and encouraged. The place for this leadership, in the view of the Commission, is in the Department of Finance, the agency charged with responsibility for central management and fiscal control.

The management analysis activities of the Organization and Cost Control Division are, like those of the Audits Division, also subject to decentralization--to varying degrees--to the agency or department level. At a central level, management analyis bears close relationship to budget planning, program evaluation and fiscal control and, potentially, to internal auditing. For this reason, the Commission recommends that responsibility for leadership and evaluation in this field remain, as at present, within the Department of Finance.

1/ The Commission would urge prompt administrative and legislative consideration of the findings and recommendations of December 10, 1962, of the Auditor General contained in that official's report on internal auditing within the Executive Branch of the California State Government.

Other Activities. While the Commission has not reviewed all of the duties of each of the several units of the Department of Finance, in detail it appears clear that there are certain responsibilities which might better be located within appropriate operating agencies. For example, such extraneous operating activities of the Department as the State Lands Division, the California State Fair and Exposition, and the Economic Development Commission should be assigned to an operating agency under the appropriate agency administrator.

STATE OF CALIFORNIA

DEPARTMENT OF FINANCE

EXHIBIT I

INTRADEPARTMENTAL COMMUNICATION

To: HALE CHAMPION

Date: OCTOBER 3, 1962

From: ROBERT L. HARKNESS

Subject: PROPOSAL FOR CREATION OF A GENERAL SERVICES DEPARTMENT

One of the major elements of the Agency Plan for reorganizing state government is a General Services Department to perform the service and supply functions which can most efficiently and effectively be performed by a central agency.

The several groups and individuals who have studied the present structure of California State Government have generally agreed on the need for a department of this kind. While they have indicated that the Department of Finance as it exists today has done a good job of providing the central management and service functions, they have also found that new demands being placed on state government call for separation of major program and fiscal planning from the service and supply functions.

With the growth of state government Directors of Finance have been given an increasingly difficult job. They have been expected to concern themselves with proper management of large-scale and important central service and supply functions, and at the same time, be the Governor's right arm in developing the Administration's programs and the annual Governor's budget for program implementation. Naturally it has been necessary for a Director of Finance to devote most of his attention to program and fiscal planning, and he has not had sufficient time to modernize and streamline the service and supply functions.

Therefore, it is proposed that a Department of General Services be organized under a director appointed by the Governor to provide such services as acquisition, planning, construction, and management of buildings; centralized purchasing; allocations of funds for some local governmental purposes; legislative, textbook, and agency printing; administrative hearing services; designing uniform accounting system; providing an executive audit; centralized electronic data processing services; planning and maintaining statewide communications systems; and pooling of transportation services. These are services now largely provided by the Department of Finance. The plan for a Department of General Services contemplates continuation of these within an organizational structure better designed to meet state needs.

Some of the advantages and objectives of continuing responsibility for these services with a central agency are to:

a. Permit application of uniform standards and policies in administrative matters common to state government.

b. Promote economy through large-scale buying of materials and supplies.

c. Provide the highly qualified specialists that individual agencies cannot justify on their own staffs.

d. Enable management personnel responsible for major program areas to devote their time to the principal mission of their units rather than to housekeeping services.

e. Provide the economies of mechanized mass handling.

Centralized purchasing provides a clear example of application of these advantages. Every operation of state government requires supplies that can be obtained in whole or in part by a central agency. By pooling these needs, economies are achieved through bulk purchasing at advantageous times and by distribution of some items through central warehouses. It is not necessary for personnel in every agency to learn all the intricacies of purchasing methods, sources of supply, and methods of handling. Professional and technical personnel are employed by the central agency to learn the needs of every other agency and provide this service for them.

A major aim of the Department of General Services will be to improve coordination in providing physical facilities for state use. It will engage in forecasting facilities requirements in consultation with other state agencies and develop long-range acquisition and utilization plans. Poor planning and piecemeal development can be extremely costly. The Legislature in its last general session indicated its intent to place the functions of the Division of Architecture in a Department of General Services when one is created. This important change will allow the director to assure that Architecture's capabilities for planning, designing, estimating, and for supervision of construction will work in concert with the space utilization, real estate procurement, management, and disposal activities which General Services will assume from the Department of Finance.

Closer coordination of the basic housing and housekeeping services is also expected by grouping in a Property Management and Services Division the following:

a. Building maintenance and protection and telephone services now in the Buildings and Grounds Division,

b. Communications maintenance now in the Communications Division,

c. Automotive management now in the Purchasing Division,

d. Central office services (such as duplicating, mail and messenger service and office machine repair) now in the Purchasing Division, and

e. Records centers now in the Office of the Secretary of State.

To assist in relating central services with the needs of other departments, a General Services Advisory Council is proposed to consist of not to exceed 12 members from user agencies appointed by the Director of General Services with the advice of the Agency Administrators and department heads. The general aims and objectives of this council will be:

a. To foster improved methods of providing centralized services.

b. To serve as a sounding board for suggestions from the Department of General Services before new programs or procedures are placed in operation.

c. To consider and develop practical solutions to problems received from all state agencies.

d. To foster support of statewide standards and policies created by mutual consideration of the Department of General Services and line agencies.

Attachment A to this letter indicates by title the components that should be transferred to the Department of General Services; Attachment B shows the proposed organization structure; Attachment C states the functions of each division; and Attachment D indicates the boards and commissions of which the Director of General Services should be made a member.

Because this reorganization proposal becomes so technical when presented in bill form, it is advisable to first consider its general intent and nature. When you have had time for the necessary review, we will complete the drafting of a bill containing the specific statutory changes required to accomplish this reorganization.

Robert L. Harkness

PROPOSED PLACEMENT OF EXISTING UNITS IN GENERAL SERVICES DEPARTMENT

Existing Organizational Components	Recommended Placement
Property Acquisition Division	Real Property and Facilities Requirement
Buildings and Grounds Division	
Building Maintenance and Protection	Property Management and Services Divisio
Telephone Services	" " " " "
Space Utilization	Real Property and Facilities Requirement
Leasing	" " " " "
Communications Division	
Communications Planning and Engineering	Real Property and Facilities Requirement
Communications Installation and Maintenance	Property Management and Services Divisic
Purchasing Division	
Purchasing Office	Purchasing Division
Traffic Management	" "
Central Stores	" "
Automotive Management	Property Management and Services Divisic
Central Office Services	" " " " "
Local Allocation Division	Local Assistance Division
Television Coordinator	Local Assistance Division
State Office of Planning	
State Development Planning	To Executive Office
Local Planning Assistance	Local Assistance Division
Printing Division	Office of State Printer
Office of Administrative Procedure	Office of Administrative Procedure
Audits Division	Management Analysis and Auditing

Existing Organizational Components	Recommended Placement
Organization and Cost Control Division	
Accounting Systems	Management Analysis and Auditing
Data Processing Systems	" " " "
Management Research Section (part of)	" " " "
Merit Award Staff	Administrative Services
Administrative Adviser's Office	General Counsel
Administrative Services	
Accounting	Administrative Services
Budgeting	" "
Central Data Processing	" "
Personnel	" "
Library	" "
Central Files	" "
Insurance Office	Administrative Services
Building Standards Staff	Real Property and Facilities Requirement
Capitol Building and Planning Staff	Real Property and Facilities Requirement

Transfer in from Other Departments	
Division of Architecture (to be transferred from Department of Public Works)	Office of the State Architect
Records Centers (to be transferred from the Office of the Secretary of State)	Property Management and Services Divisi

PROPOSED ORGANIZA

A

BUILDING STANDARDS COMMISSION

CAPITOL BUILDING AND PLANNING COMMISSION

COMMUNICATIONS ADVISORY BOARD

PUBLIC WORKS BOARD

REAL PROPERTY AND FACILITIES REQUIREMENTS

Programming- General Use Facilities

Land
Buildings
Communications
Capitol planning

Acquisition

Selection
Procurement (lease or fee)
Assignment and reassignment
Disposal

Building Standards

MANAGEMENT ANALYSIS AND AUDITING

General Services:
Program development
Management studies
Administrative Manual coordination

Data processing systems

Accounting systems

Auditing:
Financial
Management

OFFICE OF THE STATE ARCHITECT

Architectural and Engineering Services:

Design - plans and specifications
Construction standards analysis
Estimates
Construction supervision - state facilities

Public school plans review

PROPERTY MANAGEMENT AND SERVICES DIVISION

Building maintenance & protection

Telephone services

Communications maintenance

Transportation services

Records centers

Central Office Services
Machine repair
Mail & messenger
Duplicating

PURCHASING DIVISION

Purchasing

Central stores and documents

Traffic management

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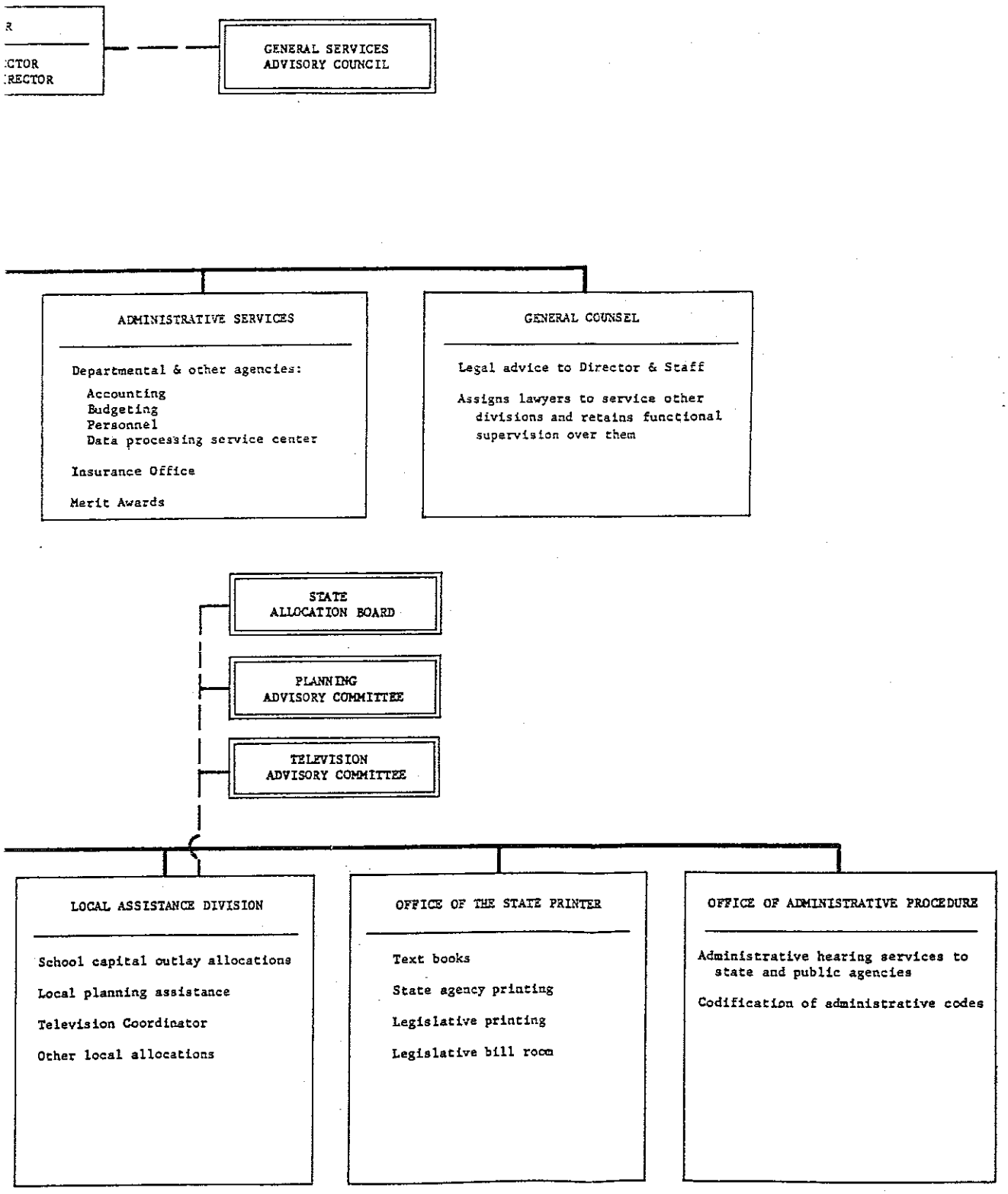
GENERAL SERVICES DEPARTMENT

ATTACHMENT B



Revised October 15, 1962

Attachment C

PROPOSED FUNCTIONS OF MAJOR UNITS IN THE GENERAL SERVICES DEPARTMENT

STAFF FUNCTIONS

1. Real Property and Facilities Requirements

The Programming unit will engage in forecasting general-use facilities requirements in consultation with other state agencies and develop long-range acquisition and utilization plans. It will establish standards and methods for best use of both leased and state-owned real property for general use and coordinate with agencies having institutional or specialized requirements.

A special function of this unit will be to provide the staff to the Capitol Building and Planning Commission, whose task it is to maintain a master plan for the orderly development of future state buildings and other facilities in the capital area of the City of Sacramento.

In addition, this unit will provide staff support for the Communications Advisory Board, and furnish technical services to achieve an effective system of communications for the state government and its political subdivisions. It will represent state and local units before the Federal Communications Commission.

The Acquisition unit will perform the investigation, appraisal and negotiation functions involved in selecting, procuring, and assigning the use of real property. It will also dispose of real estate found surplus to state requirements. Real estate advisory services to the Programming unit and the operating agencies generally will also be a continuing function.

2. Management Analysis and Auditing

This staff will provide for application of good management principles in business management affairs by making management studies, designing systems, and conducting audits. They will provide the principal liaison with the General Services Advisory Council.

They will advise the director in the formulation of departmental administrative policy. They will provide consultation services and conduct studies and develop statewide standards and controls over the manner in which central services are provided by the department, used by state agencies, or conducted by other state agencies. They will maintain the State Administrative Manual and conduct staff research for the State Board of Control.

This staff will prescribe the State's uniform accounting system, assist state agencies in the development and installation of accounting systems and make special studies of fiscal problems. They will study needs for data processing equipment and systems and recommend applications for management, engineering and accounting purposes.

They will conduct post-audits of all state agencies, premium audits of district and county fairs, monthly treasury counts, refund claims investigations, special investigations and audits at the request of the executive or legislative officials, supervision of public school audits, and control of records destruction. The scope of these audits includes insuring compliance with established management as well as fiscal policy;

3. Administrative Services

This unit provides the functions of internal accounting and budgeting, personnel, library, and central files for the Executive Office and the General Services Department. The accounting office also provides accounting, budgeting, personnel, and electronic data processing service to smaller state agencies. In addition, this unit will include the staff of the Merit Award Board and the Insurance Office.

4. General Counsel

The General Counsel will advise the Director of General Services on legal matters involving the department, and provide functional supervision to a legal staff assigned to service the various divisions of the department.

LINE DIVISIONS

5. Office of the State Architect

The work of this office involves the planning, design, awarding of contracts, and the supervision of actual construction, alteration, improvement, and repair of such facilities as penal institutions, hospitals, conservation centers, and state office buildings. In addition, it approves for safety the plans and construction of all public school building projects.

By law, it is the central architectural and engineering service for the state government excepting the University of California, the San Francisco Port Authority, the Division of Highways and the Department of Water Resources. Although the California State Colleges are also exempted by law, there is an agreement between the division and the Trustees to provide certain architectural services to the State Colleges.

The Office of the State Architect will also include the staff of the State Building Standards Commission. The function of the Building Standards Commission is to publish and maintain a single code of administrative regulations relating to building standards which are enforced or supervised by state agencies.

6. Property Management and Services Division

This division will provide the basic housing and housekeeping services required by most state agencies, including building maintenance and protection, communications, administrative transportation central office services, and a central record depository system.

To accomplish these functions the division will be responsible for the following:

a. Maintaining and operating all state-owned buildings formerly under the jurisdiction of the Department of Finance in addition to the leased buildings which the State uses. This function also includes the operation of maintenance shops covering all phases of building maintenance and operation; protective service, through the California State Police at the various state buildings; operation of the telephone exchanges in central state buildings; and responsibility for the maintenance of the Governor's Mansion.

b. Providing radio installation, modification, and maintenance service for state agencies.

c. Providing administrative transportation through a pool of state-owned equipment for the use of state agencies and controlling the use of state garage and parking facilities.

d. Providing storage space for administrative records of state agencies through records centers.

e. Providing central office services to state agencies including central mail and messenger, central reproduction, and office machine repair.

7. Purchasing Division

The Purchasing Division contracts for the purchase of supplies for every state department, commission, institution, and official with the exception of the University of California. The division is responsible for developing specifications, requesting bids, and awarding contracts for materials and services. A central traffic management program is conducted to effect economies and efficiencies in the movement of state freight. Central stores and documents warehouses are maintained from which supplies are shipped to various agencies of the State.

8. Local Assistance Division

This division will provide a central point for the administration of several programs of aid to local government agencies The major programs include:

a. Furnishing staff support to the State Allocation Board and administering funds to impoverished school districts for the school building construction program. Also for the State Allocation Board, minor programs of financial assistance to local agencies are administered in the area of preparation of plans and construction of public works projects, temporary housing for veterans, and facilities for cerebral palsied children.

b. Administering urban planning assistance grants to local planning agencies under the provisions of Section 701 of the Federal Housing Act and with the advice of the State Planning Advisory Committee Other assistance, in terms of planning information from the library and procedural advice, is provided to local planning agencies.

c. Planning for educational television and administering federal grants for educational television with the advice of the Television Advisory Committee.

9. Office of the State Printer (title change only)

This division produces the necessary printing for state agencies and the Legislature, manufactures textbooks for public schools, operates the Legislative Bill Room, and distributes printed material under the Library Distribution Act.

10. Office of Administrative Procedure (no change from existing)

This division is responsible for coordinating and improving the quasi-judicial functions of state and public agencies. It furnishes trained hearing officers to any agency conducting disciplinary proceedings, and it compiles and publishes the administrative codes, consisting of agency rules and regulations.

BOARDS AND COMMISSIONS OF WHICH THE DIRECTOR OF GENERAL SERVICES WILL BE A MEMBER

A. With the creation of a Department of General Services the Director of General Services should be substituted for the Director of Finance as a member of the following boards related to General Services functions:

1. State Allocation Board
2. State Communications Advisory Board
3. Departmental Coordinating Committee on Atomic Energy Development and Radiation Protection
4. Television Advisory Committee
5. State Building Standards Commission
6. State Board of Control

B. For the following boards the Director of General Services should be substituted for the Director of Public Works:

1. State Public Works Board
2. State Construction Program Committee

C. The Director of General Services should be made a member of the Governor's Council.