May 1, 2026

Rules, Elections and Intergovernmental Relations Committee
Hon. Chair Marqueece Harris-Dawson
Hon. Councilmember Nithya Raman
Hon. Councilmember Katy Yaroslavsky
Hon. Councilmember Hugo Soto-Martinez
Hon. Councilmember John Lee
Los Angeles City Council
200 N Spring St
Los Angeles, CA 90012

Honorable Members of the Rules, Elections and Intergovernmental Relations Committee:

As Los Angeles City Controller, my Office serves as the City's Chief Accountant, Auditor and Paymaster overseeing over $46 billion in taxpayer dollars across more than 40 departments (including Airports, Harbor, and DWP). We manage accounting, payments, financial reporting and analysis, revenue forecasting, and implementation of the City's budget and financial decisions. As one of three citywide elected officials, the Controller is tasked with a critical oversight function, providing independent accountability and transparency. This includes using the Controller's independent audit authority to conduct performance audits of the City's departments and programs to determine their overall effectiveness.

To protect taxpayer dollars and ensure responsible spending, our proposed reforms aim to safeguard the City's finances by protecting the Controller's independence and empowering the Controller to speak frankly about the City's fiscal health.

My Office engaged with the Charter Reform Commission in earnest, beginning in August 2025. The public sent over 2,000 written public comments and hundreds showed up to in-person meetings across the city to testify in support of the Controller's Office and our proposed Charter Reform recommendations. Our proposals to strengthen the independence of the Controller's Office are not just overwhelmingly popular, they have the proven ability to activate the public.

We are pleased that the Charter Reform Commission agreed with our recommendation to enshrine our Fraud, Waste, and Abuse function. **In addition, here are our recommendations that would allow the Controller to fulfill our role as the City's independent watchdog:**

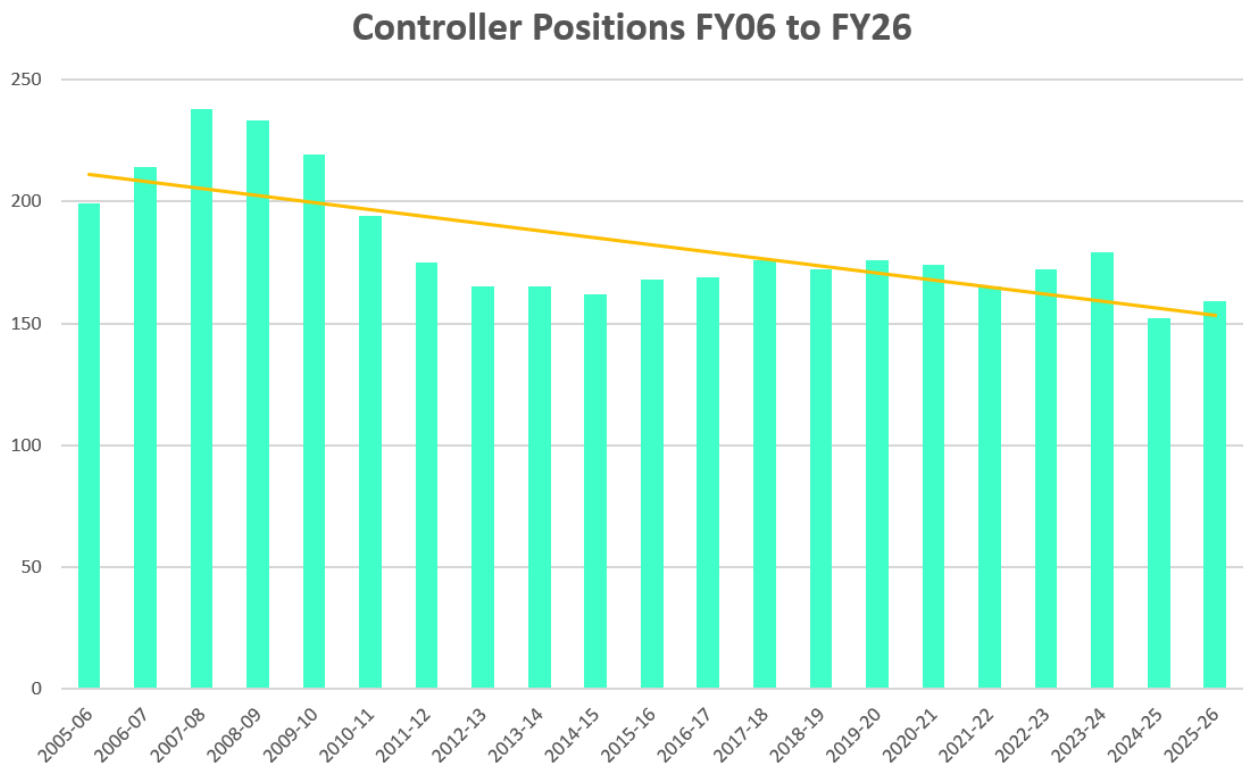
1. **Give the Controller an independent budget of no less than 0.42% of the City's General Fund**
2. **Clarify the Controller's audit authority includes performance audits of ALL City programs that are sourced from or use City tax dollars (including those under elected offices)**
3. **Allow the Controller to hire outside counsel when necessary**
4. **Enshrine the Controller's Fraud, Waste, and Abuse function (recommended by the Charter Reform Commission)**
5. **Require minimum qualifications for the Controller**
6. **Designate the Controller as the City's Chief Financial Officer**

1. BUDGET INDEPENDENCE

The Controller has the Charter-mandated responsibility to provide accounting services and oversight of the entire City of Los Angeles. However, the Controller's Office has been understaffed compared to where we used to be two decades ago and can only provide this critical oversight if we are provided with the proper resources by the City Council and Mayor.

Due to chronic understaffing, our Office and the City at large have faced severe impacts:

- Delays in payments to vendors and employees
- Lawsuits and labor grievances due to delays in fixing payroll issues and implementing labor contract provisions
- Delays in closing the books at year-end and implementing the City's budget
- Delays in effectuating Council instructions for appropriating funds, including quarterly instructions from the Financial Status Reports
- Elimination of the City's Annual Preliminary Financial Report
- Incurring penalties for noncompliance with tax laws
- Inability to train and assist Citywide accountants
- Inability to investigate hundreds of Fraud, Waste, & Abuse claims
- Inability to audit and provide reliable oversight over all City payments, departments, and programs as mandated by the Charter



In times of financial crisis, better oversight over our tax dollars is more critical than ever. Government oversight entities in the City and in other jurisdictions have taken steps to tackle this issue by establishing a fixed funding model whereby the oversight organization receives a fixed percentage or budget. For example, in our City, voters overwhelmingly passed Charter Amendment ER by 75%-25% to establish a minimum annual budget for the Ethics Commission, which also provides oversight of LA City government and elections.

It should be noted that while the Controller's audit function is the most likely to cause tension between the Office and other City elected officials, auditing is not the only mission-critical function the Controller provides. A majority of our work includes accounting functions like reviewing, approving, and processing payments to tens of thousands of employees and vendors. The Charter, for good reason, assigns these functions to an independently elected official accountable to the voters. Without the Controller, there would be no independent check on City payments and no independent voice reporting on the City's fiscal health. Unfortunately, due to understaffing and budget cuts, our current staffing levels are unable to provide sufficient oversight on these payments.

Two decades ago, the Controller's operating budget was as high as 0.52% of the City's General Fund. Today, it is 0.29% of the City's General Fund while the City's General Fund and total budget has nearly doubled. Setting an independent budget at no less than 0.42% of the General Fund would allow the Controller's Office to sufficiently carry out our Charter mandated responsibilities and strengthen the City's accountability and oversight function.

Setting our budget at 0.42% of the City's General Fund was calculated and informed by our civil service team members who have led the day-to-day operations of the Controller's Office for decades and have been here over multiple Controller administrations.

Currently, our 0.29% of the General Fund budget funds a total of 159 positions. We would need an additional 86 positions spread across multiple functions to do the bare minimum of accounting, financial reporting, payroll, vendor maintenance, vendor payments, tax compliance, paymaster, funds and appropriations, financial management system, management services, audits, fraud, waste, and abuse investigations, and proprietary department oversight. **The additional 86 positions added on top of our current funding would be around 0.42% of the General Fund, which is the minimum % we are requesting for an independent protected budget.**

# Additional Positions Needed	Controller Group / Category
1	City Hall Vendor Payment Review and Approval
1	Citywide Purchase Card Program Oversight
3	Vendor Maintenance
1	Fiscal Dashboards
3	Post Payment Review
2	Tax Compliance
1	Proprietary Payment Review and Approval for LAWA
1	Proprietary Payment Review and Approval for Harbor
1	Paymaster
1	Pay Calculation, Configuration, and Reports
4	Compensation, MOUs, Hiring Hall, + Semi-Annual Workday Release Analysis and Implementation
1	Time Tracking and Security
7	Bi-weekly Administrative Support to 43 Departmental Payroll Liaisons + Related Snow Tickets
2	Bi-weekly Time Tracking Support to 43 Departmental Payroll Liaisons + Related Snow Tickets
2	Payroll Accounting
2	Citywide Change Management and Training
4	Funds & Appropriations
2	FMS: Fiscal System Specialists
4	Financial Accounting & Reporting
24	Auditors
16	Fraud, Waste, and Abuse Investigators
3	Mgmt Services: Dept. HR, Payroll, & Admin
86	**Additional Positions Needed**
159	**Current # of Positions**
245	**Total Positions**

The Controller recommends amending Charter § 263 in the following ways:

1. ***The Office of the Controller shall receive an annual appropriation from the Council in an amount not less than 0.42% percent of the General Fund for that fiscal year (currently, our operating budget is 0.29% of the General Fund);***
2. ***Specify that the Controller's expenses and budget requests are not subject to approval by any other City office or position when the Controller operates within its budget; and***
3. ***Specify that the Controller is not subject to hiring freezes when it operates within its budget.***

2. CLARIFY THAT THE CITY CONTROLLER HAS THE AUTHORITY TO CONDUCT PERFORMANCE AUDITS OF CITY PROGRAMS UNDER ELECTED OFFICES

The current version of Charter § 261(k) has left room for misreading and undermining the Controller's role by shielding certain programs and City functions from the scrutiny of a performance audit. As such, the City Attorney has made assertions that programs and functions housed in elected offices are beyond the reach of the Controller's performance audit authority. To rectify this, we propose striking 261(k) and amending 261(e) to reflect the Controller's true auditing authority.

As written, Charter § 261(k) grants the Controller the broad authority to conduct performance audits of all City programs akin to its financial audit authority. Charter § 261(k) does not prevent the Controller from auditing any program in receipt of City funds regardless of the organizational location of the program given that Charter § 261(k) provides that the Controller has discretion to conduct performance audits of City programs even if they are under the auspices of elected offices.

The fact that "offices" is not included in Charter § 261(k)'s language does little to undermine that intent. It is clear, as a matter of statutory interpretation, that the Controller can audit all City programs. In the letter and spirit of 261(k)'s language, the Controller has the ability to conduct performance audits of *all* City programs entirely irrespective of whether the programs are under the auspices of elected offices. The Controller's broad authority to conduct performance audits enshrine a clear intention to enhance checks and balances.

Performance audits have historically been within the Controller's ambit. Examples of these projects include reviews of LAPD's Compliance with AB 481 (Military Equipment: Funding, Acquisition, and Use), the City's Implementation of the Tenant Anti-Harassment Ordinance, LAHD's Affordable Housing Oversight, LAPD's Property Division, LADWP's utility discount programs, and LAHD's administration of emergency loan programs.

The City Attorney's opinion that the Controller cannot compel performance audits of programs housed within City elected offices contravenes the spirit and letter of Charter § 261(k) and undermines the will of the voters. It undermines the Controller's role as the

taxpayers' independently elected watchdog by shielding programs and other City functions (e.g., litigation against illegal cannabis operators and administration of workers' compensations claims in the City Attorney's Office) existing in an elected official's office from the scrutiny of a performance audit. It also incentivizes elected officials to intentionally place new programs that receive significant funding under their control (e.g., Inside Safe), which prevents the transparency, accountability, and oversight imbued in the City's only auditor and paymaster.

In function, the City Attorney's interpretation of Charter § 261 has created an oversight loophole that allows City officials to situate programs in elected offices to ensure they are not subject to oversight by the elected taxpayer watchdog. This is especially concerning as key functions related to homelessness and unarmed response are now housed within the Mayor's Office. To be abundantly clear, this proposal solely contemplates performance audits of *programs administered by elected offices* not audits of elected officials themselves. We are in complete agreement that the Charter does not contemplate a wholesale audit of elected officials by fellow elected officials. However, as written and as understood by the drafters of the Charter, including Erwin Chemerinsky, the chair of the 1999 Elected Charter Reform Commission[1], the Controller has charter mandated authority to conduct performance audits of all City programs, regardless of what office the program resides under.

***We recommend the following changes to Charter § 261*:**

> ***(e) in compliance with generally accepted government auditing standards, audit all departments and offices of the City, including proprietary departments, where any City funds are either received or expended; be entitled to obtain access to all records and personnel, including from City contractors and subcontractors that are either expending or receiving City funds, in order to carry out this function; establish an auditing cycle to ensure that the performance, programs and activities of every department are audited on a regular basis, and promptly provide completed audit reports to the Mayor, Council, and City Attorney and make those reports available to the public; this auditing authority includes authority to conduct performance audits of all departments and of any City programs (irrespective of whether the programs are under an elected office), including suggesting plans for the improvement and management of the revenues and expenditures of the City.***
>
> ***Nothing in this subsection shall empower the Controller to audit entire elected offices.***
>
> ***Nothing in this subsection shall preclude the Mayor or Council from conducting management studies or other review of departmental operations.***
>
> ***(k) [STRIKE]***

[1]Erwin Chemerinky discussion with Charter Reform Commission, 9/6/25

The current Charter language was the product of two Charter commissions, one citizen-led and another created and appointed by the City Council. To find a true resolution, the issue of the Controller's performance audit authority should be put before the voters to decide.

3. ALLOW THE CONTROLLER TO HIRE OUTSIDE COUNSEL

Pursuant to Charter § 271, the City Attorney provides legal services to all City departments, including the Controller. However, unlike other City departments, the Controller is charged by law with serving as the auditor and general accountant of the City and exercises a general supervision over the accounts of all offices, departments, boards, and employees-- including the City Attorney and everyone in that office, as well as being responsible for conducting financial and performance audits and fraud, waste and abuse investigations of the aforementioned entities. Given that the City Attorney's role may occasionally come into conflict with the Controller's oversight authority, it is essential that the Controller has the authority to obtain outside counsel when circumstances arise.

When the City Attorney's office provides legal services to the Controller, issues concerning advice, conflict-of-interest, and confidentiality can arise. The City Attorney advises both the Controller and the City departments, employees, and elected officials the Controller has the authority to audit and investigate.

In addition, when legal guidance and representation are needed, the current structure requires the Controller to disclose confidential information to the City Attorney's office regarding investigations involving departments and individuals who are also the City Attorney's clients. These issues raise conflict concerns regarding dual representation and can present challenges for the City Attorney's office when it communicates with City officials as clients.

To avoid conflicts and promote public confidence in the inner workings of City government, it is essential for the Controller to have access to outside counsel as needed. ***The Controller recommends amending Charter §271(b) to specify that "The City Attorney shall be the legal advisor to the City, and to all City boards, departments, officers and entities. The City Attorney shall provide legal services to the Controller's Office except that the Controller may retain independent legal counsel to provide advice to the Controller and to take such action that the Controller may direct when necessary to address conflicts of interest and dual representation. Further, the Controller may retain its own legal counsel for legal services in carrying out the Controller's responsibilities and duties under Charter §§ 260-266. The City Attorney shall give advice or opinion in writing when requested to do so by any City officer or board."***

Charter **§**275 states "the City may otherwise contract with outside legal counsel to assist the City Attorney in the discharge of his or her duties under the Charter only upon written approval of the Council and the City Attorney." While this mechanism would not necessarily prevent the Controller from obtaining outside counsel, it provides the Council and City Attorney with discretionary authority to reject requests.

To be clear, this is not a request for the Controller to retain permanent outside counsel. In most circumstances, the current system works just fine. However, occasionally cases arise, both for the current Controller and for previous administrations, where a conflict of interest presents itself. It is only for these edge cases where outside counsel would be necessary.

The Charter Reform commission's proposal to bifurcate the City Attorney's office between an elected City Prosecutor and a general counsel for the City appointed by the Mayor and Council makes the situation worse, not better. Currently, the Controller's attorney is chosen by the voters. In the proposed reorganization, the Controller's attorney will be chosen by the people whose programs the Controller is elected to oversee.

The Ethics Commission recently recommended amending Charter Sec. 708 to specify that their legal services are provided by independent outside counsel. We believe that the Controller's Office should be offered similar autonomy on an as needed basis, especially in light of our efforts to address the accountability gap described in the current interpretation of the Controller's performance audit authority.

4. ENSHRINE FRAUD, WASTE, AND ABUSE (FWA) FUNCTION

The City created the FWA Unit in 2005 (i.e., post-Charter reform) and embedded it within the Office of the City Controller. The goal was to build an independent, specialized team of investigators with relevant training and expertise to conduct comprehensive investigations. Until then, allegations of fraud were typically referred to the responsible departments and subject to internal investigations. Today, the role of the FWA Unit—and its placement within the Controller's Office—is outlined in the City's Administrative Code (Sec. 20.60).

Although Charter Sec. 217 empowers the Controller and other elected officials with tools (i.e., administer oaths and issue subpoenas) to carry out investigations and proceedings, the authority to conduct investigations into fraud/waste allegations was never fully enshrined in Charter Sec. 261 along with the rest of the Controller's powers and duties. The lack of corresponding language in the Charter means that the FWA Unit and its responsibilities could be shifted to a different City entity or done away with altogether through the legislative process. This makes it essential to protect the independence of the Unit and its placement within our Office.

As such, we recommend the following addition to Charter Sec. 261: "(l) Manage and maintain a whistleblower hotline; receive and investigate allegations of fraud, waste, abuse, inefficiency, and ineffectiveness; engage in prevention activities, including, but not limited to, conducting risk-based proactive investigations and fraud awareness training."

5. THE CITY CONTROLLER MUST HAVE MINIMUM QUALIFICATIONS

To successfully carry out the functions of the chief accountant and auditor of the second largest City in America, which includes overseeing the City's financial reporting functions, debt issuance, risk management, establishment of internal controls, and the overall financial health of the City, the Controller should have finance or accounting experience, at minimum.

Strategically managing the City's fiscal health requires a high degree of technical knowledge and competence.

In the private and public sector, Controllers have a finance or accounting related degree or professional certification, and related experience.

Requiring licensure for an elected position is not unprecedented in the City of Los Angeles. Under the Charter, the City Attorney must be qualified to practice law in all the courts of the state. Similar to the City Attorney, the City Controller is a technical position that requires education and experience to understand the complexities of the specialized field.

We recommend amending Charter § 260 to require the City Controller to either:

1. ***Possess a baccalaureate degree from an accredited college or university in Accounting, Business Administration, Finance, or closely-related field, OR a professional certification in an accounting or finance related field OR***
2. ***Five years of verifiable full-time experience in finance, accounting, business administration, audit, or related fields***

6. DESIGNATE THE CITY CONTROLLER AS THE CITY'S CHIEF FINANCIAL OFFICER (CFO)

In Los Angeles, the responsibility for the City's finances is spread across five different offices and departments: the Mayor, the City Council, the City Administrative Officer (CAO), the Office of Finance, and the Controller. Each has an important role to play, especially in budgeting (Mayor, Council, CAO) and collecting taxes and managing the treasury (Finance). However, in our decentralized system, one important role is left vacant: a Chief Financial Officer to oversee the City's financial health and provide a long-term strategic vision for the City's finances. As the City's Chief Accountant, Auditor and Paymaster, the elected City Controller (the independent watchdog) is the most logical place to enshrine this responsibility.

Recognizing the elected Controller as the CFO is a common practice in other major cities, including New York, San Francisco and Houston. In the past, many Los Angeles City Controllers have also referred to themselves as the City's CFO, albeit unofficially. This is because the Controller performs many of the traditional CFO functions including accounting, financial analysis and reporting over the City's finances, forecasting, and establishing internal financial controls.

Certain CFO functions such as the treasury (Finance) and debt issuance (CAO) are not currently under the Controller. However, both of those positions are appointed and can be hired and fired by the Mayor and City Council. The Controller, on the other hand, is independently elected and accountable to the voters, giving the person in that position the ability to speak freely about the City's financial realities.

In practice, our Office has already been doing the job:

- Since taking office, our revenue forecasts have been more accurate and in line with actual revenues received than what the CAO, Mayor, and City Council budgeted - taking a more prudent and conservative approach to avoid disruptive shortfalls.
- We warned in March 2023 of "trouble ahead" as we saw that expenses were set to increase dramatically, outpacing current revenue growth, starting with the new police labor contract.
- We've been warning about the City's overspending and the forced underspending in other areas, which has resulted in reduced critical services and resources for Angelenos.
- We alerted City leaders and departments to the existence of idle funds (funds that have not been spent in a long time).
    - Because of our reports on idle funds, departments have begun using some of these idle funds. We were also able to put some of these funds to use on replenishing our depleted Reserve Fund.
- We've been sounding the alarm on liability payouts and urged City officials to budget more realistically on liability payouts and hold departments accountable.
    - Because of our consistent pressure and transparency on liability payouts, the City finally budgeted liability payouts more accurately going into FY 2026.
- We've consistently advocated for the City to have a Chief Financial Officer and adopt a two-year budget cycle that also includes performance-based or informed budgeting and participatory budgeting
    - Because of our continual efforts, the City is considering a CFO position and moving to a two-year budget cycle that also incorporates performance-based or informed and participatory budgeting
- We've long advocated for a capital infrastructure plan since the City has deferred maintenance and investment in vital infrastructure for decades, which have led to higher risks and costs in the form of injuries and liabilities.
    - Because of our efforts, the City is in the process of creating a capital infrastructure plan.
- We gave recommendations on cost savings related to borrowing costs and pension contribution costs.
    - This fiscal year, our office worked to reduce the City's borrowing costs by borrowing internally instead of the open market, saving at least $2 million.

To improve financial monitoring over the City's finances, our Office has been meeting monthly with departments to review their spending, revenues, financial forecasts, and performance metrics. Our regular engagement with departments helps the City track results and ensure that taxpayer dollars are wisely spent.

Our track record of doing the job already - providing sound, prudent, and complete financial analysis and reports, actionable recommendations, and issuing timely warnings to the City's

stakeholders and public prove that we are the correct office to house the Chief Financial Officer position.

No single person is to blame for LA's fiscal issues. That's part of the problem. With diffuse authority and a lack of clarity about which office shoulders the responsibility to provide the strategic vision for the City's fiscal future, Los Angeles will continue to prioritize short term fixes. Designating the elected City Controller as the LA's Chief Financial Officer is an important step towards finding real long term solutions.

We recommend amending Charter § 260 to include "Chief Financial Officer" in the description of the role of the Controller.

CONCLUSION

The expansion and empowerment of the Controller's Office was one of the most popular and impactful results of the last commission-led Charter reform 25 years ago. The people of Los Angeles want more independent oversight and accountability in their government, and we believe our Charter recommendations will help fulfill the original intent of 1999 Charter Reform and help to heal some of the mistrust in local government that has grown in recent years as a result of scandals and financial mismanagement that has plagued the City. We are always available to answer any questions or address any concerns your office might have about our proposals. We look forward to working with the City Council to chart a new course for LA.

Sincerely,



KENNETH MEJIA, CPA
City Controller