



January 9, 2026

Los Angeles City Charter Reform Commission
c/o Justin Ramirez, Executive Director
200 N Spring St, Room 277
Los Angeles, CA 90012

Honorable Members of the Los Angeles City Charter Reform Commission:

While I appreciate Commissioner Schlageter's goal of improving how infrastructure projects are administered and funded in Los Angeles, his motion on the agenda for the Saturday, January 10 Planning & Infrastructure Committee contains elements that would be devastating for transparency and accountability in the City of Los Angeles by decimating nearly 90% of the Controller's office. These proposals would transfer critical oversight roles away from an independently elected Controller and hand them over to a political appointee who answers directly to the Mayor and City Council. The idea that accounting is just "routine financial functions including processing payroll, accounting, and vendor payments" and not about oversight is misguided. These functions are the first line of defense in safeguarding the City's tax dollars and providing financial transparency and accountability.

Nearly two years ago, a similar proposal was made to move functions away from the Controller's Office to the CAO and make the CAO the Chief Financial Officer. That proposal didn't pass. Again, I urge the Committee and the larger Charter Commission to reject the proposed radical changes to the Controller's authority by moving the duties of "routine financial functions including processing payroll, accounting, and vendor payments" to the CAO for four reasons:

- 1. The Controller's accounting and paymaster functions are essential for transparency and accountability.**
- 2. Moving the Controller's accounting and paymaster functions to the CAO doesn't "depoliticize" them, it merely hands those powers to other politicians, and entrusts those politicians to oversee themselves and their financial decisions.**
- 3. Radically changing the role of the Controller's office isn't necessary to implementing a Capital Improvement Program**
- 4. Los Angeles needs an independently elected and qualified CFO who answers directly to the voters**

1. The Controller's Accounting and Paymaster Functions Are Essential for Transparency and Accountability

The elected City Controller has been Los Angeles's chief accountant, auditor and paymaster for over 100 years. While many believe the Controller's role is just about audits, that is only 10% of the work we do. Much of the financial transparency, accountability, and oversight work we've brought to the forefront are because of the Controller's role as the City's independent accountant and paymaster.

The Charter recognizes how the roles of accountant, auditor and paymaster are inherently entwined. As laid out in Charter Section 260, which defines the role of the Controller:

"The Controller shall be the auditor and general accountant of the City and shall exercise a general supervision over the accounts of all offices, departments, boards and employees of the City charged in any manner with the receipt, collection or disbursement of the money of the City."

Here, the "general supervision" authority is describing both the auditing and accounting roles of the Controller, because both roles are inherently oversight functions.

Another example of an accounting practice essential to transparency is the Controller's Charter Section 261 authority to "maintain a complete set of accounts which shall be deemed the official books and accounts of the City." **These "official books of the City" are not just so City Hall knows its own financial position, but essential so the people of Los Angeles know what's happening in City Hall.** The Controller's Office provides this data to the public with tools such as our Revenue and Expense dashboard and Payroll and Checkbook applications, which allow anyone to see exactly how the City is doing financially and to whom the City makes payments. The only way to ensure that the Controller has all of this information in a timely, accurate and complete manner is to maintain the Controller as the holder of the official books of the City. If that authority was entrusted to a political appointee who answers to the Mayor and Council, then the Mayor and Council would essentially be in charge of what information they release about their spending and how they release it. The Charter wisely recognizes this tension, which is why it gives the Mayor and Council the authority to decide how money gets spent, but entrusts a separate independently elected Controller to keep track of how they spent it.

In addition to these accounting functions, the career civil servants in the Controller's Financial Analysis and Reporting Division also prepare Charter and legally mandated financial reports that are essential to financial transparency, including our annual Revenue Projection and the City's Annual Comprehensive Financial Report (ACFR). In recent years, the Controller's revenue projection has been much more accurate than the CAO's, who has advised the Mayor and City Council that they have hundreds of millions of extra dollars to spend that ultimately didn't exist. The resulting revenue shortfalls are one of the main drivers of our

current budget deficit. It is essential to have an outside, independently elected office prepare such a projection to hold everyone accountable and prevent the City from passing budgets based on money we don't have, or at least to create an enduring public record if they do. The ACFR is used as the City's official financial statement by investors and bond markets when assessing the City's creditworthiness. It is essential that the ACFR be produced under an independently elected Controller to ensure consistency, stability, and trust within the markets.

The Controller also has an Accounting Operations Division. Also staffed by career civil servants, they perform essential services like payroll and vendor payments. However, **the key service they provide is not cutting checks, but APPROVING checks before they are cut.**

This important oversight authority is laid out in Charter Section 262 "Approval of Demands on the Treasury" which gives the Controller the responsibility to ensure that before the City spends taxpayers' money, the payments have gone through the proper process, are lawful and are reasonable. The same Charter section also states that the Controller "shall withhold approval of any demand, in whole or in part, if there is a question as to whether it is improper, illegal, or unauthorized." If the Controller withholds payment, the Council "may overrule or sustain the objection of the Controller."

This responsibility was entrusted to the Controller specifically so the Mayor and City Council couldn't write their own checks. **The Council as the governing body and the Mayor as the Chief Executive have the authority to create the budget and direct how money is spent, but the Charter intentionally placed an independently elected Controller who answers directly to the people as a check on that power and to ensure that City money (or, more accurately, the people's money) is being spent reasonably and lawfully.**

Audit Services only accounts for about 10% of the Controller's Office. Due to years of budget cuts, that department has been reduced to only 7 auditors and 5 fraud, waste and abuse investigators, all career civil servants. This small but mighty team has the daunting task of auditing and investigating a City with over 40 departments with a budget of over \$35 billion (including the proprietary departments). The audit team does great work in shedding light on the City's departments, programs, and related areas of audit inquiry, but with the inherent limitations of backward facing audits, there is no way for this team alone to provide the timely oversight Los Angeles needs which we are able to provide because of our accounting and paymaster duties.

If the Controller were demoted to Chief Auditor, the office would be reduced to, at most, releasing two or three reports a year, a few investigations into fraud, waste, and abuse claims, and shouting into the wind. It is the combination of the Controller's audit, accounting and paymaster authorities working together that allows this 100-year old office to provide robust oversight.

- 2. Moving the Controller's accounting and paymaster functions to the CAO doesn't "depoliticize" them, it merely hands those powers to other politicians, and entrusts those politicians to oversee themselves and their financial decisions.**

As an elected official, the Controller is by definition a politician, so it is easy to classify everything done by the Controller's Office as "political." However, moving the Controller's responsibilities as the City's chief accountant and paymaster to a political appointee like the CAO doesn't magically remove the politics from the equation. It simply shifts the authority to a different set of politicians, in this case the Mayor and City Council, the very politicians the Controller was created to hold accountable. Everyone knows inside and outside of City Hall that the CAO is not a neutral position because it's appointed by and reports to the Mayor and City Council.

The CAO also provides advice to the Mayor and City Council around budget matters, although that advice is sometimes less about what the Mayor and Council should do, but instead is about how the Mayor and City Council can justify and afford (at least in the short term) to do whatever they want. As we saw with the CAO's way-too-optimistic revenue projections in recent years compared to the Controller's much more accurate forecasts, an independently elected official has much more latitude to give the Mayor and City Council tough financial news than someone who the Mayor and City Council hand pick for themselves.

It is true that putting the City's accounting and paymaster authority under an independently elected Controller can be a source of tension. An elected official wanting to act fast may not want to wait for the proper approvals to go through before a check gets sent, nor would that official want a poorly performing department to have to report their internal accounting to an outside elected official. Some may see this tension as "political" but the Charter intentionally creates this tension as an essential check and balance in City Hall.

One of the main challenges in performing our accounting and paymaster functions is that we are shortstaffed due to years of budget cuts. Instead of cutting these critical services that also provide independent oversight, the Commission should approve our Charter Reform recommendation to establish an independent budget for our Office so we can sufficiently carry out our duties as the City's independent accountant and paymaster.

3. Radically changing the role of the Controller's Office isn't necessary to implementing a Capital Infrastructure Program

One of the most surprising aspects of this proposal to radically weaken the Controller's Office is that it is presented as a one-sentence bullet point in a motion about capital infrastructure planning to be considered in the Charter Commission's Planning & Infrastructure Committee.

Our office began engaging with the Charter Commission last August with a letter detailing six proposals, including a proposal to make the Controller the Chief Financial Officer. We later presented these proposals to the Government Structure Committee since they were specifically tasked with the issue of "rebalancing power between the Mayor, City Council, and other elected officials." The CAO presented to this Committee as well, and both offices answered questions from Commissioners and gave the Commissioners, Commission staff, and the public an opportunity to weigh in. The Government Structure Committee also heard

from academics and experts who discussed the structures of other City governments that Los Angeles may learn from as well as the unique history of our own government to help them understand how we got to where we are today.

This proposal, on the other hand, was dropped out of nowhere in a Committee nominally focused on land use and capital projects. These radical changes to the Controller's Office have never been debated or analyzed, or really undergone any process whatsoever. Instead, our office learned about them through the publicly posted Committee agenda, and was never offered a chance to discuss them or respond.

Our concern about process is more than a technicality. Last year, the County accidentally repealed the important public safety reforms passed by voters in Measure J because a new, unrelated proposal was rushed to the ballot. The City of Los Angeles cannot afford a similar fiasco. **Any changes to the City Charter that affect core functions like accounting and payments should only be made after robust public deliberation that explores all possible effects of such a change. It cannot and should not be made as an afterthought to an infrastructure plan.**

Furthermore, these radical changes to the Controller's authority are entirely unnecessary to achieve the goal of implementing a Capital Infrastructure Program. Our office agrees that the City needs a robust Capital Infrastructure Program that is funded, actionable, and includes a real accounting of what the City's infrastructure needs are, including funding for repair and maintenance. The motion does not even attempt to explain how decimating the Controller's Office would help achieve this goal.

Ironically, the Controller's centralized accounting and paymaster authority should be an essential element to ensuring that a Capital Infrastructure Program is successful. If the same politicians who oversee the creation and implementation of a CIP are also cutting the checks and keeping the books in order, the public will lack an independent intermediary to keep track of spending and progress. If Los Angeles is going to invest billions of dollars it needs to fix our roads, sidewalks, streetlights and more, it cannot wait for a retroactive audit to identify if any money has been misspent. The public needs and deserves real time monitoring of spending that only the Controller's accounting and paymaster authority can provide.

4. Los Angeles needs an independently elected CFO who answers directly to the people

Finally, there is the larger question of what office should be the City's CFO. When this was brought forth as a Charter Reform proposal to the City Council to make the CAO the CFO, it was rightfully not passed. Both our office and the CAO have made our cases, and we welcome this discussion. The essence of our argument is that the people of Los Angeles deserve a qualified and independently elected CFO who can provide financial advice and report accurate financial information to not just the Mayor and City Council, but to the people of Los Angeles as well. The status quo of how Los Angeles has handled its finances (which has been led by the CAO) has led us to where we are today, with huge structural deficits and ballooning liability costs. During the last budget cycle, the City was forced to formally declare

a fiscal emergency and almost laid off thousands of employees who provide essential city services, and this upcoming budget year may very well be worse. Something has to change, and fast.

We feel it is essential for Los Angeles to have a CFO who answers to the people, not to politicians. The City needs a CFO who has the independence to speak hard truths in City Hall and the ability to talk directly to the people of Los Angeles about the state of their City in a way that a political appointee could never do. We believe that the role of CFO would best be entrusted to an independently elected and qualified chief accountant, auditor, and paymaster, aka the City Controller.

In a world where all elected officials and their appointees can always be trusted to do the right thing, the office of the Controller would not be necessary. Of course, that is not the world we live in, as made abundantly clear by the City Council Fed tapes and the countless other City Hall scandals that were the impetus for the current Charter Commission. City Hall has a lot of work to do to regain the trust of the people of Los Angeles, who rightfully are skeptical of their leaders. In the last round of charter reform 25 years ago, the people of Los Angeles decided to increase the oversight role of the Controller by giving the Office the authority to conduct performance audits. A quarter century later, the City's financial and ethical situation has only gotten worse. Declawing the Controller's Office by removing the essential oversight functions inherent in its authority as the City's accountant and paymaster would be a huge step in the wrong direction.

Sincerely,



KENNETH MEJIA, CPA
City Controller