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TO CITY CLERK FOR PLACEMENT ON NEXT
REGULAR COUNCIL AGENDA TO BE POSTED

#54
MOTION

11-2019

HOUSING COMMISSION REPORT

Rule 16

Recent media reports about the Housing Authority of the City Los Angeles (HACLA) show waste and abuse of taxpayer dollars for personal use by management staff, including expensive lunches and dinners at high-end restaurants. These expenses were made by leaders of an agency responsible for providing shelter to L.A.'s most vulnerable residents. These reports are both shocking and alarming, and show a complete disregard for the current economic climate.

New information has also revealed the use of office credit cards, or 'P-cards', for additional frivolous spending. Thousands of dollars seemed to have been charged at taxpayers' expense; among their findings were examples as high as \$100,000 for employee incentives and \$2,000 dinner tabs. HACLA executive staff has lost all sense of fiscal control over their own administrative costs by what has been described as extravagant and inappropriate spending. This waste of public funds is simply not acceptable.

Earlier this year, HACLA's President and CEO was terminated from his position and it is reported that Mr. Montiel received a excessive severance package. The housing authority board approved the large settlement stating it was agency's best interest, contradictory to the agency's website which quotes a mission statement of '*maintaining a strong culture of mutual respect, fiscal responsibility, and ethical behavior by our employees, residents and other key stakeholders*'.

The City Controller has been conducting an audit of HACLA's travel expenses due to be released later this month. Controller Greuel believes this is only the 'tip of the iceberg' and believes HACLA does not have the proper controls in place to conduct fiscally responsible business. She has requested an expanded scope to undertake a top to bottom review of all significant financial activities, including the use of 'P-cards', to ensure that adequate management controls are in place to safeguard these precious public funds.

According to HACLA's interim President and CEO, besides the Controller Audit, staff expenses have been examined internally and externally by the US Housing and Urban Development (HUD) Office of Inspector General, and the District Attorney has launched an investigation into the mismanagement of funds at HACLA.

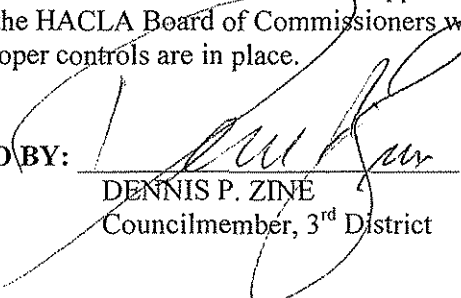
There is an urgent need for the City Council to be briefed on this matter and how things are being addressed internally and what changes, if any, have been of a direct result of HUD's involvement.

I THEREFORE MOVE that the Council request that the interim President and CEO of the Housing Authority of the City of Los Angeles report to the next meeting of the City Council to explain the recent reports on the misuse of taxpayer funds and what actions have been taken to curb excessive expenditures, including any new policies that may have been implemented after the dismissal of former President and CEO Rudy Montiel.

I FURTHER MOVE the Council request the City Attorney to report in closed session, as necessary, relative to the \$1.2 million severance package given to its President and CEO who was terminated earlier this year.

I FURTHER MOVE that the Council support the City Controller to expand the scope of her audit of HACLA and requests that the HACLA Board of Commissioners work with the Controller in the review of all financial activities and ensure that proper controls are in place.

PRESENTED BY:


DENNIS P. ZINE
Councilmember, 3rd District

SECONDED BY:


Tony Cardenas

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WENDY GREUEL
CONTROLLER

December 1, 2011

Mitchell A. Kamin, Commission Chair
Housing Authority of the City of Los Angeles
2600 Wilshire Boulevard
Los Angeles, CA 90057

Dear Mr. Kamin:

As you are aware, my office has been auditing HACLA's travel expenses during the past several weeks. The preliminary results of that audit have raised several serious concerns over multiple irregularities and many red flags that indicate an office that is entrusted with public funds without proper controls. I am concerned that this environment is ripe for misuse and abuse of public funds if it continues to operate as it has been allowed.

Therefore, once again, I strongly suggest a broader audit to be undertaken by my office that encompasses a comprehensive top to bottom review of all significant financial activities, including the use of P-cards, to ensure that adequate management controls are in place and are affected by responsible management to safeguard these precious public funds. It is essential that this comprehensive audit be initiated immediately without any delays, with full cooperation from HACLA's management. Please let me know if you would like to discuss the scope of this audit in more detail.

Sincerely,

WENDY GREUEL
City Controller

cc: Claire Bartels, Chief Deputy Controller
Farid Saffar, Director of Auditing

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