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PR20:8
For Immediate Release
6/18/2020

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California Controller Finds Lax Accounting Practices and Questionable Spending in City of Baldwin Park

SACRAMENTO – State Controller Betty T. Yee today published her team’s [detailed review](#) of the City of Baldwin Park, which found a serious deficit of internal financial control measures, resulting in poor contracting and accounting practices and a questionable pay increase for a top city official.

Baldwin Park is a 6.8-square-mile city in Los Angeles County’s San Gabriel Valley with a population of just over 75,000 at the last census. Among the State Controller’s most significant findings for Fiscal Years 2016-17 and 2017-18:

- 1 The city authorized \$279,020 for construction plans for a park project, eventually spending \$507,176 only to cancel the project after three years with no identifiable public benefit for those expenditures.
- 1 Baldwin Park terminated its chief of police in September 2016. It then rehired him in May 2017 and – in the year leading up to his retirement – raised his salary by \$41,233 more than the maximum allowed for the position at the time, giving the impression of “pension spiking.”
- 1 The city entered into an on-call service contract for projects up to \$120,000 without additional approval, despite a city municipal code requiring city council approval for projects of \$25,000 and up. It then exceeded the improper \$120,000 limit by an additional \$22,639.
- 1 Baldwin Park officials commonly approved or extended contracts without competitive bidding, and vendors of commonly available products were designated improperly as sole-source contractors to circumvent purchasing policies and procedures.
- 1 Monthly bank reconciliations, which are effective at detecting fraud or errors when performed in a timely manner, were conducted up to 98 days late.

Of the 48 fundamental components, principles, and attributes of effective internal control systems – as established by the federal Government Accountability Office – the City of Baldwin Park demonstrated only 26 were present and functioning (54 percent). Five were not present, while 17 were present but not functioning. Controller Yee has requested a progress update in six months.

With a commitment to government transparency and accountability, Controller Yee and her Audits team have identified more than \$4.89 billion in waste, fraud, and abuse of public funds since January 2015.

As the chief fiscal officer of California, Controller Yee is responsible for accountability and disbursement of the state’s financial resources. The Controller has independent auditing authority over government agencies that spend state funds. She is a member of numerous financing authorities, and fiscal and financial oversight entities including the Franchise Tax Board. She also serves on the boards for the nation’s two largest public pension funds. Elected in 2014 and reelected in 2018, Controller Yee is the tenth woman elected to a statewide office in California’s history. Follow the Controller on Twitter at [@CACController](#) and on Facebook at [California State Controller’s Office](#).