March 3, 2017

The Honorable Al Muratsuchi, Chair
Joint Legislative Audit Committee
California State Legislature
1020 N Street, Room 107
Sacramento, CA  95814

Dear Chairman Muratsuchi:

This letter is to request that the Joint Legislative Audit Committee approve an audit of the Montebello Unified School District (MUSD), conducted by California State Auditor (CSA), to analyze and assess the financial practices, performance and related issues of the district. The purpose of this audit is to ensure that the district’s obligations to the students it serves are being fulfilled, and that public funds are being managed efficiently.

By way of background, the Los Angeles County Office of Education has determined that MUSD is projected to have a total deficit of around $30 million over the next two years. With the district in a budget deficit, the board has been considering an independent audit. An independent audit presents a solid foundation for the district and community to build upon and develop long-term budget reforms, where necessary, to improve its fiscal standing into the future. While an audit will not solve MUSD’s current budget problems, it can give a much clearer picture of how such a situation can be avoided in the future, should current practices need to be changed.

Many parties agree that a forensic audit is needed. The best avenue for an audit would be through the CSA to ensure an impartial and thorough review process, so the community can once again have confidence in the financial and ethical health of MUSD, which has come under public scrutiny in recent months, as made evident by news reports and calls to our offices for assistance in reviewing the matter.

To the extent possible, we respectfully request the CSA to perform an audit covering the previous (3) year period (2013-2016) in order to identify policies, practices, and decisions that have contributed to the district’s current and projected fiscal problems.

1. Do the contracting policies and practices for soliciting, awarding, and monitoring service contracts comply with laws and regulations related to conflicts of interest, abuse, and the competitive bid process? Additionally, is there an appropriate level of transparency throughout the process?

2. Do the hiring policies and practices for executives and the superintendent include the appropriate level of screening and evaluation to ensure individuals hired meet the minimum job requirements and qualifications for the positions? Do the current executives meet the minimum job requirements and qualifications for the positions they hold? Do the hiring policies and practices ensure conflicts of interest are avoided?
3. How does the compensation for executive and administrative positions compare to other school districts of a similar size?

4. What are the major categories of spending? Are expenditures of designated funds, such as maintenance and building funds, as well as non-designated funds allowable and reasonable?

5. How has the district responded to declining enrollment especially as it relates to programs, hiring, staffing, expenditures, and any other areas that may have been impacted?

6. Is there an adequate oversight structure of bond proceeds and is the district effectively monitoring the use of bond proceeds to ensure expenditures are allowable and reasonable and safeguards are in place to avoid abuse and conflicts of interest?

We trust that you will give serious consideration to this request to audit MUSD, so that many important questions can be answered.

If you need any further information, please contact Mandi Strella in Assemblymember Garcia’s office at (916) 319-2058, Edmundo Cuevas with Assemblymember Chau’s office at (916) 319-2049 or Candice Jackson in Senator Mendoza’s office at (916) 651-4032.

Respectfully,

TONY MENDOZA
Senator, 32nd District

CRISTINA GARCIA
Assemblymember, 58th District

ED CHAU
Assemblymember, 49th District