



AUDIT OF MONTEBELLO DISCOVERS POSSIBLE PENSION SPIKING

A fourth and final audit of the city of Montebello has found that the city's internal controls are severely lacking. There is a breakdown in controls and internal communication that could have led to pension spiking in a case involving at least one official of the city. Back in March of 2007, it was voted by Montebello City Council members to fire City Administrator Richard Torres. The firing was contested by Torres, with the human resource department for the city never taking Torres off of the payroll. The reason for this is that the department was never told to stop paying Torres. Torres continued to receive his salary for almost one year, even after the council approved a final severance back in November of 2007. A recall election that year brought in a new city council majority, which voted to rehire Torres. His rehiring came with a 49 percent raise, increasing his salary close to \$200,000 annually. The audit released on Wednesday by state Controller John Chiang claims that the effort was to increase Torres' pension by over \$4,000 per month when he retired in 2009. Chiang has asked the California Public Employees' Retirement System to investigate the issue because he calls it a case of possible pension spiking. In response to the report, city officials said that the city is working with CalPERS to fix the problem. "I had 18 months' severance due. I got seven months instead, and I left the rest on the table because I was happy to be rehired," he said, according to the Los Angeles Times. The final audit of the city by Chiang lists how Torres' termination was handled as one of a handful of problems for the city's financial controls. Chiang's audit and report also noted that the city mishandled the retirements of other employees. Community Development Director Ruben Lopez resigned back in 2006 after being pressured. The city agreed to pay Lopez a 12 month severance, which was include when they calculated his pension. The rules of CalPERS do not permit severance payments to be included in calculations for retirement benefits. Chiang said the following in a statement he issued about the audit: "While the roots of Montebello's problems are different from Bell's, they both share the common trouble of having little or, at times, no accountability in their spending of public dollars," he said. Earlier this fall, other audits provided information that the city had mishandled close to \$31 million and spent money that was supposed to improve poor neighborhoods on golf games, travel for city officials, and a business lunch that took place at Chuck E. Cheese. Larry Kosmont, the Interim City Administrator, had the following to say: "I didn't see corruption in that, but I saw a lot of improper and antiquated processes," he said. "The next year will be an important year for Montebello to find its way back."

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