

City of Montebello Corrective Action Plan
Response to State Auditor Report 2024-801, 12/2024
Created January, 2025

Version 1.0

***Status Code:**

- Completed = Recommendation met and appropriate policies, procedures, documentation, etc. now in place
- Ongoing = Staff working to meet recommendation, see "Status Notes/Explanation" for estimated completed date
- Completed / Ongoing = Certain aspects of recommendation completed, but nature of recommendation is that efforts continue (i.e., training, reports, etc.)

Recommendation #	Recommendation From State Audit Report 2024-801	Page # Where Recommendation Found (Report 2024- 801)	Proposed Action by the City to Cure the Recommendation	Status*	Status Notes/Explanation
1 - Declining financial situation	To ensure that the city is able to sustain its general fund without relying on one-time events, Montebello should adopt a financial plan with specific strategies to reduce its expenditures and build and maintain its revenue	49	The City has developed a 3-year financial forecast that projects revenue and expenditures. This is a working model and will be updated with new inputs throughout a fiscal year. Furthermore, the City has initiated a process where all major projects with a General Fund impact are being evaluated and where possible, scaled back to reduce the impact on the General Fund. The City's economic development efforts continue as new revenue sources (sales and property tax) are pursued. This risk area will take several years to fully address, but progress will be noted periodically as the City's General Fund revenue stream improves and additional actions are taken to monitor and -- where possible -- reduce expenditures.	Ongoing	
5 - Did not follow competitive bidding process	To help ensure that city staff are properly trained in competitive bidding processes and other procurement activity, the city should monitor adherence to the new procurement training policy.	53	The City has been conducting regular procurement trainings since 2021. The procurement training policy (Administrative Policy VI-B-8) is in effect and has been distributed to all staff covered by the policy -- as well as Executive Management. Furthermore, while the City has always maintained sign-in sheets for each training session, Staff will begin tracking which staff are required to attend training (per policy) and which staff actually attending a training session. Policy VI-B-8 requires 3 trainings per calendar year, and Staff will be tracking attendance against the "those required to attend per policy" list. This tracking is being done in an Excel spreadsheet and actively maintained by an assigned Finance staff member.	Completed	The City believes this recommendation is completed and can provide sign-in sheets from two recent purchasing trainings as well as a copy of the tracking spreadsheet that clearly indicates the City has implemented the recommended action
5 - Did not follow competitive bidding process	In both 2018 and 2021 audits, it was noted that Montebello needed a policy that addressed agreements without maximum values.	53	The City will update Administrative Policy VI-B-1 (Purchasing Policy) to include a section that addresses the circumstances where it may be necessary to execute an agreement that does not have a maximum value.	Completed	Purchasing Policy VI-B-1 has been updated to -- among other changes -- include a statement on "Maximum Contract Value" and the procedures for requiring it and, in the case where such a maximum value is not included, the process for documentation. The updated policy will be provided for State Auditor review to show completion of this recommendation.

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7 - Made gifts of public funds	Obtain for the City Council and all employees with purchasing authority periodic legal and ethics training regarding the appropriate use of public funds and the prohibition on such funds to make gifts.	54	The City has conducted (January 7 and 13, 2025) two (2), two (2) hour training sessions on the appropriate use of public funds. These training sessions were lead by an associate of Liebert Cassidy Whitmore (LCW), a firm known in the State of California for its extensive training on such matters. It should be noted that this training was mandatory for ALL employees-- going beyond the State Auditor recommendation of presenting training to those with purchasing authority. Over 200 employees attended the two sessions, and a third session will be held in February for those employees who did not attend. The City is committed to holding this training every two years.	Completed	The City believes this recommendation to be completed and can provide proof of the attendance at the various sessions. Furthermore, each employee attending a training session was required to sign an acknowledgement form, and those can also be produced to indicate fulfillment of this recommendation. Similar to the purchasing training offered in response to High Risk Area #5, Staff will track which employees attended the January / February 2025 sessions, and follow up accordingly with those still requiring the ethics training.