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## **Audit Reveals Former South Gate Officials Approved Improper Contracts**

*Recalled City Council Members Increased City's Legal Costs By More Than Tenfold*

Sacramento, CA – State Controller Steve Westly today released an audit showing that former South Gate officials cost the city millions in improper contracts. The City of South Gate requested the audit in March 2003 following a period of political turmoil in which three city council members and the city treasurer were recalled.

The State Controller's Office audit examined city legal costs and compliance with contracting and hiring procedures that led to a significant decrease in the city's reserve funds during the previous city council's administration.

"South Gate's former officials broke their own rules and squandered millions of taxpayer dollars," State Controller Steve Westly said. "The city's legal costs increased tenfold from \$403,108 to \$4,659,318 in one year."

The Controller's audit found that former city officials approved contracts that failed to comply with regulations for incurring legal fees and legal service contracts. The audit report also found that contracts were improperly awarded without competitive bidding, without a dollar limit, without a timeframe for completion of work and without adequate documentation.

"The City of South Gate thanks the Controller's Office for conducting this important audit and identifying abuse within the system," Mayor Hector De La Torre said. "The Controller's audit was the first step in fixing the city's problems and we will move ahead with cleaning up the mess the recalled officials left behind."

"My office is committed to revealing waste of taxpayer dollars wherever it occurs," Westly said. "Uncovering fraud and abuse is an important step in helping the people of South Gate regain confidence in the stability of their city."

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