

**AUDIT COMMITTEE
OF THE CITY OF SAN DIEGO**

**Council President Pro Tem Kevin Faulconer, Chair
Councilmember Carl DeMaio, Vice Chair
Committeemember Wade McKnight
Committeemember Charles Sellers
Committeemember Steve Grant**

**ACTIONS FOR
MONDAY, OCTOBER 11, 2010, AT 9:00 A.M.**

**COUNCIL COMMITTEE ROOM (12TH FLOOR),
CITY ADMINISTRATION BUILDING
202 C STREET, SAN DIEGO, CALIFORNIA**

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All Committee members present.

NON-AGENDA PUBLIC COMMENT: Robert McNamara commented regarding the City Auditor's performance audit of the Bid To Goal program.

COMMITTEE COMMENT: Chair Faulconer called attention to Committee Member McKnight ending his service on the Audit Committee when his term expires in January 2011, and thanked him for his service.

Committee Member McKnight thanked Chair Faulconer for the comment.

Jeff Kavar commented on the process for soliciting qualified and interested applicants to fill the Audit Committee vacancy. Applications are due [on November 12, 2010](#). More information can be found at <http://www.sandiego.gov/city-clerk/boards-commissions/pdf/auditcommapp.pdf>

Chair Faulconer noted that a new Internal Controls report, dated October 11, 2010, has been released. The next Internal Controls update is scheduled to be heard at the [November 8, 2010](#), Audit Committee meeting.

Councilmember DeMaio commented on a quote from City Auditor Luna featured in the Proposition D campaign.

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CITY ATTORNEY, IBA, AND MAYORAL STAFF COMMENT: None.

ADOPTION AGENDA

Approval of the Record of Action Items for September 13, 2010

ACTION: Motion by Committee member Sellers, second by Chair Faulconer, to approve.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, McKnight-yea, Sellers-yea

INFORMATION ITEMS

ITEM-1: Report from the City Auditor regarding AUDIT ACTIVITY [PowerPoint](#)

ACTION: Information only. No action taken.

ITEM-2: [Update from the Outside Auditor \(Macias Gini & O'Connell\)](#) regarding the FISCAL YEAR 2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AUDIT

ACTION: Information only. No action taken.

ITEM-3: Presentation from the City Auditor regarding PROCESS FOR CERTIFYING REFORM MEASURES IN PROPOSITION D [Draft Ordinance](#)

ACTION: Information only. No action taken.

DISCUSSION/ACTION ITEMS

ITEM-4: Presentation from the City Auditor regarding the QUARTERLY [FRAUD HOTLINE REPORT](#) – QUARTER 4 FISCAL YEAR 2010 AND HOTLINE INVESTIGATION REPORT OF ABUSE FROM THE [SALE OF SCRAP METAL](#)
[Hotline PowerPoint](#) [Scrap Metal PowerPoint](#)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to accept the report.

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VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, McKnight-yea,
Sellers-yea

ITEM-5: Discussion of PROCESS AND TIMING FOR THE ANNUAL PERFORMANCE REVIEW OF AND COMPENSATION RECOMMENDATION FOR THE CITY AUDITOR [FY 2010 Audit Work Plan](#) [Performance Evaluation Program Management Feedback Survey](#)

ACTION: Information only. No action taken.

ITEM-6: Discussion of FORMATION OF A SUBCOMMITTEE TO REVIEW SAN DIEGO COUNTY GRAND JURY RECOMMENDATIONS WITHIN THE PURVIEW OF AUDIT COMMITTEE RESPONSIBILITIES [City Attorney Report](#)

ACTION: Motion by Councilmember DeMaio, second by Committee member Sellers, to:

- a) create an ad hoc subcommittee of the Audit Committee comprised of two Audit Committee members;
- b) appoint Councilmember DeMaio and Committee Member Sellers to serve on the ad hoc subcommittee as co-chairs; and
- c) assign the ad hoc subcommittee to:
 - i) hold publicly noticed meetings;
 - ii) look at the implementation status of San Diego County Grand Jury reports received since 1998 through October 11, 2010, providing a snapshot of what recommendations have been made, what findings have been made, and where they stand today;
 - iii) recommend if a standing committee should be established on a go-forward basis; and
 - iv) provide a report to the full Audit Committee for consideration and referral to the Mayor and City Council.

Councilmember DeMaio invited the Past County Grand Juror's Association to form a working group separate from the ad hoc subcommittee that would, after reviewing the Audit Committee charter, prepare a list of Grand Jury reports for the ad hoc subcommittee to review.

Councilmember DeMaio offered his office to work with the City Attorney's office to make sure that the selected Grand Jury reports and recommendations fall under the purview of the Audit Committee.

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VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, McKnight-yea,
Sellers-yea

ITEM-7: [Report from the City Auditor](#): AUDIT RECOMMENDATIONS FOLLOW-UP
[PowerPoint](#)

ACTION: Motion by Committee Member Sellers, second by Chair Faulconer,
to accept the report.

Chair Faulconer will request Centre City Development Corporation (CCDC) officials
to appear before the Audit Committee [on November 8, 2010](#), to provide an update on
the implementation of outstanding recommendations from the City Auditor.

VOTE: 4-0; Faulconer-yea, DeMaio-not present, Grant-yea,
McKnight-yea, Sellers-yea

Kevin Faulconer
Council President Pro Tem