

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

**Council President Pro Tem Kevin Faulconer, Chair
Councilmember Carl DeMaio, Vice Chair
Committee Member Thomas Hebrank
Committee Member Charles Sellers
Committee Member Steve Grant**

**ACTIONS FOR
MONDAY, May 7, 2012, AT 9:00 A.M.**

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

For information, contact Matt Awbrey, Committee Consultant
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(619) 236-6992

Committee members present: Faulconer, DeMaio, Grant, Hebrank

Committee members not present: Sellers

NON-AGENDA PUBLIC COMMENT:

Robert McNamara commented on the Audit Committee's April 9, 2012, Record of Action Items, and the Purchasing and Contracting Department's memorandum dated April 16, 2012, which responds to questions asked by the Past Grand Jurors' Association related to the 2010 San Diego County Grand Jury report, "Efficiency in Government: Managed Competition, Outsourcing, Reengineering and Reverse Auction within San Diego County."

Mel Shapiro commented on his complaint to the City's Fraud, Waste and Abuse Hotline related to the City's sale of property on Market Street, and requested an explanation to his assertion that the land was sold for \$2 million below market value.

Councilmember DeMaio referred the issue to the Real Estate Assets Department and noted that the City Auditor would report on the Fraud Hotline during Item 6.

COMMITTEE COMMENT:

Councilmember DeMaio made the following announcements:

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- a. Item 2, the monthly informational update by the City's external audit firm (Macias Gini & O'Connell) was tabled until the June 11, 2012, Audit Committee meeting, though a written report by the audit firm was provided and is available to the public.
 - b. Item 5, follow-up regarding the audit of the Library Department's cash handling system, was continued to the June 11, 2012, Audit Committee meeting.

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

ADOPTION AGENDA

Approval of the Record of Action Items for April 9, 2012

ACTION: Motion by Committee Member Hebrank, second by to approve Councilmember DeMaio, to approve.

VOTE: 3-0; Faulconer-not present, DeMaio-yea, Grant-yea, Hebrank-yea, Sellers-not present

INFORMATION ITEMS

ITEM-1: Report from the City Auditor regarding AUDIT ACTIVITY

ACTION: Information only. No action taken.

ITEM-2: Update from the Outside Auditor (Macias Gini & O'Connell) regarding the FISCAL YEAR 2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AUDIT

ACTION: Monthly update tabled until June 11, 2012, Audit Committee meeting.

ITEM-3: Presentation from the City Auditor's ACCOMPLISHMENTS REPORT

ACTION: Motion by Committee Member Hebrank, second by to approve Councilmember DeMaio, to accept the informational report and request the Office of the City Auditor present to the City Council a comparison of the office's Fiscal Year 2012 Audit Work Plan with actual work performed (e.g. number of hours per audit, number of completed audits) in order to quantify for the City Council the return on investment delivered as a result of the Fiscal Year 2012 budget increase for the office.

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VOTE: 3-0; Faulconer-not present, DeMaio-yea, Grant-yea, Hebrank-yea, Sellers-not present

DISCUSSION/ACTION ITEMS

ITEM-4: Audit Committee discussion and recommendation regarding PROPOSED ANNUAL BUDGET OF THE OFFICE OF THE CITY AUDITOR FOR FISCAL YEAR 2013

ACTION: Motion by Committee Member Hebrank, second by Councilmember DeMaio, to:

1) Recommend the Mayor's proposed Fiscal Year 2013 budget for the Office of the City Auditor, with two additions:

- a. \$51,850 to purchase the performance audit "electronic workpaper" software system
- b. \$25,000 for one-time close-out audits for the transition of mayoral administrations

2) Request the City Auditor report to the City Council at the scheduled May 9, 2012, Budget Review Committee hearing on the possibility of using funds Water and Wastewater departments' Dedicated Reserve from Efficiency and Saving (DRES) fund to conduct performance audits.

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

ITEM-5: Update from City Departments regarding City Auditor's AUDIT RECOMMENDATION FOLLOW-UP REPORT – APRIL 2012

A. Report No. 09-015: AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING

ACTION: Item continued to the June 11, 2012, Audit Committee meeting.

ITEM-6: Report from City Auditor: QUARTERLY FRAUD HOTLINE REPORT – QUARTER 3 FISCAL YEAR 2012

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to approve.

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VOTE: 4-0; Falconer-yea, DeMaio-yea, Grant-yea, Hebrank-yea, Sellers-not
present



Kevin Faulconer
Council President Pro Tem