

**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, MARCH 7, 2011, 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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Committee members present: Faulconer, DeMaio, Sellers, Grant

Committee members not present: McKnight

NON-AGENDA PUBLIC COMMENT: None.

COMMITTEE COMMENT: Chair Faulconer announced that the City Council would continue to interview candidates for the public member Audit Committee opening on March 14, 2011.

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

ADOPTION AGENDA

Approval of the Record of Action Items for February 7, 2011

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

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

INFORMATION ITEMS

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

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[City Auditor Follow-Up Report](#)

ACTION: Information item. 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 [FY10-FY11 Financial Close Schedule](#)

ACTION: Information item. No action taken.

Councilmember DeMaio requested:

- a. the City Auditor or a member of his staff sit in on the City Comptroller's daily SAP data correction project meetings to monitor and bring to the Audit Committee's attention any additional delays or issues that may be of concern and any recommendations;
- b. a report within a month from the Chief Financial Officer and Independent Budget Analyst that outlines the reports and filings the City is making with incomplete financial data, and what statements the City is making in those filings and reports;
- c. the Independent Budget Analyst personally follow up with the rating agencies and provide a report in the next four to six weeks on the City's strategy and approach for disclosure of financial information;
- d. to hear the Disclosure Practices Working Group's (DPWG) recommendations on making financial filings.

Chair Faulconer requested the City Comptroller draft a memo within the next two weeks providing an update on the process of fixing the SAP data errors.

Chair Faulconer will write a letter, independent of City management, to the City's outside disclosure counsel, Mr. John McNally, informing him of the new FY2010 CAFR completion timeline and ask for his suggestions regarding disclosure issues.

Chair Faulconer will work with committee members to schedule a special Audit Committee meeting in two weeks to receive a status report on fixing the SAP data errors and the FY2010 CAFR schedule.

DISCUSSION/ACTION ITEMS

ITEM-3: [Report from City Auditor](#): AUDIT RECOMMENDATION FOLLOW-UP REPORT [PowerPoint](#)

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ACTION: No action taken.

Chair Faulconer will schedule a hearing on the unimplemented recommendations from the following City Auditor reports for the April 11, 2011, meeting of the Audit Committee:

1. Report No. 08-010: Central Stores Inventory Audit – Purchasing & Contracting Department
2. Report No. 09-023: Audit of Central Stores Inventory (FY08)
3. Report No. 11-001: Performance Audit of Risk Management’s Public Liability and Loss Recovery Division
4. Report No. 11-006: Performance Audit of the Fire Prevention Activities Within the City of San Diego
5. Report No. 11-009: Street Maintenance

Chair Faulconer will request Councilmember Gloria docket at the Redevelopment Agency Ad Hoc Committee the issue of staff lobbying policies at Centre City Development Corporation (CCDC), Southeastern Economic Development Corporation (SEDC) and Redevelopment Agency.

ITEM-4: [Report from City Auditor](#): AUDIT OF THE ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM IMPLEMENTATION [PowerPoint](#)

ACTION: Motion by Committee member Grant, second by Chair Faulconer, to accept the report and forward to the full Council for review.

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

Kevin Faulconer
Council President Pro Tem