

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

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

**ACTIONS FOR  
MONDAY, MARCH 21, 2011, AT 9:00 A.M.**

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

For information, contact Matt Awbrey, Committee Consultant  
202 C Street, 3<sup>rd</sup> Floor, San Diego, CA 92101  
Email: MAwbrey@sandiego.gov  
(619) 236-6992

---

Committee members present: Faulconer, DeMaio, Sellers, Hebrank

Committee members not present: Grant

NON-AGENDA PUBLIC COMMENT: Mike Aguirre discussed the City's delayed financial statement audit.

COMMITTEE COMMENT: Chair Faulconer welcomed Mr. Hebrank to his first Audit Committee meeting as an Audit Committee member, and thanked candidate Dana White for her interest and encouraged her to apply for vacancies on City boards, commissions, and committees. Chair Faulconer then discussed the format of the meeting.

Committee member Hebrank greeted the committee.

Committee member Sellers also welcomed Mr. Hebrank and thanked IBA Fiscal and Policy Analyst Jeff Kawar for his efforts in recruiting public Audit Committee member candidates.

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

ADOPTION AGENDA

**ACTIONS**  
**Audit Committee**  
**March 21, 2011**

- 2 -

---

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

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

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

ACTION/DISCUSSION ITEMS

ITEM-1: Updates regarding CORRECTION OF FINANCIAL INFORMATION IN DATA MANAGEMENT SAP SYSTEM and THE FISCAL YEAR 2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AUDIT

[Kevin Faulconer's memo](#)

[Outside Disclosure Counsel's Response to Kevin Faulconer's memo](#)

- a. Reports from [City Comptroller](#) and [City Auditor](#) regarding SAP financial data correction
- b. Reports from [Chief Financial Officer](#) and [Independent Budget Analyst](#) regarding reports and filings made in response to the delayed financial statements
- c. Report from Independent Budget Analyst regarding updates provided to financial rating agencies and disclosure of financial information
- d. Report from Outside Auditor Macias Gini & O'Connell regarding FY2010 CAFR

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

1. Request the City Comptroller inform the Audit Committee as soon as possible if the SAP financial data correction is on track or extends beyond the target deadline of April 1, 2011;
2. Recommend that the Disclosure Practices Working Group (DPWG) consider notifying the U.S. Department of Housing and Urban Development (HUD) of the City's new schedule for completing the 2010 audit;
3. Request the outside auditor, Macias Gini & O'Connell (MGO), be

**ACTIONS**  
**Audit Committee**  
**March 21, 2011**  
**- 3 -**

---

present at the next Audit Committee meeting on April 11, 2011, with a written estimate of additional resources requested to conduct the audit, with MGO to vet this estimate through the office of the Independent Budget Analyst before such meeting;

4. Direct MGO to inform the Audit Committee of any other significant issues concerning the audit before the April 11, 2011, meeting;

5. Request City staff to meet with MGO and other key stakeholders to develop a revised timeline for completing the 2010 audit and alerting the proper reporting agencies of such timeline if deemed necessary, and to report back on such efforts to the Audit Committee at its April 11, 2011, meeting;

6. Direct the City Auditor to prepare a cost assessment with review and input from the Independent Budget Analyst; and

7. Docket an action item on the April 11, 2011 Audit Committee agenda for alerting the City Council of any Audit Committee concerns regarding the timeline so the City Council can consider legislative action to direct staff to inform rating agencies of a revised timeline.

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

Kevin Faulconer  
Council President Pro Tem