

**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, MAY 2, 2011, 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: None.

COMMITTEE COMMENT: Chair Faulconer remarked on the May 1, 2011, news coverage that al-Qaeda leader Osama Bin Laden was brought to justice and on the extraordinary dedication of the men and women of the U.S. Armed Forces.

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

ADOPTION AGENDA

Approval of the Record of Action Items for April 11, 2011

ACTION: Motion by Committeemember Grant, second by Councilmember DeMaio, to approve.

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

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INFORMATION ITEMS

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

ACTION: Information only. No action taken.

DISCUSSION/ACTION ITEMS

ITEM-2: Discussion regarding the FISCAL YEAR 2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AUDIT

- a. [Report from Outside Auditor Macias Gini & O'Connell](#) regarding timeline for completing Fiscal Year 2010 audit
- b. Reports from City Auditor and [Independent Budget Analyst](#) regarding process for filing CAFR on Electronic Municipal Market Access (EMMA) system [Independent Consultant's March 31 2009 letter](#)
- c. Discussion regarding Macias Gini & O'Connell's contract and financial resources to conduct Fiscal Year 2010 CAFR audit

ACTION: Discussion only. No action taken.

ITEM-3: [Report from the City Auditor](#): PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES [PowerPoint](#)

ACTION: Motion by Committeemember Sellers, second by Chair Faulconer, to 1) accept the audit report and forward to the full City Council for review; 2) request the Independent Budget Analyst (IBA) review the reason the proposed Fiscal Year 2012 City Budget anticipates the City recovering \$4 million in Emergency Medical Services (EMS) fire engine/truck first responder-related costs instead of \$10.9 million, as suggested in the audit; and 3) supplement the audit report with the IBA's information before the matter is heard by the City Council.

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

ITEM-4: Audit Committee discussion and recommendation regarding [PROPOSED ANNUAL BUDGET](#) OF THE OFFICE OF THE CITY AUDITOR FOR FISCAL YEAR 2012 [PowerPoint](#) [Addendum](#)

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ACTION: Motion by Committeemember Sellers, second by Committeemember Hebrank, to move the recommendation as written in the City Auditor's report, which is to add one auditor position mid-fiscal year, to be reflected as an additional 0.5 FTE (Full Time Equivalent) position for Fiscal Year 2012 at an increase of \$83,930, to the full City Council/Budget Review Committee for consideration.

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

ITEM-5: [Report from the City Auditor](#): EVALUATION OF BID-TO-GOAL GAINSHARING GOALS [PowerPoint](#)

ACTION: Motion by Committeemember Grant, second by Chair Faulconer, to accept the report.

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

ITEM-6: Discussion regarding OPTIONS TO RECOMMEND [ADDITIONAL REVENUE RECOVERY AUDITING](#) IN FISCAL YEAR 2012
[CFO memo – Revenue Recovery Auditing Status](#)

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

- 1) Recommend that, through its Fiscal Year 2012 budget deliberations, the City Council effect the creation of a robust recovery audit program in the City and include a recovery audit provision in the budget; and
- 2) To assist in that process, request that:
 - a. The Independent Budget Analyst (IBA) prepare for the Audit Committee a report on:
 - i. Revenue recovery auditing services;
 - ii. How these services are being used by other agencies;
 - iii. Discussion regarding timeframe if the Council were to move forward with the Audit Committee's recommendation and coordinating with City management;
 - iv. Commissions charged by private recovery auditing firms;
 - v. Analysis of responses to the Request for Proposals (RFP); and
 - vi. Recommendations on the RFP for the Audit Committee, which

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would then give guidance and recommendations to the City Council and management

- 3) Recommend the City Council consider directing the IBA to issue an RFP for recovery audit services.
- i. The RFP scope would include the City's top large expenditure areas such as accounts payable, telecommunications, and healthcare;
 - ii. The RFP can include in its scope both cooperative procurement agreements and private sector firms.

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

ITEM-7: [Report from the Transportation and Storm Water Department](#): Follow-Up regarding IMPLEMENTATION OF STREET MAINTENANCE PERFORMANCE AUDIT RECOMMENDATIONS

ACTION: Motion by Committeemember Hebrank, second by Chair Faulconer, to accept the report.

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

ITEM-8: **NOTE: This item was continued to the next scheduled Audit Committee meeting on June 6, 2011.**

[Report from the City Auditor](#): QUARTERLY FRAUD HOTLINE REPORT - QUARTER 3 FISCAL YEAR 2011 [PowerPoint](#)

ACTION: No action taken. This item was trailed to the next scheduled Audit Committee meeting on June 6, 2011.

Kevin Faulconer
Council President Pro Tem