

**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, JUNE 6, 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, Hebrank

Committee members not present: Grant

NON-AGENDA PUBLIC COMMENT: Robert McNamara discussed the June 1, 2011, San Diego County Grand Jury report regarding burglar alarm fees and fines and requested, given that police regulated businesses are being audited by the City Auditor, that the Independent Budget Analyst's (IBA) proposed City response to the Grand Jury report be discussed at the Audit Committee in addition to, or instead of, at the Rules Committee.

COMMITTEE COMMENT: Chair Faulconer discussed the special Audit Committee meeting on Monday, June 13, 2011, during which time there will be a presentation from the City's outside disclosure counsel, John McNally, regarding the Committee's role in reviewing the Comprehensive Annual Financial Report.

Committee Member Sellers announced he will not be in attendance at the July 11, 2011, Audit Committee meeting due to out-of-state travel. He congratulated Committee Consultant Matt Awbrey on his pending nuptials.

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

ADOPTION AGENDA

Approval of the Record of Action Items for May 2, 2011

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ACTION: Motion by Committee Member Sellers, second by Committee Member Hebrank, to approve

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

INFORMATION ITEMS

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

ACTION: Information only. No action taken.

DISCUSSION/ACTION ITEMS

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

- A. [Update from the Outside Auditor](#) (Macias Gini O'Connell) regarding the Fiscal Year 2010 Comprehensive Annual Financial Report (CAFR) Audit
- B. Appointment of an Audit Committee Member to the Disclosure Practices Working Group (DPWG)

ACTION: Motion by Committee Member Hebrank, second by Councilmember DeMaio, to appoint Committee Member Sellers as the Audit Committee representative to the DPWG.

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

ITEM-3: [Report from Independent Budget Analyst](#) on PROPOSAL TO INITIATE REVENUE RECOVERY AUDITING

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to request that, following City Council approval:

1. The Independent Budget Analyst (IBA) prepare two Requests For Proposals (RFPs) – accounts payable auditing and revenue auditing – for Audit Committee review that ask vendors to propose immediate, simple audit targets and different rates of compensation that could range between 10-15 percent in the first year and adjusted thereafter; and
2. As part of the RFP, every 90 days for the first year:
 - i. The contractor provide to the Audit Committee, City Council, and management a report on common errors identified and lessons

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learned; and

ii. Management provide a response to the contractor's report, including recommended changes to internal controls.

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

ITEM-4: Discussion of the City Auditor's FISCAL YEAR 2012 [ANNUAL AUDIT WORK PLAN](#) [PowerPoint](#)

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

Councilmember DeMaio commented that he would like to see the Work Plan prioritize the Public Utilities Department's Capital Improvement Projects (CIP) area and water meter program.

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

ITEM-5: [Presentation from the Real Estate Assets Department](#): FOLLOW-UP TO CITY AUDITOR MAY 2009 QUALCOMM STADIUM AUDIT
[City Auditor May 2009 Qualcomm Stadium Audit](#)

ACTION: No action taken.

ITEM-6: [Report from the City Auditor](#): PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM [PowerPoint](#) [City Treasurer PowerPoint](#)

ACTION: No action taken.

ITEM-7: [Report from the City Auditor](#): QUARTERLY FRAUD HOTLINE REPORT - QUARTER 3 FISCAL YEAR 2011 [PowerPoint](#)

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

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

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Kevin L. Faulconer
Council President Pro Tem