

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

**ACTIONS FOR  
MONDAY, FEBRUARY 26, 2007, AT 9:00 A.M.**

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

For information, contact Jeff Kavar, Interim Committee Consultant  
202 C Street, 3rd Floor, San Diego, CA 92101  
Email: JKavar@sandiego.gov  
619-533-4764

---

NON-AGENDA PUBLIC COMMENT

COMMITTEE COMMENT: None.

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

ADOPTION AGENDA

Approval of the Record of Action items for February 8, 2007

ACTION:     Approved by common consent.

ITEM-1:     Update from KPMG and the City Auditor and Comptroller regarding the STATUS  
OF THE 2003 FINANCIAL STATEMENT UPDATE

(See Greg Levin's February 23, 2007, memorandum; Greg Levin's February 26,  
2007, PowerPoint)

ACTION:     Information only. No action taken. This item will be discussed  
further at the next meeting of the Audit Committee on March 19, 2007.

ITEM-2:     Discussion of the Proposed AMENDMENTS TO THE PERMANENT RULES  
OF THE CITY COUNCIL TO ESTABLISH AN AUDIT COMMITTEE

(See City Attorney's draft ordinance; Independent Budget Analyst's Report  
No. 07-24)

ACTION:     Motion by Councilmember Atkins, second by Council President Pro  
Tem Young to approve the ordinance amending the Permanent Rules to establish  
an Audit Committee, with one change to Rule 6.11.6(b), to state that the  
composition of an ad-hoc advisory committee shall "initially" consist of "at least"

**ACTIONS**  
**Audit Committee**  
**February 26, 2007**  
**- 2 -**

---

three members.

VOTE: 3-0; Faulconer-yea, Young-yea, Atkins-yea

ITEM-3: Discussion of a CHARTER FOR THE AUDIT COMMITTEE AND A  
STATEMENT OF OPERATING PRINCIPLES WITH THE MAYOR

(See Independent Budget Analyst's Report No. 07-24; Statement of Audit Committee Charter dated February 22, 2007; Statement of Operating Principles dated February 22, 2007)

ACTION: Motion by Councilmember Atkins, second by Council President Pro Tem Young to approve the Charter for the Audit Committee and support the Mayor's Statement of Operating Principles, with direction to 1) request that at the next meeting of the Audit Committee, the Mayor present his plan for hiring an Internal Auditor and staffing internal audit functions; 2) that the Independent Budget Analyst make a recommendation regarding resources for a permanent Committee Consultant and a Professional Auditor to advise the Audit Committee; and 3) request that the City Attorney provide the Audit Committee with a legal opinion regarding the Audit Committee's responsibilities related to the City's Consolidated Annual Financial Report; and 4) request that the City Attorney review Operating Principle No. 6 with respect to the Audit Committee's process for overturning a mayoral decision to dismiss the City's Internal Auditor.

VOTE: 3-0; Faulconer-yea, Young-yea, Atkins-yea

ACTION: Motion by Council President Pro Tem Young, second by Councilmember Atkins, to accept the City Attorney's recommendation to add the Audit Committee Charter and the Operating rules into the Municipal Code to provide the Audit Committee with more authority.

VOTE: 3-0; Faulconer-yea, Young-yea, Atkins-yea

Kevin Faulconer  
Chair