

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

**ACTIONS FOR
MONDAY, MARCH 19, 2007, AT 10:00 A.M.**

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

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NON-AGENDA PUBLIC COMMENT: None.

COMMITTEE COMMENT: None.

CITY ATTORNEY, IBA, AND MAYORAL STAFF COMMENT: City Attorney Michael Aguirre commented on the benefits of KPMG'S completion of the 2003 audit.

ADOPTION AGENDA

Approval of the Record of Action Items for March 19, 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 AUDIT

(See Councilmember Kevin Faulconer's March 16, 2007, memorandum)

ACTION: Information only. No action taken. This item will be discussed further at the next meeting of the Audit Committee on March 26, 2007.

ITEM-2: Discussion of a JOB DESCRIPTION for the INTERNAL AUDITOR with additional discussion of the TIMETABLE AND PROCESS for RECRUITING, INTERVIEWING AND HIRING THE INTERNAL AUDITOR.

ACTION: Motion by Councilmember Atkins, second by Council President Pro Tem Young, to 1) receive the Chief Financial Officer's memorandum entitled "Reduction to Internal Audit Function" and refer the memorandum to the

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Independent Budget Analyst, the Independent Consultant, and the City Attorney for review and comment; 2) request a legal opinion from the City Attorney on the City Council's authority regarding the hiring and firing process for an internal auditor during the interim prior to a City Charter change, if this occurs, with additional discussion of possible alternatives for active City Council participation in the hiring of an internal auditor; 3) request that the Chair docket an update from the Chief Financial Officer regarding the hiring of Myer Hoffman & McCann and temporary agency staff to perform internal audit work that might otherwise be performed by City auditing staff; and 4) request that the Independent Consultant provide independent advice to the Audit Committee on nationwide best practices and processes for hiring an internal auditor, and to also comment on an appropriate level of mayoral involvement, given that his functions will be audited and that the City wants real auditor independence.

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

ITEM-3: Discussion of APPROPRIATE STAFFING LEVELS FOR THE INTERNAL AUDITING FUNCTION and TIMING FOR IMPLEMENTATION.

(See Independent Budget Analyst's Report No. 07-35; Chief Financial Officer's March 14, 2007, memorandum)

ACTION: Information only. No action taken. This item will be discussed further at the next meeting of the Audit Committee on March 26, 2007

ITEM-4: Report from the City Attorney regarding LEGAL OPTIONS IF THE 2003 FINANCIAL STATEMENT AUDIT IS NOT COMPLETED

ACTION: Information only. No action taken.

ITEM-5: Discussion of AUDIT COMMITTEE STAFFING REQUIREMENTS

ACTION: Information only. No action taken. This item will be discussed further at the next meeting of the Audit Committee on March 26, 2007

S1: Discussion of the TIMELINE FOR THE COMPLETION OF THE AUDIT OF THE 2004, 2005, AND 2006 FINANCIAL STATEMENTS

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ACTION: Information only. No action taken.

Kevin Faulconer
Chair