

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

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

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

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NON-AGENDA PUBLIC COMMENT: Phil Hart commented on the internal auditing function in the City of San Diego.

Clive Richard commented on following Orange County as a model regarding the creation of an internal audit department.

COMMITTEE COMMENT: None.

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

ADOPTION AGENDA

Approval of the Record of Action Items for March 19, 2007

ACTION: Motion by Council President Pro Tem Young, second by Councilmember Atkins, to approve.

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

ITEM-1: Update from Macias Gini & O'Connell and the City Auditor and Comptroller regarding the STATUS OF THE 2004, 2005, AND 2006 FINANCIAL STATEMENT AUDIT

(See City of San Diego Master Pending List)

ACTION: Information only. No action taken. This item will be discussed as

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the first item of business at each subsequent meeting of the Audit Committee until each of the referenced annual financial statement audits is complete.

ITEM-2: Discussion of a JOB DESCRIPTION, TIMETABLE AND PROCESS FOR RECRUITING, INTERVIEWING AND HIRING THE INTERNAL AUDITOR

(See Independent Budget Analyst's Report No. 07-37; Stanley Keller's March 21, 2007, memorandum)

ACTION: Motion by Councilmember Atkins, second by Council President Pro Tem Young, to move that 1) the Audit Committee participate in the hiring process for the Internal Auditor by meeting with the recruitment firms; 2) a member of the Audit Committee participate in the recruitment directly throughout the process; and 3) the Audit Committee meet with each of the candidates in order to make a recommendation to the full City Council and the Mayor.

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

ACTION: Motion by Council President Pro Tem Young, second by Councilmember Faulconer, to appoint Councilmember Toni Atkins to act as the point person for the Audit Committee in the process of selecting the recruiting firms for the Internal Auditor position.

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 Mayor Sanders' March 23, 2007, memorandum; Executive Search Firm List)

ACTION: Motion by Councilmember Atkins, second by President Pro Tem Young, to direct the Independent Consultant, the Independent Budget Analyst, and the City Attorney, in coordination with the Chief Financial Officer, to develop operating principles for the Internal Auditor and provide follow-up reports to the Audit Committee.

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

ITEM-4: Discussion of AUDIT COMMITTEE STAFFING REQUIREMENTS

(See Independent Budget Analyst's Report No. 07-39; Mayor Sanders' March 23,

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2007, memorandum)

ACTION: Information only. No action taken. In anticipation of a report from the Independent Consultant regarding staffing to support an effective Audit Committee, this item will be discussed further at the next Audit Committee meeting on April 30, 2007.

Kevin Faulconer
Chair