

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

**ACTIONS FOR  
MONDAY, APRIL 30, 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

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NON-AGENDA PUBLIC COMMENT: Councilmember Donna Frye clarified for the record the distribution of KPMG's previous reports, adding that a week from today the City Council will receive the 2002 audited report, and that she has prepared and will distribute her related memorandum. Councilmember Frye also requested that the City Attorney clarify the terms "receive", "accept", "approve", or "file" when reports are presented to the Committee or City Council.

Deputy City Attorney Mark Blake commented on the legality of the City Council reviewing and receiving financial documents.

Mel Shapiro commented on the Comprehensive Annual Financial Report by KPMG.

COMMITTEE COMMENT: None.

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

ADOPTION AGENDA

Approval of the Record of Action Items for March 26, 2007

ACTION: Approved by common consent.

ITEM-1 Update from KPMG regarding the REPORT ON COMPLIANCE AND INTERNAL CONTROLS (2003 YELLOW BOOK REPORT) and THE 2003 FINANCIAL STATEMENT AUDIT

(See Report to City Council No. 07-082; KPMG's March 12, 2007, memorandum)

ACTION: Motion by Councilmember Atkins, second by Committee Chair Faulconer to direct the City Attorney to 1) work with the City's Independent Consultant and Outside Disclosure Counsel to synthesize the input and questions provided to the City Council related to reviewing the City's financial statements

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and associated audit, into one recommended process document; and 2) expand on their February 7, 2007, memorandum regarding the legal obligations of Audit Committee members under federal securities laws, and to further address the issue of the City Council's obligations in acting to receive annual financial statements. This information is to be made available to the Audit Committee prior to the next scheduled Audit Committee meeting on May 14, 2007.

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

ITEM-2: Update from Macias Gini & O'Connell and the City Auditor and Comptroller regarding the STATUS OF THE 2004, 2005, AND 2006 FINANCIAL STATEMENT AUDITS

ACTION: Information only. No action taken.

ITEM-3: Update regarding the JOB DESCRIPTION, TIMETABLE AND PROCESS FOR RECRUITING, INTERVIEWING AND HIRING THE INTERNAL AUDITOR

(See City of San Diego Class Specification, Internal Auditor Description)

ACTION: Information only. No action taken. This item will be discussed further at the Audit Committee meeting scheduled for May 21, 2007.

ITEM-4: Discussion item regarding the COMPOSITION OF A PUBLIC ADVISORY COMMITTEE TO ASSIST THE AUDIT COMMITTEE

ACTION: Information only. No action taken. This item will be discussed further at the Audit Committee meeting scheduled for May 21, 2007.

ITEM-5: Discussion item regarding AUDIT COMMITTEE STAFFING REQUIREMENTS

ACTION: Information only. No action taken. This item will be discussed further at the Audit Committee meeting scheduled for May 14, 2007.

Kevin Faulconer  
Chair