

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

**Council President Pro Tem Kevin Faulconer, Chair
Councilmember Carl DeMaio, Vice Chair
Committee Member Wade McKnight
Committee Member Charles Sellers
Committee Member Steve Grant**

**ACTIONS FOR
MONDAY, APRIL 13, 2009, AT 9:00 A.M.**

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

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All Committee Members present.

NON-AGENDA PUBLIC COMMENT: Mel Shapiro commented on the hotline complaints and the ability of the Audit Committee to discuss these complaints in closed session.

COMMITTEE COMMENT: None

CITY ATTORNEY, IBA, AND MAYORAL STAFF COMMENT: None

ADOPTION AGENDA

Approval of the Record of Action Items for April 2, 2009

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to approve.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, McKnight-yea, Sellers-yea

ITEM-1: Report from the City Attorney regarding the FINANCIAL AUDIT REVIEW PROCESS

(See Stanley Keller's March 31, 2009, letter; City Attorney's February 23, 2009, memorandum; City Attorney's February 2, 2007, memorandum; City Attorney's July 9, 2008, memorandum)

ACTION: Motion by Councilmember DeMaio, second by Chair

ACTIONS
Audit Committee
April 13, 2009
- 2 -

Faulconer, to approve process for review of Redevelopment Agency financial statements pursuant to February 23, 2009, City Attorney memo for FY2008 only and not forward financial statements to Audit Committee until 2 members of Audit Committee have reviewed statements with DPWG; and direct City Attorney to prepare and return to the Audit Committee:

- 1) Process for review of the financial statements of the component units of the City;
- 2) Amendments to Council ordinance to include 2 members of the Council and/or Audit Committee as ex-officio members of the DPWG.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea,
McKnight-yea, Sellers-yea

ITEM-2: Review of the 2008 FINANCIAL STATEMENT AUDIT, REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING (YELLOW BOOK REPORT) AND THE SAS 61 LETTER

(See Audit Committee's June 23, 2008, CAFR Review Questions; City Attorney's March 26, 2009, letter; Chief Executive Officer's March 27, 2009, memorandum; Chief Executive Officer's April 1, 2009, memorandum; City Auditor's March 30, 2009, CAFR Review Questions; City Attorney's April 2, 2009, CAFR Review Questions; Macias Gini's April 13, 2009, responses; Macias Gini's April 13, 2009, PowerPoint; Macias Gini's March 26, 2009, report; Independent Auditor's report, Year Ending June 30, 2008; SAS 114, Year Ending June 30, 2008)

ACTION: Motion by Committee Member McKnight, second by Committee Member Sellers, to recommend to the City Council to receive and file the Fiscal Year 2008 Comprehensive Annual Financial Report.

VOTE: 4-1; Faulconer-yea, DeMaio-nay, Grant-yea,
McKnight-yea, Sellers-yea

ITEM-3: Report from the Internal Auditor regarding HOTLINE REPORTING

(See City Auditor's April 6, 2009, report; City Attorney's April 10, 2009, memorandum)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to direct City Attorney to prepare:

ACTIONS
Audit Committee
April 13, 2009
- 3 -

- A. A report to address the process by which 1) complaints not completed but not substantiated that are referred to other city departments; and 2) complaints referred to city departments that have not been completed and substantiated can be disclosed pursuant to state law;
- B. The Whistleblower Protection & Accountability Act of 2009 and to contain the following:
 - 1) Improve City's policy to protect the identity and hold harmless whistleblowers that use the City's hotline
 - 2) Require full investigation and disclosure from City departments any issues referred by the Auditor to the City department for review, and that these reports come before the Audit Committee and the appropriate sub-committee of the City Council
 - 3) All reports in appropriate redacted form are posted on-line

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea,
McKnight-yea, Sellers-yea

ITEM-4: Update regarding the PROCESS FOR SELECTING THE CITY'S
OUTSIDE AUDITOR and discussion of the CHIEF OPERATING
OFFICER'S SUGGESTION TO EXTEND THE CURRENT OUTSIDE
AUDITOR FOR ONE YEAR

(See Chief Operating Officer's March 3, 2009, memorandum; Stanley
Keller's March 20, 2009, letter; Tentative RFP Project Schedule)

ACTION: Information only. No action taken.

Kevin Faulconer
Council President Pro Tem