

**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 27, 2009, AT 9:00 A.M.**

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

For information, contact Chris Cate, Committee Consultant
202 C Street, 10th Floor, San Diego, CA 92101
Email: CCate@sandiego.gov
(619) 235-5281

NON-AGENDA PUBLIC COMMENT: Mel Shapiro commented on the hotline and proposed disclosure of complaints.

Verne Gammon commented on the audit reports by the Parks and Recreation Department.

COMMITTEE COMMENT: None

CITY ATTORNEY, IBA, AND MAYORAL STAFF COMMENT: None

ADOPTION AGENDA

Approval of the Record of Action Items for April 13, 2009

ACTION: Motion by Committee Member Sellers, second by Chair Faulconer, to approve.

VOTE: 4-0; Faulconer-yea, DeMaio-yea, Grant-not present, McKnight-yea, Sellers-yea

ITEM-1: Review of the FISCAL YEAR 2010 BUDGET FOR THE OFFICE OF THE CITY AUDITOR and CITY AUDITOR CONTRACT

(See City Auditor's April 23, 2009, memorandum; City Auditor's March 19, 2008, memorandum)

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

1. Approve City Auditor department budget with addition of the position "Fraud Investigator" beginning in fiscal year 2010 with the primary role of staffing the Fraud, Waste & Abuse Hotline; and 3 additional auditors to be phased in beginning in the calendar year 2010;
2. Direct City Attorney to prepare a memorandum of understanding outlining the compensation package of the City Auditor, including a 6 percent cut in total compensation, and that the Audit Committee revisit the agreement prior to the end of the calendar year;
3. Mandate a 6 percent reduction in personnel expense within the City Auditor Department and direct the City Auditor report back to the Audit Committee on how that reduction will be achieved;
4. Contact the City's Salary Setting Commission to review the City Auditor compensation

VOTE: 3-1; Faulconer-yea, DeMaio-yea, Grant-not present,
McKnight-yea, Sellers-nay

ITEM-2: Update regarding the SELECTION OF THE CITY'S OUTSIDE AUDITOR

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

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

1. Support the Technical Evaluation Committee's recommendation to award a 5-year auditing agreement to Macias Gini & O'Connell to serve as Outside Auditor;
2. Direct the IBA to work with the City Auditor and Purchasing and Contracting Department to finalize the contract with Macias beginning with fiscal year 2009 audit;
3. Direct the CFO to identify funding, other than reserves, in the current budget to complete the fiscal year 2009 audit;
4. Direct the City Attorney to review the requirement that funds be available before the awarding of a contract and possibility of constructing contract on a task order basis, and report back to the Audit Committee;

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5. Direct the IBA to report back to the Audit Committee with an assessment of the performance of Outside Auditor after year 2 of the contract

VOTE: 4-0; Faulconer-yea, DeMaio-yea, Grant-not present, McKnight-yea, Sellers-yea

ITEM-3: Report from the City Attorney regarding REVIEW OF HOTLINE COMPLAINTS

(See City Auditor's April 6, 2009, report; City Attorney's April 10, 2009, memorandum; City Attorney's April 24, 2009, memorandum)

ACTION: Motion by Councilmember DeMaio , second by Chair Faulconer to add a section within the proposed City Attorney revisions to the Hotline Policy and Procedures Manual a quarterly accountability report that includes hotlines and grievance complaints that are reviewed and investigated and how they can be released to the public.

VOTE: 4-0; Faulconer-yea, DeMaio-yea, Grant-not present, McKnight-yea, Sellers-yea

ITEM-4: Update from the Chief Financial Officer regarding EMPLOYEE TRAINING

(See Chief Financial Officer's April 21, 2009, memorandum)

ACTION: Information item only. No action taken.

Kevin Faulconer
Council President Pro Tem