

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

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

**ACTIONS FOR  
MONDAY, SEPTEMBER 14, 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  
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(619) 235-5281

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Committee members present: Faulconer, DeMaio, McKnight, Sellers

Committee members not present: Grant

NON-AGENDA PUBLIC COMMENT: Mel Shapiro commented on the City Auditor response to his hotline complaint regarding sale of city property.

COMMITTEE COMMENT: None.

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

ADOPTION AGENDA

Approval of the Record of Action Items for August 31, 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: Report from the City Auditor regarding the CITY OF SAN DIEGO CITYWIDE  
RISK ASSESSMENT AND CITY AUDITOR WORK PLAN

(See City Auditor's September 2009, report; City Auditor's September 14, 2009,

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PowerPoint; Councilmembers' July 21, 2009, memorandum)

**ACTION:** Motion by Councilmember DeMaio, second by Chair Faulconer, to receive the work plan and risk assessment and provide the Auditor with the following recommendations:

1. Incorporate the goal of conducting performance audits of 50% of budgeted funds over next three years into the front of the work plan and what will be needed to achieve that goal; and
2. Auditor not commence with Engineering & CIP audit until a refined programmatic scope of work is presented to the Audit Committee.

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

**ITEM-2: Report from the City Comptroller regarding the quarterly report on INTERNAL CONTROLS OVER FINANCIAL REPORTING PROJECT**

(See City Comptroller's September 14, 2009, cover letter; City Comptroller's August 31, 2009, report; City Comptroller's September 14, 2009, report; City Comptroller's September 14, 2009, PowerPoint)

**ACTION:** Motion by Committee member DeMaio, second by Chair Faulconer, to receive the report and forward to Council.

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

**ITEM-3: Report from City Attorney regarding UPDATING THE AUDIT COMMITTEE CHARTER**

(See Draft Ordinance O-2010-7)

**ACTION:** Motion by Committee member DeMaio, second by Chair Faulconer, to direct the City Attorney to include the following amendments and return to Committee for consideration:

1. Section 26.1701: Add section (g) to read, "review any issues pertaining to the confidence of the general public and other key stakeholders with respect to the City's financial statements and financial practices";
2. Section 26.1707: Amend section (d) by replacing "participate" with "may attend" and add language empowering the Audit Committee Chair to authorize Councilmembers to observe DPWG sessions on a case-by-case basis;
3. Section 26.1710: Amend section (c)(2) with same language as Section

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- 26.1707(d);
4. Section 26.1712: Amend section (a) to state “review and approve the Annual Audit Work Plan” and striking phrase beginning with “which shall not impinge...”;
  5. Section 26.1712: Amend section (h) to state “allow City Auditor to initiate any audit and/or bring any matter to the Committee at the discretion of the City Auditor”;
  6. Section 26.1707: Review language within section (f) pertaining to “any transactions or courses of dealing with third parties that are material in size” and determine potential amendments or possible elimination; and
  7. Section 26.1707: Add section (h) to require a diligence session for review of the CAFR prior to Audit Committee review of the CAFR, provided as a quorum of the Audit Committee or City Council is not achieved.

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

ITEM-4: Report from City Auditor regarding HIRING PROCESS OF THE DIRECTOR OF  
PURCHASING AND CONTRACTING AUDIT

(See City Auditor’s August 21, 2009, report)

ACTION: Motion by Committee member DeMaio, second by Chair  
Faulconer, to receive the report and refer to the Mayor’s office.

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

Kevin Faulconer  
Council President Pro Tem