

**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, NOVEMBER 9, 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 regarding Grand Jury reports and recommendations for redevelopment agency and related entities.

COMMITTEE COMMENT: None.

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

ADOPTION AGENDA

Approval of the Record of Action Items for October 19, 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

ACTION ITEMS

ITEM-1: Report from City Auditor regarding PERFORMANCE AUDIT OF CITY'S STREET MAINTENANCE FUNCTIONS
(See City Auditor's October 26, 2009, report; General Services Department's

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November 6, 2009, memorandum)

ACTION: Motion by Councilmember DeMaio, second by Committee member McKnight, to direct management to:

- 1) Work with IBA to develop implementation actions related to the auditor's four recommendations to be included within the audit report and be presented to the Audit Committee within 90 days, and be forwarded to City Council for approval, at which point Proposition 1B grant funds may be expended;
- 2) Work with IBA to incorporate audit recommendations into the Pavement Management System;
- 3) Incorporate public input within the methodology for evaluating road conditions and that the Pavement Management System be made available to the public within 24 months; and
- 4) Incorporate Pavement Management System and Overall Condition Index be used to develop a deferred maintenance calculation that contains a net liability and suggested annual required contribution payment to pay down deferred maintenance.

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

ITEM-2: Review of FISCAL YEARS 2003-2007 REDEVELOPMENT AGENCY FINANCIAL STATEMENT AUDITS

(See Macias Gini & O'Connell's November 9, 2009, report; Macias Gini & O'Connell's November 9, 2009, PowerPoint; City Comptroller's June 23, 2008, AFR Questions; City Attorney's August 30, 2009, Certification of Disclosure Practices Working Group)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to continue item until next meeting and have staff report back on following items:

- 1) Any compliance issues relating to pledging of affordable housing debt for fiscal years 2003 and 2004;
- 2) Are current efforts to improve administration oversight of CDBG program sufficient to remedy weaknesses;
- 3) Direct IBA to create a matrix of outstanding material weaknesses relating to internal controls, including those resolved, and ask for

management's response on how internal controls are being implemented; and

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- 4) Direct IBA to review Petco Park development project as it relates to the incorrect accounting and reporting regarding the project's initial cost estimate and actual costs related to real estate debt, capital and other expenditures and to report back to Council sometime in the future.

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

INFORMATION ITEMS

ITEM-3: Update from City Auditor regarding FISCAL YEAR 2011 BUDGETARY IMPACTS TO DEPARTMENT OF CITY AUDITOR

(See Chief Financial Officer's October 15, 2009, memorandum; City Auditor's November 4, 2009, report)

ACTION: Committee directed City Auditor to request the Mayor's Office freeze fiscal year 2010 City Auditor budget and annualize fiscal year 2011 personnel expenses for an amount totaling \$230,000.

ITEM-4: Report from Independent Budget Analyst regarding CITY AUDITOR COMPENSATION COMPARISON STUDY

(See Independent Budget Analyst's Report No. 09-84)

ACTION: Information item only. No action taken.

PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS: None.

CLOSED SESSION ITEMS

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ITEM-5: Public Employee Performance Evaluation:
 Title: CITY AUDITOR

ACTION: No reportable action was taken.

Kevin Faulconer
Council President Pro Tem