

**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, JANUARY 11, 2010, 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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NON-AGENDA PUBLIC COMMENT: Mel Shapiro commented regarding handling of fraud hotline complaints.

COMMITTEE COMMENT: Comment by Chair Faulconer regarding having a monthly agenda item regarding update from City Auditor.

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

ADOPTION AGENDA

Approval of the Record of Action Items for December 7, 2009

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

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

INFORMATION ITEMS

ITEM-1: Report from the City Auditor: UPDATE OF AUDIT ACTIVITY

(See City Auditor's "Activity Report" dated January 8, 2010)

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ACTION: Information only. No action taken. The Audit Committee directed staff to report back to the Audit Committee at its next regular meeting concerning the Comptroller's progress in providing status data to the City Auditor regarding audit findings and departmental response and implementation.

ACTION ITEMS

ITEM-2: Report from the City Attorney: UPDATE OF THE AUDIT COMMITTEE CHARTER ORDINANCE

(See City Attorney's "Report to Audit Committee" dated January 8, 2010, memorandum; Draft Ordinance No. O-2010-7; Ordinance No. O-2010-7 – Final; and Draft Ordinance No. O-2010-7 dated October 12, 2009)

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

1. Direct the City Attorney to amend the ordinance as instructed by the Audit Committee;
2. Return the amended ordinance to members of the Audit Committee prior to moving forward to Council for approval.

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

ITEM-3: Review of the CITY OF SAN DIEGO FISCAL YEAR 2009 FINANCIAL STATEMENT AUDIT

(See Responses from the Chief Financial Officer dated January 7, 2010, to CAFR Review Questions; Chief Financial Officer's January 11, 2010, PowerPoint; Responses from the City Attorney dated January 8, 2010, to CAFR Review Questions; and Responses from the City Auditor to CAFR Review Questions)

ACTION: Discussion only. The Audit Committee directed staff to report back to the Audit Committee as follows:

1. The status of the Mayor's 2008 list of 8 significant areas which is absent from the 2009 list of significant areas;
2. Why retirement health care (ARC) will not be fully funded;
3. Whether the statement on page 17 of the CAFR concerning pension reform as to all employees hired after July 1, 2009, is accurate;
4. Whether the statement on page 17 of the CAFR as to deferred maintenance,

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- including financial representations, is accurate;
- 5. Whether the statement concerning San Diego taxes and fees is factually supported; and
- 6. To provide copies of the management representation materials to the Audit Committee for review.

ITEM-4: Review of the CENTRE CITY DEVELOPMENT CORPORATION FISCAL YEAR 2009 FINANCIAL STATEMENT AUDIT

(See Centre City Development Corporation's December 2, 2009, report; Macias Gini & O'Connell's December 7, 2009, responses)

ACTION: Motion by Committee member Grant, second by Chair Faulconer, to recommend the Redevelopment Agency receive and file the Fiscal Year 2009 CCDC Financial statement.

VOTE: 4-0; Faulconer-yea, DeMaio-absent, Grant-yea, McKnight-yea, Sellers-yea

ITEM-5: Report from the Independent Budget Analyst regarding ACCOUNTING AND COST VARIANCE INFORMATION RELATED TO THE PETCO PARK DEVELOPMENT PROJECT

(See Independent Budget Analyst's Report No. 10-02 dated January 6, 2010)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to accept the report.

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

Kevin Faulconer
Council President Pro Tem