

**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, JUNE 14, 2010, AT 9:00 A.M.**

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

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Committee members present: Faulconer, McKnight, Sellers, Grant

Committee members not present: DeMaio

NON-AGENDA PUBLIC COMMENT: Mel Shaprio commented on Item 4 of the May 10, 2010, Audit Committee Actions, regarding the City Attorney's review of the City's Investments Advisory Committee.

COMMITTEE COMMENT: Committee member Sellers congratulated Council President Pro Tem Faulconer on his reelection to the City Council.

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

ADOPTION AGENDA

Approval of the Record of Action Items for May 10, 2010

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

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

INFORMATION ITEMS

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ITEM-1: Report from the City Auditor regarding AUDIT ACTIVITY

ACTION: Information only. No action taken.

ITEM-2: Report from the City Comptroller: UPDATE ON INTERNAL CONTROLS

ACTION: Information only. No action taken.

DISCUSSION/ACTION ITEMS

ITEM-3: Report from the City Auditor regarding PERFORMANCE AUDIT OF THE SUBCONTRACTOR OUTREACH PROGRAM (SCOPE)

(See City Auditor's April 2010, report)

ACTION: Motion by Committee member Sellers, second by Chair Faulconer, to accept the report and forward to the City Council for action.

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

ITEM-4: Discussion regarding 2009/2010 SAN DIEGO COUNTY GRAND JURY RECOMMENDATIONS TO THE AUDIT COMMITTEE AND CITY AUDITOR:

A. Grant Jury Report: "Ethics in Government—Code of Ethics, Internal Controls, Fraud Hotlines"

B. Grand Jury Report: "San Diego City's Financial Crisis—The Past, Present, and Future"

(4A: See San Diego County Grand Jury's June 8, 2010, report; 4B: See San Diego County Grand Jury's May 27, 2010, report)

ACTION: Motion by Committee member Grant, second by Chair Faulconer, to direct the City Auditor to develop responses to the Grand Jury's recommendations, to share those with the IBA, and then report back to the Committee for action and approval at the July 12, 2010, meeting.

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

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ITEM-5: Report from the Public Utilities Department regarding BID TO GOAL PROGRAM AUDITS:

- A. Industry Benchmarks Audit – Notice to Proceed with Scope of Work and Contract for Third-Party Goal Review
- B. Authorization of Third Extension to the Contract with AKT LLP

(See Public Utilities Department's June 4, 2010, memorandum)

**ACTION:** Motion by Committee member Sellers, second by Committee member McKnight, to forward staff's recommendations to the City Council.

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

ITEM-6: Discussion regarding the ROLE OF THE CITY AUDITOR AND THE REVENUE AUDIT DIVISION

(See City Auditor's June 10, 2010, report; City Attorney's June 10, 2010, memorandum)

**ACTION:** Information only. No action. Chair Faulconer requested Committee member Sellers to prepare a memorandum that outlines his review of the City Attorney's June 10, 2010, memorandum, for distribution to the City Attorney for response and to the Committee. This issue will be heard at the next Audit Committee meeting if the schedule permits.

Kevin Faulconer  
Council President Pro Tem