

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

**Council President Pro Tem Kevin Faulconer, Chair  
Councilmember Carl DeMaio, Vice Chair  
Committee Member Thomas Hebrank  
Committee Member Karley Schreiner  
Committee Member Steve Grant**

**ACTIONS FOR  
MONDAY, JULY 9, 2012, 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: None

COMMITTEE COMMENT

Chair Faulconer welcomed Karley Schreiner, the recently appointed Audit Committee public member.

Committee Member Schreiner said she looks forward to contributing to the committee.

Chair Faulconer noted items 3 and 8 would be heard concurrently at the end of the meeting.

CITY AUDITOR, CITY ATTORNEY, IBA, AND MAYORAL STAFF COMMENT

City Auditor Eduardo Luna commented that his office had met with Mr. Mel Shapiro regarding his complaint to the City's Fraud, Waste and Abuse Hotline. The Office of the City Auditor is reviewing additional information provided by Mr. Shapiro and will issue a report if appropriate.

ADOPTION AGENDA

Approval of the Record of Action Items for June 11, 2012

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ACTION: Motion by Committee Grant, seconded by Committee Member Hebrank to approve.

VOTE: 4-0; Faulconer-yea, DeMaio-not present, Grant-yea, Hebrank-yea, Schreiner-yea.

INFORMATION ITEMS

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

ACTION: Information only. No action taken.

ITEM-2: Update from the Outside Auditor (Macias Gini & O'Connell) regarding the FISCAL YEAR 2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AUDIT

ACTION: Information only. No action taken.

ITEM-3: Report from the City Comptroller: CITY MANAGEMENT STATUS REPORT ON AUDIT RECOMMENDATION FOLLOW-UP

ACTION: Item trailed to be heard in tandem with Item 8.

DISCUSSION/ACTION ITEMS

ITEM-4: Update from City Departments regarding implementation/response to City Auditor's AUDIT RECOMMENDATION FOLLOW-UP REPORT-APRIL 2012

A. Report No. 11-026: PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES

B. Report No. 08-019: CASH COUNT AND BANK RECONCILIATION AUDIT - KROLL REMEDIATION OF THE CITY'S BANK RECONCILIATION PROCESS

C. Report No. 11-009: STREET MAINTENANCE: CITY NEEDS TO IMPROVE PLANNING, COORDINATION, AND OVERSIGHT TO EFFECTIVELY MANAGE TRANSPORTATION ASSETS

ACTION: No action taken.

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ITEM-5: Update from Purchasing and Contracting Department: IMPLEMENTING RECOMMENDATIONS FROM CITY AUDITOR REPORT NO. 12-088: PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT.

ACTION: No action taken.

ITEM-6: Discussion of the City Auditor's FISCAL YEAR 2013 CITYWIDE RISK ASSESMENT AND ANNUAL AUDIT WORK PLAN

ACTION: Motion by Committee Member Hebrank, second by Committee Member DeMaio, to approve the Fiscal Year 2013 Audit Work Plan and direct the City Auditor to:

- 1) Report back on recommendations made by City Comptroller Whitfield related to audits management requested to be excluded from the fiscal year 2013 work plan;
- 2) Replace a performance audit of the Library Department with a performance audit of the City's utilities undergrounding program;
- 3) Develop a tracking report to appear in annual audit work plans that compares planned audit hours with actual audit hours

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, Hebrank-yea, Schreiner-yea.

ITEM-7: Report from the City Auditor: AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S PROJECT TRACKING SYSTEM

ACTION: No action taken. Chair Faulconer requested:

- 1) The City Auditor prepare a memorandum quantifying the risk identified by the Office of the City Auditor in the project tracking system audit report;
- 2) The City Comptroller and/or Department of Information Technology (IT) prepare a written response outlining the process for the Development Services Department to move to a commercial off-the-shelf permitting system.

Councilmember DeMaio recommended the Office of the City Auditor and Development Services Department collaborate before the next Audit Committee meeting and return with a shared set of recommendations for consideration by the Audit Committee.

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This item and the information received in response to the above request will be discussed at the next scheduled Audit Committee meeting.

ITEM-8: Report from the City Comptroller: UPDATE ON INTERNAL CONTROLS

ACTION: Items 3 and 8 were trailed to the next Audit Committee meeting.



Kevin Faulconer  
Council President Pro Tem