

**SPECIAL 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, AUGUST 27, 2012, AT 2:00 A.M.**

**COPPER ROOM (TERRACE LEVEL),
CITY ADMINISTRATION BUILDING
202 C STREET, SAN DIEGO, CALIFORNIA**

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Committee Members present: Faulconer, DeMaio, Hebrank

Committee Members absent: Grant, Schreiner

NON-AGENDA PUBLIC COMMENT: None

COMMITTEE COMMENT:

Chair Faulconer announced:

- a.) The Audit Committee meeting scheduled for September 10, 2012 would be adjourned. The next regularly scheduled meeting of the Audit Committee is October 1, 2012.
- b.) Item 7, titled "Report from Office of the City Attorney: LEGAL REVIEW OF CONTRACTS IDENTIFIED IN THE MARCH 2012 PERFORMANCE AUDIT OF THE PURCHASING & CONTRACTING DEPARTMENT (AUDIT REPORT NO. 12-088)," would be trailed at the request of the Purchasing and Contracting Department.

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

ADOPTION AGENDA

Approval of the Record of Action Items for July 9, 2012, and August 6, 2012

ACTION: Motion by Committee Member Hebrank, second by Chair Faulconer, to approve.

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VOTE: 3-0; Faulconer-yea, DeMaio-yea, Hebrank-yea, Grant-absent, Schreiner-absent

INFORMATION ITEMS

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

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

Information only. No action taken

DISCUSSION/ACTION ITEMS

ITEM-3: Follow-up reports and Audit Committee discussion regarding PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S PROJECT TRACKING SYSTEM

- a. Report from City Auditor: Quantification of risk identified in the performance audit
- b. Report from City Comptroller/Department of Information Technology (IT): Development Services Department commercial off-the-shelf permitting system

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

- 1) Move the performance audit to the City Council, noting that the Development Services Department agrees with the City Auditor's recommendation to transition the City to a commercial off-the-shelf permit software system;
- 2) Recommend to the City Council and Mayor that the commercial off-the-shelf project software system be examined as a stand-alone project to address the findings identified in the performance audit, as well as the issues of cost efficiency, customer satisfaction and process efficiency;
- 3) Request City staff provide a more detailed timeline for the transition process to the new software system, and forward to the City Council that information along with the City Auditor's memorandum dated August 23, 2012, and City Comptroller's memorandum dated August 16, 2012, to be considered when the performance audit is heard.

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- 4) Request City staff report back to the Audit Committee in 90 days after completing the first three transition process steps in the City Comptroller's memorandum dated August 16, 2012.

VOTE: 3-0; Faulconer-yea, DeMaio-yea, Hebrank-yea, Grant-absent, Schreiner-absent

ITEM-4: Report from City Auditor: QUARTERLY FRAUD HOTLINE REPORT - QUARTER 4 FISCAL YEAR 2012

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

VOTE: 3-0; Faulconer-yea, DeMaio-yea, Hebrank-yea, Grant-absent, Schreiner-absent

ITEM-5: Report from City Auditor: PERFORMANCE AUDIT OF THE PROCUREMENT CARD PROGRAM

ACTION: Motion by Councilmember DeMaio, second by Committee Member Hebrank, to move the audit report to the City Council.

VOTE: 3-0; Faulconer-yea, DeMaio-yea, Hebrank-yea, Grant-absent, Schreiner-absent

ITEM-6: Audit Committee Member Appointments related to the ANNUAL AUDIT UNDER SAN DIEGO MUNICIPAL CODE SECTION 26.1706

- a. Appointment of up to two (2) Audit Committee members to review annual audit and draft financial statements (SDMC section 26.1706 (a)(3))
- b. Appointment of an Audit Committee Member to the Disclosure Practices Working Group (DPWG) (SDMC section 26.1706 (a)(4))

ACTION: Motion by Committee Member Hebrank, second by Councilmember DeMaio, to:

- a) Appoint Committee Member Hebrank to review annual audit and draft financial statements, as described in San Diego Municipal Code section 26.1706 (a)(3);
- b) Appoint Committee Member Schreiner to the Disclosure Practices Working Group (DPWG) as described in San Diego Municipal Code

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section 26.1706 (a)(4))

VOTE: 3-0; Faulconer-yea, DeMaio-yea, Hebrank-yea, Grant-absent, Schreiner-absent

ITEM-7: Report from Office of the City Attorney: LEGAL REVIEW OF CONTRACTS IDENTIFIED IN THE MARCH 2012 PERFORMANCE AUDIT OF THE PURCHASING & CONTRACTING DEPARTMENT (AUDIT REPORT NO. 12-088)

ACTION: This item was trailed at the request of the Purchasing and Contracting Department.



Kevin Faulconer
Council President Pro Tem