

RESOLUTION NUMBER R- 312465

DATE OF FINAL PASSAGE MAY 20 2019

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO APPOINTING A PUBLIC MEMBER TO THE
AUDIT COMMITTEE, IN ACCORDANCE WITH SAN DIEGO
CHARTER SECTION 39.1.

WHEREAS, San Diego Charter (Charter) section 39.1 requires the City of San Diego (City) to establish an Audit Committee to oversee the City's auditing, internal controls, and other financial and business practices as required by the Charter; and

WHEREAS, Charter section 39.2 requires the City to have a City Auditor, who must be a certified public accountant or certified internal auditor, and authorizes the City Auditor to investigate any material claim of financial fraud, waste, or impropriety within any City department; and

WHEREAS, under Charter section 39.1, the Audit Committee is responsible for "directing and reviewing the work of the City Auditor," and the City Auditor reports directly to the Audit Committee; and

WHEREAS, the Audit Committee recommends the annual compensation of the City Auditor and annual budget of the Office of the City Auditor to the City Council (Council), and the Audit Committee is responsible for an annual performance review of the City Auditor; and

WHEREAS, the Audit Committee also recommends to the Council the retention of the City's outside audit firm and monitors the engagement of the City's outside auditor, among other duties set forth in Charter section 39.1; and

WHEREAS, the Audit Committee has additional responsibilities and duties as specified by ordinance of the Council; and

WHEREAS, by San Diego Ordinance O-19943 (April 30, 2010) and San Diego Ordinance O-20740 (December 1, 2016), the Council has established additional duties and responsibilities of the Audit Committee, including the duty to review any issues that come to the Audit Committee's attention, which pertain to the accuracy and reliability of the City's financial practices and representations and which could have a negative impact on the ability of the public to reasonably rely upon such financial practices and representations; and

WHEREAS, these duties and responsibilities are codified at San Diego Municipal Code (Municipal Code), Chapter 2, Article 6, Division 17, sections 26.1701 through 26.1711; and

WHEREAS, in accordance with Charter section 39.1, the Audit Committee must be an independent body composed of five members; two are Councilmembers appointed by the Council and three are members of the public also appointed by the Council; and

WHEREAS, under Charter section 39.1, the public members of the Audit Committee must possess the independence, experience, and technical expertise necessary to carry out the duties of the Audit Committee, including knowledge of accounting, auditing, and financial reporting; and

WHEREAS, Charter section 39.1 states that the minimum professional standards for public members of the Audit Committee are at least 10 years of experience as a certified public accountant or as a certified internal auditor, or 10 years of other professional financial or legal experience in audit management; and

WHEREAS, the public members of the Audit Committee serve for terms of four years and until their successors have been appointed and qualified, and the public members of the Audit Committee are limited to two full consecutive terms, with one term intervening before they become eligible for reappointment; and

WHEREAS, Audit Committee public member Thomas Hebrank was appointed to his second four-year term by San Diego Resolution R-309605, on April 13, 2015; his term ended January 5, 2019, and, as permitted by Charter section 39.1, he has continued to serve, awaiting appointment of a qualified successor; and

WHEREAS, in accordance with Charter section 39.1 and Municipal Code section 26.1702, the public members of the Audit Committee must be appointed by the Council from a pool of at least two qualified candidates for each vacant position, to be recommended by a majority vote of a screening committee composed of a member of the Council, the Chief Financial Officer, the Independent Budget Analyst (IBA), and two outside financial experts appointed by the other three members of the screening committee and confirmed by the Council; and

WHEREAS, by San Diego Resolution R-303970 (July 28, 2008), the Council confirmed the two outside financial experts to serve on the screening committee, who are not required to serve for a limited term under the Charter; and

WHEREAS, by San Diego Resolution R-312289 (April 8, 2019), the Council selected Councilmember Sherman to chair the screening committee; and

WHEREAS, on April 10, 2019, the screening committee met and reviewed applications of citizens to serve as the public member on the Audit Committee to replace Mr. Hebrank, and the screening committee voted to send a pool of candidates to the Council for consideration; and

WHEREAS, the Council wishes to ensure that the interests of City taxpayers and citizens are protected by appointing a public member to the Audit Committee, who will properly manage the City's confidential and proprietary information, including financial and technological information, received as part of the Audit Committee's oversight duties; and

WHEREAS, the Council authorizes a City review of criminal history and financial background information of the appointee, consistent with applicable laws; and

WHEREAS, the Council also wishes to appoint a public member who is free of convictions for crimes involving dishonesty or moral turpitude, which are defined by California law (as summarized in *People v. Wheeler*, 4 Cal. 4th 284 (1992) and *People v. Chavez*, 84 Cal. App. 4th 25 (2000)) as crimes in which dishonesty is an element or which indicate a general readiness to do evil from which dishonesty can be inferred; and

WHEREAS, subject to the considerations set forth in this Resolution, the Council wishes to appoint a public member to the Audit Committee to replace Mr. Hebrank; and

WHEREAS, the Council has used the election process set forth in Council Policy 000-13 to determine the public member to be appointed from the pool of two applicants presented to the Council; and

WHEREAS, the Council requests that the IBA or designee work with the San Diego Police Department, Personnel Department, City Attorney's Office, or any other necessary administrative staff of the City, to complete the criminal history and financial background check, upon appointment of this public member, consistent with the guidelines set forth in this Resolution; and

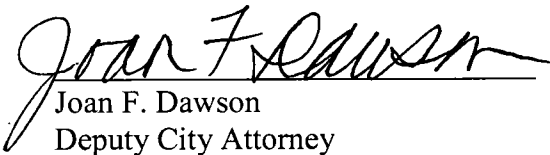
WHEREAS, if information emerges through the background process that requires attention of this Council, the Council directs the IBA to return to the Council for resolution of the matter; otherwise, upon completion of the background process, the appointee must be directed to the City Clerk for the oath of office and other required administrative actions; and

WHEREAS, under Charter section 280(a)(6), the Council appointment of a public member of the Audit Committee is not subject to veto by the Mayor; NOW THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that Stewart Halpern is appointed as a public member of the Audit Committee for a term ending January 5, 2023; this appointment is subject to completion of the post-appointment process, including completion of the criminal history and financial background check.

BE IT FURTHER RESOLVED that the IBA is directed to work with the San Diego Police Department, Personnel Department, City Attorney's Office, or any other necessary administrative staff of the City, to complete the background check and to return to this Council for resolution of any matter that arises during that process.

APPROVED: MARA W. ELLIOTT, City Attorney

By 
Joan F. Dawson
Deputy City Attorney

JFD:jvg:ccm
May 6, 2019
May 17, 2019 COR. COPY
Or.Dept: Audit Committee
Doc. No.: 1998802_2.docx

Passed by the Council of The City of San Diego on MAY 20 2019, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Barbara Bry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgette Gómez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAY 20 2019.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Connie Falconer, Deputy

Office of the City Clerk, San Diego, California

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