City of San Diego
AUDIT COMMITTEE

MEMORANDUM

DATE: July 25, 2011

TO: Council President Pro Tem Kevin Faulconer

FROM: Councilmember Carl DeMaio

Audit Committee Member Thomas Hebrank

RE: Request to Docket Review of Macias, Gini, & O'Connell at Audit Committee

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Taxpayer trust in government oversight and transparency is absolutely vital. One of the most important aspects of government oversight is the required annual outside audits of many government agencies. Taxpayers trust that these audits are being done thoroughly and carefully.

That is why it is concerning that Macias, Gini, and O'Connell, LLP, the firm which is contracted to conduct the outside audit of the City's annual financial statements, was recently reported to have missed two major misuses of taxpayer dollars in the last six years. The firm reportedly failed to find accounting discrepancies going back to 2005 in their audits of San Diego Medical Services, the City's partnership with Rural-Metro Ambulance. The firm also failed to discover $872,000 in unauthorized bonuses which SEDC's former president Carolyn Smith gave to herself and the agency's 15 staff members from 2003 to 2008. The firm began auditing SEDC in 2005 as well.

Therefore, we request that a review be docketed of Macias, Gini, and O'Connell to ensure that they have met accepted professional standards in their previous audits. It is vital that the outside auditor which reviews the City's CAFRs is held to the highest standards possible, and we want to ensure that they are meeting those standards.

cc: Members of the San Diego Audit Committee
Honorable Members of the City Council