

February 6, 2012

Kevin Faulconer
Councilmember, Second District Chairperson, Audit Committee
City of San Diego
202 C Street
San Diego, CA 92101

Dear Councilmember Faulconer:

The Audit Committee has requested a written status report regarding the City of San Diego's (City's) 2011 financial statement audit.

- For the City's 2011 Comprehensive Annual Financial Report (CAFR), we issued our audit opinion on January 31, 2012. We are currently in the process of finalizing our required communication letter pursuant to Statement on Auditing Standards (SAS) No. 114, *The Auditor's Communication with Those Charged with Governance*.

We have also summarized below the progress for the other projects under the City's 2011 overall audit engagement.

- We received a draft of the City's Schedule of Expenditures of Federal Awards (SEFA) and completed our preliminary risk assessment. Based upon our risk assessment, we have tentatively determined that we will have to audit six (6) major programs in accordance with OMB Circular A-133. We have already begun the planning process with respect to each of the 6 major programs and expect the Single Audit to be completed no later than March 31, 2012.
- *GANN Appropriations Limit Agreed-upon Procedures*: Field work is scheduled to begin in February.
- *San Diego Abandoned Vehicle Abatement Service Authority*: Field work is scheduled to begin in February.
- *Redevelopment Agency of the City of San Diego*: The final audit report was issued on December 27, 2011.

Below is a summary of the status regarding the audits of the City's component units which are not the responsibility of the City Comptroller's Office, and which we have previously reported on:

- *San Diego Data Processing Corporation (FY11)*: The final audit report was issued on September 22, 2011.
- *Centre City Development Corporation (FY11)*: The final audit report was issued on November 8, 2011.

- *San Diego Convention Center Corporation (FY11)*: The final audit report was issued on December 12, 2011.

Finally, in collaboration with the City's Wastewater Department we have scheduled the audit for the FY 2010 Schedule of Allocation Billing to Metropolitan System (Exhibit E) to begin this month.

As a reminder, we will complete the procedures that we deem necessary to comply with auditing standards generally accepted in United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. As the audit progresses, it can be expected that additional questions, inquiries, and requests will arise. We will work diligently to address any such questions directly and timely with the City's staff.

Very truly yours,

A handwritten signature in cursive script that reads "Linda Hurley".

Linda Hurley, Engagement Partner
Macias Gini & O'Connell LLP

Cc: Mr. Jay Goldstone, Chief Operating Officer
Ms. Mary Lewis, Chief Financial Officer
Mr. Ken Whitfield, City Comptroller
Mr. Eduardo Luna, City Auditor