

**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 Charles Sellers
Committee Member Steve Grant**

**ACTIONS FOR
MONDAY, MARCH 5, 2012, AT 9:00 A.M.**

**COUNCIL COMMITTEE ROOM (12TH FLOOR),
CITY ADMINISTRATION BUILDING
202 C STREET, SAN DIEGO, CALIFORNIA**

For information, contact Matt Awbrey, Committee Consultant
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(619) 236-6992

Committee members present: Faulconer, DeMaio, Sellers, Hebrank

Committee members not present: Grant

NON-AGENDA PUBLIC COMMENT: None.

COMMITTEE COMMENT: None.

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

ADOPTION AGENDA

Approval of the Record of Action Items for February 23, 2012

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

VOTE: 3-0; Faulconer-yea, DeMaio-not present, Grant-not present,
Hebrank-yea, Sellers-yea

INFORMATION ITEMS

ITEM-1: [Report from City Auditor](#) regarding AUDIT ACTIVITY

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ACTION: Information only. No action taken.

ITEM-2: [Update from Outside Auditor \(Macias Gini & O'Connell\)](#) regarding the
REMAINING FISCAL YEAR 2011 AUDITS AND SCHEDULE FOR FISCAL
YEAR 2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)
AUDIT

ACTION: Information only. No action taken.

DISCUSSION/ACTION ITEMS

ITEM-3: [Report from the City Auditor: PERFORMANCE AUDIT OF THE FIRE-
RESCUE DEPARTMENT'S EMERGENCY MEDICAL DISPATCH PROCESS](#)
[PowerPoint](#)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer,
to accept the report and forward to the City Council.

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

ITEM-4: Update from Police Department Permits and Licensing Unit: ALARM
PROGRAM ADMINISTRATION OUTSOURCING PROPOSAL
[PowerPoint](#)

ACTION: No action taken. Chair Faulconer plans to schedule an update from
the Police Department at the May 7, 2012, Audit Committee meeting to hear its
recommended actions to implement the City Auditor's performance audit
recommendations.

ITEM-5: Audit Committee review and Authorization of REVENUE RECOVERY
AUDITING CONTRACT [PowerPoint](#)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer,
to recommend approval to the City Council to hire Moody's International and
request an update from the City Comptroller's office on the results of the first
several months of recovery audits, as well as any recommendations that will help
the City avoid future payment errors.

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

ITEM-6: Proposal to Authorize City Auditor to Conduct PERFORMANCE AUDITS OF
WATER AND WASTEWATER SYSTEMS [SDCTP's report](#)
[PowerPoint](#)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer,
to recommend the City Council:

- a. Amend the San Diego Municipal Code in a manner consistent with the proposal's new municipal code section 26.2003(d), related to the City Auditor.
- b. Amend Municipal Code Section 26.2001, titled, "Purpose and Intent," to read:

"It is the purpose and intent of the City Council to establish the Independent Rates Oversight Committee (IROC) to serve as an official advisory body to the Mayor and City Council on issues relating to water and wastewater system management. The goal of IROC is to ensure that rates charged to City residents are appropriate and the funds generated from rates are used appropriately. By establishing IROC, the Mayor and City Council seek a water and wastewater system that is efficiently and effectively managed."
- c. Make these amendments prior to any consideration of a rate increase in the water and wastewater system.
- d. Ensure the City Auditor's annual independent performance audits on water and wastewater systems do not affect the City's general fund by funding audits through the Water and Wastewater departments' Dedicated Reserve from Efficiency and Saving (DRES) fund or by appropriating funding annually from the Water and Wastewater departments' budgets.

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

ITEM-7: Update and Discussion regarding SCOPE AND TIMING FOR INDEPENDENT
AUDIT OF [CITY'S INTERNAL CONTROLS PROGRAM](#)

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

- a. Recommend to the Mayor's office and City Council that funding be

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allocated in the Fiscal Year 2013 budget for an independent audit of internal controls.

- b. Direct the Office of the Independent Budget Analyst to:
 - i. Provide at the April 9, 2012, Audit Committee meeting a proposed statement of work for the independent auditing contract.
 - ii. Prepare, in consultation with the City Comptroller's office, recommended Request For Proposals (RFP) language and present it to the Audit Committee no later than May or June, 2012.

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

ITEM-8: [Report from City Personnel Director per Council Policy 300-04](#):
COMPENSATION DATA, COMPARISON AND REVIEW RELATED TO THE
POSITION OF CITY AUDITOR

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

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

ITEM-9: [Report from City Auditor](#): QUARTERLY FRAUD HOTLINE REPORT -
QUARTER 2 FISCAL YEAR 2012 [PowerPoint](#)

ACTION: Motion by Committee Member Hebrank, second by Committee Member Sellers, to accept the report.

Chair Faulconer stated he would request a report from the City Treasurer on the implementation of the March 2010 Citywide Revenue Audit recommendations related to the Business Tax Compliance Program.

VOTE: 3-0; Faulconer-yea, DeMaio-not present, Grant-not present, Hebrank-yea, Sellers-yea

Kevin L. Faulconer
Council President Pro Tem