

**AUDIT COMMITTEE
OF THE CITY OF SAN DIEGO**

**Council President Pro Tem Kevin Faulconer, Chair
Councilmember Carl DeMaio, Vice Chair
Committeemember Wade McKnight
Committeemember Charles Sellers
Committeemember Steve Grant**

**ACTIONS FOR
MONDAY, MAY 10, 2010, AT 9:00 A.M.**

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

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All Committee members present.

NON-AGENDA PUBLIC COMMENT: None.

COMMITTEE COMMENT: None.

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

ADOPTION AGENDA

Approval of the Record of Action Items for April 12, 2010

ACTION: Motion by Committee member Grant, second by Chair Faulconer, to approve the Actions as amended, by correcting Item 3, section 2(c) to read \$100,000.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, McKnight-yea, Sellers-yea

INFORMATION ITEMS

ITEM-1: Update from City Auditor: AUDIT ACTIVITY REPORT

(See City Auditor's April 14, 2010, memorandum; IROC report)

ACTION: Information only. No action taken.

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ITEM-2: Report from the City OneSD Director regarding ONESD PROJECT IMPLEMENTATION

(See Chief Financial Officer's April 16, 2010, memorandum)

ACTION: Information only. No action taken.

ITEM-3: Discussion regarding MANAGED COMPETITION AND THE BID TO GOAL PROGRAM

(See City Attorney's Opinion No. 2009-2)

ACTION: Information only. No action taken.

DISCUSSION/ACTION ITEMS

ITEM-4: Report from the City Auditor regarding PERFORMANCE AUDIT OF THE CITY TREASURER'S INVESTMENTS DIVISION

(See City Auditor's March 2010, report)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to accept the report and request the City Attorney's office investigate and advise the Committee on the matter of members of the City's Investments Advisory Committee filing Fair Political Practices Commission Form 700 (Statement of Economic Interests).

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, McKnight-yea, Sellers-yea

ITEM-5: Report from the City Auditor regarding SCOPE OF WORK AND COST FOR BID TO GOAL INDUSTRY BENCHMARKS AUDIT

(See City Auditor's May 6, 2010, report)

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

- a. Endorse the proposed methodology of "Company 4" (see Page 3 of the City Auditor's May 6, 2010, report), with the following modification to the methodology:
 - i. Offer additional benchmarking goal suggestions for the next year's Bid to Goal Program, after the work for the current year is

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completed.

- b. Direct the Public Utilities Department to pursue an engagement with “Company 4,” separate from a contract with AKT, LLP.

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, McKnight-yea,
Sellers-yea

ITEM-6: Discussion regarding the ROLE OF THE CITY AUDITOR AND THE REVENUE
AUDIT DIVISION

ACTION: Discussion only. No action taken. Councilmember DeMaio
requested a written legal assessment from the City Attorney’s office and a specific
proposal from the City Auditor that addresses:

- a. How the City Auditor would assume the Revenue Audit function;
- b. Whether and where there would be additional cost efficiencies;
- c. How revenues would be enhanced;
- d. How position salary increases would be addressed; and
- e. How to achieve coverage enhancement.

ITEM-7: Report from the City Auditor: AUDIT RECOMMENDATION FOLLOW-UP

(See City Auditor’s April 2010, report)

ACTION: Motion by Councilmember DeMaio, second by Chair Faulconer, to
accept the report with direction to the City Auditor to retain the recommendations
currently listed as “Drop” in future Audit Recommendation Follow-up reports, and to
categorize items that are no longer applicable as “Not Applicable.”

VOTE: 5-0; Faulconer-yea, DeMaio-yea, Grant-yea, McKnight-yea,
Sellers-yea

Kevin Faulconer
Council President Pro Tem