1/21/07

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Council President Scott Peters, Members of the San Diego Charter Review Commission and City Council
City Administration Building
202 "C" Street
San Diego, California 92101

Dear President Peters and Members of Charter Review Commission and Council,

The Association of Local Government Auditors is pleased to hear that the Charter Review Commission and the Audit Committee are reviewing proposed amendments to the City Charter. Completely separating the audit function from the financial and accounting functions and creating an independent, legislatively-appointed performance audit function will enhance government accountability.

Based on a review of the Charter Review Commission's, the Mayor's, and the Independent Budget Analyst's proposals, ALGA would like to urge the Charter Review Committee and the Council to adopt language based on ALGA's *Model Legislation Guidelines for Local Government Auditors (Third Edition 2007)*. Our guidelines are based on *Generally Accepted Government Audit Standards* (GAGAS) issued by the United States Government Accountability Office.

The most significant threat to auditor independence and public accountability that we see in the current proposals is the question of who hires and who fires the City Auditor. GAGAS defines independence as independence from *management*, in this case the City Manager/Mayor. The proposal that the City Auditor be appointed by the Mayor and removed from office by the Mayor unless a supermajority of Council objects does not reflect best practices in city governance. In actual practice, such a proposal may also result in interference with audits and would adversely impact the City Auditor's ability to report objectively to the public and the Council.

Also, the draft legislation omits language regarding appointment of the audit staff, which we suggest be granted to the City Auditor. We would further suggest that the Charter language more succinctly state the Powers and Duties/Scope of Audits and require conformance with GAGAS, rather than referencing two different sets of standards. The requirement for a written response from the City Manager/Mayor, and a requirement that audits be made public (usually on the City Auditor's web site) are also key elements of a successful audit function.

Please do not hesitate to contact ALGA at (859) 276-0686, or to contact me directly at (757) 382-8511, Harriet Richardson at (415) 554-5393, or Ann-Marie Hogan at (510) 981-6750. We would welcome the opportunity to be of assistance in drafting alternative guidelines and legislation.

Sincerely,
Jay Poole
Jay Poole
Advocacy Committee Chair, Association of Local Government Auditors

cc: Mayor Jerry Sanders
Independent Budget Analyst Andrea Tevlin for distribution to Charter Review Committee
City Attorney Michael Aguirre
Press