
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: February 26, 2009

IBA Report Number: 09-12

Rules, Open Government and

Intergovernmental Relations Committee Date: March 4, 2009

Item Number: 3

Update on SEDC Performance Audit Follow-Up

Attached for Rules Committee information is an overview of work to-date by a number of SEDC and City officials relative to follow-up to the SEDC Performance Audit. Since the September 2008 release of the SEDC Performance Audit by Macias Consulting (via Eduardo Luna, City Auditor) considerable review and study has been underway by the SEDC Board and staff, the Audit Committee, the City Auditor, the Mayor's Office and the Office of the Independent Budget Analyst.

Over the past several months, the Audit Committee has reviewed studies and materials and heard testimony in an effort to formulate its input to the Rules Committee on revisions to the operating agreement or other corrective actions necessary to effectuate the audit recommendations. Discussion often came back around to legal questions relative to the levels of oversight that the Agency (City) can impose given the current governance structure of SEDC as a legal non-profit corporation. Hence, in January the Audit Committee requested a formal opinion on this matter from the City Attorney which was expected to be heard at their meeting of February 23, 2009. This item was postponed, however, when it was learned that the opinion would not be ready for several weeks. The opinion is now expected to be available sometime in March.

Issues that could relate to SEDC have also surfaced at Audit Committee during updates of the pending performance audit of CCDC. Most notably, the Audit Committee has requested the audit firm (Sjoberg Evashenk) to return to Committee March 9th with a proposal to expand their scope to include a review of CCDC's governance structure as well as an accelerated interim step to review best practices and develop recommendations specific to the role of the Agency (City) in the hiring and firing of the CEO.

Since these issues currently straddle two committees and several City offices and agencies, this may be an appropriate time to consider consolidation of all matters relative to redevelopment operating agreements and/or governance structures within the venue of the Rules Committee in order to streamline efforts or, alternatively, to identify which matters come before which Committee.

[SIGNED]

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Attachment