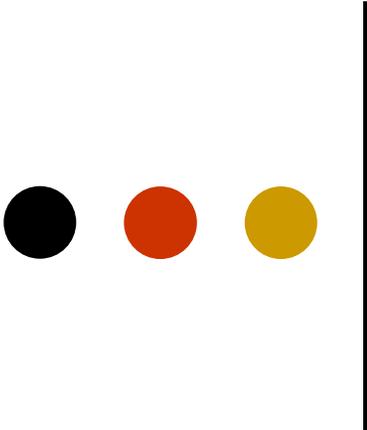


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# Office of the City Auditor



## Performance Audit of the Centre City Development Corporation

July 20, 2009  
San Diego City Council Audit Committee



# Scope & Objectives

The purpose of the audit included evaluating CCDC's:

- **Goals, performance measures, and key activities.**
- **Development and design review processes, including selection of developers.**
- **Budgeting practices and procedures.**
- **Salary and non-salary compensation programs.**
- **Expenditures for reasonableness, allowability, compliance, and conflicts of interest.**
- **Procurement practices and procedures, including whether conflict of interest situations exist.**
- **Reported equipment and assets.**
- **Information provided by CCDC to the Board.**
- **Internal controls over financial and exception reporting, segregation of duties, and transaction review and approval.**
- **Conflict of interest provisions.**



## Key Findings

- CCDC's Redevelopment Activities Have Been Successful, but Opportunities for Improvement Exist
- Existing Internal Controls Over CCDC's Business Practices Require Improvement
- Governance and Oversight Must be Strengthened to Enhance Transparency and Accountability.



# Redevelopment Activities Have Been Successful

## Best practices

- Design Review and Permit Processing
- Public Improvements & Project Management
- Financial Assistance Programs
- Public Outreach
- Long-Range Planning, Studies, and Needs Assessments

## Demonstrable Successes

- Increases in Property Values
- Expanded Supply of Affordable Housing
- Stakeholder Support and Satisfaction



## Opportunities for Improvement

- Economic Development Activities
- Affordable Housing Trends
- Permitting Fees and Development Impact Fees
- Strategic Planning and Performance Measurement



# Internal Controls Require Improvement

- Procurement and Expenditure Processing
  - Documentation of Competitive Procedures
  - Record Retention
  - Reporting to the Board
  - Expenditure Processing
- Segregation of Duties
- Conflicts of Interest



## Oversight Must Be Strengthened

- Both CCDC and Agency Have Already Taken Steps
- Enhancing CCDC Board Oversight
  - Performance measurement regarding core activities—project management, permit processing, loan portfolio management, goal-achievement.
  - Internal Business Operations—procurement, accounts payable, internal controls.
  - Establish a Clear Line of Succession for CEO/COO Responsibilities.



## Oversight (Cont.)

- Enhancing Agency Oversight
  - Require CCDC to Employ Adequate Internal Control Structure.
  - Enhance Specificity Regarding Allowable Expenditures in Operating Agreement.
  - Establish Performance Measures Against which the Agency Could Evaluate Success.
  - Clearly Delineate Role of the Executive Director, and CCDC's Reporting Relationship.