

Legislation Details (With Text)

File #: 18-320 **Version:** 1 **Name:**

Type: Consent Calendar **Status:** Agenda Ready

File created: 3/14/2018 **In control:** Ad-Hoc Stadium Audit Committee

On agenda: 3/19/2018 **Final action:** 3/19/2018

Title: Information memo on reconciliation of public safety expenditures and fiscal reporting

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
3/19/2018	1	Ad-Hoc Stadium Audit Committee		

REPORT TO STADIUM AUDIT COMMITTEE

SUBJECT

Information memo on reconciliation of public safety expenditures and fiscal reporting

At the November 27, 2017, Stadium Authority Audit Committee, it was requested that staff return with a reconciliation of public safety expenditures charged to a pre-operations account, referred to as the "Construction Fund" in the Harvey M. Rose audit (Audit). After reviewing internally the due diligence required to complete this work, and the absence of in-house audit resources, it has become clear that this effort should be performed by independent professional auditors.

The SCSA Board has requested confirmation that the charges against this account were valid and consistent with the purpose of the Fund (including the details of when the charges were made to the fund with respect to when the services were provided, who requested the payment, and all with reference to when the Grand Jury on Measure J began. In order to conduct such work, each charge to the account would need to be examined for legitimacy and then verified that the value of each charge totals the final expenditures recorded against the Fund. Given that these financial transactions were completed by multiple department staff, as well as involved outside vendors and/or parties, it would be inconsistent with professional standards to have these entities perform their own due diligence and validation of these expenditures.

It is unfortunate that this desired review went without these disclosures during prior discussions of the Harvey M. Rose audit and that much time has been lost to bring closure to these very valid questions that support transparency, accountability, and proper fiscal management. As noted in the Audit (page 149):

"the absence of review and approval of a budget for a portion of the costs of Stadium operations by its governing body reflects a lack of internal controls and transparency over Stadium costs. While some of the staff activities funded may have been related to Stadium construction and opening, all Stadium Authority and City costs covered by the

Construction Fund should have been estimated and identified in advance for authorization by the governing body as part of the Stadium Authority operating budget. The Construction Fund beginning and year-end balances should also be reported.”

The above Audit narrative is worthy of an appropriate review and significant enough to require independent review. For this reason, I will be recommending additional resources for professional audit support on the various financial reporting requirements that the SCSA Board has directed for the past SCSA years and going forward. The availability of these professional services will expedite time required to complete these reviews, ensure the independence of the findings and integrity of work absent of conflict. As a separate action, on today’s Ad Hoc agenda, the Committee will be presented with options for selecting the audit function, and issuing a recommendation to the SCSA Board at a future meeting--which is a step in the right direction and never afforded to the SCSA Board prior.

As I shared in January, past practices will take time to correct. I take seriously my sign-off on financial reporting and, unfortunately, this is not a task that I could have completed since November 27, 2017, nor would it be appropriate to complete in-house. I look forward to working to put in place proper audit functions to resolve past valid inquiries of the SCSA Board.

Prepared by: Catlin Ivanetich, Assistant to the Executive Director

Reviewed by: Brian Doyle, Counsel

Reviewed by: Walter C. Rossmann, Chief Operating Officer

Approved by: Deanna J. Santana, Executive Director