

**HARVEY M. ROSE**  
**ASSOCIATES, LLC**

1390 Market Street, Suite 1150 • San Francisco, California 94102  
(415) 552-9292 • (415) 252-0461 (FAX) • info@harveyrose.com

public sector management consulting

**Comprehensive Audit of Stadium Authority Finances**

August 16, 2016

**TO:** Audit Ad Hoc Steering Committee**FROM:** Fred Brousseau, Principal-in-Charge**SUBJECT:** Status Report #01**Period covered:** August 3, 2016 – August 16, 2016**1. Activities and Accomplishments during Reporting Period**

- a. An initial meeting was held with the Audit Ad Hoc Committee on August 3, 2016. The audit objectives, scope and process were reviewed and discussed. Agreement was reached to have biweekly audit status meetings with the Committee. The Committee agreed that it would be beneficial to allow any City employee to provide input to the audit and the audit team agreed to prepare a memo for the Acting City Manager to distribute to all staff informing them that they could provide confidential input to the auditors.
- b. The audit team conducted a detailed review of Measure J and the core agreements between the City of Santa Clara, the Santa Clara Stadium Authority (SCSA), the Forty Niners Stadium Company LLC and the Forty Niners Stadium Management Company. A key purpose of these reviews was to understand the baseline financial requirements of Measure J and to ascertain how they were translated into the operating agreements. Critical to the review was documenting flows of funds between the entities, formulae used to determine the City's reimbursable costs and the processes by which City costs are budgeted, tracked, reported and billed to the SCSA and the Forty Niners' entities.
- c. The audit team prepared a draft memo for the Acting City Manager to distribute to all City employees informing them of the audit and letting them know that they can provide confidential input to the audit team. The memo was distributed by the City Manager on or about August 12, 2016. The audit team has been contacted by some employees and has logged in their input.
- d. The audit team has requested interviews with the City Attorney to verify our understanding of Measure J and the pertinent agreements and with the Finance Director for an overview of financial reporting and processes regarding the SCSA.

**2. Issues/Challenges during Reporting Period**

None to report.

**3. Potential Audit Issues Identified:**

None at this time.

**4. Tasks to be Completed during the Next Reporting Period (August 17 - August 30):**

The audit team will conduct interviews with the City Attorney and Finance Director and schedule and conduct interviews with the Acting City Manager and City department heads to review any policies and procedures in place for ensuring that staff record all their time worked on SCSA matters during the audit review period. We will also review systems in place in relevant departments for tracking tasks performed by staff such as assignment logs and other records of staff tasks. Documents such as these will be used to verify time reported on employee time sheets and in the City's time labor system as working on SCSA activities.

**5. Pending matters**

No other pending matters at this time.

**6. Other issues**

No other issues at this time.