

## 2018-110 AUDIT SCOPE AND OBJECTIVES

### City of Lincoln

The audit by the California State Auditor will provide independently developed and verified information related to the administration of public funds and assets by the city of Lincoln (Lincoln). The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Examine Lincoln's governance and operational structure and assess its management controls and practices, including the extent to which management meets any applicable fiduciary duties to Lincoln's residents. To the extent possible, identify alternative organizational structures that could result in more efficient or effective management of public funds and assets.
3. Evaluate the adequacy of Lincoln's financial processes during the most recent five fiscal years by performing the following:
  - a. Review Lincoln's audited financial statements and internal controls to determine whether there were any deficiencies and whether Lincoln took recommended corrective actions in a timely manner.
  - b. Assess Lincoln's practices and processes for determining how it uses public funds and assets, and its policies and procedures related to budgeting and expenditures.
  - c. Assess Lincoln's policies and practices regarding money transfers.
  - d. Assess Lincoln's policies and practices for depositing and collateralizing public funds.
4. Determine whether Lincoln, to the extent it is required by law or regulations, reported its overall financial situation, income, spending, assets and reserves during the most recent five fiscal years. Further, determine whether Lincoln, to the extent it is required by law or regulations, reported its water and sewage usage, customers, connections, rates, acquisitions and related data during the most recent five fiscal years.
5. Assess Lincoln's process for collecting and reporting residential and commercial fees.
6. Determine whether the fees that Lincoln has been assessing to ratepayers for water use have been in excess of the actual costs of providing the service during the most recent five fiscal years.
7. Determine whether Lincoln clearly communicates criteria for approving or denying applications for rate changes and whether this process is reasonably transparent.
8. Determine whether Lincoln complies with relevant laws, regulations, policies, and guidelines regarding the use and distribution of redevelopment funds and, to the extent possible, assess the fairness and reasonableness of the criteria and methods Lincoln follows in its use and distribution of such funds.
9. Review and assess any other issues that are significant to the audit.