

2020-805 AUDIT SCOPE AND OBJECTIVES Local

High Risk—City of San Gabriel

The audit by the California State Auditor will provide independently developed and verified information related to the city of San Gabriel (San Gabriel). 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. Evaluate San Gabriel's current financial condition and ability to meet its short-term and long-term financial obligations while continuing to provide services to its residents.
3. Identify the causes of San Gabriel's financial challenges, and determine whether the city has developed an adequate plan for addressing those challenges, including the following:
 - a) Evaluate the decisions and conditions surrounding the city council's approval of loans, the impact of the loans on the city's financial condition, the policies governing such loans, and to the extent possible, determine whether the loans complied with state law and aligned with best practices.
 - b) Assess the city's efforts to improve its financial condition by increasing revenues and reducing expenses.
4. Determine whether San Gabriel's budgeting processes comply with best practices. In addition, evaluate the city's procedures and underlying assumptions for projecting future revenues and expenditures, and determine whether they result in balanced budgets and accurate financial forecasts.
5. Assess San Gabriel's process for setting, increasing, or decreasing fees or rates, to ensure that it complies with applicable laws, rules, ordinances, regulations, and best practices. For a selection of these fees and rates, determine whether they cover the city's costs of providing services.
6. Evaluate the information about San Gabriel's financial condition that city management presented to the city council and residents, and determine whether that information accurately depicted the city's financial condition.
7. Examine San Gabriel's efforts to fill key management positions and maintain organizational and leadership continuity within city operations.
8. Review San Gabriel's policies and practices for overseeing and approving contracts and expenditures, and determine whether it is in compliance with relevant laws, policies, and best practices.
9. Review and evaluate San Gabriel's hiring process. At a minimum, determine the extent to which hiring policies and practices for key management positions include an appropriate level of screening and evaluation to ensure that individuals hired meet the minimum job requirements and qualifications for the positions.
10. Review and assess any other issues that are significant to the audit.