

2021-802 AUDIT SCOPE AND OBJECTIVES

Local High Risk Proposal—City of Compton

The audit by the California State Auditor will provide independently developed and verified information related to the city of Compton (Compton). 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 Compton's current financial condition, its ability to meet short-term and long-term financial obligations, and its plans to address any deficit spending or reserve deficits.
3. Determine the causes for Compton's financial challenges and the actions it needs to take to resolve those financial challenges. This will include assessing the city's efforts to improve its financial condition by increasing revenues and reducing expenses.
4. Determine whether Compton's budgeting practices align with best practices. In addition, evaluate the city's procedures and underlying assumptions for projecting future revenues and expenditures, and determine whether the projections result in balanced budgets and accurate financial forecasts.
5. Assess Compton'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 Compton's efforts to address the deficiencies identified by the State Controller's Office in its 2018 report, its external auditor during the most recent audit of the city's financial statements, and by other relevant audits in the last five years.
7. Examine Compton's efforts to fill key management positions and maintain organizational and leadership continuity within city operations.
8. Review Compton's policies and practices for overseeing and approving expenditures and contracts and determine whether it is in compliance with relevant state laws, policies, and best practices.
9. Review and assess any other issues that are significant to the audit.