

2024-103 AUDIT SCOPE AND OBJECTIVES

City of Huntington Beach—Pacific Airshow Settlement Agreement

The audit by the California State Auditor will provide independently developed and verified information related to the city of Huntington Beach (Huntington Beach) and its settlement agreement with Pacific Airshow, LLC. 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 Huntington Beach's process for selecting Pacific Airshow, LLC, as the event producer and issuing to it the event permit for the air show.
3. To the extent possible, determine the amount Huntington Beach compensated Pacific Airshow, LLC, for services, including any expenditures not explicitly required by the applicable permit, from fiscal years 2019-20 through 2022-23.
4. To the extent possible, determine the reasoning Huntington Beach used to settle the civil lawsuit with Pacific Airshow, LLC, and review the resulting settlement agreement and its terms to determine the following:
 - (a) Whether the process used to reach the settlement agreement was appropriate and reflected best practices.
 - (b) The amount of the settlement agreement and the city's methodology for calculating the amount.
 - (c) The amount Huntington Beach would have otherwise compensated Pacific Airshow, LLC, had the final day of the air show not been canceled. Identify the reasons for any differences between anticipated compensation and the compensation made in the settlement agreement.
5. Determine whether the event permit between the city and Pacific Airshow, LLC, adequately and reasonably protects Huntington Beach's financial interests and complies with procurement and other applicable policies.
6. Review and assess any other issues that are significant to the audit.