

2016-133 AUDIT SCOPE AND OBJECTIVES

State Assistance Fund for Enterprise Business and Industrial Development Corporation

The audit by the California State Auditor will provide independently developed and verified information related to the operations and financial condition of the State Assistance Fund for Enterprise Business and Industrial Development Corporation (SAFE-BIDCO), and will include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Determine what state entities are responsible for overseeing SAFE-BIDCO, those entities' oversight responsibilities, and whether those entities have conducted that oversight appropriately.
3. Determine whether SAFE-BIDCO monitors its own progress toward achieving its mission and whether it reports on that progress. To the extent possible, identify and review the services and programs that SAFE-BIDCO has provided since 1981 and determine the number of businesses served, jobs created, and the amount of capital provided by SAFE-BIDCO.
4. For the last five years, determine whether the programs and services SAFE-BIDCO offered were and are consistent with its authority under state law. Assess whether state law has limited the number of programs or services that SAFE-BIDCO has been able to provide. For each program SAFE-BIDCO currently offers, determine whether the program operates as intended and whether it is meeting any specified goals or objectives.
5. Evaluate the distribution of duties at SAFE-BIDCO between the staff it employs and any contracted firms it may use. Describe the basic responsibilities that staff members and contractors are assigned. Determine whether SAFE-BIDCO employees are considered to be state employees for the purposes of health and retirement benefits through CalPERS.
6. To the extent possible, assess SAFE-BIDCO's current financial condition and solvency. At a minimum, consider the financial audits of SAFE-BIDCO over the past five years, the funding SAFE-BIDCO currently has access to, and the funding it uses to operate. Determine whether any improvements should be made to the scope of SAFE-BIDCO's financial audits.
7. Determine how SAFE-BIDCO can request additional funding for capitalization and whether it has done so in the last five years.
8. To the extent possible, review and evaluate SAFE-BIDCO's governance and financial oversight structure. At a minimum, determine the extent to which the following are true:
 - (a) The SAFE-BIDCO board of directors is informed about key financial and operational issues.
 - (b) SAFE-BIDCO has effective and appropriate financial and governance controls.
 - (c) SAFE-BIDCO's management practices are aligned with best practices for organizations of similar size and nature.
9. Review and assess any other issues that are significant to the audit.