

## **2015-803 AUDIT SCOPE AND OBJECTIVES**

### **High-Risk – City of Maywood**

The audit by the California State Auditor will provide independently developed and verified information related to the city of Maywood's (Maywood) financial condition and potential for waste, fraud, abuse, and mismanagement, 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. Assess the city's financial condition and ability to pay its obligations when due using the most current financial information.
3. Assess the city's ability to maintain a balanced budget in the coming years, including the following:
  - a. The reasonableness of the city's revenue assumptions, in particular assumptions related to economic growth.
  - b. The analysis supporting expected expenditures and how the city ensures projections are reasonable.
  - c. The city's ability to monitor the budget throughout the year and to respond to decreased revenues and increased expenditures.
4. Examine the city's operational structure and assess its management controls and practices. Determine whether controls over significant financial and administrative functions are adequate to prevent, identify, and address waste, fraud, abuse, and conflicts of interest.
5. Determine the extent to which the city council and the city manager exercise adequate oversight of the city's financial and administrative operations.
6. Assess the cost-effectiveness of Maywood's expenditures on behalf of its residents.
7. Review and assess any other issues that are significant to the audit.