

**Table**  
**Audit Objectives and the Methods Used to Address Them**

| AUDIT OBJECTIVE  | METHOD   |
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| <p>1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.</p>   | <p>Reviewed and evaluated laws and regulations related to the audit objectives.</p>  |
| <p>2 Assess the State’s implementation and enforcement of the Transparency Act. Consider ways to improve the methods for identifying noncompliance and ensuring improvement.</p>   | <ul style="list-style-type: none"> <li>• Documented FTB’s process for developing the list of companies subject to the Transparency Act and the steps the Attorney General’s Office took to inform companies of their disclosure requirements since the effective date of the Act. We identified certain deficiencies—that did not rise to the level of a finding—in the methodology that the Attorney General’s Office used to assess compliance with the Act, and we separately communicated our concerns in writing to their management.</li> <li>• Interviewed Attorney General’s Office staff and reviewed documentation to assess whether there are barriers to enforcement.</li> <li>• Reviewed a random selection of 95 companies that were subject to the Transparency Act for disclosure compliance.</li> <li>• Reviewed international supply chain transparency laws from Canada, Australia, and the United Kingdom to identify best practices.</li> </ul> |
| <p>3 For the most recent year of the State’s procurement of goods or services containing raw or processed forms of forest-risk commodities (palm oil, soy, beef, leather, paper, rubber, cocoa, coffee, wood, and wood pulp), determine the following: the size and type of supplying businesses, the quantity of goods and services acquired, and the dollar value of the procurements.</p>                                     | <ul style="list-style-type: none"> <li>• Analyzed data in the procurement system to determine the dollar value of forest-risk commodity goods and services that state agencies procured during 2023.</li> <li>• Determined the size and type of businesses supplying the State with forest-risk commodities.</li> <li>• Interviewed DGS staff to understand the type of data gathered during state procurement transactions, as well as limitations to that information.</li> </ul>  |
| <p>4 Assess how DGS tracks procurement of products that may contain tropical forest-risk commodities. Determine whether any barriers, legislative or otherwise, exist for DGS to track these commodities and their supply chains. Consider how DGS could improve its methods for tracking procurement of tropical forest-risk commodities and whether existing laws require further amendments to achieve the State’s goals.</p> | <ul style="list-style-type: none"> <li>• Analyzed DGS’s process for tracking procurements of goods and services to determine the opportunities and limitations in the process for identifying and quantifying state agencies’ procurement of goods that may include forest-risk commodities.</li> <li>• Interviewed DGS staff and reviewed state contracting policies to obtain perspective on statutory, regulatory, and technical barriers to tracking the procurement of forest-risk commodities.</li> <li>• Assessed whether existing procurement policies and programs may also be useful in helping the State identify products from suppliers that seek to limit the impact of tropical deforestation.</li> <li>• Evaluated the implementation and enforcement of the Transparency Act to identify areas for expansion.</li> </ul>  |
| <p>5 Review and assess the State’s procurement and potential procurement of biofuels that may result in deforestation or associated human rights violations.</p>   | <ul style="list-style-type: none"> <li>• Using contract usage reports and data from the State’s FAMS system, determined the amount and type of biofuels the State procured in 2023, the most recent year data was available.</li> <li>• Reviewed and assessed DGS’s policies and processes for tracking procurement of biofuels, including whether they address concerns of tropical deforestation.</li> <li>• Reviewed the State’s three active LPAs for bulk biofuel purchases to determine whether any provisions exist that would enable the State to determine the source of biofuels and the materials used to create the biofuels to identify whether such fuels are contributing to deforestation or human rights violations.</li> </ul>   |
| <p>6 Review and assess any other issues that are significant to the audit, including whether the State is inadvertently contributing to tropical rainforest deforestation.</p>   | <ul style="list-style-type: none"> <li>• Reviewed academic and policy research regarding best practices for governments seeking to reduce tropical deforestation and regarding the impact on tropical deforestation of government purchasing policies.</li> <li>• Analyzed how state procurements may be inadvertently contributing to tropical deforestation.</li> </ul>  |

Source: Audit workpapers.