

Audit Objective and the Methods Used to Address It

AUDIT OBJECTIVE	METHOD
<p>1 Evaluate the cities of Blythe, El Cerrito, Lindsay, Lynwood, Montebello, San Gabriel, and West Covina to determine the extent to which each city has addressed prior audit recommendations, assess trends in the city's financial condition, and determine whether we should continue to designate any of these cities as high-risk local government agencies.</p>	<ul style="list-style-type: none"> • Evaluated each city's progress toward addressing the risk areas we identified in our prior audits and the recommendations associated with those risk areas. The analysis of the cities' efforts to address these risk areas and recommendations included a review of the specific documentation relevant to each risk area and recommendation. These steps included a review of city policies and procedures, tracking spreadsheets, budgets and financial information, contracts and contract management practices, among other information and documents as we describe in more specific detail throughout this report. • Interviewed city officials and staff to inquire about specific actions taken to address the risk areas and recommendations. To the extent possible, substantiated assertions by analyzing the documentation and information referenced above. • Reviewed the cities' audited financial statements to determine and assess trends in their financial conditions, including their general fund balances, revenues and expenditures, and, when relevant, other major fund balances. At the time of our audit, the most recently available audited financial statements for each city were for fiscal year 2022–23. • Determined whether the cities had taken satisfactory corrective action in addressing their areas of high risk and concluded whether we should remove their high-risk designation. We drew our conclusions about each city's high-risk status from our assessment of the unique circumstances at each city and the relative importance of the high-risk areas that we identified during previous audits. We did not make our determinations based on a formula or standard number of high-risk areas that the cities needed to have demonstrated progress in addressing.

Source: Audit workpapers.