

## Audit Objectives and the Methods Used to Address Them

AUDIT OBJECTIVE	METHOD
1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.	Reviewed the federal and state law and county ordinances relevant to the scope of this audit, including in the areas of financial reporting, property taxes, uses of public funds, and elections.
2 Evaluate the county's overall financial management by analyzing financial trends since at least fiscal year 2020–21, reviewing the timeliness of financial reporting, and assessing indicators of financial health.	<ul style="list-style-type: none"> <li>Reviewed the county's ACFRs and budgets for fiscal years 2019–20 through 2023–24 to identify any trends in key indicators for financial health such as revenue and expenditures and general fund reserve.</li> <li>Compared these trends against those from comparable counties with similar populations over the same time frame.</li> <li>Analyzed the actions the county has taken to address budgetary challenges.</li> <li>Interviewed staff and members of the board to determine what the county has done to diagnose and address the specific causes contributing to financial challenges.</li> <li>Assessed the timeliness of the county's assessment of property values and collection of property tax revenue and the financial effects on the county of late collection.</li> <li>Used the county's ACFRs and best practice criteria to determine whether the county had published its ACFR on time.</li> <li>Determined the cause of late ACFRs by interviewing staff and reviewing related supporting documentation.</li> <li>Reviewed documented policies and procedures related to financial management and reporting to determine whether key processes or steps the county takes were documented, and whether the county has implemented key steps or best practices to produce accurate and timely financial information.</li> </ul>
3 Assess the strength of the county's controls over waste, fraud, and abuse of public funds.	<ul style="list-style-type: none"> <li>Evaluated a selection of 30 expenditures from fiscal years 2020–21 through 2024–25. Reviewed 10 expenditures each from the District Attorney's Office, Sheriff's Office, and Social Services. Half of the items were selected from data exported from the county's accounting system and the other half were from a set of p-card and travel transactions. Because we knew the county's accounting system had been used inconsistently to track financial activity, we had low confidence that the data from the system were complete. Despite this limitation, the records from the accounting system were the best available and were not our sole source for selecting expenditures. We performed electronic testing and traced a selection of records to the data and determined that the p-card and travel expenditure information was likely incomplete for the first two years of our audit period for the Sheriff's Office and the District Attorney's Office and noted no significant concerns about completeness for Social Services. Nonetheless, these records were the best available for our purposes and not our sole source for selecting expenditures.</li> <li>Reviewed the 30 expenditures for compliance with county policies and best practices for guarding against waste, fraud, and abuse.</li> <li>Reviewed a random selection of 40 additional asset forfeiture expenditures from the District Attorney's Office and Sheriff's Office to assess the reasonableness of the expenditures and their public purpose. <a href="#">These selected items came from the same data used to select the 30 expenditures</a> described above.</li> </ul>
4 Determine whether there were significant errors in the administration of the 2024 elections. If so, determine the magnitude and cause of the errors, the steps the county took to address the errors during the election, and any steps the county has taken since the election to avoid similar errors. Assess the adequacy of the county's corrective actions and the risk that future election errors will occur.	<ul style="list-style-type: none"> <li>Examined email records, press releases, and other applicable documentation to establish a timeline of the events that occurred during the 2024 primary election.</li> <li>Assessed the extent of ballot errors by quantifying the number of voters affected by each error.</li> <li>Assessed the placement of 20 addresses to determine whether the county moved the addresses to the correct district after the 2021 redistricting.</li> <li>Reviewed the corrective actions Mendocino took in the aftermath of the errors to prevent future errors from occurring.</li> </ul>

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AUDIT OBJECTIVE	METHOD
<p>5 Evaluate how well the county's contracting and procurement processes align with legal requirements and best practices, ensure that the county obtains services and goods at the best value or price, and protect the county's interests.</p>	<ul style="list-style-type: none"> <li>Reviewed the county's procurement policy, guidance documents, and practices.</li> <li>Obtained the DGS checklist for state department procurement policies and selected 20 elements from the checklist to evaluate whether Mendocino's policy and guidance on contracting and procurement aligned with them.</li> <li>Selected and examined 13 contracts derived from RFPs and determined whether the county followed its procurement and contracting processes. We focused our selection on competitively bid contracts, from larger county departments and also considered the type of service the county was contracting for and the dollar value of the agreement.</li> <li>Selected 20 agreements the county did not competitively source to determine whether the county documented the reason for bypassing competitive processes, whether this reason aligned with the county's requirements on such procurements or contracts, and whether the county's justification was reasonable. We selected agreements by considering the value of the agreement and when the vendor or service information indicated the contracted service may not be proprietary.</li> <li>Reviewed county contracting data to assess whether there were patterns in contracting that represented violations of county policy or contracting best practices.</li> <li>Reviewed and verified the completeness of the contracting data we were provided by comparing a selection of the county's contracts against the data to ensure they were included in our data. We determined that the data were complete for our purpose.</li> </ul>

Source: Audit workpapers.