

2017-113 AUDIT SCOPE AND OBJECTIVES
South Orange County Wastewater Authority—
Financial Management and Governance Structure

The audit by the California State Auditor will provide independently developed and verified information related to the financial management and governance structure of the South Orange County Wastewater Authority (SOCWA), 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. For the most recent three fiscal years, assess SOCWA's compliance with general accounting principles and its organizational financial policies and agreements.
3. For fiscal years 2012-13 through 2016-17, to the extent possible, determine whether discrepancies exist in SOCWA's accounting for member agencies' cash-on-hand and determine the cause of any discrepancies. Review and assess SOCWA's procedures for determining proper accounting of cash-on-hand as deposited by member agencies, as well as identifying assets and liabilities by member agencies.
4. Identify and evaluate SOCWA's practices for auditor selection, assessment, and rotation. Review management's responses to recent audit recommendations pertaining to accounting principles and financial policies.
5. Review the SOCWA Joint Powers Authority's (JPA) current governance structure and determine whether it is effective in balancing the interests of member agencies. Identify and assess governance structures for similarly situated JPAs to determine whether there are more suitable structures or mechanisms that SOCWA and its members should consider.
6. Review and assess any other issues that are significant to the audit.