

2015-119 AUDIT SCOPE AND OBJECTIVES
California State Board of Equalization
Tobacco Program

The audit by the California State Auditor will provide independently developed and verified information related to the California State Board of Equalizations' (BOE) Cigarette and Tobacco Products Program (tax program) and its Cigarette and Tobacco Licensing Program (licensing program), 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. Review BOE's policies, procedures, and practices for identifying tax program versus licensing program costs to ensure the following:
 - (a) Compliance with all relevant laws, rules, and regulations.
 - (b) The reasonableness of costs and staffing allocated to each program.
3. For the past five fiscal years, determine the source and amounts of funding used by the licensing program and whether this funding is consistent with applicable laws.
4. Review and evaluate BOE's approach for determining how to effectively and efficiently manage the tax and licensing programs while maximizing the revenue generated by tobacco excise taxes and the Master Settlement Agreement. To the extent possible, recommend other methods to further reduce administrative costs.
5. Determine whether the current level of funding is reasonable to maintain the tax and licensing programs' effectiveness and whether funding and resources are being used for other purposes. To the extent possible, determine what a selection of other states are doing to enforce their cigarette and tobacco programs.
6. Review and assess any other issues that are significant to the audit.