

## 2015-127 AUDIT SCOPE AND OBJECTIVES

### Corporation Tax Expenditures

The audit by the California State Auditor will provide independently developed and verified information related to California corporation tax expenditures, 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 a selection of at least the six largest state-only corporation tax expenditures, as identified in the California Department of Finance's *Tax Expenditure Report* during the last three fiscal years, to the extent possible, perform the following:
  - (a) Identify the purpose of the corporation tax expenditures as outlined in state law and determine whether these tax expenditures are fulfilling their intended purpose.
  - (b) Determine whether administering state agencies or other groups have performed any cost/benefit studies assessing the effectiveness and/or benefits to the state economy of the selected corporation tax expenditures.
  - (c) Determine whether certain types of corporation tax expenditures appear to be more effective or beneficial to the State's economy than others.
  - (d) Determine the impact on the State of placing a cap on each selected corporation tax expenditure.
3. Review and assess any other issues that are significant to the audit.