

**City of Tampa
Internal Audit Department
Audit Program Guide
Community Investment Tax, Audit 03-13**

Budget Hours	Audit Procedures	Done By	W/P Ref.									
<i>Background</i>												
	In September 1996 the voters of Hillsborough County approved a referendum that levied a half-cent sales tax for thirty years. The funds are to be shared between the municipalities and the School Board to finance infrastructure for jails, police and Sheriffs equipment, fire stations, emergency vehicles, school construction, a community stadium, transportation improvements, libraries, parks, trails, storm-water improvements and public facilities. In FY02, the City of Tampa used the revenues generated from the sales tax to issue bonds in an amount not to exceed \$65 million. The net proceeds from the bond issuance totaled more than \$57 million.											
<i>Statistics</i>												
	Community Investment Tax revenues and expenditures were as follows (including bond issuance activity):											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="text-align: center;"><u>FYTD July 2003</u></th> <th style="text-align: center;"><u>FY02</u></th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td style="text-align: center;">\$11,845,212</td> <td style="text-align: center;">\$72,074,525</td> </tr> <tr> <td>Expenditures</td> <td style="text-align: center;">\$22,732,233</td> <td style="text-align: center;">\$23,976,322</td> </tr> </tbody> </table>		<u>FYTD July 2003</u>	<u>FY02</u>	Revenues	\$11,845,212	\$72,074,525	Expenditures	\$22,732,233	\$23,976,322		
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<i>Planning the Audit</i>												
	<ol style="list-style-type: none"> 1. Print Quality Control Package and process Auditor Assignment and Independence Statement page. 2. Prepare and send an entrance letter to applicable personnel in the area under review. 3. Conduct an in-house review of the following: <ol style="list-style-type: none"> a) Financial Data b) Internal Policy & Procedures Manuals c) Applicable Rules, Laws and Regulations, and d) Prior internal audit reports and management comments 4. Schedule and hold an entrance conference with the Auditee. Obtain the name of the departmental contact person and secure a place from which to conduct the 											

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	<p>fieldwork portion of the audit.</p> <ol style="list-style-type: none"> 5. Begin Preliminary Survey by interviewing the appropriate personnel in the Auditee Department. Document the interviews with narratives in the work file. 6. Review and document Internal Control System. (Include control points, such as the location within the system of approvals, authorizations, segregation of duties, supervision, reconciliations, computer-generated error and edit listings, exception reports, etc.) 7. After gaining an understanding of various functions, conduct transaction walk-throughs. Revise documentation. 8. Assess the reliability of computer-processed data – <ol style="list-style-type: none"> (a) Identify all computer-generated data that will be used during the audit. (b) Determine how the data will be used in the audit. If used as the sole evidence supporting a finding or as corroborative or supporting evidence – assess the data’s reliability by performing steps (c) to (g). If it will be used as background information – cite the data’s source and no further work is required. (c) Document how the data is used in decision-making and the extent of users’ reliance on the data. (d) Review any evaluations of the system, application and data performed by an independent third party (e.g., external auditor’s management letter). (e) Identify and document any input, processing and output controls and controls over data adjustments. (f) Test the identified controls and data elements that will be used during the audit by tracing a sample of data records to the source documents and a sample of source documents to the database. (g) Summarize the test work and results and conclude on the data’s reliability. 9. Prepare a risk analysis listing the strengths and weaknesses of the system and reference risk assessments to audit objectives. 10. Prepare the audit program and include a time budget and estimated completion date. Index the preliminary survey file and turn in for review. The Planning Checklist page of the Quality Control Package should be completed by the Audit Supervisor. 		

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	11. Clear review notes and revise the audit program, if necessary.		
Audit Scope			
	Based on the work performed during the preliminary survey and the assessment of risk, the audit period will cover Community Investment Tax activity from October 1, 2001 to July 31, 2003.		
Audit Objectives			
	<ol style="list-style-type: none"> 1. Determine if the CIT revenues received by the City of Tampa are consistent with the referendum parameters and guidelines established within City Council resolution 96-1299. 2. Determine if the expenditures associated with the CIT were consistent with the referendum directives and those approved by City Council via resolution(s). 		
Objective 1: Determine if the CIT revenues received by the City of Tampa are consist with the referendum parameters and guidelines established within City Council resolution 96-1299.			
	<ol style="list-style-type: none"> 1. Review the receipts during the audit period and determine if they comply with the required share identified in the inter-local agreement and in compliance with other state statutes. 2. Discuss with Hillsborough County personnel the method used to calculate and verify accuracy of population figures used in the calculations. 3. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 4. Summarize and conclude. 		
Objective 2: Determine if the expenditures associated with the CIT were consistent with the referendum directives and those approved by City Council via resolution.			
	<ol style="list-style-type: none"> 5. Select a sample of 25 projects adopted by Council resolution for both the bond issuance and the second half of the tax receipts. 6. Review expenditures to ensure they were appropriate. 7. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their 		

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	approval discuss audit findings with Auditee management. 8. Summarize and conclude.		
<i>Audit Wrap Up</i>			
	9. Complete and index working papers. 10. Prepare a preliminary draft of the audit report. 11. Clear review notes. 12. Forward draft to auditee and request responses within 10 working days. 13. Incorporate auditee responses into the final audit report. 14. If requested, schedule and hold exit conference. 15. Quality Control Checklist of the Quality Control Package to be completed by the Deputy Director. 16. Present the audit report to the Mayor.		