

**City of Tampa
Internal Audit Department
Audit Program Guide
Electronics Division, 04-08**

Budget Hours	Audit Procedures	Done By	W/P Ref.
<i>Background</i>			
	<p>The Electronics Division is a unit of the Department of Public Works. The Division is tasked to service the hardware component of the City’s communication network. The installation of radios and the servicing of pagers have been outsourced because of a cost/benefit study conducted by the Division several years ago. The Division is closely involved in the procurement of communications equipment for General Fund departments including Police, Fire, DPW, and Parks/Recreation. The Division’s accommodation is an archaic building located at 3701 N. 12th Street, where equipment repairs is accomplished. Technicians designated as “Primary Drive Through Technicians” often perform minor repairs on vehicle communications equipment. The equipment is repaired on the spot while the Fire or Police officer waits at the location. This limits vehicle downtime. In some instances, technicians are dispatched to the field for repair purposes as circumstances warrant. For more complicated repairs, the equipment is dropped off at the Division, assigned a Work Order number and given to the appropriate technician. In most instances, drop-off customers are given loaners until the repairs are completed.</p> <p>Approximately two years ago the Division converted to the MCM system. It is a software package specifically designed for service shops. Work orders are generated for each equipment repair and tracked accordingly in the system. It provides documentation as to the date the equipment was presented for repair, assigns a work order number, repair description, parts used, asset number of equipment, technician accomplishing repairs and date repairs were completed. It tracks repairs by department and each month, a billing statement is prepared for those departments utilizing equipment and any repairs associated with the equipment.</p> <p>The Division’s structure also houses the Voter/Comparater Room. This room contains equipment that compares multiple receiver site signals from Fire and Police units and chooses the</p>		

Budget Hours	Audit Procedures	Done By	W/P Ref.																								
	<p>strongest one to forward to the Communications Center dispatcher. It was represented that the cost of the equipment in the Voter/Comparater Room approaches \$400,000. However, due to the condition of the building and its age, the room has no fire suppression capabilities or physical security other than a burglar alarm for the entire building. The room is virtually open with multiple entry points and has no doors to secure the room. The entire Police/Fire Communications infrastructure is dependent on this equipment. A backup secondary system is available but it does not provide the same level of service.</p>																										
Statistics																											
	<p><u>STATISTICS</u></p> <table border="0" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th><u>FY03</u></th> <th><u>FY02</u></th> <th><u>FY01</u></th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td><u>\$1,206,535</u></td> <td><u>\$1,137,353</u></td> <td><u>\$950,288</u></td> </tr> <tr> <td>Operating Expenses</td> <td>733,698</td> <td>386,536</td> <td>385,009</td> </tr> <tr> <td>Personal Services</td> <td><u>724,318</u></td> <td><u>703,597</u></td> <td><u>696,313</u></td> </tr> <tr> <td>Total Expenditures</td> <td><u>1,458,016</u></td> <td><u>1,090,133</u></td> <td><u>1,081,322</u></td> </tr> <tr> <td>Excess (deficiency) of revenues over (under) expenditures</td> <td><u>\$ (251,481)</u></td> <td><u>\$ 47,220</u></td> <td><u>\$ (131,034)</u></td> </tr> </tbody> </table>		<u>FY03</u>	<u>FY02</u>	<u>FY01</u>	Revenues	<u>\$1,206,535</u>	<u>\$1,137,353</u>	<u>\$950,288</u>	Operating Expenses	733,698	386,536	385,009	Personal Services	<u>724,318</u>	<u>703,597</u>	<u>696,313</u>	Total Expenditures	<u>1,458,016</u>	<u>1,090,133</u>	<u>1,081,322</u>	Excess (deficiency) of revenues over (under) expenditures	<u>\$ (251,481)</u>	<u>\$ 47,220</u>	<u>\$ (131,034)</u>		
	<u>FY03</u>	<u>FY02</u>	<u>FY01</u>																								
Revenues	<u>\$1,206,535</u>	<u>\$1,137,353</u>	<u>\$950,288</u>																								
Operating Expenses	733,698	386,536	385,009																								
Personal Services	<u>724,318</u>	<u>703,597</u>	<u>696,313</u>																								
Total Expenditures	<u>1,458,016</u>	<u>1,090,133</u>	<u>1,081,322</u>																								
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (251,481)</u>	<u>\$ 47,220</u>	<u>\$ (131,034)</u>																								
Planning the Audit																											
	<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 																										

Budget Hours	Audit Procedures	Done By	W/P Ref.
	<p>Auditee. Obtain the name of the departmental contact person and secure a place from which to conduct the 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 		

Budget Hours	Audit Procedures	Done By	W/P Ref.
	Audit Supervisor. 11. Clear review notes and revise the audit program, if necessary.		
<i>Audit Scope</i>			
	Based on the work performed during the preliminary survey and the assessment of risk, the audit period will cover the operations of the Electronics Division from March 1, 2003 to December 31, 2003.		
<i>Audit Objectives</i>			
	<ol style="list-style-type: none"> 1. Determine if equipment repairs were economically feasible. 2. Determine if the services provided by the Electronics Division was effective and efficient. 3. Determine if the inventory process and related accounting are adequate. 4. Determine if essential communications equipment is housed in a secure environment. 		
<i>Objective 1: Determine if equipment repairs were economically feasible.</i>			
	<ol style="list-style-type: none"> 1. On a judgmental basis, select a number of workorders over the past ten months for testing. 2. Obtain the value of the equipment repaired from the Fixed Asset Accounting System. 3. Determine if the repairs were economically feasible by comparing the cost of repair to the asset value obtained in step 2. 4. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 5. Summarize and conclude. 		
<i>Objective 2: Determine if the services provided by the Electronics Division were effective and efficient.</i>			
	<ol style="list-style-type: none"> 6. Obtain a copy of the financial analysis of the Division from the Administrative & Fiscal Manager. 7. Review the personnel section of the analysis and determine if productive hours/non-productive hours to total hours 		

Budget Hours	Audit Procedures	Done By	W/P Ref.
	<p>appeared reasonable.</p> <p>8. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</p> <p>9. Summarize and conclude.</p>		
<i>Objective 3: Determine if the inventory process and related accounting are adequate.</i>			
	<p>10. Review the inventory items maintained by the Division.</p> <p>11. Determine if items are maintained in accordance with the Purchasing Department Inventory policy and if essential items are adequately provided for.</p> <p>12. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</p> <p>13. Summarize and conclude.</p>		
<i>Objective 4: Determine if essential communications equipment is housed in a secure environment.</i>			
	<p>14. Through observation of the location of essential communications equipment, determine if the equipment is adequately protected and secured.</p> <p>15. Interview the Facilities Manager and other qualified personnel to ascertain if the structural integrity of the building has ever been determined.</p> <p>16. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</p> <p>17. Summarize and conclude.</p>		
<i>Audit Wrap Up</i>			
	<p>18. Complete and index working papers.</p> <p>19. Prepare a preliminary draft of the audit report.</p> <p>20. Clear review notes.</p> <p>21. Forward draft to auditee and request responses within 10 working days.</p> <p>22. Incorporate auditee responses into the final audit report.</p>		

Budget Hours	Audit Procedures	Done By	W/P Ref.
	<p>23. If requested, schedule and hold exit conference.</p> <p>24. Send final report to reproduction and make one (1) unbound copy.</p> <p>25. Prepare Release Memo, Staff Summary Sheet and City Council Agenda Item Cover Sheet.</p> <p>26. Provide Audit Supervisor with ten (10) bound and one (1) unbound copy of the final report.</p> <p>27. Upon release by the Mayor <u>and</u> its appearance on the City Council's Draft Agenda, distribute final report to auditee and place the report, audit program and risk analysis files in the appropriate folders on the share drive for posting to IAD's web site.</p> <p>28. Have the Deputy Director complete the Quality Control Checklist of the Quality Control Package.</p>		