

**City of Tampa
Internal Audit Department
Audit Program Guide
Banking Division
03-12**

Budget Hours	Audit Procedures	Done By	W/P Ref.												
<i>Background</i>															
	<p>The Banking Division is part of the Revenue and Finance Department. It performs several functions in the management and accounting of City funds. The Division also performs a major role in the City's investment activities by assisting the Investment Coordinator in determining the amount of daily cash available for investment, as well as, recording purchases and sales of investments to the general ledger. The Banking Division oversees a petty cash fund for several entities, maintains security over the vault and check signing stamps and a special Magnetic Image Character Recognition (MICR) cartridge for vendor check preparation. The Division monitors interest earned on overnight investments. When authorization is received, it releases payroll checks, pension checks and payments to be mailed to vendors. Banking monitors all of the City's daily deposits by verifying and reconciling them to daily bank activity reports as well as processing checks returned for insufficient funds. It oversees and accounts for the distribution and usage of cash receipt books by all City Departments. In addition, the Division records various revenues received by the City to the general ledger.</p> <p>Central Cashiering, a component of the Banking Section, is located at the German/American Club on Nebraska Avenue. It processes much of the City revenues associated with utility billing.</p> <p>Scalehouse Support operates under the Banking Section. It is located at the McKay Bay Refuse to Energy (RFE) Plant on 34th Street in Tampa. Its primary function is to record refuse transactions by weighing the solid waste vehicles are transporting to the RFE plant. The largest dollar transactions involve credit customers with established accounts; smaller dollar transactions are those of cash customers.</p>														
<i>Statistics</i>															
	<p><u>Central Cashiering</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%; text-align: center;"><u>Fiscal Year To date 2003</u></th> <th style="width: 20%; text-align: center;"><u>Fiscal Year 2002</u></th> <th style="width: 30%; text-align: center;"><u>Fiscal Year 2001</u></th> </tr> </thead> <tbody> <tr> <td>Transactions Processed</td> <td style="text-align: center;">82,316</td> <td style="text-align: center;">296,651</td> <td style="text-align: center;">292,054</td> </tr> <tr> <td>Dollars Processed</td> <td style="text-align: center;">\$ 17,320,183</td> <td style="text-align: center;">\$ 60,264,535</td> <td style="text-align: center;">\$ 60,583,665</td> </tr> </tbody> </table>		<u>Fiscal Year To date 2003</u>	<u>Fiscal Year 2002</u>	<u>Fiscal Year 2001</u>	Transactions Processed	82,316	296,651	292,054	Dollars Processed	\$ 17,320,183	\$ 60,264,535	\$ 60,583,665		
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	<p>Source: The Banking Section provided the above information. Fiscal Year to Date 2003 is for the four months ended January 31, 2003.</p> <p><u>McKay Bay Scale House</u></p> <p>Dollar Processed \$ 1,253,635 \$ 5,379,900 \$ 4,500,996</p> <p>Source: Financial Management Information System (FAMIS). Fiscal Year to Date 2003 Is for the four months ended January 31, 2003.</p>		
<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. Prepare a planning program and include a time budget for the preliminary survey work. 4. 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 5. 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 fieldwork portion of the audit. 6. Begin Preliminary Survey by interviewing the appropriate personnel in the Auditee Department. Document the interviews with narratives in the work file. 7. 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.) 8. After gaining an understanding of various functions, conduct several transaction walk-throughs. Revise documentation as necessary. 		

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	<ol style="list-style-type: none"> 9. Prepare a survey memo listing the strengths and weaknesses of the system. Discuss the areas of greatest risk and exposure to the City. Also, include suggested audit objectives and test procedures. Discuss with Audit Supervisor and the Deputy Director. 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. 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 Banking & Central Cashiering from April 1, 2001 to January 31, 2003.		
<i>Audit Objectives</i>			
	<ol style="list-style-type: none"> 1. To determine if controls over cash receipts and bank deposits are in place and functioning appropriately. 2. To determine if cash receipts are deposited on a timely and accurate basis. 3. To determine if cash receipts are accurately recorded in the general ledger. 4. To determine if purchases and sales of investments are properly supported and accurately recorded in the general ledger. 5. To determine if controls over McKay Bay Scale House and General Accounting accounts receivable are in place and functioning appropriately. 		
<i>Objective 1: Determine if controls over cash receipts and bank deposits are in place and functioning appropriately.</i>			
	<ol style="list-style-type: none"> 1. On a judgmental basis, select a number of days for testing in Central Cashiering during the audit period. 2. Obtain supporting documentation for daily transactions, reconciliations, deposits and journal entries for the days selected for testing. 3. Schedule out daily activity by cashier, recalculate reconciliations and trace to bank deposits for each sample item. 4. For all voided transactions occurring during the test days trace to supporting documentation. 5. Perform a surprise count of petty cash. 6. Repeat the steps 1 through 5 for McKay Bay Scale House operations. 7. Discuss any audit findings with the Audit Supervisor, Deputy Director and 		

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	<p>Audit Director. After receiving their approval discuss audit findings with Auditee management.</p> <p>8. Summarize and conclude.</p>		
<i>Objective 2: Determine if cash receipts are deposited on a timely and accurate basis.</i>			
	<p>9. Utilizing the test items selected in Objective 1, schedule out the transaction date and the date of deposit.</p> <p>10. Calculate the difference between the two dates. Any difference greater than the next business day will be considered an exception for Central Cashiering.</p> <p>11. Review and document deposit patterns for the Scalehouse McKay Bay operations. Ascertain the propriety of the timeliness of deposits made from a materiality standpoint.</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 3: Determine if cash receipts are accurately recorded in the general ledger.</i>			
	<p>14. Utilizing the deposits documented in Objective 1, trace and agree the amounts to that recorded in the general ledger.</p> <p>15. Document any exceptions.</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>Objective 4: To determine if purchases and sales of investments are properly supported and accurately recorded in the general ledger.</i>			
	<p>18. Judgmentally select 10 purchases and 10 sales of investments recorded in FAMIS and vouch to supporting documentation. Conclude as to whether the purchase or sale is properly supported and accurately recorded.</p> <p>19. Document any exceptions.</p> <p>20. 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>21. Summarize and conclude.</p>		

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	<i>Objective 5: To determine if controls over McKay Bay Scale House and General Accounting accounts receivable are in place and functioning appropriately.</i>		
	<ul style="list-style-type: none"> 22. Obtain a detail listing of accounts receivable balances and agree total to the accounts receivable balance recorded in the general ledger. 23. Review the detail listing to ascertain if there is any significant outstanding account receivables. If so, determine what collection efforts have been made. 24. Verify through examination whether the detail listing of accounts receivable was reconciled to the general ledger on a monthly basis. Investigate any significant reconciling items. 25. For any account receivable write-offs, examine documentation to determine whether adequate collection efforts were made and if the write-offs were properly authorized. 26. On a judgmental basis, select accounts receivable adjustments for testing by scanning the Daily Payment and Adjustment Reports. For each adjustment selected, examine for proper supporting documentation and authorization. 27. Document any exceptions. 28. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 29. Summarize and conclude. 		
	<i>Audit Wrap Up</i>		
	<ul style="list-style-type: none"> 30. Complete and index working papers. 31. Prepare a preliminary draft of the audit report. 32. Clear review notes. 33. Forward draft to auditee and request responses within 10 working days. 34. Incorporate auditee responses into the final audit report. 35. If requested, schedule and hold exit conference. 36. Quality Control Checklist of the Quality Control Package to be completed by the Deputy Director. 37. Present the audit report to the Mayor. 		