

BACKGROUND

The Convention Facilities Department is responsible for the operation and maintenance of the TCC. The Department is organized into four divisions consisting of the following: Administrative and Fiscal, Marketing and Event Services, Convention Facility Operations, and Public Affairs. These divisions concentrate on the administration, marketing, promotion, and maintenance of the TCC while services provided to show promoters are handled primarily through contractual arrangements.

SCOPE

The audit period is from October 1, 1993, to December 31, 1994.

STATISTICS

	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
Total Revenues	T.B.A. =====	4,356,850 =====	4,050,247 =====	T.B.A. =====
Personal Services	1,757,174	1,964,296	1,986,092	5,218,754
Operating Expenses	<u>3,151,243</u>	<u>3,155,967</u>	<u>3,119,827</u>	<u>3,144,512</u>
Operating Budget	4,908,417	5,120,263	5,105,919	5,363,266
Capital Outlay	<u>7,800</u>	<u>12,400</u>	<u>18,360</u>	<u>28,900</u>
Total Expenditures	4,915,917 =====	5,132,663 =====	5,124,279 =====	5,392,166 =====
Number of Events	T.B.A.	359	329	321
Number of Positions	56	56	56	58

Note: FY92, FY93, and FY94 figures are actual. FY95 figures are estimates.

PLANNING

1. Prepare and send an entrance letter to Manager of Auditee Division.
2. Prepare a planning program and include a time budget for the preliminary survey work.

3. Conduct an in-house review of the following:
 - a. Prior internal audit reports and management comments,
 - b. The annual budget and Mission & Management Statement of Auditee Department, and
 - c. Charter, Organization Chart, and any Procedure Manuals.
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 field work portion of the audit.
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 a transaction walk-through. Revise documentation as necessary.
8. 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.
9. Prepare the audit program and include a time budget and estimated completion date. Index the work file and turn in for review.
10. Clear review notes and revise the audit program, if necessary.

OBJECTIVES

1. Ensure compliance with the policies and procedures of the License Contract Process.
2. Ensure the adequacy of internal controls over the billing and collection functions.
3. Ensure compliance with the terms and conditions of service contracts and agreements and that they are properly monitored.
4. Determine whether discretionary expenditures are reasonable and properly authorized by management.
5. Determine whether services sub-contracted to outside entities could be more efficiently handled by in-house personnel.

6. Ensure that funds received from Hillsborough County's Tourist Development Tax and Florida State funds received under the International Business Promotion Grant Program are expended in accordance with their respective agreements.

OBJECTIVE 1: Ensure compliance with the policies and procedures of the License Contract Process.

1. Request a listing of all events occurring during the audit period. Ensure completeness of the listing.
2. Compute sample size of all events using a confidence level of 90%, expected error rate of 5%, and a desired precision of +/- 5%. Calculate an event type sample sizes by weighting the number of events of each type by the total. Generate a separate random sample for each type of event.
3. Using the License Contract Process, the approved rate schedule and other documents describing the policies and procedures of the process, schedule out applicable attributes to be tested.
4. Request all marketing, accounting, and operation files on each event.
5. To avoid any misinterpretations, test one event from each event type and discuss any observations and exceptions with TCC personnel. Test the balance of events for controls, compliance, and reasonableness.
6. Summarize and conclude.

OBJECTIVE 2: Ensure the adequacy of internal controls over the billing and collection functions.

1. Prepare an internal control questionnaire for the billing and collection functions. Discuss results with Admin. & Fiscal Manager.
2. For the events selected in Objective 1, test the accuracy of pricing, extensions, and footings on service invoices.
3. Ensure all invoices were properly and accurately recorded (trace cash sales to deposits and credit sales to accounts receivable detail). Ensure the adequacy of physical security over cash and documents used to transfer cash.
4. For credit sales, ensure collection. If collection was not made, ensure that the recording of accounts receivable write-offs and adjustments were properly authorized and documented.

5. Determine whether collection efforts on delinquent accounts receivable were reasonable.
6. Summarize and conclude.

OBJECTIVE 3: Ensure compliance with the terms and conditions of service contracts and agreements and that they are properly monitored.

1. Trace all service invoices used in Objective 2 to monthly sales summaries.
2. Recalculate commissions based on the service agreements and contracts.
3. Trace settlement to receipt or disbursement of funds.
4. List out the clauses of each service contract which protects the City from potential liability. Ensure contractor compliance with the contracts.
5. Summarize and conclude.

OBJECTIVE 4: Determine whether discretionary expenditures are reasonable and properly authorized by management.

1. Using the revenue and expenditure analysis prepared during the preliminary survey, schedule out any expenditures which appear discretionary (i.e. travel, memberships, advertising, and promotions).
2. Prepare a detail of the expenditures selected in Step 1.
3. On a test basis, trace expenditures to invoices to ensure compliance with purchasing procedures and the purchases received proper authorization.
4. Determine the source of funding of the expenditure and ensure the costs were allowable under any applicable funding agreements.
5. Summarize and conclude.

OBJECTIVE 5: Determine whether services sub-contracted to outside entities could be more efficiently handled by in-house personnel.

1. Prepare a listing of all services contracted to outside entities.
2. Calculate total sales revenues and the split of commissions per the agreements in effect for FY94.

3. Determine the costs/benefits of bringing the service in-house.
4. Summarize and conclude.

OBJECTIVE 6: Ensure that funds received from Hillsborough County's Tourist Development Tax and Florida State funds received under the International Business Promotion Grant Program are expended in accordance with their respective agreements.

1. Obtain the P & L statements prepared by TCC accounting division.
2. Trace all revenues in the FY94 beginning balances and any funds received during the audit period to the respective grant agreements.
3. Trace expenditures per the P & L statements to invoices and ensure that the cost were allowable under the agreements and that the purchases were properly authorized.
4. On a test basis, select invoices from the files and trace to the P & L statements.
5. Summarize and conclude.

WRAP-UP

1. Complete and index workpapers.
2. Clear review notes.
3. Prepare a preliminary draft of the audit report.
4. Prepare requests for auditee responses.
5. Schedule and hold exit conference.
6. Incorporate auditee responses into the final audit report.
7. Present the audit report to the Mayor.