

**City of Tampa  
Internal Audit Department  
Audit Program Guide  
Community Redevelopment Agency  
Audit 99-22**

Budget Hours	Audit Procedures	Done By	W/P Ref.
<b><i>Background</i></b>			
	The City of Tampa has various programs to provide affordable housing opportunities to families with very low, low and moderate income. The Community Redevelopment Agency (CRA) administers and monitors these programs. The programs are funded by federal and state grants and through the Challenge Fund, a partnership between the City of Tampa, local financial institutions and non-profit agencies. The federal and state programs include the Community Development Block Grant, HOME Investment Partnerships and Housing for People Everywhere, State Housing Initiatives Partnership Programs, Emergency Shelter Grant Program and Housing Opportunities for Persons with AIDS. In FY98 and FY99, total funding from these sources was budgeted at \$9.8 and \$10.2 million, respectively.		
<b><i>Statistics</i></b>			
	In FY98 and FY99, total funding from these sources was budgeted at \$9.8 and \$10.2 million, respectively.		
<b><i>Planning the Audit</i></b>			
	<ol style="list-style-type: none"> <li>1. Print Quality Control Package and process Auditor Assignment and Independence Statement page.</li> <li>2. Prepare and send an entrance letter to applicable personnel in the area under review.</li> <li>3. Prepare a planning program and include a time budget for the preliminary survey work.</li> <li>4. Conduct an in-house review of the following: <ol style="list-style-type: none"> <li>a) Financial Data</li> <li>b) Internal Policy &amp; Procedures Manuals</li> <li>c) Applicable Rules, Laws and Regulations, and</li> <li>d) Prior internal audit reports and management comments</li> </ol> </li> <li>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.</li> <li>6. Begin Preliminary Survey by interviewing the appropriate personnel in the Auditee Department. Document the interviews with narratives in the work file.</li> <li>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.)</li> <li>8. After gaining an understanding of various functions, conduct several transaction walk-throughs. Revise documentation as necessary.</li> </ol>		

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	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>11. Clear review notes and revise the audit program, if necessary.</li> </ol>		
<b><i>Audit Scope</i></b>			
	Based on the work performed during the preliminary survey and the assessment of risk, the audit period will cover the operations of Community Redevelopment Agency from October 1, 1997, to March 31, 1999.		
<b><i>Audit Objectives</i></b>			
	<ol style="list-style-type: none"> <li>1. Determine whether Challenge Fund loans complied with CRA's policies and procedures as well as any applicable laws, rules and regulations.</li> <li>2. Determine whether the federal and state programs outside of the Challenge Fund program complied with applicable laws, rules and regulations.</li> <li>3. Determine whether the acquisition, construction and construction related costs incurred by not-for-profit providers and the provider's development fees were accurately reflected at loan closing.</li> <li>4. Determine whether complaints received from homeowners were resolved in a reasonable and timely manner.</li> </ol>		
<b><i>Objective 1: Determine whether Challenge Fund loans complied with CRA's policies and procedures as well as any applicable laws, rules and regulations.</i></b>			
	<ol style="list-style-type: none"> <li>1. Obtain a listing of all Challenge Fund loans closed during the audit period.</li> <li>2. Conduct tests to ensure the lists completeness.</li> <li>3. Generate a statistical random sample using a 90% confidence level and 5% error rate.</li> <li>4. Request the loan files for sampled items.</li> <li>5. Test to ensure loan process was properly followed and that applicants were eligible for the assistance received.</li> <li>6. Verify that the sales price of the home did not exceed the independent appraisal.</li> <li>7. Verify that at least 25% of the total loan amount was applied to the rehabilitation of the housing unit.</li> <li>8. Verify that the property owner and CRA accepted the rehabilitation work completed as satisfactory.</li> <li>9. Ensure that "development fees" were accurately calculated and reflected at loan closing.</li> <li>10. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</li> <li>11. Summarize and conclude.</li> </ol>		

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<b><i>Objective 2: Determine whether the federal and state programs outside of the Challenge Fund program complied with applicable laws, rules and regulations.</i></b>			
	<ul style="list-style-type: none"> <li>12. Obtain a listing of federal and state assistance that did not involve the Challenge Fund program.</li> <li>13. Judgmentally select 10 projects from each source of funding.</li> <li>14. Test to ensure loan process was properly followed and that applicants were eligible for the assistance received.</li> <li>15. Verify that the property owner and CRA accepted the rehabilitation work completed as satisfactory.</li> <li>16. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</li> <li>17. Summarize and conclude.</li> </ul>		
<b><i>Objective 3: Determine whether the acquisition, construction and construction related costs incurred by not-for-profit providers and the provider's development fees were accurately reflected at loan closing.</i></b>			
	<ul style="list-style-type: none"> <li>18. Obtain a listing of not-for-profit provider projects.</li> <li>19. Judgmentally select 10 projects from each provider.</li> <li>20. Obtain the closing statements for the selected projects.</li> <li>21. Request support from the providers for the amount of funds due to the at closing.</li> <li>22. Determine adequacy of support received and recalculate development fees.</li> <li>23. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</li> <li>24. Summarize and conclude.</li> </ul>		
<b><i>Objective 4: Determine whether complaints received from homeowners were resolved in a reasonable and timely manner.</i></b>			
	<ul style="list-style-type: none"> <li>25. Request listing of all complaints received during the audit period.</li> <li>26. Because of the lack of a control log, assurance can not be obtained that the listing is complete.</li> <li>27. Judgmentally sample 30 of the complaints to determine the timeliness of the response and resolution.</li> <li>28. Contact the homeowner to determine their satisfaction with the actions taken by CRA.</li> <li>29. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</li> <li>30. Summarize and conclude.</li> </ul>		
<b><i>Audit Wrap Up</i></b>			
	<ul style="list-style-type: none"> <li>31. Complete and index working papers.</li> <li>32. Prepare a preliminary draft of the audit report.</li> <li>33. Clear review notes.</li> </ul>		

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	34. Forward draft to auditee and request responses within 10 working days. 35. Incorporate auditee responses into the final audit report. 36. If requested, schedule and hold exit conference. 37. Quality Control Checklist of the Quality Control Package to be completed by the Deputy Director. 38. Present the audit report to the Mayor.		