

**City of Tampa
Internal Audit Department
Audit Program Guide
Banking & Central Cashiering
01-11**

Budget Hours	Audit Procedures	Done By	W/P Ref.												
<i>Background</i>															
	<p>The Banking Section is part of the Revenue and Finance Department. It performs several functions in the management and accounting of City funds. The Section performs a major role in the City's investment activities. Their function with respect to these activities is audited separately on an annual basis. The Banking Section 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 Section monitors interest earned on overnight investments. When authorization is received, it releases payroll 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.</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 Statistics</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="text-align: center;">Fiscal Year <u>To date 2001</u></th> <th style="text-align: center;">Fiscal Year <u>2000</u></th> <th style="text-align: center;">Fiscal Year <u>1999</u></th> </tr> </thead> <tbody> <tr> <td>Transactions Processed</td> <td style="text-align: center;">115,029</td> <td style="text-align: center;">283,453</td> <td style="text-align: center;">306,449</td> </tr> <tr> <td>Dollars Processed</td> <td style="text-align: center;">\$ 25,166,731</td> <td style="text-align: center;">\$ 59,362,302</td> <td style="text-align: center;">\$ 53,344,899</td> </tr> </tbody> </table> <p>Source: The Banking Section provided the above information. Fiscal Year to Date 2001 is for the five months ended February 28, 2001.</p>		Fiscal Year <u>To date 2001</u>	Fiscal Year <u>2000</u>	Fiscal Year <u>1999</u>	Transactions Processed	115,029	283,453	306,449	Dollars Processed	\$ 25,166,731	\$ 59,362,302	\$ 53,344,899		
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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. 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 														

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	<ul style="list-style-type: none"> b) Internal Policy & Procedures Manuals c) Applicable Rules, Laws and Regulations, and d) Prior internal audit reports and management comments <ol style="list-style-type: none"> 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. 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 October 1, 2000 to March 30, 2001.		
<i>Audit Objectives</i>			
	<ol style="list-style-type: none"> 1. Determine if controls over cash receipts and bank deposits are in place and functioning appropriately. 2. Determine if cash receipts are deposited on a timely and accurate basis. 3. Determine if cash receipts are accurately recorded in the general ledger. 		
<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, randomly 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. Determine if the segregation of duties is adequate and that cash and cash receipts are adequately safeguarded. 6. Perform a surprise count of petty cash. 		

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	7. Repeat the steps 1 through 6 for Scalehouse operations. 8. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 9. Summarize and conclude.		
<i>Objective 2: Determine if cash receipts are deposited on a timely and accurate basis.</i>			
	10. Utilizing the sample selected in Objective 1, schedule out the transaction date and the date of deposit. 11. Calculate the difference between the two dates. Any difference greater than the next business day will be considered an exception for Central Cashiering. 12. Review and document deposit patterns for the Scalehouse McKay Bay operations. Ascertain the propriety of the timeliness of deposits made from a materiality standpoint. 13. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 14. Summarize and conclude.		
<i>Objective 3: Determine if cash receipts are accurately recorded in the general ledger.</i>			
	15. Utilizing the deposits documented in Objective 1, trace and agree the amounts to that recorded in the general ledger. 16. Document any exceptions. 17. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 18. Summarize and conclude.		
<i>Audit Wrap Up</i>			
	19. Complete and index working papers. 20. Prepare a preliminary draft of the audit report. 21. Clear review notes. 22. Forward draft to auditee and request responses within 10 working days. 23. Incorporate auditee responses into the final audit report. 24. If requested, schedule and hold exit conference. 25. Quality Control Checklist of the Quality Control Package to be completed by the Deputy Director. 26. Present the audit report to the Mayor.		