

**City of Tampa  
Internal Audit Department  
Audit Program Guide  
Business License Tax  
01-14**

Budget Hours	Audit Procedures	Done By	W/P Ref.									
<b><i>Background</i></b>												
	<p>The Tax Division is responsible for the administration, issuance and enforcement of business tax licenses. Additionally, its personnel maintain the City's rental certificate files.</p> <p>There are several chapters of the City code that apply and outline the responsibilities of the area. Chapter 3 - Alcoholic Beverages (Wet Zoning), Chapter 6 - Business Regulation, Chapter 24 – Occupational License, Chapter 27 - Zoning and as well as sections of the Florida Statute Chapters 205 and 538, as authoritative documents. The division is responsible for the issuance of business permits, tax receipts, monitoring all wet zonings and R-zoned businesses, and collection of bad checks. The Business Tax Division is also required to issue rental certificates on behalf of the City's Business and Community Services Division.</p>											
<b><i>Statistics</i></b>												
	<table border="1"> <thead> <tr> <th style="text-align: center;">Description</th> <th style="text-align: center;">9/30/00 (FY2000)</th> <th style="text-align: center;">12/31/00 (YTD FY01)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>Revenues</b></td> <td style="text-align: center;">\$8,692,215</td> <td style="text-align: center;">\$8,165,225</td> </tr> <tr> <td style="text-align: center;"><b>Expenditures</b></td> <td style="text-align: center;">\$805,680</td> <td style="text-align: center;">\$175,254</td> </tr> </tbody> </table>	Description	9/30/00 (FY2000)	12/31/00 (YTD FY01)	<b>Revenues</b>	\$8,692,215	\$8,165,225	<b>Expenditures</b>	\$805,680	\$175,254		
Description	9/30/00 (FY2000)	12/31/00 (YTD FY01)										
<b>Revenues</b>	\$8,692,215	\$8,165,225										
<b>Expenditures</b>	\$805,680	\$175,254										
<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> </ol>											

Business License Tax  
01-14

Budget Hours	Audit Procedures	Done By	W/P Ref.
	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.		
<b>Audit Scope</b>			
	Based on the work performed during the preliminary survey and the assessment of risk, the audit period will cover the operations of Business Tax from October 1, 1999 through December 31, 2000.		
<b>Audit Objectives</b>			
	1. Determine if businesses were properly classified to obtain the appropriate tax. 2. Determine if regulated businesses obtain the proper clearance prior to issuance of license. 3. Determine if wet zonings were properly monitored and complied with City Ordinance for violations. 4. Determine if delinquencies were properly monitored and were resolved timely. 5. Determine if returned checks were handled properly.		
<b>Objective 1:</b> Determine if businesses were properly classified to obtain the appropriate tax.			
	1. Obtain a listing of businesses issued new licenses during the audit period. Select, using the random number generator – 25 for verification of business type and fee charged (do not include regulated businesses). During the same time period, obtain a sample of 10 businesses with renewals. 2. For each business selected, document the following: a. Name of business / type b. Location c. License Issuance d. Current business same as stated on application (for renewals) e. Fee charged f. Proper fee 3. Summarize review. 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.		
<b>Objective 2:</b> Determine if regulated businesses obtain the proper clearance prior to issuance of license.			
	6. Obtain a listing of all permits issued for new regulated businesses during the		

Business License Tax  
01-14

Budget Hours	Audit Procedures	Done By	W/P Ref.
	audit period. 7. Review documentation to support proper approvals prior to issuance of license. 8. For all businesses that were denied, ensure proper notification was sent. 9. Summarize testing. 10. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 11. Summarize and conclude.		
<b>Objective 3:</b> Determine if wet zonings were properly monitored and complied with City Ordinance for violations.			
	12. Obtain a listing of all wet zonings issued since issuance of Ordinance . If more than 50, select a sample of 50 to review for proper disclosure. 13. For all businesses selected ensure the following: a. Ordinance issued by City Council b. State application in file; signed by City official c. If license issuance greater than 18 months, documented visit by inspector. 14. Using details of the ordinance, trace submittal of semi-annual reports as required. 15. Re-calculate inventories or other evidence to support sales types (alcohol vs food). 16. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 17. Summarize and conclude.		
<b>Objective 4:</b> Determine if delinquencies were properly monitored and were resolved timely.			
	18. List all licenses outstanding since the prior renewal period. 19. Review and document any follow-up activities by inspectors. 20. Determine if penalties had been assessed and were adequate. 21. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 22. Summarize and conclude.		
<b>Objective 5:</b> Determine if returned checks were handled properly.			
	23. Identify all outstanding returned checks. 24. Determine collection efforts. 25. For all checks requested for write-off, identify if the related accounts receivable had been adjusted. 26. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 27. Summarize and conclude.		
<b>Audit Wrap Up</b>			

Business License Tax  
01-14

<b>Budget Hours</b>	<b>Audit Procedures</b>	<b>Done By</b>	<b>W/P Ref.</b>
	28. Complete and index working papers. 29. Prepare a preliminary draft of the audit report. 30. Clear review notes. 31. Forward draft to auditee and request responses within 10 working days. 32. Incorporate auditee responses into the final audit report. 33. If requested, schedule and hold exit conference. 34. Quality Control Checklist of the Quality Control Package to be completed by the Deputy Director. 35. Present the audit report to the Mayor.		