City of Tampa Internal Audit Department

Policy & Procedures Manual

TABLE OF CONTENTS

SECTION E – EXHIBITS

By my signature below, I hereby approve the Policy & Procedures Manual of the City of Tampa's Internal Audit Department, through the revisions made on January 1, 2008.

/s/ Roger Strout	August 26, 2008
Roger Strout	Date
Internal Audit Director	

AUTHORITY

The authority for the Internal Audit function is based in the City Charter at Section 5.01 (c), which states that:

> The Internal Audit Department, which shall have cognizance of all internal auditing of the City. The Internal Auditor shall be the head of the department, and it shall be the duty of the Internal Auditor to audit for each fiscal year all books, records and accounts of the City and all accounts in which the City has an interest. The Internal Auditor shall perform such other audits as may be required by the Mayor.

Mission – To provide an independent appraisal function within the City and to assist members of the management team in the effective discharge of their responsibilities by furnishing them appraisals, recommendations and pertinent, relevant information concerning the activities and/or areas under review.

Within the city, the Internal Audit Department is responsible to the Mayor, thus providing the independence from operations that is necessary for objectivity in compliance with Generally Accepted Government Auditing Standards (GAGAS).

Objectives – The Department is committed to the highest professional standards for conducting audits in government as promulgated by the Comptroller General of the United States and published in Government Auditing Standards (GAS). The Department will continue to provide assurances that City government operates effectively, efficiently, provides outstanding customer service, and implements "best practices" in carrying out its operations and activities.

Goals – In executing its mission, the Department will focus on the following goals:

- Perform all audits in compliance with Government Auditing Standards.
- Develop the annual audit agenda and individual audit objectives using risk-based analysis considering dollar value, complexity of operations, changes in personnel or operations, exposure, and the result of previous audits.
- Perform audits within the assigned time budgets.
- Perform a post audit review approximately 6 months after the completion of each audit.
- Provide auditors sufficient training to satisfy GAS Continuing Education Requirements.
- Charge an average of 1,400 hours per auditor to the performance of audits.
- Work towards achieving government auditing benchmarks of Available Audit Time (78%) and Direct Audit Time (67%).
- Help ensure a 3-year average of Recommendations Implemented of 82% (government auditing benchmark - 86%).
- Adhere to the Code of Ethics of the Institute of Internal Auditors, Inc.

Department Standards:

To provide assurance that the City of Tampa's Internal Audit Department operates at a high professional level, the Department adheres to the Government Auditing Standards, 2007 Revision, (the "Yellow Book") promulgated by the Comptroller General of the United States. These standards, referred to as generally accepted government auditing standards or GAGAS, pertain to auditors' professional qualifications, the quality of their audit work, the performance of field work and the characteristics of meaningful reporting.

External Quality Control Review:

To provide assurance that the City of Tampa's Internal Audit Department conducts audits in accordance with these standards, the Department will obtain, at least once every 3 years, an external peer review by reviewers independent of the Department. According to GAS 3.56, "the reviewed audit organization's system of quality control was suitably designed and whether the audit organization is complying with its quality control system in order to provide the audit organization with reasonable assurance of conforming with applicable professional standards."

Independence:

The City of Tampa's Internal Audit Department adheres to the general standard related to independence of generally accepted government audit standards, which states that:

> In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be free from personal, external, and organizational impairments to independence and must avoid the appearance of such impairments of independence.

An "Independence Statement" (part of the "Quality Control Package") is to be completed by the Auditor and Audit Director immediately after auditor assignment. See E1.3 for example.

Nonaudit Services

All requests from the City's administration or department management for services will be evaluated to determine whether Government Auditing Standards (GAS) can be applied or in cases where GAS cannot be applied, the effect of performing the nonaudit service will have on our independence. The Nonaudit Services Assessment – Quality Control form will be completed by the Audit Director for each request for service (see E1.1 for example). The QC form will be retained in the work paper file.

The rationale behind each determination specified in the QC form must be documented and included in the working papers. For example, the determination that providing the service will not violate the two overarching principles and the determination whether the service could be considered "routine" must be documented.

If the nonaudit service is not considered routine, the understanding with the unit's management regarding the objectives, scope of work and products or deliverables of the nonaudit service must be documented. Management's assumption of the responsibility for the substantive outcome of the work must be documented and that management is in a position to make an informed judgment about the results of the nonaudit service must also be documented. To fulfill this requirement:

- a management level individual must be designated to be responsible and accountable for overseeing the nonaudit service;
- this individual must establish and monitor the performance of nonaudit services to see that it meets management's objectives;
- the individual must make any decisions involving management functions related to the nonaudit service and accept full responsibility for such decisions; and
- the individual must evaluate the adequacy of the services performed and any findings that result.

Documentation supporting compliance with the above four responsibilities and the qualifications of the individual assigned for overseeing the nonaudit service must be included in the working papers.

Any auditor(s) who provided the nonaudit service will not participate in planning, conducting, or reviewing of any future audit work related to the nonaudit service. The scope or extent of audit work related to the nonaudit service will not be reduced beyond the level that would be appropriate if another unrelated party performed the nonaudit service.

Any effect that the nonaudit service will have on any ongoing, planned and future audits and the auditor's independence must be disclosed. The disclosure should be documented before agreeing to perform the nonaudit service. This understanding must be communicated to the unit's management in the engagement letter.

Nonaudit services must be identified and provided to the peer review team. The documentation supporting the auditor's independence must also be made available.

Code of Ethics:

The City of Tampa's Internal Audit Department subscribes to the Code of Ethics of the Institute of Internal Auditors. "The purpose of The Institute's Code is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in objective assurance about risk management, control, and governance. The Code of Ethics extends beyond the definition of internal auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing;
2. Rules of Conduct that describe behavior norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide ethical conduct of internal auditors."

Interpretation of Principles:

The provisions of this Code of Ethics cover basic principles in the various disciplines in the practice of professional internal auditing. Internal auditors shall realize that individual judgment is required in the application of these principles. They have a responsibility to conduct themselves so that their good faith and integrity should not be open to question. While having due regard for the limit of their technical skills, they will promote the highest possible internal auditing standards to the end of advancing the interest of the City of Tampa.

Integrity
The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

Objectivity
Internal auditors exhibit the highest level professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

Confidentiality
Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Competency
Internal auditors apply the knowledge, skills, and experience needed in the performance of internal auditing.

Rules of Conduct

1. **Integrity**

Internal auditors:
a. Shall perform their work with honesty, diligence, and responsibility.
b. Shall observe the law and make disclosures expected by the law and the profession.
c. Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
d. Shall respect and contribute the legitimate and ethical objectives of the organization

2. **Objectivity**

Internal auditors:
a. Shall not participate in any activity or relationship that may impair or presume to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
b. Shall not accept anything that may impair or be presumed to impair their professional judgment.
c. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. **Confidentially**

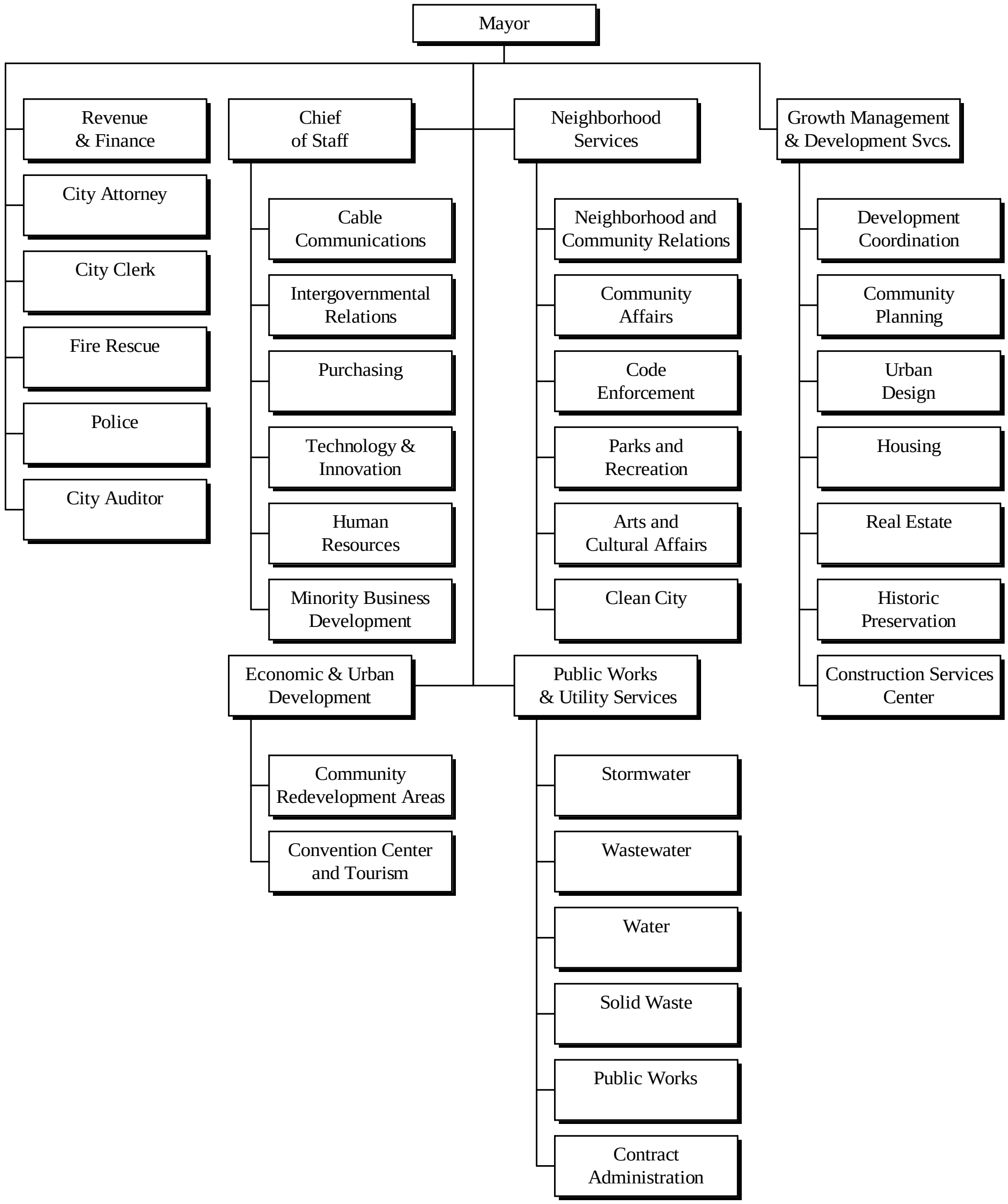
Internal auditors:
a. Shall be prudent in the use and protection of information acquired in the course of their audits.
b. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. **Competency**

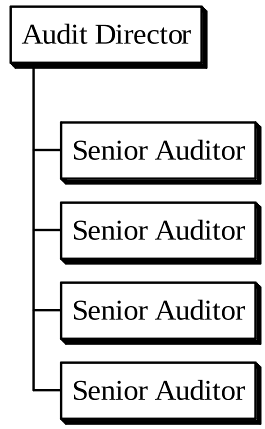
Internal auditors:
a. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
b. Shall perform auditing services in accordance with Government Auditing Standards.
c. Shall continually improve their proficiency and the effectiveness and quality of their services.

Also, City employees come under the jurisdiction of the City of Tampa Ethics Code, Personnel Rules and Procedures and Florida Statutes, Chapter 112, Part III, "Code of Ethics For Public Officers and Employees."

CPA, CIA, CGAP, CISA and CFE certificate holders are also bound by the ethics of their respective organizations and governing bodies.



Mayor
Revenue & Finance
City Attorney
City Clerk
Fire Rescue
Police
City Auditor
Chief of Staff
Cable Communications
Intergovernmental Relations
Purchasing
Technology & Innovation
Human Resources
Minority Business Development
Neighborhood Services
Neighborhood and Community Relations
Community Affairs
Code Enforcement
Parks and Recreation
Arts and Cultural Affairs
Clean City
Growth Management & Development Svcs.
Development Coordination
Community Planning
Urban Design
Housing
Real Estate
Historic Preservation
Construction Services Center
Economic & Urban Development
Community Redevelopment Areas
Convention Center and Tourism
Public Works & Utility Services
Stormwater
Wastewater
Water
Solid Waste
Public Works
Contract Administration


Audit Director
Senior Auditor
Senior Auditor
Senior Auditor
Senior Auditor

Nature of Work:

The Director of the Internal Audit Department is authorized to direct a comprehensive program of internal auditing within the city in accordance with the Government Auditing Standards promulgated by the Comptroller General of the United States, 2007 Revision. The Director of the Internal Audit Department is appointed by the Mayor and serves at the pleasure of the Mayor concurrent with the term of office of the Mayor. Legal basis for the position is in the City Charter at Section 5.01 (c). (See Section A1.1)

Responsibilities:

The Director of the Internal Audit Department is responsible for:

- Establishing policies for the auditing activity and serving as liaison between the department and senior management. The Director is the official spokesperson for the department on all audit matters.

- Developing and executing a comprehensive audit agenda for the evaluation of the management controls provided over all activities.

- Examining the effectiveness of all levels of management in their stewardship of resources and their compliance with established policies and procedures.

- Recommending improvement of management controls designed to safeguard resources and ensure compliance with government laws and regulations.

- Reviewing procedures and records for their adequacy to accomplish intended objectives, and appraising policies and plans relating to the activity or function under audit review.

- Authorizing the publication of reports on the results of audit examinations, including recommendations for improvement.

- Appraising the adequacy of the action taken by operating management to correct reported deficient conditions; accepting adequate corrective action; continuing reviews with appropriate management personnel on action considered inadequate until there has been a satisfactory resolution of the matter.

- Conducting special examinations at the request of management, including the reviews of representations made by persons outside city government (citizens).

Nature of Work:

An employee in this class of work is responsible for conducting audits of various activities of departments within, and other agencies with business or other official connections to, the municipal government. The scope of work performed includes financial, compliance, economy, efficiency and performance effectiveness audits. Tasks are of more than average difficulty, and include development and conduct of work programs for each assigned audit project, preparation of reports of audit findings, and presentation of audit recommendations. An employee will be required to serve on an audit team during major projects, coordinating with other auditors in order to ensure that projects progress according to established plans. Important responsibilities of employees in this class are to ensure that their audit assignments are conducted in a thorough and objective manner and that recommendations are developed and presented which provide a sound basis for corrective actions and improvements in municipal financial and operational systems. All audit work is performed in accordance with professional standards issued by the Comptroller General of the United States. The exercise of considerable initiative and independent judgment is required in project development and performance and the formulation of effective recommendations. Tact and diplomacy are also necessary as employees have considerable contact with other municipal employees, municipal officials and representatives of other governmental agencies and business concerns. Work is performed under direction of the Audit Director and reviewed while in progress through conferences, status reports and upon completion, through reports submitted.

Examples of Duties:

Participates in audits of municipal departments and functions and agencies with official connections to the municipal government; conducts preliminary surveys in assigned department or agency to determine activities being performed and to develop recommendations as to audit needs; formulates and recommends audit work plan, including scope, techniques, and timetable, within time constraints established by superiors; conducts audit, reviewing records and other documentation and interviewing management and other personnel, in order to obtain needed information; prepares written report of audit findings and recommendations and completes audit file with documentation to substantiate findings.

Performs analysis, critiques and evaluations to determine legal, contractual and financial compliance, economy, efficiency, and performance effectiveness of the activities of municipal departments and associated outside agencies; audits municipal accounting and operational records, procedures and practices to determine accuracy and compliance with accepted practices, procedures and the law; reviews accounting and administrative controls in order to evaluate soundness and reliability; audits financial records of various businesses which are regulated by, taxed by and/or have contractual services with the municipal government to determine compliance with applicable laws and contracts; performs audits of federal funds expenditures administered by the municipal government.

Prepares written audit findings and recommendations for corrective actions and operational and managerial improvements; presents findings as required to affected managerial personnel and high level municipal officials, explaining findings and encouraging implementation of recommendations; provides advice on internal controls, acceptable practices and procedures, and economy and efficiency issues.

When serving on an audit team: accepts project tasks and coordinates with team members; ensures that work is completed in accordance with established plans and schedules; and coordinates preparation of written reports, ensuring that reports and associated documentation are complete.

Performs related work as required.

Training and Experience:

Graduation from an accredited college or university with a bachelor's degree in accounting and reasonable auditing experience; professional accounting experience or Certified Internal Auditor, Certified Public Accountant, Certified Management Accountant, Certified Government Auditing Professional, Certified Information Systems Auditor, or Certified Fraud Examiners designation is required; or an equivalent combination of training and experience.

PURPOSE

This portion of the manual prescribes policies and procedures to be used in the performance of an internal audit from the point it is assigned until all findings have been satisfactorily resolved. The Audit Director is primarily responsible for all phases described herein, including review of staff auditor fieldwork.

Staff auditors work under the direction of the Audit Director, who approves and reviews all audit programs, work files and audit reports. The Audit Director is responsible for rating the work performance of all staff auditors. The Mayor rates the work performance of the Director.

AUDITOR ASSIGNMENT

The Audit Director is responsible for auditor assignments. To ensure the assigned audit staff meets the requirements of GAS 7.44, the Staff Assignment form (see E1.2) is to be completed by the Audit Director at the time of assignment.

PURPOSE

To document that audit management and staff are free from personal and external impairments to independence, the Independence Statement (see E1.3) is to be signed by the Auditor assigned to conduct the audit and Audit Director at the time of the audit assignment. If an impairment to an auditor's independence is identified, another auditor will be assigned to the audit.

PLANNING BUDGET

Before any work is performed on an assigned audit, the auditor should obtain a preliminary budget from the Audit Director. This original budget figure is the one used to develop the five-year plan and current year audit agenda. It can be amended as necessary (see budget section at B1.13 for further discussion).

A planning program should be established and approved by the Audit Director in order to provide guidance and limits to the amount of work necessary in the planning stage. The planning budget (audit program) should be approved in writing, with the majority of time allocated to fieldwork and development of findings. The understanding of internal controls should be obtained during the preliminary survey portion of the audit. Fieldwork would include testing the controls to determine if they are working. Sufficient time must be given to the preliminary survey to ensure an adequate understanding of the subject matter under audit.

The planning budget (including the preliminary survey) should be relative to the job as a whole. Discretion must be followed when allocating time to preliminary survey, testing, wrap-up, etc. Note: the evaluation of internal controls must be done in the preliminary survey portion of the audit because it will have a material effect upon the scope of the test work.

This should be approved by the Audit Director when appropriate. In all cases, the Audit Director must approve modification of audit scope or test procedures.

PURPOSE

To provide advance notice and courtesy to the auditee organization, an entrance letter should be sent to the highest-level manager over the operation at least five working days before the preliminary survey is scheduled to begin. This will require that it be sent while the currently assigned audit is nearing an end in order to avoid any down time on the part of the auditor. Additional copies should be forwarded to lower level managers to ensure that they are informed of the pending audit.

The entrance letter should contain the following items (see E2.1):

- Authority of the audit (audit agenda, special request, etc.)
- Name(s) of the auditor(s) assigned to conduct the audit
- Notification of the entrance meeting
- Opportunity for top management to attend
- Any other relevant information

Notification should also be provided to other entities from which we are likely to require assistance during the audit. Appropriate wording should be used indicating that even though they are not the auditee organization, we may require some amount of assistance or information from them.

The purpose of these communications is to ensure that all key people know the auditor will be working in their area and why. A copy of this letter(s) should be placed in the audit file as evidence of auditee notification. Any major changes in the audit (delays, change in staff) should be similarly communicated to the auditee.

PURPOSE

The in-office review should provide the auditor with enough insight about the subject to enable reasonably intelligent questions to be asked in the entrance conference. It should provide general familiarity with where the activity stands in the City hierarchy, its dollar significance and what it is supposed to be doing in the way of operations.

SOURCES OF INFORMATION

The following sources of information are available for the in-office review:

- Applicable rules, laws and regulations that apply to the activities being reviewed
- Material on the Organization--division of duties and responsibilities, number of employees, job descriptions, organization chart, nature and location of physical assets and accounting records
- Financial Information--cost of operations, current year/prior year and budget/actual analysis, cash flows and cost accounting data
- Internal Policies & Operating Procedures Manuals
- Prior period internal and external audit reports
- Management information and performance reports

Since this is only a familiarization process, not more than one to two days should be spent reviewing such information.

The Report, Administrative and Preliminary Survey (RAPS) File

This point in the audit is an ideal time to start building the RAPS File by compiling the information obtained above. The remainder of the RAPS File will be constructed during the preliminary survey stage (see B1.9). As stated above, prior period audits should be reviewed prior to the entrance conference to obtain an understanding of the audit area. While a new RAPS folder will be completed for every assigned audit, the work papers of the prior period may be carried forward to the current period if the work papers are still applicable. Examples of work papers that could be carried forward: organization charts, applicable charter and code sections, etc. Any work papers removed should be annotated in the prior period RAPS folder at their previous location.

PURPOSE

The entrance conference sets the tone for the audit to follow. The tone should be one of openness, candor, cooperation and professionalism. It also provides a place for the audit team to be introduced to key management personnel and to brief the auditee on the audit process.

PROCEDURE

The conference should be arranged by the staff auditor in-charge after the engagement letter has been received by the auditee. The staff auditor is responsible for writing the entrance letter. The purpose and time for the meeting shall be communicated to all. The protocol set forth in the letter should be followed. All staff members of the audit team should attend. The following items should be covered in the meeting:

- Staff introductions
- Audit topic and any special direction if known at the time
- The formal report procedures will be explained to the auditee to ensure fair and objective treatment. The due process of the audit is as follows:
  - Any audit findings are to be objective, factual and considered in perspective.
  - All potential findings will be discussed with the operations manager before leaving the field.
  - A final draft of the auditor's report will be provided to auditee management. The auditee will be given ten (10) working days to respond to the recommendations in writing. An exit conference will be held after the receipt of the auditee's responses.
  - The final report will include the auditee's responses verbatim and any comments that may be necessary from the auditor.

Other Considerations:

Determine who the auditee department contact person will be. The contact person should not be the department head. They may not have a hands-on understanding of what you are auditing.

The department contact should be a person that is high enough in the organization to open doors for you and at the same time be available and knowledgeable enough about the subject matter to answer any questions that you might have. Other details can be worked out such as the assignment of working space, the best time to interview auditee employees considering levels in work production, etc.

Some department heads may request a copy of the objectives of the audit following the preliminary survey. We usually comply with these requests. However, the Audit Director must approve such a request. The entrance conference should be documented by a memo in the work papers describing the time and date, attendees and topics discussed. A general timeframe for ending the fieldwork portion of the audit may be given, however, we are not bound by it.

PURPOSE

The exit conference should be scheduled for a mutually convenient date after the auditee has the final draft report and after their written responses are due. The purpose of this meeting is to discuss the accuracy of the facts and the practicality of the recommendations with senior operational management. To expedite the scheduling of the exit conference, the date and time of the meeting should be determined with the auditee management shortly after the draft report is sent out. When necessary, an exit conference can be scheduled for a date before written responses are prepared by the auditee. An example of this would be if the auditee has additional information to provide which the auditee believes would change the findings or response. However, there should be no surprises presented by either side at the exit conference. The meeting is a confirmation of our findings and recommendations.

PROCEDURE

The auditee is informed of the exit conference in a "request for responses" letter (see E2.2) attached to the report draft. The protocol should be set forth in the letter. It is important that personnel with appropriate department authority and Internal Audit Department management be present at this meeting because it may be necessary to change wording in the audit report based upon discussions. However, the auditee must prove its case when asking for changes. It is assumed that attending auditee management has read the report and understands the basic issues and recommendations. The following approach is preferred in discussing the report draft:

- Discuss the probability of this report appearing in the newspaper and briefly explain the report distribution process.
- The auditee should be given the opportunity to take the lead, that is, let them tell us what it is that they disagree with. The written responses should be followed. Don’t digress to other issues.
- The auditee must be able to prove or back up their disagreements with acceptable documentation.
- Resist the temptation to commit to changes at this meeting. Defer changes for later. This will give us an opportunity to evaluate auditee documentation. The audit report is <u>our</u> professional work product. We will include protests with their answers. Auditees do not have editorial rights over an audit product.
- Remain poised but firm and let auditees know that we will consider legitimate requests and let them know later what we have decided.
- Major disagreements will be worked out if possible. Department heads who disagree will be given the opportunity to view the final report before release.
- Inform the auditee that all unresolved items will require an auditor’s comment so that the reader of the report will be advised of the quality of the auditee’s written responses. (See GAS 8.32 – 8.37).
- The exit conference should be documented in the audit work file.

PURPOSE

Generally accepted government auditing standards (GAGAS) authorizes the preliminary survey. Its purpose is to identify audit objectives and evaluate internal control. The fieldwork portion of the audit is used to test identified internal controls and to quantify weaknesses when necessary. Preliminary surveys are to be accomplished as a part of the planning process for the audit. Although budgeted time varies, the preliminary survey should be completed within 20 to 40 percent of the time allocated to the audit. The time spent on the preliminary survey depends upon the complexity of the subject matter under review. The Audit Director determines the depth and length of the preliminary survey.

The preliminary survey, if done correctly, will provide a clear picture of operations. Internal control points such as: division of duties, reconciliations and review procedures, will also be noted. However, testing is essential to achieve audit objectives. Findings will arise during the preliminary survey portion of the work, but testing is needed and required in order to quantify known problems and discover ones that are not so apparent.

In the preliminary survey, the auditor gets to know the people, gains an understanding of the operations, identifies risks and controls, and develops the audit's objectives. As a result, a more intelligent, effective and efficient audit will be performed. This and all other planning work through the program writing stage must be scoped to fit within the planning budget approved by the Audit Director. However, time may be extended if warranted. Time budgets are flexible. They will always be extended for good cause.

SOURCES OF INFORMATION AND KEY CONCEPTS

The following are some standard procedures for the preliminary survey. Some may not be used on a particular type of engagement, but it will provide some idea of what can be done to ensure that the auditor obtains a sufficient understanding of the area under audit.

<u>Laws, Regulations, and Provisions of Contracts or Grant Agreements</u> – The auditor should identify any laws, regulations, and provisions of contracts or grant agreements that relate to the audited entity or activity. The auditor should document an assessment of risk that any violations would have on audited entity or activity. If they are likely to be significant to the audit objectives, the auditor should design and perform procedures to provide reasonable assurance of detecting any violations or illegal acts. (GAS 7.17-7.20)

<u>Fraud & Abuse</u>

The auditor should consider risks due to fraud (individuals' incentives or pressures, the opportunity for fraud to occur, and rationalizations or attitudes that could allow individuals to commit fraud). The auditor should prepare audit documentation related to the identification and assessment of and response to fraud risks. During the audit, the auditor should be alert to situations or transactions that could be indicative of fraud or abuse, which is not a violation of laws, regulations, or provisions of contracts or grant provisions, but involves behavior that is deficient or improper. (GAS 7.21-7.25)

Physical tour of facility with the auditee manager--This is not only recommended for the auditor in the field but for the Audit Director as well. For the auditor in the field, it will help him/her assess the layout and controls associated with the physical plant. For the Audit Director, it will aid him in his review of the auditor's work paper file and give him a more enlightened understanding of the findings.

Organization and Charter for the activity--Organization charts and information on interfacing units should be obtained. Also, policy statements, directives, statements of function and responsibility and delegation of duties should provide the auditor with the objectives of the entity. It should be determined whether all of the documents reviewed are proper and responsive to the current situation and time. Such documentation is required by city ordinance. If none exists, this would be a finding.

Financial Profile--The auditor should know the magnitude of dollars in an activity; how much is spent to achieve goals, etc. The breakdown between personnel, operating expenses, inventory and capital is often useful. This background may prove to be suitable for inclusion in the introduction portion of the audit report. A review of the budget and general ledger would be useful in this pursuit. In some cases, budget to actual and current year to prior year analyses should be performed.

Interviews and Operating Instructions--Employee interviews and important written instructions and procedures along with each transaction walk-through will form the basis for the preliminary survey narratives/flow charts and evaluation of internal controls. In addition to obtaining a good understanding of operations, the auditor must render it to paper so that the Audit Director is convinced that the auditor has a suitable understanding. A good understanding of the transaction flows should be demonstrated in the audit file by written narratives, flowcharts or a combination of both. Important transactions are the ones that involve material dollars, risk or processing time of the unit. Peripheral, infrequent activities or transactions should not be pursued without the Audit Director's approval. The goal (at least through the preliminary review stage of the audit) is for the auditor to be able to generally describe the main functions and how they are handled and controlled.

Problem Areas--As the preliminary survey proceeds, the auditor will identify areas that should be pursued or tested. These should be noted and considered for inclusion in the audit program. Other than the constraints of the audit topic (scope) and the time budget (which is flexible), the field auditor can largely direct the detailed audit efforts towards areas of risk, payoff or interest. The field auditor is relied on to provide insight into the auditees' operations and observed risks and formulate this into a meaningful and effective audit program. Only significant issues are to be pursued.

DOCUMENTATION

The preliminary survey should result in documentation in the form of narratives, flowcharts, internal control evaluations, various questionnaires, documentation copies and other key items. Flowcharts (if used) should be at a fairly detailed level showing the specific processing flows. Standard flowchart symbols should be used. The preliminary survey culminates in a survey memo or risk analysis worksheet that outlines significant results and the anticipated direction of the audit. All of the documentation created or obtained during the preliminary survey should be compiled in the Report, Administrative and Preliminary Survey File. See B1.15 for discussion of public information law and general requirements.

PURPOSE

Government Auditing Standards require auditors to determine if computer-processed data are reliable enough to be used, specifically whether:

- the input data are reasonably accurate and complete, and
- any computer processing performed on that data is reasonably accurate and complete.

The "Data Reliability Checklist" was developed to facilitate the assessment.

Auditors should determine if other auditors have concluded that the controls over the system are effective to ensure that it produces reliable data. If they have, auditors may be able to use that work. If not, auditors may have to determine the validity and reliability of computer-processed data by direct tests of the data.

The GAO's Gray Book, Assessing the Reliability of Computer-Processed Data, allows for a certain amount of subjectivity and professional judgment in making the evaluation. The guidance is a risk-based framework designed to be flexible, efficient and feasible within time constraints. It was built on:

- making use of all existing information;
- performing at least a minimal level of data testing;
- doing only the amount of work necessary to assure ourselves the data are reliable enough for our purposes;
- maximizing professional judgment; and
- bringing the right people, including management, into the decision process.

The initial step in the process is to determine when to do an assessment. If the data are intended to support the engagement findings, conclusions or recommendations assess its reliability. Data only used as background information or in documents without findings, conclusions or recommendations does not need to be assessed. <u>All work performed as part of the data reliability assessment should be documented in the work papers.</u> <u>The final assessment of whether the data are sufficiently reliable for the purposes of the engagement should be summarized in the working papers.</u>

When it is determined that an assessment is required, the first step is a review of the existing information. This information can be in the form of reports, or interviews with individuals who are knowledgeable about the data and the system. Officials of the agency under review are aware of evaluations of their computer data or systems and can provide the information to the auditor. Others in the organization and data users can provide assistance obtaining the information.

The next step is the initial testing. Only test those data elements that will be used for the engagement. Items to be tested include: (This is accomplished by applying logical tests to electronic data files or hard copy reports.)

- missing data, either entire records or values of key data elements;
- the relationship of one data element to another;
- values outside the designated range; and
- dates outside valid time frames or in an illogical progression.

The preliminary assessment is the first decision point in the process. Evaluate the sufficiency of the data reliability at this point and whether further testing is required. Keep in mind that you are not attesting to the overall reliability of the data or database. Only the reliability of the data needed to support the findings, conclusions, or recommendations need be determined. Consider the following factors when making the preliminary assessment:

a. the expected significance of the data in the final report;

    - will the data alone be used as support
    - will data be summarized or will detailed information be required
    - will it be important to have precise data, making magnitude of errors an issue

b. corroborating evidence;

    - is it sufficient, competent and relevant
    - provides crucial support
    - drawn from different sources – testimonial, documentary, physical or analytical

c. level of risk; and

    - the data will have a significant impact on policy or a program
    - the data will be used for significant decisions
    - the data will be the basis for numbers that are quoted
    - the engagement is concerned with a sensitive or controversial project
    - the overall engagement risk is medium or high
    - there are unique factors that could increase risk

d. The results of the initial assessment work.

The overall assessment is a judgment call.

If the corroborating evidence is strong and the risk low, the data can be considered sufficiently reliable for use. Conversely, if the corroborating evidence is weak and the risk is high, the data should be considered not sufficiently reliable for use. Assess the data as sufficiently reliable when both the review of the related information and the initial testing provide assurance that:

- the likelihood of significant errors or incompleteness is minimal; and
- the use of the data would not lead to an incorrect or unintentional message.

When the preliminary assessment indicates that the data are sufficiently reliable, use the data.

Assess the data as not sufficiently reliable for the engagement when the review of related information or initial testing indicates following:

- significant errors or incompleteness exist in some or all key data elements; or
- using the data would probably lead to an incorrect or unintentional message.

When the preliminary assessment indicates that the data are not sufficiently reliable, you should seek evidence from other sources such as alternative computerized data (the reliability should be assessed) or original data in the form of surveys, case studies or expert interviews. If the alternative data sources do not result in a source of sufficiently reliable data the following steps should be used:

- redefine the audit objective to eliminate the need to use the data;
- use the data with appropriate disclaimers; or
- end the engagement.

Consider the data as of undetermined reliability when the assessment of it concludes one of the following:

- The review of some of the related information or initial testing raises questions about the data's reliability.
- The related information or initial testing provides too little information to judge reliability.
- The time or resource constraints limit the examination of related information or initial testing.

When the preliminary assessment determines that the data is of undetermined reliability, consider conducting additional work. Some of the steps to further determine data reliability include tracing to and from source documents, using advanced electronic testing and reviewing system controls. The mix depends on what weaknesses were identified in the preliminary assessment, the risk level and corroborating evidence.

Tracing a sample of data records to source documents helps determine whether the computer data accurately and completely reflect these documents. Trace to source documents when the source documents are readily available or the possible magnitude of error is critical. If source documents are not available if may be necessary to use interviews to obtain information, any corroborating evidence obtained earlier, or review the adequacy of system controls. In addition trace a sample from source documents to the data records.

Consider the results of all the previous work in making the final assessment of data reliability. Whether, for the intended use, the data is sufficiently reliable, not sufficiently reliable or still undetermined. Remember, you are not attesting to the reliability of the data or database. You are only determining the sufficiency of the reliability of the data for the intended use. Some of the considerations to help decide whether to use the data are:

- The corroborating evidence is strong.
- The degree of risk is low
- The results of additional work: answered the issues raised or did not raise any new issues.
- The error rate, in tracing to or from source documents, did not compromise reliability.

The report should include a brief discussion in the methodology section of what was done to assess the reliability of the data. You should state what you did to assess the data; disclose any concerns; and reach a judgment about the reliability of the data for use in the report. It should also contain a discussion of the assessment of data reliability and the basis for the assessment.

PURPOSE

The audit program guide (see E2.3) provides a chart and guide of proposed procedures for the auditor to follow. It is also a record of supervisory approval of work to be performed. It provides a basis upon which to budget and control the audit. Following an approved, detailed audit program will prevent the auditor from getting off the track and pursuing irrelevant items.

PROCEDURES

- Hold an audit direction meeting with the Audit Director based on the preliminary survey memo and risk analysis. The auditor should have the major audit emphasis and tests agreed to before writing the audit program.

- Prepare draft audit program after the preliminary survey and before any test work is performed. Document transaction flows to help gain a better understanding during the preliminary survey portion of the audit.

- Draft the audit program in the standard format to insure consistency.

- Have the Audit Director review and approve all preliminary survey and planning documents when they are complete.

- Have the final audit program reviewed and approved by the Audit Director.

- The audit program guide should be placed just after the audit report and any RAFs. It is a guide to all that follows.

- Number audit program steps consecutively from beginning to end.

- All major changes in the program must be approved in writing by the Audit Director and documented as to the reason for it.

CONTENT

<u>Background</u>

At the beginning of the audit program, provide a general overview of the auditee's operations. Include in the narrative statistical and dollar information, location, authority, staffing and main duties and responsibilities.

Audit Objectives

Objectives should have top-level management significance and fit within the overall scope of the audit. Every audit procedure should help answer one of the objectives and every objective should be addressed in the procedures or steps. Continually think of the report and devise steps to uncover findings you would be proud to discuss with the Mayor. Question yourself: "If errors are found in this test, what would the report say and would top management be interested?" In order to make your goal perfectly clear, preface major steps with: to test whether . . .; or, to determine that . . .

Audit Procedures

Planning: The planning program must be written before any time is incurred on the project. The remainder of the program will be added later as the work progresses through the preliminary survey. It includes all tasks up to the point of substantive audit tests, and actual time incurred should not be more than 40% of the total time budget. It is during this stage of the audit that the decision is made whether or not to continue the engagement. If indicators are such that no significant findings are probable, then the audit will be dropped and another audit will be started. This maximizes audit resources in such a way that only audits that yield significant findings will be pursued.

Testing: All stated objectives must be answered and supported by test work. Use imagination, ingenuity and intelligence in creating audit steps responsive to objectives. The time budget should be about 45% of the total budget. Program step procedures should be in enough detail so that an experienced auditor could carry out the task with normal supervision.

Administration and Wrap-up: This includes all steps not related to planning and testing; i.e., completing all office forms, report writing, travel time, review note clearance, etc. About 15% of the overall budget should be allocated to administration and wrap-up.

PURPOSE

The purpose of an internal control (I/C) analysis is to aid in evaluating an entity's internal control by consolidating the major control points that should be present in a system along with the auditee's representation as to whether the controls are in place. An internal control questionnaire serves as a basis for audit tests; either verifying major positive answers or determining exposure or risk on negative answers.

USE

The I/C questionnaire, if used, should be developed and completed in the late stages of the preliminary survey. It is logical to develop it at this point as opposed to later because it is in the preliminary survey portion of the audit that the auditor comes in contact most with auditee personnel. Moreover, internal control should be evaluated during this phase of the audit. Testing will confirm the validity of internal control work.

The Internal Audit Department does not use standard or canned internal control questionnaires. These are best suited to financial audits. If you use an I/C questionnaire, it should be developed from your understanding of the subject matter under audit. With a properly documented preliminary survey, including flowcharts and/or narratives, the I/C worksheet can be filled out and test work scheduled. I/C questionnaires are not required, but the risk analysis worksheet is.

SOURCE

The I/C worksheet should be prepared at the end of the preliminary survey, after you have gained a thorough understanding of the area or subject matter under review. It can be prepared from the narratives and flow-charted material in your working papers. When interviewing auditee personnel you want to get the most out of each question. For example, "What procedures do you employ to secure the area after working hours?" This will force the auditee to talk about procedures.

Avoid asking questions that can be answered with a simple yes or no. The following would probably get you a one-word answer, "Do you lock up the place at night?" To get more from the auditee more questions would have to be asked in order to clarify or quantify his/her answer. On the other hand, I/C questions are designed to be answered in very short responses. That is why most of the time the traditional I/C questionnaires do not lend themselves to performance/operational auditing.

PROCEDURE

The evaluation of internal control for performance audits must be developed from scratch. It must be identified and evaluated by the auditor based solely on the auditor's understanding of the subject matter. That is hard to do and it will test the auditor's reasoning and problem solving ability and communications skills. A simple approach to this complex problem is to list (based upon your knowledge of the subject matter under review) everything that can go wrong in one column and the corresponding control that would prevent or minimize the problem. Risks are ranked high, medium and low. List W/P References to where tests can be found of risks that were tested.

INTERNAL CONTROL APPROACH

As stated previously, the key to effective and meaningful evaluation of internal control is to obtain a thorough understanding of the subject matter under audit. That understanding should be thorough enough so that the auditor identifies and understands the main transaction flows, procedures, staffing, major risk areas, and etc. Without this basic building block, internal control evaluation cannot take place. In addition to this, risks must be properly identified and matched to direct internal controls or compensating controls. It can be summarized as follows:

1) Gain an understanding of the audit subject matter under review.

2) Document and confirm your understanding.

3) Identify weaknesses.

4) List the proper internal control to offset the identified or potential weaknesses.

5) Rank potential risks (weaknesses) in order of importance.

6) Schedule relevant tests in order to quantify risks or confirm the effectiveness of an internal control.

The criteria for determining if an internal control is working depend upon three things.

1) The internal control must be official policy of the auditee.

2) The policy must have been communicated to the appropriate auditee personnel.

3) Discipline must be exercised over the control by the appropriate employee who has been assigned to do so.

OFFICIAL POLICY

The internal control procedures must be official policy of the auditee. This is usually done in the form of an operating manual, letters or memos circulated and/or posted in the department. Best evidence of management's intent to control operations is through the issuance of an operations procedures manual. An operations manual should contain major policy statements, organizational charts, detailed procedures effecting operations, and recognized industry standards, if they exist. Such a manual is a key element for control and consistent application of good business practice. New employees can use such manuals as training tools in learning new jobs. It is also a valuable means of effecting a program of cross-training employees who can fill in when others are on vacation or sick. It is invaluable to auditors because it provides standards by which an operation can be evaluated.

Policy Must be Published

The policy containing standards and controls must be published and circulated to the appropriate operational personnel. Controls cannot be enforced if no one knows about them. Such controls should appear in the responsible employees job description or written duties assigned. Moreover, there must be a meeting of the minds on the controls between management and the employee(s).

Discipline Over a Basic Control

The final element in determining if an internal control is working is discipline. This is generally defined on a very basic level. Someone is supposed to do something such as review and sign off on a document; supervise employees; review an error listing and making corrections; prepare a reconciliation, etc. These are basic controls and discipline must be exercised in order for them to be effective. In addition, management must be assured that the three elements of internal control are in place and working. Most breakdowns in internal controls can be traced to a lack of discipline

THE AUDIT TRAIL

The audit trail is a documented unbroken chain of events that is necessary in order to determine if basic internal controls are in place. It provides a basis for audit test work. It is the primary responsibility of the Internal Audit Department to comment to management when deficiencies in the audit trail are noted. In a public environment, this cannot be over emphasized. In addition to providing the basis for test work, it is legally required and essential for full public disclosure under state law.

TYPES OF INTERNAL CONTROL

Generally, internal controls can be divided into two broad categories: controls that prevent and those that detect. Preventive controls are those that restrict certain illegal or undesirable events from taking place. Good examples of such controls are locks, security or sign-on codes for computer terminals, segregation of duties, parameters built into a financial system that prevent over spending of a budgeted line item.

Controls that detect determine if an illegal or undesirable act or event has happened. Examples of such controls are supervisory reviews, reconciliations, error listings, exception reports, financial reports, video cameras, sound detectors, etc. Some controls have preventive and detective elements. It can be argued that an effective internal audit function is both a detective and preventive control. Video cameras, sound detectors and motion detectors would also serve to prevent certain events from happening. However, for detective controls to function as preventive, their use must be well known to employees and the general public as well. Electronic surveillance and burglar systems are examples of detective controls that can function to prevent illegal acts, however they are more effective if advertised.

As a general rule, preventive controls are more expensive when compared to detective controls. Any good system of internal control should contain a mix of the two. It would not be prudent to place too much reliance on controls that only prevent some illegal act from happening. This is true because once a preventive control has been compromised, there is no way to detect that an illegal act has or is occurring. Computer systems have been well known for lacking detective controls in the past. Data Center managers have a history of placing too much reliance on simplistic sign-on codes, user ignorance, and little else. How many times have you read in the newspaper of someone embezzling large sums of money only to be caught by accident? Either the controls were mostly preventive ones or a basic internal control lacked discipline or was missing. Also, exception reports can be voluminous and therefore not reviewed or ignored entirely.

THE INTERNAL AUDIT DEPARTMENT

The Internal Audit Department is the ultimate internal control function. Its main role is to provide assurance to management that its goals and objectives are being carried out. If documentation is poor and basic internal management controls are not in place, then such assurances cannot be made. Remember that management is responsible for establishing and maintaining a system of internal controls. Testing allows us to quantify the effect that poor internal management controls are having upon operations. Major internal management control weaknesses are usually costly. It is incumbent upon internal audit to point out such weaknesses because the situation could change and management needs to know that. For example, during a preliminary survey it was noted that journal entries were supposed to be reviewed and initialed by an accounting supervisor before input. Subsequent review indicated that this was not done so the auditor should review a sample of journal entries. Upon completion of the test it was concluded that all journal entries were correct and all supporting documentation was adequate. Is there a finding? Perhaps, if compensating controls outside of the Accounting Department cannot be identified, then there is a finding because:

1) Audit tests are not specifically designed to detect fraud and no assurances can be made regarding it. The "Yellow Book" states that the auditor must be "aware of vulnerabilities to fraud associated with the area being audited in order to be able to identify indications that fraud may have occurred."

2) Comments regarding internal control are only valid as of the day it was evaluated (last day of fieldwork).

3) The test work done above indicates that the individuals preparing the journal entries were competent. This situation could change very rapidly. Competent employees could be replaced by less able ones and because basic controls were not in place, an economic loss could occur. It is important that such distinctions are made by the auditor and brought to the attention of management.

NOTE: All controls identified as minimizing major risks should be tested to ensure that the controls are in place and working satisfactorily.

PURPOSE

The risk assessment is used to obtain an understanding of the entity, its environment, and internal control system.

Risk assessment is the identification and analysis of relevant risks to the achievement of the objectives, forming the purpose of determining how those risks should be managed.
Risk assessment implies an initial determination of operating objectives, then a systematic identification of those things that could prevent each objective from being attained. In other words, it is an analysis of what could go wrong.

The risk assessment identifies the individual risk, controls or procedures that are in place to prevent, eliminate, or minimize the threats, if the control is in place, and the magnitude of the risk – low, medium, or high.

SEE E2.4

PURPOSE

The major resource of the Internal Audit Department is people. In order to control the utilization of that resource, overall budgets are assigned to each audit and detailed budgets are devised based on the audit program. Budgets are controlled with status reports and serve to keep the auditor within the parameters of the project. Budgets also serve as a planning and control tool in scheduling the audit staff and accounting for the efforts and accomplishments for the department.

PROCEDURE

After the audit program is written the auditor should estimate the amount of time needed to perform its steps based upon prior results, the auditor's past experience in performing certain audit techniques, common sense and office guidelines. The Audit Director approves each budget.

The audit objectives may be reduced to achieve the overall time constraint. This should be determined during discussions with the Audit Director. This is necessary due to the breadth of coverage the department must perform.

The audit program must have the expected hours by each program objective. The total of all steps should approximate or be less than the budget for the project. The official budget then becomes the programmed budget and the agenda guideline is dropped. However, it should be remembered that budget hours assigned are flexible with approval.

The time budget for the audit will appear in two places: on the audit program and on the weekly progress report that is turned in each Monday. Each auditor's progress is entered into a spreadsheet that is printed each week and kept on file.

If a program step is not proceeding as budgeted, the auditor must inform the Director of problems, unrealistic approaches, etc. and suggest alternative procedures early enough in the audit to prevent overruns. The field auditor is the one who sees problems and must communicate this to the Director. All justified overruns, after being cleared with the Director, must be documented in a file over run memo simultaneous to the occurrence.

GUIDELINES

Planning, preliminary survey and wrap up should comprise about 50-60% of the budgeted hours. The remaining hours should be used performing the fieldwork portion of the audit. However, this can vary depending on the type of engagement. The time budget is flexible.

PURPOSE

The evidence fieldwork standard for performance audits requires that "sufficient, competent, and relevant evidence is to be obtained to provide a reasonable basis for the auditors' findings and conclusions." The purpose of sampling is to provide a justifiable basis upon which to support audit findings, while not requiring 100% testing of the subject matter under audit.

DEFINITIONS

Tests of controls or attribute sampling are performed on non-monetary populations. Tests of controls are used to assess whether controls were functioning properly during the period being audited. Substantive tests are applied to monetary populations. The objective of substantive tests is to evaluate the fair presentation of dollar amounts in the financial statements. Generally, we perform tests on non-monetary populations. The City of Tampa relies on the external auditors to ensure the fair presentation of the financial statements.

The types of samples available to the auditor are statistical and non-statistical. Statistical sampling allows the auditor to infer the results of tests to the population from which the sample was selected. The results of non-statistical sampling cannot be inferred to the population from which it was drawn. Examples of non-statistical sampling methods include judgmental, block and haphazard.

SAMPLING METHODS

Statistical (Simple Random) Sampling - Simple random sampling requires that all sampling units in the population have an equal chance of being selected. The total population is determined and then the sample size is mathematically calculated based on a desired confidence level, desired precision of the tests and an expected error rate. Also, the attributes must remain constant within the sample. An auditor can initiate random sample selection in either of two ways: computer programs or random number tables.

Judgmental Sampling - Selection is based on the auditor's sound and seasoned judgment. Selections are based on the value of items, relative risk and representativeness.

Block Sampling - Items are selected in a block of transactions, such as all input for three consecutive days. All transactions for the week, month, etc. approved by Joe Smith, supervisor. This is useful for the evaluation of internal controls over a certain time period, one that is contiguous to the last day of fieldwork. Such testing would be consistent with any statements regarding internal controls. Block sampling should be used with caution because valid inferences cannot be made beyond the period or block examined.

Random Sampling (haphazard) - Items are selected without intentional bias to include or exclude certain items in the population. While sample sizes are pre-determined, the selection of sampling units is selected using computer programs or random number tables.

DISCUSSION

Generally, a non-statistical form of the attribute sampling is used. A random sample is selected (25 to 50 items) and tested against predetermined criteria or attributes. After this is done, the error rate of the sample is analyzed. A statistical (simple random) sample is only necessary if statements are to be made regarding the universe as a whole. If no such statements are to be made, use one of the non-statistical sampling methods that will best be defined by the objectives of the audit.

If judgmental sampling is chosen, a memo describing the method, rationale and appropriateness of the judgmental sample should be included in the work papers. Judgmental samples are subject to auditee criticism and therefore must be consistent with stated audit objectives and well documented.

If statistical sampling is chosen, the parameters of the sample should be documented in an appropriate manner. For guidance on the methods of statistical sampling, see:

- Sampling For Internal Auditors, 2nd Edition, 2000
- Using Statistical Sampling In Testing Transactions, Center For Video Education, 2000

FRAUD AUDITING

When confronted with a suspected fraud, a statistical sampling approach known as discovery sampling should be utilized. The only difference between discovery sampling and using the simple random sampling method is that the expected deviation rate is established at zero. The sample size is designed to discover at least one deviation in the population. See Section D of this manual for Internal Audit's responsibilities with respect to detecting and investigating fraudulent activities and reporting requirements.

SUPERVISORY APPROVAL

The auditor should confer with and seek approval from the Audit Director with respect to the appropriate sampling method to be used and the sample size when non-statistical sampling methods are used. Sampling methods must be consistent with stated audit objectives. Sampling methodologies must be disclosed with a high degree of clarity in the audit report as per the "Yellow Book's" reporting requirements.

PUBLIC INFORMATION LAW

Audit work papers and all related files including the auditor's current holding files are public documents after the audit is completed and the final report is issued (see below). If the request is made after the final report has been distributed to the City Clerk's office, the requester should request the report from the City Clerk's office. Auditee personnel, including department heads, managers and their supervisors are restricted from taking custody of audit files. If a question arises from an audit report and the auditee would like some documentation regarding it, they may request it through the Director of Internal Audit. Under no circumstances may an audit work paper file be handed over to an auditee.

Professionally, we must stand behind all facts that are disclosed in the audit report. On occasion an auditee will want to know how we arrived at certain information. When this happens they can request additional support and it will be provided.

On many occasions, the news media requests to inspect our work paper files pursuant to writing a news story on an audit report. As stated earlier work paper files are public information after the audit report has been released by the Mayor. All discussions with any member of the news media regarding one of our reports should be coordinated through the Audit Director. Upon the direction of the Audit Director any staff internal auditor can make the files available to the press. Audit reports are posted on the Internet and citizens and interested parties are encouraged to down load them.

Most documents prepared by the Internal Audit Department Office are open to public inspection after the audit report is released. However, some documents are exempt from public scrutiny. For example, employee medical information and the social security numbers of all current and former City employees should not be in the working papers file. The home address, telephone numbers, social security numbers and photographs of active or former public safety personnel (police officers and/or firefighters) are exempt from public record. Any records related to an ongoing criminal investigation are also exempt from public inspection. Additionally, any security system plan (schematics, diagrams, photographs or other details of the security system) is not subject for release. Working papers, which are restricted from public disclosure, will be removed from the work paper folder and filed separately. If only a few items are involved, blacking out the information so that is can not be read is suitable. A memo stating that the workpapers removed from the work file contained prohibited or confidential information should be inserted into the file. Each auditor should be familiar with the provisions of the various laws, rules and regulations regarding public records.

GENERAL REQUIREMENTS

Neatness - Makes an easily understood file, which is indicative of careful thought and consideration as to purpose, method and content.

Economical/Concise - Avoid unnecessary copies, listings and scheduling. Combine as much related testing as possible on one page to ease understanding and facilitate referencing. The easier the file is to review the fewer review notes you must answer.

Completeness - All audits must be complete, no loose ends. Spend some time and tidy up the audit file. Look for items that might trigger a potential review note. Correct cross-references where applicable. All unusual or unexpected items must be explained such as: deviation from the audit program, schedule content that is not clear or typical, auditee statements that are vague or contradictory, etc

AUDIT FILES

There are two main audit files: the Report, Administrative and Preliminary Survey File and the Working Paper Files. Each is described below.

Report, Administrative and Preliminary Survey (RAPS) File

Contents of the Report Section ("A" Work Papers):

- Quality Control Package (consists of "Auditor Assignment and Independence Statement," "Planning Checklist" and "Quality Control Checklist")
- Final and Draft Reports
- Reportable Audit Findings (RAFs)
- Audit Program Guide

Contents of the Administrative Section ("B" Work Papers)

- Entrance Conference Letter
- Entrance Conference Memo
- Exit Conference Letter
- Exit Conference Memo
- Other Correspondence with Auditee

Contents of the Preliminary Survey Section ("C" Work Papers)

- Applicable rules, laws and regulations that apply to the activities being reviewed
- Material on the Organization--division of duties and responsibilities, number of employees, job descriptions, organization chart, nature and location of physical assets and accounting records
- Financial Information--cost of operations, current year/prior year and budget/actual analysis, cash flows and cost accounting data
- Internal Policies & Operating Procedures Manuals

- Prior period internal and external audit reports
- Management information and performance reports
- Narratives with key personnel on operations and transaction flows supported by applicable documentation (examples obtained should be completed forms)
- Documentation on the Internal Control System. (Including control points, such as the system of approvals, authorizations, segregation of duties, supervision, reconciliations, computer-generated error and edit listings, exception reports, etc.)
- Assessment of computer data reliability
- The Risk Analysis Worksheet (listing of the risks (exposures), the internal controls to offset those risks, whether the controls are in place and effective and the risk assessments)

Working Paper File

The working paper file(s) are used to document the evidence used to support the audit's conclusions. Use the rule of common sense for indexing. A unique index letter (D, E, . . .) should be used for each major section. Each major section of the audit file should correspond to an audit objective in the audit program. There is not any standard plan or indexing scheme. The only requirement is that it should be simple and easy to follow.

STANDARDS OF DOCUMENTATION

Test Work Documentation

- Attach items so that it can be read without turning the file sideways.
- Segregate all notes, explanations and tick marks on the schedule.
- Include on each work paper in the test work section, a heading of audit area and general description of schedule contents or purpose on all papers.
- When computer printouts or auditee documents are included, mark them clearly as to their source and who prepared them. Note what the printouts or documents were used for. This is necessary because they may not contain suitable titles or headings to properly identify them.
- Have a separate section for each audit objective and reference them to the audit program.
- Any conclusion or opinion that is made in the work papers must address the audit objective as stated in the detailed audit program.
- Date and initial each work paper in the lower right hand corner. The reviewer shall also initial each work paper that shows original work.

Documents in the Work Paper File

- Copies of various documents can be used as examples, for clarification or evidence to support a conclusion or prove the existence of a problem.

- Any copied document should serve a useful purpose.
- A copy of a "completed" form should be made if it is used to illustrate a process or procedure.
- Copy and insert only that portion of the document, which is needed for purpose of explanation. Do not include the entire document in the work papers unless absolutely necessary.
- Fully explain the terms and notations on the document, as well as its use.
- Each document should be cross-referenced to where it was discussed.
- No document should be included in the work papers without an explanation of why it was included.

Indexing and Cross-referencing

- Keep papers organized and easy to follow. This forces the auditor to see relationships and flow of work.
- Do not skip letters. Use A, B and C for the Report, Administrative and Preliminary Survey sections, respectively. Beginning with D, go through the alphabet as far as necessary for the major objective sections.
- A summary page (lead sheet) should be included in front of each major section stating the objective, results of tests, conclusions and any exceptions that are reportable.
- Do not index the Audit Program Guide or review notes, as they are self-evident. Once the Audit Director has cleared the review notes, they will be removed from the audit file and placed in the auditor's departmental personal file.
- Use red pencil or bolding for all cross-referencing. Page indexing should be done in red pencil as well.
- Use a section index when it would facilitate review and understanding.
- Use file section dividers and tabs in the same manner.
- Indexing and neatness are a matter of common sense.

Report Drafts - Each report draft must be accounted for and retained to support the review process. Report drafts are public records. The first draft of the audit report should be referenced to the Record of Audit Finding (RAF). All facts, figures, and dates contained in the audit report should be referenced to supporting documentation. Any updates/revisions to the information should be supported and cross-referenced to the final report.

Chapter 119.0713(3), Laws of Florida - Internal Audit Reports, states that audit work papers are confidential until the final report is released by the local unit of government. See Section B2.3, page 2 of 2.

Quality Control - The Audit Director is responsible for the professional quality of work and seeing that the audit agenda is achieved each year. The audit program is a binding contract between the Audit Director and the staff auditors.

DESCRIPTION

Findings are the facts produced by the auditor's efforts and the product of the fieldwork. They are the source from which all conclusions and recommendations flow.

PROCEDURE

Recognition - When any deficiency, exception, or weakness is noted in the detailed testing, the preliminary survey, or the interviews, the auditor should capture it on a Record of Audit Finding (RAF) form (see E2.5). Sufficient evidential matter would include (See GAGAS for full discussion regarding evidence):

1) Physical evidence: Physical evidence is obtained by direct inspection or observation of (1) activities of people, (2) property or (3) events. Such evidence may be documented in the form of memoranda summarizing the matters inspected or observed, photographs, charts, maps or actual samples.

2) Documentary evidence: Documentary evidence consists of created information such as letters, contracts, accounting records, invoices and management information on performance.

3) Testimonial evidence: Testimonial evidence is obtained from others through statements received in response to inquires or through interviews. Statements important to the audit should be corroborated when possible with additional evidence. Testimonial evidence also needs to be evaluated from the standpoint of whether the individual may be biased or only have partial knowledge about the area.

4) Analytical evidence: Analytical evidence includes computations, comparisons, reasoning and separation of information into components.

Development - Recommendations must be thoroughly developed and supported by findings/facts in order to be included in the report. The facts should be sufficient, relevant and competent in order to form a basis for an audit finding (See GAS, Section 6.46, for further discussion on sufficiency of facts).

This process starts where the audit tests are developed to include broad-based samples and clear objectives. It continues through all phases of the audit, with the ultimate goal of fully supported audit recommendations.

DOCUMENTATION

To assist in obtaining proper support for all recommendations, a standard form, the RAF has been developed to capture all necessary information. See example at E2.5. This form should be completed upon discovery of the findings.

Prior to discussing any audit finding with the auditee, approval must be obtained from the Audit Director. The "discussion with auditee personnel" section should provide evidence that the auditor has discussed the problem noted with at least the person responsible for the duty or task and if appropriate, the operating manager. Agreement or disagreement with the facts of the finding and the recommendation should be noted.

The expected implementation date should be stated when possible. However, if for some reason it cannot be, it is understood that implementation will be within six months after the report. This coincides with the department's post audit review policy.

PURPOSE

The review process helps to insure the quality and thoroughness of all work performed by the Internal Audit Department. It also provides additional points of view toward the many judgmental and subjective areas that we encounter. This should result in a refined, well thought out product.

RESPONSIBILITY

The Audit Director has the primary responsibility for reviewing work papers, covering the program, work papers, and report in detail. At the completion of the Preliminary Survey stage of the audit, the "Planning Checklist" (see E1.4) must be completed by the Audit Director. Clearing the review notes of the Audit Director is the responsibility of the auditor. The Audit Director must complete the "Quality Control Checklist for Performance Audits" (see E1.5).

PROCEDURE

Reviews should be conducted periodically throughout the audit to assure work is proceeding as expected. Reviews are based upon standard office policies and procedures, good auditing styles and techniques, professional standards (GAGAS) and business sense. Review notes are documented on a standard office form.

All review notes must be cleared by the Audit Director before the preliminary report is issued. Cleared review notes will be removed from the work papers and placed in the employee's departmental personnel file for reference during periods of evaluation. Everyone connected with the work or review will sign off on file review notes.

PURPOSE

To minimize the risk of losing computer data files due to accidental operator error, computer malfunction, natural disaster, fire, terrorist event or other hazardous conditions/events, the work in process files maintained on your computer hard drive should be copied to another data storage medium. Backing up the current working files will minimize the time needed to reconstruct computer data files that are lost for any reason.

PROCEDURE

At least once each week:

Save all current files (work in process) to the share drive in the Audits in Progress folder created under each auditor's name (e.g. K:\Auditors\[auditor's name]\Audits in Progress). Other files should be saved to the K drive under the auditor's name. K drive is backed up by TI each day.

PURPOSE

The purpose of the audit report is to provide the only acceptable means of communicating all of the auditor's work to management. Nothing else produced by the auditor is normally seen by anyone outside the Internal Audit Department and thus the report must concisely present the total essence of the audit effort. Each finding in the report must be supported by sufficient evidence and be within the audit's scope and objectives. Each recommendation must fit the facts of the finding and materially reduce the potential risk as indicated by the facts of the finding. Each finding must be provable. It is not important what an auditor believes; the important thing is what the auditor can prove. Auditor beliefs, without proper documentation will not be carried to the report.

MANAGEMENT LETTER

When deficiencies in internal controls (GAS 8.17), or violations of provisions of contracts or grant agreements, or abuse (GAS 8.21) are not significant and do not require responses to audit recommendations, the findings should be communicated in a separate management letter to officials of the audited entity. Findings that are clearly inconsequential, considering both qualitative and quantitative factors, do not need to be communicated. If a separate management letter is prepared, the letter should be referred to in the audit report.

DRAFT REPORTS

All draft reports should include the following in the header section of the document:

The findings, conclusions, and recommendations set forth herein are preliminary in nature. F.S. 119.0713 (3) states that an audit report prepared by an internal auditor of a unit of local government becomes a public record when the audit becomes final.

FORMAT

The following general format should be followed to ensure that all major items are covered.

Cover Page & Index - A cover page showing the department name, audit title, audit number and audit date should be on each report. Lengthy reports may have an index.

Transmittal Letter - A transmittal letter will be written and signed by the Director and made a part of the audit report. It will be as brief as possible.

Signature Page - A signature page will be prepared and signed by the Audit Director and staff auditor who did the work. Signing the audit report is voluntary. If the auditor does not agree with changes made to the report as a result of the supervisory/administrative review process, he/she is free to decline signing the report without fear of disciplinary action. This rule is necessary so that everyone can maintain his or her integrity.

Introduction - Describe the type of engagement (regular scheduled, special request, etc.) and the authority of the audit (agenda, special request). Identify the organization or activity being audited and provide any background information necessary to acquaint the reader. This can include nature and goals, volume or value, activities, location, budget information, staffing, etc. Refer to prior audits, if applicable, and discuss status of prior recommendations that have not been implemented, if necessary.

Statement of Objectives - The audit objectives are stated in the report and are the same ones that appeared in the detailed audit program. It is acceptable to reword them and reorder them as required. However, care should be taken that their content is not changed. The objectives should always be clear and concise and should correspond to the Audit Conclusions.

Statement of Scope - This section should describe the depth and coverage of audit work conducted to accomplish the audit's objectives. It would contain the calendar dates for the test work as well as a date for the evaluation of internal controls (if internal controls was evaluated), which would be the last day of the fieldwork. As applicable, relationships between the audit universe and what was audited, geographic locations, kinds and sources of evidence should be explained. Also include any pertinent information that the reader would need to know, such as a departure from procedures, data limitations, scope impairments or clarification of work performed.

Statement of Methodology - The statement on methodology should clearly explain the evidence gathering and analysis techniques used to accomplish the audit's objectives. For example, a description of audit procedures used and any sampling information would be included here.

Statement of Auditing Standards - The report should include a statement that the audit was made in accordance with generally accepted government auditing standards and disclose when applicable standards were not followed. The audit should conform to the Standards of the Comptroller General of the United States, 2007 Revision. The statement of conformity refers to the applicable standards that the auditors should have followed during the audit. Any departure of these standards should also be disclosed.

Audit Conclusions - The auditor must conclude on the stated audit objectives in the order in which they appeared in the report. The auditor should conclude in the negative or affirmative on each objective. Qualified statements on audit conclusions are not recommended.

Findings and Recommendations - Each recommendation should be supported by a set of facts that make up an audit finding. The following is a brief discussion of the elements of a finding.

1) Facts - These are the conditions actually observed or that were the results of tests that

were performed by the auditor. Enough detail should be given so that an uninformed reader will be able to understand what is being discussed. For complex issues, the background information and facts could be quite lengthy.

2) Criteria - A statement of the standards against which the condition should be measured. This should summarize the correct way of doing things and will be contrasted with the way things are actually being done. Some typical criteria are departmental or city policies (ordinances, executive orders, and etc.), or rules and regulations of the department/activity under audit. When criteria can be cited, do so. When specific criteria cannot be cited use "good business practice" or "internal control references." Also, "best practices" of other like activities can be used.

3) Effect - This is also known as risk (either actual or potential). Describe or show the actual or potential effect on the condition. Use terms of asset safety, inefficiency, record accuracy, and etc. Dollarize effects if possible. If this is not possible, say so and emphasize the potential. This section answers the reader's question of "so what"?

When writing reports sometimes it is difficult to adequately describe the risk and exposure of a finding. Below is a list of risk areas that can be used to describe a potential risk.

a) Erroneous Record Keeping
b) Unacceptable Accounting (lack of an audit trail)
c) Business Interruption
d) Fraud and Embezzlement
e) Loss of Public Confidence
f) Public Embarrassment
g) Loss or Destruction of Assets or Data
h) Misuse of Assets
i) Statutory Sanctions
j) Excessive Costs
k) Revenue Loss (dollarize if possible)
l) Competitive Disadvantage

4) Cause - Note a cause only where it is not obvious or is something other than the obvious one. For instance, where clerical errors have occurred, the cause may be the lack of training or a procedures manual rather than the obvious human error. This should be pointed out since it is at a management level. The recommendation should always be aimed at treating the real cause of the problem, not just the symptom.

5) Recommendations - Set out in simple, yet specific language, a remedy that management can follow to effectively correct the condition. In multiple part actions, a numbered step-by-step solution assists in breaking down the recommendation into an easily

understandable process. Emphasize that solutions other than those presented may be acceptable if it minimizes the condition stated in the finding. In some situations the necessary actions concerning our recommendations will be implemented before the final report is issued. Finally, always give management a business reason for implementing recommendations. Recommendations to comply with law must be implemented.

Noteworthy Accomplishments - We report to the Mayor on an exception basis, however the report may include a description of any significant noteworthy accomplishments, particularly when management improvements in one area may be applicable elsewhere.

Auditee Responses - All recommendations will be followed by the auditee's response. Responses will be included verbatim.

Auditor's Comments - These comments are used as necessary to evaluate the quality of the auditee's written responses. This is authorized by GAS, Section 8.36.

General Comments - This section is reserved for points of interest that are of lesser magnitude than findings, but of interest to management. Written responses from the auditee are not required for general comment items.

Note: We attempt to make the total audit report as objective and straightforward as possible, including auditee responses. If unacceptable auditee responses are received, we will point it out to the auditee and make recommendations for changes. However, this is done as a courtesy on our part. We take no responsibility for the content of auditee responses. As part of our professional responsibility, auditee responses that do not address the issues or are self-serving in nature will be evaluated by us and included in the final report. We will work with the auditee in order to produce a smooth harmonious work product that will have positive results for the City. However, all of our efforts must be in conformance with accepted internal auditing field standards and ethics for professional auditors of the GAO, IIA, ACFE and the AICPA.

If no agreement can be reached on an unacceptable auditee response, consideration should be given to an "Auditor's Comment" section following the auditee's response to provide further clarification or a reiteration of the recommendation. Auditor's comments should be rare and only when absolutely necessary.

The audit report must be written in a neutral tone and flawless in its accuracy, logic, clarity, grammar and spelling. It is the only output of the auditor's professional efforts, which is seen by outsiders.

ACCURACY - Reports must be completely and scrupulously factual; every condition and recommendation must be based on evidence that is supportable in the work file. The evidence must be sufficient to support the findings and recommendations and at the same time, be in agreement with the stated objectives of the audit.

Conditions reported must be well documented and the logic of the report inescapable. Statement of fact must carry the assurance that the auditor personally observed or validated (by testing) the fact(s). Conditions that were not personally observed by the auditor but were documented through interviews with auditee personal should be prefaced with the statement: "It was represented to us . . ."

To be accurate, a recommendation must be of sufficient magnitude so that it fits into the mosaic of the overall function or organization. Don't be petty or nit-pick. Recommendations should generally be in the report from the most to least important or some other logical order such as by area or function reviewed or respondent.

CLARITY - Means putting into the mind of the reader what was in the mind of the auditor when the report was written. The report must be clear enough that someone independent of the audit can read and understand it (Mayor, City Council, outside groups).

Some impediments to clarity include:

- Dull and tedious writing styles.
- Poorly structured reports, recommendations, paragraphs or sentences.
- Technical terms and jargon.
- Making recommendations without properly setting the stage for them.
- Long discussions of technical matters.

CONCISENESS - This means cutting out what is superfluous. Eliminate what is irrelevant and immaterial. Words, sentences and paragraphs that do not directly support the central theme should be eliminated. The report cannot supply both sufficient details for the operating manager and a summary for the executive. The report is written for senior management. If needed, details for the operating manager/supervisor can be provided upon request. The Audit Director must approve such requests.

TONE - The report should be courteous and factual. Consideration should be given to the report's effect upon subordinate personnel and management. It should not be petty, but should sound like the voice of management. The use of slang or high-sounding language should be avoided; when two words of equal meaning exist, use the simpler or more common one.

The report should be calm, objective, thoughtful and dispassionate. Words with even the slightest negative connotation should not be used. Always use the most direct, factual and objective word or phrase possible.

GRAMMAR AND SPELLING - All auditors are expected to use acceptable grammar, sentence structure and context. Additionally, spelling should be accurate. The report should be written by the auditor in a form that would be acceptable for immediate release.

FINAL REPORT

The final report should include modifications and changes discussed and agreed to at the exit conference in addition to the auditee's written responses. The auditee's written responses will be reviewed by the staff auditor and the Audit Director and evaluated in writing, if necessary. The evaluation will be the basis for "Auditor's Comments" in the final report.

Before release, the report will be signed by all those responsible for the audit, which would be the Audit Director and appropriate staff auditor. The reason for these signatures is to insure that the work is done in accordance with Government Auditing Standards, 2007 Revision. Additionally, the audit file shall contain a "Quality Control Checklist for Performance Audits" signed by the Audit Director attesting that the audit work was done in accordance with the above standards. If any audit staff professional disagrees with the scope of the work product or its materiality, they may state this in writing and it will be made part of the audit file. When this is done, the person making the complaint will be excused from signing the report. All changes to the report must be documented in the audit work file and signed off on by the staff auditor and the Audit Director.

In the event that an audit is not performed during its scheduled period (current FY) the Mayor will be notified in writing at the end of the current period. Also, if an audit under way is halted for any reason, a memo will be made to the file explaining the circumstances. The issuance of a year-end internal audit performance report fulfills the obligation under GAGAS to inform the Mayor of changes made to the City's approved audit coverage.

FINAL DISTRIBUTION

Prepare the Mayor’s Release Memo and the Staff Summary Sheet (see examples at E2.6 and E2.7). Take the two completed memos and two (2) copies of the bound final report to the Audit Director for review. After review, the two memos and two copies of the final report will be sent to the Audit Director. The Audit Director will forward the reports and memos to the Chief of Staff.

The Mayor receives a copy of all final audit reports produced by this office by way of the Chief of Staff. The Audit Director will present a verbal summary of the report to the Mayor, if requested by the Mayor.

At this point the audit status becomes “executive.” Copy the report file to the share drive for eventual publication on the web page. Take the original paper copy of the letter to the Mayor and the signature page from the report to the webmaster. Those two pages will be scanned and converted into a pdf format document and inserted into the report posted on the share drive.

After the Release Memo and Staff Summary Sheet are returned to Internal Audit, send a copy of a bound audit report to the "cc's" listed in both the Mayor's Release Memo and the final report. Then notify the webmaster and the DocGenda administrator that the report was released by the Mayor. The DocGenda administrator will prepare the "Agenda Request." An email to DocGenda is prepared (the agenda request is automatically attached) and the administrator attaches the report. DocGenda will email to the Audit Director that there is a document in the "Documents Awaiting Signature" module. The Auditor Director approves the file, which is then forwarded to the remaining approvers on the list and finally the City Clerk. When the report is listed on the published City Council Agenda it will be published to the web.

File the two returned memos (Mayor's Release Memo and Staff Summary Sheet) in the audit report folder. The DocGenda administrator keeps a copy of the agenda request on the share drive.

CONFIDENTIALITY

Chapter 119.0713(3), Florida Statutes, provides for the confidentiality of internal audit reports and working papers. It states that,

> The audit report of an internal auditor prepared for or on behalf of a unit of local government becomes a public record when the audit becomes final. As used in this subsection, the term "unit of local government" means a county, municipality, special district, local agency, authority, consolidated city-county government, or any other local governmental body or public body corporate or politic authorized or created by general or special law. An audit becomes final when the audit report is presented to the unit of local government. Audit workpapers and notes related to such audit report are confidential and exempt from the provisions of s. 119.07(1) and s. 24(a), Art. I of the State Constitution until the audit is completed and the audit report becomes final.

The working papers and draft reports are not subject to the sunshine law until the audit report is issued to the local unit of government, which in our case is Mayor. After the report is presented to the Mayor, the Mayor will forward a letter to the department stating that the audit should be considered final or complete. At this point, the audit report and working papers should be considered public records.

See E2.8 and E2.9 for examples of the Report Cover Letter and Audit Report.

PURPOSE

Approximately, three months prior to the post audit review start the Director will send a reminder memo to the auditee informing them of the tentative start date. A copy of the findings, recommendations, and responses will be enclosed with the memo. To determine if corrective action has been taken on audit findings and recommendations, a Post Audit Review (PAR) should be scheduled six months after the release of the original audit report. If special circumstances exist a PAR may be delayed for a few months, but no longer than an additional six months. The auditor assigned to perform the PAR will meet with the auditee to verify if the corrective procedures were made. Generally, this is accomplished by discussion with the auditee and observation that the changes were in fact implemented. The auditor should be satisfied that the action taken was adequate to close the finding (implemented). It may also be determined that the recommendation was partially implemented or not implemented.

WORK PAPER FILE DOCUMENTATION

The following general format should be followed to ensure that all of the findings listed in the audit report are reviewed. Cut and paste the findings, recommendations and auditee responses from the audit report for each finding. At the end of each auditee response, use the following:

Post Audit Review Results

Status of Recommendation [#]: ____________________________
(Implemented, Partially Implemented or Not Implemented should be entered on the line.)

Testing Results: Briefly describe the work performed and what was found in the review.

PAR LETTER

When the final PAR memo (see E2.10) is approved and signed by the Audit Director, prepare the Staff Summary Sheet – PAR (see E2.11). Take original and one copy of the final PAR letter and Staff Summary Sheet - PAR to the Audit Director for review. The Audit Director will forward the documents to the Mayor, through the Chief of Staff. Once approved, the PAR will be distributed to all parties.

PAR FOLLOW-UP

The results of the PAR are entered in the Recommendation Database (see B3.1.1 and E2-14). Follow-up on partially implemented and not implemented recommendations no later than six months after the PAR is completed. Documentation of the follow-up PAR review will be filed in the audit workpaper file. Update the results of the follow-up in the database. The Audit Director will determine if additional follow-up is needed for the open recommendations.

PURPOSE

The Recommendation Database was developed to track the implementation of audit recommendations, savings identified, and efficiencies/effectiveness improvements identified.

PROCESS

After the Mayor approves the audit, the auditor will add all the recommendations in the report to the Recommendation Database located on the K drive (see B3.1 and E2-14). Note: The "recommendation" box is limited to 254 characters; therefore, some longer recommendations may need to be summarized to fit in the available space. Do not carry over the recommendation to the "comments" or "additional comments" boxes. Check the repeat finding box for any repeat findings and list the previous audit in the box provided. Check one of the boxes provided for the classification of the recommendation – internal control, efficiency/effectiveness, or customer service. List any "quantifiable/documented" savings that resulted from the audit and if the saving is "recurring" check the box.

When the PAR is concluded the database will be updated to indicate if the recommendation was implemented, partially implemented, or not implemented. If the recommendation was implemented, enter the implementation date in the box provided. Enter the follow-up date for partially implemented or not implemented recommendations. Use the "comment" or "additional comment" boxes to summarize the results of the PAR.

After the PAR is completed, the auditor is responsible to periodically follow-up to determine the status of the partially implemented and not implemented recommendations.

PURPOSE

A year-end report will be prepared for the Mayor. This gives the department the opportunity to summarize its performance information regarding:

- Audits in progress
- Reports issued
- Work carry-over from the prior fiscal year
- Progress on special requests
- Budgeted hours vs. actual comparisons
- Post Audit Review statistics (implementation rate, etc.)

The Audit Director prepares the report. The current year-end performance report and previous issues are on file in the Internal Audit Department. A five-year history of all reports and work papers are retained in the Internal Audit Department.

WEEKLY STATUS REPORTS

Status reports are turned in to the Audit Director each Monday before 10:00 a.m. The report has three sections: chargeable hours, non-chargeable hours and current status. The chargeable section lists the projects in progress, budgeted time, prior cumulative time, current actual time charged to each, total time used to date, remaining budget, audit status, estimated completion date. The non-chargeable hours are listed by various categories of usage. The last section is used to provide a synopsis of the audits underway.

Information from the weekly status reports is entered into to a computerized spreadsheet each week. If needed this information is available from the Audit Director. This information is maintained because it is needed to prepare the department's annual cost allocation.

TECHNICAL REVIEW & QUALITY CONTROL MONITORING PROCEDURES

GAS 8.45 Evidence included in audit reports should demonstrate the correctness and reasonableness of the matters reported. Correct portrayal means describing accurately the audit scope and methodology and presenting findings and conclusions in a manner consistent with the scope of audit work. The report also should not have errors in logic and reasoning. One way to help ensure that the audit report meets these reporting standards is to use a quality control process such as referencing. Referencing is a process in which an experienced auditor who is independent of the audit verifies that statements of facts, figures, and dates are correctly reported, that the findings are adequately supported by the audit documentation, and that the conclusions and recommendations flow logically from the support.

GAS 3.54 The audit organization should analyze and summarize the results of its monitoring procedures at least annually, with identification of any systemic issues needing improvement, along with recommendations for corrective action. (Under GAGAS, reviews of the work and the report that are performed as part of supervision are not monitoring controls when used alone. However, these types of pre-issuance reviews may be used as a part of this analysis and summary.)

To comply with GAS, before the Director's field work review, the audit working papers will receive a technical review (GAS 8.45) by an auditor who did not participate in any of the work conducted on the audit. The Technical Reviewer selected to perform the review should document their independence on the Independence Statement. The technical review should ensure all facts, figures, and dates contained in the initial draft of the audit report are referenced and agree to supporting documentation. The reviewer should their initial the completion of the process on the Audit Program.

Before publication of the final report, the reviewer will perform a second technical review by ensuring any changes from the initial draft to the final report are supported in the working papers. The reviewer should their initial the completion of the process on the Audit Program.

After report distribution, the Technical Reviewer will conduct a quality assurance review (GAS 3.54) using ALGA's 2008 Peer Review Guide's "Review of Audit/Engagement Documentation" (see Exhibit E1.6). After completion of the QC assurance review, the review documentation and any evidence supporting the conclusions reached should be forwarded to the Audit Director. The reviewer should their initial the completion of the process on the Audit Program.

After year end, the Audit Director will summarize the documentation received from the staff and compare with any systemic issues identified during the customary pre-issuance reviews. After identifying any deficiencies needing improvement, the Audit Director will develop necessary corrective actions. After implementing the corrective actions, if any, all documentation will be bound and filed with the year's report folders.

THE AUDIT AGENDA

The Internal Audit Department has developed an annual agenda and a "Five-Year Audit Plan." The 5-year plan describes the planned audit coverage and the frequency that the audits will be performed. The annual agenda is developed from the 5-year plan. Recipients of the annual agenda are the Mayor, Chief of Staff and others that express interest in receiving it.

The audit coverage is based upon the relative risk, dollar volume, public exposure and prior known problems of all areas of the City. These factors are coupled with audit resources available and the desired level of audit coverage. An attempt is made to provide periodic and regularly rotating coverage to all aspects of city operations.

The agenda is segregated into three different types of audits.

Discretionary: Subject and scope is determined by internal audit. This should be the major use of staff resources.

Mandatory: There are activities that the department is required to do by law, procedure or administrative mandate. These engagements should be kept to a minimum since these items may not fit into the overall risk and exposure picture of the department's work. In other words, we don't want to get bogged down in repeat annual engagements to the extent that it interrupts the overall audit coverage for the City.

Special Requests: In addition to requests from the Mayor, the department receives requests for audit work from city departments. These projects are mini audits or reviews. To maintain good auditee relations, these should be performed, whenever time is available. Special requests from other organizations (city boards, City Council, etc.) should be carefully considered. If they require a material amount of resources, the Mayor must approve them. A report (memo format) will be released to the Mayor upon the completion of each request.

FORMULATING THE AGENDA

To formulate the audit agenda, potential audit topics from staff, Mayor, reviews, etc., are accumulated during the year and filed for later analysis. Special requests are judged on the basis of risk and time availability. If no requests have been received, time should be reserved for any that are received during the year. In addition, when budgeting time, consideration should be given to status of prior year audits not yet completed.

Each year the five-year plan should be analyzed and reevaluated. Changes in scope occur when environmental factors change such as operational and organizational, budget, risk, etc. These factors should be taken into consideration if they are material.

STAFF ASSIGNMENTS

Auditors are assigned to audits primarily based upon their availability and the need to do a job at a particular time. The Audit Director will also consider requests from staff auditors to do a particular audit.

Consideration should be given to possible conflict of interest, auditor preference, personal bias and carryover job status.

PURPOSE

Employee performance evaluations are conducted annually for each member of the department. The purpose of this evaluation is to evaluate the performance of the employee over the previous year. The evaluation is also the basis for any merit pay increase.

CRITERIA

The evaluation is based on the members overall performance and the quality or the work that was accomplished. Some of the items considered when making the evaluation for staff auditors are: the number and significance of comments in review notes, actual time charged to audits verses the time budgeted, audit completion dates versus the promised completion dates, deportment, communication skills, writing skills, etc. If the evaluation notes a weak area or areas, an action plan should be developed to assist making the necessary improvements to achieve a satisfactory level of performance.

PURPOSE

The Internal Audit Department conforms to the City's discipline procedures to the extent that they apply to professional personnel. Evaluations, oral and written reprimands and counseling serve as documentation of performance and notification to the staff. A pending evaluation file is maintained containing these items.

All staff positions within the department, except for the Audit Director, are under the Rules and Regulations of the Civil Service Board. The Internal Audit Director is appointed by and serves at the pleasure of the Mayor. Each employee is bound by the professional ethics of the Institute of Internal Auditors, Inc., and/or any ethics connected with professional certifications that the auditor might have (CPA, CIA, CGAP, CISA and CFE).

PURPOSE

To maintain technical knowledge and competence, auditors are required to receive annual professional training. This training is available from several organizations.

Government Auditing Standards published by the Comptroller General of the United States require our staff to receive at least 80 hours of continuing professional education (CPE) every two years (at least 20 hours should be completed in any 1 year of the 2-year period). Additionally, it requires that at least 24 of the 80 hours of CPE should be directly related to government auditing, the government environment or the specific or unique environment in which the audited entity operates.

Certified Public Accountants are required to obtain 80 hours per 2-year period (not less than 25% shall be in accounting-related and auditing-related subjects. Certified Internal Auditors are required to obtain 100 hours of continuing education every three years. Certified Fraud Examiners are required to obtain at least 20 hours continuing education accrued over the prior year or 60 hours over the prior three years (at least half must be directly related to the detection or deterrence of fraud). Certified Government Auditing Professionals and Certified Information System Auditors may have other requirements for maintaining certification.

It is the responsibility of each member of the Department to ensure compliance with their educational requirements. Because reporting periods differ depending on the requirements, reporting periods should be formally declared. The Audit Director will monitor CPE training to ensure that the requirements are met. Documentation supporting the completion of all training courses should be submitted to the Audit Director at the end of each reporting period.

FORMAL TRAINING

Staff will be sent to worthwhile external training courses on a rotational basis or as needed basis. This will be done within the limits of the department’s training budget

COLLEGE COURSES

The City has a tuition reimbursement program which currently allows each employee $800 per year for approved courses. See the City's Personnel Manual, Section B20, for more information.

PROFESSIONAL ORGANIZATION MEMBERSHIPS

The City pays for individual memberships in professional organizations. Contact the Audit Director for details. Individual participation or involvement in any professional organization is encouraged. Having contact with other individuals in government or professional auditing is useful in keeping current and maintaining a professional attitude and spirit. Flexibility in work hours can be accommodated for these activities. Organizations that should be considered are: The Institute of Internal Auditors, Association of Local Government Auditors, Association of Certified Fraud Examiners, West Coast Chapter of AICPA, Florida Audit Forum, Information Systems Audit and Control Association, and Florida Government Finance Officers Association.

PROFESSIONAL CERTIFICATION

The City does not reimburse for certification fees. However, it is permissible to take time off to sit for an examination. Study time is a personal responsibility and may not be done on City time. The following certifications should be considered:

Certified Public Accountant (CPA)
Certified Internal Auditor (CIA)
Certified Government Auditing Professional (CGAP)
Certified Information Systems Auditor (CISA)
Certified Fraud Examiner (CFE)

AUDIT LIBRARY

There are many useful reference books and pamphlets relevant to all areas of auditing in the department's reference library.

PUBLICATIONS

Members of professional organizations sometimes receive relevant publications from those organizations. It is suggested that such materials be shared with the rest of the staff. These references should be consulted for continuing audit work. Such efforts will help the auditor keep abreast of developments and current techniques in the profession.

PROFESSIONAL TRAINING

Each member of the Audit staff will attend professional training each year that will enable them to meet the continuing professional education (CPE) requirements for their audit related certifications and meet the training requirements per GAS (Yellow Book). General Standard 3.46 requires that auditors performing work under GAGAS should complete, every two years, at least 80 hours of CPE that directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements. At least 24 of the 80 hours of CPE should be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

Each year every member of the Audit staff must complete a written training plan (see E2.15) which details the training courses, seminars, and conferences they plan to attend during the next twelve months which will fulfill their individual audit related training needs and enable them to meet their professional certification and "Yellow Book" standards. Their training plan must be approved by the Audit Director annually.

Upon completing each training course, seminar, or conference, each Audit staff member must complete the department's "**Continuing Professional Education Tracking Record**" (see E2.14), which tracks each auditor's CPE attendance during the year, including: Name of Course/Seminar/Conference; Organization Providing or Sponsoring; Location; Hours of Training; Meets Government Audit Standards Training Requirement (Y/N); Dates Attended; and Cost. A copy of the updated tracking record will be provided to the Audit Director within two weeks of attending any audit related training course, seminar, or conference.

PURPOSE

The purpose of this section is to give guidance on the Internal Audit Department's interaction with outside auditors and others to ensure good relations and the continued respected image of the department. We expected that all staff members conduct themselves in a respectable and professional manner. This includes appearance, habits and personal interaction.

EXTERNAL AUDITORS

The overall philosophy in external auditor relations is one of cooperation and assistance in areas in which a mutual interest exists. Generally, the Revenue and Finance Department coordinates the major efforts of the external auditor with the City. The Internal Audit Department will respond to external auditor comments on the department in the same positive and professional manner we would expect from auditees.

NEWS MEDIA

The possibility of news media coverage exists after audit reports are released to City Council, possibly earlier. This exposure highlights the necessity that audit reports be factual, objective, and clear.

Audit reports will not be discussed with reporters until the report has been finalized and released by the Mayor. City Council receives a copy of the final report when it is released by the Mayor. All discussions with any member of the news media regarding one of our reports should be coordinated through the Audit Director. It may be necessary for a staff auditor to answer technical questions from the media.

Auditees will be notified of the scheduled Council release date. This is done to allow the auditee sufficient time to reread the report so that they may be prepared to respond to questions from the news media.

The expected news coverage may not be pleasant for the auditee. Therefore, the staff should make every effort to be courteous, open and present as positive position as possible. This effort should be complemented by an honest and professional report that presents the auditor’s conclusions and the auditee's remedy for correction.

EXTERNAL AUDITEES

Certain external entities will be audited periodically such as utility companies, contractors, authorities, other government entities, lessors, telephone companies, etc. At a minimum, the same courtesy that is extended to city departmental auditees should be used with external auditees.

PROBLEM AUDITEES

Any unresolved problems with auditees such as lack of cooperation, unreasonable inaccessibility, hostility, scope limitations, etc., should be communicated to the Audit Director for resolution. Minimum downtime should be incurred as a result of this. Auditor behavior should be such that it was not the cause of the lack of cooperation. This is one point where the auditor's communication skills and diplomacy will be severely tested.

If open hostility or inappropriate comments are directed at the auditor, no rebuttal or defensiveness should be exhibited by the auditor. A professional demeanor must be maintained. In this case, the auditor should withdraw from the situation and, if appropriate, attempt to resolve the problem with a higher-level individual. The problem should be presented in a calm and factual manner.

RECRUITING

The department aspires to having the most qualified and professional staff possible. To achieve this goal qualified and able staff must be recruited when a vacancy occurs

The Personnel Division will advertise the audit position in a local newspaper. To supplement this effort the department should reach out to other professional organizations to broaden the recruitment effort. The Association of Local Government Auditors and the Florida Government Finance Officers Association offer free placement of employment opportunities in their publications. In addition, the position should be advertised on the Institute of Internal Auditors employment web site. The local chapters of Certified Fraud Examiners, West Coast Institute of Internal Auditors and West Coast Information Systems Audit and Control Association will post the audit position in their newsletter.

SELECTION PROCESS

There are four main elements to the selection process:

QUALIFICATION – Human Resources will evaluate and grade the employment applications that are received. Only candidates holding one of the following professional designations (CPA, CIA, CGAP, CISA and CFE) will be considered.

INTERVIEWS - The candidates on the "Qualified List" prepared by HR will be invited for an office interview with the Audit Director. The purpose of this portion of the selection process is to observe and evaluate the candidate's interpersonal qualities, assertiveness and personality in relation to the needs of the department.

REFERENCES - The candidate will be required to furnish references, preferably from prior employers. Every effort must be made to contact the references and a standard set of questions asked. The questioner should be alert as to any negative comments made by the reference.

EVALUATION AND DECISION - All information gathered on each candidate (application and supplement, interview, references, etc.) should be evaluated. The application or resume should be analyzed. Care should be taken to evaluate any omissions or hints of undesirable characteristics by analyzing unaccountable time between jobs, excessive number of non-promotional jobs, poor college grades, etc. Questions should be asked of the candidate to ensure that no major weaknesses exist. College diplomas and professional certifications (which are required) should be independently verified.

After all information has been analyzed, a hiring decision should be made and communicated to all the candidates. The reason why a candidate was not selected (particularly veterans) should be documented as well as the reason for the person selected. Make an offer as soon as possible to the candidate selected in the evaluation process. If the offer is accepted complete the Form 263 and send it to Human Relations. HR will contact the candidate to schedule the physical examination and orientation.

CITY ORIENTATION

City orientation for new employees is usually scheduled the Friday before employment starts. Orientation begins at 9:00 a.m. and lasts most of the morning. Employees will be briefed on benefits and other city policies and regulations. Various employment forms will be completed at this time.

DEPARTMENT ORIENTATION

The new employee's first week should be organized to allow them to become familiar with the department and the City. The new staff member will be provided a copy of the internal audit manual and the Government Auditing Standards for review and reference. Each workstation should have the following items:

- Personal Computer with word processing and spreadsheet software.
- Internal Audit Manual
- Dictionary & Thesaurus
- Telephone & Directories
- Desk Set
- Miscellaneous Supplies

The new employee should be introduced to the audit staff on their first day in the department. Introductions to other key employees should also be made during the first day.

During the orientation week (first week), the new employee should review the City of Tampa Personnel Manual, read the City Charter, look over the Government Auditing Standards manual, department procedure manual, and completed audit reports and files.

The Audit Director will present on overview of the department operation and policies, city personnel policies and provisions with the new employee to ensure an understanding. Leave policies, supplies, payroll/personnel information, call-in procedures, etc will be discussed. Other items to be covered are work hours, attendance, lunch and breaks, time and status report, audit agenda and time budgets, evaluation process, etc.

HOURS

The department allows flextime for employees. This allows adjustments for travel, day care connections for working mothers and/or fathers, etc. All professional employees are to work an eight-hour day, five days per week, excluding Saturday and Sunday. Work hours may begin between 6:00 to 8:30 a.m. and end between 2:30 to 5:30 p.m. depending on the start time. The Audit Director must approve the employee's schedule prior to being changed.

There are two options for the lunch break, either 1-hour or 30-minutes. If the 30-minute lunch break option is selected, the workday ends 30 minutes earlier. For example, your working hours are scheduled for 8 a.m. to 5 p.m. with a one-hour lunch option. If the 30-minute option is selected the workday ends at 4:30 p.m.

PERSONAL BUSINESS

Personal telephone calls, business and personal discussions among the staff should be held to a minimum. If significant personal business must be transacted, it should be cleared with the Audit Director and the appropriate leave taken.

DISCUSSIONS AND CONFERENCES

Conferences, prolonged discussions and meetings should be held in a conference room, when possible, so that the audit staff will not be disturbed and to insure confidentiality. The 7th floor conference room schedule book is kept by Human Resources on the north wing. Call the departments to schedule a conference room on the other floors.

EMPLOYEE LOCATION

If you will not report for work due to illness, an unexpected annual leave or you are going directly to an off site work location and not coming into the office, you must notify the Audit Director by 8:30 a.m. Auditors in the field must give the Audit Director a telephone number where they can be reached.

WRITTEN COMMUNICATIONS

The Director should sign all reports, entrance and final report transmittal letters, and correspondence with the Mayor, City Council and Department Heads. Other correspondence may be signed by the auditor, but should be reviewed and approved by the Audit Director prior to release.

CITY VEHICLES

The Downtown Motor Pool is available to obtain a vehicle for city business trips. To pick up the keys for a motor pool vehicle, first fill out the "Downtown Motor Pool Authorization" form and take it to the reception desk on the 4^{th} floor, north wing. Charges for the vehicle are made by the hour, therefore, if the vehicle is going to be driven to a location, then sit for some time period, consider using your private vehicle and claim for mileage reimbursement.

COMPUTER/INTERNET ACCESS

All of the department staff are provided a personal computer that has Microsoft Office software installed. The City's email application and access to the Internet is provided to all of the department staff. Only use the email and Internet access provided for City business. See Section B39, Computer Use in the Personnel Manual for further clarification and information.

PURPOSE

Travel reimbursement is available for city employees who travel out of Hillsborough County and incur expenses on city related business. The estimated trip expense should be encumbered at least 24 hours prior to travel when possible. Use the Request for Travel Reimbursement Form (DA13) (the form is on the iNET) to document estimated and actual travel expense incurred.

The city credit card may be used to pay for trip expenses (airfare, hotel, registration etc.). Otherwise you will be required to use a personal charge card to pay for the trip expense and receive reimbursement upon your return. A purchase order may also be used to pay for course registration.

Meal allowances are listed in the city's Travel Manual. Additional meal expense in excess of the stated allowance is not authorized. Transportation expense (taxi, bus, and other carriers) to and from the airport/hotel will be reimbursed. Other than the specified meal allowances, receipts are required for all expenses.

Long distance calls made to the office while out-of-town must be charged to your calling card or charge the call to your hotel bill. Only official telephone calls will be reimbursed.

For more information on this subject see the City of Tampa Travel Manual, which can be found on the City's iNET.

FILING AND SECURITY

All work papers and information obtained during an audit are public record (note: the provisions of Chapter 119.0713(3), Laws of Florida apply until the report is released). This information and work papers should be held securely and in confidence at the audit department. Knowledge learned while working on an audit should be discussed only with the audit team and auditee management.

The Audit Director is responsible for the maintenance and security of all completed office files. This includes audit reports, PARs, work papers and general correspondence not filed with audit work papers.

Audit work papers, reports and PARs are retained in the office for five years and then sent to the Archives and Records Center. Normally, the records are destroyed within one year from the date of transfer. Only the departments Records Coordinator can send or retrieve records from Archives and Records.

OFFICE SUPPLIES

General office supplies are stored in the gray metal cabinets. We use an honor system to draw out the items. If you note that specific items are running low, inform the Audit Director.

DUPLICATING REQUIREMENTS

A copy machine is stationed in the east wing of the 7th floor for employees' use. This machine should only be used for small duplicating jobs. Larger duplication projects should be sent to the applicable City contractor.

EXEMPT EMPLOYEES

Exempt employees are considered as "salaried," employees. Overtime pay is not authorized. Approved overtime is compensated with time off in lieu of cash payment. Advance approval is required prior to working in excess of 40 hours per week.

Absences of less than one day (Exempt Leave) are requested and recorded on the “Request for Leave” form. Exempt leave will not be charged against the employee's sick or annual leave. The Audit Director may require the exempt leave time to be made up.

HOLIDAY TIME

The City recognizes 11 designated holidays during the calendar year. A schedule is posted at the beginning of each fiscal year. Full time employees with one year of continuous service may request to observe one Floating Holiday during the fiscal year in addition to the eleven designated holidays specified above.

SICK LEAVE

Employees accrue 3.8 hours of sick leave each payroll period (biweekly). Sick leave is not accrued for time charged to: leave without pay, absence without leave, suspensions, etc., taken during a payroll period. Leave may not be used before it is accrued.

Sick leave will be allowed for actual illness, medical and dental appointments. It is also permitted to provide care to an ill child, spouse or family member. This provision is limited to 40 hours per calendar year.

A Request for Leave form should be completed, in accordance with policy, for sick leave of 8 or more hours in duration.

See Section B8.1 of the Personnel Manual for additional information and detail.

ANNUAL LEAVE

Employees accrue 3.8 hours of annual leave each payroll period (biweekly). Annual leave is not accrued for time charged to: leave without pay, absence without leave, suspensions, etc., taken during a payroll period Leave may not be used before it is accrued. During the first six months of employment the employee shall not be authorized the use of annual leave.
A maximum of 240 hours of annual leave may be carried forward at the end of the calendar year. Hours in excess of 240 will be transferred to the employee's sick leave balance.

Bonus days are credited to each employee on January 1 of each year according to the following schedule:

Years of Service	Bonus Days	Years of Service	Bonus Days
5 – 9	2	25 – 29	8
10 – 14	3	30 – 34	9
15 – 19	5	35 – 39	10
20 – 24	6	40 – 44	11
		45 – 50	12

See Section B7 of the Personnel Manual for additional information and detail.

FUNERAL LEAVE

Funeral leave is provided expressly for periods of bereavement and attending the funeral of a family member or relative. In the event of the death of an immediate family member a maximum of three days of paid leave is authorized. In the event of the death of a relative a maximum of two days of paid leave is authorized. Funeral leave time is not deducted from the employee's accumulated annual or sick leave balance.

See Section B14.1 of the Personnel Manual for additional information and detail.

MILITARY LEAVE

Military leave is authorized to employees to fulfill regular military duties.

See Section B12 of the Personnel Manual for additional information and detail.

JURY DUTY/COURT APPEARANCE

An employee who is subpoenaed to serve as a juror or to be a witness will receive full pay for the hours during which the employee attends such activities.

See Section B13 of the Personnel Manual for additional information and detail.

LEAVE OF ABSENCE

A city employee may be granted a medical or personal leave of absence without pay for up to one year.

See Section B11.1 of the Personnel Manual for additional information and detail.

ABSENCE WITHOUT LEAVE

It is defined as any absence for any part of a workday, which is not approved in writing. Absence without leave shall be without pay. In addition, it will not be credited towards the accrual of sick and annual leave.

Absence without leave is only to be administered as a corrective disciplinary action. Written documentation in the form of a Notice of Disciplinary Action must be provided to the employee. A copy should be filed in the departmental personnel file and the city personnel file located at Human Relations.

See Section B10A of the Personnel Manual for additional information and detail.

MERIT INCREASES

A merit increase is awarded upon the successful completion of the probationary period and annually thereafter on the Salary Review Date. Increases are based on the overall points scored on the applicable performance evaluation.

See Section B18.2A of the Personnel Manual for additional information and detail.

LONGEVITY AWARDS

All eligible city employees are annually awarded a longevity award for continuous service in the amount of:

$500 – for 5 to 9 years service
$750 – for 10 to 14 years service
$1000 – for 15 to 19 years service
$1250 – for 20 to 25 years service
$1500 – for more that 25 years service

See Section B16 of the Personnel Manual for additional information and detail.

INSURANCE

<u>Life Insurance</u> - The City pays premiums for term life insurance for all employees. The amount of insurance for current positions in the audit department is $50,000. This is free to the employee.

<u>Accidental Death and Dismemberment Insurance</u> - The City pays premiums for an employee insurance plan based upon accidental death or dismemberment. This is free to the employee.

<u>Health Insurance</u> - The City pays for single employee health insurance policies. Employees on the family plan contribute to their health insurance plans. The two types of plans currently in effect are point of service and HMO. The administration keeps employees informed as to when the plans change or when there is an increase in premiums.

See Section B22.2A of the Personnel Manual for additional information and detail.

UNEMPLOYMENT COMPENSATION

The City provides Workers Compensation benefits in accordance with Chapter 440, Florida State Statutes. Information on reporting injuries, filing claims, or questions on benefits should be directed to the Division of Administrative Support Services.

See Section B21A of the Personnel Manual for additional information and detail.

PURPOSE

The purpose of the city's grievance procedures is to:

1) Establish and maintain harmonious and cooperative working relationships between the City of Tampa and its employees.

2) Assure equitable treatment of City of Tampa employees.

3) Provide an expeditious means of resolving employee dissatisfaction over circumstances or conditions of employment.

Any city employee, regardless of position or appointment status, may file a grievance through specific procedures to:

1) Resolve disputes concerning the application of personnel policies and rules.

2) Appeal performance evaluations, written reprimands or warning letters.

3) Appeal suspension, demotion or dismissal of probationary or temporary employees.

See Section B27A of the Personnel Manual for additional information and detail.

PURPOSE

The purpose of the City's Hurricane Disaster Plan is to set responsibility at all levels of city government in the event of a natural disaster. The following is the disaster plan for the Internal Audit Department.

OPCON5

The Director of Internal Audit will be responsible for the review of the department's procedures for emergency actions in the event of a tropical storm or hurricane.

OPCON4

The Director of Internal Audit will be responsible to monitor information and/or conditions provided by the Mayor's Office. This information will be passed on to the audit staff to keep them informed of current storm status and to take any needed precautions for safe operations.

OPCON3

The Director of Internal Audit will be responsible to keep the audit staff updated on the latest storm situation.

OPCON2

The Municipal Office Building should provide adequate protection for audit files and equipment from all but the most severe storm. We do not have any files or equipment that will need to be moved to another location for safekeeping or disaster recovery.

Staff will be briefed to disconnect computer and other equipment from electrical power sources prior to departing at the end of the workday.

The Director of Internal Audit will be responsible to keep the audit staff updated on the latest storm situation.

OPCON1

The Director of Internal Audit, upon authorization of the Mayor, will release employees from work. The Director shall brief staff to monitor local media for notification of recall or emergency assignment prior to storm impact. After impact local media will be used to provide notice of recall, temporary duty assignments or return to normal duty.

PURPOSE

The purpose of this section is to outline the duties and responsibilities of management and the Internal Audit Department regarding the detection and investigation of fraud.

Definition of Fraud

Fraud is the commission of an illegal act for personal gain. For fraud to occur one must have opportunity, pressure, and attitude (rationalization). Part of the attitude is a reasonable chance for the crime to go undetected (at least in the mind of the perpetrator). A key element in fraud is the intent of the person committing the act. "Fraud is the crime of choice for the 21st century. It is easy to see why. Compared to other crimes, fraud pays better; there is little risk of apprehension, and even less risk of serious punishment. By all accounts, fraud and other white-collar crime outstrip the cost of traditional offenses by ten to one."[1] There are three types of corporate fraud:

1) fraud by company employees against the company or its customers
2) fraud by executives of the company against the company or its customers
3) fraud by the company against its employees, customers and vendors (or contractors). The government that we work for is the "company."

Intent to Commit Fraud

It is not the intention of this manual to list the many various ways in which someone or group can steal, convert assets or defraud the company in some way. For an act to be fraudulent the one doing the act must have intended to do wrong and there must be a victim with real monetary loss occurring. Intent usually manifests itself in the actions of the perpetrator such as, lying, concealment, framing a co-worker, etc.

Management's Responsibility

Management is responsible for planning, organizing, directing and controlling operations. Moreover, it is management's job to design an adequate system of internal control for financial and operational systems. The internal audit department is part of management's effort to do this. Through the conduct of internal audits the system of internal controls are tested and evaluated with findings and recommendations for improvement published in various audit reports or management letters. It is the responsibility of management to find fraud and see that the perpetrators are punished. This is part of the direct and control mandate of management.

[1]Fraud Examination: Investigative and Audit Procedures, page 19, Joseph T. Wells, Quorum Books, One Madison Avenue, New York, NY 10010, 1992.

Internal Audit's Responsibility

The fieldwork standard related to planning of generally accepted government auditing standards for performance audits states that:

> "Auditors should determine which laws, regulations, and provisions of contracts or grant agreements are significant within the context of the audit objectives and assess the risk that violations of those laws, regulations, and provisions of contracts or grant agreements could occur. Based on that risk assessment, the auditors should design and perform procedures to provide reasonable assurance of detecting instances of violations of legal and regulatory requirements or violations of provisions of contracts or grant agreements that are significant within the context of the audit objectives."

Section 7.30 of the Government Auditing Standards: In planning the audit, auditors should consider the risks due to fraud that could significantly affect their audit objectives and the results of the audit. The footnote to this section defines fraud as "a type of illegal act involving the obtaining something of value through willful misrepresentation."

Section 7.33 of the Government Auditing Standards: Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement.

Reporting Fraud

When the auditor discovers fraud, it must be reported to someone in authority over the perpetrator, but independent of the wrongdoer, who has the authority to launch a criminal investigation. (See Section B23.1 of the Personnel Manual for additional information and detail.) Within our reporting structure, it would be the Mayor. The Internal Audit Director would brief the Mayor and it would be the Mayor's decision on which agency to contact.

However, if an auditor has knowledge that a crime has been committed he/she can report it directly to the proper authorities. Either way the auditor must report it in a timely fashion so that action can be taken by the investigative agency. Tips from citizens and employees of wrongdoing must receive adequate follow-up. The auditor should document the information and forward it to the Audit Director for action.

The five-step approach to fraud detection is:[1]

1) Know the exposures
2) Know the symptoms of occurrence
3) Be alert for symptoms
4) Build audit programs to look for symptoms
5) Follow through on all symptoms observed

The following is a checklist of things that the auditor should do when confronted with fraud.

1) Notify your audit superiors immediately.
2) Keep a daily diary of events and conversations with individuals both in and outside the Internal Audit Department.
3) Keep the diary off premises for safekeeping.
4) Do not let the subject know that he/she is being investigated.

More Tips:[2]

1) Include exposure identification as part of the audit planning process. Document your understanding of these exposures.
2) For known high exposure areas, audit tests should include tests designed to identify symptoms of fraud. These tests should be aimed at fraud occurrence, not opportunity.
3) When designing and conducting tests remember that described internal controls break down.
4) Make sure you understand the fraud implications of your sampling approach. Avoid using samples that are too small for the exposures and control environment.
5) Follow through on all exceptions noted. Resist the temptation to explain an exception as an isolated incident.
6) Show proof in the working papers that fraud was considered. One way to do that is to list each exposure and set up headings for perpetrator, fraud act, benefit and victim.
7) Doing the above may tell the auditor whether additional work is needed. If you are unable to think of a possible fraud scenario, the exception may have no fraud significance. However, documenting your actions in audit working papers will demonstrate that you have considered the possibility of fraud.

[1]Fraud Detection & Investigation for Internal Auditors, page 3-5, Courtenay Thompson & Associates, Dallas, TX, 12/06/93.
[2]Ibid, page 3-28.

CAVEAT

Auditors do not determine guilt; they only supply facts to the proper authorities. Therefore in all communications never conclude as to guilt.

CITY OF TAMPA
INTERNAL AUDIT DEPARTMENT
NONAUDIT SERVICES ASSESSMENT – QUALITY CONTROL

INDEPENDENCE GENERAL STANDARD: *In all matters related to the audit work, the audit organization and the individual auditor, whether government or public, must be free from personal, external, and organizational impairment to independence, and must avoid the appearance of such impairments of independence.*

Procedures: *To ensure that other professional services (nonaudit services) provided at the request of the City's administration or department management do not create personal impairments either in fact or appearance that adversely affects our independence for conducting audits, the following checklist is to be completed by the Internal Audit Director for all management requests.*
Refer to Sections 3.20 through 3.30 of the Government Auditing Standards.

Project: ____

	Yes	No	N/A
Auditing Standards			
1. Can Government Auditing Standards be applied to management's request? If the answer to 1 is yes, add request to Audit Agenda and follow appropriate standards.	☐	☐	☐
Type of Nonaudit Service			
2. If the answer to 1 is no, does management's request meet the definition of nonaudit service (GAS 3.25)? If the answer to 2 is no, maintain independence in fact and appearance.	☐	☐	☐
Overarching Principles			
3. If the answer to 2 is yes, does the nonaudit service violate either of the overarching principles (GAS 3.22)? If the answer to 3 is yes, decline the request to perform nonaudit service citing impairment of independence. If the nonaudit service is performed, future audits of the area cannot be performed unless independence impairment is reported.	☐	☐	☐
Routine Activity			
4. If the answer to 3 is no, is the nonaudit service considered as providing technical advice (GAS 3.27)? If the answer to 4 is yes, additional safeguards are not necessary.	☐	☐	☐

Additional Safeguards
If the answer to 4 is no, document compliance with safeguards (GAS 3.30).

____ ____________________
Audit Director Date

<u>COMPETENCY GENERAL STANDARD</u>: *The staff assigned to perform the audit or attestation engagement must collectively possess adequate professional competence for the tasks required.*

Procedures: *To document that the professional competence of the audit staff was considered by the Audit Director, the following is to be completed at the time of assignment.*

Report Title/Number: ____

Auditor Assigned: ____

The auditor(s) assigned to this audit collectively possess adequate professional proficiency as required by generally accepted government auditing standards (GAS 3.40 through 3.43 and GAS 7.44 and 7.45).

____ ____________________
Audit Director Date

INDEPENDENCE GENERAL STANDARD: *In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be free from personal, external, and organizational impairments to independence and must avoid the appearance of such impairments of independence*

Procedures: *To document that audit management and staff are free from personal and external impairments to independence, the following statement is to be signed by the Auditor and Audit Director at the time of the audit assignment. The Quality Assurance/Technical Reviewer will sign when assigned to conduct the QC/Technical Review.*

The Auditor and the Audit Director of this audit engagement are free of personal and external impairments to independence as prescribed by generally accepted government auditing standards (GAS 3.02 through 3.30).

The independence general standard holds the auditor and the audit organization responsible for maintaining independence and ensuring that the opinions, conclusions, judgments and recommendations rendered are impartial and viewed by third parties as impartial (independence in fact). It also requires that consideration be given to situations that might lead others to question their independence (independence in appearance).

______________________________ ______________
Auditor Date

______________________________ ______________
Audit Director Date

______________________________ ______________
Quality Assurance/Technical Reviewer Date

CITY OF TAMPA
INTERNAL AUDIT DEPARTMENT
PLANNING CHECKLIST FOR PERFORMANCE AUDITS

PLANNING FIELD WORK STANDARD: *Work is to be adequately planned.*

Procedures: *To ensure audits are properly and adequately planned, the following checklist is to be completed by the Audit Director at the end of the preliminary survey stage of the audit. Refer to Sections 7.01 through 7.51 of the Government Auditing Standards.*

Report Title/Number: ____

Requirement	Yes	No	N/A
1. The work necessary to address the audit objectives was adequately planned and documented to reduce audit risk to provide reasonable assurance that the evidence is sufficient and appropriate to support the audit's findings and conclusions (GAS 7.06 through 7.07).	☐	☐	☐
2. The audit's objectives, as well as the scope and methodology to achieve those objectives were defined (GAS 7.08 through 7.10).	☐	☐	☐
3. Methodology was designed to provide sufficient, appropriate evidence to achieve the objectives of the audit (GAS 7.10).	☐	☐	☐
4. Assessed audit risk and significance by gaining an understanding of the needs of potential users of the audit report, internal controls, IT controls, and laws, rules, and regulations within the context of the audit objectives (GAS 7.11 and 7.12).	☐	☐	☐
5. Obtained an understanding of the nature of the program to be audited and the potential use of the audit's results and report (GAS 7.13 through 7.15).	☐	☐	☐
6. Obtained an understanding of internal control as it relates to the specific objectives and scope of the audit (GAS 7.16 through 7.22).	☐	☐	☐
7. Obtained an understanding of information systems controls for purposes of assessing risk and planning the audit within the context of audit objectives (GAS 7.23 through 7.27).	☐	☐	☐
8. Designed methodology and procedures to detect significant violations of legal and regulatory requirements, contract provisions, or grant agreements (GAS 7.28 through 7.35).	☐	☐	☐
9. Considered the results of previous audits and attestation engagements that could affect the current audit objectives (GAS 7.36).	☐	☐	☐

10. Identified criteria needed to evaluate matters subject to audit (GAS 7.37 and 7.38).	☐	☐	☐
11. Identified potential sources of data that could be used as audit evidence (GAS 7.39 and 7.40).	☐	☐	☐
12. Considered whether the work of other auditors and experts may be used to satisfy some of the auditor's objectives (GAS 7.41 through 7.43).	☐	☐	☐
13. Provided appropriate and sufficient staff and other resources to perform the audit (GAS 7.44 and 7.45).	☐	☐	☐
14. Communicated general information concerning the planning and performance of the audit to management officials responsible for the program being audited and others as applicable (GAS 7.46 through 7.49).	☐	☐	☐
15. Prepared an audit plan (GAS 7.50 and 7.51).	☐	☐	☐

Audit Director ______________________ Date ______________________

CITY OF TAMPA
INTERNAL AUDIT DEPARTMENT
QUALITY CONTROL CHECKLIST FOR PERFORMANCE AUDITS

QUALITY CONTROL GENERAL STANDARD: *Each audit organization performing audits and/or attestation engagements in accordance with these standards should have an appropriate internal quality control system in place and undergo an external peer review.*

Procedures*: The Director will complete the Quality Control Checklist as soon as practical upon the auditor's completion and cross-referencing of the report to the working papers. Issues raised as a result of this review shall be discussed and resolved with the auditor. *Indicates items to be answered after issuance of audit report.*

Report Title/Number: ____

Requirement	Yes	No	N/A
GENERAL STANDARDS			
Competence (GAS 3. 40)			
1. Do working papers demonstrate that staff has adequate knowledge and skills?	☐	☐	☐
Independence (GAS 3.02 through 3.06)			
2. Did auditor demonstrate independence?	☐	☐	☐
Professional Judgment (GAS 3. 31 through 3.39)			
3. Were audit standards followed or disclosure made when standards did not apply or could not be followed?	☐	☐	☐
Quality Control and Assurance (GAS 3.50 through 3.53)			
4. Is there an appropriate internal quality control system in place?	☐	☐	☐
FIELD WORK STANDARDS			
Planning (GAS 7.06)			
5. Was work planned adequately?	☐	☐	☐
Supervision (GAS 7.52)			
6. Was supervision of staff documented in working papers?	☐	☐	☐
Evidence (GAS 7.55)			
7. Was sufficient and appropriate evidence obtained to provide a reasonable basis for the findings and conclusions?	☐	☐	☐

	Yes	No	N/A
Audit Documentation (GAS 7.68)			
8. Was the audit documentation sufficient to support the auditor's judgments and conclusions?	☐	☐	☐

REPORTING STANDARDS

Written Report (GAS 8.03 through 8.07)			
9. Was a written audit report prepared?	☐	☐	☐
Report Contents (GAS 8.08 through 8.42)			
10. Did the report include the following?			
a) Audit objectives, scope, and methodology.	☐	☐	☐
b) The audit results, including findings, conclusions, and recommendations, as appropriate.	☐	☐	☐
c) Statement that the audit was made according to generally accepted government auditing standards.	☐	☐	☐
d) A summary of the views of responsible officials	☐	☐	☐
e) If applicable, the nature of any confidential information omitted.	☐	☐	☐
Report Quality Elements (GAS A8.02)			
11. Is the report timely, complete, accurate, objective, convincing, clear and as concise as the subject permits?	☐	☐	☐

I have reviewed the working papers referenced above. All supervisory review notes have been cleared and the draft report is ready for transmittal to the auditee for response.

______________________________ ______________

Audit Director Date

ITEMS TO BE COMPLETED AFTER REPORT ISSUANCE

	Yes	No	N/A
***Report Contents (GAS 8.32)**			
1. The views of responsible officials concerning auditor's findings, conclusions and recommendations; as well as planned corrective actions?	☐	☐	☐
***Timely Issuance (GAS A8.02)**			
2. Was report issued in a timely manner or was interim reporting used?	☐	☐	☐
***Report Distribution (GAS 8.43)**			
3. Was the report submitted to appropriate officials and made available to the public?	☐	☐	☐

______________________________ ______________

Audit Director Date

J. REVIEW OF AUDIT/ENGAGEMENT DOCUMENTATION

ALGA Peer Review Guide (2008)

GENERAL STANDARDS:	Yes	No	N/A	Reviewer Comments
INDEPENDENCE				
1. Audit organization must in fact and appearance be independent. Had P&P to identify and resolve personal impairments. Communicated P&P to staff, monitored com-pliance, and maintained doc-umentation. (GAS 3.02-3.09).				
2. Was free from external impairments. Have P&P for resolving and reporting external impairments. (GAS 3.10-3.11)				
PROFESSIONAL JUDGMENT				
5. Used professional judgment in planning and performing audits and attestation engagements and in reporting the results. (GAS 3.31, 3.38)				
COMPETENCE				
6. Staff assigned possessed adequate professional competence. Assessed skill needs. (GAS 3.40)				
8. Staff assigned to conduct audit or attestation engage-ment collectively possessed the technical knowledge, skills, and experience necessary. (GAS 3.43)				
9. Auditors performing financial audits or attestation engagements were knowledgeable in the relevant principles and standards (e.g.				

GENERAL STANDARDS:	Yes	No	N/A	Reviewer Comments
GAAP, SAS, SAS, etc) (GAS 3.44, 3.45)				
12. External specialists assisting in performing GAGAS assignment were qualified. (GAS 3.49)				

PERFORMANCE STANDARDS:	Yes	No	N/A	Reviewer Comments

PLANNING

34. Plan and document work necessary to define audit objectives, scope and methodology such that work provides reasonable assurance that sufficient, appropriate evidence supports conclusions. (GAS 7.06-7.10)				
35. To the extent relevant to the audit objectives, planning allows auditors to understand and assess risks related to the: ▪ Nature of the program and needs of potential users (GAS 7.11a; 7.13) ▪ Design and implementation of internal controls (GAS 7.11b;7.16) ▪ Design and implementation of information system controls (GAS 7.11c; 7.24; 7.27) ▪ Legal and regulatory requirements, contract provisions and/or grant agreements (GAS 7.11d; 7.28) ▪ Potential for fraud and abuse (GAS 7.11d; 7.30) ▪ Results of previous audits (GAS 7.11e; 7.36)				

PERFORMANCE STANDARDS:	Yes	No	N/A	Reviewer Comments
36. To the extent relevant to the audit objectives, planning should allow auditors to identify potential criteria and sources of evidence, and evaluate whether to use the work of other auditors or experts (GAS 7.12 a-c; 7.37; 7.39; 7.41)				
37. Determine the type and amount of evidence needed to obtain sufficient, appropriate evidence to address the audit objectives. Evaluate whether internal control or other program weaknesses are the cause when auditors conclude that sufficient, appropriate evidence is not available. (GAS 7.40)				
38. Extend audit procedures when there are indications that fraud or abuse significant to the audit objectives may have occurred; don't interfere with legal proceedings or investigations. (GAS 7.32; 7.34-35)				
39. Assign sufficient number of appropriately skilled staff. Engage specialists when necessary. (GAS 7.12d; 7.44-45)				
40. Communicate planned testing and reporting to management, those charged with governance and requestors. Document communications. Follow appro-priate requirements if audit is terminated before completed.				

PERFORMANCE STANDARDS:	Yes	No	N/A	Reviewer Comments
(GAS 7.12e; 7.46-49)				
41. Prepare and update a written audit plan. (GAS 7.12f; 7.50)				

SUPERVISION

42. Properly supervise staff. Review work performed and document review of work before issuing the audit report. (GAS 7.52-7.80c)				

EVIDENCE

43. Obtain sufficient, appropriate evidence to provide reasonable basis for findings and conclusions. Document assessment that evidence taken as a whole is sufficient and appropriate for addressing audit objectives and supporting findings and conclusions. Apply additional procedures, redefine the audit objectives, or revise the findings and conclusions if necessary based on the assessment. (GAS 7.55-57; 7.68; 7.70, 7.71)				

DOCUMENTATION

44. Prepare and maintain audit documentation related to planning, conducting, and reporting on the audit to support findings, conclusions and recommendations before issuing the report. (GAS 7.77-7.80)				
45. Document departures from				

PERFORMANCE STANDARDS:	Yes	No	N/A	Reviewer Comments
GAS requirements and the impact on the audit and auditors' conclusions. (GAS 7.81)				

REPORTING

	Yes	No	N/A	Reviewer Comments
47. Issue audit report. Make the report available to the public, as allowable under applicable public records laws. (GAS 8.03-8.06)				
48. Clearly describe in an unbiased manner the objectives, scope, and methodology, as well as other report requirements. (GAS 8.08-8.13)				
49. Present sufficient, appropriate evidence to support the findings and conclusions in relation to audit objectives. (GAS 8.07-8.08, 8.14-8.18)				
50. Report scope of work on internal controls and any significant deficiencies found. Refer to separate written communication to officials in audit report. (GAS 8.19- 8.20)				
51. Report likely fraud, illegal acts, significant violations of contracts or grant agreements, or significant abuse. (GAS 8.21-8.23)				
52. Report known or likely fraud, illegal acts, violations of contracts or grant agreements, or abuse to any appropriate outside parties.				

PERFORMANCE STANDARDS:	Yes	No	N/A	Reviewer Comments
(GAS 8.24-8.26)				
53. Report conclusions based on objectives and findings. (GAS 8.27)				
54. Recommend actions to correct identified problems and to improve programs and operations. (GAS 8.28- 8.29)				
55. Cite compliance with GAGAS in report when all applicable requirements are followed, disclose when not followed. (GAS 8.08, 8.30-8.31)				
56. Include a copy of written comments from responsible officials or a summary of written or oral comments. (GAS 8.08, 8.32-8.37)				
57. If information is prohibited from public disclosure or excluded from the report due to its confidential or sensitive nature, disclose that certain information has been omitted and the reason for its omission. (GAS 8.08, 8.38-8.42)				
58. Submit report to those charged with governance, appropriate officials, and appropriate oversight bodies; document any limitation on report distribution. (GAS 8.43)				

Date: [Date]

To: [Audit area director]

From: [Director's name], Internal Audit Director

Re: [Audit title], Audit #[audit #]

In accordance with our FYXX Audit Agenda, we will conduct an operational audit of the [audit area] in the near future. The audit will be approached in the same manner as that of any other service activity. The audit will examine the stated responsibilities of the [audit area] and determine if it is fulfilling its obligations in an effective and efficient manner.

We will contact you in order to arrange an entrance conference to discuss the various aspects of our audit. [auditor's name] of our staff will conduct the audit and I will supervise the engagement. Should you have any questions regarding this, please feel free to contact [auditor's name] or me. We can be reached at extensions [auditor's #] or 7159.

cc: Darrell Smith, Chief of Staff
[other directors]
[lower level managers]

[Date]

To:

From: [Director's name], Internal Audit Director

Re:

Attached is the draft copy of the above referenced report. Your responses to our recommendations, forwarded through [Enter the name of the Chief of Staff, Administrator for Neighborhood Services/Economic Development/Public Works, Chief of Police, Fire Chief, Director of Revenue and Finance, City Attorney, City Clerk that the audit area reports to], are due within ten (10) working days. We will schedule an exit conference to discuss the accuracy of the facts, the practicality of the audit recommendations and your responses. Your written responses to the audit recommendations are due by [Enter date].

If you have any questions, please contact (auditor that performed the audit) at 274-XXXX or me at 274-XXXX.

cc:

Attachment.

BACKGROUND

The Purchasing Department serves all departments of the City of Tampa under the direction of the Mayor and the City Council. It derives the authority to act from the Revised Charter of the City of Tampa of 1975, Section 5.01, which states:

> Purchasing Department, which shall be and constitute a central purchasing agency for all departments of the city. The purchasing agent shall be the head of this department; and . . . contract in accordance with this charter (1) for the acquisition and disposition of all tangible personal property, (2) for supplies and printing, (3) for materials, chemicals, and like products, and (4) for the performance of labor, services, and public improvements within the limit, provided for by this charter, of the expenditures for which the city may be obligated by contract without advertisement for bids or approval of the city council.

The Purchasing Department is organized into two sections. The first consists of the buyers, who are responsible for processing purchase orders; for placing and negotiating all City purchases of materials, equipment and certain services; and preparing resolutions and reports. They are also responsible for the disposal of surplus City property. This function is under the control of the Purchasing Director. The second section includes the office support staff and inventory personnel, who report to the Purchasing Manager.

STATISTICS

	FY94 Actual	**FY95 Actual**	**FY96 Projected**	**FY97 Budget**
Personal Services	$887,609	$948,406	$917,772	$1,022,936
Operating Expenses	$60,925	$60,863	$60,352	$62,820
Number of Positions	22	22	29	22

There are 32 authorized positions performing purchasing functions outside of the Purchasing Department. These positions are related to inventory systems centralization and are funded through their respective departments.

PLANNING

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. Conduct an in-house review of the following:

   a) Financial Data

   b) Internal Policy & Procedures Manuals

   c) Applicable Rules, Laws and Regulations, and

   d) Prior internal audit reports and management comments.
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 fieldwork 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 transaction walk-throughs. Revise documentation.
8. Review the CAFR for any applicable comments in the management letter and notes on the financial statements.
9. Document the assessment of risks for violations of laws, regulations, and provisions of contracts or grant agreements.
10. Document the assessment of risks for fraud and abuse.
11. Assess the reliability of computer-processed data using the Data Reliability Checklist.
12. Prepare a risk analysis listing the strengths and weaknesses of the system (include assessments of risks for violations of laws, regulations, and provisions of contracts or grant agreements and fraud and abuse). Reference risk assessments to audit objectives.
13. Assess the reliability of computer-processed data using the Data Reliability Checklist.
14. Prepare a risk analysis listing the strengths and weaknesses of the system and reference risk assessments to audit objectives.

15. 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 Director.
16. Clear review notes and revise the audit program, if necessary.

AUDIT SCOPE

Based on the work performed during the preliminary survey and the assessment of risk the audit period will cover the period from October 1, 1996, to July 31, 1997.

AUDIT OBJECTIVES

1. Determine extent of compliance with stated purchasing procedures for purchases of goods and services greater than or equal to $25,000.

2. Determine whether the lowest responsive bid was accepted and that the decision process was reasonable and proper.

3. Ensure the propriety of accepted bids that were exceptions to the general established procedures (i.e. emergency/expedited, single source, and administrative purchases).

4. Determine if expenditures exceeding original contracted amounts were supported by properly authorized change orders.

OBJECTIVE 1

Determine the extent of compliance with stated purchasing procedures for purchases of goods and services greater than or equal to $25,000.

1. Generate a listing from the purchasing database maintained on the Reporting Server of purchase orders greater that or equal to $25,000 opened during the audit period.

2. Randomly select a sample of purchase orders using a 95% confidence level, a 5% expected error rate and +/- 5% desired precision. Schedule out the sample by buyer number and then by purchase order number.

3. For each sampled item, review and ensure compliance with stated procedures, such as, but not limited to:

   a) Documentation of properly completed and authorized "Purchase Requisition" form on file.

   b) Documentation that purchases were properly budgeted and verified by Purchasing.

c) Documentation of "Invitation to Bid" advertisement.

d) Documentation of various approvals and authorizations by: 1) Purchasing Director, 2) City Attorney, 3) Budget Office, 4) Finance Director, 5) Chief of Staff, 6) Mayor and 7) City Council.

e) Documentation of vendor notification of acceptance, verification of proper insurance, and properly executed contract.

4. Discuss any audit findings with the Audit Director. After receiving approval discuss audit findings with Auditee management.

5. Summarize and conclude.

[Audit steps for Objectives 2, 3 and 4 were deleted. The audit steps from Objective 1 through the Wrap-Up should be consecutively numbered]

WRAP-UP

20. Complete and index working papers.

21. Prepare a preliminary draft of the audit report.

22. Request initial Technical Review (see Section B3.5).

23. Turn in for field work review and clear any review comments.

24. Forward report to auditee and request auditee responses within ten working days.

25. Incorporate auditee responses into the final audit report.

26. Schedule and hold exit conference.

27. Request final Technical Review (see Section B3.5 of the Audit Manual).

28. Publish report and distribute.

27. Add the recommendations to the Recommendation Database (see Section B3.2).

29. Request a QC Assurance Review (see Section B3.5).

The following is a sample of a Risk Analysis Worksheet listing the risks (exposures), the internal controls to offset the risks and risk assessments. Purchasing is used as an example.

Risk	**Control**	**Control In Place**	**Assessment**
Legal requirements were not met by department or purchasing.	Departmental limits are monitored by purchasing via the buyer releasing the purchase order. Controls built into the purchasing application. Legal and council review.	Yes	Medium
Improper selection of lowest responsive bidder.	Reviews by department, purchasing, legal, council and administration	Yes	Medium
Improper use of single source and emergency procedures to bypass competitive process.	Review by purchasing, legal, council and administration.	Yes	Medium
Costs exceed purchase order amounts.	Monitoring by purchasing and control in the purchasing application.	Yes	Low
Competitive bid process does not include all potential vendors causing the City to pay excessive costs.	Vendor master files maintained with all available vendors.	Yes	Low

RECORD OF AUDIT FINDING
(RAF's)

[AUDIT NAME, #XX-NN] **W/P**

1. Summary of finding:
2. Facts observed or test results:
3. Criteria (directives or procedures involved):
4. Causes (may be eliminated if self-evident):
5. Effect:
6. Recommendation:
7. Same finding disclosed in last audit: Yes No
8. Report: Finding #________ Passed________________________ by_______.
9. Discussions with auditee as to finding and recommendation:

Name	Title	Date
1) ___________________________	____________________	_____________

Agree with finding and recommendation? Yes No

Name	Title	Date
2) ___________________________	____________________	_____________

Agree with finding and recommendation? Yes No

10. Comments:

To: Director's name, Internal Audit Director

From: Mayor [first last name]

Re: Department XXXX
Office function
Audit No. XX-NN

Thank you for providing me a copy of the report on the audit of the Department of XXXXX, Office function, your Audit No. XX-NN.

I have reviewed the report. You may consider the report to be final.

____
Mayor

____
Date

cc: Appropriate department director, etc.

STAFF SUMMARY SHEET

CS Tracking Item No.:
Resolution No.:
Resolution Date:

Subject: **Audit No. XX-NN, Audit Title**

Department Name: **Internal Audit Department**

Contact Person: **[Director's name], Internal Audit Director**

Sign-Off Approvals:

Department Director	Date	Chief of Staff	Date
Supporting Department	Date	Mayor	Date
Supporting Department	Date	City Clerk (If Applicable)	Date
City Attorney	Date	City Council (If Applicable)	Date
Director of Finance	Date		

Staff Recommendation:

For the Mayor's review. Upon review of the Audit Report by the Mayor, please have the attached memo signed, dated and returned to [Director's name], Internal Audit Department.

Financial Impact Statement (Check ☒ if not applicable):

Projected Cost: $0.00 Activity Code:

Background:

List Attachments: **Audit No. XX-NN, Audit Title**

[Audit Report Date]

Honorable [Mayor's Name]
Mayor, City of Tampa
1 City Hall Plaza, 8N
Tampa, FL 33602

RE: [Audit Title, Audit #]

Dear Mayor [Mayor's Name]:

Attached is the Internal Audit Department's report on the [Audit Title].

[Department Director's Name, Title,] has already taken positive actions in response to our recommendations (if true). We thank the management and staff of the [auditee department/division] for their cooperation and assistance during this audit.

Sincerely,

[Director's Name]
Internal Audit Director

w/attachment

cc: Darrell Smith, Chief of Staff
[list applicable auditee personnel]

THE CITY OF TAMPA
PURCHASING DEPARTMENT
LEGAL COMPLIANCE
AUDIT #97-17

INTRODUCTION

The Purchasing Department serves all departments of the City of Tampa under the direction of the Mayor and the City Council. It derives the authority to act from the Revised Charter of the City of Tampa of 1975, Section 5.01, which states:

> Purchasing Department, which shall be and constitute a central purchasing agency for all departments of the city. The purchasing agent shall be the head of this department; and . . . contract in accordance with this charter (1) for the acquisition and disposition of all tangible personal property, (2) for supplies and printing, (3) for materials, chemicals, and like products, and (4) for the performance of labor, services, and public improvements within the limit, provided for by this charter, of the expenditures for which the city may be obligated by contract without advertisement for bids or approval of the city council.

The Purchasing Department is organized into two sections. The first consists of the buyers, who are responsible for processing purchase orders; placing and negotiating all City purchases of materials, equipment and certain services; and preparing resolutions and reports. They are also responsible for the disposal of surplus City property. This function is under the control of the Purchasing Director. The second section includes the office support staff and inventory personnel, who report to the Purchasing Manager.

STATISTICS

	FY95 Actual	FY96 Actual	FY97 Projected	FY98 Budget
Personal Services	$948,406	$1,287883	$900,649	$1,061,313
Operating Expenses	$60,863	$72,114	$72,620	$69,081
Authorized Positions	22	29	22	22

Source: City of Tampa, Recommended Annual Budget, FY98.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY97 Audit Agenda. The objectives of this audit were to:

1. Determine the extent of compliance with stated purchasing procedures for purchases of goods and services greater than or equal to $25,000;

2. Determine whether the lowest responsive bid was accepted and that the award decision process was reasonable and proper; and

3. Ensure the propriety of accepted bids that were exceptions to generally established purchasing procedures (i.e., emergency/expedited, single source and administrative purchases).

STATEMENT OF SCOPE

The audit period covered purchasing activity that occurred from October 1, 1996, to July 31, 1997. Source documentation was obtained from files maintained in the Purchasing Department and City Clerk's Office. Original records as well as copies, including microfiche, were used as evidence and verified through physical examination.

STATEMENT OF METHODOLOGY

The sample size and selection were statistically generated using a desired confidence level of 95%, expected error rate of 5% and a desired precision of +/- 5%. Statistical sampling was used in order to infer the conclusions of test work performed on a sample to the population from which it was drawn and to obtain estimates of sampling error involved. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

STATEMENT OF AUDITING STANDARDS

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. Except for a documentation problem, Purchasing personnel complied with stated procedures for purchases of goods and services greater than or equal to $25,000;

2. The lowest responsive bid was accepted and the award decision process was reasonable and proper; and

3. Purchases that were exceptions to generally established purchasing procedures (i.e., emergency/expedited, single source and administrative purchases) were reasonable and proper.

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the Purchasing Department, they do present risks that can be more effectively controlled. Before we completed our audit, personnel responsible implemented some of the Internal Audit Department's recommendations.

BID/RFP OPENING PROCEDURES

Specific procedures were developed to ensure the propriety of opening formal, sealed bids and requests for proposals. Procedure 3.12, Bid/RFP Opening Procedures, found in Section II of the City's Purchasing Manual, lists these procedures and the responsibilities of the Buyers and their Assistants before, during and after the appointed bid opening time. These procedures require that:

> Upon completion of the Bid/RFP opening, the Buyer will perform a comparison of the submitted Bids/Proposals with the written tabulation for accuracy. The Buyer and the Assistant will affix his or her initials by each Bidder's/Proposer's firm name to verify that the comparison has been made.

This was not observed on any of the forty-five bid tabulation forms reviewed during test work. For testing purposes, an acceptable alternative for this control was the Buyers' and their Assistants' initialing the top of the form. This more common practice was not performed on ten of the bid tabulation forms (a 22% exception rate). A similar finding was reported in Audit #92-37.

The reason for the detailed, specific procedures is that problems or errors that occur during a bid/RFP opening could cause a vendor to contest the entire process. Adhering to the procedures on a consistent basis reduces the risk that problems or errors will occur. This is especially important when there are no third parties present at the bid/RFP opening.

RECOMMENDATION #1

To ensure the propriety and independence of the bid/RFP opening process, Buyers and their Assistants should adhere to the procedures described in the City's Purchasing Manual.

AUDITEE'S RESPONSE

We have reviewed the procedure and the Buyers have been instructed to comply with all aspects of the section. Additionally, the City's new financial system, to be implemented this fiscal year, will address the automation of the tabulation process. As a part of the implementation, the procedure will be reviewed to ensure the efficient review of the submittals from the vendors.

[Balance of report omitted]

Dear Mayor [name]:

On [date of audit report], the Internal Audit Department released an audit on the [audit area]. We performed certain procedures, as enumerated below, with respect to activities of the [auditee dept/div] in order to render a conclusion on the status of the recommendations made as a result of that audit.

This Post Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards.

The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

The conclusions of Audit [Audit #] were that: [list audit conclusions]

The audit contained [enter #] recommendations that addressed the audit's findings. Based on the review performed, we concluded that recommendations [enter #s] were implemented, [enter #s] were partially implemented and [enter #s] were not implemented.

Recommendations Implemented [#(s) of implemented recommendations]

We recommended (Recommendation [#]) that . . . explain recommendation and corrective actions taken.

Recommendations Partially Implemented [#(s) partially implemented recommendations]

We recommended (Recommendation [#]) that . . . explain recommendation and progress made to date.

Recommendations Not Implemented [#(s) of not implemented recommendations]

We recommended (Recommendation [#]) that . . . explain recommendation and reason why no progress was made.

We thank the personnel in [auditee dept/div] for their assistance in conducting this review. We will consider this report to be final unless directed to continue our review.

Sincerely,

[Audit Director's name]
Director of Internal Audit

STAFF SUMMARY SHEET

CS Tracking Item No.:
Resolution No.:
Resolution Date:

Subject: **Post Audit Review (PAR) of Audit No. XX-NN, Audit Title**

Department Name: **Internal Audit Department**

Contact Person: [**Director's name], Internal Audit Director** Phone: **274-7159**

Sign-Off Approvals:

Department Director	Date	Director of Finance	Date
Supporting Department	Date	Chief of Staff	Date

Approved as to Legal Sufficiency:

City Attorney	Date	Mayor	Date
		Received by City Clerk	Date

Staff Recommendation:

For the Mayor's review.
Upon review, unless there are additional questions, no further action is necessary.

Financial Impact Statement (Check☒ if not applicable):

Projected Cost: $0.00 Activity Code:

Background:

List Attachments: **PAR of Audit No. XX-NN, Audit Title**

	YES	NO	N/A	W/P
AUDIT NAME, AUDIT NUMBER				
DATA RELIABILITY ASSESSMENT				
DATE				
	YES	**NO**	**N/A**	**W/P**
A. PRELIMINARY STEPS				
1. Is the audit a financial audit?				
2. Does the audit focus on the computer system(s), not the program that is relying on the computer system(s)?				
3. Are the data used solely as background information?				
Note: If you answered "YES" to any of the above questions, this checklist should not be used. If you answered "NO" to all of these questions, continue to the next step.				
B. REVIEW EXISTING INFORMATION				
Interview the system owner for the system of record and obtain: (1) any reports from previous audits or reviews on the data or system of record and (2) any independent evaluations performed on the system of record.				
4. Did these reviews disclose any weaknesses in the underlying system operations affecting the data in question (i.e., the data the auditor plans to rely on)?				
5. Did these reviews contain immediate concerns over the quality (accuracy, timeliness, and completeness) of the data in question?				
Note: If you answered "YES" to either of the above questions, consult with appropriate audit management to determine if you should continue to the next step and document the decision in the audit documentation. If you answered "NO" to all of these questions, continue to the next step.				
C. CONDUCT REASONABLENESS TEST				
Review data items and look for obvious errors concerning the data in question. This step should be performed on a judgmental basis with electronic files or with a hard copy report.				
6. Are data missing in key fields?				
7. Are there any obvious calculation errors?				
8. Are the data outside of valid time frames?				
9. Are the data outside of a designated range?				
10. Is there any obvious duplication of records?				
11. Are there alphabetic characters in numeric fields (and vise versa)?				
12. Are there negative amounts in positive-only fields (and vise versa)?				
13. Are there any illogical relationships of one data element to another?				
14. Are the data consistent with past trends? (This item is applicable when conducting recurring audits.)				
Note: If you answered "YES" to any of the above questions, consult with audit management to determine if you should continue to the next step and document the decision in the audit documentation. If you answered "NO" to all of these questions, continue to the next step.				

	YES	NO	N/A	W/P
D. CONDUCT DETAILED TESTING				
15. Are the data in question significant to the audit?				
16. Do the data in question have a high level of impact?				
17. Were there any significant weaknesses found during the review in steps B and C?				
Note: If you answered "YES" to any of these questions, at least 30 transactions should be tested. If you answered "NO" to all of these questions, select a judgmental sample of at least 10 transactions for testing. Where available, consult with a statistician for sample selections in either case.				
To the extent possible, manually trace the sample of transactions (determined above) between source documents, if any, and computer generated reports to ensure the selected transactions have been properly entered into the system.				
18. Did you find a significant number of problems?				
Note: If you answered "YES" to the above question, you cannot rely on the computer-generated data in conducting your audit. Consult with audit management for alternatives and document the decision in the audit documentation. If you answered "NO" to the above question, continue to the next step.				
19. Are complicated mathematic formulas programmed in the system to compile the data in question?				
Note: If you answered "NO" to the above question, the computer-generated data are sufficiently reliable. If you answered "YES " to the above question, technical support may be necessary to finalize the assessment.				
20. Did the technical specialist find any major problems with the system logic?				
Note: If you answered "YES" to the above question, consult with audit management to determine whether you can use the data in your audit and document the decision in the audit documentation. If you answered "NO" to the above question, the computer-generated data is sufficiently reliable.				
E. DOCUMENTING THE COMPLETED CHECKLIST				
21. This checklist should be clearly documented in the audit documentation and that the results of the data reliability check are reported in the audit scope and methodology.				

Recommendation Database

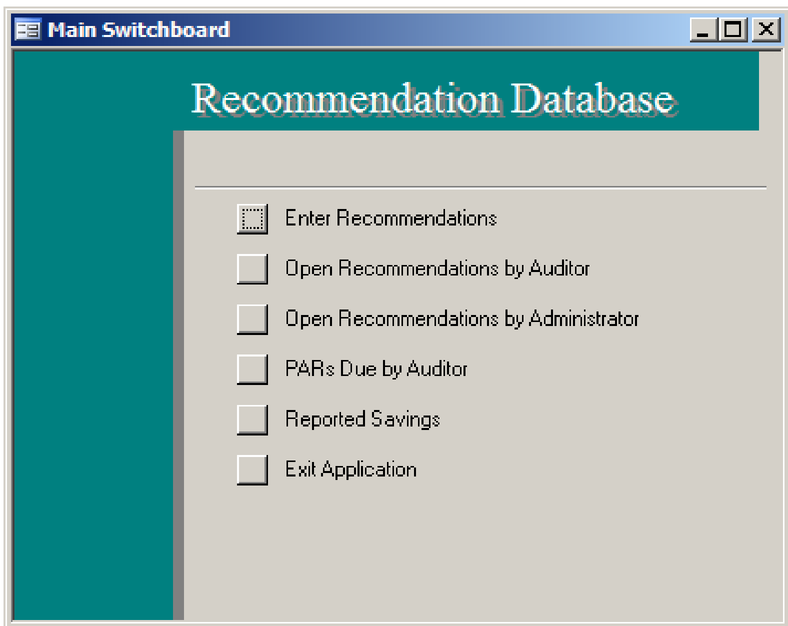
Goal – To track the status of recommendations and report partially and not implemented recommendations to City management.

Procedures

Recommendations should be entered at the completion of the audit (see B3.1.1). A procedure was added to the Audit Wrap Up section of the Audit Program template.

Open the database by selecting the file located on the share drive (K:\Recommendations). Do not open the database if someone else has it open (look for a temporary file called Recommendations.ldb).

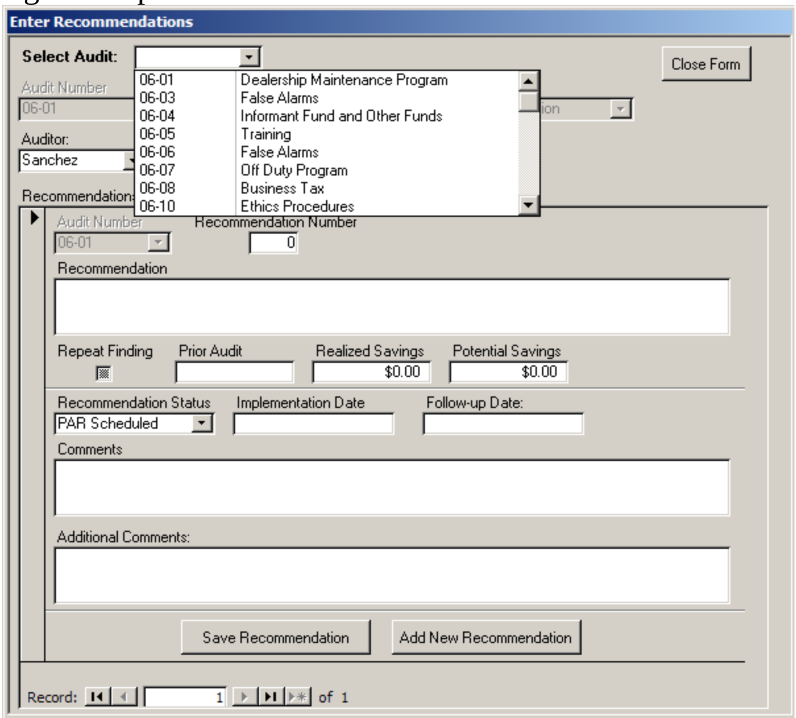
The Main Switchboard should be used to enter recommendations, create various reports, and close the Recommendation Database.



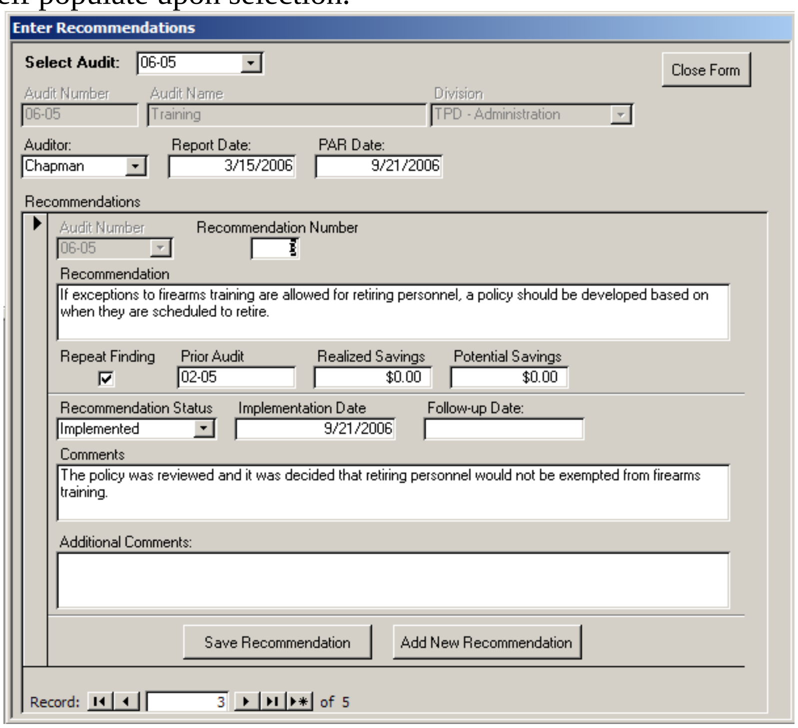
- Enter Recommendations – used to enter recommendations
- Open Recommendations by Auditor – Upon entering auditor's last name, creates report of recommendations that do not have a status of 'Implemented."
- Open Recommendations by Administrator – Creates report, by Administrator, of all open recommendations.
- PARs Due by Auditor – Upon entering a date range, creates report of all PARs due.
- Reported Savings – Creates report of savings.
- Exit Application – Closes Recommendation Database.

Entering Recommendations

Select Audit using the drop down list.



Fields should self populate upon selection.



Enter the required information. Use the buttons to save and add recommendations and to close the form.

Gary S. Chapman, CGAP, CFE

Continuing Professional Education Tracking Record

COURSE NAME	SOURCE	LOCATION	DATE	CPE HOURS	FRAUD	GOV'T
2005						
White Collar/Economic Crime	Tampa Bay Chapter, ACFE		02/08/05	1.0	1.0	
Interviews & Investigations	Florida Audit Forum		02/18/05	5.0		5.0
6th Annual Fraud & Comp. Crimes	Tampa Bay Chapter, ACFE		05/10/05	14.0	14.0	
NALGA 15th Annual Conference	N.A.L.G.A.		06/13/05	15.0		15.0
Risk-Based Performance Audit	N.A.L.G.A.		06/15/05	8.0		8.0
Local Govt Audit Training	N.A.L.G.A.		07/25/05	16.0		16.0
White Collar Crime: Embezzlement	Tampa Bay Chapter, ACFE		09/13/05	1.0	1.0	
				60.0	16.0	44.0
2006						
Governmental Seminar	Florida Audit Forum		02/17/06	5.0		5.0
Health Care Fraud, Waste & Abuse	Tampa Bay Chapter, ACFE		04/11/06	1.0	1.0	
7th Annual Fraud & Comp. Crimes	Tampa Bay Chapter, ACFE		05/09/06	14.0	14.0	
NALGA 16th Annual Conference	N.A.L.G.A.		05/22/06	15.0		15.0
Peer Review/Yellow & Red Book Updates	Florida Audit Forum		08/11/06	6.5		6.5
Technology Fraud	Tampa Bay Chapter, ACFE		09/12/06	1.0	1.0	
Integrated Auditing, Data Mining . . .	West Coast IIA		10/09/06	7.5		
Identity Theft: Prevention, Detection, . . .	Tampa Bay Chapter, ACFE		10/17/06	1.0	1.0	
				41.5	15.0	26.5
2007						
Ethics in Government	City of Tampa		02/01/07	1.0		1.0
Governmental Seminar	Florida Audit Forum		02/09/07	6.0		6.0
Arson - For Fun & Profit	Tampa Bay Chapter, ACFE		02/13/07	1.0	1.0	
Auditing & Investigations	Tampa Bay Chapter, ACFE		04/10/07	1.0	1.0	
ACL Training Workshop	Sunera LLC		04/11/07	15.0		
8th Annual Fraud & Comp. Crimes	Tampa Bay Chapter, ACFE		05/08/07	14.0	14.0	
Ethics	West Coast IIA		05/14/07	6.0		
Interviewing for Information	ALGA		06/10/07	4.0		4.0
2007 Annual Conference	ALGA		06/11/07	16.0		16.0
18th Annual ACFE Fraud Conference	ACFE		07/16/07	20.0	20.0	
Governmental Seminar	Florida Audit Forum		08/10/07	6.5		6.5
Best Practices Health Care SIU	Tampa Bay Chapter, ACFE		09/11/07	1.0	1.0	
Control & Security of E-commerce	West Florida ISACA		10/09/07	16.0		
Securities Fraud	Tampa Bay Chapter, ACFE		10/16/07	1.0	1.0	
				108.5	38.0	33.5

GOVERNMENT AUDITING STANDARDS/CERTIFIED GOVERNMENT AUDITING PROFESSIONAL

GAS Requirements (GAS 3.46) - 80 hours per 2-year period, min. 20 hours per year, at least 24 of the 80 hours related to government CGAP Requirements - 40 hours of acceptable CPE every two years (report in even number years for previous two-year period)

				CPE HOURS	FRAUD	GOV'T
Calendar 2004	(includes 20 hrs. for passing exam)			77.0	36.0	49.0
Calendar 2005				60.0	16.0	44.0
2-Year Period Ending 12/31/05	Reported August 23, 2006			137.0	52.0	93.0
Calendar 2006				41.5	15.0	26.5
Calendar 2007				108.5	38.0	33.5
2-Year Period Ending 12/31/07				150.0	53.0	60.0

Internal Audit Department
Staff Training Plan

Staff Member Name: Gary Chapman

Training for Calendar Year: 2008

Name of Course/Seminar/Conference	Organization Providing or Sponsoring	Location	Hours of Training	Meets Gov't Audit Stds Training Reqmnt (Y/N see note))	Date (If Known)	Course/ Seminar Fee	Estimated Travel Costs	Total Cost
Control & Security of E-Commerce	local ISACA	Tampa	16	Y	10/9-10/07	$300.00	$0.00	$300.00
ALGA National Conference	ALGA	Phil.	15	Y				
Fraud & Computer Crimes	Local ACFE	Tampa	14	Y	05/6-7/07	$0.00	$0.00	$0.00
Semi-annual Meeting	FL Audit Forum	Tampa	7	Y	Feb-08			
Semi-annual Meeting	FL Audit Forum	Tampa	7	Y	Aug-08			

Note: GAS (Yellow Book) General Standard 3.46 requires that auditors performing work under GAGAS should complete, every two years, at least 80 hours of CPE that directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements. At least 24 of the 80 hours of CPE should be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. At least 20 hours of the 80 should be completed in any one year of the two-year period.