

**REVENUE AND FINANCE DEPARTMENT
ACCOUNTS RECEIVABLE,
BILLING AND LEASES
AUDIT 18-08
April 17, 2018**



CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

April 17, 2018

Honorable Bob Buckhorn
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Accounts Receivable, Billing and Leases, Audit 18-08

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on Revenue and Finance, Accounts Receivable, Billing and Leases.

We thank the aforementioned management and staff for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover
Internal Audit Director

cc: Sonya Little, Chief Financial Officer
Lee Huffstutler, Chief Accountant
Ernest Mueller, Chief Assistant City Attorney

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/s/ Anthony D. Tiwari

Auditor

/s/ Christine Glover

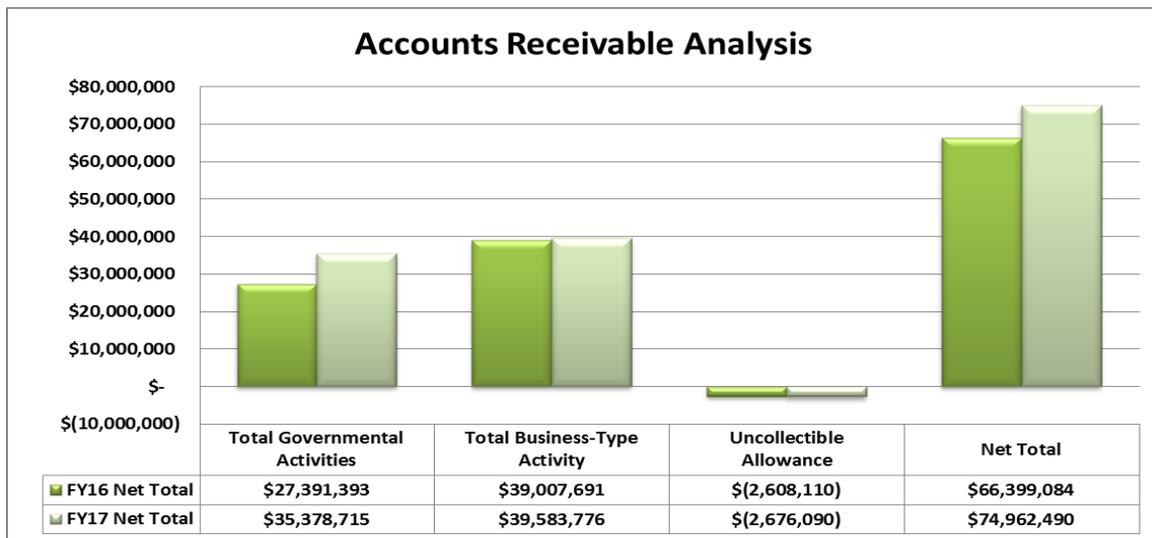
Audit Director

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BACKGROUND

The Revenue and Finance Accounts Receivable Division (Division) is a centralized group responsible for the City of Tampa’s (City) receivables, billing, and leases. A receivable is defined in the Division’s policy as “money owed by customers to the City in exchange for goods or services that have been delivered or used, but not yet paid for.” The Division is responsible for monitoring receivables, billing customers, and pursuing the collection of overdue payments. Responsibilities are completed by a team of eight individuals including one Supervisor using the City’s primary invoicing system, Oracle, which aids in maintaining control over transactions and reporting of accounts receivable.

Accounts receivable balances are reported on the Comprehensive Annual Financial Report and shown net of the allowance for uncollectible accounts which is based on management’s estimates. The graph below displays the net total receivables for FY16 and FY17 from Governmental Activities, which include the general fund and utility tax. The Business-Type Activity is the aggregate of utilities provided to customers by the City. Leases are included in both Governmental and Business-Type Activities. While the uncollectible allowance remained consistent, we noted an \$8.5M increase in the FY17 net total primarily due to City-wide projects.



Source: Auditor adaptation of accounts receivable data provided by the Division.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY18 Audit Agenda. The objectives of the audit were to evaluate the:

1. Division’s compliance with regulatory requirements for customer billing and leases.
2. Processes in place to record, monitor, and invoice customers that owe monies to the City.
3. Adequacy of internal controls for the collection of outstanding receivables.

STATEMENT OF SCOPE

The audit period covered FY16 and FY17. Both qualitative and quantitative assessments were performed to determine whether the management and staff of the Division were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

We achieved our audit objectives by utilizing the following methods:

1. Interviewed key personnel to determine whether adequate controls over the internal processes had been established.
2. Reviewed the City's Municipal Code to understand the legal authority for the billing and collection process.
3. Reviewed the Division's internal policy and procedures manual.
4. Observed in Oracle that receivables were recorded in a manner that allowed for aging analysis.
5. Analyzed the reliability of data from Oracle generated reports that management uses as part of their controls.
6. Observed that segregation of duties existed between accounts receivable, banking and cashiering functions through a review of user's access.
7. Reviewed the process for creating manual journal entries in accordance with generally accepted accounting principles.
8. Reviewed the monthly procedures for timely reconciliation of applicable ledgers.
9. Reviewed the process for monitoring lease payments and Consumer Price Index adjustments.

At the conclusion of this work, we conducted a risk analysis and found no substantial risk existed to merit additional testing.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

AUDIT CONCLUSIONS

Based upon the audit work performed, our conclusions were as follows:

1. The Division is in compliance with regulatory requirements for customer billing and leases.
2. Processes are in place to record, monitor, and invoice customers that owe monies to the City.
3. An adequate system of internal controls exists for the collection of outstanding receivables.