

**REVENUE AND FINANCE DEPARTMENT
BUDGET OFFICE
DEBT PROCESS
AUDIT 21-10
AUGUST 11, 2021**



City of Tampa
Jane Castor, Mayor

Internal Audit Department

315 E. Kennedy Boulevard
Tampa, Florida 33602
Office (813) 274-7159

August 11, 2021

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Debt Process, Audit 21-10

Dear Mayor Castor:

Attached is the Internal Audit Department's report on the Debt Process. We thank the management and staff of the Revenue and Finance Department for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Dennis Rogero, Chief Financial Officer
Michael Perry, Budget Officer
Lee Huffstutler, Chief Accountant
Brian Morrison, Assistant City Attorney

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/s/ Vivian N Walker

Senior Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

The Budget Office balances multiple financial management objectives when issuing debt for the City of Tampa (City). These objectives include analyzing all available financing options and selecting an option that best addresses the City's objectives at the lowest possible cost.

The City strives to maintain its credit worthiness, reputation, and trust of investors and all stakeholders. This is accomplished through compliance with all debt management reporting requirements, agreements, laws, contracts, covenants, policies, and obligations.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2021 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to the segregation of duties between debt issuance and accounting for bonds is adequate.
2. The Budget Office complies with the established procedures for debt issuance.
3. Debt issues are properly recorded, and subsequent expenditures are appropriate and properly approved.
4. Performance metrics are accurate, consistent, relevant, and verifiable.

STATEMENT OF SCOPE

The audit period covered debt issuance activity that occurred from September 2016 to May 2021. The Budget and Accounting Offices use Oracle for recording debt issues and transactions. Internal controls related to the separation of duties for debt issuance recording and expenditures were reviewed and deemed adequate.

Tests were performed to determine whether Budget Office personnel 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

The following steps were performed to determine compliance with the stated objectives:

1. Reviewed operational procedures to include relevant bond fund documentation and interviewing various personnel.
2. Examined monitoring performed to ensure compliance with bond requirements.
3. Performed data reliability testing for Oracle system-generated data.

4. Examined the use of bond proceeds. If not in a manner outlined in original bond transcripts ascertained how these changes were communicated and assessed to determine the possible effect on the bond's tax-exempt status.
5. Tested a sample of outstanding bonds to determine if invested bond proceeds were segregated, and reserve funds were maintained at the level required, if applicable.
6. Tested a sample of bonds for timely receipt and posting of debt proceeds after closing.
7. Tested a sample of expenditures to determine if bond proceeds were spent as required for both eligible activity and timeliness.
8. The City's bond ratings measure its performance in this area. The bond ratings are assigned by the three primary bond rating agencies. These agencies are Standard & Poor's, Moody's, and Fitch. We verified the accuracy of ratings reported for FY19 and FY20.
9. Identified source/system for reported bond rating metrics and traced data reported to sources.

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 findings and conclusions based on our audit objectives.

NOTEWORTHY ACCOMPLISHMENTS

The City received several accolades for its budget process. Specifically, in December 2020, the City's water and wastewater bond re-funding was named "Deal of the Year 2020" for the Southeast Region by The Bond Buyer. The Bond Buyer is "the only independent information resource" serving the municipal finance community.

AUDIT CONCLUSIONS

Based upon the test work performed, we conclude that:

1. The system of internal controls related to the segregation of duties between debt issuance and accounting for bonds is adequate.
2. The Budget Office complied with the established procedures for debt issuance.
3. Debt issues were properly recorded, and subsequent expenditures were appropriate and properly approved.
4. Performance metrics are accurate, consistent, relevant, and verifiable.