CITY OF TAMPA INTERNAL AUDIT DEPARTMENT

POLICY & PROCEDURES MANUAL

SECTION A – ORGANIZATION

SECTION B – TECHNICAL

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 September 22, 2021.

/s/ Christine Glover   September 22, 2021

Christine Glover   Date

Director of Internal Audit

AUTHORITY (GAS 3.52, GAS 3.56)

The authority for the Internal Audit function originates from the City Charter, Section 5.01 (c), which states:

> Internal Audit Department, which shall have cognizance of all internal auditing for 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. In addition, the city council shall have the right to request the internal auditor to perform additional internal audits with a supermajority vote of the city council as provided for pursuant to ordinance.
> (Ord. No. 7497-A, § 3, 9-18-80; Ord. No. 2016-114, § 1, 8-4-2016; Ord. No. 2018-129, § 8, 8-23-18, election of 3-5-19)

See Exhibit 1.2 Ordinance No. 2021-83.

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 accountable to the Mayor, which places it organizationally outside the staff or line management functions of all auditable units. Audit results are reported to the Mayor and City Council members, who are charged with governance. The Department has access to those charged with governance and is able to conduct audits and report findings, opinions, and conclusions without fear of political reprisal **(GAS 3.56)**.

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 and 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 complexity of activity, fiscal impact, last audit results, applicability of laws, rules, and regulations, changes in organization, effects on public welfare, and the time since the performance of the last audit.
- 90% of engagements scheduled on the annual audit agenda will be complete or in progress by the end of the fiscal year.
- Perform audits within the assigned time budgets.
- Perform a post audit review approximately 6-12 months after the completion of each audit.
- Provide auditors sufficient training to maintain professional competence and satisfy GAS Continuing Education Requirements **(GAS 4.02, 4.17-4.18)**.
- Work towards achieving government auditing benchmarks of Available Audit Time (80%) and Direct Audit Time (70%).
- Have an external peer review conducted at least every 3 years.
- Adhere to the Ethical Principals cited in **GAS 3.02-3.06** and the Code of Ethics of the Institute of Internal Auditors.

Department Standards (GAS 2.01, 5.03-5.05, <mark>5.08</mark>):

To provide assurance that the City of Tampa's Internal Audit Department <mark>(Department)</mark> operates at a high professional level, the Department adheres to the *Government Auditing Standards*, (the "Yellow Book") as 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. <mark>In accordance with GAS 5.08, the Department complies with the City of Tampa's personnel policy B23 – Ethics, which requires all employees to perform their duties in compliance with all laws – local, state, and federal.</mark>

City of Tampa Personnel Manual
B. Directives and Benefits
B23 Code of Ethics

Issue Date: 09/18/98

B23A. Purpose

1. To ensure the proper conduct and operation of the City through employment of individuals who are independent and impartial and that employment not be used for private gain or other renumeration.

2. The public interest requires protection against any conflict of interest and establishment of conduct for employees in situations where conflicts may exist.

3. No employee shall have any interest, financial or otherwise, direct or indirect; engage in any business transaction or professional activity; or incur any obligation of any nature which is in substantial conflict with the proper discharge of the employee's duties in the public interest.

4. As required by law, employees are agents of the people and hold their positions for the benefit of the public. They are bound to uphold the Constitution of the United States and the State Constitution and to perform efficiently and faithfully their duties under the laws of the federal, state, and local governments. Employees are bound to observe, in their official acts, the highest standards of ethics consistent with Florida law and the advisory opinions rendered with respect thereto regardless of personal considerations, recognizing that promoting the public interest and maintaining the respect of the people in their government must be of foremost concern.

5. To affirm the City's agreement with and refer employees to Part III of Chapter 112 of the Florida Statutes, Sections 8.07 and 10.04 of the City of Tampa Charter and Article VI of Chapter 2 of the City of Tampa Code.

6. It is not the intent of this policy, nor shall it be construed to prevent any employee from accepting other employment or following any pursuit which does not interfere with the full and faithful discharge by the employee of employment duties with the City.

External Quality Control Review (GAS 5.60, 5.77-5.78, 5.84):

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 5.60**,

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the external peer review should determine whether "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." The results of the peer review will be provided to those charged with governance and made publicly available via the City's website (**GAS 5.77-5.78**).

Independence (GAS 3.17-3.27, 3.32-3.35, 3.45, 3.48, 3.59, 4.27):

The City of Tampa's Internal Audit Department adheres to the general standard related to independence **(GAS 3.18)**, which states:

> "In all matters relating to the GAGAS engagement, auditors and audit organizations must be independent from an audited entity."

Under GAGAS **(GAS 3.56)**, Government internal auditors who work under the direction of the audited entity's management are considered structurally independent for the purposes of reporting internally, if the head of the audit organization meets all of the following criteria:

a. is accountable to the head or deputy head of the government entity or to those charged with governance;
b. reports the audit results both to the head or deputy head of the government entity and to those charged with governance;
c. is located organizationally outside the staff or line-management function of the unit under audit;
d. has access to those charged with governance; and
e. Is sufficiently removed from pressures to conduct engagements and report findings, opinions, and conclusions objectively without fear of reprisal.

Independence comprises Independence of Mind and Independence in Appearance. The GAGAS Conceptual Framework Approach to Independence should be used to identify threats to independence, evaluate the significance of the threats identified, and apply safeguards to eliminate the threats or reduce them to an acceptable level **(GAS 3.27)**. Auditors should evaluate threats both individually and in the aggregate, as threats can have a cumulative effect on an auditors' independence **(GAS 3.45)**. When threats are not at an acceptable level and require application of safeguards, auditors should document the safeguards applied **(GAS 3.32-3.33)**. An Independence Statement, used to identify any personal or external impairment, is to be completed by the Auditor and Audit Director immediately after auditor assignment. When performing non-audit services, the process will comply with applicable GAS standards (see B1.21). If the work of a specialist is used, the specialist's ability to perform the work impartially must be assessed (GAS 8.82).

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GAGAS Conceptual Framework for Independence

Auditors should be independent from an audited entity during any period of time that falls within the period covered by the subject matter of the audit and the period of the professional engagement **(GAS 3.20)**. If an auditor recognizes any personal or external impairment to independence, in fact or appearance, the Audit Director shall be immediately notified. If any impairment to independence is identified during an engagement or after the audit report is issued, the Audit Director will assess the impact of the impairment on the audit. If the impairment is identified during the engagement, an independent auditor will be assigned to review the work performed to date and then to complete the engagement. If the impairment to independence is identified after report issuance and the conclusion is reached that the organization did not comply with GAGAS, those charged with governance will be notified in writing.

Code of Ethics (GAS 3.04):

GAS 3.04 states "Performing audit work in accordance with ethical principles is a matter of personal and organizational responsibility. Ethical principles apply in preserving auditor independence, taking on only work that the audit organization is competent to perform, performing high-quality work, and following the applicable standards cited in the audit report. Integrity and objectivity are maintained when auditors perform their work and make decisions that are consistent with the broader interest of those relying on the audit report, including the public."

The ethical principles that guide the work of auditors who conduct audits in accordance with GAGAS **(GAS 3.06)** are: a) the public interest; b) integrity; c) objectivity; d) proper use of government information, resources, and position; and e) professional behavior.

The City of Tampa's Internal Audit Department also subscribes to the *Code of Ethics* of the Institute of Internal Auditors. The purpose of the IIA's *Code of Ethics* 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:

a. Principles that are relevant to the profession and practice of internal auditing.
b. 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.

IIA Code of Ethics

Principles
Internal Auditors are expected to apply and uphold the following principles:

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

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

3. **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.

4. **Competency** – Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

Rules of Conduct

1. Integrity
Internal auditors:
    1.1. Shall perform their work with honesty, diligence, and responsibility.
    1.2. Shall observe the law and make disclosures expected by the law and the profession.
    1.3. 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.
    1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

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

3. Confidentiality
Internal auditors:
    3.1. Shall be prudent in the use and protection of information acquired in the course of their duties.
    3.2. 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:

4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.

4.2. N/A – City of Tampa audits are performed in accordance with the Government Auditing Standard (yellow book).

4.3. 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 Jane Castor
Transforming Tampa's Tomorrow

City of Tampa Organization Chart

- Citizens
  - Mayor — Jane Castor
  - Community Redevelopment Agency Board — Chair, Vice-Chair, Members
  - City Council — Chair, Pro-Tem, Members

Fire — *Fire Chief* — Barbara Tripp
- Emergency Management

Police — *Chief of Police* — Brian Dugan

Revenue & Finance — *Chief Financial Officer* — Dennis Rogero
- Accounting
- Budget Operations

City Attorney — Gina Grimes

Government Affairs & Strategic Initiatives — *Director* — Marley Wilkes
- Governmental Affairs

City Clerk — Shirley Foxx Knowles

Internal Audit — Christine Glover

Communications — *Director* — Adam Smith
- Creative Services
- Digital Media Productions

Chief of Staff / Administration — *Director* — John Bennett
- Council/CRA Agenda Review

Community Redevelopment Areas — *Director* — Michelle Van Loan

Human Resources & Talent Development — *Director* — Kelly Austin
- Benefits
- Employee Relations
- Employment Services
- HRMS
- Risk & Insurance
- Training

Purchasing — *Director* — Gregory Spearman
- Procurement
- Purchasing Systems

Technology & Innovation — *Director* — Russell Haupert
- CCTV
- Enterprise Change
- Infrastructure Services
- Security Office

- ADA Coordinator
- Chief Sustainability & Resilience Officer
- Youth Development Coordinator

Development & Economic Opportunity — *Administrator* — Carole Post

Convention & Tourism — *Director* — Una Garvey
- Business & Administrative Support
- Contracts & Development
- Event Services
- Facilities Operations
- Sales
- Security & Safety

Development & Growth Management — *Director* — Abbye Feeley
- Architectural Review & Historic Preservation
- Construction Services
- Development Coordination
- Housing & Community Development
- Real Estate Services

City Planning — *Director* — Randy Goers

Economic Opportunity — *Director* — Rob Rosner

Neighborhood & Community Affairs — *Administrator* — Ocea Wynn

Parks & Recreation — *Director* — Sherisha Hills

Customer Experience — *Director* — Diane Jamai (Interim)
- Equal Business Opportunity

Community Engagement — *Director* — Janelle McGregor

Neighborhood Enhancement/Code Enforcement
- Business Tax

Workforce Partnerships and Special Projects — *Director* — Brenda McKenzie
- Arts & Cultural Affairs

Infrastructure & Mobility — *Administrator* — Jean Duncan

Infrastructure — *Deputy Administrator* — Brad Baird

Contract Administration — *Director* — Michael Chucran
- City Architect / Project Coordination
- Construction, Engineering, and Inspection
- Contracts

Wastewater — *Director* — Eric Weiss
- Collections
- Engineering
- Treatment Plant

Water — *Director* — Chuck Weber
- Distribution and Consumer Services
- Engineering
- Production

Mobility — *Director* — Vik Bhide
- Operations
- Parking
- Smart Mobility
- Stormwater Engineering
- Transportation Engineering
- Greenways
- Vision Zero

Infrastructure Services — *Deputy Administrator* — Sal Ruggiero

Logistics & Asset Management — *Director* — Adriana Colina
- Facilities
- Fleet

Solid Waste & Environmental Program Management — *Director* — Mark Wilfalk
- Administration
- Residential and Commercial Collections
- Waste to Energy Plant

Legend
- Division
- Direct Reports

Rev. 8/18/2021

ISSUE DATE
SEPTEMBER 22, 2021

APPROVED BY
CHRISTINE GLOVER

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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. 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 (GAS 4.05-4.06):

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.

Considerable knowledge of: auditing standards, accepted techniques and practices; principles, accepted practices, and methods of accounting, including those pertinent to governmental accounting; statistical and analytical evaluation techniques; effective interviewing techniques.

Working knowledge of: data processing capabilities, controls, and applications to accounting and other systems.

Ability to: comprehend, analyze, and evaluate situations, organizations, contracts and systems, and recommend modifications and improvements; develop sound audit objectives and apply proper, effective auditing techniques; prepare oral and/or written reports, including compilation of documentation in support of findings and recommendations, and communicate them in a clear, concise, and objective manner; establish and maintain effective working relationships with other employees, municipal officials, and representatives of other governmental agencies and business concerns.

Nature of Work:

Under direction of the Internal Audit Director, the auditor is responsible for the timely execution of risk-based internal audits in accordance with the annual audit plan, as well as assisting with other audit matters and projects. The Internal Auditor conducts audits of various activities of departments within, and other agencies with business or other official connections to, the City of Tampa municipal government.   The scope of work includes financial, compliance, economy, efficiency, and performance effectiveness audits. Tasks are of more than average in difficulty, and include developing and conducting risk-based audit work programs, preparation of reports, and presentation of recommendations.

Auditors may serve on teams during major projects, coordinating with other auditors so that projects progress according to plans. Important responsibilities are to ensure that assignments are conducted in a thorough, objective manner; recommendations are developed and presented which provide a sound basis for corrective actions/improvements in municipal financial and other operational systems; work is performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the United States Comptroller General. Reasonable initiative and independent judgment are required in project development and performance and the formulation of effective recommendations. Tact and diplomacy are required as employees have considerable contact with other municipal employees, senior management and officials, and representatives of other governmental agencies and business concerns. Work is performed under direction and reviewed during audit exit conferences and through audit reports submitted.

Examples of Duties:

Collects, assimilates, analyzes, and interprets data utilizing quantitative and other analytical techniques, in order to develop findings and recommendations; conducts preliminary surveys in assigned department or agency in order to perform risk assessments and identify control activities being performed, assess their adequacy, and develop audit fieldwork recommendations; formulates and recommends audit work plan, including scope, techniques, and timetable, within time constraints established by the supervisor; conducts audit, reviewing records and other documentation, and interviewing management and other personnel to obtain needed information; completes electronic audit files with documentation to substantiate findings.

Performs analyses, critiques, and evaluations to determine legal, contractual and financial compliance, economy, efficiency and performance effectiveness of the activities of the area under study; audits municipal accounting, operations, and practices to determine accuracy and compliance with standards, best practices, procedures, and law; reviews accounting and administrative controls to evaluate soundness and reliability; performs audits of federal funds expenditures administered by the municipal government.

Prepares written 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 recommendations; provides advice on internal controls, practices and procedures, and economy and efficiency opportunities, as well as cost savings.

When on a team: accepts project tasks and coordinates with team members; completes assigned work in accordance with plans and schedules; participates in the preparation of written reports, ensuring that reports and documentation are complete.

The auditor may be required to provide support and assistance to the City's external auditors during their annual audits and interim fieldwork. Assistance includes completing audit steps and detailed work plans assigned by and under the supervision of the external auditor's engagement manager/supervisor for up to 10-weeks per year.

Attends and participates in meetings, workshops, conferences, and seminars for the purpose of gathering, verifying, and distributing audit related professional practices and information.

Performs related work as required.

Training and Experience (GAS 4.05-4.06):

Working knowledge of: internal controls, auditing standards, accepted auditing techniques and professional practices; and methods of accounting, including those pertinent to governmental accounting; statistical and analytical evaluation techniques; effective interviewing techniques; general information systems security and information technology controls.

Ability to: analyze, and evaluate organizations, contracts and systems, and recommend modifications and improvements; develop sound audit objectives and apply effective and efficient auditing techniques, leveraging information technology to conduct audits as efficiently as possible; prepare oral and/or written reports, including documentation supporting audit findings and recommendations, and communicating them in a clear, concise, and objective manner; establish and maintain effective working relationships with other employees, municipal officials, and representatives of other governmental agencies and business concerns.

Experience with audit software such as TeamMate, AutoAudit, ACL, and IDEA are highly desirable skills.

PURPOSE (GAS 5.02)

This section of the Policy and Procedures Manual prescribes the policies and procedures used to plan and conduct performance audits, attestation engagements, and non-audit services in compliance with GAGAS. It also includes related quality control policies and procedures. Departures from Standards and the impact on the audit and the audit conclusions must be documented.

Auditors work under the direction of the Audit Director, who approves and reviews all audit programs, workpaper files, and audit reports. During the planning and performance of all audit-related activities, Auditors must use professional judgment. All significant decisions affecting audit-related activities must be documented. The Audit Director is responsible for rating the work performance of all audit staff. The Mayor rates the work performance of the Director.

AUTOAUDIT

AutoAudit is a database-driven software application which helps manage the internal audit process and documents compliance with the quality control system. The audit processes described below were incorporated into the application. Section B5 of this Policy & Procedures Manual describes the use of AutoAudit.

PLANNING: Risk Analysis, Annual Planning, and Budgeting

FIELDWORK: Workpapers (integration with Word, Excel, and other tools), Audit Program Templates, and Review Notes (Comments)

REPORTING & FOLLOW-UP: Audit Report Generation and Tracking of Findings, Recommendations, and Management Action Plans.

PROJECT MANAGEMENT: Timekeeping, Budget Monitoring, Staffing & Scheduling, and Audit Histories

AutoAudit utilizes user-based security, which requires electronic supervisory approvals of the audit processes listed above. These approvals are considered evidence of completion by the Auditor and supervisory review by the Audit Director.

AUDITOR ASSIGNMENT (GAS 3.18-19, 4.02, 4.03)

The Audit Director is responsible for auditor assignments and to engage specialists when deemed necessary to perform the audit. To ensure the assigned audit staff meets the Independence **(GAS 3.18 and 3.21),** Competence **(GAS 4.02**), and Technical Knowledge **(GAS 4.03)** Standards, the Auditor Assignment and Independence Statement (see E1.3) is to be completed by the Audit Director at the time of assignment. If impairment to an auditor's independence is identified, another auditor will be assigned to the audit.

Auditors assigned to perform Attestation engagements should also be knowledgeable in the AICPA general attestation standard related to criteria, the AICPA attestation standards for field work and reporting and the related Statements on Standards for Attestation Engagements (SSAE), and they should be competent in applying these standards and SSAE to the attestation work **(GAS 3.74)**.

USE OF SPECIALISTS / USING THE WORK OF OTHERS (GAS 4.30-4.31closest language, 8.82-8.86, and 8.32)

The Internal Audit Department does not typically use specialists or rely on the work of others. If a specialist is engaged, the specialist's ability to perform the work impartially must be assessed and documented. The Auditor should document the nature and scope of the work to be performed by the specialist. Before using the work of others, Auditors should obtain evidence concerning the other auditors' qualifications and independence and should determine whether the scope, quality, and timing of the audit work performed by the other auditors is adequate for reliance in the context of the current audit objectives.

Internal specialists should comply with GAGAS CPE requirements. While external specialists are not required to meet GAGAS CPE requirements, their professional qualifications and competence in their areas of specialization must be assessed and documented.

PURPOSE (GAS 3.18, 3.21)

In all matters relating to the GAGAS engagement, the audit organization and the individual auditor must be independent. To document that audit management and staff are free from personal and external impairments to independence and are independent in both mind and appearance, the Auditor Assignment & 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 impairment to an auditor's independence is identified, another auditor will be assigned to the audit.

AUDIT PHASES

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 used to develop the current year audit agenda. It can be amended as necessary (see budget section at B1.14 for further discussion).

Planning (GAS 8.03) – A standardized audit program was established and approved by the Audit Director in order to provide guidance and maximize the efficiency and effectiveness of the planning phase of the audit. Any revisions to this standardized audit program must be approved by the Audit Director.

Sufficient time must be given to the planning phase to ensure an adequate understanding of the subject matter under audit is obtained. In addition, an understanding of internal controls should be obtained during the planning phase of the audit as it will have a material effect upon the scope of fieldwork testing.

Fieldwork (GAS 8.90) – Sufficient, appropriate evidence is obtained during fieldwork to support the audit's conclusions, findings, and recommendations. Fieldwork would include the testing of any identified internal controls that are relevant to the audit's objectives to determine if they are working.

Reporting (GAS 9.06) – A standardized audit program was established for the reporting phase of the audit. Any revisions to this standardized audit program must be approved by the Audit Director.

PURPOSE (GAS 5.25, 5.35. 8.20-8.21, 8.23-8.24, 8.26, 8.31-8.32)

To provide advance notice and courtesy to the auditee organization, an engagement letter should be sent to the Department Director who oversees the operation under review at least five working days before planning phase 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.

When those charged with governance are not clearly evident, Auditors should document the process followed and conclusion reached for identifying those charged with governance (GAS **8.21, 8.26**). Copies of the engagement letter should be forwarded to the City's Chief of Staff, applicable Administrator, the Chief Financial Officer, and any lower level managers to ensure that they are informed of the pending audit.

The engagement letter (GAS **8.23**) should contain the following items (see E2.1):

- Source of the audit (annual audit plan, 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. Any major changes in the audit (delays, change in staff) should be similarly communicated to the auditee.

If an audit is terminated before it is completed and an audit report is not issued, auditors should document the results of the work to the date of termination and why the audit was terminated (GAS **5.25, 5.35).**

PURPOSE (GAS 6.11, 8.05, 8.37-8.38)

The in-office review should provide the auditor with enough insight of the nature of the program and needs of potential users 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, regulations, contract provisions, and/or grant agreements 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

- Results of previous internal and external audit reports (ensure that any related recommendations have been implemented)

- Management information and performance reports

PURPOSE (GAS 8.20, 8.24, 8.27)

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 auditor after the engagement letter has been received by the auditee. The auditor is responsible for writing the engagement 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 included in an agenda to be covered in the meeting:

- Staff introductions
- Audit topic and any special direction if known at the time
- Identify any in-process legal proceedings or investigations
- 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 management before leaving the field in the form of an audit inquiry (see E2.13) that will be sent to all management involved for them to have an opportunity to comment on the issues and management responses.
  - A final draft of the audit report will be provided to auditee management, who will be given five (5) working days to respond to the recommendations in writing. An exit conference will be held at management's request.
  - 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 provide direction and at the same time be available and knowledgeable enough about the subject matter to answer any questions that you might have.

Some department heads may request a copy of the objectives of the audit following the planning phase. 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.

PURPOSE

The exit conference may be scheduled at management's request for a mutually convenient date after the auditee has the final draft report and after their written responses are received. The purpose of this meeting is to discuss the accuracy of the facts and the practicality of the recommendations with management. 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 option of an exit conference in a "Request for Final Review" 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 our professional work product. Auditees do not have editorial rights over the audit report.
- 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 **(GAS 9.52, 9.54).**
- The exit conference should be documented in the audit work file.

PURPOSE (GAS 8.03-8.12)

The purpose of the planning phase of the audit is to gain an understanding of the organization's activities, assess risk, develop the audit's objectives, and evaluate internal control. Preliminary surveys are to be accomplished as a part of the planning process for the audit. The time spent on the planning phase depends upon the complexity of the subject matter under review. The Audit Director determines the depth and length of the planning phase.

The planning phase should provide the auditor with a clear understanding of operations. Internal control points such as: division of duties, reconciliations, and review procedures, will also be noted. Findings may arise during planning, but testing may be required in order to quantify known problems and discover ones that are not so apparent.

In the planning phase, the auditor gets to know the people, gains an understanding of operations, identifies risks and controls, and determines the type and amount of evidence needed to obtain sufficient, appropriate evidence that provides auditors with a reasonable basis for findings and conclusions that are valid, accurate, appropriate, and complete with respect to the audit objectives. **(GAS 8.12)**

 As a result, a more intelligent, effective, and efficient audit will be performed. This and all other planning work through writing the objective audit programs must be scoped to fit within the planning budget approved by the Audit Director. Adjustments to time budgets must be requested to, and approved by the Audit Director.

SOURCES OF INFORMATION AND KEY CONCEPTS

The following are some standard procedures for the planning phase. 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.

Internal Controls **(GAS 8.39-8.41)**
Auditors should obtain an understanding of internal control that is significant within the context of the audit objectives. The effectiveness of internal control that is significant within the context of the audit objectives can affect audit risk. Auditors may obtain an understanding of internal control through inquiries, observations, inspection of documents and records, review of other auditors' reports, or direct tests. See Section B1.12 for additional information on internal controls.

Information System Controls **(GAS 8.63-8.64)**
Understanding information systems controls is important when information systems are used extensively throughout the program under audit and the fundamental business processes related to the audit objectives rely on information systems. An organization's use of information

systems controls may be extensive; however, auditors are primarily interested in those information systems controls that are significant to the audit objectives. For example, an audit objective may involve evaluating the effectiveness of information systems controls related to certain systems, facilities, or entities.

Laws, Regulations, and Provisions of Contracts or Grant Agreements **(GAS 8.05, 8.68-8.69)**
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 9.23, 9.28)**

Fraud & Abuse **(GAS 8.71-8.72)**
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. The Fraud Risk Questionnaire may be used to document the consideration of fraud (see Exhibit 2.14). 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.

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 assess the layout and controls associated with the physical plant. For the Audit Director, it will aid in this review of the auditor's work paper file and provide a better understanding of any findings.

Duties of the Departments City Code of Ordinances Sec. 2-46
Organization charts and information on component units should be obtained. Also, policy statements, directives, statements of function, responsibility and delegation of duties, and any stated performance measures 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.

Problem Areas (**GAS 5.24**)

As the planning phase 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.

If an engagement has more than one auditor assigned and an issue becomes contentious or difficult, the Audit Director will be consulted for resolution. The issue and method of resolution will be documented in the applicable area (planning or fieldwork objective).

DOCUMENTATION

The planning phase should result in documentation in the form of a preliminary survey, narratives, flowcharts, internal control evaluations, various questionnaires, documentation copies, and other key items. Flowcharts should be at a fairly detailed level showing the specific processing flows. Standard flowchart symbols should be used. The planning phase culminates in a planning lead sheet and risk analysis worksheet that outlines significant results and the anticipated direction of the audit. See B1.13 for Risk Analysis Policy. Relevant documentation created or obtained should be included in the work paper file. See B1.16 for discussion of public information law and general requirements.

ENTERPRISE PERFORMANCE METRICS (EPM) ASSESSMENT

The objective is to perform a quality review in order to determine if performance metrics reported are accurate, consistent, verifiable and the most relevant for that function. The purpose of this review is not to determine whether Internal Audit can rely on the metric; but conclude on the objective. In every audit, where there is an affiliated metric, Auditors will have an audit objective related to it and will conclude on that objective.

The "EPM Assessment" (see E2.16) was developed to facilitate the review.

If applicable, the report should include a brief discussion in the methodology section of what was done to assess the EPM data. You should conclude on the objective; disclose any concerns; and reach a judgment about the completeness and accuracy of the EPM data.

AUDIT TERMINATION (GAS 5.25)

It is during the planning phase that the decision is made whether or not to continue the engagement. If indicators are such that no significant risks are probable, then the audit will be terminated, and another audit assigned. This maximizes audit resources in such a way that only audits with medium to high risk areas will be pursued. In case the audit is terminated after the planning phase, the results of work performed to the date of termination and why the audit was terminated shall be documented in the working papers and those charged with governance shall be notified.

PURPOSE (GAS 8.98)

Data Reliability Assessment - The sufficiency and appropriateness of computer-processed information is assessed regardless of whether this information is provided to auditors or auditors independently extract it. Assessing the sufficiency and appropriateness of computer-processed information includes considering the completeness and accuracy of the data for the intended purposes.

The "Data Reliability Checklist" (see E2.11) 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 in the "Data Reliability Checklist" referenced above.

For additional guidance on the data reliability assessment, see the GAO's *Assessing the Reliability of Computer-Processed Data* saved on the K-drive under Audit Guidance/Auditing Standards

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.

PURPOSE (GAS 8.33-8.35)

The audit program (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. Standardized audit programs were developed in AutoAudit for the planning and reporting phases of the audit (revisions to these programs should only be made with the Audit Director's approval). Audit program templates for the fieldwork audit objectives should be revised as applicable for each audit.

PROCEDURES

- Prepare draft audit program after the planning phase and before any test work is performed.

- Have the Audit Director review and approve the audit program as well as all planning documents before test work is performed.

- Number each objective's audit program steps consecutively from beginning to end.

- Any subsequent changes to the approved audit programs, including revision of the objectives, must be authorized by the Audit Director before any test work is performed.

CONTENT

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. 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, audit objective should be phrased in the following format: "To ensure that . . . ;" or, "to determine that . . ."

Audit Programs and Program Steps

Planning: The planning audit program is provided in AutoAudit. Any deviation from this template must be approved by the Audit Director. The planning program includes all tasks up to the point of substantive audit tests.

Fieldwork: All stated objectives must be answered and supported by test work. To accomplish this, separate audit program steps should be developed for each fieldwork audit objective. A basic template is provided in AutoAudit, which should be customized for each audit objective. Use imagination, ingenuity, and intelligence in creating audit steps responsive to objectives. The goal is to obtain sufficient, appropriate evidence to support the audit's conclusions. Program steps should be in enough detail so that an experienced auditor could carry out the task with normal supervision.

Reporting: This includes all steps not related to planning and testing; i.e., completing all office forms, report writing, travel time, review note clearance, etc. A reporting audit program is provided in AutoAudit.

PURPOSE (GAS 8.05, 8.40, 8.46, 8.49, 8.59)

An understanding should be obtained of internal controls within the context of the audit objectives to determine whether the internal controls have been properly designed and implemented. Procedures should be performed to obtain sufficient, appropriate evidence to support the effectiveness of the internal controls.

PROCEDURE

A thorough understanding of the subject matter under audit should be obtained to identify and understand the main transaction flows, procedures, staffing, major risk areas, etc. Key processes and requirements can then be matched with the identified risks and associated internal controls in the Risk Analysis discussed in B.1.13. Steps that can be performed in this process include:

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

2) Document and confirm your understanding.

3) Identify key processes and requirements.

4) Identify risks and weaknesses associated with the key processes and requirements.

5) Match the internal controls that address the identified risks.

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

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.

Detective controls 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.

PURPOSE

The risk analysis is used to obtain an understanding of the entity, its environment, and internal control system. The consideration of risk occurs throughout the audit process. The Yellow Book provides many examples of risk factors and indicators. At a minimum, auditors should assess the risk of noncompliance with provisions of laws, regulations, contracts, or grant agreements (**GAS 8.68**).

Risk analysis will identify risks that are relevant to the achievement of the objectives, forming the purpose of determining how those risks should be managed. Risk analysis 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 analysis identifies the individual risk, controls, or procedures that are in place to prevent or mitigate the threats, if the control is in place and working, and the magnitude of the risk – low, medium, or high.

RISK ANALYSIS PROCESS

The risk analysis process is a methodology to focus fieldwork in the areas of highest risk. A risk analysis must be completed as part of every planning phase. This will be accomplished by using the Risk Analysis Worksheet (See E2.4). The purpose of the risk analysis is to:

- Identify areas, where either the residual risk is unacceptably high, or where controls significantly lower inherent risk.
- Identify critical controls that address inherent risk.
- Assess the uncertainty that exists in relation to the critical controls.
- Determine the specific areas that will be validated during fieldwork or to assess whether the engagement should be stopped.
- Determine the focus/procedures for the areas that will be validated during fieldwork.

The risk analysis should be discussed with the planned audit objectives during a brainstorming session scheduled with two other auditors at the end of each planning section. Suggested modifications to the audit objectives should be documented after approval by Audit Director.

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 phase (planning, fieldwork, and reporting). Budgets are controlled via weekly time reporting 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 of the department. Budget and time reporting processes are incorporated into AutoAudit.

PROCEDURE

After the objective audit programs are developed, the auditor should estimate the amount of time needed to perform the fieldwork phase of the audit. The estimate should be based on prior results, the auditor's past experience in performing certain audit techniques, common sense, and office guidelines. The Audit Director approves each budget.

The number of 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.

If test work 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 auditor is responsible for identifying budget problems and must communicate them to the Director. All budget adjustments are documented in AutoAudit.

PURPOSE (GAS 8.90, 8.107)

The evidence fieldwork standard for performance audits requires that sufficient, appropriate evidence is to be obtained to provide a reasonable basis for the auditors' findings and conclusions. When sampling is used, the method of selection that is appropriate will depend on the audit objectives. 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.

SAMPLE METHODOLOGY

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.

In order to determine a reasonable basis for an opinion the auditor would typically use statistical sampling. In the event that non-statistical sampling is used, the reason should be explained by the auditor why this method was chosen to ensure that the population is accurately represented. For example, we stratified our sample by months and judgmentally chose a sample to ensure that a combination of all transactions were accurately represented.

It is recommended for either statistical or non-statistical sampling that a sample size calculator be used, to achieve at a minimum 90% confidence interval and a 10% margin of error, on the population that is being tested.

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 **(GAS 9.14).**

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.

FLORIDA PUBLIC RECORDS LAW (GAS 5.58, 9.61-9.67)

Audit work papers and all related files are public documents <u>after the audit is completed and the final report is issued</u> (see below). Auditee personnel, including department heads, managers, and 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 Audit Director.

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. Statements or information provided to the media and the public on behalf of the City or regarding City-related business or activities will only be issued by the Audit Director. Audit reports are posted on the internet and citizens and interested parties are encouraged to download them.

Most documents 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.

When information is prohibited from public disclosure or is excluded from a report, the report should disclose that certain information was omitted and the reason that made the omission necessary. Auditors may issue a separate, classified, or limited use report containing such information and distribute the report only to persons authorized to receive it. Another option is to communicate general information in the report and communicate more detailed information orally.

FILING AND SECURITY
All work papers and information obtained during an audit are public record (note: the provisions of Chapter 119.0713(2), 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.

EVIDENCE (GAS 8.90-8.115)

Auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions **(GAS 8.90).** Findings are based on the evidence obtained during the planning and fieldwork phases of the audit. They are the source from which all conclusions and recommendations flow. When there are limitations or uncertainties in evidence, additional procedures should be applied.

Appropriateness is the measure of the quality of evidence that encompasses its relevance, validity, and reliability in providing support for findings and conclusions related to the audit objectives **(GAS 8.91-8.92, 8.102)**. Sufficiency is a measure of the quantity of evidence used for addressing the audit objectives and supporting findings and conclusions **(GAS 8.99, 8.102)**. In assessing evidence, auditors should evaluate whether the evidence taken as a whole is sufficient and appropriate for addressing the audit objectives and supporting findings and conclusions **(GAS 8.95)**. Professional judgment assists auditors in determining the sufficiency and appropriateness of evidence taken as a whole **(GAS 8.95-8.100)**.

When any deficiency, exception, or weakness is noted in the planning or fieldwork phase, the auditor should record it as an audit finding. Sufficient, appropriate evidential matter must be obtained and may include one or more of the following **(GAS 8.104)**:

1) Physical evidence is obtained by direct inspection or observation of activities of people, property, or 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 consists of created information such as letters, contracts, accounting records, invoices, and management information on performance.

3) Testimonial evidence is obtained from others through statements received in response to inquiries 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 includes computations, comparisons, reasoning, and separation of information into components.

The overall assessment of evidence, which is based on professional judgments, should provide a reasonable basis for findings and conclusion **(GAS 8.108, 8.111).** This process starts where the audit tests are developed to include broad-based samples and clear objectives. The elements of findings and recommendations for corrective actions are derived from the audit tests performed.

AUDIT FINDINGS (GAS 8.17, 8.116, 8.124-8.128)

Auditors should plan and perform procedures to develop the elements of a finding necessary to address the audit objectives. The elements of an audit finding includes: condition, criteria, cause, and effect.

- Condition is the situation that exists, which is determined and documented during the audit. It may be derived from any source of evidence. **(What is the problem?)**

- Criteria identify the required or desired state, or expectation with respect to the program or operation. Criteria provide the context for evaluating evidence. It is the benchmark against which performance is compared or evaluated. **(What policy or best practice can be adopted?)**

- Cause identifies the reason for the factors responsible for the difference between the condition and criteria. **(What led to the problem?)**

- Effect refers to the impact or potential impact of the difference between the condition and the criteria. It demonstrates the need for the recommended corrective actions. **(What is the risk?)** This sells the recommendation to the reader.

- Recommendation – **(What should be done?)**
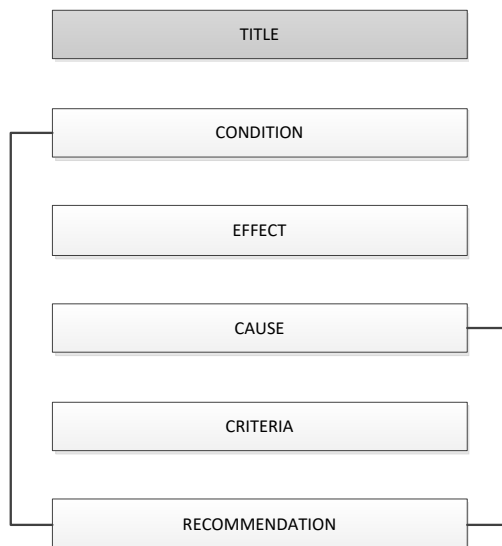
Crafted Findings
- Use all 5 elements
- Create only one of each element
- Make sure the elements match
    Condition matches recommendation
    Cause matches recommendation
- Use concrete language
- Quantify
- Identify who is accountable
- No emotion or mild insults
- Cause triggers the condition

The identification of elements of a finding continues through all phases of the audit, with the ultimate goal of fully supported audit recommendations. Recommendations must be thoroughly developed and supported by sufficient, appropriate evidence in order to be included in the report. Potential findings should be discussed with management informally during the

fact gathering stages to ensure the accuracy of information obtained.

For some matters, early communication to those charged with governance or management may be important because of their relative significance and the urgency for corrective follow-up action. Further, when a control deficiency results in noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse; early communication is important to allow management to take prompt corrective action to prevent further noncompliance. Such significant matters should be discussed with the Audit Director prior to discussion with management.

Once a finding is identified, an audit inquiry form (see exhibit E2.13) should be completed. The Audit Director must approve all audit inquiries prior to discussing them with management. Upon receiving that approval, the audit inquiry should be sent to the appropriate management and applicable parties to obtain a management response to the recommendation. Agreement or disagreement with the facts of the finding and the recommendation should be noted. The expected implementation date should be stated when possible.

PURPOSE (GAS 8.87, 8.135c)

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 planning phase of the audit, the "Quality Control Checklist for Performance Audits – Planning" (see E1.4) must be completed. Clearing the review notes of the Audit Director is the responsibility of the Auditor. After the completion of the fieldwork and reporting phases of the audit, the "Quality Control Checklist for Performance Audits – Fieldwork" (see E1.5) and the "Quality Control Checklist for Performance Audits – Reporting" (see E1.6) must be completed.

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 (comments) are documented in AutoAudit. All review notes (comments) must be closed by the Audit Director before the draft report is forwarded to management for final review.

TECHNICAL REVIEW – ALSO REFERENCE SECTION B4.4 QCS MONITORING

The Technical Review is a compensating control to ensure the accuracy of the audit report. An auditor independent of the audit engagement will perform a "cold read" of the draft report. The reader should identify any "glaring" items. The goal is to ensure a quality report is released. This may include (not all-inclusive) checking for proper grammar, layout, spacing, accuracy of all facts, figures, dates, and any inclusion of references or statements required by GAS (i.e., verbiage of compliance with yellow book). This should be accomplished by verifying that information is supported with evidence found in the planning or fieldwork sections of the work papers. The auditor involved with the audit will provide the technical reviewer a copy of the report with workpaper references to all facts and figures contained in the report, which will be scanned and attached to the applicable reporting program step after the technical review is completed. Any suggested modifications to the audit report must be approved by the Audit Director. The Auditor should advise the Director of any disagreements with the suggestions of the Technical Reviewer.

EVIDENCE OF REVIEW

AutoAudit documents supervisory review via electronic approvals. The Director's approval of audit programs, audit steps, attachments (workpapers), review notes, reports, applicable forms, etc., evidences the Director's supervisory review and approval.

PURPOSE (GAS 5.46)

AutoAudit data files are maintained on the Audit Department's share drive. This drive is backed up each night by the Technology & Innovation Department. 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, any work that has not been recorded in AutoAudit should be saved in the Work in Progress folder maintained on the share drive. Backing up current working files will minimize the time needed to reconstruct data files that are lost for any reason.

PROCEDURE

At least once each week:

Ensure all work performed is saved to the share (K:) drive in the Audits in Progress folder (e.g. K:\Audits in Progress\[Auditor's Name]). After the audit has been closed out, the folder containing the audit's files should be moved from the Audits in Progress folder to K:\Audit Workpaper Files\FYnn. Other files should be saved to the K: drive under the auditor's name. The K: drive is backed up by T&I each evening.

RECORDS RETENTION

The Internal Audit manual and audit files are retained at a minimum until after the next peer review covering that particular audit.

PURPOSE (GAS 3.64-3.72)

Non-Audit Services are professional services other than audits or attestation engagements. GAGAS does not apply and any resulting reports or management letter must state that the services provided and work performed does not constitute an audit conducted in accordance with Standards. Even though GAGAS does not apply, auditors must assess the impact of providing the services on auditor and organization independence and respond to any identified threats to independence in accordance with the Independence Standard.

Management Requests for Non-Audit 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 non-audit service will have on our independence. The Non-Audit Services Assessment – Quality Control form will be completed for each request for service (see E1.1 for example).

The understanding with management regarding the objectives, scope of work and products or deliverables of the non-audit service must be documented. Management's assumption of the responsibility for the substantive outcome of the work, that management has the ability to effectively oversee the non-audit service to be performed, and that management is in a position to make an informed judgment about the results of the non-audit service must also be documented. To fulfill this requirement:

- a management level individual must be designated to be responsible and accountable for overseeing the non-audit service;
- this individual must establish and monitor the performance of non-audit services to see that it meets management's objectives;
- the individual must make any decisions involving management functions related to the non-audit 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 non-audit service must be documented in the Service Level Agreement – Non-Audit Services (see E2.15).

As an additional precaution, any auditor(s) providing the non-audit service that also performed any previous non-audit service of the subject will not participate in planning, conducting, or reviewing of any future audit work related to the non-audit service for a period of 12 months from the completion of the non-audit service. The scope or extent of audit work related to the non-audit service will not be reduced beyond the level that would be appropriate if another unrelated party performed the non-audit service.

Any effect that the non-audit 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 non-audit service. This understanding must be communicated to the unit's management in the engagement letter.

Fraud Investigations and Self-initiated Activities

Based on the GAGAS definition, fraud investigations and self-initiated activities should be categorized as non-audit services.

As noted in Section D1.3, Fraud Investigations, all investigations will be performed in compliance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Investigation*. As such, fraud investigations will not comply with GAGAS and not be subject to peer review. The work performed and results of any fraud investigations should be considered during the independence threat assessment performed during the planning phase of any GAGAS audit or attestation engagement.

Self-initiated activities are similar in that management's involvement is virtuously nonexistent. For self-initiated activities, complete only Step 1 of the Non-Audit Services Assessment and indicate N/A for Steps 2-5. As with management requested services, any resulting reports or management letter must state that the services provided and work performed does not constitute an audit conducted in accordance with Standards.

BACKGROUND

Pursuant to GAS 7.01, "For attestation engagements and reviews of financial statements conducted in accordance with GAGAS, the requirements and guidance in the respective incorporated standards and this chapter apply. The requirements and guidance in chapters 1 through 5 also apply."

There are three levels of service provided by an attestation engagement – examination, review, and agreed-upon procedures. Typically, the Internal Audit Department will only perform agreed-upon procedures engagements.

AICPA STANDARDS

The AICPA general standard related to criteria is as follows:

> The practitioner [auditor] must have reason to believe that the subject matter is capable of evaluation against criteria that are suitable and available to users.

The two AICPA field work standards for attestation engagements are as follows:

a. The practitioner [auditor] must adequately plan the work and must properly supervise any assistants.
b. The practitioner [auditor] must obtain sufficient evidence to provide a reasonable basis for the conclusion that is expressed in the report.

The four AICPA reporting standards that apply to all levels of attestation engagements are as follows:

a. The practitioner [auditor] must identify the subject matter or the assertion being reported on and state the character of the engagement in the report.
b. The practitioner [auditor] must state the practitioner's [auditor's] conclusion about the subject matter or the assertion in relation to the criteria against which the subject matter was evaluated in the report.
c. The practitioner [auditor] must state all of the practitioner's [auditor's] significant reservations about the engagement, the subject matter, and, if applicable, the assertion related thereto in the report.
d. The practitioner [auditor] must state in the report that the report is intended for use by specified parties under the following circumstances:

(1) When the criteria used to evaluate the subject matter are determined by the practitioner [auditor] to be appropriate only for a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria.

(2) When the criteria used to evaluate the subject matter are available only to specified parties.

(3) When reporting on subject matter and a written assertion has not been provided by the responsible party.

(4) When the report is on an attest engagement to apply agreed-upon procedures to the subject matter.

ADDITIONAL GAGAS FIELD WORK STANDARDS FOR AGREED-UPON PROCEDURES ENGAGEMENTS

GAGAS (2018 Revision) establish attestation engagement field work standards in addition to the requirements contained in the AICPA standards. The additional government auditing standards relate to:

a. auditor communication during planning (see paragraphs 7.09 through 7.13, 7.17);
b. previous audits and attestation engagements (see paragraph 7.13);
c. fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that could have a material effect on the subject matter (see paragraphs 7.14 through 7.18);
d. developing elements of a finding (see paragraphs 7.19 through 7.22); and
e. documentation (see paragraphs 7.33 through 7.38).

GAGAS (2018 Revision) establish a field work requirement for agreed-upon procedures engagements in addition to the requirements contained in the AICPA's SSAEs (GAS 7.78):

> GAGAS establishes requirements for agreed-upon procedures engagements in addition to the requirements for agreed-upon procedures engagements contained in the AICPA's SSAEs. Auditors should comply with the additional GAGAS requirements, along with the applicable AICPA requirements, when citing GAGAS in their agreed-upon procedures engagement reports.

ADDITIONAL GAGAS REPORTING STANDARDS FOR AGREED-UPON PROCEDURES ENGAGEMENTS

GAGAS (2018 Revision) establishes reporting requirements for agreed-upon procedures engagements in addition to the requirements contained in the AICPA standards (GAS 7.82):

> When auditors comply with all applicable GAGAS requirements for agreed-upon procedures engagements, they should include a statement in the agreed-upon procedures engagement report that they performed the engagement in accordance with GAGAS. Because GAGAS incorporates by reference the AICPA's attestation standards, GAGAS does not require auditors to cite compliance with the AICPA standards when citing compliance with GAGAS. GAGAS does not prohibit auditors from issuing a separate report conforming only to the requirements of the AICPA or other standards (GAS 7.83).

Audit reports should be distributed to those charged with governance, to appropriate audited entity officials and any oversight bodies requiring the engagements. If the subject matter involves material containing confidential or sensitive information, auditors should limit report distribution and document any limitation on report distribution (GAS 7.82-7.83, 7.85a).

ADDITIONAL GAGAS CONSIDERATIONS FOR AGREED-UPON PROCEDURES ENGAGEMENTS

Due to the objectives and public accountability of GAGAS agreed-upon procedures engagements, additional considerations for agreed-upon procedures engagements performed in accordance with GAGAS may apply (GAS 7.03-7.04, 7.84):

An understanding regarding the services to be performed, including the objectives of the engagement, responsibilities of entity management, responsibilities of auditors, and limitations of the engagement must be established with the audited entity. It may also be appropriate to communicate information regarding the services to be performed to the entity requesting the engagement.

AICPA standards requires that the auditors' report be in the form of procedures and findings and specifies the required elements to be contained in the report. The auditors' reports must include the following:

a. A statement that the auditors were not engaged to and did not conduct an examination or a review of the subject matter, the objectives of which would be the expression of an opinion or limited assurance and that if the auditors had performed additional procedures, other matters might have come to their attention that would have been reported.

b. A statement that the sufficiency of the procedures is solely the responsibility of the specified parties and a disclaimer of responsibility for the sufficiency of those procedures.

PURPOSE (GAS 9.03-9.67)

Auditors must issue audit reports communicating the results of each completed performance audit. The purposes of audit reports are to (1) communicate the results of audits to those charged with governance and the appropriate officials of the audited entity; (2) make the results less susceptible to misunderstanding; (3) make the results available to the public, unless specifically limited; and (4) facilitate follow-up to determine whether appropriate corrective actions have been taken.

Each finding in the report must be supported by sufficient, appropriate 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.

MANAGEMENT LETTER

When deficiencies in internal controls, or violations of provisions of contracts or grant agreements, or abuse 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.

REQUEST FOR FINAL REVIEW

The request for final review process allows Management an opportunity to provide any revisions and/or request an exit conference to discuss the report. The full report, which is composed of the introductory section (background, objectives, etc.) and the audit findings, is attached to a Request for Final Review letter (see E2.2) that has been signed by the Audit Director and emailed to management and all applicable parties.

DRAFT REPORT TO THE MAYOR

If Management submits revisions to the report, forward the changes to the Audit Director for approval. If Management does not submit any revisions, a copy of the full draft report, as outlined below, along with the Mayor's Release Memo (release) and Staff Summary Sheet (summary) (see examples at E2.6 and E2.7) should be given to the Audit Director to sign the summary and for review of the report. After review by the Director, scan the signed summary and replace the unsigned version with the signed and dated version in AutoAudit. The draft report, release, and summary should be delivered to the Chief of Staff.

Format for Draft Report
All pages of the body of the draft report should include the following in the header section of the document – in red: **The findings, conclusions, and recommendations set forth herein are preliminary in nature. F.S. 119.0713 (2) 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.**

Cover Letter – A cover letter will be written and should be as brief as possible. The word "DRAFT" (in red) should be centered at the top of the letter.

Body of Report:
Background –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.

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. Remember to include planning objective.

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. If any information is prohibited from public disclosure or excluded from the report due to its confidential or sensitive nature, this and the reason for its omission should be disclosed.

Statement of Methodology – The statement on methodology should clearly explain the evidence gathering and analysis techniques used to accomplish all of the audit's objectives, whether the objective conclusions are positive, qualified, or negative. Additionally, include statement about scope of work performed related to applicable internal controls for the area (GAS 9.29). Examples include: a description of audit procedures performed and sampling techniques.

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. See unmodified GAGAS compliance statement at GAS 9.03.

Noteworthy Accomplishments – Whenever possible, the report should include a description of some noteworthy accomplishments, particularly when management improvements in one area may be applicable elsewhere.

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 may also be appropriate.

Reporting Fraud – When auditors conclude that fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements either has occurred or is likely to have occurred which is significant within the context of the audit objectives, they should report the matter as a finding. When not significant within the context of the audit objectives, but warrant attention, auditors should communicate the findings in writing. When not significant and do not warrant attention, how to communicate is a matter of professional judgment. Early communication of deficiencies should be considered (GAS 8.25).

Audit Findings – These should reflect those audit inquiry forms issued during the course of the audit that have been responded to by Management.

Auditee Responses – All recommendations will be followed by the auditee's response. Responses will be included verbatim. Responses should specify agreement or disagreement with the audit finding and recommendation, management's action plan for correcting the audit issue, and an estimated completion date for implementation of the recommendation.

Target Implementation Date – All auditee responses should include the date Management identifies as their target implementation date. This information should be documented on the audit inquiry form received from the auditee.

Auditor's Comments – These comments are used as necessary to evaluate the quality of the auditee's written responses (GAS 9.54). Typically, an Auditor's Comment will be included in the report when no agreement can be reached on an unacceptable auditee response. The comment will follow the Auditee's response to provide further clarification or a reiteration of the recommendation.

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 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 those evaluations 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 standards and ethics for professional auditors.

Audit Termination – If an audit is terminated before it is completed and an audit report is not issued, auditors should document the results of the work to the date of termination and why the audit was terminated. Determining whether and how to communicate the reason for terminating the audit to those charged with governance, appropriate officials of the audited entity, the entity contracting for or requesting the audit, and other appropriate officials will depend on the facts and circumstances and, therefore, is a matter of professional judgment. **(GAS 5.25)**

See **SECTION B3.3 FINAL REPORT DISTRIBUTION** for report release procedures.

ATTRIBUTES

ACCURACY – Reports must be factual; every condition and recommendation must be based on evidence that is documented in the work file. The evidence must be sufficient and appropriate 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 personnel, should be prefaced with the statement: "It was represented to us . . ." Recommendations should generally be ordered 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. Words with negative connotations 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.

AUDIT REPORT RELEASE PROCEDURE

Prior to audit reports becoming final, they are submitted to the Mayor, through the Chief of Staff's office, for release. Reports are released expeditiously, according to the following procedure:

- The Chief of Staff will release all draft audit reports containing no recommendations, for distribution, within 10 calendar days of receiving them from Internal Audit.
- The Mayor shall have 40 calendar days to review draft audit reports that contain recommendations.
- If the Mayor has not released the report after 40 days, the Internal Audit Director is authorized, upon her discretion, to release the report for distribution.
- Distribution includes releasing the final report to City Council, management, and posting to the Internal Audit page on the City's website

See B3.3A for details of the Audit Report Release Procedure.

MAYOR'S RELEASE FOR FINAL DISTRIBUTION

A report is final when the Director receives the release memo from the Mayor. The Director will notify the applicable Auditor that the report is ready for final distribution. After notification, the Auditor should update the draft report by:

A. Removing the confidential header and/or word "DRAFT" from all pages.

B. Inserting the date of release by the Mayor – on both the letter and cover page. If the Mayor does not date the release letter, then insert the date the Audit Director received the release letter from the Mayor.

C. Printing the report and obtaining the signature of the Director and Auditor(s) on the cover letter and signature page.

Note: 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 (in AutoAudit) and signed off on by the Auditor and the Audit Director.

The signed final report is then copied, bound, and distributed. Copies should include all cc, City Council, and City Council's Attorney and distributed. **Note**: the Mayor and Chief of Staff do not receive a copy of the final report.

Create a .pdf version of the report and insert the /s/ where signatures are required. The .pdf version of the report should be placed in the Agenda Plus folder on the share drive. Notify the webmaster and the Agenda Plus Administrator that the report was released by the Mayor.

Add the audit project to the _Outstanding PARS spreadsheet located on the K: drive; add the comment "No follow-up is required" in the Projected Date column, if applicable. Move work papers from Audits in Progress folder to Audit Workpaper Files folder for the applicable fiscal year.

CONFIDENTIALITY

Chapter 119.0713(2)(a), 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.

Lack of Sufficient, Appropriate Evidence Subsequent to Report Issuance

If, after the report is issued, the auditors discover that they did not have sufficient, appropriate evidence to support the reported findings or conclusions, they should communicate in the same manner as that used to originally distribute the report to those charged with governance, the appropriate officials of the audited entity, the appropriate officials of the organizations requiring or arranging for the audits, and other known users, so that they do not continue to rely on the findings or conclusions that were not supported. If the report was previously posted to the auditors' publicly accessible website, the auditors should remove the report and post a public notification that the report was removed. The auditors should then determine whether to conduct additional audit work necessary to reissue the report, including any revised findings

or conclusions or repost the original report if the additional audit work does not result in a change in findings or conclusions **(GAS 9.68)**.

Internal Audit Reporting Process

```
                    ( Start )
                        |
                        v
         Audit issue Identified and
         documented in Audit Inquiry
                        |
                        v
            Submit Audit Inquiry
            to IA Director for
                 approval.
                        |
                        v
  Review updated   <--No--  <Approved?>
  Audit Inquiry or
  update as necessary.
                        |
                       Yes
                        v
         Issue to management and all
         applicable parties for
         response via e-mail
         (RESTRICTED).
                        |
                        v
  Send a 2nd  <--No--  <Initial response received?>
  request                        |
      |                         Yes
      v
  <2nd response  --No-->  Discuss next steps
   received?>             with IA Director.
      |
     Yes
      v
         Evaluate adequacy of
         response and that all
         applicable parties are
         copied once received.
                        |
                        v
                <Response adequately
                 addresses concern?>
          |                      |
          No                    Yes
          v                      v
  Negotiate/Resolve    Add Audit Inquiry info to
  issue with           AutoAudit as an "issue"
  management or        under the associated
  include auditor's    Workpaper.
  comment.
                        |
                        v
         Update the body of the MS
         Word draft report template
         with the reportable audit
         inquiries.
```
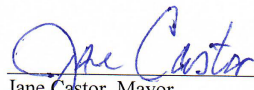
```
  Ensure that you do not
  have any files "Checked-
  out" in Auto Audit.
            |
            v
  Submit completed workpapers
  and draft report to IA Director for
  review and prepare quality control
  checklist.
            |
            v
  Clear review notes and
  update report as
  necessary.
            |
            v
  Upon Director's approval,
  request a Technical Review
  and clear any review notes.
  Discuss suggested changes to
  the report with the IA
  Director.
            |
            v
  Issue draft report in pdf.
  format to appropriate
  distribution via e-mail
  (RESTRICTED) with Request
  for Final Review.
            |
            v
  If changes are requested,
  obtain IA Director's approval
  and update as necessary.
            |
            v
  Update any changes made to
  the inquiries in the report, back
  to the issues in Auto Audit.
            |
            v
  Hold exit conference at
  management's request.
            |
            v
  Prepare Mayor's Release Memo
  and Staff Summary Sheet.
  Attach signed Staff Summary
  Sheet in AutoAudit.
```

```
  Based on B3.3, report
  release, IA Director and
  Auditor(s) sign cover
  memo and signature
  page, where appropriate
            |
            v
  Prepare 8 bound copies of
  final report for Council and
  a copy for each person on cc:
  list. Distribute final report.
            |
            v
  Type signatures into final
  Word version of report, print
  to PDF and reorder pages 1
  and 2.
            |
            v
  Save the final PDF version
  to the Agenda Plus folder
  on the K-drive.
            |
            v
  Scan and attach Mayor
  Release Memo, Staff
  Summary Sheet, and Final
  Report in AutoAudit.
            |
            v
  Notify audit staff to submit
  report through Agenda Plus
  and to publish report on
  website.
            |
            v
  Request a QCS Assurance
  Review from Technical
  Reviewer.
            |
            v
  Prepare Quality Control
  Checklist and notify IA
  Director to close out
  project in AutoAudit.
            |
            v
        ( End )
```

	INTERNAL AUDIT DEPARTMENT Christine Glover, Director	**B3.3A**
		DATE: 9/19

SUBJECT: AUDIT REPORT RELEASE PROCEDURE

I.   PURPOSE: To establish a policy to ensure there is no appearance that the Internal Audit Department lacks independence in the report distribution process.

II.   DISCUSSION: Government Audit Standards (Standards) require Internal Audit Departments to be independent. These Standards prescribe that: "Auditors and audit organizations should avoid situations that could lead reasonable and informed third parties to conclude that the auditors and audit organizations are not independent and thus not capable of exercising objective and impartial judgment on all issues associated with conducting the engagement and reporting the work." The Standards further provide the following as an example of an undue influence threat:

> "Unreasonable restrictions on the time allowed to complete an engagement or issue a report."

III.   DUTIES AND RESPONSIBILITIES: Prior to becoming final, all draft reports are submitted to the Mayor, through the Chief of Staff's office, for release.

The following timeline will be followed, for report release:

- The Chief of Staff will release draft audit reports that do not contain recommendations, for distribution, within 10 calendar days.

- The Mayor shall have 40 calendar days to review draft audit reports that contain recommendations.

- If the Mayor has not released the report after 40 days, the Internal Audit Director is empowered to release the report for distribution.

- Distribution includes releasing the final report to City Council, management, and posting to the Internal Audit page on the City's website.

Jane Castor   _9/17/19_
Jane Castor, Mayor   Date
City of Tampa

PURPOSE

To determine if corrective action has been taken on audit findings and recommendations, a Post Audit Review (PAR) should be scheduled six to twelve months after the audit report is released.

Prior to the start of the post audit review, the Auditor will send a reminder email to the auditee and the Audit Director informing them of the tentative start date. A copy of the findings, recommendations, and responses will be attached to the email. 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

Separate projects, which utilize standardized audit programs, are created in AutoAudit to document the work performed during the Post Audit Review.

PAR LETTER

When the final PAR memo (see E2.9) and Staff Summary Sheet – PAR (see E2.10) are approved and signed by the Audit Director, attach a copy of the original audit report for the Mayor's office. Forward the PAR memo to all recipients of the original report and update Outstanding PARS spreadsheet with date of letter issued.

PURPOSE

The Audit Director prepares a year-end report for the Mayor. This report summarizes the Department's significant performance activities and metrics. The report *may* include, but is not limited to the following:

- Audits in progress
- Reports issued
- Work carry-over from previous years
- Progress on special requests
- Budgeted vs. actual comparisons
- Post Audit Review statistics
- Hotline activity
- Progress towards performance goals

The report content will be at the discretion of the Audit Director unless otherwise directed by the Mayor. 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 by the Department.

TIME KEEPING

The Auditor should record all weekly activity (40 hours) in AutoAudit by **close of business on Friday**.

TECHNICAL REVIEW & QUALITY CONTROL MONITORING PROCEDURES

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 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.

To comply with GAS, the audit report will receive a technical review by an auditor who did not participate in any of the work conducted on the audit. The review should be performed prior to sending the report out for final review. The Auditor should print a draft copy of the report and reference the source of all data. The Technical Reviewer selected to perform the review should document their independence on the Independence Statement. The technical review is accomplished by reading the draft report for proper grammar, layout, spacing, accuracy of all facts, figures, and dates, and any inclusion of references or statements required by GAS (i.e., verbiage of compliance with yellow book). The review is completed by agreeing information in the draft audit report to the supporting documentation identified by the Auditor who completed the audit. The reviewer should scan documentation supporting the review to the applicable step of the Audit Program and then sign-off the audit step.

GAS 5.42-5.43, 5.47-5.48 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.)

After report distribution, the Technical Reviewer will conduct a quality assurance review using ALGA's "Review of Audit/Engagement Documentation" (see E1.7). After completion of the QC assurance review, the review documentation and any evidence supporting the conclusions reached should be printed and filed in the QCS Summary binder. The reviewer should sign-off the applicable step of the Audit Program.

After year end, the Audit Director will review the documentation received from the staff and summarize any systemic issues identified. After identifying any deficiencies needing improvement, the Audit Director will develop necessary corrective actions.

AUTOAUDIT (AA) (GAS 8.132-8.140) – AutoAudit is used to prepare and maintain audit documentation related to the planning, conducting and reporting on the audit to support findings, conclusions, and recommendations. In order to provide consistency within the AutoAudit application and to enhance the overall implementation of the system, below are some policies and/or procedures which are being established for use:

1. All audit projects will be set up and maintained in AA unless specifically exempted by the Audit Director. The AA Administrator will create all projects.

2. Once a project is created in the AA system, it can only be deleted with the specific approval of the Audit Director.

3. There are five types of AA projects: audits, attestations, non-audit services, post audit reviews, and investigations.

4. The three phases of audit and attestation projects are: Planning, Fieldwork (broken down by audit objectives), and Reporting. Non-Audit Services, Investigations, and Post Audit Reviews will have only two phases (Planning and Reporting).

5. Project IDs for audits should adhere to the following scheme: 2-digit fiscal year, dash, and sequential number (ex. 12-01). The Project ID for attestation engagements will be prefaced with ATT (ex. ATT 12-01); Hotline investigations with HT (ex. HT 12-01); non-audit services will be prefaced with NAS (ex. NAS 12-01); and Post Audit Reviews will be prefaced with PAR and the number will match the related audit (ex. PAR 12-01 for Audit 12-01).

6. Upon assignment, the Planning Document should be completed or at least started for each project. The Planning Information section should be completed with the Audit Type, Status, Fiscal Year, Manager, and In-Charge (assigned auditor). The Key Dates section should be completed with the Original Planned Dates at the start of the audit and the Actual Dates completed as each milestone is met. The Expense Budget section will not be used. There is a section available for any comments that may be applicable to this project.

7. Projects will be set up by the AA Administrator; and will have a default of 300 hours (or 15 hours for PARs). Consult with the Audit Director on total budgeted hours for the project and notify the AA Administrator if more hours are assigned.

8. Page numbering in AutoAudit:
   Each workpaper should be given a unique number that identifies its location based on the objective and step in the audit.

   Objectives are identified as A, B, C

Step/Sections within AA are identified as 1, 2, 3…
The lead testing worksheet should be A.1. If workpapers are needed to support determinations on the lead sheet, they should be labeled A.1a, A.1b, etc. The lead sheet for Step 1 would be A.1, and supporting workpapers should be A.1a, A.1b, etc.

A multi-page document is scanned in as one document in AutoAudit and all pages should be numbered within the document.

The Planning and Reporting sections will be setup and prepopulated with templates by the AA Administrator. There will also be three Fieldwork objective sections in the template set up by the AA Administrator. Remove unnecessary Fieldwork sections and make a copy if additional sections are necessary.

9. Audit Program Steps: the Planning and Reporting Program templates are pre-approved (no editing should be needed). If an audit step in one of these templates is not required, describe why the step is not required in the Planning or Reporting Activity Checklist.

10. The Fieldwork (and Non-Audit Service) program template must be edited to ensure sufficient evidence is obtained to conclude on the audit (non-audit service) objective(s). At the completion of each program step, complete the "Work Performed" program. Describe all tests performed, results of tests, audit findings, etc. for the audit objective. To facilitate supervisory review, the audit objective should be documented in the details document of each workpaper. As each workpaper, program, issue, action plan, or comment is completed and ready for review, select the Audit Director from the Request Review drop down list in the Review tab and save the document. The Details Document of a workpaper will typically be the testing document and the Files will be supporting documentation. The Details Document only supports Word and Excel documents. All other formats must be attached as Files. Attached Files can be scanned documents/images, narratives, and spreadsheets. Workpapers may have multiple attachments (Files). If all documents for a workpaper are attached Files (due to the format of the documents) the Details Document should indicate "See attached" with a link provided. Please do not leave the Details Document blank.

Attachment IDs will indicate the workpaper a file is attached to. For example – two files need to be attached to Step 3 of the planning audit program (P03). The Attachment IDs should be P03A and P03B. The first three characters will reference the program step, and then a sequential letter beginning with A.

All w/p's (Details Document and attached Files) should include the w/p# on the top of the document. Word processing and spreadsheets should include: the Name of Audit, Title of Workpaper, and Date Prepared. Workpapers (especially spreadsheets) should include electronic "tic" marks whenever possible.

11. Audit Findings should include a potential dollar savings, if applicable. The # will be a sequential number in the order in which findings are created.   Please include the Disposition, Finding Group, Finding Type, and a Risk Severity (1-5) for each finding as well. The Disposition should be "Secondary Report" in order to create an audit inquiry. Once the audit inquiry is created, the status should be changed to "Report" if it will go in the final report.

All applicable fields of the Audit Finding should be completed. The data is used to create the Audit Inquiry, Audit Report and AA status reports. All management responses should include an action plan including the expected dates for implementation of the recommendations. Action Plans should be created in AA before running the Audit Inquiry and Audit Report so that the fields for the action plan and implementation date are pulled into these reports. The Findings should also be renumbered prior to running a draft report so that they are in the order of significance.

Elements of an AA Audit Finding:

- CONDITION – This describes the situation that exists, whether from discussions, actual observations, testing, etc. If the source is testing, the narrative should include a detailed description of the tests performed and their results. **(What is the problem?)**
- CRITERIA – This should provide a description of the standard that applies to the finding. It may cite a specific law, rule, or regulation, or a generic condition, such as "good business practice." **(What policy or best practice can be adopted?)**
- EFFECT – This describes the implications that could result if the recommendation or remedy is not implemented. Try to avoid using the word "should" as this implies a recommendation. **(What is the risk?)** This sells the recommendation to the reader.
- CAUSE – identifies the reason for the factors responsible for the difference between the condition and criteria. **(What led to the problem?)**
- RECOMMENDATION – This describes the recommended corrective actions that should be implemented to mitigate the identified risk. **(What should be done?)**

12. The information entered in the Issues and Action Plans in AA should be used to create the Microsoft Word template version of the Audit Inquiry and the draft Audit Report. The initial draft report should be created with all Findings and Action Plans documentation from AA. Once the draft report is created, the Background, Objectives, Scope, Methodology, and Conclusions will need to be manually filled in. Any changes made to the Findings in the report need to be manually added to the Issues and Action Plan in AA. Meticulous review of formatting, in the Microsoft Word version of the report, will be necessary to adjust the margins, remove extra spaces, and justify the text, so that the Findings formatting matches the rest of the report.

THE AUDIT AGENDA

The Internal Audit Department develops an annual agenda using a risk-based approach considering complexity of activity, fiscal impact, last audit results, applicability of laws, rules, and regulations, changes in organization, effects on public welfare, and the time since the performance of the last audit. This is accomplished in Excel by assigning a risk score to each criteria and then applying a weight to the criteria. An attempt is made to provide periodic and regularly rotating coverage to ensure adequate coverage of the City's operations.

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. To initiate the annual risk assessment process, the Director meets individually with key members of management. This discussion includes a review and update of the audit universe and provides management an opportunity to provide requests and have input into the annual risk assessment.

The annual risk assessment is completed by the Audit staff and involves an assessment of each audit topic in the audit universe. To complete the assessment:

1. Department collectively determines the assessment for each topic.
2. Director develops a draft agenda based on the final assessments, requests from management, and ensuring coverage across the City.
3. Director submits the draft agenda to the Mayor for approval.
4. Director submits Mayor-approved agenda to City Council 60 days prior to fiscal year end. City Council has 30 days to request any additional audits to the agenda.

If no special requests have been received, time should be reserved for any requests that are received during the year. In addition, when budgeting time, consideration should be given to audits that are in progress at year end.

Special Requests: In addition to requests from the Mayor, the department receives requests for audit work from city departments. These projects follow the non-audit services process and are performed as GAS-compliant audits when possible. To maintain good auditee relations, these should be performed, whenever time is available. Special requests from other organizations (city boards, etc.) should be carefully considered.

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 conflicts of interest, personal impairments, technical knowledge, skills, and experience, auditor preference, personal bias, and carryover job status.

PURPOSE (GAS 4.04, 5.19)

The Internal Audit Department follows the City of Tampa Personnel policies and procedures. See City of Tampa's Personnel Manual, section B18.2A and Z4, section I Salary Administration – Merit Increases Supervisory and Professional Employees.

PURPOSE

The Internal Audit Department follows the City of Tampa Personnel policies and procedures. See City of Tampa's Personnel Manual, section B28.1 Discipline Administration.

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 and any other code of ethics connected with their applicable professional certifications.

PURPOSE (GAS 4.16-4.18)

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

> **GAS 5.16** The audit organization should establish policies and procedures to provide reasonable assurance that auditors who are performing work in accordance with GAGAS meet the continuing professional education (CPE) requirements, including maintaining documentation of the CPE completed and any exemptions granted.

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 (20 hours must be in accounting-related and auditing-related subjects and 4 hours must be in ethics). Certified Internal Auditors are required to obtain 40 hours of continuing education every year, including 2 hours in Ethics. Certified Government Auditing Professionals are required to obtain 40 hours per 2-year period. Certified Fraud Examiners are required to obtain at least 20 hours per year, 10 hours must be related to fraud detection/deterrence, and 2 hours must relate to ethics. Certified Information Systems Auditors are required to attain at least 120 hours per 3-year period, including at least 20 hours annually (all CPEs must be relevant to certification job practice areas).

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, the Internal Audit Department will report GAS CPE on a fiscal year basis. The Audit Director will monitor CPE training to ensure that the GAS requirements are met. Documentation supporting GAS compliance should be maintained in the Department's CPE binder and summarized on the standardized CPE spreadsheet template.

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 as part of the City's official policies. 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 **4.16-4.17** 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. A minimum of 20 hours of CPE must be earned each year. Further, 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.

Upon completing each training course, seminar, or conference, each Audit staff member must complete the department's "**Continuing Professional Education Tracking Record**" (see E2.12), 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); and Dates Attended.

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 expect that all staff members will 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

One of the major functions of the Public Affairs Division is to provide clear, accurate and consistent information to the media and public. In order to do this, cooperation from all employees and departments is required.

Interaction with the Media
Statements or information provided to the media and the public on behalf of the City or regarding City-related business or activities will only be issued by the following:

- Mayor,
- Administrators,
- Department Directors, or
- Fire or Police Public Information Officers.

All other personnel are to direct any media inquiries, or any contact with the news media, to the Public Affairs Director.

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 will be handled by the Audit Director. At the Audit Director's discretion, a staff auditor may be required to respond to technical questions from the 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.

Following any interaction with the media, a summary e-mail of the interview or information provided must be sent immediately through the Audit Director to the Public Affairs Director with a copy to the attention of the Chief of Staff.

In all circumstances, it is important to treat members of the media with courtesy and respect, and to represent the City of Tampa in a professional manner. If the Public Affairs Office asks you to provide media information, you must provide it as soon as possible, as media members are usually on a very tight deadline. All such information should be completed in conjunction with the Audit Director.

Subsequent to approval by the Audit Director, all news releases must be submitted to the Public Affairs Office for final approval and dissemination.

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.

CITY ORIENTATION

The Internal Audit Department follows the Human Resources procedures for new employee orientation.

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 applicable software installed
- 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. Know Your Role registration should also occur during this week.

The Audit Director will present an 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.

WORK HOURS

The Internal Audit Department follows the policy for work hours as outlined in the City's Personnel Manual. In that the City allows work hours to be assigned by the Director, the department allows flextime for employees. Employees will be allowed to flex within a 40-hour week (four 10-hour days will not be approved by the Director). This allows adjustments for travel, day care connections for working mothers and/or fathers, etc. The following guidelines must be adhered to:

- Work hours must not begin before 7:00 AM.
- The Audit Director must approve the employee's schedule prior to being changed.
- Normally, employees will maintain the same work schedule for an entire quarter. Meaning schedules should only be changed at the beginning of a quarter (January, April, July, and October).
- Approved work schedules must be adhered to and supervisory pre-approval must be obtained for any deviation from the work schedule.
- Employees may be required to work overtime or time outside of their normal schedule when needed. This must be approved in advance.
- Employees are not to deliberately work overtime in order to build up "comp" time for future use.
- In the event "comp" time is accumulated, it must be taken within 2 weeks of accumulation (preferably within the same pay cycle).
- ELV will not be taken if an employee has accumulated "comp" time available.
- Probationary employees are required to work 8-hour work days, until successful completion of the probationary period.

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.

In that allowing a flexible work schedule is a privilege, not an entitlement; abuse of this policy will result in revocation of the flexible work schedule (for the offending employee) and the employee's work schedule will be changed to the standard City work hours of 8:00-5:00. This determination will be made by the Audit Director.

If the use of flexible work schedules is determined, by the Director, to be disruptive to work flow, and negatively impacts the mission, goals, role, responsibility or reputation of the Department; it will no longer be allowed. In that event, departmental work schedules will be required to adhere to one of the following:

- 8-hour days, or
- The standard City work hours of 8:00-5:00.

The selected schedule will be at the discretion of the Audit Director.

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 ensure confidentiality, Outlook can be used to schedule conference rooms.

EMPLOYEE LOCATION

If you will not report for work due to illness, an unexpected annual leave or you are going directly to an offsite 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, refer to the Fleet Maintenance Division Home page on the INET. Note: 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. In order to drive a city vehicle or your personal vehicle on City business, the City's Defensive Driver's Training is required every three years.

COMPUTER/INTERNET ACCESS

Department personnel 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

As outlined in the Personnel Manual Policy B40 (*Emergency Conditions*), in the event of an impending or declared emergency situation, City of Tampa employees may be temporarily assigned to duties other than the essential functions of their regular position, and/or may be assigned to work at different job sites. The purpose of the City's Emergency Management 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.

Audit Department personnel are considered "Post-event Employees" (Group III). As such, we do not have a pre-assigned role or function, but are required to be available to be recalled/notified to return to work after an emergency/disaster event. Tampa Fire Rescue has established five (5) operating conditions (OPCONS), which initiate the following actions by department personnel:

OPCON5 – Normal Operations – The Director will be responsible for the review of the department's procedures for emergency actions in the event of an emergency situation.

OPCON4 – Increased Readiness Action – The Director 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 – Standby Status – The Director will be responsible to keep the audit staff updated on the latest emergency situation.

OPCON2 – Event Probable – The Municipal Office Building should provide adequate protection from all but the most severe emergency situation. At the end of the day, all equipment should be disconnected from power sources and personnel should pack sufficient resources (laptops, etc.) to work from an off-site location. The Director will be responsible to keep the audit staff updated on the latest emergency situation.

OPCON1 – Event Imminent– The Director, 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, during, and after an emergency situation.

After the emergency event, Group III responsibilities and assignments (notice of recall, temporary duty assignments, or return to normal duty) are communicated by: 1) recorded message on the Emergency Alert Line (813-232-6865), 2) land line, cell phone, or PDA, and 3) local media broadcasts. In the event that all of these communications are not functioning and safe travel is feasible, personnel should report to the Columbus Municipal Office Building (3402 W. Columbus Drive) at 8:00 A.M.

PURPOSE (GAS 8.71-8.76)

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

GAS 8.68: The fieldwork standard related to planning of generally accepted government auditing standards for performance audits states that:

> "Auditors should identify any provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives and assess the risk that noncompliance with provisions of laws, regulations, contracts, and grant agreements could occur. Based on that risk assessment, the auditors should design and perform procedures to obtain reasonable assurance of detecting instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives."

GAS **8.73-8.75**: In planning the audit, auditors should assess risks of fraud occurring that is significant within the context of the audit objectives. Fraud is defined as a type of illegal act involving the obtaining something of value through willful misrepresentation.

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 **(GAS 9.35-9.44)**

The Auditor should extend audit procedures when there are indications that fraud or abuse may have occurred. 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 an investigation (see Section B3.1 of the Audit Manual for additional information). 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.

FRAUD DETECTION

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.

FRAUD, WASTE, AND ABUSE HOTLINE – GENERAL POLICY

The City of Tampa's Internal Audit Department administers a Fraud, Waste, and Abuse Hotline as a confidential mechanism for employees to use to report suspected violations of City policies or violations of the law. All complaints will be taken seriously, addressed promptly, and handled in a manner that protects the privacy of the caller to the extent permitted by law. Corrective actions, in response to substantiated allegations, will be an integral part of the Fraud, Waste, and Abuse Hotline and Web Reporting program.

The intake call and/or report will be received by the Internal Audit Director (Director) or their designee, which may be a third party vendor. The Director or their designee will be responsible for maintaining confidential records of all calls and/or reports and responses. Cases will be handled in a manner which protects the privacy of the caller. Employees reporting to the hotline or through web reporting may choose to remain anonymous or give their name. If an employee chooses to remain anonymous, the call and/or report will be investigated and resolved in the same manner and with the same diligence as all others.

Appropriate action will be taken in response to each call and/or report. In most cases, appropriate action will include an investigation into the allegations of the complaint or concerns, an action plan to resolve the issues, and communication back to the caller, if applicable. Depending on the nature and scope of the allegation or complaint, the Director may delegate investigation responsibilities to department management, but will retain ultimate supervision and responsibility for all investigations (see Hotline Referral Decision Matrix at D1.3 pages 7-8). In this regard the Director will continue to monitor and provide assistance as requested until a final disposition of the allegation or complaint is reached.

The Director is responsible for overseeing any necessary internal investigation and response to the call and/or report. The Director will assign a case investigator to the call and/or report. Depending on the circumstances of the investigation, another individual or a multi-disciplinary team may be appropriate. Investigations shall be handled by persons having a sufficient level of expertise/knowledge with regard to the issue presented by the call and/or report.

The Director shall identify who, if anyone, should be notified of the existence of the call and/or report. Together with the Director of Human Resources and the City Attorney, these individuals should determine whether the conduct alleged is of such a nature that it should be reported to any applicable outside agency or regulatory board, as well as the timing of such reporting (pre- or post-investigation).

All investigation methods and findings pursuant to the investigation must be documented. Copies of supporting documents should be attached to all reports. If the investigation findings do not substantiate the allegation or matter, the investigation will be closed by the Director. If a violation is found, all documentation related to the investigation will be maintained as an "active" investigation until a corrective action plan has been completed and the matter has been

resolved, at which time the investigation will be closed by the Director. Pursuant to ·112.3188, F.S., all information, including the name or identity of any individual, shall remain confidential as long as the investigation is "active."

Quality Standards for Investigation

All investigations will be performed in compliance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Investigations (See K: drive under Audit Guidance)*:

A. General Standards

1. Qualifications – Individuals assigned to conduct the investigative activities must collectively possess professional proficiency for the tasks required.

2. Independence – In all matters relating to investigative work, the investigative organization must be free, both in fact and appearance, from impairments to independence; must be organizationally independent; and must maintain an independent attitude.

3. Due Professional Care – Due professional care must be used in conducting investigations and in preparing related reports.

B. Qualitative Standards

1. Planning – Organizational and case-specific priorities must be established and objectives developed to ensure that individual case tasks are performed efficiently and effectively.

2. Executing Investigations – Investigations must be conducted in a timely, efficient, thorough, and objective manner.

3. Reporting – Reports (oral and written) must thoroughly address all relevant aspects of the investigation and be accurate, clear, complete, concise, logically organized, timely, and objective.

4. Managing Investigative Information – Investigative data must be stored in a manner that allows effective retrieval, reference, and analysis, while ensuring the protection of sensitive data (i.e., personally identifiable, confidential, proprietary, or privileged information or materials.).

Hotline Process and Procedures

Hotline Investigation Objectives

- Determine if there is any validity to the allegation, and whether fraud, waste, or abuse occurred prior to reporting to, or alerting management of the potential fraud, waste, or abuse.

- Determine how the fraud, waste, or abuse took place and the conditions and circumstances that contributed to the fraud, waste, or abuse.

- Determine that corrective actions are taken to prevent future instances of the fraud, waste, or abuse from occurring and/or to remediate the condition, such as recovering the loss.

Hotline Procedures (see flowchart of Hotline Investigation Process at D1.3 page 9)

Upon receipt of an allegation or complaint, the Director shall review the information available from the allegation or complaint to determine if there is sufficient, reliable information to warrant in inquiry/investigation. If an inquiry/investigation is warranted, the Hotline Referral Decision Matrix should be used to determine whether the investigation should be outsourced. The Director shall notify the Director of Human Resources and the subject employee's director, but not provide the specifics of what is being investigated. The Director may withhold notification when it might compromise an investigation or affect the collection of evidence in the case.

The complainant shall be notified that the allegation/complaint is under investigation or that there is insufficient evidence to warrant an investigation. If an investigation is warranted, the Director shall assign the case to individual(s) who possess the necessary skills to conduct the investigation and are free from personal, organizational, and external impairments to independence in the performance of their duties and responsibilities.

The assigned investigator shall research applicable laws, rules, regulations, and/or internal policies that govern or apply to the allegation or complaint. The investigation shall then establish and document an investigative strategy to obtain sufficient evidence to corroborate or refute the allegation or complaint. The strategy shall be documented on a work plan after identifying potential witnesses and any applicable documentation. When considered necessary and with prior notification to the Director of Human Resources, the investigator shall have the right to revoke access to the City's information technology systems and seize contents of files, desks, cabinets, City-issued cell phones, and desktop and laptop computers without prior knowledge or consent of any individual who might use or have custody of any such items.

Hotline Investigation Conclusion

Once the appropriate documentation has been gathered and reviewed and all necessary interviews have been conducted, a conclusion should be reached regarding whether or not the allegation or complaint is substantiated. When there is more than one allegation or complaint, it may be necessary to conclude that some are substantiated while others are not. It is important to look at each individually when drawing the final conclusion.

At the conclusion of all internal investigation, case reports shall be prepared to include:

a. Case Number
b. Summary of the complaint, including subject's information
c. Applicable laws, rules, regulations, and policies
d. Summary and results of the investigation, including witness statements and exhibits collected
e. Conclusions of fact and dispositions for each allegation or complaint
f. Corrective actions recommended, taken, or planned to be taken
g. Savings identified and anticipated recoveries and/or restitution
h. Attestation that the investigation was conducted in compliance with the *Quality Standards for Investigations*
i. Signature of Assigned Investigator(s); and/or the signature of the Director documenting supervisory review and approval. The supervisory review shall include a review of case evidence to ensure it is relevant; has a logical, sensible relationship to the allegation; is consistent with the facts; and is sufficient to support conclusions

Department management is solely responsible for any disciplinary actions taken, in consultation with the Human Resources Department and the City Attorney in accordance with B28.1 of the Personnel Manual. Employees who have committed fraud will be subject to disciplinary action up to and including dismissal.

Employee Protections

Employees of the City of Tampa are protected from being disciplined, discharged, or subjected to threats thereof, or otherwise discriminated against in retaliation for bringing forth, in good faith, charges of fraud, unlawful conduct, unethical conduct, or conduct in violation of any City policy, directive, ordinance, or Charter provision by any official, employee, appointee, contractor, or vendor of the City of Tampa. To receive protection, it is sufficient that an employee had a reasonable belief that an official, employee, appointee, contractor, or vendor of the City of Tampa engaged in fraud, unlawful conduct, unethical conduct, or conduct in violation of a City policy, directive, ordinance, or Charter provision.

All employees are required to cooperate with any department review, preliminary inquiry, or investigation. Additionally, all employees are required to give truthful or requested information during the course of an internal investigation. Failure to give complete or truthful information during an interview can result in discipline up to and including dismissal.

An employee who knowingly or with reckless indifference to the truth, makes a false report shall be subject to disciplinary and legal action. An employee will not have protection if they were the subject of an ongoing or existing disciplinary action or investigation prior to filing a report of fraud, unlawful conduct, unethical conduct, or conduct in violation of any City policy, directive, ordinance, or Charter provision.

The following statement should be read to all interviewees, except the subject of the investigation or complaint, to clarify the level of confidentiality expected from the interviewee:

> In accordance with the mission of the Internal Audit Department, we are conducting a confidential review of an allegation or complaint received pursuant to the City of Tampa's Personnel Manual, Section B23.1, Fraud, or Section B23.2, Whistleblower Policy/Fraud, Waste and Abuse Hotline. We will ask you to respond to some questions pertaining to this review and to provide any other information that you consider relevant. Your cooperation is required under the City's Personnel Manual. You are prohibited from discussing with anyone what we talk about during this interview. If you do so, you could jeopardize the confidential nature of this investigation and face disciplinary actions. We require this confidentiality in order to protect you, other witnesses, and the subject(s). The information that you provide to us will be treated in the same way as any other information gathered during this review. We appreciate your cooperation and taking the time to meet with us and respond to our questions.

When interviewing the subject of the investigation or complaint, the following "Statement of Rights" (see E3.2) should be read to the employee. The statement should be signed and dated by the employee, interviewer, and any witnesses.
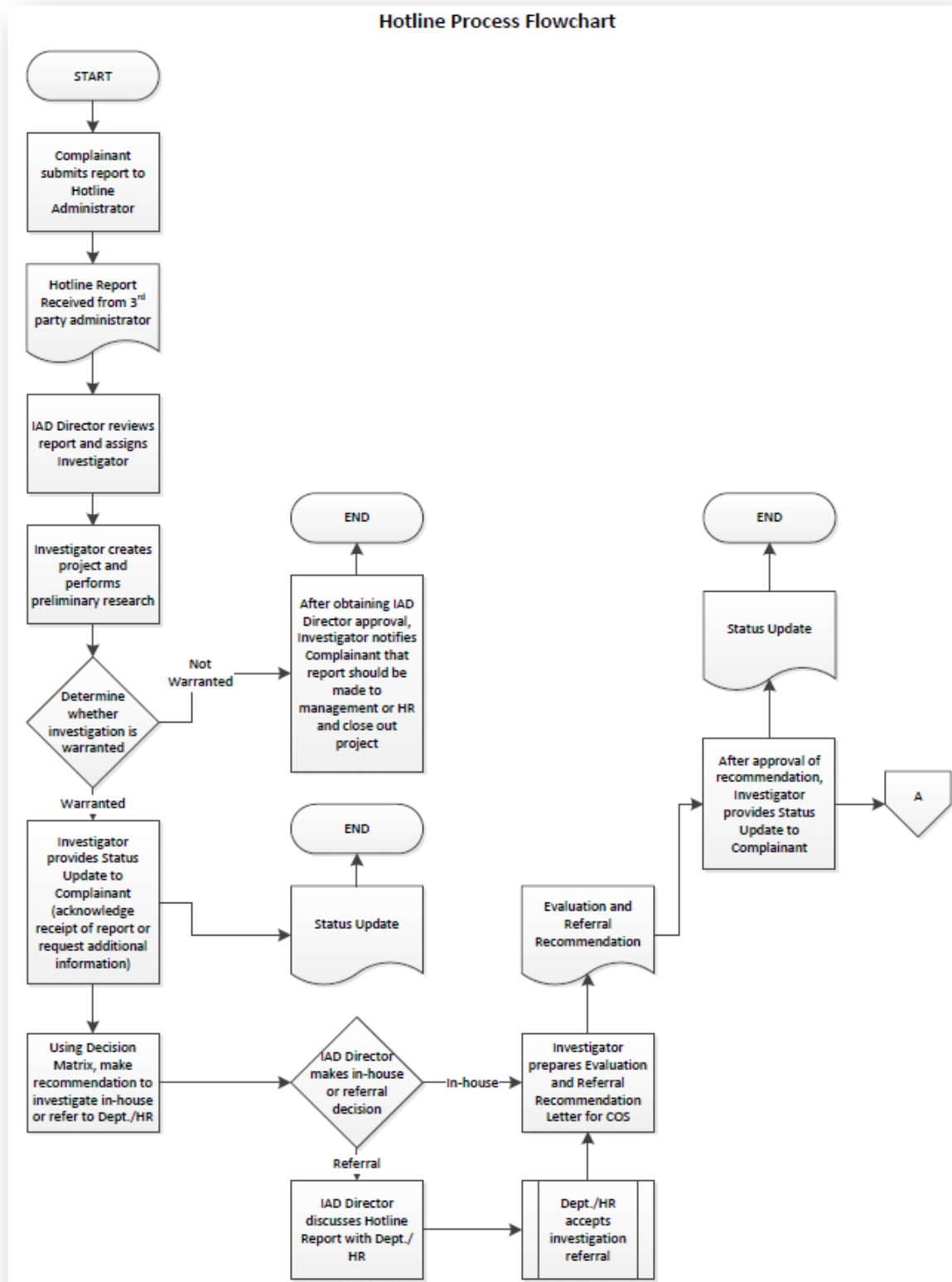
STATEMENT OF RIGHTS

You are hereby ordered to fully cooperate with the investigating official(s). You have the following rights and responsibilities during this investigation:

1. You have the right to be informed of the allegations involved.
2. You will be asked questions specifically directed and narrowly related to the performance of your official duties and/or personal conduct.
3. Statements made during any interviews may be used as evidence of misconduct or as the basis for seeking disciplinary action against you.
4. Any statements made by you during these interviews cannot be used against you in any subsequent criminal proceeding, nor can the fruits of any of your statements be used against you in any subsequent criminal proceeding.
5. If you refuse to answer questions relating to the performance of your official duties and/or personal conduct or provide false or purposefully misleading information, you will be subject to dismissal.

HOTLINE - REFERRAL DECISION MATRIX	
Allegation	**Referral**
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.	Internal Audit, Human Resources, or Department
Conflicts of Interest - A Conflict of Interest exists when the employee has some personal kinship, friendship, or financial interest in the transaction that may divide the employee's interests and put his duty to his employer in jeopardy.	Internal Audit
Customer Relations - The real or perceived display of lack of customer service or courtesy exhibited by employees of a client company either by actions, lack of action, or something which was said by an employee or a combination of both.	Department
Discrimination - Any act or omission which fails to meet the standards of the Equal Opportunity Commission (EEOC) which includes all types of discrimination, to include based race, religion, age, nationality, sex, sexual orientation, or disability.	Human Resources
Disparity	DEI Task Force
Employee Relations - Any acts or omissions, which are perceived to be detrimental to the physical or mental well-being of an employee.	Human Resources
Falsification of Company Records - Any acts or omissions, which alters any company record from its genuine condition to a false condition.	Internal Audit
Fraud - A type of illegal act involving the obtaining of something of value through willful misrepresentation.	Internal Audit
Kickbacks - The solicitation or acceptance of cash, gifts, or favors to perform a function which the employee is required by the job description to perform.	Internal Audit
Policy Issues - Any departure from company policy or facility procedures by any person subject to policy or procedure.	Human Resources
Safety Issues and Sanitation - Any condition which appears to be hazardous or unsanitary to the well-being of an employee, customer, facility, or general public.	Department
Sexual Harassment - Unwelcome advances, request for sexual favors, and other verbal or physical conduct of a sexual nature may constitute sexual harassment.	Human Resources
Substance Abuse - The abuse of alcohol, or any illegal or any legal drug used in the workplace or being used while at work.	Human Resources
Theft of Cash - The taking of money or money instruments from the premises of a client company without authoritative permission. This would include false refunds for which cashiers obtained voids.	Internal Audit, Tampa Police

Theft of Goods/Services - The taking or removal of any merchandise or property from the premises of a client company without authoritative permission and with the intent to permanently deprive the company of the goods.	Internal Audit, Tampa Police
Theft of Time - Any act or omission, which causes an employee to be paid for, time not worked for the benefit of the client company.	Internal Audit, Human Resources
Wage/Hour Issues - Any departure from existing labor laws or concerns over hours or wages.	Human Resources
Waste – involves the taxpayers not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by players with control over or access to government resources (e.g., executive, judicial, or legislative branch employees, grantees or other recipients). Importantly, waste goes beyond fraud and abuse and most waste does not involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.	Internal Audit
Workplace Violence/Threats - Any act which causes physical injury to a person or any acts or statements which cause a person to believe that his / her physical well-being is in jeopardy.	Tampa Police

Hotline Process Flowchart

START

Complainant submits report to Hotline Administrator

Hotline Report Received from 3rd party administrator

IAD Director reviews report and assigns Investigator

Investigator creates project and performs preliminary research

Determine whether investigation is warranted

Not Warranted → After obtaining IAD Director approval, Investigator notifies Complainant that report should be made to management or HR and close out project → **END**

Warranted → Investigator provides Status Update to Complainant (acknowledge receipt of report or request additional information)

Status Update → **END**

Using Decision Matrix, make recommendation to investigate in-house or refer to Dept./HR

IAD Director makes in-house or referral decision

Referral → IAD Director discusses Hotline Report with Dept./HR → Dept./HR accepts investigation referral

In-house → Investigator prepares Evaluation and Referral Recommendation Letter for COS

Evaluation and Referral Recommendation

After approval of recommendation, Investigator provides Status Update to Complainant → **A**

Status Update → **END**

Hotline Process Flowchart Continued

A

In-house or Referral

In-house → Investigator develops Investigation Plan

Referral → Dept./HR conducts investigation and reports results to IAD

IAD Director approves Investigation Plan

Review Dept./HR report and assess work performed and results

Investigator performs investigation

Document investigation and evidence obtained

END

Status Update

END

Prepare Investigation Report

IAD Director reviews and approves work performed and Investigation Report

Investigation report presented to COS

Investigator provides Status update to Complainant

Investigator and IAD Director close out project

NON-AUDIT 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 independent (GAS 3.18).*

Before auditors agree to provide a nonaudit service to an audited entity, they should determine whether providing such a service would create a threat to independence, either by itself or in aggregate with other nonaudit services provided, with respect to any GAGAS engagement they conduct (GAS 3.64).

Procedures: To ensure that other professional services (nonaudit services) provided at the request of the City's administration or department management do not adversely affect our independence for conducting audits, the following checklist is to be completed by the Internal Audit Director for all nonaudit service requests. Refer to GAS Sections 3.64 through 3.106 provides requirements and guidance on evaluating threats to independence related to nonaudit services that auditors provide to audited entities. For self-initiated activities, complete only Step 1, Prohibited Activity/Management Responsibility, and indicate N/A for Steps 2-5.

Project/Project Number:

	Yes	No	N/A
Prohibited Activity/Management Responsibility			
1. Is the non-audit service specifically prohibited by GAS 3.81 or GAS 3.90 through 3.106 or does the non-audit service assume management responsibilities? If yes, decline the request to perform the non-audit service citing independence impairment. If no, proceed to Management Ability Assessment.	☐	☐	☐
Management Ability Assessment			
2. Does management have the ability to effectively oversee the non-audit service to be performed? If no, decline the request to perform the non-audit service. If yes, proceed to Threats to Independence.	☐	☐	☐
Threats to Independence			
3. Does the performance of the non-audit service, create a threat to independence, either by itself or in aggregate with other non-audit services provided, with respect to any GAGAS audit performed? If no, document the work to be performed and the responsibilities of all parties in the Non-Audit Service Level Agreement and proceed with non-audit service. If yes, document threats in AutoAudit (Step Z-01) and proceed to Threat Assessment.	☐	☐	☐
Threat Assessment			
4. Are the identified threat(s) considered significant? If no, document the work to be performed and the responsibilities of all parties in the Non-Audit Service Level Agreement and proceed with non-audit service. If yes, proceed to Safeguard Effectiveness.	☐	☐	☐
Safeguard Effectiveness			
5. Will the application of safeguards eliminate or reduce the threat to an acceptable level? If no, decline the request to perform non-audit service citing independence impairment. If yes, complete the Non-Audit Service Level Agreement and proceed with non-audit service.	☐	☐	☐

Audit Director: /s/ Christine Glover   Date:

ORDINANCE NO. 2021- _83_

AN ORDINANCE OF THE CITY OF TAMPA, FLORIDA; AMENDING CITY OF TAMPA CODE SECTION 2-71, REGARDING INTERNAL AUDITS; PROVIDING FOR THE PROCESS BY WHICH CITY COUNCIL CAN REQUEST ADDITIONAL INTERNAL AUDITS PURSUANT TO CITY CHARTER SECTION 5.01(C); PROVIDING FOR DEFINITIONS, INTERPRETATIONS AND REPEALING CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Tampa adopted Ordinance No. 2016-114, which submitted to the electors of the City of Tampa a proposed amendment to the Revised Charter of the City of Tampa of 1975 related to internal audits; and

WHEREAS, in the November 8, 2016 General Election, the voters of the City of Tampa approved an amendment to Section 5.01(c), of the Revised Charter of the City of Tampa of 1975, which amendment authorized City Council to request the internal auditor to perform additional internal audits with a supermajority vote, as provided for pursuant to ordinance; and

WHEREAS, for the Internal Auditor to properly plan the necessary tasks and schedule the required personnel to perform internal performance audits, an annual work plan must be developed prior to the beginning of each fiscal year; and

WHEREAS, it is therefore necessary and appropriate to adopt an ordinance providing for the process by which City Council, with a supermajority vote, may request the internal auditor to perform additional internal audits.

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL
OF THE CITY OF TAMPA, FLORIDA:

Section 1. That the City of Tampa Code Chapter 2, ADMINISTRATION, Article III, DEPARTMENTS, Division 1, GENERALLY, is hereby amended to add Section 2 - 71, which states as follows:

" Sec. 2-71. – Internal Audits.

(a) _Authority._ Pursuant to City Charter Section 5.01(c), the Internal Auditor shall perform such audits as may be required by the Mayor, and with a supermajority vote, the City Council has the right to request the Internal Auditor to perform additional internal audits.

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(b) *Submission of Annual Internal Audit Work Plan.* Following approval by the Mayor of the proposed Annual Internal Audit Work Plan, and no less than sixty (60) days prior to the beginning of each fiscal year, the Internal Auditor shall submit the proposed Annual Internal Audit Work Plan to City Council for review and determination of whether additional internal audits for the upcoming fiscal year are requested.

(c) *City Council Requests for Additional Internal Audits.* In order for the Internal Auditor to implement their Annual Internal Audit Work Plan in an efficient and timely manner, the City Council shall make their request for any additional internal audit(s) within thirty (30) days of receipt of the proposed Annual Internal Audit Work Plan from the Internal Auditor.

Any City Council request for additional internal audits requires a supermajority vote of City Council, and shall take into consideration the following:

(1) number of internal audits already proposed in the Annual Internal Audit Work Plan and the limitations on the capacity of the staff of the Internal Auditor to perform additional audits; and

(2) the necessity of the audit(s) proposed in the Annual Internal Audit Work Plan as compared to the audits requested by City Council, as determined by the Internal Auditor; and

(3) whether the request for the audit(s) complies with the "Generally Accepted Government Auditing Standards" published by the US Government Accountability Office, as determined by the Internal Auditor;

If, based on the foregoing, the Internal Auditor determines that he/she is unable to perform any additional audit(s) requested by City Council, he/she shall explain the basis for their determination and propose to the City Council alternative timeframes or alternative audit scope.

(d) *Mid-Fiscal Year Internal Audits.* After the beginning of the fiscal year, once the Annual Internal Audit Work Plan has been finalized by the Internal Auditor, Mayor and City Council, the City Council may only request a mid-fiscal year internal audit upon the following conditions:

(1) a supermajority vote of City Council;

(2) a circumstance or situation has arisen involving a breach of the public trust; and

(3) postponing the internal audit to the next fiscal year may cause harm to the public health, safety or welfare.

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If the City Council makes a mid-fiscal year internal audit request, it may be necessary for the Internal Auditor to perform a non-audit service in place of a formal internal audit if timing and staff resources are limited.

Section 2. DEFINITIONS; INTERPRETATIONS; REPEALING CONFLICTS. All words and terms used herein shall be defined as set forth in Code Sections 1-2 and 1-3, unless they are more specifically defined herein. If any provision of this Ordinance conflicts with the provision of any other ordinance of the City of Tampa, the stricter ordinance or provision shall govern, and the conflicting ordinance shall be repealed to the extent of any conflict.

Section 3. SEVERABILITY. Should a court of competent jurisdiction declare any part of this Ordinance invalid, the remaining parts hereof shall be severed and remain in effect and shall not be affected by such determination as to the invalid part.

Section 4. EFFECTIVE DATE. This Ordinance shall become effective immediately upon becoming a law.

PASSED AND ORDAINED BY THE CITY COUNCIL OF THE CITY OF TAMPA, FLORIDA,

ON ___JUL 1 5 2021___.

_____
CHAIRMAN/CHAIRMAN PRO-TEM
CITY COUNCIL

ATTEST:

_____
CITY CLERK/DEPUTY CITY CLERK

APPROVED BY ME ON 7/20/21 _____

_____
Jane Castor, MAYOR

PREPARED AND APPROVED
AS TO LEGAL SUFFICIENCY BY:

/es/ Gina Grimes, City Attorney

Legal Share (K)\GKG\ INTERNAL AUDIT ORDINANCE V4

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CITY OF TAMPA
INTERNAL AUDIT DEPARTMENT
AUDITOR ASSIGNMENT & INDEPENDENCE STATEMENT

COMPETENCY GENERAL STANDARD: *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:
Auditors Assigned:

The auditor(s) assigned to this audit collectively possess adequate professional proficiency as required by generally accepted government auditing standards (GAS 8.31 and GAS 4.02 - 4.11).

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 independent.*
Procedures: *To document that audit organization and auditors assigned to the engagement are Independent in Mind and Independent in Appearance, the following statement is to be signed by the Auditor and Audit Director at the time of the audit assignment.*

The independence general standard holds the auditor and the audit organization responsible for maintaining independence and ensuring the performance of an audit without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism (independence in mind). It also requires the absence of circumstances that would cause a reasonable and informed third party, having knowledge of the relevant information, to reasonably conclude that the integrity, objectivity, or professional skepticism of an audit organization or member of the audit team had been compromised (independence in appearance).
The assigned Auditor(s) and the Audit Director of this engagement are independent in mind and appearance as prescribed by generally accepted government auditing standards (GAS 3.17).

The following categories of threats to independence were considered, both individually and in the aggregate, in making the independence assessment (GAS 3.30)
- Self-interest – the threat that a financial or other interest will inappropriately influence an auditor's judgment or behavior;
- Self-review – the threat that an auditor or audit organization that has provided nonaudit services will not appropriately evaluate the results of previous judgments made or services performed as part of the nonaudit services when forming a judgment significant to an audit;
- Bias – the threat that an auditor will, as a result of political, ideological, social, or other convictions, take a position that is not objective;
- Familiarity – the threat that aspects of a relationship with management or personnel of an audited entity, such as a close or long relationship, or that of an immediate or close family member, will lead an auditor to take a position that is not objective;
- Undue influence – the threat that external influences or pressures will impact an auditor's ability to make independent and objective judgments;
- Management participation – the threat that results from an auditor's taking on the role of management or otherwise performing management functions on behalf of the entity undergoing an audit; and
- Structural – the threat that an audit organization's placement within a government entity, in combination with the structure of the government entity being audited, will impact the audit organization's ability to perform work and report results objectively.

Auditor: Date:
Audit Director: 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 planning stage of the audit. Refer to Sections 6.01 through 6.52 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 8.03-8.04).	☐	☐	☐
2. The audit's objectives, as well as the scope and methodology to achieve those objectives were defined (GAS 8.05).	☐	☐	☐
3. Methodology was designed to provide sufficient, appropriate evidence to achieve the objectives of the audit (GAS 8.06).	☐	☐	☐
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 8.05).	☐	☐	☐
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 8.36).	☐	☐	☐
6. Obtained an understanding of internal control as it relates to the specific objectives and scope of the audit (GAS 8.40).	☐	☐	☐
7. Obtained an understanding of information systems controls for purposes of assessing risk and planning the audit within the context of audit objectives (GAS 8.61-8.67).	☐	☐	☐
8. Designed methodology and procedures to detect significant violations of legal and regulatory requirements, contract provisions, or grant agreements (GAS 8.68 – 8.70).	☐	☐	☐
9. Assess risks of fraud occurring that is significant within the context of the audit objectives (GAS 8.71 – 8.76).	☐	☐	☐
10. Considered the results of previous audits and attestation engagements that could affect the current audit objectives (GAS 8.30).	☐	☐	☐
11. Identified and used suitable criteria based on the audit objectives. (GAS 8.07).	☐	☐	☐
12. Identified potential sources of data that could be used as audit evidence (GAS 8.77- 8.79).	☐	☐	☐

13. Considered whether the work of other auditors and experts may be used to   ☐   ☐ ☐
satisfy some of the auditor's objectives (GAS 8.80 – 8.83).

14. Provided appropriate and sufficient staff and other resources to perform the   ☐   ☐ ☐
audit (GAS 8.31 and 8.32).

15. 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 8.20 - 8.24).

16. Prepared an audit plan (GAS 8.33 – 8.35).   ☐   ☐ ☐

_____   _____

Audit Director   Date

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

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 of fieldwork and preparation of the draft audit report. Issues raised as a result of this review shall be discussed and resolved with the auditor.*

Report Title/Number:

Requirement	Yes	No	N/A

GENERAL STANDARDS

Independence (GAS 3.18)
1. Did the auditor demonstrate independence? ☐ ☐ ☐

Professional Judgment (GAS 3.109)
2. Did the auditor exhibit professional judgment (reasonable care and professional skepticism) during the audit? ☐ ☐ ☐

Competence (GAS 4.02)
3. Do working papers demonstrate that staff has adequate technical knowledge and skills? ☐ ☐ ☐

Quality Control and Assurance (GAS 5.02)
4. Does office have appropriate internal quality control system? ☐ ☐ ☐

FIELD WORK STANDARDS

Planning (GAS 8.03)
5. Was work planned adequately? ☐ ☐ ☐

Supervision (GAS 8.87)
6. Was supervision of staff documented in working papers? ☐ ☐ ☐

Evidence (GAS 8.90)
7. Was sufficient, appropriate evidence obtained and do working papers contain objectives, scope and methodology? ☐ ☐ ☐

Audit Documentation (GAS 8.132)
8. Was the audit documentation sufficient to support the auditor's judgments and conclusions? ☐ ☐ ☐

	Yes	**NoN/A**

REPORTING STANDARDS

Written Report (GAS 9.06)

9. Was a written audit report prepared?　　　　　　　　　　☐　　☐ ☐

Report Contents (GAS 9.06 through 9.67)

10. Did the report include the following?

    a) Audit objectives and the audit scope and methodology?　　☐　　☐ ☐

    b) Audit results including any significant audit findings, conclusions and recommendations?　　☐　　☐ ☐

    c) Statement that the audit was made according to generally accepted government auditing standards?　　☐　　☐ ☐

    d) The scope of work on internal control and any significant deficiencies found during the audit?　　☐　　☐ ☐

    e) If applicable, the nature of any confidential information omitted?　　☐　　☐ ☐

    f) Any evidence of fraud, illegal acts, violations of provisions of contracts or grant agreements and abuse　　☐　　☐ ☐

    g) Where acts of fraud, illegal acts, violations of provisions of contracts or grant agreements or abuse reported to specified external parties?　　☐　　☐ ☐

I have reviewed the working papers and the draft audit report. Based on my review of the workpapers, the evidence obtained is sufficient and appropriate to provide a reasonable basis for the findings and conclusions, within the context of the audit objectives. All supervisory review notes have been cleared and the draft report is ready for transmittal to the auditee for response.

_____　　　_____

Audit Director　　　　　　　　　　　　　　　　　　　　Date

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

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 after the release of the final audit report. Issues raised as a result of this review shall be discussed and resolved with the auditor.*

Report Title/Number:

Requirement	Yes	NoN/A
Report Contents (GAGAS 9.10 - 9.13)		
1. Did the report contain the views of responsible officials concerning auditor's findings, conclusions, and recommendations, as well as planned corrective actions?	☐	☐ ☐
Report Distribution (GAGAS 9.56 - 9.57)		
2. Was the report submitted to appropriate officials and made available to the public?	☐	☐ ☐

_____   _____

Audit Director   Date

I.A REVIEW OF AUDIT ENGAGEMENT DOCUMENTATION
Form 9: Review of Audit Engagement
Revision Date: 2/20/19

	Yes	No	N/A	Reviewer Comments
ETHICS, INDEPENDENCE, AND PROFESSIONAL JUDGMENT				
1. The audit organization and individual auditors must be independent and avoid situations that could lead reasonable and informed third parties to conclude that the auditors/organization are not independent. (3.18, 3.19). Quality Control System procedures should include using professional judgment to apply the Conceptual Framework for Independence (3.27-3.29) to:				
a) Verify auditors were independent during the period covered by the subject matter and period of the engagement. (3.20)				
b) Identify threats to independence (self-interest, self-review, bias, familiarity, undue influence, management participation) and evaluate their significance. (3.30)				
c) Identify structural threats to independence and evaluate their significance. (3.30)				
d) Determine whether identified threats to independence have been eliminated or are at an acceptable level and apply safeguards as necessary. (3.31-3.32, 3.49, 3.59)				
e) Document threats to independence that require safeguards and safeguards applied. (3.33, 3.107.a and b)				

	Yes	No	N/A	Reviewer Comments
f) Decline or terminate the engagement if threats cannot be eliminated or reduced to an acceptable level. (3.59-3.60)				
g) Evaluate the impacts of threats identified after report issuance and take appropriate steps. (3.34)				
2. [Quality Control System Review Only]			X	
3. [Quality Control System Review Only]			X	
4. Evaluate the impact on independence of any previously performed nonaudit services before accepting prospective engagements. (3.83)				
5. When performance of a required nonaudit service impairs independence with respect to a required engagement, disclose the nature of threats that could not be eliminated or reduced to an acceptable level and modify the GAS compliance statement accordingly. (3.84)				
6. Use professional judgment (includes exercising reasonable care and professional skepticism) in planning and conducting engagements and in reporting the results. (3.109)				
COMPETENCE AND CONTINUING PROFESSIONAL EDUCATION				
7. Auditors assigned to conduct an engagement collectively possess the necessary technical knowledge, skills, and abilities prior to beginning the engagement. (4.02)				

	Yes	No	N/A	Reviewer Comments
8. Auditors assigned have the skills needed for their assigned roles prior to beginning the engagement. (4.03)				
9. [Quality Control System Review Only]			X	
10. External/internal specialists assisting with or performing GAS engagements are qualified and competent. (4.12)				
11. [Quality Control System Review Only]			X	
12. [Quality Control System Review Only]			X	
QUALITY CONTROL AND PEER REVIEW				
13. [Quality Control System Review Only]			X	
14. [Quality Control System Review Only]			X	
15. [Quality Control System Review Only]			X	
16. If objectives change during an engagement, document the revised objectives and reasons for the changes. (5.23)				
17. [Quality Control System Review Only]			X	
18. Assign and communicate responsibility for each engagement to an engagement partner or director. Define responsibilities of the assigned engagement partner/director and communicate that person's identity to management and those charged with governance. (5.37)				
19. [Quality Control System Review Only]			X	
20. [Quality Control System Review Only]			X	
21. [Quality Control System Review Only]			X	

	Yes	No	N/A	Reviewer Comments
22. When requested, provide peer review reports to party contracting for GAS engagement. When using another audit organization's work, request a copy of its most recent peer review report. (5.79-5.80)				
REPORTS				
43. Submit reports to appropriate officials and make available to public, if applicable. Document any limitation on report distribution. (6.70, 7.69, 7.77, 7.85, 7.93)				
44. Plan and document work necessary to address audit objectives and reduce audit risk to an acceptably low level. (8.03-8.04)				
45. Assess audit risk and significance within the context of the audit objectives and apply assessment to establish scope and methodology. (8.05)				
46. Design methodology to obtain sufficient, appropriate evidence that provides a reasonable basis for findings and conclusions based on the audit objectives. (8.06)				
47. Identify and use suitable criteria based on the audit objectives. (8.07)				
48. Communicate the objectives, scope, methodology, timing and planned reporting of the audit to the appropriate parties. Document communications. If the identity of the appropriate parties is not clear, document the process used to make the identification. (8.20-8.22)				
49. Identify and evaluate the effect of in-process legal proceedings or investigations. (8.27)				
50.				

	Yes	No	N/A	Reviewer Comments
51. Evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from prior engagement that are significant within the context of the audit objectives. (8.30)				
52. Assign a sufficient number of appropriately skilled staff. (8.31)				
53. Document nature and scope of work performed by specialists. (8.32)				
54. Prepare and update a written audit plan. (8.33)				
CONDUCTING THE ENGAGEMENT				
55. Obtain an understanding of the nature and profile of the program and the potential use of the audit results. (8.36)				
56. Determine and document whether internal controls (including information systems controls) are significant to the audit objectives. For identified controls: a) gain an understanding of the controls; b) assess design, implementation and/or operating effectiveness of the controls; and c) evaluate and document the significance of identified deficiencies. (8.39-8.40, 8.49, 8.54, 8.59-8.61)				
57. When evaluating information systems controls is an audit objective, test controls to the extent necessary to address the audit objective. (8.62)				

	Yes	No	N/A	Reviewer Comments
58. For provisions of laws, regulations, contracts, or grants that are significant within the context of the audit objectives: a) assess the risk of noncompliance; and b) design and perform procedures to detect non-compliance. (8.68)				
59. Gather and assess information to identify the risk of fraud related to the audit objectives. If fraud may have occurred, extend audit steps and procedures to determine whether fraud has likely occurred and the effect on the audit findings. (8.71-8.72)				
60. 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. (8.77-8.78)				
61. Determine whether other auditors have conducted or are conducting audits that are relevant to the audit objectives. If the work of other auditors is used, obtain evidence of the other auditors' qualifications and independence and perform procedures to determine whether the work can be relied upon. (8.80-8.81)				
62. Assess independence for any specialists used. (8.82)				
SUPERVISION				
63. Properly supervise audit staff. (8.87)				
EVIDENCE				

	Yes	No	N/A	Reviewer Comments
64. Obtain sufficient, appropriate evidence to provide reasonable basis for findings and conclusions. (8.90-8.92)				
65. Evaluate testimonial evidence and information provided by officials when used as evidence. (8.93-8.94)				
66. Document assessment that evidence taken as a whole is sufficient and appropriate to support findings and conclusions. (8.108)				
67. If evidence is not sufficient or appropriate, do not use it as support for findings and conclusions or perform additional procedures, as appropriate. (8.109-8.110)				
68. Plan and perform procedures to develop the criteria, condition, cause, and effect of the findings to the extent they are relevant and necessary to achieve the audit objectives. Consider internal control deficiencies when determining cause. (8.116-8.117)				
DOCUMENTATION				
69. Prepare and maintain sufficient audit documentation related to planning, conducting, and reporting on the audit to support findings, conclusions, and recommendations before issuing the report. (8.132-8.134)				
70. Document the objectives, scope, and methodology of the audit; the work performed and evidence obtained to support significant conclusions; and supervisory review, before the audit report is issued, of the evidence. (8.135)				

	Yes	No	N/A	Reviewer Comments
71. Document departures from GAS requirements and the impact on the audit and auditors' conclusions. (8.136)				
72. Make appropriate individuals and audit documentation available to other auditors or reviewers upon request, subject to applicable laws and regulations. (8.140)				
REPORTING				
73. Use the language in GAS 9.03 to cite compliance with GAS in report when all applicable requirements are followed. Include statement regarding internal auditor independence when applicable. Modify statement or disclose when GAS not followed. (9.03-9.05)				
74. Issue audit report in a form that is appropriate for its intended use. (9.06-9.07)				
75. Audit reports should contain the objectives, scope, and methodology; audit results; views of responsible officials; and the nature of any omitted information. (9.10-9.13)				
76. In reporting methodology, describe techniques in sufficient detail so users can understand how the audit objectives were addressed. When sampling significantly supports findings, conclusions, or recommendations, include sample design, the reason it was chosen, and whether results can be projected to the population. (9.14)				
77. Report conclusions based on objectives and findings. (9.19)				

	Yes	No	N/A	Reviewer Comments
78. Include audit results and related conclusions. Present sufficient, appropriate evidence to support the findings and conclusions in relation to audit objectives. Describe any evidence limitations. (9.18, 9.20-9.22)				
79. Recommend actions to correct identified problems and to improve programs and operations. (9.23)				
80. Report scope of work on internal controls and any significant deficiencies found when internal control is significant to the context of the audit objectives. If all internal control components are not significant to the audit, include the significant components and related principles in the scope. Communicate in writing deficiencies that are less than significant but warrant the attention of governance. Refer to separate written communication to officials in audit report. (9.29-9.31)				
81. Report fraud and noncompliance with laws, regulations, grants, or contracts significant to the audit objectives. Communicate in writing fraud or noncompliance that is less than significant but warrants the attention of governance. (9.35-9.36, 9.40-9.41)				

	Yes	No	N/A	Reviewer Comments
82. Document management's reporting on known or likely fraud, illegal acts, or non-compliance. If management fails to report as required, report to governance and to specified external parties, as appropriate. If management fails to take timely and appropriate steps to respond, report to governance and specified external parties, as appropriate. (9.45-9.47)				
83. Obtain and report comments from responsible officials. If comments are inconsistent or in conflict, evaluate validity of comments and revise report accordingly. If auditors disagree with comments, report reasons for disagreement. If response not provided, disclose in report. (9.50-9.53)				
84. Distribute report to those charged with governance, appropriate officials, and appropriate oversight bodies. Make report available to the public and document any limitation on report distribution. (9.56-9.59)				
85. If information is prohibited from public disclosure or excluded from the report due to its confidential or sensitive nature: a) disclose that certain information has been omitted; b) describe the circumstances that make the omission necessary; and c) evaluate whether the omission could distort the audit results and revise the report as necessary. If subject to public records law, determine means to communicate omitted information to management and those charged with governance. (9.61-9.63)				

	Yes	No	N/A	Reviewer Comments
86. If, after the report is issued, auditors discover they did not have sufficient, appropriate evidence, follow appropriate procedures. (9.68)				

Date: [Date]

To: [Audit area director]

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

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: [name], Chief of Staff
        [name], Chief Financial Officer
        [other directors]
        [lower level managers]

[Date]

To: [All Applicable Department Management]

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

Re:

Attached is the draft copy of the above referenced report. This draft report is preliminary in nature and not subject to Florida Public Records Law. F.S. 119.0713 (2) states "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." An audit becomes final when the Mayor is presented the report and determines that no additional audit work is necessary.

We received your written responses to our recommendations and would like to provide you with one final opportunity for revision. If you would like to revise your responses, please provide them by [enter date – five (5) working days from date of memo].

Since your department reports to ["a City Administrator" or "the Chief of Staff"], any revision to your responses must be forwarded through [Administrator's Name or Chief of Staff's Name]. [Delete if direct report to Mayor].

If you would like to discuss the content of the draft report before it is presented to the Mayor, please notify us by [insert same date as in above paragraph] to schedule an exit conference.

If you have any questions, please contact me at 274-7159 or [enter auditor's name] at [enter auditor's phone number].

cc: , Administrator of . . .

Attachment

PLANNING TEMPLATE

#	Audit Step Title	Audit Program Step Description
P01	Project Set-up / Planning Checklist	Enter all known information on the Planning Document. Include project milestones (dates may be updated during the audit), assigned personnel, background information, etc. As planning progresses, document completion of each planning step on the Planning Checklist.
P02	Assignment/Independence	Complete and sign the Auditor Assignment and Independence Statement. Obtain Director's signature. Scan and attach the signed document to the Workpaper. Create a Supporting Files link on the Details Document to the scanned document file.
P03	Engagement Letter	Prepare an engagement letter (available in library templates) for Director's approval and signature. Email signed letter to applicable personnel in the area under review. Scan and attach the signed document to the Workpaper. Create a Supporting Files link on the Details Document to the scanned document file.
P04	In-House Review	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. Document the sources, purpose and conclusions on the Details Document. Create Supporting File links on the Details Document to any scanned document files in the Workpaper.
P05	Entrance Conference	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. Include the meeting minutes as the Details Document and the meeting agenda as a supporting file within the Workpaper.
P06	Planning Lead Sheet	Detail all work performed throughout planning in the Planning Lead. Identify and document major internal control systems and weaknesses in the form of preliminary surveys, narratives, flowcharts, internal control evaluations, various questionnaires, documentation copies, and other key items. Prepare a Planning Lead Sheet detailing all work performed. At a minimum, document: a) Interviews conducted b) Descriptions of activities and processes c) Consideration of abuse/fraud (i.e. Fraud Questionnaire) d) Internal controls review e) Transaction walk-throughs performed f) CAFR management letter and notes to financial statements review g) EPM assessment Include supporting documentation in the Files tab of the Workpaper with a link to these files from the Details Document (Planning Lead Sheet).
P07	Data Reliability	Assess the reliability of computer-processed data using the Data Reliability Checklist. Document results on the Details Document of the Workpaper. Include supporting documentation (if applicable) in the Files tab of the Workpaper with a link to these files from the Details Document (Data Reliability). (Step P-06).

Continued

P08	Risk Analysis	Complete a risk analysis. Provide process documentation (i.e. risk analysis, audit program, flowcharts, etc.) to two auditors for review. Hold a brainstorming session to discuss risk analysis and revise risk analysis as necessary. Reference the risk analysis to the audit objectives.
P09	Develop Fieldwork Audit Programs	Based on the risk analysis, develop audit objectives and a fieldwork audit program as needed. Develop program steps to ensure sufficient, appropriate evidence is obtained to conclude on objectives. Ensure that you do not have any files "Checked-out" in AutoAudit. Send Audit Program to Director for "preliminary approval" at completion of planning stage. Director "preliminary approval" indicates acceptance of fieldwork steps. Steps should not be revised without proper authorization. (Audit Program should be sent to Director again for "final approval" after all fieldwork steps have been completed/checked off.)
P10	Quality Control - Planning	Complete the Planning Checklist for Performance Audits in the QA section of the audit. Ensure that you do not have any files "Checked-out" in AutoAudit. Clear all planning review notes. Send all planning Workpapers in AutoAudit (including the QA) for Director's approval and notify Director that planning is ready for review.

FIELDWORK TEMPLATE (Audit Step Titles must be unique.)

The Fieldwork template is included in step P09. The template has defaults for the stated objectives and the background. Each objective is developed with fieldwork tests.

REPORTING

#	Audit Step Title	Audit Program Step Description
R01	Draft Audit Report	Pull all Issues and Action Plans into the draft report. Draft the report body and edit issues as necessary. (Changes to Issues and Action Plans can be "pushed" back to the Issue & Action Plan WPs if necessary.) Copy and paste body of report (from introduction through audit findings) into the MS Word template and edit as necessary. Attach the Word .doc draft to the audit step.
R02	Quality Control	Ensure all Programs, Workpapers, and Issues are "Ready for Review." Confirm that you do not have any files "Checked-out" in AutoAudit. Notify Director that Fieldwork is ready for review. Complete the Quality Control Checklist for Performance Audits – Fieldwork in the QA section and send for Director's approval.
R03	Technical Review	Request a Technical Review (see P&P Section B4.4). The Technical Reviewer should sign, scan and attach an Independence Statement to this step under the Files tab. Clear any technical review notes. Support of review will be included in the Details Document of this step by the Technical Reviewer. Present any suggested modifications to Director for approval.
R04	Response Request	Ensure all Fieldwork Programs, Workpapers, Issues, and Comments (review notes) have been "Final Approved" by Director. Prepare Request for Final Review memo. Once signed by the Director, email **(RESTRICTED)** request letter and draft report in .pdf format to applicable personnel. Attach a scanned copy in the Files tab of the step and create a link to it from the Details Document.
R05	Audit Responses/ Exit Conference	Based on responses to the Request for Final Review, update report, prepare final report, or schedule an Exit Conference if requested.
R06	Satisfaction Survey	Deliver or email the Auditee Satisfaction Survey to the Department Director and any applicable Managers.
R07	Mayor's Release & Staff Summary	Prepare Mayor's Release Memo and Staff Summary Sheet. Send to Director for approval. Upon approval by the Director, deliver one report to Chief of Staff's Executive Aide.
R08	Report Distribution	Upon receiving Mayor's release, distribute report to City Council and the cc: list. Scan Staff Summary Sheet, Mayor's Release Memo, and Final Report and attach to Files tab in AutoAudit.
R09	Duplication/Agenda Plus/Web Site	Prepare final report for distribution, Agenda Plus (/s/ on signature pages and reorder pages 1 and 2), and web site publication. Notify applicable staff to submit report through SIRE Agenda Plus and website staff to publish report on website. Update PAR spreadsheet on K: drive Note: The PAR spreadsheet must be updated to indicate whether or not follow-up is necessary.
R10	QCS Assurance Review and Verify Project Status	Request a QCS Assurance Review from the Technical Reviewer (see P&P Section B4.4). Once the reviewer has completed the attached form and signed off this step, print a hardcopy and sign for QCS folder. Ensure all Workpapers, Issues, and Action Plans are approved, and all Comments cleared.
R11	Quality Control - Reporting	Complete the Reporting Quality Control Checklist (from the checklist template library) in the QA section. Ensure that you do not have any files "Checked-out" in AutoAudit and change status for Director's review. Notify Director that the audit is ready to be closed.

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

The following is a sample of a Risk Analysis Worksheet listing the process/requirement, risks (exposures), and internal controls to offset the risks and risk assessments.

Process/Requirement (1)	Risk (2)	Mitigating Control (3)	Residual Risk (4)	Residual Risk Assessment (5)	Additional Controls (6)	Audit Program Test Step (7)
Costs over a designated amount must be properly approved.	Costs exceed purchase order amounts.	Monitoring by purchasing and control in the purchasing application.	None	Low	None	N/A
All vendors are required to be included in the competitive bid process.	Competitive bid process does not include all potential vendors causing the City to pay excessive costs.	Vendor master files maintained with all available vendors.	None	Low	None	Objective 2
After the purchasing departments issues an RFP, a committee is established to determine which vendor should be selected.	The bidder selected by the committee is not based on both cost and services provided.	Reviews by department, purchasing, legal, council and administration	None	Medium	None	Objective 2, Step 3
Contracts over a specified amount are required to go through the competitive bid process.	Improper use of single source and emergency procedures to bypass competitive process.	Review by purchasing, legal, council and administration.	None	High	None	Objective 1

1. **Process/Requirement** – List the process, briefly describing what is trying to be accomplished.
2. **Risk** – Briefly describe the risks associated with the process (what can go wrong).
3. **Mitigating Controls** – List the controls that exist to address the risks.
4. **Residual Risks** – List the risks that remain provided established controls are working as designed.
5. **Residual Risk Assessment** - Assess the level of residual risk (High, Medium or Low0
6. **Additional Controls** – What additional controls would you like to see? (Audit Inquiry if the system of controls does not adequately mitigate risks associated with the process.)
7. **Audit Program Test Step** – Reference to appropriate audit program objective and step to test controls to determine if working as designed or establish magnitude of residual risk.

Note: While every audit is unique, theoretically, high risk items *will be* tested during fieldwork, medium risk items *should be* tested and low risk items *will not be* tested. There are absolutely exceptions to this rule. For example, the residual risk is low, but the process is critical or significant. In this case, while the established internal control system is adequate, we may want to test to ensure it is working.

NOTE: The Record of Audit Finding is now a component of AutoAudit.

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
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: [name], Chief of Staff
        [name], Chief Financial Officer
        [name], Assistant City Attorney
        [list applicable auditee personnel]

[Date]

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

RE: Post Audit Review of [audit title, audit #]

Dear Mayor [Mayor's Name]:

We have completed our post audit review (review) of the [audit title]. The objective of our review was to ascertain that management's actions adequately addressed the audit recommendations.

This 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 audit contained [enter #] recommendations that addressed the audit's findings. Based on this review, we conclude that recommendation(s) [enter #s] were implemented, [enter #s] were partially implemented and [enter #s] were not implemented.

[IF ALL RECOMMENDATIONS IMPLEMENTED:] 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.

[IF NOT ALL RECOMMENDATIONS IMPLEMENTED:]
The following recommendation(s) were not fully implemented by Management:
Recommendation # re-state recommendation.

Explain what actions were taken by Management (if any) / what will be done to comply

Next review: timeline to comply

We thank the personnel in [auditee dept/div] for their assistance in conducting this review. We will follow-up on any recommendations that were not fully implemented as stated by the next review date and report our conclusion(s) to you at that time.
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**

AUDIT NAME, AUDIT NUMBER				
DATA RELIABILITY ASSESSMENT				
DATE				
	YES	NO	N/A	W/P
A. PRELIMINARY STEPS				
1. What is the name of the System(s) or Application (s) that you are performing the assessment?				
2. Has the data been previously assessed and deemed reliable?				
3. If the data has been previously assessed, document the date, audit name and number.				
4. If you answered yes to question 2, can this assessment still be considered reliable? (Note that if there have been any major changes/updates to the computer system(s) that support the data, the previous assessment should not be considered reliable.)				
Note: If you answered "YES" to both of the above questions, do not continue to the next step. The computer generated data is sufficiently reliable. If you answered "NO" to either of these questions, continue to the next step.				
B. REVIEW EXISTING INFORMATION				
Interview the owner for the system of record and obtain: (1) any reports from previous audits or reviews on the data or system of record and/or (2) any independent evaluations performed. If these records do not exist or are not available skip section B and go directly to section C.				
5. 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)?				
6. 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, do not continue to the next step. The computer generated data is sufficiently reliable.				
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.				
7. Are data missing in key fields?				
8. Are there any obvious calculation errors?				
9. Are the data outside of valid time frames?				
10. Are the data outside of a designated range?				
11. Is there any obvious duplication of records?				
12. Are there alphabetic characters in numeric fields (and vice versa)?				
13. Are there negative amounts in positive-only fields (and vice versa)?				
14. Are there any illogical relationships of one data element to another?				
15. Are the data inconsistent 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, do not continue to the next step. The computer generated data is sufficiently reliable.

	YES	NO	N/A	W/P
D. CONDUCT DETAILED TESTING				
16. Are the data in question significant to the audit?				
17. Do the data in question have a high level of impact?				
18. 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 10 transactions should be tested. If you answered "NO" to all of these questions, do not continue to the next step. The computer generated data is sufficiently reliable				
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.				
19. 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, do not continue to the next step. The computer generated data is sufficiently reliable				
20. 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.				
21. 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				
22. 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.				

The Internal Audit training tracking spreadsheet is located at the following path:
K:\Administrative Files\Training. See below for a sample of this spreadsheet.

Gary S. Chapman, CGAP, CFE
Continuing Professional Education

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.

COURSE NAME	SOURCE	LOCATION	DATE	CPE HOURS	GOV'T
FY2011					
Improving Operational Performance: Fraud . . .	IIA Webinar	Tampa, Florida	11/16/10	1.0	
Effective Framework for Continuous Audits	IIA Webinar	Tampa, Florida	12/14/10	1.0	
Practical Ethics	ACFE (online course)	Tampa, Florida	01/20/11	2.0	
Five Court Cases Every Internal Auditor . . .	IIA Webinar	Tampa, Florida	01/25/11	1.0	
10 Imperatives For Change	IIA Webinar	Tampa, Florida	03/15/11	1.5	
12th Annual Fraud & Computer Crimes	ACFE Tampa Bay Chapter	Tampa, Florida	05/12/11	12.0	
2011 ALGA Annual Conference	ALGA	Charlotte, NC	05/16/11	15.0	15.0
Identify Opportunities for Performance Audits	ALGA	Charlotte, NC	05/18/11	4.0	4.0
Linguistic Lie Detection	IIA Webinar	Tampa, Florida	09/29/11	1.0	
				38.5	19.0
FY2012					
The New Yellow Book	ALGA Webinar	Tampa, Florida	02/08/12	2.0	2.0
2012 ALGA Annual Conference	ALGA	Tempe, Arizona	05/08/12	15.0	15.0
Internal Investigations	Pinellas County	Clearwater, Florida	05/31/12	24.0	24.0
Security and Awareness Training	Criminal Justice Information Sys	Tampa, Florida	07/02/12	2.0	2.0
				43.0	43.0
FY2013					
Oracle Training	Sunera Business Consultants	Tampa, Florida	11/28/12	12.0	12.0
Investigation Interview Preparation	iSight	Tampa, Florida	01/15/13	1.0	
Government Accounting Conference	Assoc. of Government Accountants	Tallahassee, FL	02/07/13	14.5	9.5
Building Rapport	iSight	Tampa, Florida	02/19/13	1.0	
Detecting Deception and Understanding Motives	iSight	Tampa, Florida	03/12/13	1.0	
Ethical Theory for Fraud Examiners	ACFE (online course)	Tampa, Florida	04/05/13	2.0	
2013 ALGA Annual Conference	ALGA	Nashville, TN	05/09/13	15.0	7.0
Ethics and Privacy Issues	ACFE Tampa Bay Chapter	Tampa, Florida	05/09/13	1.5	
Webinar - Phone Interviews	iSight	Tampa, Florida	05/14/13	1.0	
Manage Ethics Risk	iSight	Tampa, Florida	06/20/13	1.0	
				50.0	28.5
GOVERNMENT AUDITING STANDARDS				CPE HOURS	GOV'T
Fiscal Year 2010				53.0	17.0
Fiscal Year 2011				38.5	19.0
2-Year Period Ending 09/30/11				91.5	36.0
Fiscal Year 2012				43.0	43.0
Fiscal Year 2013				50.0	28.5
2-Year Period Ending 09/30/13				93.0	71.5

CITY OF TAMPA
INTERNAL AUDIT DEPARTMENT
AUDIT INQUIRY

To: Address to individual you expect to respond	**Division:** Responders division
From: Auditor	**Subject:** Descriptive (likely report header)
Date: Issue Date	**Respond By:** 1 week suspense

<u>**Statement of Condition:**</u> The condition that exists. The factual evidence that the internal auditor found, determined, and documented during the course of the audit. **(What is the problem?)**

<u>**Criteria:**</u> The laws, regulations, contracts, grant agreements, standards, measures, expected performance defined business practices, and benchmarks against which performance is compared or evaluated. Criteria identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding the findings. **(What policy or best practice can be adopted?)**

<u>**Cause:**</u> The cause identifies the reason or explanation for the condition or the factor or factors responsible for the difference between the situation that exists (**condition**) and the required or desired state (**criteria**), which may also serve as a basis for recommendation for corrective actions. **(What led to the problem?)**

Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or factors beyond the control of program management. Auditors may assess whether the evidence provides a reasonable and convincing argument for why the stated cause is the <u>key</u> factor or factors contributing to the difference.

<u>**Effect of Condition:**</u> The effect or potential effect: The effect is a clear logical link to establish the impact or potential impact of the difference between the situation that exists (**condition**) and the required or desired state (**criteria**). The effect or potential effect identifies the outcomes or consequences of the condition. When the audit objectives include identifying the actual or potential consequences of a condition that varies (either positively or negatively) from the criteria identified in the audit, "effect" is a measure of those consequences. Effect or potential effect may be used to demonstrate the need for corrective action in response to identified problems or relevant risks. **(What is the risk?)**

May include the risk or exposure the organization and/or others encounter because the condition is not consistent with the criteria. In determining the degree of risk or exposure, internal auditors should consider the effect their engagement observations and recommendations may have on the organization's operations and financial statements.

Recommendation: Based on the internal auditor's observations and conclusions. Call for action to correct existing conditions or improve operations. May suggest approaches to correcting or enhancing performance as a guide for management in achieving desired results. Recommendations may be general or specific. For example, under some circumstances it may be desirable to recommend a general course of action and specific suggestions for implementation. In other circumstances, it may be appropriate only to suggest further investigation or study. **(What should be done?)**

Management Response: To be completed by management and evaluated by the internal auditor. As part of the internal auditor's discussions with the engagement client, the internal auditor should try to obtain agreement on the results of the engagement and on a plan of action to improve operations, as needed. If the internal auditor and the engagement client disagree the engagement report may state both positions and the reasons for the disagreement. This may involve the use of an **Auditor's Comment.**

Target Implementation Date: Implementation date for response given by management above If known or can be reasonably determined.

Inquiry No.	W/P Ref.

Fraud and Disparity Risk Questionnaire   Date prepared: _____

<u>Instructions</u>: Interview the director, the manager and any other key employees using the questions below.

QUESTION	RESPONSE
1. As you are probably aware, auditors are required to assess the risk of material fraud. Therefore, we need to ask you and other employees some very specific questions about this subject. Do you understand?	
2. When we talk about fraud in government, we are referring to a whole range of activities where people steal from the organization, lie to management, or take unfair advantage of the organization. Do you think fraud is a problem for government or for business in general? Why or why not?	
3. Do you think this department has a problem with fraud? Why or why not?	
4. If employees, managers or others are stealing from this department, why do you think they would do it? If you knew there were thefts occurring, what would you do?	
5. In the past, to your knowledge, what kinds of frauds have people committed related to functions in your area? How was the theft or fraud able to go undetected?	
6. Are you aware of anyone in the department who is or who you suspect of committing fraud/stealing? If so, please provide details.	
7. In your opinion, who is beyond suspicion when it comes to committing fraud in this department?	
8. Are you aware of any employees that may have been or are currently being treated unfairly in either job assignments or promotion opportunities?	
9. If employees feel they are being excluded what is the process for notifying Management?	
10. Is there any other information you wish to furnish regarding possible fraud or disparity related to this department?	
11. Are you and department employees aware of the City fraud and disparity hotline for reporting suspected or observed fraud or disparity?	
12. What is your opinion of fraud/disparity risk in your department (high, medium, low)?	

CITY OF TAMPA

Jane Castor, Mayor   Internal Audit Department

Christine Glover, Internal Audit Director

[Date]

To: [Requestor of Non-Audit Service]

From: Christine Glover, Internal Audit Director

Re: Service Level Agreement – Nonaudit Services

In accordance with Government Auditing Standards, this memorandum documents an understanding between the Internal Audit Department and the [Enter Department] regarding requested nonaudit service described below. The [Enter Department] agrees to the conditions under which the Internal Audit Department will perform the requested nonaudit work. This nonaudit service and the work performed do not constitute an audit conducted in accordance with generally accepted government auditing standards.

Scope of Work

The Internal Audit Department will evaluate the [enter scope of review] to improve its efficiency. It is anticipated that this review will take approximately [NN] hours of staff time. [Enter Auditor] will perform the work. Performance of the nonaudit service will have no effect on any ongoing, planned, or future audits or affect the auditor's independence.

It is understood by the undersigned that:

1. [Enter Department] management is responsible for the substantive outcomes of the work performed in the above described nonaudit service, and therefore, responsible to make an informed judgment on the results of the nonaudit service.

2. [Enter Department] management will:

   a. Designate staff to be responsible and accountable for coordinating the nonaudit service.
   b. Monitor the performance of the nonaudit service to ensure that it meets management's objectives.

    c. Make any decisions that involve management functions related to the nonaudit service and accept responsibility for such decisions.
    d. Formally evaluate the adequacy of the services performed and any findings that result.

Before any changes are made to the scope and objectives of the nonaudit services being provided by the Internal Audit Department during this engagement, a discussion of such changes will be held with the Internal Audit Director to determine whether such changes affect the independence of the office and its auditors. After such discussion, a decision will be made by the Internal Audit Director regarding the ability of the office to perform this additional nonaudit work.

_____   _____

Christine Glover   [Requestor of Nonaudit Service]
Internal Audit Director   [Department]

ENTERPRISE PERFOMANCE METRIC ASSESSMENT (EPM)

AUDIT NAME, AUDIT NUMBER
DATE
NAME and SOURCE of METRIC
Objective: To determine if performance metrics reported are accurate, consistent, verifiable and the most relevant for that function. **Note 1: This checklist should be clearly documented in the audit documentation and that the results of the assessment reported in the Statement of Methodology section.**

	A. Evaluation questions for each metric presented.	**YES**	**NO**	**N/A**	**COMMENT or W/P**
1.	Has the metric data been previously assessed and deemed reliable?				
Note 2: If you answered "YES" to question 1, link workpaper reference and do not continue to the next step. The prior assessment is sufficiently reliable. If you answered "NO", continue to the next step.					
2.	What is the objective/intended result of the metric?				
3.	Name and title of the individual creating the metric?				
4.	Is the metric specific to achieve the objective?				
5.	Does the metric provide information needed to make better strategic decisions?				
6.	Does the metric have defined performance targets and thresholds?				
7.	Is there an action plan process for not meeting performance?				
8.	Is there quality assurance performed for the information presented in the metric?				
	B. Determine if the information presented in the metric is complete and accurate, measuring what is intended. Select a judgmental sample of XX to trace from the metric data to the source data.				
9.	What is the source (database/application/desktop spreadsheet) of the metric? *Due to the risk associated with spreadsheets and increased number of samples should be traced for evaluation.*				
10.	Document the methodology/calculation so that the metric is consistently calculated and presented.				

C. Review data items and look for errors concerning the data in question. This step should be performed on a judgmental basis with electronic files or with a hard copy report.	YES	NO	N/A	COMMENT or W/P
11. Is the metric presentation easily understood?				
12. Are data missing in key fields?				
13. Are the data outside of valid time frames?				
14. Are the data outside of a designated range?				
15. Is there any obvious duplication of records?				
16. Are there alphabetic characters in numeric fields (and vs versa)?				
17. Are there negative amounts in positive-only fields (and vs versa)?				
18. Are there any illogical relationships of one data element to another?				
Note 3: If you answered "YES" to the any of the above questions, consult with audit management to determine whether you can use the data and document the decision in the audit documentation. If you answered "NO" to the above question, the metric data is sufficiently reliable.				

Hotline Investigation Program	
Hotline Case Number:	
Location:	
Date Report Received:	
This program documents the completion of the investigative and reporting processes as well as compliance with the *Quality Standards for Investigations*.	

Step	Step Description	Compliance Description
1.	Assign individual to conduct the investigative activities who is professionally proficient for the tasks required (First General Standard), and ensure that the investigative organization is free, both in fact and appearance, from impairments to independence, is organizationally independent, and maintains an independent attitude (Second General Standard). While conducting the investigation and in preparing related reports ensure that due professional care is used (Third General Standard).	
2.	Within 2 days of receiving the hotline report, ascertain what alleged fraud, waste, or abuse occurred and who the subject of the investigation is.	
3.	Within 10 days of receiving the hotline report, determine if there is sufficient, reliable information available to conduct an investigation. If further information is needed, enter follow-up questions in the on-line case management system.	
4.	Research applicable laws, rules, regulations, and/or internal policies that govern or apply to the allegation.	
5.	Establish case-specific priorities and develop objectives to ensure that individual case tasks are performed efficiently and effectively (First Qualitative Standard). Set the scope of the investigation, considering the evidence identified or provided by the complainant such as: documentation, witnesses, method of concealment, date of occurrence, etc. Develop investigative strategies to gather sufficient information about the details provided in the complaint to substantiate/refute material allegations. Decide what investigative techniques shall be used to corroborate or refute the allegations. Determine witness lists and identify any internal documents required.	

6.	Conduct a timely, efficient, thorough, and objective investigation (Second Qualitative Standard) to obtain evidence and other documents to confirm or refute the allegation and establish a reasonable basis for any opinion rendered.	
7.	Evaluate evidence obtained and decide whether additional information is needed to meet the investigation objective. If necessary, search for and accumulate additional evidence.	
8.	Evaluate the evidence and determine what it means in relation to the suspected fraud, waste, or abuse activity. Carefully assess the relevance of all gathered evidence. Gathered evidence should enable the investigator to answer the following questions: • Did fraud, waste, or abuse occur? • When did it occur? • What assets or accounts were involved? • How was it committed? • What is the amount?	
9.	Reach a conclusion based on the evidence gathered on whether fraud, waste, or abuse occurred and, if necessary, make recommendations to prevent improper incidents from recurring. Prepare report that thoroughly addresses all relevant aspects of the investigation (Third Qualitative Standard).	
10.	Report results of the investigation to the Director of Human Resources and City Attorney, rendering your opinion on whether or not the allegation was substantiated.	
11.	Store investigative data in a manner that allows effective retrieval, reference, and analysis, while ensuring the protection of sensitive data (Forth Qualitative Standard).	

STATEMENT OF RIGHTS

You are hereby ordered to fully cooperate with the investigating official(s). You have the following rights and responsibilities during this investigation:

1. You have the right to be informed of the allegations involved.

2. You will be asked questions specifically directed and narrowly related to the performance of your official duties and/or personal conduct.

3. Statements made during any interviews may be used as evidence of misconduct or as the basis for seeking disciplinary action against you.

4. Any statements made by you during these interviews cannot be used against you in any subsequent criminal proceeding, nor can the fruits of any of your statements be used against you in any subsequent criminal proceeding.

5. If you refuse to answer questions relating to the performance of your official duties and/or personal conduct or provide false or purposefully misleading information, you will be subject to dismissal.

Signatures