

**REVENUE & FINANCE DEPARTMENT
BUDGET OFFICE
COMMUNITY INVESTMENT TAX
AUDIT 22-07
FEBRUARY 7, 2023**



City of Tampa

Jane Castor, Mayor

Internal Audit Department

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

February 7, 2023

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

RE: Community Investment Tax, Audit 22-07

Dear Mayor Castor:

Attached is the Internal Audit Department's report on Community Investment Tax audit.

We thank management and staff of the Revenue & Finance Department's Budget Office, for their cooperation and assistance during this review.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Dennis Rogero, Chief Financial Officer
Michael Perry, Budget Officer
Carl Brody, Assistant City Attorney

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/s/ Echiemeze Ofili

Senior Auditor

/s/ Stephen Mhere

Senior Auditor

/s/ Christine Glover

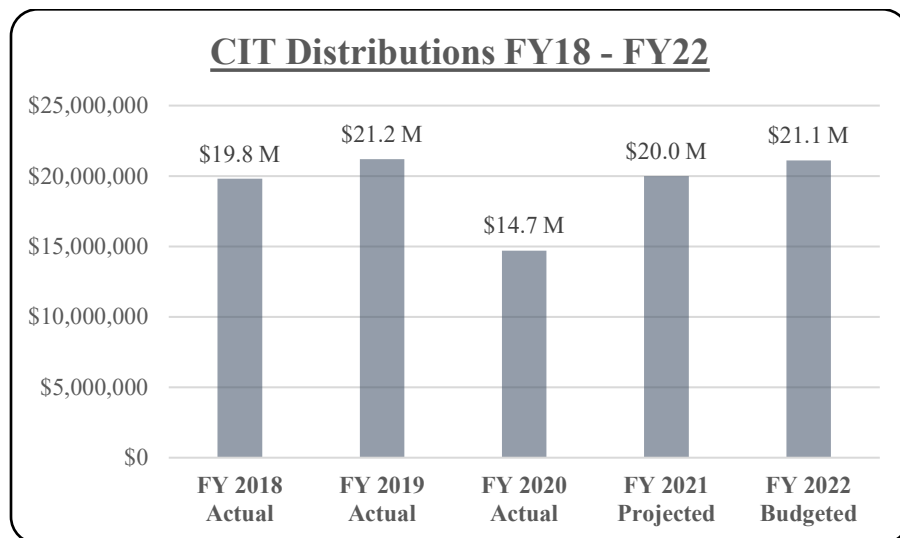
Audit Director

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BACKGROUND

Community Investment Tax (CIT) is a sales tax, equal to half percent, approved in September 1996 through a ballot in Hillsborough County. It is a local government infrastructure surtax whose purpose is to provide for community investment in authorized capital projects in Hillsborough County. The surtax is levied on eligible sales in Hillsborough County and collected by the State of Florida. The State of Florida withholds up to 3% as an administrative fee and returns the rest to the Hillsborough County Clerk of the Circuit Court (HCCCC). HCCCC then distributes the funds to eligible subrecipients, including the City of Tampa (COT), according to a distribution formula agreed to by the subrecipients in an interlocal agreement.¹ The surtax is set to expire in 2026.

COT receives approximately 22% of the CIT revenue. Through FY 2020, some of its expenditure has included \$139.4 million for parks, \$87.9 million for government facilities and equipment, and \$35.4 million for fire rescue projects. CIT proceeds have also been used to service debt, especially the repayment of revenue bonds. The chart below shows funds distributed to COT in the years indicated.



Source: Auditor visualization of data in COT Revenue Manual of 10/01/2021.

¹ Eligible subrecipients are Hillsborough County, Hillsborough County School Board, City of Tampa, City of Plant City, City of Temple Terrace, and Tampa Sports Authority.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2022 Audit Agenda. Its objectives were to determine if:

1. Internal controls for the CIT program are adequate.
2. Activities of Revenue and Finance (R&F)'s Budget Office comply with appropriate state statutes and policies governing the CIT program.
3. R&F is fulfilling its CIT obligations effectively and efficiently.

STATEMENT OF SCOPE

The audit period covered R&F's activities in the CIT program in FY 2022. Some activities occurring in prior years (FY 2018 through 2021) were also reviewed. We reviewed these activities to determine whether R&F fulfilled its stated duties and responsibilities in an effective and efficient manner. Original records were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

We accomplished our audit objectives as follows:

- Evaluated internal controls related to CIT, including a review of relevant policies, ordinances, agreements, and statutes.
- Reviewed distribution reports for FY 2018 through 2021.
- Reviewed CIT expenditure, including reports of expense records for FY 2020 through 2022.
- Held discussions with COT's Budget Officer to get his perspective on the risk of fraud and disparity within his office.
- Reviewed findings of an audit of Hillsborough County conducted by the State of Florida's Office of Program Policy Analysis and Government Accountability.
- Researched performance metrics relevant for CIT and provided them to the Budget Officer for his consideration.

STATEMENT OF AUDITING STANDARDS

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

AUDIT CONCLUSIONS

Based upon the test work performed, we conclude that:

1. Internal controls for the CIT program are adequate.
2. Activities of R&F's Budget Office comply with appropriate state statutes and policies governing the CIT program.
3. R&F is fulfilling its CIT obligations effectively and efficiently.