

City of Fort Worth, Texas

FY2017

SINGLE AUDIT REPORT

— For the Fiscal Year Ended September 30, 2017 —



SINGLE AUDIT REPORT

For the Fiscal Year Ended
September 30, 2017

CITY OF FORT WORTH, TEXAS

ELECTED OFFICIALS

2017 CITY COUNCIL

Betsy Price, Mayor

Carlos E. Flores
Cary Moon
Jungus Jordan
Kelly Allen Gray

Brian Byrd
Gyna Bivens
Dennis Shingleton
Ann Zadeh

CITY MANAGER

David Cooke

CHIEF FINANCIAL OFFICER

Aaron J. Bovos

INDEPENDENT AUDITORS

Weaver and Tidwell, L.L.P.

Prepared by the Department of Financial Management Services

Grants

Anthony M. Rousseau, CPA
Peter James
David Meador
Shalonda Oliver
Shanitra Ollie
Trina Stokes
Paula Terrill, CPA



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PURPOSE AND CONTENTS OF THIS REPORT

This report was prepared to provide grantor agencies certain financial information which they may require to properly administer funds granted to the City. Financial schedules included herein present the City's grant expenditures in accordance with accounting principles generally accepted in the United States of America for State and Local government units. Individual grants presented in the financial information section of this report are those which were considered by the auditors in performing their tests in conformity with 2 CFR 200 (Uniform Guidance), and the State of Texas Uniform Grant Management Standards (UGMS).

RELATIONSHIP BETWEEN THIS REPORT AND THE CITY'S BASIC FINANCIAL STATEMENTS

All of the City's grant activity subject to the requirements of the Single Audit Act Amendments of 1996, 2 CFR 200, and UGMS are accounted for or reported in the Basic Financial Statements in a number of funds including the Grant Special Revenue Fund, the General Fund, or other Proprietary Funds.

REPORTS

The following reports and schedules prepared by the independent auditors are included in this document:

1. Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
2. Independent auditor's report on compliance for each major federal and state program; report on internal control over compliance; and report on schedule of expenditures of federal and state awards required by 2 CFR 200, and the State of Texas *Uniform Grant Management Standards*
3. Schedule of Findings and Questioned Costs
4. Status of Prior Year Findings



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February 28, 2018

The Honorable Mayor, City Council, Citizens, and Stakeholders
City of Fort Worth, Texas

Ladies and Gentlemen:

The Single Audit Report of the City of Fort Worth, Texas for the fiscal year ended September 30, 2017 is submitted herewith.

The report is published to provide the City Council, the various granting agencies, citizens and other interested persons, detailed information concerning financial grant activity of the City of Fort Worth, including compliance with certain provisions of Federal and State laws and regulations.

INDEPENDENT AUDIT

The Single Audit Act Amendments of 1996, 2 CFR 200, and the State of Texas Uniform Grant Management Standards (UGMS) require an annual audit of the City's Federal and State financial assistance programs by an independent certified public accountant. This requirement has been complied with by the submission of the following:

1. Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
2. Independent auditor's report on compliance for each major federal and state program; report on internal control over compliance; and report on schedule of expenditures of federal and state awards required by 2 CFR 200 and the State of Texas *Uniform Grants Management Standards*.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the full support and involvement of the City Manager's Office and all City departments who provided information and analyses contained within this document. A very special thanks is due to the staff of the Department of Financial Management Services for their dedicated service to the City and to the citizens of Fort Worth. In addition, we acknowledge the thorough, professional, and timely manner in which our independent auditors, Weaver and Tidwell, L.L.P., conducted the audit. Finally, we express appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standard and professionalism in the management of the City's finances.

Sincerely,



David Cooke
City Manager



Aaron J. Bovos
Chief Financial Officer

OVERVIEW OF THE CITY'S FISCAL YEAR 2017 ANNUAL AUDIT

This report has been prepared in connection with the Fiscal Year 2017 annual audit of the City of Fort Worth, Texas. The primary purpose of the audit was for the auditors to form an opinion on the Basic Financial Statements of the City. The Basic Financial Statements are presented in conformity with accounting principles generally accepted in the United States of America for local government units as prescribed by the Governmental Accounting Standards Board.

OVERVIEW OF AUDIT REQUIREMENTS FOR FEDERAL AND STATE AWARDS

The scope of the City's 2017 annual audit included the requirements of the Single Audit Act Amendments of 1996, the 2 CFR 200, and the State of Texas Uniform Grant Management Standards. These regulations establish audit requirements for State and local governments, Indian tribal governments and non-profit organizations that receive Federal and State assistance. They provide for independent audits of the entire financial operations for the City, including compliance with certain provisions of Federal and State laws and regulations. These requirements were established to ensure that audits are made on an organization-wide basis, rather than on a grant-by-grant basis. Such audits are to determine whether:

1. The basic financial statements of the government present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles;
2. The organization has internal accounting and other control systems to provide reasonable assurance that it is managing Federal and State financial assistance programs in compliance with applicable laws and regulations; and
3. The organization has complied with laws and regulations that may have a material effect on its basic financial statements and on each major Federal and State assistance program.



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Independent Auditor's Reports





**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and other Matters
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

The Honorable Mayor and City Council Members
City of Fort Worth, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Fort Worth, Texas (the City) as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 28, 2018. Our report includes a reference to other auditors who audited the financial statements of Terrell Homes, Ltd., the financial statements of the Fort Worth Housing Finance Corporation, and the financial statements of the Employees' Retirement Fund of the City of Fort Worth, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors. The financial statements of the Employees' Retirement Fund of the City of Fort Worth were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as deficiency 2017-001 that we consider to be a significant deficiency.

The Honorable Mayor and City Council Members
City of Fort Worth, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be disclosed under *Government Auditing Standards*.

City of Fort Worth's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying corrective action plan. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, TX
February 28, 2018



Report on Compliance for Each Major Federal and State Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas Uniform Grant Management Standards

The Honorable Mayor and City Council Members
City of Fort Worth, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of Fort Worth, Texas' (the City) compliance with the types of compliance requirements described the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* (UGMS) that could have direct and material effect on the City's major federal and state programs for the year ended September 30, 2017. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The City's basic financial statements include the operations of the Fort Worth Housing Finance Corporation, which received \$94,496 in federal awards which are not included in the City's schedule of expenditures of federal and state awards for the year ended September 30, 2017. Our audit, described below, did not include the operations of the Fort Worth Housing Finance Corporation because this entity engaged other auditors to perform an audit of compliance.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and UGMS. Those standards, the Uniform Guidance, and UGMS, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

The Honorable Mayor and City Council Members
City of Fort Worth, Texas

Opinion on Each Major Federal and State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and UGMS and which are described in the accompanying schedule of findings and questioned costs as items 2017-002, 2017-003, 2017-004 and 2017-005. Our opinion on each major federal and state program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a material weakness.

The Honorable Mayor and City Council Members
City of Fort Worth, Texas

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-003, 2017-004 and 2017-005 to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and UGMS

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 28, 2018, which contained unmodified opinions on those financial statements. Our report on the financial statements of the City includes a reference to other auditors who audited the financial statements of Terrell Homes, Ltd. and the financial statements of the Employees' Retirement Fund of the City of Fort Worth whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Terrell Homes, Ltd. and the Employees' Retirement Fund of the City of Fort Worth is based solely on the report of other auditors. The City's basic financial statements include the operations of the Fort Worth Housing Finance Corporation, which received \$94,496 in federal awards which are not included in the City's schedule of expenditures of federal and state awards for the year ended September 30, 2017. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and UGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, TX
February 28, 2018



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Schedule of Expenditures of Federal and State Awards



CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2017

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY2017 EXPENDITURES	PASS THROUGH EXPENDITURES
FEDERAL AWARDS				
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Texas Department of Agriculture				
Child & Adult Care Nutrition Program 2016	10.558	01514-CACF	\$ 106,770	
Child & Adult Care Nutrition Program 2017	10.558	1514-CACF	139,336	
Sub-total for Program			<u>246,106</u>	
Passed through Texas Department of Agriculture				
Summer Food Program 2016	10.559	01514-SFSP	8,750	
Total U.S. Department of Agriculture			<u>254,856</u>	
U.S. DEPARTMENT OF ENERGY				
Passed through the Texas Department of Housing and Community Affairs				
Department of Energy Weatherization Assistance Program 2016	81.042	EE-00616	233,917	
Department of Energy Weatherization Assistance Program 2017	81.042	56170002720	14,177	
Total U.S. Department of Energy			<u>248,094</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Texas Department of Housing and Community Affairs				
Comprehensive Energy Assistance 2016	93.568	58160002327	1,287,502	
Comprehensive Energy Assistance 2017	93.568	58170002578	3,142,607	
Low Income Home Energy Assistance Weatherization 2016	93.568	81160002404	736,323	
Low Income Home Energy Assistance Weatherization 2017	93.568	81170002654	455,059	
Sub-total for Program			<u>5,621,491</u>	
Passed through Texas Department of Housing and Community Affairs				
Community Services Block Grant 2016	93.569	61160002367	761,275	
Community Services Block Grant 2017	93.569	61170002617	1,210,679	
Community Services Block Grant Supplement 2017	93.569	61170002675	6,548	
Sub-total for Program			<u>1,978,502</u>	
Total U.S. Department of Health and Human Services			<u>7,599,993</u>	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs				
Community Development Block Grant (PY 10-11)	14.218	B-10-MC-48-0010	309,832	\$ 243,667
Community Development Block Grant (PY 11-12)	14.218	B-11-MC-48-0010	97,301	7,586
Community Development Block Grant (PY 12-13)	14.218	B-12-MC-48-0010	20,980	9,422
Community Development Block Grant (PY 14-15)	14.218	B-14-MC-48-0010	1,175,504	290,000
Community Development Block Grant (PY 15-16)	14.218	B-15-MC-48-0010	145,627	1,355
Community Development Block Grant (PY 16-17)	14.218	B-16-MC-48-0010	4,099,021	1,016,958
UCC Bethlehem Center	14.218	B-99-MC-48-0010	3,089	-
Community Development Block Grant Restricted Cash	14.218	M&C L-15682; C-27098; C-27212	506,282	-
Rental Rehabilitation Program	14.218	NA	94,767	-
Sub-total for Program			<u>6,452,403</u>	<u>1,568,988</u>
Direct Programs				
Emergency Solutions Grant (PY 15-16)	14.231	E-15-MC-48-0006	34,912	22,743
Emergency Solutions Grant (PY 16-17)	14.231	E-16-MC-48-0006	507,899	394,423
Sub-total for Program			<u>542,811</u>	<u>417,166</u>
Direct Programs				
HOME Investment Partnerships Project (PY 07-08)	14.239	M-07-MC-48-0204	5,044	5,044
HOME Investment Partnerships Project (PY 08-09)	14.239	M-08-MC-48-0204	155,638	155,638
HOME Investment Partnerships Project (PY 09-10)	14.239	M-09-MC-48-0204	56,820	56,820
HOME Investment Partnerships Project (PY 10-11)	14.239	M-10-MC-48-0204	188,663	188,663
HOME Investment Partnerships Project (PY 11-12)	14.239	M-11-MC-48-0204	729,020	729,020
HOME Investment Partnerships Project (PY 12-13)	14.239	M-12-MC-48-0204	804,138	804,138
HOME Investment Partnerships Project (PY 13-14)	14.239	M-13-MC-48-0204	520,087	520,087
HOME Investment Partnerships Project (PY 14-15)	14.239	M-14-MC-48-0204	317,472	300,000
HOME Investment Partnerships Project (PY 15-16)	14.239	M-15-MC-48-0204	667,775	75,928
HOME Investment Partnerships Project (PY 16-17)	14.239	M-16-MC-48-0204	101,743	-
Sub-total for Program			<u>3,546,400</u>	<u>2,835,338</u>
Direct Programs				
Housing Opportunities for Persons with AIDS (PY 14-15)	14.241	TXH-14-F002	384,881	384,881
Housing Opportunities for Persons with AIDS (PY 15-16)	14.241	TXH-15-F002	52,615	52,615
Housing Opportunities for Persons with AIDS (PY 16-17)	14.241	TXH-16-F002	623,578	592,531
Sub-total for Program			<u>1,061,074</u>	<u>1,030,027</u>

CITY OF FORT WORTH, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2017

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY2017 EXPENDITURES	PASS THROUGH EXPENDITURES
Direct Programs				
Fair Housing Assistance Program (PY 13-14)	14.401	FF-206-K-13-6002	4,063	
Fair Housing Assistance Program (PY 14-15)	14.401	FF-206-K-14-6002	128,067	
Fair Housing Assistance Program (PY 15-16)	14.401	FF-206-K-15-6002	420,936	
Fair Housing Assistance Program (PY 16-17)	14.401	FF-206-K-16-6002	73,425	
Sub-total for Program			<u>626,491</u>	
Direct Programs				
Lead Hazard Reduction Program 2015	14.905	TX-LHD-0273-14	1,209,339	
Total U.S. Department of Housing and Urban Development			<u>13,438,518</u>	<u>5,851,519</u>
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Programs				
Equal Employment Opportunity Commission 2014	30.001	EECCN130018MOD0002	4,515	
Equal Employment Opportunity Commission 2015	30.001	EECCN130018MOD5	76,217	
Total Equal Opportunity Employment Commission			<u>80,732</u>	
U.S. DEPARTMENT OF JUSTICE				
Direct Programs				
DNA Capacity Enhancement 2014	16.741	2014-DN-BX-0086	23,725	
DNA Capacity Enhancement 2015	16.741	2015-DN-BX-0038	11,971	
DNA Capacity Enhancement 2016	16.741	2016-DN-BX-0044	118,379	
Sub-total for Program			<u>154,075</u>	
Direct Programs				
Federal Asset Forfeiture Program	16.922	MOU	634,536	
Direct Programs				
COPS Hiring Program	16.710	2014ULWX0050	1,122,313	
Direct Programs				
Justice Assistance Grant 2013	16.738	2013-DJ-BX-0364	10,728	-
Justice Assistance Grant 2014	16.738	2014-DJ-BX-0297	101,356	101,356
Justice Assistance Grant 2015	16.738	2015-DJ-BX-0699	19,650	19,650
			<u>131,734</u>	<u>121,006</u>
Passed through the Office of the Governor, Criminal Justice Division CJD JAG FY17	16.738	3129301	13,400	
Sub-total for Program			<u>145,134</u>	<u>121,006</u>
Passed through the Office of the Governor, Criminal Justice Division Victim Assistance - Victims of Crime Act	16.575	3059701	47,499	
Passed through Safe City Commission Project Safe Neighborhoods	16.609	2016-GP-BX-0015	11,531	
Passed through the City of Cleveland FY16 DOJ Republican National Convention	16.751	2016-ZC-BX-0001	8,436	
Passed through City of Dallas Internet Crimes Against Children FY 2017	16.800	2016-MC-FX-K034	3,908	
Total U.S. Department of Justice			<u>2,127,432</u>	<u>121,006</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs				
Alliance Runway Extension #50A	20.106	3-48-0296-50-2012	3,747,569	
Alliance Runway Extension #50B	20.106	3-48-0296-50-2012	2,286,456	
Alliance Runway Extension #54	20.106	3-48-0296-54-2014	7,548,102	
Alliance Runway Extension #55	20.106	3-48-0296-55-2015	10,395,526	
Alliance Runway Extension #56	20.106	3-48-0296-56-2015	8,032,618	
Alliance Runway Extension #57	20.106	3-48-0296-57-2016	3,270,511	
			<u>35,280,782</u>	
Passed through Texas Department of Transportation Spinks Runway Drainage and Fencing 2014	20.106	4XXAV081	187,614	
Meacham Terminal Area Taxilane Improvements	20.106	SBGP-086-2014	665,227	
			<u>852,841</u>	
Sub-total for Program			<u>36,133,623</u>	

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2017

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY2017 EXPENDITURES	PASS THROUGH EXPENDITURES
Passed through Federal Motor Carrier Safety Administration High Priority Grant 2015	20.218	FM-MHP-0213-16-01-00	217,459	
Passed through Texas Department of Transportation STEP Comprehensive 2017	20.600	2017-FORTWORT-S-1YG-0079	161,956	
Passed through Texas Department of Transportation Chapel Creek Bridge	20.205	CSJ 0902-48-722	32,365	
CMAQ5 ITS System Expansion Pro	20.205	CSJ 0902-48-587 & 48-588	69,344	
Dirks Rd between Alta Mesa/Bryant Irvin	20.205	CSJ 0902-48-775	838,344	
Intersection Improvement Miller/Wilbarger Meandering Road	20.205	CSJ 0172-06-092	92,386	
	20.205	CSJ-0902-90-046	3,418	
Peach St/Live Oak Connector	20.205	CSJ 0902-48-688 & 689	317,427	
South Central High Speed Corridor	20.205	CSJ 0902-48-694	163,267	
SW 121 Trinity Trails Clear Fork Project	20.205	CSJ 0902-48-777	225,430	
The Ridglea Urban Village Street	20.205	CSJ 0902-48-582	26,958	
Transportation Connection for Bicycle and Pedestrians	20.205	CSJ-0902-48-791	2,215,035	
Urban Villages Central Cluster	20.205	CSJ 0902-48-681	207,221	
Urban Villages Southwest Cluster	20.205	CSJ 0902-48-683	49,766	
Passed through North Central Council of Governments Incident Management Equipment Purchase	20.205	481602007M40030	113,373	
Sub-total for Program			<u>4,354,334</u>	
Total U.S. Department of Transportation			<u>40,867,372</u>	
ENVIRONMENTAL PROTECTION AGENCY				
Passed through Texas Water Development Board: Clean Water State Revolving Fund Series 2007A	66.458	L070070	4,199,663	
Clean Water State Revolving Fund Series 2010A	66.458	L090003	606,147	
Clean Water State Revolving Fund Series 2015	66.458	L1000345	29,645,313	
Clean Water State Revolving Fund Series 2017	66.458	L1000573	298,841	
Sub-total for Program			<u>34,749,964</u>	
Passed through Texas Commission on Environmental Quality PM Local Air Pollution Monitoring 2015	66.034	582-15-50040	35,420	
Passed through Texas Commission on Environmental Quality PM 10 Section 105 2017	66.605	582-14-40060	103,774	
PM 10 Section 105 2018	66.605	582-14-40060	2,238	
Sub-total for Program			<u>106,012</u>	
Total Environmental Protection Agency			<u>34,891,396</u>	
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs SAFER 2014	97.083	EMW-2013-FH-00820	413,573	
Assistance For Grant Program- AFG2015	97.045	EMW-2015-FP-00702	20,871	
Passed through Texas Office of the Governor - Homeland Security Grants Division UASI 2015	97.067	EMW-2015-SS-00080	1,044,124	
UASI 2016	97.067	EMW-2016-SS-00056	335,010	
UASI M&A 2015	97.067	EMW-2015-SS-00080	90,586	
UASI LE 2015	97.067	EMW-2015-SS-00080	170,493	
Sub-total for Program			<u>1,640,213</u>	
Direct Programs Butler-McClure Engineered Drainage Channel	97.042	PA-06-TX-4223-PW-01734	125,658	
Passed through Texas Governor's Division of Emergency Management Cooperating Tech Partners 2014	97.042	EMW-2014-CA-K00188	17,552	
Emergency Management Program 2017	97.042	17TX-EMPG-0177	216,614	
Sub-total for Program			<u>359,824</u>	
Passed through Texas Commission on Environmental Quality Biowatch 2016	97.091	582-16-60018	382,328	
Total Department of Homeland Security			<u>2,816,809</u>	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through Texas State Library Archives Commission Inter-Library Loan 2016	45.310	NONE	19,944	
Library Cooperation Grant Program 2015	45.310	479-16005	1,356	
Total Institute of Museum and Library Services			<u>21,300</u>	

CITY OF FORT WORTH, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2017

GRANT AGENCY/PROJECT TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	FY2017 EXPENDITURES	PASS THROUGH EXPENDITURES
EXECUTIVE OFFICE OF THE PRESIDENT				
Passed through the Office of National Drug Control Policy				
High Intensity Drug Trafficking Area Commercial Smuggling Task Force	95.001	CSC 33102 & 44244	1,262	
High Intensity Drug Trafficking Area Task Force 2016	95.001	CSC 46025	200	
High Intensity Drug Trafficking Area Task Force 2017	95.001	NONE	33,449	
Total Executive Office of the President			<u><u>34,911</u></u>	
U.S. DEPARTMENT OF THE TREASURY				
Direct Awards				
Treasury Asset Forfeiture Program	21.016	MOU	453,093	
Total Department of the Treasury			<u><u>453,093</u></u>	
TOTAL FEDERAL DIRECT AND PASS-THROUGH AWARDS			<u><u>\$ 102,834,506</u></u>	<u><u>\$ 5,972,525</u></u>

CITY OF FORT WORTH, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2017

GRANT AGENCY/PROJECT TITLE	CONTRACT NUMBER	FY2017 EXPENDITURES
STATE AWARDS		
TEXAS STATE ATTORNEY GENERAL'S OFFICE		
Direct Awards		
Compensation Victim Crime 2012	CSC 42902	\$ 72,650
Victim Coordinator and Liaison 2017	1771906	38,328
Total Texas State Attorney General's Office		110,978
TEXAS PARKS AND WILDLIFE DEPARTMENT		
Direct Awards		
Northwest Community Park Development	55-000018	197,586
Total Texas Parks and Wildlife Department		197,586
TEXAS DEPARTMENT OF MOTOR VEHICLES		
Passed Through Tarrant County		
Tarrant County Auto Crimes Task Force 15/16	CSC 47077	360
Tarrant County Auto Crimes Task Force 16/17	CSC 49505	98,529
Total Department of Motor Vehicles		98,889
TEXAS DEPARTMENT OF TRANSPORTATION		
Direct Awards		
GE Test Track Project	CSJ 0918-46-250	659,707
Double Eagle Extension	CSJ 0918-46-250	782,870
BNSF Rail Relocation	CSJ 0918-46-250	538,414
Routine Airport Maintenance Program Alliance 2017	CSJ M1702ALNC	46,926
Routine Airport Maintenance Program Meacham 2017	CSJ M1702MECH	50,000
Routine Airport Maintenance Program Spinks 2017	CSJ M1702SPNK	49,379
Passed Through the North Central Texas Council of Governments		
TWU Streetscape Sustainable Development	CSJ 0902-48-832	46,714
East Rosedale Street Retrofit	CSJ 0902-48-845	131,586
South Main Street Reconstruction	CSJ 0902-48-883	1,893,408
Total Texas Department of Transportation		4,199,004
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY		
Direct Awards		
Air Pollution Compliance Monitoring	582-10-90259	3,134
Compliance Monitoring	582-15-50123	299,573
Nox Ozone Monitoring	582-16-60238	19,496
TCEQ 2016 Materials Management Grant	INTERLOCAL AGREEMENT 17-04-02	87,475
Total Texas Commission On Environmental Quality		409,678
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS		
Passed Through University of North Texas Health Science Center		
Guinn School BAC 2016/2017	2016-0238-14856	452,628
Total Texas Comptroller of Public Accounts		452,628
TEXAS WATER DEVELOPMENT BOARD		
Texas Water Development Board Flood Warning Grant	1600012041	26,339
Total Texas Water Development Board		26,339
OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION		
Body-Worn Camera Program	3284601	149,200
Total Office of the Governor		149,200
TEXAS VETERANS COMMISSION		
Fund for Veterans' Assistance General Assistance Grant 2017	FAV_17_0409	14,422
Total Texas Veterans Commission		14,422
TOTAL STATE AWARDS		\$ 5,658,724



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CITY OF FORT WORTH, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2017

1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards (the “Schedule”) presents the activity of all applicable federal and state awards of the City of Fort Worth, Texas (the “City”) for the year ended September 30, 2017.

For the purposes of the Schedule, federal and state awards include all grants, contracts and similar agreements entered into directly between the City and agencies and departments of the federal and State of Texas governments and all sub-awards to the City pursuant to federal and state grants, contracts and similar agreements. Major programs are identified by the independent auditor in accordance with the provisions of 2 CFR 200 and the State of Texas Uniform Grant Management Standards (“UGMS”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS

Expenditures for direct costs and employee benefits are recognized as incurred using the modified accrual basis of accounting (accrual basis for proprietary funds) to the extent grants are approved and applicable government cost principles specified by each grant, contract, and agreement. Such expenditures are recognized following the cost principles contained in 2 CFR 200, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The City neither recovers indirect costs unless expressly allowed by each award, nor does the City utilize the 10% de minimis indirect cost rate contained in 2 CFR 200 for entities that have never had an approved rate.

Additionally, amounts reported as expenditures in the Schedule may not agree with the amounts in the related financial reports filed with the grantor agencies because of accruals that would not be included until the next report filed with the agency.

3. COMMITMENTS AND CONTINGENCIES

The City participates in several federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at September 30, 2017 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with rules and regulations governing the grants.

4. OUTSTANDING LOAN BALANCES

The City has an outstanding HUD Section 108 loan payable granted under the Housing and Community Development Act of 1974 for Loan Guarantee Assistance (CFDA 14.248) for the following projects and with the following outstanding loan balances as of September 30, 2017:

CITY OF FORT WORTH, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2017

• Evans Avenue and Rosedale Street Business and Cultural District Project, Commitment No B-99-MC-48-0010	\$ 1,368,000
• Evans Avenue and Rosedale Street-due within one year	\$ 632,000
Evans Avenue and Rosedale Street-Total	<u>\$ 2,000,000</u>

The City has an outstanding loan payable under the Clean Water State Revolving Loan Fund from the Texas Water Development Board (TWDB), as a pass-through agency for the Environmental Protection Agency (CFDA 66.458). As of September 30, 2017 the outstanding loan balances were:

• TWDB Series 2007A	\$ 17,640,000
• TWDB Series 2007A-due within one year	\$ 1,740,000
Series 2007A-Total	<u>\$ 19,380,000</u>
• TWDB Series 2007B	\$ 26,740,000
• TWDB Series 2007B-due within one year	\$ 2,575,000
Series 2007B-Total	<u>\$ 29,315,000</u>
• TWDB Series 2010A	\$ 25,430,000
• TWDB Series 2010A-due within one year	\$ 1,860,000
Series 2010A-Total	<u>\$ 27,290,000</u>
• TWDB Series 2010B	\$ 17,830,000
• TWDB Series 2010B-due within one year	\$ 1,295,000
Series 2010B-Total	<u>\$ 19,125,000</u>
• TWDB Series 2015	\$ 33,495,000
• TWDB Series 2015-due within one year	\$ 1,835,000
Series 2015-Total	<u>\$ 35,330,000</u>
• TWDB Series 2017	\$ 15,570,000
• TWDB Series 2017-due within one year	\$ 475,000
Series 2017-Total	<u>\$ 16,045,000</u>

The City has an outstanding loan payable under the Drinking Water State Revolving Loan Fund from the Texas Water Development Board (TWDB), as a pass-through agency for the Environmental Protection Agency (CFDA 66.468). As of September 30, 2017 the outstanding loan balance was:

CITY OF FORT WORTH, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2017

• TWDB Series 2009 ARRA	\$ 9,660,000
• TWDB Series 2009 ARRA-due within one year	<u>\$ 815,000</u>
Series 2009 ARRA-Total	<u>\$ 10,475,000</u>

5. NONCASH AWARDS

Certain federal financial awards programs do not involve cash awards. The City receives grant awards from the Federal Aviation Administration, of which the projects are executed by TxDOT on behalf of the City. The Schedule includes \$8,600 of expenditures that were incurred by TxDOT on behalf of the City as expenditures in the Airport Improvement Program (CFDA 20.106).



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Schedule of Findings and Questioned Costs



**CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of Major Programs:

20.106
20.205
93.568
93.569

Airport Improvement Program
Highway Planning and Construction
Low-Income Home Energy Assistance
Community Services Block Grant

Dollar threshold used to distinguish between type A and type B programs?

\$ 3,000,000

Auditee qualified as low-risk auditee?

Yes No

**CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

State Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with State of Texas Uniform Grant Management Standards?

Yes No

Identification of major programs:

RTR Multimodal Transportation Cluster
GE Test Track Project
Double Eagle Extension
BNSF Rail Relocation
South Main Street Reconstruction

Guinn School BAC

Dollar threshold used to distinguish between type A and type B programs?

\$ 300,000

Auditee qualified as low-risk auditee?

Yes No

**CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2017-001

Logical Access User Review

Criteria:

Information Technology (IT) systems allow the City to automate tasks to enable timely and accurate financial reporting. User access to these systems should be appropriately segregated and regularly monitored to restrict access to the City's network and applications that are consistent with job responsibilities and further to prevent override of internal controls.

Condition:

() Material Weakness (X) Significant Deficiency () Compliance Finding

Cause and Context:

During the fiscal year, there were no formal procedures in place to review appropriateness of access to the City's Buyspeed, Peoplesoft, and two Active Directory Domains.

Effect:

A lack of formal access reviews exposes the City to risk of inappropriate systems access, which could result in the unauthorized disclosure, alteration and destruction of critical financial and operational data.

Recommendation:

We recommend that formalized user review processes be implemented for all of the City's Information Technology systems to ensure that appropriate segregation of duties exists and that user access is consistent for all individuals with the same job responsibilities. The principle of least access should be applied, and access to critical systems and data should be restricted to only those individuals who need such access in order to perform their job function or fulfill their duties. For critical systems and data, we recommend that user access be reviewed on a quarterly basis. For all other systems, we recommend that user access is reviewed at least annually. In all cases, evidence of user access reviews should be documented and retained by management.

**CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS – CONTINUED

Finding 2017-001 – Continued

Management’s Response:

See Corrective Action Plan

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AND STATE AWARDS

Finding 2017-002

Financial Reporting of Grant Awards

Criteria:

Timely and accurate reporting of Federal and State grant awards is an important cornerstone of any governmental organization’s control environment. Uniform Guidance and UGMS require preparation of a Schedule of Federal and State Awards in accordance with Generally Accepted Accounting Principles (GAAP) that accurately captures all expenditures of federal and state funding.

Condition:

(X) Material Weakness () Significant Deficiency () Compliance Finding

Cause and Context:

The procedures used within the City’s grant accounting group and departments expending grant funding were not adequate to timely identify federal and state expenditures to ensure that all expenditures are reported in the correct accounting period.

Effect:

Without an accurate and effective method to timely reconcile grant awards and expenditures we noted instances whereby expenditures were reported in the incorrect accounting period. Further, we noted not all expenditures incurred were captured for reporting in the Schedule of Federal and State Awards prepared by City Management.

**CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AND STATE AWARDS – CONTINUED

Finding 2017-002 - Continued

Recommendation:

We recommend that procedures for regular review and adequate cutoff be implemented in all Departments to ensure that the Schedule of Federal and State Expenditures is complete and accurate. Project managers or other administrative staff in each project should be adequately trained in City grant policies and procedures to ensure that expenditures are recorded accurately and timely. We also recommend that the Schedule of Federal and State Awards be reconciled to the expenditures per the City's general ledger.

Management's Response:

See Corrective Action Plan

Finding 2017-003

**Major Program – Community Services Block Grant
Compliance Requirement: Eligibility**

Criteria:

In accordance with the grant requirements, the City must review the eligibility for grant applicants based on a percentage of federal poverty guidelines.

Condition:

(X) Compliance Finding (X) Significant Deficiency () Material Weakness

Cause and Context:

Evidence to support the eligibility of certain individuals was not maintained by the City.

Effect:

Due to lack of controls in place to monitor adherence to compliance requirements, the City did not maintain adequate support of participant eligibility.

**CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AND
STATE AWARDS – CONTINUED**

Finding 2017-003 - Continued

Recommendation:

The City currently does not have adequate oversight over Departments accepting grant awards to ensure compliance with all grant and contract requirements. Grant management and compliance is largely decentralized and project managers with inadequate knowledge of grant compliance and internal control requirements are currently tasked with compliance management. We recommend the City implement enhanced training for all grant staff responsible for compliance activities, as well as regular reviews of contract requirements by all such individuals.

Management's Response:

See Corrective Action Plan

Finding 2017-004

Major Program – RTR Multimodal Transportation Improvements
Compliance Requirement: Reporting

Criteria:

In accordance with the grant agreement, the City must submit a monthly report of expenditures to the North Central Texas Council of Governments, the pass-through agency, including expenditure of local match funds.

Condition:

(X) Compliance Finding (X) Significant Deficiency () Material Weakness

Cause and Context:

Monthly progress reports were not submitted to the North Central Texas Council of Governments as required by the grant agreement.

Effect:

Due to lack of controls in place to monitor adherence to compliance requirements, the City did not submit required reports.

**CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AND
STATE AWARDS – CONTINUED**

Finding 2017-004 - Continued

Recommendation:

The City currently does not have adequate oversight over Departments accepting grant awards to ensure compliance with all grant and contract requirements. Grant management and compliance is largely decentralized and project managers with inadequate knowledge of grant compliance and internal control requirements are currently tasked with compliance management. We recommend the City implement enhanced training for all grant staff responsible for compliance activities, as well as regular reviews of contract requirements by all such individuals. In addition, all required reporting should be recorded in PeopleSoft in order to be captured by the City's reporting protocols.

Management's Response:

See Corrective Action Plan

Finding 2017-005

Major Program – Guinn School BAC
Compliance Requirement: Reporting

Criteria:

In accordance with the grant agreement, the City must submit copies of all invoices paid from grant funds to the University of North Texas Health Sciences Center, the pass-through agency, within thirty calendar days following the payment.

Condition:

(X) Compliance Finding (X) Significant Deficiency () Material Weakness

Cause and Context:

Invoices were not submitted to University of North Texas Health Sciences Center in accordance with the grant agreement.

Effect:

Due to lack of controls in place to monitor adherence to compliance requirements, the City did not submit invoices paid from grant funds on a timely basis.

**CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AND
STATE AWARDS – CONTINUED**

Finding 2017-005 - Continued

Recommendation:

The City currently does not have adequate oversight over Departments accepting grant awards to ensure compliance with all grant and contract requirements. Grant management and compliance is largely decentralized and project managers with inadequate knowledge of grant compliance and internal control requirements are currently tasked with compliance management. We recommend the City implement enhanced training for all grant staff responsible for compliance activities, as well as regular reviews of contract requirements by all such individuals. In addition, all required reporting should be recorded in PeopleSoft in order to be captured by the City's reporting protocols.

Management's Response:

See Corrective Action Plan

Corrective Action Plan



**CITY OF FORT WORTH, TEXAS
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2017**

Findings Related to the Financial Statements

2017-001 Significant Deficiency: Logical Access User Review

Concur: At this time there are City of Fort Worth IT systems that have logical access review(s) along with security processes in place; however, this is not standard for all City of Fort Worth IT systems. In FY2017, the Department of Financial Management Services (FMS) developed and implemented a comprehensive security process for PeopleSoft Financials that includes: automatic (System script performed nightly) user role removal and the locking of user accounts based on HCM status for inactive employees (terminated, retired, and deceased); monthly review and role removal/account locking of dormant accounts (90+ days of inactivity); and monthly review and removal of financial roles/account locking of current employees that transfer departments and/or positions.

Access to PeopleSoft Financials and/or additional user roles are only granted by the FMS Sr. Business Process Analysts through the use of an established role request form(s). A review of all PeopleSoft Financials users along with their access level (financial Roles) is performed annually (beginning of the fiscal year). This review process requires, at a minimum, signoff by each Department by an Assistant Director.

Currently only PeopleSoft Financials and Buy Speed systems are utilizing the process stated in the previous paragraph. The corrective action plan for FY2018 is to implement a security process, which emulates the one that is in production for PeopleSoft Financials, to all sensitive IT systems in the City of Fort Worth. FMS is also adding an additional Sr. Business Process Analyst whose main area of responsibility will be to coordinate IT system security and implement unified security processes. The new Sr. Business Process Analyst, along with the current Sr. Business Process Analysts, will be reporting to a Financial Systems Manager and will be a part of the Financial Reporting division in FMS.

Human Resources completes an audit of the security access in the PeopleSoft HCM system every November. The responses from the Departments are then stored on our Human Resources SharePoint site. Written approval is required for any City of Fort Worth employee to have access beyond their own personal information.

This action plan will be completed by September 30, 2018.

Contact Person: Aaron J. Bovos, Chief Financial Officer, Department of Financial Management Services, 817-392-8517

Contact Person: Kevin Gunn, IT Solutions Director, IT Solutions Department, 817-392-2015

Contact Person: Nathan Gregory, Assistant Human Resources Director, Human Resources Department, 817-392-7847

**CITY OF FORT WORTH, TEXAS
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2017**

Findings and Questioned Costs Related to Federal and State Awards

2017-002 Material Weakness: Financial Reporting of Grant Awards

Concur: The City will develop and present training for grant management personnel to reinforce key concepts of grant compliance, such as contract knowledge, reporting, and timely financial recordkeeping. This will be in addition to training presentations made at the City's quarterly Grants Roundtables. The Grant Accounting team will meet with each Department administering grants to answer questions and discuss compliance. Additionally, the Grant Accounting area will implement a significant program of process mapping and documentation. Procedures and job aids that would be of benefit to all City Departments will be published in a grants library on the intranet.

The Schedule of Federal and State Expenditures will be reconciled to the City's general ledger on a quarterly basis to ensure that any needed corrections are made timely. In conjunction with an accelerated schedule for recording final adjustments after fiscal year-end, this should result in more timely and accurate Single Audit responses.

This action plan will be completed by September 30, 2018.

Contact Person: Aaron J. Bovos, Chief Financial Officer, Financial Management Services Department, 817-392-8517
Contact Person: Bill Welstead, Aviation Director, Aviation Department, 817-392-5402

2017-003 Compliance Finding/Significant Deficiency: Community Services Block Grant (Eligibility)

Concur: In order to prevent further issues with eligibility documentation, the City will institute a policy requiring all program participants to file standard eligibility verification paperwork directly with the City, rather than relying on third-party documentation (the school district), which was the source of the issue in FY2017.

This action plan will be completed by May 1, 2018.

Contact Person: Aaron J. Bovos, Chief Financial Officer, Financial Management Services Department, 817-392-8517
Contact Person: Aubrey Thagard, Neighborhood Services Director, Neighborhood Services Department, 817-392-8187

**CITY OF FORT WORTH, TEXAS
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2017**

2017-004 Compliance Finding/Significant Deficiency: RTR Multimodal Transportation Improvements (Reporting)

Concur: The City will develop and present training for grant management personnel to reinforce key concepts of grant compliance, such as contract compliance, regular reporting, and keeping timely financial records. In late FY2017, the City did implement an automated reporting notification protocol that is now fully functional. While it did not prevent the 2017 finding due to the timing of the implementation, this system now ensures that both project management and financial management are aware of any pending or overdue reports.

The project manager for the Double Eagle Extension project has already submitted a final report to the NCTCOG to resolve prior reporting deficiencies.

TPW's Fiscal Management has designated two additional fiscal support staff to improve their ability to monitor adherence to compliance requirements as they pertain to TPW's grant projects in the future.

This action plan will be completed by September 30, 2018.

Contact Person: Aaron J. Bovos, Chief Financial Officer, Financial Management Services Department, 817-392-8517
Contact Person: Doug Wiersig, Transportation/Public Works Director, Transportation/Public Works Department, 817-392-7801

2017-005 Compliance Finding/Significant Deficiency: Guinn School BAC (Reporting)

Concur: The City will develop and present training for grant management personnel to reinforce key concepts of grant compliance, such as contract compliance, regular reporting, and keeping timely financial records. In late FY2017, the City did implement an automated reporting notification protocol that is now fully functional. While it did not prevent the 2017 finding due to the timing of the implementation, this system now ensures that both project management and financial management are aware of any pending or overdue reports.

The project manager for the Guinn School project filed a final reconciling report that was accepted by the UNTHSC to close out the grant in question.

This action plan will be completed by September 30, 2018.

Contact Person: Aaron J. Bovos, Chief Financial Officer, Financial Management Services Department, 817-392-8517
Contact Person: Robert Sturns, Economic Development Director, Economic Development Department, 817-212-2663



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Status of Prior Year Findings



**CITY OF FORT WORTH, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Financial Statement Findings:

Audit Finding Reference: 2016-001 – Accounting and Management of Capital Assets

Status of Prior Finding:

Planned corrective action was completed during the year ended September 30, 2017. There is no corresponding finding for Fiscal Year 2017

Audit Finding Reference: 2016-002 – Journal Entries and Financial Reporting

Status of Prior Finding:

Planned corrective action was completed during the year ended September 30, 2017. There is no corresponding finding for Fiscal Year 2017

Audit Finding Reference: 2016-003 – Operations Security IT Access Controls

Status of Prior Finding:

The finding was not fully corrected during the year ended September 30, 2017. In the current year, this has been reported as Finding 2017-001 – Logical Access User Review. Remaining actions to be taken to resolve this finding are detailed in the current year's Corrective Action Plan.

Findings and Questioned Costs related to Federal and State Awards:

Audit Finding Reference: 2016-004 – RTR Multimodal Transportation Improvements

Status of Prior Finding:

The finding was not fully corrected during the year ended September 30, 2017. In the current year, this has been reported as Finding 2017-003 – RTR Multimodal Transportation Improvements Reporting. Remaining actions to be taken to resolve this finding are detailed in the current year's Corrective Action Plan.



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LIST OF ACRONYMS

CAPER	-	Consolidated Annual Performance and Evaluation Report
CDBG	-	Community Development Block Grant
CEAP	-	Comprehensive Energy Assistance Program
CFDA	-	Catalog of Federal Domestic Assistance
CFR	-	Code of Federal Regulations
CFW or COFW	-	City of Fort Worth
CHDO	-	Community Housing Development Organizations
CIP	-	Construction in Progress
CO4PR26	-	IDIS Report: CDBG Financial Summary
COPS	-	Community Oriented Policing Services
CSBG	-	Community Services Block Grant
DEA	-	Drug Enforcement Administration
DNA	-	Deoxyribonucleic Acid
DOE	-	Department of Energy
DOJ	-	Department of Justice
DOT	-	Department of Treasury
ECC	-	Environmental Collection Center
EDA	-	Economic Development Administration
EDART	-	Enhanced Domestic Abuse Response Team
EDI	-	Economic Development Initiative
EMPACT	-	Environmental Monitoring for Public Access and Community Tracking
EPA	-	Environmental Protection Agency
ERP	-	Enterprise Resource Planning
FAA	-	Federal Aviation Administration
FMS	-	Financial Management Services
FATS	-	Fixed Assets Tracking System
FHAP	-	Fair Housing Assistance Program
FHIP	-	Fair Housing Initiative Program
FWEDC	-	Fort Worth Economic Development Corporation
FY	-	Fiscal Year – Normally refers to the year in which a grant was awarded
GASB	-	Governmental Accounting Standards Board
HHW	-	Hazardous Household Waste
HOME	-	Home Investment Partnership Program

LIST OF ACRONYMS

HOPWA	-	Housing Opportunities for Persons With AIDS
HUD	-	Housing and Urban Development
IDIS	-	Integrated Disbursement and Information System
ITC	-	Intersection Traffic Control
LIHEAP	-	Low Income Home Energy Assistance Program
MMRS	-	Metropolitan Medical Response System
NCTCOG	-	North Central Texas Council of Governments
OJJDP	-	Office of Juvenile Justice and Delinquency Prevention
OMB	-	Office of Management and Budget
PACSD	-	Parks and Community Services Department
PY	-	Program Year (usually June 1 - May 31)
RAMP	-	Routine Airport Maintenance Program
RAS	-	Risk Advisory Services
RLF	-	Revolving Loan Fund
SAA	-	State Administrative Agency
SCRAM	-	Sex Crime Apprehension and Monitoring
SFSP	-	Summer Food Service Program
SMGCS	-	Surface Movement Guidance and Control System
SRF	-	State Revolving Fund
STEP	-	Selective Traffic Enforcement Program
TDA	-	Texas Department of Agriculture
TDHCA	-	Texas Department of Housing and Community Affairs
TPW	-	Transportation and Public Works
TPWD	-	Texas Parks and Wildlife Department
UGMS	-	Uniform Grant Management Standards
UNTHSC	-	University of North Texas Health Science Center
UPARR	-	Urban Park and Recreation Recovery