

City of Fort Worth, Texas

FY2018

SINGLE AUDIT REPORT

For the Fiscal Year Ended September 30, 2018



SINGLE AUDIT REPORT

For the Fiscal Year Ended
September 30, 2018

CITY OF FORT WORTH, TEXAS

ELECTED OFFICIALS

2018 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

INTERIM CHIEF FINANCIAL OFFICER

Kevin Gunn

INDEPENDENT AUDITORS

Weaver and Tidwell, L.L.P.

Prepared by the Department of Financial Management Services

Grant Accounting

Anthony M. Rousseau, CPA, CTP, CGFO

Peter James
Monica Castillo
Chris Lawson
Shalonda Oliver
Shanitra Ollie
Anita Peyton
Trina Stokes

FORT WORTH®

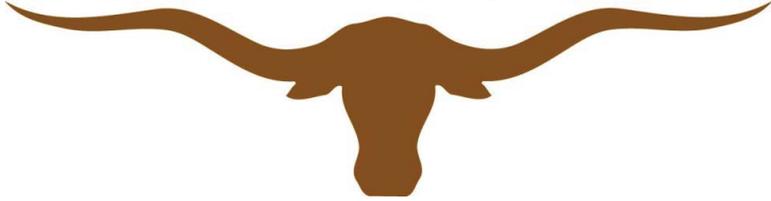


TABLE OF CONTENTS

	PAGE
Table of Contents	i
Purpose and Contents of this Report	iii
Letter of Transmittal	v
Overview	vi
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	1
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.	3
Schedules of Expenditures of Federal and State Awards	7
Schedule of Expenditures of Federal Awards	7
U.S. Department of Agriculture	7
U.S. General Services Administration	7
U.S. Department of Energy	7
U.S. Department of Health and Human Services	7
U.S. Department of Housing and Urban Development	7
U.S. Department of Justice	8
U.S. Department of Transportation	9
Equal Employment Opportunity Commission	10
Environmental Protection Agency	10
U.S. Department of Homeland Security	11
Executive Office of the President	11
U.S. Department of the Treasury	11
Schedule of Expenditures of State Awards	12
Texas State Attorney General's Office	12
Texas Parks and Wildlife Department	12
Texas Department of Motor Vehicles	12
Texas Department of Transportation	12
Texas Commission of Environmental Quality	12
Texas Water Development Board	12
Texas Veterans Commission	12
UNT Health Science Center	12
Notes to the Schedule of Expenditures of Federal and State Awards	14
Schedule of Findings and Questioned Costs	17
Corrective Action Plan	23
Summary Schedule of Prior Year Findings	26
List of Abbreviations	28



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





February 14, 2019

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, 2018 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 Finance 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

Kevin Gunn
Interim Chief Financial Officer

Overview of the City's Fiscal Year 2018 Annual Audit

This report has been prepared in connection with the Fiscal Year 2018 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 2018 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.



Independent Auditor's Reports





Austin | Conroe | Dallas | Fort Worth | Houston
Los Angeles | Midland | New York City | San Antonio

**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, 2018 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 14, 2019, which included an emphasis of matter paragraph on the restatement of beginning net position due to the implementation of new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Our report also 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, 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 2018-001 that we consider to be a significant deficiency.

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905 | Fax: 817.429.5936
CPAs AND ADVISORS | WEAVER.COM

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 14, 2019



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, 2018. 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 federal awards which are not included in the City's schedule of expenditures of federal and state awards for the year ended September 30, 2018. 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.

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, 2018.

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

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 item 2018-003. Our opinion on each major federal and state program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The City's response was 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.

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 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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003 that we consider to be significant deficiencies.

The City's responses to the internal control over compliance 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 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.

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

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 14, 2019, which contained unmodified opinions on those financial statements. Our report on the financial statements of the City included an emphasis of matter paragraph on the restatement of beginning net position due to the implementation of new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our report on the financial statements also 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 federal awards which are not included in the City's schedule of expenditures of federal and state awards for the year ended September 30, 2018. 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 14, 2019



Schedule of Expenditures of Federal and State Awards



City of Fort Worth, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Texas Department of Agriculture				
Child and Adult Care Nutrition Program 2017	10.558	1514-CACF	\$ 70,904	
Child and Adult Care Nutrition Program 2018	10.558	18 CACF	414,033	
Subtotal for Program			<u>484,937</u>	
Passed through Texas Department of Agriculture				
Summer Food Program 2016	10.559	01514-SFSP	12,518	
Total U.S. Department of Agriculture			<u>497,455</u>	
U.S. GENERAL SERVICES ADMINISTRATION				
Passed through the Texas Facilities Commission/Federal Surplus Program				
Donation of Federal Surplus Personal Property	39.003	N/A	3,242	
Total U.S. General Services Administration			<u>3,242</u>	
U.S. DEPARTMENT OF ENERGY				
Passed through the Texas Department of Housing and Community Affairs				
Department of Energy Weather Assistance Program 2017	81.042	56170002720	201,937	
Department of Energy Weather Assistance Program 2018	81.042	56180002950	23,400	
Total U.S. Department of Energy			<u>225,337</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Texas Department of Housing and Community Affairs				
Comprehensive Energy Assistance Program 2017	93.568	58170002578	1,620,217	
Comprehensive Energy Assistance Program 2018	93.568	58180002775	3,198,011	
Low Income Home Energy Assistance Program 2017	93.568	81170002654	462,002	
Low Income Home Energy Assistance Program 2018	93.568	81180002880	666,172	
Subtotal for Program			<u>5,946,402</u>	
Passed through Texas Department of Housing and Community Affairs				
Community Services Block Grant 2016-17	93.569	61170002617	530,444	
Community Services Block Grant 2018	93.569	61180002842	1,355,126	
Community Services Block Grant Discretionary 2016	93.569	61170002675	5,035	
Subtotal for Program			<u>1,890,605</u>	
Total U.S. Department of Health and Human Services			<u>7,837,007</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	165,948	\$ 165,948
Community Development Block Grant (PY 11-12)	14.218	B-11-MC-48-0010	302,707	22,414
Community Development Block Grant (PY 12-13)	14.218	B-12-MC-48-0010	27,117	-
Community Development Block Grant (PY 13-14)	14.218	B-13-MC-48-0010	62,464	-
Community Development Block Grant (PY 14-15)	14.218	B-14-MC-48-0010	187,575	40,000
Community Development Block Grant (PY 15-16)	14.218	B-15-MC-48-0010	939,904	-
Community Development Block Grant (PY 16-17)	14.218	B-16-MC-48-0010	1,073,589	-
Community Development Block Grant (PY 17-18)	14.218	B-17-MC-48-0010	4,420,882	1,125,525
UCC Bethlehem Center	14.218	B-99-MC-48-0010	203,410	-
Community Development Block Grant Restricted Cash	14.218	M&C L-15682; C-27098; C-27212	380,801	-
Subtotal for Program			<u>7,764,397</u>	<u>1,353,887</u>

(continued)

City of Fort Worth, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
Direct Programs				
Emergency Solutions Grant (PY 16-17)	14.231	E-16-MC-48-0006	62,133	58,032
Emergency Solutions Grant (PY 17-18)	14.231	E-17-MC-48-0006	505,851	491,257
Subtotal for Program			567,984	549,289
Direct Programs				
HOME Investment Partnerships Project (PY 10-11)	14.239	M-10-MC-48-0204	223,618	223,618
HOME Investment Partnerships Project (PY 11-12)	14.239	M-11-MC-48-0204	262,112	262,112
HOME Investment Partnerships Project (PY 13-14)	14.239	M-13-MC-48-0204	671,703	671,703
HOME Investment Partnerships Project (PY 14-15)	14.239	M-14-MC-48-0204	1,028,927	1,028,927
HOME Investment Partnerships Project (PY 15-16)	14.239	M-15-MC-48-0204	1,022,466	989,123
HOME Investment Partnerships Project (PY 16-17)	14.239	M-16-MC-48-0204	709,890	-
HOME Investment Partnerships Project (PY 17-18)	14.239	M-17-MC-48-0204	375,700	-
Subtotal for Program			4,294,416	3,175,483
Direct Programs				
Housing Opportunities for Persons with AIDS (PY 15-16)	14.241	TXH-15-F002	17,111	17,111
Housing Opportunities for Persons with AIDS (PY 16-17)	14.241	TXH-16-F002	386,799	386,799
Housing Opportunities for Persons with AIDS (PY 17-18)	14.241	TXH-17-F002	1,109,426	1,075,123
Subtotal for Program			1,513,336	1,479,033
Direct Programs				
Fair Housing Assistance Program (PY 14-15)	14.401	FF-206-K-14-6002-1	3,932	
Fair Housing Assistance Program (PY 15-16)	14.401	FF-206-K-15-6002	137,130	
Fair Housing Assistance Program (PY 16-17)	14.401	FF-206-K-16-6002	514,253	
Subtotal for Program			655,315	
Direct Program				
Lead Hazardous Reduction Program (PY 14-15)	14.905	TX-LHD-0273-14	198,792	
Lead Hazardous Reduction Program (PY 17-20)	14.905	TX-LHD-0316-17	606,462	
Subtotal for Program			805,254	
Total U.S. Department of Housing and Urban Development			15,600,702	6,557,692
U.S. DEPARTMENT OF JUSTICE				
Direct Programs				
DNA Capacity Enhancement & Backlog Reduction Program 2015	16.741	2015-DN-BX-0038	59,470	
DNA Capacity Enhancement & Backlog Reduction Program 2016	16.741	2016-DN-BX-0044	679	
Subtotal for Program			60,149	
Direct Programs				
Federal Asset Forfeiture Program	16.922	MOU	46,289	
Direct Programs				
COPS Hiring Program	16.710	2014ULWX0050	283,018	
Direct Programs				
Justice Assistance Grant 2014	16.738	2014-DJ-BX-0297	35,033	11,724
Justice Assistance Grant 2015	16.738	2015-DJ-BX-0699	490,407	243,937
Justice Assistance Grant 2016	16.738	2016-DJ-BX-0716	42,094	42,094
Subtotal for Program			567,534	297,755

(continued)

City of Fort Worth, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
Direct Programs				
Internet Crimes Against Children 2017	16.800	2016-MC-FX-K034	7,679	
Passed through the Office of the Governor, Criminal Justice Division				
Crime Laboratory Equipment Enhancement	16.742	2841503	79,000	
Passed through the Office of the Governor, Criminal Justice Division				
Victims of Crime Act FY2017	16.575	3059701	22,200	
Victims of Crime Act FY2018-19	16.575	3059702	127,830	
Subtotal for Program			<u>150,030</u>	
Passed through the Safe City Commission				
Project Safe Neighborhoods FY 2017	16.609	2016-GP-BX-0015	100,972	
Total U.S. Department of Justice			<u>1,294,671</u>	<u>297,755</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs				
Noise Land Acquisition Meacham Airport	20.106	3-48-0296-49-2012	4,467	
Noise Mitigation Alliance Airport	20.106	3-48-0296-48-2012	10,688	
Runway Extension Alliance 16L/34R 2015	20.106	3-48-0296-056-2015	2,016,230	
Runway Extension Alliance Phase XI	20.106	3-48-0296-050-2010	15,712	
Alliance Runway Extension XI	20.106	3-48-0296-042-2010	5,374	
Runway Extension Alliance 2009	20.106	3-48-0296-40-2009	(48,128)	
Runway Extension Alliance 2016	20.106	3-48-0296-057-2016	7,330,530	
Runway Extension Alliance 2017 Phase 1	20.106	3-48-0296-058-2017	7,730,844	
Taxilane E and Hangarline Construction	20.106	1702MEACH	100,971	
Taxilane E and Hangarline Construction	20.106	1702MCHAM	1,704,983	
Wildlife Hazard Assessment 2016	20.106	16WASPINK	6,300	
Rehab Runway and Taxiway Lighting 2017	20.106	3-48-0296-059-2017	159,914	
Passed through Texas Department of Transportation				
Airport Runway Drainage and Fencing Spinks 2014	20.106	4XXAV081	24,696	
Subtotal for Program			<u>19,062,581</u>	
Passed through Federal Motor Carrier Safety Administration				
FMC - High Priority Grant 2016	20.218	FM-MHP-0265-16-01-00	(1,570)	
FMC - High Priority Grant 2017	20.218	FM-MHP-0295-17	213,545	
Subtotal for Program			<u>211,975</u>	
Passed through Texas Department of Transportation				
STEP Comprehensive 2017	20.600	2017-FORTWORT-S-1YG-079	(2,187)	
STEP Comprehensive 2018	20.600	2018-FORTWORT-5-1YG-0032	167,332	
Subtotal for Program			<u>165,145</u>	

City of Fort Worth, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
Passed through Texas Department of Transportation				
Altamesa Blvd	20.205	CSJ 0902-48-775	(91,461)	
Chapel Creek Bridge	20.205	CSJ 0902-48-722	2,161	
Neighborhood Transportation Connections	20.205	CSJ 0902-48-791	29,389	
So. Central High Speed Corridor	20.205	CSJ 0902-48-694	139,397	
CMAQ5 ITS System Expansion Pro	20.205	CSJ 0902-48-587 & 48-588	34,163	
Trinity Trails East Bank	20.205	CSJ 0902-48-869	195,312	
Intersection Improv Miller/Wilbarger	20.205	CSJ 0172-06-092	26,732	
Meandering Road	20.205	CSJ-0902-90-046	652,803	
Peach St/Live Oak Connector	20.205	CSJ 0902-48-688 & 689	(282,566)	
The Ridglea Urban Village Street	20.205	CSJ 0902-48-582	53,846	
Signage and Information	20.205	CSJ-0902-48-508	(2,449)	
Urban Villages Central Cluster	20.205	CSJ 0902-48-681	328,360	
East Fort Worth Extension	20.205	CSJ-0902-90-031	211,843	
Rosedale Corridor Management System	20.205	0902-90-018	(18,610)	
Subtotal for Program			<u>1,278,920</u>	
Total U.S. Department of Transportation			<u>20,718,621</u>	
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
Direct Awards				
Equal Employment Opportunity Commission 2014	30.001	EECCN130018MOD0002	2,645	
Equal Employment Opportunity Commission 2015	30.001	EECCN130018MOD5	(8,494)	
Fair Employment Program 2016	30.001	EEC45016C0080	72,103	
Fair Employment Program 2017	30.001	EEC45016C0080P00002	20,967	
Total Equal Employment Opportunity Commission			<u>87,221</u>	
ENVIRONMENTAL PROTECTION AGENCY				
Direct Award				
Brownfields Rev Loan	66.818	BL-98690701	4,327	
Passed through Texas Water Development Board				
Clean Water State Revolving Fund Series 2010A	66.458	L090003	2,361,139	
Clean Water State Revolving Fund Series 2015	66.458	L1000345	2,172,967	
Clean Water State Revolving Fund Series 2017	66.458	L1000573	1,922,898	
Subtotal for Program			<u>6,457,004</u>	
Passed through Texas Commission on Environmental Quality				
PM 2.5 Local Air Pollution Monitoring 2015	66.034	582-15-50040	39,052	
Passed through Texas Commission on Environmental Quality				
Air Monitoring PM 10	66.605	528-18-80091	147,028	
Air Pollution PM10	66.605	582-14-40060	(8,510)	
Subtotal for Program			<u>138,518</u>	
Total Environmental Protection Agency			<u>6,638,901</u>	

(continued)

City of Fort Worth, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs				
Disaster Recovery Grant	97.036	PA-06-TX-4223	952,890	
Passed through Office of the Governor of Texas/ Criminal Justice Division				
Urban Area Security Initiative - UASI 2016	97.067	EMW-2016-SS-00056	1,825,038	
Urban Area Security Initiative - UASI 2017	97.067	EMW-2017-SS-00005	675,745	
Urban Area Security Initiative - UASI 2017 LE	97.067	EMW-2017-SS-00005	54,998	
Urban Area Security Initiative - UASI 2017 M&A	97.067	EMW-2017-SS-00005	95,095	
Passed through Texas Department of Public Safety				
UASI 2013 M&A	97.067	13-SR-27000-03		(158)
UASI 2014	97.067	14-SR 27000-01		(27,709)
UASI 2014 LE	97.067	14-SR 27000-02		(5,773)
UASI 2014 M&A	97.067	14-SR 27000-03		4,799
Passed through Texas Office of the Governor - Homeland Security Grants Division				
UASI 2015	97.067	EMW-2015-SS-00080	804,893	
UASI M&A 2015	97.067	EMW-2015-SS-00080	876,711	
UASI LE 2015	97.067	EMW-2015-SS-00080	5,582	
Subtotal for Program			<u>4,309,221</u>	
Passed through Texas Governor's Division of Emergency Management				
Emergency Management Performance Grant FY2017	97.042	N/A	22,024	
Emergency Management Performance Grant FY2018	97.042	N/A	179,091	
Cooperating Technical Partners FY2014	97.042	EMW-2014-CA-K00188	51,287	
Subtotal for Program			<u>252,402</u>	
Direct Awards				
Assistance to Firefighters Program - AFG2015	97.045	EMW-2015-FP-00702	2,825	
Passed through Texas Commission on Environmental Quality				
Biowatch-Whole Air Grant 2016	97.091	582-16-60018	385,378	
Total Department of Homeland Security			<u>5,902,716</u>	
EXECUTIVE OFFICE OF THE PRESIDENT				
Passed through the Office of National Drug Control Policy				
HIDTA Commercial Smuggling Task Force	95.001	CSC 33102 & 44244	(489)	
HIDTA Western Drug Squad Task Force	95.001	NONE	110,014	
Total Executive Office of the President			<u>109,525</u>	
U.S. DEPARTMENT OF THE TREASURY				
Direct Awards				
Treasury Asset Forfeiture Program	21.016	MOU	477,718	
Total Department of the Treasury			<u>477,718</u>	
TOTAL FEDERAL DIRECT AND PASS-THROUGH AWARDS			<u>\$ 59,393,116</u>	<u>\$ 6,855,447</u>

City of Fort Worth, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2018

GRANT AGENCY/PROJECT TITLE	CONTRACT NUMBER	EXPENDITURES
TEXAS STATE ATTORNEY GENERAL'S OFFICE		
Direct Awards		
Victim Coordinator and Liaison 2018	1880350	\$ 42,020
Total Texas State Attorney General's Office		42,020
TEXAS PARKS AND WILDLIFE DEPARTMENT		
Direct Awards		
Northwest Community Park - Phase II	55-000021	802,414
Regional Park Grant	CSC 43460	(5,937)
Total Texas Parks and Wildlife Department		796,477
TEXAS DEPARTMENT OF MOTOR VEHICLES		
Passed Through Tarrant County		
Tarrant County Auto Crimes Task Force 2016	CSC 47077	(10,220)
Tarrant County Auto Crimes Task Force 2018	608-18-2200000	37,860
Total Texas Department of Motor Vehicles		27,640
TEXAS DEPARTMENT OF TRANSPORTATION		
Direct Awards		
Routine Airport Maintenance Program Alliance 2018	M1802ALNC	42,499
Routine Airport Maintenance Program Meacham 2018	M1802MECH	50,000
Routine Airport Maintenance Program Spinks 2018	M1802SPNK	50,000
Passed Through the North Central Texas Council of Governments		
TWU Streetscape Sustainable Development	CSJ 0902-48-832	(3,130)
Hemphill Connector	CSI 0902-90-070	3,448,803
Total Texas Department of Transportation		3,588,172
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY		
Direct Awards		
Air Pollution Compliance Monitoring 2018	582-15-50123	244,026
Air Pollution Compliance Monitoring 2019	582-19-90043	26,545
Nox Ozone Monitoring	582-16-60238	37,404
Total Texas Commission on Environmental Quality		307,975
TEXAS WATER DEVELOPMENT BOARD		
Texas Water Development Board Flood Warning Grant	1600012041	166,686
Total Texas Water Development Board		166,686
TEXAS VETERANS COMMISSION		
Fund for Veterans' Assistance General Assistance Grant 2017	FVA-17-0409	275,512
Fund for Veterans' Assistance General Assistance Grant 2018	FAV-18-0510	56,180
Total Texas Veterans Commission		331,692
UNT HEALTH SCIENCE CENTER		
Economic Development and Technology Commercialization	2567DEB6F094	444,016
Total UNT Health Science Center		444,016
TOTAL STATE AWARDS		\$ 5,704,678



City of Fort Worth, Texas
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2018

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, 2018.

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 subawards 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, 2018 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, 2018:

• Evans Avenue and Rosedale Street Business and Cultural District Project, Commitment No B-99-MC-48-0010	\$ 702,000
• Evans Avenue and Rosedale Street-due within one year	<u>666,000</u>
Evans Avenue and Rosedale Street-Total	<u>\$ 1,368,000</u>

City of Fort Worth, Texas
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2018

4. OUTSTANDING LOAN BALANCES (continued)

The City has an outstanding HUD SectiThe 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, 2018 the outstanding loan balances were:

• TWDB Series 2007A	\$ 15,860,000
• TWDB Series 2007A- Due within One Year	<u>1,780,000</u>
TWDB Series 2007A Total	<u>\$ 17,640,000</u>
• TWDB Series 2007B	\$ 24,095,000
• TWDB Series 2007B- Due within One Year	<u>2,645,000</u>
TWDB Series 2007B Total	<u>\$ 26,740,000</u>
• TWDB Series 2010A	\$ 23,540,000
• TWDB Series 2010A- Due within One Year	<u>1,890,000</u>
TWDB Series 2010A Total	<u>\$ 25,430,000</u>
• TWDB Series 2010B	\$ 16,515,000
• TWDB Series 2010B- Due within One Year	<u>1,315,000</u>
TWDB Series 2010B Total	<u>\$ 17,830,000</u>
• TWDB Series 2015	\$ 31,660,000
• TWDB Series 2015- Due within One Year	<u>1,835,000</u>
TWDB Series 2015 Total	<u>\$ 33,495,000</u>
• TWDB Series 2017	\$ 15,095,000
• TWDB Series 2017- Due within One Year	<u>475,000</u>
TWDB Series 2017 Total	<u>\$ 15,570,000</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, 2018 the outstanding loan balance was:

• TWDB Series 2009 ARRA	\$ 8,845,000
• TWDB Series 2009 ARRA- Due within One Year	<u>815,000</u>
TWDB Series 2009 ARRA Total	<u>\$ 9,660,000</u>

5. NONCASH AWARDS

Certain federal financial awards programs involve other-than-cash awards. Such items were immaterial in the current year.



Schedule of Findings and Questioned Costs



City of Fort Worth, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

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:

<p>14.218</p> <p>20.106</p> <p>66.458</p> <p>97.067</p>	<p>Community Development Block Grant</p> <p>Airport Improvement Program</p> <p>Clean Water State Revolving Fund</p> <p>Urban Area Security Initiative</p>
---	---

Dollar threshold used to distinguish between type A and type B programs? \$1,781,793

Auditee qualified as low-risk auditee? Yes No

**City of Fort Worth, Texas
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2018**

SECTION I – SUMMARY OF AUDITOR’S RESULTS – CONTINUED

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:

Northwest Community Park- Phase II
 Guinn School BAC
 Fund for Veterans’ Assistance Grant 2017/2018
 SH 121 Subaccount Projects
 CSJ-0902-90-070
 CSJ 0918-46-250

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
For the Year Ended September 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2018-001

Logical User and Physical Access Review

Criteria:

Information Technology (IT) systems allow the City to automate tasks to enable timely and accurate financial reporting. User access to these systems and physical access to IT hardware and servers 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 user access for the following:

- 1) Access to the City’s CourtView and privileged network shared files containing sensitive information.
- 2) Ongoing access of contract basis employees with necessary privileged access was not timely reviewed and their access terminated subsequent to the completion of these contracts.
- 3) Physical access to IT hardware and servers within City Hall was not appropriately restricted to only essential staff.

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 and documented user review and physical access 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.

**City of Fort Worth, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS – CONTINUED

Finding 2018-001 – Continued

Recommendation – Continued:

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, data and physical access, 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.

Management’s Response:

See Corrective Action Plan

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

Finding 2018-002

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:

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

Cause and Context:

The procedures used within the City’s grant accounting group and departments expending grant funding were not sufficient to timely identify state expenditures to ensure that all grant expenditures are reported on the Schedule of Expenditures of Federal and State Awards.

**City of Fort Worth, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018**

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

Finding 2018-002 - Continued

Effect:

Without an accurate and effective method to timely identify and reconcile grant awards and expenditures we noted that not all expenditures incurred were captured for reporting in the Schedule of Federal and State Awards prepared by City Management.

Recommendation:

We recommend that procedures for regular review be implemented in all Departments involved with federal and state grant reporting to ensure that the Schedule of Federal and State Expenditures is complete and accurate. 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 2018-003

Major Program – SH 121 Subaccount Projects
CSJ-0902-90-070
CSJ 0918-46-250

Compliance Requirement: Reporting and Return of Unused Funds

Criteria – Continued

In accordance with the grant agreement, the City must submit a monthly report of expenditures to the North Central Texas Council of Governments. Additionally, at the completion of each project, a close out audit must be performed within 120 days and any funds due to the State must be reported and promptly returned to the state.

Condition:

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

**City of Fort Worth, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018**

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

Finding 2018-003 – Continued

Cause and Context:

Monthly progress reports were not submitted to the North Central Texas Council of Governments for project CSJ-0902-90-070 as required by the grant agreement. Additionally, a close out audit for Project CSJ-0918-46-250 was not been completed within the required timeline. At September 30, 2018, \$3,226,598 from advanced funding on Project CSJ-0918-46-250 was due to the state, and the City was not accruing interest owed on those funds.

Effect:

Due to lack of controls in place to monitor adherence to compliance requirements, the City did not submit required reports to the required parties or promptly remit unused funds to the State of Texas.

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 compliance and internal control requirements under UGMS 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

Corrective Action Plan



City of Fort Worth, Texas
Corrective Action Plan
For the Year Ended September 30, 2018

Findings Related to the Financial Statements

2018-001 Significant Deficiency: Logical User and Physical Access Review

Concur: At this time, there are City of Fort Worth IT systems that have logical access reviews, 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/account locking of current employees that transfer departments and/or positions. 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 for each Department by an Assistant Director.

Currently, only PeopleSoft Financials is utilizing the process stated in the previous paragraph. The corrective action plan for FY2019 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. The Financial Systems team within FMS will compile information from this year's audit in order to present it to each Department as "best practices" when it comes to user security and access. When possible, FMS will incorporate the data and review of that data into the current PeopleSoft Financials security review model. This will include a quarterly review of users with access to file share folders where subsystem interface files are dropped for processing. In addition, FMS will work with the Human Resources and IT Departments to develop a process surrounding contractors and their access to the City of Fort Worth systems. At a minimum, this will include a quarterly review of all contractor access to ensure that their privileges are appropriate based on their position and projects.

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 the 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, 2019.

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

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

Contact Person: Leah Huff, Assistant Municipal Court Director, Municipal Court, 817-392-6737

Contact Person: Brad Cromer, Financial Systems Manager, FMS, 817-392-6036

City of Fort Worth, Texas
Corrective Action Plan
For the Year Ended September 30, 2018

2018-002 Significant Deficiency: Financial Reporting of Grant Awards

Concur: At this time, Grant Accounting reviews all Mayor & Council Communications (M&Cs) that are designated as grant-related by the initiating department; however, if the initiating department doesn't designate an action as grant-related, Grant Accounting does not get the chance to review that decision.

In order to reduce the chances of material State or Federal expenditures not being included in the SEFA/SESA, the City will take the following actions:

- Grant Accounting is already scheduled to participate in designing new software for developing and routing M&Cs. We will advocate enhanced language in the development phase, replacing "Is this M&C grant-related?" with "Does this M&C involve any federal or State funds?" This will allow for a second review, by Grant Accounting, of any determination that an action involving inter-governmental revenues is *not* a grant, for reporting purposes.
- Grant Accounting will perform a monthly review of non-grant project funds, checking for revenue lines that would indicate State or federal funds are being used on a project.
- Grant Accounting will continue to emphasize contract understanding and review at Quarterly Grants Roundtable training sessions and during regularly scheduled meetings with departments.

This action plan will be completed by September 30, 2019.

Contact Person: Kevin Gunn, Interim Chief Financial Officer, FMS, 817-392-2015

Contact Person: Tony Rousseau, Assistant FMS Director, FMS, 817-392-8338

Contact Person: Peter James, Grant Accounting Supervisor, FMS, 817-392-8512

2018-003 Significant Deficiency: Program Compliance—Reporting and Return of Unused Funds

Concur: The City already has a procedure in place to ensure timely reporting of grant projects. Upon realizing the actions outlined under Finding 2018-002 to ensure that reportable projects are classified as grants, this procedure will notify project and accounting staff of upcoming and overdue reports. The specific funds in question will be returned to the North Central Texas Council of Governments within 30 days. In order to ensure future timely return of excess funds at the end of advance grant projects, Grant Accounting has developed a procedure to govern return of unused grantor funds. Grant Accounting will review that procedure and revise to include timeliness guidelines. This topic will also be included in a) the next Quarterly Grants Roundtable training session open to all City departments, and b) the standard grant management training Grants Accounting providing to all new/existing City grants administrative personnel.

This action plan will be completed by September 30, 2019.

Contact Person: Kevin Gunn, Interim Chief Financial Officer, FMS, 817-392-2015

Contact Person: Tony Rousseau, Assistant Finance Director, FMS, 817-392-8338

Contact Person: Peter James, Grant Accounting Supervisor, FMS, 817-392-8512



Status of Prior Year Findings



**City of Fort Worth, Texas
Status of Prior Year Findings
For the Year Ended September 30, 2018**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Financial Statement Findings:

Audit Finding Reference: 2017-001 – Logical Access User Review

Status of Prior Finding:

The finding was not fully corrected during the year ended September 30, 2018. In the current year, this has been reported in as Finding 2018-001 – Logical User and Physical Access Review.

Findings and Questioned Costs related to Federal and State Awards:

Audit Finding Reference: 2017-002 – Financial Reporting of Grant Awards

Status of Prior Finding:

The finding was not fully corrected during the year ended September 30, 2018. In the current year, this has been reported in as Finding 2018-002 – Financial Reporting of Grant Awards.

Audit Finding Reference: 2017-003 – Community Services Block Grant Reporting

Status of Prior Finding:

Planned corrective action was completed during the year ended September 30, 2018.

Audit Finding Reference: 2017-004 – RTR Multimodal Transportation Improvements Reporting

Status of Prior Finding:

The finding was not fully corrected during the year ended September 30, 2018. In the current year, this has been reported in as Finding 2018-003 – SH 121 Subaccount Projects Reporting and Return of Funds.

Audit Finding Reference: 2017-005 – Guinn School BAC Reporting

Status of Prior Finding:

Planned corrective action was completed during the year ended September 30, 2018.



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
FASTS	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
GSB	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
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