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Donations Audit

September 17, 2021



**City of Fort Worth
Department of Internal Audit**

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The Donations Audit was conducted as part of the Department of Internal Audit's Fiscal Year 2021 Annual Audit Plan.

Audit Objectives

The objectives of this audit were to determine whether monetary donations to the Silver Stars and Water Utility Billing Assistance Programs were accounted for, properly recorded, and expended as intended.

Audit Scope

Our audit included a review of monetary donations to the Silver Stars and Water Utility Billing Assistance Programs from October 1, 2019 through December 31, 2020.

Opportunities for Improvement

Non-commingling of funds

Comprehensive guidelines

Consistent and effective program documentation

Executive Summary

As part of the FY2021 Annual Audit Plan, the Department of Internal Audit conducted an audit of donations to the Silver Stars Program (homebound and isolated seniors) and the Water Utility Billing Assistance Program, both of which are administered by the Neighborhood Services Department. The Neighborhood Services Department functions as the City of Fort Worth's Community Action Partners for Tarrant County, providing services to citizens that are in need. The Silver Stars and Water Utility Billing Assistance Programs are designed to help meet the Community Action Partners' objectives.

Neighborhood Services Department records indicate that during our audit period, the City provided toiletries, gloves, blankets, etc. to over 200 Tarrant County seniors as a part of the Silver Stars Program. The City also paid water bills for 100 Fort Worth residents.

- The general ledger indicates that during the audit period, City procurement cards were used to purchase items totaling \$6,109.41 for the Silver Stars Program.
- In reference to the Water Utility Billing Assistance Program, the City used \$10,885.76 from water utility billing assistance donations, \$4,162.41 from the General Fund, and \$942.80 from the Special Purpose Fund/project that was used to record multiple programs, including the Silver Stars.

Silver Stars Program: Internal Audit was informed that the City received no monetary donations for the Silver Stars Program during our audit period. Monetary donations were, reportedly, not received because in 2019, the Cowboy Santas Program (a program that previously included the Silver Stars Program) was dissolved, and because of COVID-19. The Neighborhood Services Department provided a document that showed no FY2019 or FY2020 donations, and did not include the beginning balance that was transferred from the dissolved Cowboy Santas Program. The document did, however, include FY2019 and FY2020 disbursements. Internal Audit was unable to verify whether donations were or were not received during our audit period, but did verify that the ending balance of the Cowboy Santas Program was posted as revenue (in the general ledger) to the Silver Stars Program.

Based on our test results, the Silver Stars Program's beginning balance was commingled with funds for other programs. Also, Silver Stars Program guidelines did not specify the types of items that could be purchased, or the number of times a client could be assisted over a specific timeframe.

Water Utility Billing Assistance Program: Based on our review of the general ledger, the City received \$22,114.93 in Water Utility Billing Assistance Program donations, and distributed \$15,990.97 during the audit period. Since the Neighborhood Services Department did not maintain documentation to support the status of client applications, by program (e.g., number of applications received, number and/or list of pending, denied, or in-progress applications, etc.), Internal Audit was unable to conclude as to whether water utility billing assistance was properly distributed (i.e., first-come, first-served basis versus number of days delinquent, illness within household, etc.). Based on our review of the general ledger, the Water Department transferred \$17,811.78 in September 2020 and \$16,119.22 in September 2019 (prior to the audit period) to the Neighborhood Services Department; however, we were unable to find documentation of an appropriation for those funds.

Although M&C G-18636 (dated January 12, 2016) specified a \$400.00 per-household limit for the Water Utility Billing Assistance Program, we identified five instances where the City provided water bill assistance that exceeded \$400.00 per household. Those five water bill assistance payments ranged from \$543.93 to \$942.80.

Our audit findings are discussed in further detail within the [Detailed Audit Findings](#) section of this report.

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Background

The City of Fort Worth Neighborhood Services Department hosts a variety of programs that benefit residents in various ways. The Neighborhood Services Department maintains seven Community Centers/Community Action Partners (CAP) centers, throughout Fort Worth, where residents can directly access CAP services.



**Andrew Doc Session
Community Center**



Como Community Center



**Martin Luther King Jr.
Community Center**



**Northside Community
Center**



**North Tri-Ethnic
Community Center**



**Southside Community
Center**



**Worth Heights
Community Center**

Source: City of Fort Worth website

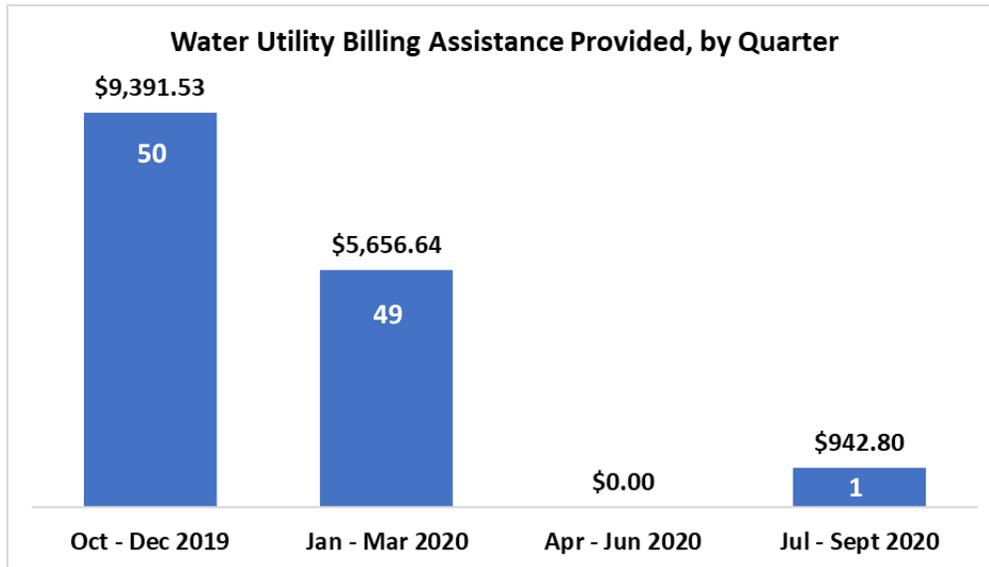
The Community Services Division of the Neighborhood Services Department is responsible for administering the Silver Stars and the Water Utility Billing Assistance Programs, which are both partially funded with donations. Donations for the Silver Stars Program may be made at the Southside Community Center. Water Utility Billing Assistance Program donations may be made in person (at the downtown Water office) or mailed to the Water Department. Water Department staff is responsible for appropriating and then transferring water bill donations to the Neighborhood Services Department at the end of each fiscal year.

- The Silver Stars Program focuses on providing care packages to isolated and homebound seniors during the December holiday season. The care packages are designed to provide necessities (e.g., toiletries, blankets, socks, etc.), as well as entertainment items such as books, cards and puzzles. To receive Silver Stars care packages, applicants must be 60 years or older, live in Tarrant County, be at or below



150% of the Federal Poverty Guidelines, and live alone or with other persons that are 60 or older. The City of Fort Worth’s Neighborhood Services Department has been responsible for administering the Silver Stars Program since the Cowboy Santas Program (which previously administered the Silver Stars Program) was dissolved in September 2019.

- The Water Utility Billing Assistance Program provides water bill payment assistance to City of Fort Worth water customers whose income is at or below 200% of Federal Poverty Guidelines, and meet one more criteria, such as an unforeseen event that depletes financial resources.



Source: Neighborhood Services Department

The Neighborhood Services Department uses NewGen software to track Community Action Partners’ client applications. NewGen’s website indicates that the software allows for streamlined application submission and evaluation, applicant eligibility checking, and automated and connected processes, etc. However, it should be noted that Silver Stars Program applications were not being tracked within NewGen.



Objectives

The objectives of this audit were to determine whether monetary donations to the Silver Stars and Water Utility Billing Assistance Programs were accounted for, properly recorded, and expended as intended.

Scope

Our audit included a review of monetary donations to the Silver Stars and Water Utility Billing Assistance Programs from October 1, 2019 through December 31, 2020. Our review only included donations made through the City of Fort Worth (CFW), and did not include donations that businesses may have made to these two programs.

Methodology

To achieve the audit objectives, the Department of Internal Audit performed the following:

- interviewed Neighborhood Services Department staff;
- reviewed Mayor and Council communication related to the Silver Stars and Water Utility Billing Assistance Programs;
- reviewed client files;
- reviewed deposit records and procurement card purchases related to the Silver Stars Program;
- reviewed the City's general ledger; and,
- evaluated internal controls related to donations to the Silver Stars and Water Utility Billing Assistance Programs.

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

Chapter XXVIII of the Fort Worth City Charter established the City of Fort Worth's Department of Internal Audit independent of management, reporting directly to the Fort Worth City Council. We utilized the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework when evaluating internal controls. The following internal control components and corresponding principles were considered significant to the audit objectives. COSO is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence.



Internal Control Component	Principles
Control Environment	Managerial oversight, integrity, ethics and responsibility; established organizational structure to achieve objectives; staff recruitment, development, retention, performance and accountability
Risk Assessment	Clearly-defined objectives to identify risks, define risk tolerances and respond to significant changes
Control Activities	Designed control activities, and policies to achieve objectives and mitigate risks
Information and Communication	Communication of necessary quality information
Monitoring	Monitoring and evaluating the effectiveness of internal controls, and timely remediate deficiencies

Audit Results

The City of Fort Worth's Community Action Partners (CAP) group, within the Neighborhood Services Department, serves as the community action agency for Tarrant County. The CAP offers comprehensive services to economically disadvantaged individuals, families and the elderly. As a part of the CAP, donations were used to purchase personal items such as blankets, socks and toiletries for the Silver Stars Program. Donations towards the Water Utility Billing Assistance Program were used to pay water bills for Fort Worth residents.

Silver Stars Program: Internal Audit was informed that no donations were received during our audit period. Neighborhood Services Department records indicated that over 200 seniors were served in December 2019; however, Internal Audit was informed that no seniors were served in December 2020 due to COVID-19. Based on our audit test results, funds used for purchases labeled for the Silver Stars Program appeared to have been expended for the purpose intended.

Internal Audit randomly selected 20 Silver Stars Program client files to review.

- No exceptions were noted for ten client files.
- One application showed a 54-year old participant. However, guidelines indicate the program is for seniors, 60 years and older.
- The Neighborhood Services Department was unable to provide application documentation for the remaining nine clients.

Financial activity, related to the Silver Stars Program, was commingled (within the general ledger) with funds designated for other assistance programs such as the Comprehensive Energy Assistance Program, Fort Worth's community centers programs, and a homeless and indigent welfare program. For example, during our audit period, Silver Stars Program revenue (totaling \$7,263.49) and related expenses (totaling \$6,109.41) were posted to the Energy Aid project number within the Special Purpose Fund. However, that same fund and project number were used to track programs other than the Silver Stars Program.

Internal Audit noted that there was no receipting policy or other mechanism (e.g., receipt book) in place to track monetary donations to the Silver Stars Program. Internal Audit also noted that the Silver Stars Program website link, for on-line donations, was broken. Upon Internal Audit inquiry, Neighborhood Services Department management indicated that they would address the issue. Additionally, Silver Stars Program guidelines did not specify the types of products to be purchased or client application retention requirements. As previously stated, the Silver Stars Program was recently reassigned to the Neighborhood Services Department, after being administered by the Cowboy Santas Program.

Water Utility Billing Assistance Program: Based on our test results, the CFW assisted 100 Fort Worth residents with water bill payment assistance. However, the City paid one of those resident's \$58.54 bill twice. Based on Water Department records, the City's second payment of \$58.54 was applied against the customer's subsequent month's outstanding balance of \$63.32.

Although Mayor and Council communication indicated that the City would provide a maximum of \$400.00 in water bill payment assistance per household, the City paid five (of 100) households more than \$400.00. Those bill payment amounts ranged between \$543.93 and \$942.80. Neighborhood Services Department management indicated that their practice has been to receive verbal approval from Water Department management to exceed the \$400.00 threshold, on a case-by-case basis. Additionally, although Mayor and Council communications authorized the \$400.00 per-household limit, the Water Department's website



indicated that only \$300.00 was allowed per household. The Water Department promptly corrected this error once notified during the audit.

Internal Audit also noted contradictions between Mayor and Council communications and the Neighborhood Services Department's website. For example, M&C G-18636 states that priority is given to households with elderly, disabled individuals, families with unemployed heads of households, and families with limited income and resources. Alternatively, the City's website indicates that priority will be given to households with a family member that has a serious illness and/or children under five years of age. In addition, M&C G-18636 lists income requirements at or below 200% of the Federal Poverty Guidelines, while the Water Department's website lists the income requirements at or below 150% of the Federal Poverty Guidelines. The Water Department promptly corrected this error once notified during the audit.

FY2020 general ledger records indicate that the Neighborhood Services Department used General Fund money to assist customers with outstanding water bill balances totaling \$4,162.41. Upon Internal Audit inquiry, Neighborhood Services Department staff indicated that the Water Utility Billing Assistance Program was subsidized because all funds (appropriated to assist residents with outstanding water bills) had been expended. Neighborhood Services Department staff further indicated that over \$30,000.00 had been donated but not appropriated. Based on our review of the general ledger, the Water Department transferred \$17,811.78 in September 2020, and \$16,119.22 in September 2019 (prior to the audit period) to the Neighborhood Services Department. However, we were unable to locate documentation supporting an appropriation of those funds. Internal Audit saw evidence of a Mayor and Council appropriation related to Water Utility Billing Assistance Program donations, on January 12, 2016 (M&C G-18636) for \$30,459.00.



Overall Risk Evaluation

High	Medium	Low
Commingling of funds		
	Lack of comprehensive guidelines	
	Recordkeeping that does not allow for program evaluation	

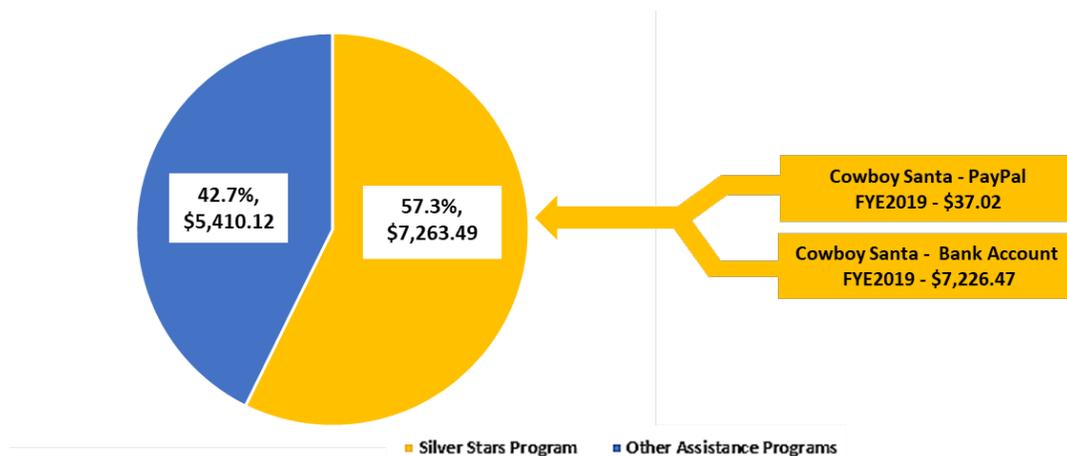
Detailed Audit Findings

1. Monetary donations were comingled in the City's general ledger.

The Silver Stars Program's beginning balance and related expenses were comingled (within the general ledger) with other programs. For example, the Silver Stars Program's beginning balance was recorded in the same fund and project that was used to record revenue related to the Comprehensive Energy Assistance Program, Fort Worth's community centers programs, and a homeless and indigent welfare program.

Revenue totaling \$12,673.61 and expenses totaling \$11,328.59 were posted to the Energy Aid project within the Special Purpose Fund. This fund and project were used to track the Silver Stars Program, as well as other programs.

- A majority of the revenue posted to the general ledger (57.3%, or \$7,263.49 of \$12,673.61) related to the Silver Stars Program.
 - After dissolution of the Cowboy Santas Program, the ending balance was designated to the Silver Stars Program. Therefore, on October 30, 2019, the Cowboy Santas Program's ending balance of \$7,226.47 was posted as Silver Stars Program revenue.
 - On January 13, 2020, the Cowboy Santas Program's PayPal account balance (\$37.02) was also posted as Silver Stars Program revenue.
- Some of the revenue (21%, or \$2,710.12 of the \$12,673.61) related to the Comprehensive Energy Assistance Program and/or programs designated for homeless and indigent projects.
- Internal Audit was unable to associate the remaining \$2,700.00 (of the \$12,673.61) with any particular program.



- Although expenses totaling \$11,328.59, were posted to the Energy Aid project number within the Special Purpose Fund, City procurement records indicated that the \$11,328.59 was expended for multiple programs.



- A majority (54%) of the expenses (\$6,109.41 of the \$11,328.59) related to the Silver Stars Program.
- The remaining \$5,219.18 (46%) was related to other programs.

Section V.C.2. of the City's Financial Directive for Financial Accounting and Reporting (FD01) states that transactions related to certain functions or activities must be segregated into a separate fund in order to aid in financial management. Commingling funds makes it more difficult to track specified donations, and could lead to spending donations for purposes other than those specified by the donor.

Recommendation 1: *The Chief Financial Officer should require that Silver Stars Program donations are recorded separate from other program donations.*

Auditee's Response: Concur. FMS Accounting will collaborate with Neighborhood Services and Performance and Budget Departments to separate the Silver Stars program donations from the other program donations.

Target Implementation Date: August 31, 2022

Responsibility: Anthony Rousseau, Assistant Finance Director (FMS)

Applicable Department Head: Reginald Zeno, Chief Financial Officer

Applicable Deputy City Manager: Jay Chapa

2. Written standard policies and procedures were considered incomplete, and program guidance was sometimes contradictory.

Neighborhood Services Department staff provided written guidelines governing the Silver Stars Program. The guidelines, which had a November 20, 2006 effective date and a May 11, 2021 revision date, addressed eligibility requirements and procedures. However, the guidelines did not address some areas that we determined were necessary for effective program administration. For example, the Silver Stars Program guidelines did not specify:

- client application retention requirements;
- the types of items allowed to be purchased for the program (e.g. personal care, stationery, etc.); and,
- controls needed to ensure that items provided are equitably distributed.

In reference to the Water Utility Billing Assistance Program, current guidelines did not specify whether and/or when non-compliance with the \$400.00 per household threshold was permitted, or the level of authorization required to override the \$400.00 threshold, if at all allowed.

Internal Audit noted contradictions between Mayor and City Council communications and the Neighborhood Services Department's website. M&C G-18636 states that households that receive water utility billing assistance will be prioritized based on the following constraints: elderly, disabled, families with unemployed heads of households, and families with limited income and resources. However, the Neighborhood Services Department's website indicates that priority will be given to households with a family member that has a serious illness and/or small children (under five years of age).



In addition, although Mayor and Council communication (M&C G-18636, dated January 12, 2016) and the Neighborhood Services Department's written guidelines indicate a \$400.00 threshold for water utility billing assistance, per household, the Water Department's website indicated that only \$300.00 was allowed per household. It should be noted that the Water Department promptly corrected this error once notified during the audit.

M&C G-18636 also lists income requirements at or below 200% of the Federal Poverty Guidelines. However, the Water Department's website lists income requirements at or below 150% of the Federal Poverty Guidelines. The Water Department also promptly corrected this error once notified during the audit.

Internal Audit is of the understanding that the City's intent is to assist those in need, and not impose so many restrictions and/or requirements that discourage participation or interest. However, we concluded that explicitly addressing the aforementioned areas would help ensure that the City consistently provides assistance in an equitable manner. It should be noted that FY2021 is the first full year that the Neighborhood Services Department has administered the Silver Stars Program. As mentioned in the Background section of this report, the Neighborhood Services Department inherited the program after the dissolution of the Cowboy Santas Program. The Silver Stars Program was then impacted by COVID-19.

The Government Finance Officers Association (GFOA) specifies that every government should document its accounting policies and procedures. GFOA also recommends systemic financial policy monitoring, review, and updates, as needed. Lack of clear, updated written policies and procedures/guidelines could lead to different and/or inconsistent interpretations that sometimes result in frustration within and outside the organization. Outdated and/or non-comprehensive policies and procedures could also increase the risk that funds are expended inappropriately, that program effectiveness is not properly evaluated and/or that available funds are not maximized.

Recommendation 2: *The Neighborhood Services Department Director, in conjunction with the Water Department Director, should ensure that written policies and procedures are updated to address thresholds, procurement restrictions, etc., and be consistent with information provided to the public, etc.*

Auditee's Response: Partially Concur. Key staff members had primary oversight of the program; however, after an untimely departure and retirement of staff, institutional knowledge was imprecise. The city has operated grant programs since 1982 and those guidelines provide the overarching processes for serving applicants. We have at our disposal several funding sources with different Federal Poverty Income Limits (FPIL) or Area Median Income (AMI) thresholds. There are guidelines for the Water Assistance Program, however, some updates and clarifications for exceptions need to take place. Efforts will be made to insure equitable adherence to the guidelines, with exceptions notated with proper documentation in the applicant's case file.

NSD staff and the Water Department have discussed and agreed upon the Water Assistance Program guidelines.

Target Implementation Date: October 1, 2021

Responsibility: Sonia Singleton, Assistant Director
Kara Shuror, Deputy Water Director



Applicable Department Head: Victor Turner, Neighborhood Services Director
Chris Harder, Water Department Director

Applicable Assistant City Manager: Fernando Costa
Dana Burghdoff

3. Supporting documents were inconsistent, and did not always allow for an effective evaluation of program performance.

Neighborhood Services Department records were inconsistent between community centers. For example, one community center listed program client names and case numbers, while another community center listed only the clients' phone numbers and addresses. Additionally, there were six instances where Silver Stars Program client names were duplicated in December 2019. Internal Audit was unable to determine whether those six clients were serviced once or twice in December 2019.

CAP applications, for various assistance programs (including the Water Utility Billing Assistance Program, but excluding Silver Stars Program), are tracked through the NewGen system. However, based on our audit results, application status reporting (e.g., number of applications approved, number of applications denied, etc.), by program, was not available. Upon Internal Audit inquiry, Neighborhood Services Department staff indicated that system reports can display CAP applications. However, the reports cannot be filtered to show application status by program. The Neighborhood Services Department was unable to provide application documentation for nine of 20 randomly selected Silver Stars client files, reportedly due to employee turnover at one of the City's partner agencies.

Neighborhood Services management indicated they do not use waiting lists, and that both the Silver Stars and the Water Utility Billing Assistance Programs are managed on a first-come, first-served basis. However, non-tracking of applicant activity makes it impossible to verify that clients were served on a first-come, first-served basis, and makes it difficult to measure overall effectiveness of the program (e.g., number of applications received, number/percentage of applications approved, number/percentage of applications denied, etc.). Neighborhood Services Department staff indicated that a Low-Income Household Water Assistance Program, which is grant funded, is projected to start in the fall of 2021. That program is expected to have more programmatic reporting capabilities

FY2020 City procurement card records indicate that the City purchased Silver Stars Program items totaling \$6,109.41. The Neighborhood Services Department provided a spreadsheet, titled "2017 Inventory" that listed inventory items. Internal Audit was unable to determine whether the listing was ending inventory from the Cowboy Santas Program, or if the listing included items procured with the \$6,109.41.

As noted in the Executive Summary, Internal Audit was informed that no donations were received during the audit period for the Silver Stars Program. However, based on our test results and conversations with Neighborhood Services staff, no receipting process had been formally established. Furthermore, there was no reporting of program results on a routine basis.

Programs such as the Silver Stars and Water Utility Billing Assistance are similar to grants, in that the revenue is intended to be spent for specific purposes. Section C.7 of the City's Grant Policy indicates that the administering department shall create and maintain adequate documentation for all program operations and expenditures. The policy specifically mentions activity reports, invoices, purchase orders, receipt documentation, etc.



Recommendation 3: *The Neighborhood Services Department Director should require that Neighborhood Services Department staff develop: applicant tracking procedures that are consistently applied throughout each CAP center and partner agency; a donation receipting process that helps ensure accountability for monies donated to the Silver Stars Program; and an updated inventory spreadsheet to properly account for Silver Stars Program inventory.*

Auditee's Response: Partially Concur. The Silver Stars program was developed as a result of seeing grandparents who were the caretakers of grandchildren and also older adults who were isolated. Moving forward the program will re-instate many of the protocols that had been used with the Cowboy Santas program to include: 1) the receipting process; 2) pre-inventory and 3) final inventory at the completion of the program.

NSD finance/accounting staff will work with FMS to develop an exclusive account for the Silver Stars Program and quarterly reconciliation will be done by the Sr. Management Analyst.

NSD staff is developing a process that will cross reference Silver Star applicants within the NewGen database. Staff will receive guidance on documenting eligibility; maintenance of records; and documentation of gift delivery to identified recipients.

Target Implementation Date: November 1, 2021

Responsibility: Sonia Singleton, Assistant Director
Rhonda Hinz, Senior Administrative Services Manager

Applicable Department Head: Victor Turner, Neighborhood Services Director

Applicable Assistant City Manager: Fernando Costa



Acknowledgements

The Department of Internal Audit would like to thank the Neighborhood Services, Financial Management Services and the Water Departments for their cooperation and assistance during this audit.