

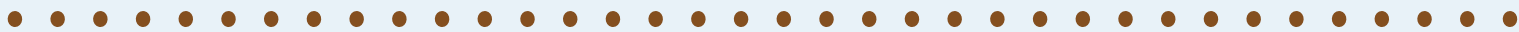


City of Fort Worth, Texas

# FY2019

## SINGLE AUDIT REPORT

For the Fiscal Year Ended September 30, 2019



# **SINGLE AUDIT REPORT**

For the Fiscal Year Ended  
September 30, 2019

## **CITY OF FORT WORTH, TEXAS**

### ELECTED OFFICIALS

#### 2019 CITY COUNCIL

Betsy Price, Mayor

Carlos E. Flores  
Cary Moon  
Jungus Jordan  
Kelly Allen Gray

Brian Byrd  
Gyna Bivens  
Dennis Shingleton  
Ann Zadeh

### CITY MANAGER

David Cooke

### CHIEF FINANCIAL OFFICER

Reginald Zeno

### INDEPENDENT AUDITORS

Weaver and Tidwell, L.L.P.

Prepared by the Department of Financial Management Services

#### Grant Accounting

Anthony M. Rousseau, CPA, CTP, CPFO, CGFO

Stephen C. Nesbitt Sr., CPA, CGFO, CGFM

Peter James

Monica Castillo

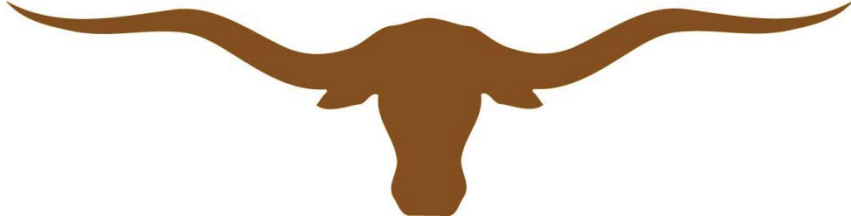
Shalonda Oliver

Shanitra Ollie

Anita Peyton

Trina Stokes

**FORT WORTH®**



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## **Purpose and Contents of this Report**

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

## **Relationship between this Report and the City's Basic Financial Statements**

All of the City's grant activity subject to the requirements of the Single Audit Act Amendments of 1996, 2 CFR 200, and UGMS are accounted for or reported in the Basic Financial Statements in a number of funds including the Grant Special Revenue Funds, 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 7, 2020

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, 2019 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

Reginald Zeno  
Chief Financial Officer



## **Overview of the City's Fiscal Year 2019 Annual Audit**

This report has been prepared in connection with the Fiscal Year 2019 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 2019 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



**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, 2019 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 7, 2020. Our report also includes a reference to other auditors who audited the financial statements of Terrell Homes, Ltd., Fort Worth Housing Finance Corporation, Fort Worth Local Development Corporation, Fort Worth Central City Local Government Corporation, Alliance Airport Authority, Fort Worth Firefighters Healthcare Trust and 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 Fort Worth Fire Fighters Healthcare Trust and 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 deficiencies 2019-001 and 2019-002 that we consider to be significant deficiencies.

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, Texas  
February 7, 2020

**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, 2019. 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, 2019. 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 statues, 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, 2019.

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 2019-003. 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis. *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 item 2019-003 that we consider to be a significant deficiency.

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 7, 2020, which contained unmodified opinions on those financial statements. Our report on the financial statements includes a reference to other auditors who audited the financial statements of Terrell Homes, Ltd., Fort Worth Housing Finance Corporation, Fort Worth Local Development Corporation, Fort Worth Central City Local Government Corporation, Alliance Airport Authority, Fort Worth Firefighters Healthcare Trust, and 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., the Fort Worth Housing Finance Corporation, the Fort Worth Local Development Corporation, the Fort Worth Central City Local Government Corporation, the Alliance Airport Authority, the Fort Worth Firefighters Healthcare Trust, 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, 2019. 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, Texas  
February 7, 2020





# 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, 2019**

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed through Texas Department of Agriculture				
Child and Adult Care Nutrition Program 2017-2018	10.558	18 CACF	\$ 3,195	
<b>Total U.S. Department of Agriculture</b>			<b><u>3,195</u></b>	
<b>U.S. DEPARTMENT OF ENERGY</b>				
Passed through the Texas Department of Housing and Community Affairs				
Department of Energy Weather Assistance Program 2018	81.042	56170002950	219,212	
Department of Energy Weather Assistance Program 2019	81.042	56170003121	1,548	
<b>Total U.S. Department of Energy</b>			<b><u>220,760</u></b>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Program				
Bioterrorism Public Help Preparedness	93.069	CSC 43217	16,215	
Passed through the Texas Department of Housing and Community Affairs				
Comprehensive Energy Assistance Program 2018	93.568	58180002775	3,023,821	
Comprehensive Energy Assistance Program 2019	93.568	81170002654	3,090,352	
Low Income Home Energy Assistance Program 2018	93.568	81180002880	497,291	
Low Income Home Energy Assistance Program 2019	93.568	8119000310	463,470	
Subtotal for Program			<u>7,074,934</u>	
Passed through Texas Department of Housing and Community Affairs				
Community Services Block Grant 2018	93.569	61170002617	476,499	
Community Services Block Grant 2019	93.569	61180002842	1,074,171	
Community Services Block Grant Discretionary	93.569	61170002675	120,401	
Subtotal for Program			<u>1,671,071</u>	
<b>Total U.S. Department of Health and Human Services</b>			<b><u>8,762,220</u></b>	
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Programs				
Community Development Block Grant (PY 10-11)	14.218	B-10-MC-48-0010	20,108	20,108
Community Development Block Grant (PY 11-12)	14.218	B-11-MC-48-0010	61,358	20,000
Community Development Block Grant (PY 12-13)	14.218	B-12-MC-48-0010	26,166	-
Community Development Block Grant (PY 13-14)	14.218	B-13-MC-48-0010	133,137	-
Community Development Block Grant (PY 14-15)	14.218	B-14-MC-48-0010	2,206	-
Community Development Block Grant (PY 15-16)	14.218	B-15-MC-48-0010	289,469	-
Community Development Block Grant (PY 16-17)	14.218	B-16-MC-48-0010	725,772	385,158
Community Development Block Grant (PY 17-18)	14.218	B-17-MC-48-0010	1,258,583	196,273
Community Development Block Grant (PY 18-19)	14.218	B-18-MC-48-0010	5,062,639	1,421,607
		M&C L-15682;		
Community Development Block Grant Restricted Cash	14.218	C-27098; C-27212	25,900	-
Subtotal for Program			<u>7,605,338</u>	<u>2,043,146</u>
Direct Programs				
Emergency Solutions Grant (PY 17-18)	14.231	E-17-MC-48-0006	71,586	42,873
Emergency Solutions Grant (PY 18-19)	14.231	E-18-MC-48-0006	544,877	537,268
Subtotal for Program			<u>616,463</u>	<u>580,141</u>

(continued)

**City of Fort Worth, Texas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
Direct Programs				
HOME Investment Partnerships Project (PY 15-16)	14.239	M-15-MC-48-0204	\$ 952,762	\$ 952,762
HOME Investment Partnerships Project (PY 16-17)	14.239	M-16-MC-48-0204	1,531,084	1,531,084
HOME Investment Partnerships Project (PY 17-18)	14.239	M-17-MC-48-0204	1,074,443	795,877
HOME Investment Partnerships Project (PY 18-19)	14.239	M-18-MC-48-0204	884,251	64,857
Subtotal for Program			4,442,540	3,344,580
Direct Programs				
Housing Opportunities for Persons with AIDS (PY 16-17)	14.241	TXH-15-F002	22,152	22,152
Housing Opportunities for Persons with AIDS (PY 17-18)	14.241	TXH-16-F002	3,303	-
Housing Opportunities for Persons with AIDS (PY 18-19)	14.241	TXH-16-F002	1,127,597	1,086,967
Subtotal for Program			1,153,052	1,109,119
Direct Programs				
Fair Housing Assistance Program (PY 15-16)	14.401	FF-206-K-15-6002	6,147	
Fair Housing Assistance Program (PY 16-17)	14.401	FF-206-K-16-6002	212,335	
Fair Housing Assistance Program (PY 17-18)	14.401	FF-206-K-17-6002	426,351	
Fair Housing Assistance Program (PY 18-19)	14.401	FF-206-K-18-6002	56	
Subtotal for Program			644,889	
Direct Program				
Lead Hazardous Reduction Program (PY 17-20)	14.905	TX-LHD-0316-17	1,256,568	
<b>Total U.S. Department of Housing and Urban Development</b>			<b>15,718,850</b>	<b>7,076,986</b>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
<b>(NATIONAL PARK SERVICE)</b>				
Passed through Texas Parks and Wildlife Department				
Alliance Community Park	15.916	55-00030	500,000	
<b>Total U.S. Department of The Interior</b>			<b>500,000</b>	
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct Programs				
DNA Capacity Enhancement & Backlog Reduction Program 2016	16.741	2016-DN-BX-0044	5,666	
DNA Capacity Enhancement & Backlog Reduction Program 2017	16.741	2017-DN-BX-0043	2,395	
DNA Capacity Enhancement & Backlog Reduction Program 2018	16.741	2018-DN-BX-0067	1,840	
Subtotal for Program			9,901	
Direct Programs				
Federal Asset Forfeiture Program	16.922	MOU	491,075	
Direct Programs				
Justice Assistance Grant 2016	16.738	2014-DJ-BX-0716	414,426	156,017
Justice Assistance Grant 2017	16.738	2015-DJ-BX-0841	174,002	7,480
Justice Assistance Grant 2018	16.738	2016-DJ-BX-0876	136,245	-
Subtotal for Program			724,673	163,497
Passed through the Office of the Governor, Criminal Justice Division				
Victims of Crime Act FY2018 & FY2019	16.575	3059702	129,940	

**City of Fort Worth, Texas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
Passed through the Office of the Governor, Criminal Justice Division				
Internet Crimes Against Children FY 2017	16.800	2016-MC-FX-K034	\$ 13,777	
Passed through the Safe City Commission				
Project Safe Neighborhoods FY 2017	16.609	2016-GP-BX-0015	41,115	
<b>Total U.S. Department of Justice</b>			<b>1,410,481</b>	<b>163,497</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
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	(236,024)	
Runway Extension Alliance 2017 Phase 1	20.106	3-48-0296-058-2017	1,572,896	
Runway 16L & 16R Rehab	20.106	3-48-0296-61-2018	565,340	
Rehab Runway and Taxiway Lighting 2017	20.106	3-48-0296-59-2017	587,048	
Part 150 Noise Study Update	20.106	3-48-0296-62-2018	23,032	
Subtotal for Program			<u>2,497,137</u>	
Passed through Texas Department of Highways and Public Transportation				
Taxilane E and Hangar Meacham 1702	20.106	1702MEACH	58,419	
Taxilane E and Hangarline Construction	20.106	1702MCHAM	18,909	
Airport Runway Drainage and Fencing Spinks 2014	20.106	1402SPINK-4XXAV081	1,925,988	
East Side Taxiway Improvement	20.106	1802SPINK	3,040,566	
Midfield Redevelopment Design	20.106	1802MCHAM	346,680	
Midfield Redevelopment Project	20.106	1802MEACH	6,626,383	
Wildlife Hazard Assessment 2016	20.106	16WASPINK	61,200	
Subtotal for Program			<u>12,078,145</u>	
Passed through Federal Motor Carrier Safety Administration				
FMC - High Priority Grant 2017	20.218	FM-MHP-0295-17	309,584	
Passed through Texas Department of Transportation				
STEP Comprehensive 2019	20.600	2018-FORTWORT-S-1YG-0029	166,457	
Passed through Texas Department of Transportation				
Chapel Creek Bridge	20.205	CSJ 0902-48-722	1,267	
East Fort Worth Extension	20.205	CSJ 0902-90-031	1,671,599	
Altamesa Blvd	20.205	CSJ-0902-48-775	303,577	
Rosedale Corridor Management System	20.205	CSJ-0902-90-018	219,399	
Neighborhood Transportation Connections	20.205	CSJ 0902-48-791	82,121	
Centreport Trail	20.205	CSJ 0902-90-050	117,987	
Trinity Trails East Bank with CFDA #20.205	20.205	CSJ 0902-48-869	42,196	
Intersection Improv Miller/Wilbarger	20.205	CSJ 0172-06-092	511,605	
Meandering Road	20.205	CSJ-0902-90-046	235,937	
Peach St/Live Oak Connector	20.205	CSJ 0902-48-688 & 689	1,450,121	
The Ridglea Urban Village Street	20.205	CSJ 0902-48-582	(34,316)	
Urban Villages Southwest Cluster	20.205	CSJ 0902-48-683	(9,321)	
Urban Villages Central Cluster	20.205	CSJ 0902-48-681	463,647	
So. Central High Speed Corridor	20.205	CSJ 0902-48-694	44,479	
20 COG Traffic Signals Communication	20.205	CSJ 0902-90-087	95,601	
Subtotal for Program			<u>5,195,899</u>	
<b>Total U.S. Department of Transportation</b>			<b>20,247,222</b>	

**City of Fort Worth, Texas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
<b>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</b>				
Direct Awards				
Equal Employment Opportunity Commission 2015	30.001	EECCN130018MOD5	\$ 3,778	
Equal Employment Opportunity Commission 2018	30.001	EEC45016C0080P00006	34,578	
Fair Employment Program 2017	30.001	EEC45016C0080P00002	51,454	
Total Equal Employment Opportunity Commission			<u>89,810</u>	
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Passed through Texas Water Development Board				
Clean Water State Revolving Fund Series 2010A	66.458	L090003	5,600	
Direct Award				
Brownfields Cleanup	66.818	BL-98690701	6,043	
Passed through Texas Commission on Environmental Quality				
PM 2.5 Local Air Pollution Monitoring 2019	66.034	582-19-90039	65,170	
PM 2.5 Local Air Pollution Monitoring 2020	66.034	582-19-90039	3,622	
Subtotal for Program			<u>68,792</u>	
Passed through Texas Commission on Environmental Quality				
Air Monitoring PM 10	66.605	582-18-80091	100,362	
Air Monitoring PM 10 FY 20-21	66.605	582-18-80091	10,156	
Subtotal for Program			<u>110,518</u>	
<b>Total Environmental Protection Agency</b>				
			<u>190,953</u>	
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through Office of the Governor of Texas / Criminal Justice Division				
Urban Area Security Initiative - UASI 2016	97.067	EMW-2016-SS-00056	1,164,443	
Urban Area Security Initiative - UASI 2017	97.067	EMW-2017-SS-00005	870,062	
Urban Area Security Initiative - UASI 2017 LE	97.067	EMW-2017-SS-00005	591,364	
Urban Area Security Initiative - UASI 2017 M&A	97.067	EMW-2017-SS-00005	46,124	
Subtotal for Program			<u>2,671,993</u>	
Passed through Texas Office of the Governor - Homeland Security Grants Division				
UASI 2015	97.067	EMW-2015-SS-00080	162	
UASI 2015 LE	97.067	EMW-2015-SS-00080	(520)	
UASI 2018	97.067	EMW-2018-SS-00022- S01	1,196,009	
UASI 2018 M&A	97.067	EMW-2018-SS-00022- S01	62,724	
UASI 2018 LE	97.067	EMW-2018-SS-00022- S01	91,717	
Subtotal for Program			<u>1,350,092</u>	
Passed through Texas Governor's Division of Emergency Management				
Emergency Management Performance Grant FY2017	97.042	17TX-EMPG-0177	(7,331)	
Emergency Management Performance Grant FY2018	97.042	18TX-EMPG-0177	11,276	
Emergency Management Performance Grant FY2019	97.042	N/A	168,431	
Subtotal for Program			<u>172,376</u>	

**City of Fort Worth, Texas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

GRANT AGENCY/PROJECT TITLE	CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES	PASS THROUGH EXPENDITURES
<b>Direct Awards</b>				
Assistance to Firefighters Grant Program- AFG2017 FPS	97.044	EMW-2017-FP-00840	\$ 63,147	
Assistance to Firefighters Grant Program- AFG2017 O&S	97.044	EMW-2017-FO-05446	<u>568,172</u>	
Subtotal for Program			<u>631,319</u>	
<b>Passed through Texas Commission on Environmental Quality</b>				
BioWatch Whole Air Grant FY 2019	97.091	582-16-60031	340,931	
BioWatch Whole Air Grant FY 2020	97.091	582-19-90031	<u>15,048</u>	
Subtotal for Program			<u>355,979</u>	
<b>Total Department of Homeland Security</b>			<u><b>5,181,759</b></u>	
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>				
Passed through the Office of National Drug Control Policy				
HIDTA Western Drug Squad Task Force	95.001	51615	118,728	
HIDTA Western Drug Squad Task Force Group 2 FY2018	95.001	MOU CSC 50576	2,316	
HIDTA Eastern Drug Squad FY2019	95.001	51621	4,944	
HIDTA Airport FY2019	95.001	CSC 51483	<u>27,939</u>	
<b>Total Executive Office of the President</b>			<u>153,927</u>	
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
Direct Awards				
Treasury Asset Forfeiture Program	21.016	MOU	<u>76,162</u>	
<b>Total U.S. Department of the Treasury</b>			<u>76,162</u>	
<b>TOTAL FEDERAL DIRECT AND PASS-THROUGH AWARDS</b>			<u><b>\$ 52,555,339</b></u>	<u><b>\$ 7,240,483</b></u>

**City of Fort Worth, Texas**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended September 30, 2019**

GRANT AGENCY/PROJECT TITLE	CONTRACT NUMBER	EXPENDITURES
<b>TEXAS STATE ATTORNEY GENERAL'S OFFICE</b>		
Direct Awards		
Victim Coordinator and Liaison FY2018 and FY2019	1880350	\$ 38,251
Victim Coordinator and Liaison FY2020 and FY2021	2098424	4,353
<b>Total Texas State Attorney General's Office</b>		<b>42,604</b>
<b>TEXAS OFFICE OF THE GOVERNOR-CRIMINAL JUSTICE DIVISION</b>		
Direct Awards		
Rifle-Resistant Body Armor Grant FY2018	3505901	275,408
<b>Total Texas Office of the Governor-Criminal Justice Division</b>		<b>275,408</b>
<b>TEXAS DEPARTMENT OF TRANSPORTATION</b>		
Direct Awards		
Routine Airport Maintenance Program Alliance 2018	M1802ALNC	7,501
Routine Airport Maintenance Program Alliance 2019	M1902ALNC	50,000
Routine Airport Maintenance Program Meacham 2019	CSJ M1902MECH	50,000
Routine Airport Maintenance Program Spinks 2017	CSJ M1702SPNK	(621)
Routine Airport Maintenance Program Spinks 2019	CSJ M1902SPNK	48,107
Sub-total for Program		154,987
East Rosedale Streetscape	CSJ 0902-48-845	(23,330)
TWU Streetscape	CSJ 0902-48-832	(82,628)
CFA American Airlines	CSJ 0902-90-116	2,280,081
Sub-total for Program		2,174,123
<b>Total Texas Department of Transportation</b>		<b>2,329,110</b>
<b>TEXAS DEPARTMENT OF MOTOR VEHICLES</b>		
Passed Through Tarrant County		
Tarrant County Auto Crimes Task Force 2016	CSC #47077	3,027
Tarrant County Auto Crimes Task Force 2018	608-18-2200000	79,775
Tarrant County Auto Crimes Task Force 2019	608-19-2200000	101,514
Tarrant County Auto Crimes Task Force 2020	608-20-2200000	10,050
<b>Total Texas Department of Motor Vehicles</b>		<b>194,366</b>
<b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>		
Direct Awards		
Air Pollution Compliance Monitoring	582-15-50123	(1,154)
Compliance Grant FY 2019-2022	582-19-90043	204,929
Sub-total for Program		203,775
Passed through North Central Texas Council of Governments		
Styrofoam Recycling Program 2019	19-04-03	95,000
Residential Food Scraps Dropoff 2018/2019	18-04-12	49,000
<b>Total Texas Commission on Environmental Quality</b>		<b>347,775</b>
<b>TEXAS WATER DEVELOPMENT BOARD</b>		
Direct Awards		
Texas Water Development Board Flood Warning Grant	1600012041	43,086
<b>Total Texas Water Development Board</b>		<b>43,086</b>

(continued)

**City of Fort Worth, Texas**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended September 30, 2019**

GRANT AGENCY/PROJECT TITLE	CONTRACT NUMBER	EXPENDITURES
<b>TEXAS VETERANS COMMISSION</b>		
Direct Awards		
Fund for Veterans' Assistance General Assistance Grant 2018	FVA-18-0510	\$ 196,109
Fund for Veterans' Assistance General Assistance Grant 2019	GR-FVA-19-018	62,608
Fund for Veterans' Assistance Texas Heroes Grant 2018	FVA-18-0511	258,735
Fund for Veterans' Assistance Texas Heroes Grant 2019	GT-HTX-19-002	3,307
<b>Total Texas Veterans Commission</b>		<b><u>520,759</u></b>
<b>UNT HEALTH SCIENCE CENTER</b>		
Direct Awards		
Economic Development and Technology Commercialization FY19	2567DEB6F094	427,342
Economic Development and Technology Commercialization FY20	6123FBD6D206	28,842
<b>Total UNT Health Science Center</b>		<b><u>456,184</u></b>
<b>TOTAL STATE AWARDS</b>		<b><u>\$ 4,209,292</u></b>





**City of Fort Worth, Texas**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended September 30, 2019**

**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, 2019.

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, 2019 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, 2019:

- Evans Avenue and Rosedale Street-due within one year \$ 702,000

**City of Fort Worth, Texas**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended September 30, 2019**

**4. OUTSTANDING LOAN BALANCES (continued)**

The City has outstanding loans 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, 2019 the outstanding loan balances were:

• TWDB Series 2007A	\$ 14,040,000
• TWDB Series 2007A- Due within One Year	<u>1,820,000</u>
TWDB Series 2007A Total	<u>\$ 15,860,000</u>
• TWDB Series 2007B	\$ 21,375,000
• TWDB Series 2007B- Due within One Year	<u>2,720,000</u>
TWDB Series 2007B Total	<u>\$ 24,095,000</u>
• TWDB Series 2010A	\$ 21,620,000
• TWDB Series 2010A- Due within One Year	<u>1,920,000</u>
TWDB Series 2010A Total	<u>\$ 23,540,000</u>
• TWDB Series 2010B	\$ 15,175,000
• TWDB Series 2010B- Due within One Year	<u>1,340,000</u>
TWDB Series 2010B Total	<u>\$ 16,515,000</u>
• TWDB Series 2015	\$ 29,820,000
• TWDB Series 2015- Due within One Year	<u>1,840,000</u>
TWDB Series 2015 Total	<u>\$ 31,660,000</u>
• TWDB Series 2017	\$ 14,620,000
• TWDB Series 2017- Due within One Year	<u>475,000</u>
TWDB Series 2017 Total	<u>\$ 15,095,000</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, 2019 the outstanding loan balance was:

• TWDB Series 2009 ARRA	\$ 8,030,000
• TWDB Series 2009 ARRA- Due within One Year	<u>815,000</u>
TWDB Series 2009 ARRA Total	<u>\$ 8,845,000</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  
 Year Ended September 30, 2019**

**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:

14.239 20.106 20.205 93.568	HOME Investments Partnership Project Airport Improvement Program Highway Planning and Construction Low-Income Home and Comprehensive Energy Assistance Program
--------------------------------------	--

Dollar threshold used to distinguish between type A and type B programs? \$ 1,576,660

Auditee qualified as low-risk auditee?  Yes  No

**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

**City Of Fort Worth, Texas  
Schedule Of Findings And Questioned Costs  
Year Ended September 30, 2019**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS – CONTINUED**

**State Awards - Continued**

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

X  Yes          No

Identification of major programs:

- Economic Development and Technology  
Commercialization Grant 2019/2020
- Fund for Veterans’ Assistance General  
Grant 2018/2019
- Rifle-Resistant Body Armor Grant
- SH 121 Subaccount Projects
  - CSJ- 0902-90-116
  - CSJ- 0902-90-070
  - CSJ- 0902-48-883
  - CSJ- 0902-48-792
  - CSJ- 0902-48-832
  - CSJ- 0902-48-845
  - 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       X  No

**City Of Fort Worth, Texas  
Schedule Of Findings And Questioned Costs  
Year Ended September 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2019-001**

**Significant Deficiency in Internal Controls - 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:**

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 application, database, and servers.
- 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.

**Cause:**

During our review of IT internal control processes, we identified users with access to City systems and physical hardware locations that did not appear to be necessary based on their job responsibilities and there were no formal procedures in place to review for, or revoke inappropriate user access for the systems identified.

**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  
Year Ended September 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS – CONTINUED**

**Finding 2019-001 – 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

**Finding 2019-002**

**Significant Deficiency – Accounting for Retainage on Construction Projects**

**Criteria:**

Retainage is commonly withheld on payments made to vendors for services performed to ensure compliance and completion of a contract. In accordance with Generally Accepted Accounting Principles (GAAP), retainage is recorded a liability in the City’s financial statements until paid to the vendor upon completion of a contract. Accurate tracking and reporting of retainage is necessary to ensure accurate expenditures and construction in process balances, as well as expenditures recorded on the Schedule of Expenditures of Federal and State Awards.

**Condition:**

City departments responsible for a specific project’s management are also responsible for coding project expenditures and revenues to the GL system, including reporting of retainage payable and retainage payments made. The process for preparation of the City’s CAFR and Schedule of Expenditures of Federal and State Awards rely on each department’s coding for proper treatment of retainage.

**Cause:**

During our review of ongoing projects, we identified a retainage payment made to a contractor that was improperly recorded as an additional project cost, rather than a reduction in the retainage



**City Of Fort Worth, Texas  
Schedule Of Findings And Questioned Costs  
Year Ended September 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Finding 2019-002 – Continued**

payable liability . This resulted in an adjustment to infrastructure assets in the Airport fund, and a reduction in expenditures on the Schedule of Expenditures of Federal Awards.

**Effect:**

Without an accurate and effective method to timely identify and reconcile retainage on projects, incorrect expenditures were captured for capital asset reporting as well as expenditures reported on the Schedule of Expenditures of Federal and State Awards.

**Recommendation:**

We recommend that procedures for regular review of all contracts and payments be made on contracts, especially upon payment of retainage, to ensure that expenditures and retainage are accurately reported.

**Management’s Response:**

See Corrective Action Plan

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

**Finding 2019-003**

**Significant Deficiency in Internal Controls and Compliance Finding**

**Major Program – SH 121 Subaccount Projects**

CSJ- 0902-90-116

CSJ- 0902-90-070

CSJ- 0902-48-883

CSJ- 0902-48-792

CSJ- 0902-48-832

CSJ- 0902-48-845

CSJ- 0918-46-250

**Compliance Requirement:** Cash Management and Reporting

**City Of Fort Worth, Texas  
Schedule Of Findings And Questioned Costs  
Year Ended September 30, 2019**

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

**Finding 2019-003 – Continued**

**Criteria:**

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. Any unspent funds received from the State must also be tracked in separate accounts with interest earned on the accounts repaid to the state within 30 days of project completion.

**Condition:**

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.

**Context:**

Closeout audits were not timely performed for Projects CSJ-0902-48-832, CSJ-0902-48-845, CSJ-0902-48-883 and CSJ-0902-48-792. At September 30, 2019, advanced funding on Projects CSJ-0902-48-792 (\$633,537), CSJ-0902-48-845 (\$1,462,309) and CSC 0918-46-250 (\$3,226,599) 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 timely perform required close out audits or accurately track interest earned on unspent funds.

**Recommendation:**

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  
Year Ended September 30, 2019**

**Findings Related to the Financial Statements**

***2019-001 Significant Deficiency in Internal Controls – Logical User and Physical Access Review***

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 application, database, and servers.

Response: The CourtView (CMS) application layer access is currently reviewed on an annual basis and while application layer access was and is current, database (SQL) access for users with inactivity (last login) greater than 90 days was not revoked. Application layer access is not permissible with an account greater than 90 days of inactivity. Database access requires reconciliation to ensure synchronicity – this was not completed. Moving forward, account activity selections for the CourtView application and database account profiles will be adjusted in concert. For any user profile identified to have inactivity periods of 90 days or greater, accounts will be disabled. A secured web-based tool was created for court staff assigned to CourtView User Management. It allows disabling of both the application and database layer accounts. A periodic review (such as quarterly) will utilize this tool for internal audit purposes. An automated tool is near implementation (currently in test), that will survey the 90-day countdown and notify user profiles daily, starting Day 83, until successful change of password is recognized. On Day 90, both accounts (application and database) move to disabled status for inactivity. IT Solutions and Municipal Court believe an automated approach, with periodic review periods, will help mitigate final concerns with respect to audit findings.

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.

Response: IT Solutions is in the process of creating a Security Access Support Group that will be responsible for defining security practices and policies in the account management area. These practices and policies will cover monitoring the security and access given throughout all systems in all departments. This will also include an annual review of areas responsible for account management to ensure compliance with defined practices and policies to ensure timely removal of access when needed of privileged accounts.

3. Physical access to IT hardware and servers within City Hall was not appropriately restricted to only essential staff.

Response: The City has begun the process of implementing a new security system that controls door access. During this implementation, all accounts are being reviewed and appropriate access will be assigned. In addition, quarterly reviews will be performed for datacenter doors to ensure appropriate access.

This action plan will be completed by September 30, 2020.

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

Contact Person: William Rumuly, Interim Municipal Court Director, Municipal Court, 817-392-6736

Contact Person: Roger Wright, Interim IT Solutions Director, IT Solutions, 817-392-2230

**City Of Fort Worth, Texas**  
**Corrective Action Plan**  
**Year Ended September 30, 2019**

**Findings Related to the Financial Statements - Continued**

***2019-002 Significant Deficiency – Accounting for Retainage on Construction Projects***

Concur. The Financial Management Services department will provide additional training to all departmental staff who manage the capital and grant projects to ensure they understand the proper procedures for recording, tracking and releasing/paying retainage on contracts.

On a monthly basis, the Grants team will review all invoices to ensure they are an appropriate expenditure for the Grant and are recorded correctly. In addition, the Capital Asset team will ensure that the retainage has been accounted for correctly before a project is closed.

On a quarterly basis, departments will be required to provide Accounting with a reconciliation for retainage (by Project Number) which matches the General Ledger. Any discrepancies or irregularities will be reviewed and addressed by the end of the next month.

The City will continue to explore the capabilities of its financial system to determine if an automated methodology is available for handling this issue.

This action will be completed by September 30, 2020.

Contact Person: Reginald Zeno, Chief Financial Officer, FMS, 817-392-8517

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

**Findings and Questioned Costs Related to Federal and State Awards**

***2019-003 Compliance Finding/Significant Deficiency – Internal Controls and Compliance***

Concur: The City will develop and present training for departmental and FMS grant management personnel to reinforce key concepts of grant management, such as contract compliance, regular and timely reporting and reimbursement filings, regular review of grant projects, and prompt project closeout.

Also, the CFW's closeout documentation must be approved by the State and, in many cases, the NCTCOG. This approval process can be lengthy, even after the nominal closeout reports have been prepared. FMS Grant Accounting will continue to calculate and apportion interest earnings in the case of any advance grant, so that the full amount due the State can be returned when all approvals are finalized.

This action plan will be completed by September 30, 2020.

Contact Person: Reginald Zeno, Chief Financial Officer, FMS, 817-392-8517

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

# Summary Schedule of Prior Year Findings



**City of Fort Worth, Texas  
Status of Prior Year Findings  
For the Year Ended September 30, 2019**

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Financial Statement Findings:**

Audit Finding Reference: 2018-001 – Logical User and Physical Access Review

**Status of Prior Finding:**

The finding was not fully corrected during the year ended September 30, 2019. In the current year, this has been reported in as Finding 2019-001 – Logical User and Physical Access Review.

**Findings and Questioned Costs related to Federal and State Awards:**

Audit Finding Reference: 2018-002 – Financial Reporting of Grant Awards

**Status of Prior Finding:**

Planned corrective action was completed during the year ended September 30, 2019.

Audit Finding Reference: 2018-003 – SH 121 Subaccount Projects

**Status of Prior Finding:**

The Finding was not fully corrected during the year ended September 30, 2019. In the current year, this has been reported in as Finding 2019-003 – SH 121 Subaccount Projects.





## 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
GASB	Governmental Accounting Standards Board
HHW	Hazardous Household Waste
HOME	Home Investment Partnership Program

## List of Acronyms

HOPWA	Housing Opportunities for Persons With AIDS
HUD	Housing and Urban Development
IDIS	Integrated Disbursement and Information System
ITC	Intersection Traffic Control
LIHEAP	Low Income Home Energy Assistance Program
MMRS	Metropolitan Medical Response System
NCTCOG	North Central Texas Council of Governments
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OMB	Office of Management and Budget
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