



# City Hall Contracting Audit

December 19, 2025

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Mattie Parker

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**The City Hall Contracting Audit was conducted as part of the Department of Internal Audit's Fiscal Year 2025 Annual Audit Plan.**

### **Audit Objective**

The objective of this audit was to determine compliance with contract terms, while ensuring contracts were properly approved and not for duplicative services.

### **Audit Scope**

Our audit included a review of contract requirements and invoices dated December 1, 2020 through December 31, 2023. Activity beyond this period was reviewed as deemed necessary.

### **Opportunity for Improvement**

Compliance with contract requirements

## **Executive Summary**

As part of the Fiscal Year 2025 Annual Audit Plan, the Department of Internal Audit conducted a City Hall Contracting Audit. It should be noted that while this audit was entitled City Hall Relocation in the referenced Audit Plan, City Hall Contracting better reflects the audit work performed. To achieve our audit objective, we compared project-related documentation to contract terms, to determine compliance. We also reviewed internal control processes, local and state policies, and contractor invoices to ensure compliance with City and state procurement requirements.

Based on our audit fieldwork, we concluded that, overall, internal controls for compliance with contract terms were effective, and invoices were properly reviewed and paid according to contractual terms. In addition, we determined that state requirements were properly followed. We did, however, identify instances of noncompliance with insurance requirements.

Our audit finding is discussed in further detail in the [Detailed Audit Finding](#) section of this report.

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## Background

In January 2021, the City of Fort Worth (CFW) purchased a building to serve as its new City Hall, and to allow the City to consolidate municipal offices and provide citizens with more efficient and one-stop services. The newly purchased building, a 20-story tower that was formerly Pier 1 Imports headquarters, was designed by Duda Paine Architects LLP and built in 2004. With 450,000 square feet, the building provides 410,000 square feet of office space, employee dining, parking, a fitness center, terraced gardens leading to the Trinity River, as well as additional security features (e.g., security badge-controlled elevators) that were not available at the prior City Hall.

To execute the transition to a new city hall, the Fort Worth City Council approved (on December 15, 2020) a \$69.5 million purchase and \$100 million total estimated project budget. The CFW assumed most of the existing service contracts and sent Request for Qualifications for renovation, construction, and property management contracts. The City selected:

- BOKA Powell Architects to serve as the prime architect, architect-of-record, and interior designer-of-record for the tower, as well as architect-of-record for the parking garage addition;
- BSW Architects to serve as the design architect and architect-of-record for the Council Chamber; and,
- Linbeck Group to complete construction on the project, with the Athenian Group serving as program manager.

City departments moved into the newly purchased building in phases, between January 2024 and September 2025. Customer-facing departments moved to the new City Hall in August 2024, with the 5<sup>th</sup> floor being opened as the City's Customer Service Floor. Departmental moves were not affected by ongoing construction of the new Council Chamber.

Groundbreaking for the new Council Chamber took place in September 2022. Construction was completed in March 2025, with the first City Council meeting held in the new Council Chamber on March 25, 2025.

## Objective

The objective of this audit was to determine compliance with contract terms, while ensuring contracts were properly approved and not for duplicative services.

## Scope

Our audit included a review of contract requirements and invoices dated December 1, 2020 through December 31, 2023. Activity beyond this period was reviewed as deemed necessary.

## Methodology

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

- interviewed staff within the Property Management Department and the Athenian Group;
- flowcharted the Property Management Department's contracting and invoicing processes;
- selected contracts to verify vendor compliance with contract terms;
- sampled invoices to verify compliance with City Financial Directives and Administrative Regulations (governing contract management and compliance), and State of Texas legislation; and,
- evaluated internal controls related to contract compliance and the invoice payment process.

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

## Audit Results

Based on our test results, Internal Audit concluded that controls over City Hall contracting were sufficient and effective, including:

- use of a third-party property management company to oversee and coordinate contracts and invoices;
- engagement of a third-party architectural/engineering company to design and validate work progress;
- clear segregation of duties within the Property Management Department and other City departments; and,
- a detailed Administrative Regulation outlining contracting procedures and responsibilities.

Through the review of journal entries and testing of contract and invoice approvals, Internal Audit determined that departments complied with Administrative Regulation C-13, *Procurement of Goods and Services*, and duties/functions were properly segregated. Also, the Property Management and Financial Management Services Departments, City Attorney's Office, and the City Manager's Office each performed and participated to help ensure necessary controls existed within the procurement process.

Coordination amongst the Property Management Department, the Athenian Group, and BOKA Powell (third-party architectural/engineering services provider) was sufficient to ensure contractual compliance and financial accountability, and administrative oversight of the project was achieved. During audit interviews, the Athenian Group (third-party project manager) demonstrated a working knowledge of contracts associated with the project, respective requirements, and the project, overall.

Internal Audit judgmentally selected 20 of 135 contracts, including amendments and renewals, based on dollar materiality and the possibility of duplicative services. Based on our test results, we concluded the:

- contracting process was appropriately controlled through multiple layers of approval;
- City Attorney's Office reviewed contract terms prior to finalizing contracts;
- work progress and on-the-ground reviews were performed by the third-party architectural/engineering services provider (BOKA Powell);
- invoice and payment process (particularly for the Linbeck contract) was appropriately managed;
- third-party architectural/engineering services provider (BOKA Powell) routinely certified construction progress;
- third-party project management company (Athenian Group) conducted periodic project reviews;
- Property Management Department performed routine reviews and approvals;
- Financial Management Services Department conducted final payment reviews; and,
- change orders were properly approved and were compliant with state law.

For labor and duplicative service testing, we selected 11 invoices.

- Nine of 24 (38%) Linbeck construction invoices were tested. We randomly selected three invoices (to ensure fair representation of all invoices in scope), judgmentally selected the three largest invoices (to include the most significant bills), and judgmentally selected three consecutive invoices (to observe possible anomalies in patterns and trends).
- Two of five (40%) Mas Tek materials testing invoices were randomly selected.

During reviews of the sampled invoices, no issues were identified. Labor costs billed by contractors and subcontractors were appropriate and consistent with prevailing wages. Also, no duplicative services were detected. We did, however, conclude that three contractors did not meet contractual insurance requirements.

We also noted that one contractor did not meet the Minority and Woman-owned Business Enterprise (MWBE) goal noted within the contract. Since the City Council suspended the City of Fort Worth's M/WBE program on August 5, 2025, this item was not considered a reportable finding.

## Overall Risk Evaluation

High	Medium	Low
	Insurance requirements not met	

## Detailed Audit Finding

### Insurance requirements were not met.

As noted in the following table, insurance requirements specified within three contracts were not met.

Contractor	Contract Number	Contracted Insurance Term	Insurance, per Certificate
Linbeck	57973	Additional Clause: Deductible limits, or self-funded retention limits, on each policy must not exceed \$10,000 per occurrence unless otherwise approved by the Owner.	Deductibles that exceeded \$10,000: Earth Movement: \$50,000 Flood: \$50,000 Wind/Hail: \$50,000 Named Storm: \$50,000
Mas -Tek	59675	Automobile Liability: \$1,000,000 each accident	Not found in certificate
Ideal Fire & Security	57522	Professional Liability: \$1,000,000 - Each Claim Limit \$1,000,000 - Aggregate Limit	Not found in certificate
		Additional Clause: The City, its officers, employees and servants shall be endorsed as an additional insured on Contractor's insurance policies	Not found in certificate
		Additional Clause: Each insurance policy shall be endorsed to provide the City a minimum thirty days notice of cancellation, non-renewal, and/or material change in policy terms or coverage. A ten days notice shall be acceptable in the event of non-payment of premium.	Did not mention "non-renewal" or "material change"
		Additional Clause: Insurers must be authorized to do business in the State of Texas and have a current A.M. Best rating of A- VII or equivalent measure of financial strength and solvency.	Homesite Insurance Company of Florida has FSC rating of VI
		Additional Clause: Workers' compensation insurance policy(s) covering employees employed on the Project shall be endorsed with a waiver of subrogation providing rights of recovery in favor of the City.	Not found in certificate

Source: Auditor-Generated

Section V.D. of CFW Financial Directive 18, *Contract Management*, assigns responsibility to departments for monitoring compliance of expenditure and contractual requirements. Also, an internal control objective within the City's *Contract Management* policy is that vendor contracts be monitored by the appropriate department to ensure compliance. Internal Audit inquired with the Property Management Department, the Purchasing Division of the Financial Management Services Department, and the Risk Management Division of the Human Resources Department (currently a division of the Financial Management Services Department) regarding processes and procedures for reviewing contractor insurance. Additionally, our review determined that the Risk Management Team's guidelines did not include procedures for reviewing Certificates of Insurance for compliance with contract requirements.

Insurance is required to mitigate risks. The absence of or insufficient insurance coverage could expose the CFW to financial, legal, and reputational risks. Without a formal review and monitoring process that clearly identifies the contract compliance resource responsible within the department, the City risks lapsed or cancelled policies, incorrect coverage limits, exclusions, endorsements, and/or claims that are denied due to improper compliance.

**Recommendation:** *The Property Management Department Director, in cooperation with the Chief Financial Officer, should ensure that contract terms are met in future contracts.*

**Auditee's Response:** Concur

**Target Implementation Date:** February 1, 2026

**Responsibility:** Brian Glass, Assistant Property Management Director

**Applicable Department Head:** Marilyn Marvin, Property Management Director

**Applicable Assistant City Manager:** Valerie Washington

## Acknowledgements

The Department of Internal Audit would like to thank the Property Management Department, the City Attorney's Office, the Human Resources and Financial Management Services Departments, and the Athenian Group for their cooperation and assistance during this audit.