

# FY2014 Annual Audit Plan

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## Purpose

The purpose of the Fiscal Year 2014 Annual Audit Plan is to outline audits and other activities the City Auditor's Office proposes to conduct during the fiscal year. The Plan is developed to satisfy applicable auditing standards and responsibilities established by Section 2-134 (b) of the Fort Worth City Code.

The Plan is a working document in that the City Auditor may make changes to the Plan, as deemed necessary in professional judgment, to reflect changing risks. However, the Audit Committee will be notified of any significant additions, deletions, or other changes.

## Audit Coverage

Audits included in the Fiscal Year 2014 Annual Audit Plan were identified through a general risk assessment. Sources used to identify the audit population primarily consisted of a review of City budgetary and financial documents, prior external audits, internal audit staff's knowledge of City of Fort Worth and local government operations, as well as discussions with members of the City Council and management. Risk factors taken into consideration included: 1) liquidity of assets; 2) potential for negative publicity; 3) organizational, operational and/or technological changes; 4) extent of laws and regulations; and 5) time since last audit. The Audit Plan includes audits related to internal controls and reporting, and compliance with laws, policies and regulations.

Audits included in the Fiscal Year 2014 Annual Audit Plan are based on estimated available audit staff hours, staff expertise and include a total of 600 unassigned hours that have been set aside to perform special audits, investigations, projects, etc. as directed by the Mayor, City Council or Audit Committee and/or as requested by the City Manager. The Plan also includes three audits (approved within the FY2013 Annual Audit Plan) that were already in progress.

## Audit Objectives

Audits for FY2014 are listed on the following pages. While general audit objectives are noted, these objectives may change once staff has established familiarity with the department and/or function by conducting background interviews and research. At that time, potential issues will be identified and the specific audit objectives and methodology will be developed as deemed necessary.

## Audits

- Construction
- ERP II Pre-System Implementation
- Gas Revenue Bank Account
- Gas Royalty Revenue
- HUD Grants
- Hotel Occupancy Tax Revenue
- Municipal Court Cash Collections and Non-Cash Ticket Dispositions
- Petty Cash Fund
- Planning and Development Software Post-System Implementation
- Police-Initiated Towing Service
- Procurement Card Program
- Property Tax Abatement
- Property Tax Revenue
- Software License Compliance \*
- Water Utilities Cash Handling \*
- Special Requests

\* Included in the FY2013 Annual Audit Plan, but remained in the audit planning stage at the beginning of FY2014

**NOTE:** The Municipal Court Collections Contract Audit that was included in the FY2013 Annual Audit Plan will be included within the Municipal Court Cash Collections and Non-Cash Ticket Dispositions Audit.

Audit	Audit Objective	MAYOR AND COUNCIL STRATEGIC GOALS				
		Clean, Attractive City	Strong Economic Base/Future Workforce Dev./Job Opportunities	Mobility & Air Quality	Safest Major City	Orderly & Sustainable Development
<b>Construction</b>	To determine whether construction projects are being completed in accordance with contract terms	X	X	X	X	X
<b>ERP II Pre-System Implementation</b>	To evaluate internal control design; determine accuracy and completeness of conversion data; and ensure that reports generated from the new system are accurate and reliable		X			
<b>Gas Revenue Bank Account</b>	To determine whether oil and gas revenue (submitted to and processed by the City's bank of record) has been adequately accounted for and reported to the City of Fort Worth		X			
<b>Gas Royalty Revenue</b>	To ensure that royalty payments received account for all oil and gas produced on City-owned property and is valued accurately in accordance with lease agreements		X			
<b>HUD Grants</b>	To determine whether expenditures charged against Housing and Urban Development (HUD) grants were eligible, allocable and reasonable				X	X
<b>Hotel Occupancy Tax Revenue</b>	To determine whether hotels are submitting hotel occupancy tax revenue as required and to determine whether hotel occupancy tax exemptions are in accordance with applicable City and state law		X			
<b>Municipal Court Cash Collections and Non-Cash Ticket Dispositions</b>	To ensure that payments for court fines and fees are accounted for and properly recorded; to ensure proper safeguarding of cash collections and proper recording of non-cash transactions that result in final case dispositions; and to ensure that the collections vendor complied with the contract requirements				X	

Audit	Audit Objective	MAYOR AND COUNCIL STRATEGIC GOALS				
		Clean, Attractive City	Strong Economic Base/Future Workforce Dev./Job Opportunities	Mobility & Air Quality	Safest Major City	Orderly & Sustainable Development
<b>Petty Cash Fund</b>	As per Section 6.3 of the City of Fort Worth's Administrative Regulations, the City Internal Auditor is to periodically review and evaluate whether petty cash funds are being operated in accordance with established policies and procedures		X			
<b>Planning and Development Software Post-System Implementation</b>	To ensure that internal controls are adequate, that the system is functioning as intended and to ensure that reports and other information generated from the system is accurate and reliable	X	X		X	X
<b>Police-Initiated Towing Service</b>	To determine whether fees paid for towing services are reasonable	X		X	X	
<b>Procurement Card Program</b>	To determine whether existing internal controls are effective and adequate to properly govern procurement card use		X			
<b>Property Tax Abatement</b>	To determine whether property owners have complied with requirements imposed by the City Council in return for granting property tax abatements		X			X
<b>Property Tax Revenue</b>	To ensure that properties within the city limits have been included in the City of Fort Worth's property tax base and that property tax exemptions claimed were allowable and accurately calculated		X			X
<b>Software License Compliance</b>	To ensure that the City is in compliance with Administrative Regulation D6 regarding the acquisition, use and reproduction of copyrighted software		X			
<b>Water Utilities Cash Handling</b>	To determine whether internal controls ensure the safeguarding of cash collections		X			
<b>Special Requests</b>	As directed by the Mayor, City Council or Audit Committee, and/or as requested by the City Manager					