

FY2015 Annual Audit Plan



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Purpose

The purpose of the Fiscal Year 2015 Annual Audit Plan is to outline audits and other activities the Department of Internal Audit 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 2015 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, financial and organizational documents, prior internal and external audits, internal audit staff's knowledge of City of Fort Worth and local government operations, and feedback from the Mayor, 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/prior audit results. The Audit Plan includes audits related to operational efficiency and effectiveness; internal controls; reporting; compliance with laws, policies and procedures; follow-up to prior internal and external audits; and on-going data analysis.

Audits included in the Fiscal Year 2015 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 audits from within the approved FY2014 Annual Audit Plan that are not expected to be completed by the end of FY2014.

Audit Objectives

Audits for FY2015 are listed, alphabetically, on the following pages. While general audit objectives are noted, these objectives may change once staff has established more familiarity with the department and/or function. At that time, potential issues will be identified and the specific audit objectives and methodology will be developed as deemed necessary.

Audits

| | |
|---------------------------------------|-----------------------------|
| Asset Forfeitures | Hotel Occupancy Tax Revenue |
| City Revenue Collection Process | HUD Grants |
| Concession Revenue | Payroll Processing |
| Construction | Procurement |
| ERP II Post-System Implementation | Property Tax Abatements |
| Special Request – Public Arts Program | Special Requests |

Follow-Up Audits

| | |
|----------------------------------|-----------------------------|
| Annual External Audit | Petty Cash |
| Construction | Procurement Card |
| Directions Home | Property Tax Revenue |
| Hotel Occupancy Tax Revenue | Software License Compliance |
| HUD Grants | Water Cash Handling |
| Municipal Court Cash Collections | |

Carryover Audits*

| | |
|-----------------|-----------------------------------|
| Construction+ | Planning and Development Software |
| Directions Home | Procurement Card Program |
| HUD Grants+ | Property Tax Revenue |

* Audits included in the FY2014 Annual Audit Plan, but not expected to be completed by FYE2014.

+ Multiple audits, with one or more not completed during FY2014

| 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 |
| Asset Forfeitures | To verify compliance with applicable legislation, policies and procedures; and to ensure proper internal controls over the administration, recording and reporting of federal and state-awarded assets | | X | | | |
| City Revenue Collection Process | To determine whether the current revenue collection process is efficient and effective; and to determine whether the City's revenue collection process maximizes revenue collection potential | | X | | | |
| Concession Revenue | To identify the full inventory of city concessions; to determine compliance with contract terms; and to ensure that the management and oversight of concession revenue is efficient and effective | | X | | | |
| Construction | To determine whether construction projects are being completed in accordance with contract terms; and to ensure compliance with applicable legislation | X | X | X | X | X |
| ERP II Post-System Implementation | To evaluate internal control design; to determine accuracy and completeness of conversion data; to ensure that reports generated from the new system are accurate and reliable; and to ensure that issues noted during the pre-system implementation audit have been adequately addressed | | X | | | |
| Hotel Occupancy Tax Revenue | 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 | | | |
| HUD Grants | To determine whether expenditures charged against Housing and Urban Development (HUD) grants were eligible, allocable and reasonable | | | | X | 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 |
| Payroll Processing | To evaluate internal controls governing the payroll process; to ensure that payroll is properly calculated and reported; and to ensure compliance with City policy and applicable payroll regulations | | X | | | |
| Procurement | To determine whether the procurement process is efficient and effective; and to determine whether the City's procurement policies promote economic opportunities for minority and women-owned businesses | | X | | | |
| Property Tax Abatements | To determine whether property owners have complied with requirements imposed by the City Council in return for granting property tax abatements | | X | | | X |
| Special Requests | As directed by the Mayor, City Council or Audit Committee, and/or as requested by the City Manager | X | X | X | X | X |
| Annual External Audit Follow-Up | To determine implementation status of prior external audit recommendations | | | | | |
| Construction Follow-Up | To determine implementation status of prior internal audit recommendations | X | X | X | X | X |
| Directions Home Follow-Up | To determine implementation status of prior internal audit recommendations | X | X | | X | |
| Hotel Occupancy Tax Revenue Follow-Up | To determine implementation status of prior internal audit recommendations | | X | | | |
| HUD Grants Follow-Up | To determine implementation status of prior internal audit recommendations | | | | X | X |
| Municipal Court Cash Collections and Non-Cash Ticket Dispositions Follow-Up | To determine implementation status of prior internal audit recommendations | | X | | 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 |
| Petty Cash Follow-Up | To determine implementation status of prior internal audit recommendations | | X | | | |
| Procurement Card Follow-Up | To determine implementation status of prior internal audit recommendations | | X | | | |
| Property Tax Revenue Follow-Up | To determine implementation status of prior internal audit recommendations | | X | | | X |
| Software License Compliance Follow-Up | To determine implementation status of prior internal audit recommendations | | X | | | |
| Water Cash Handling Follow-Up | To determine implementation status of prior internal audit recommendations | | X | | | |

On-Going Data Analysis

The FY2015 Annual Audit Plan also includes on-going data analysis to identify anomalies within: 1) the City of Fort Worth’s automated systems and 2) between City data that is comparable to that of other agencies. Results that indicate a need for an audit will be presented to the Audit Committee, with a recommendation to amend the Annual Audit Plan.