

Fort Worth



1964 • 1993 • 2011

FY2020 Data Analysis Results

December 31, 2020



Mayor

Betsy Price

Council Members

Carlos Flores, District 2

Brian Byrd, District 3^{††}

Cary Moon, District 4[†]

Gyna Bivens, District 5

Jungus Jordan, District 6^{††}

Dennis Shingleton, District 7^{††}

Kelly Allen Gray, District 8

Ann Zadeh, District 9

[†] Audit Committee Chair
^{††} Audit Committee Member

City of Fort Worth Department of Internal Audit

200 Texas Street
Fort Worth, Texas 76102





FY2020 DATA ANALYSIS RESULTS

The Department of Internal Audit completed the following data analysis projects during fiscal year 2020. These projects were not audits and were, therefore, not conducted in accordance with government auditing standards. Instead, these projects were conducted to help evaluate risks throughout the City, and help identify functions that should be considered for audit.

Payroll Terminal Leave Payments

Internal Audit judgmentally selected a sample of 25 terminal leave payments for the quarter ending March 2020, and 14 terminal leave payments for the quarter ending June 2020. We then performed independent calculations to determine the accuracy of the 39 terminal leave payments.

Results: No exceptions were noted.

Temporary Employees with Benefits

Internal Audit reviewed FY2019 data within PeopleSoft Human Capital Management to verify that only eligible employees had a health benefits deduction code.

Results: No exceptions were noted.

Wire Transfers

Internal Audit judgmentally reviewed wire transfers recorded within PeopleSoft between 6/11/2019 and 4/24/2020.

Results: Based on our test results, wire transfers were business-related and approved. However, we noted an inconsistency between the City's wire transfer practice and policy.

NOTE: Detailed information regarding the inconsistency has been redacted from this report due to risks associated with wire transfers/payments.

Top 25 Vendors

Internal Audit conducted an analysis of vendor payments (made between 10/1/2019 and 4/21/2020 -- via PeopleSoft and procurement cards) to determine whether vendors who received the most dollars from the City seemed appropriate. Internal Audit took into consideration the types of services provided by the

vendors (e.g., expenses related to the Internal Revenue Service, insurance, construction, telephone service, contractual supplies, office supplies, retirement fund, etc.).

Results: No exceptions were noted. Based on our review, vendors who received the most dollars from the City of Fort Worth seemed appropriate when taking into consideration the types of services provided by those vendors.

Duplicate Payments

Internal Audit judgmentally selected a total of 56 payments to City vendors between December 1, 2019 and September 30, 2020. The judgmental selections were based on invoices that Internal Audit perceived as possible duplicates.

Results: Internal Audit identified 20 duplicate payments totaling \$135,571.28. However, management had corrected nine of those invoices (totaling \$119,310.43). The remaining eleven duplicate payments (totaling \$16,260.85) were not detected. Duplicate payments resulted because City staff entered the same invoices with different dates or with an altered invoice number (i.e., one invoice number was entered with a space, while the invoice number for the duplicated invoice was entered without a space).

Action Taken: Departments were notified of the duplicates and began requesting refunds and/or invoice credits. It should be noted that we also identified duplicate credit memos from vendors that had not been detected by management.

Unannounced Cash Counts

Internal Audit conducted unannounced cash counts of 36 cash drawers/funds at seven City locations. Our cash counts covered 9% (\$11,525.00 of \$125,200.00) of the City of Fort Worth's cash fund population. Plans to conduct additional unannounced cash counts were postponed due to COVID risks.

Results: No cash overages or shortages were identified when counting 32 of 36 cash drawers/funds. Total cash overages totaled \$7.75 in three of 35 cash drawers/funds, and a \$13.95 cash shortage was identified in one cash drawer.

Since deposits made by the Treasury Division of the Financial Management Services Department were comprised mostly of checks, Internal Audit questioned the amount of cash needed to provide change to cash paying customers. Internal Audit, therefore, recommended that the Treasury Division's change fund amount be reevaluated. The Treasury Division reevaluated the change fund amount and concluded that it was reasonable.

Procurement Card Reviews

September 2019 Results: No major exceptions were noted. However, the City paid \$257.54 for two fraudulent charges (\$230.81 and 26.73) that were not disputed within the allotted timeframe. We noted that 17 of 77 randomly selected procurement card transactions were approved by the Procurement Card Administrator within the Purchasing Division of the Financial Management Services Department. The City's Procurement Card Administrator approved the transactions because the procuring departments did not approve the transactions by the procurement card cycle deadline.

March 2020 Results: A majority of the sampled transactions (96%) was adequately supported. We concluded that one boom box transaction appeared to have been a purchase scam involving an international company. Also, based on documentation supporting procurement card transactions included in our sample, the City paid sales taxes totaling \$45.21. However, one vendor provided a \$9.39 sales tax credit for one of the transactions. We also concluded that the City's Procurement Card Administrator approved all seven Library Department transactions included in our sample (totaling \$4,170.14) because Library staff did not approve the transactions by the procurement card cycle deadline.

April 2020 Results: All sampled transactions were adequately supported, and most sales tax paid was refunded to the City (\$389.59 of the \$398.99). Thirteen (13) of the 127 sampled transactions were approved by the City's Procurement Card Administrator because seven procuring departments did not approve transactions by the procurement card cycle deadline.

June 2020 Results: A majority of the sampled transactions (87%) was adequately supported. The City paid \$247.90 in sales tax for food purchases made with Uber gift cards. Internal Audit accounted for \$4,391.94 (89%) of the \$4,925.00 spent on Uber gift cards purchases, which were made for the City's COVID shelter operations. The remaining \$533.06 was presumed to have been included in the remaining card balances at June 30, 2020. We also noted that the City's Procurement Card Administrator approved four of the 115 sampled transactions because four procuring departments did not approve the transactions by the procurement card cycle deadline.

July 2020 Results: We concluded that (99%) of the sampled transactions were adequately supported. One of the 105 sampled procurement card transactions, totaling \$90.10, was not adequately supported. Of the 104 remaining transactions, seven were adequately supported after Internal Audit requested documentation.

The City of Fort Worth paid sales tax totaling \$154.20 on five Uber gift card transactions. Internal Audit accounted for \$2,344.17 of the \$2,600.00 spent on four Uber gift card purchases, which were made for the City's COVID shelter operations. The remaining \$255.83 was presumed to have been included in the outstanding gift card balances at July 31, 2020. We also noted that the City's Procurement Card Administrator (within the Purchasing Division of the Financial Management Services Department) approved procurement card transactions that were initiated by six procuring departments. Since these procuring departments did not approve 15 of their 51 sampled procurement card transactions by the procurement card cycle deadline, Purchasing Division approval was required to ensure payment.

Property Tax Invoice to the City of Fort Worth

Internal Audit reviewed Tarrant Appraisal District and Tarrant County Tax Assessor/Collector records to determine whether the City was billed the correct number of accounts.

Results: We were unable to reconcile Tarrant County's reports to those produced by the Tarrant Appraisal District. As a result, we could not verify that Tarrant County's invoice to the City of Fort Worth was accurate. We did, however, conclude that prior to payment, the Financial Management Services Department ensures that the property tax invoice is based on the number of accounts noted on the Tax Roll Summary provided by the Tarrant County Tax Office.

Property Tax Revenue from the Tarrant County Tax Assessor /Collector

Internal Audit reviewed Tarrant County Tax Assessor/Collector records to verify that all City of Fort Worth property taxes, paid to and received by the Tax Assessor/Collector (on the City's behalf), had been forwarded to the City.

Results: We were unable to obtain detail that would allow such verification.

Property Tax Payments – Public Improvement Districts Follow-Up

In FY2019, Internal Audit compared GIS data to property tax data maintained by the Tarrant Appraisal District. Based on that analysis, owners of 35 properties did not appear to have paid PID assessments for their specified PID.

In FY2019, the Financial Management Services Department agreed that owners of the 14 properties questioned for PID 1 did not pay required PID assessments due to a 2014 replatting. As of 9/30/2019, the Tarrant County website indicated that a total of \$6,201.28 was due from owners of those 14 properties within PID 1.

Additional follow up was conducted during FY2020, to determine whether the remaining 21 properties, identified during our FY2019 analysis, had since been billed for PID assessments.

Results: Based on our FY2020 follow-up, one property (in PID 12) had not been corrected.

Retainage Payable Accounts Follow-Up

During FY2019, Internal Audit identified 36 general ledger retainage payable accounts (totaling \$399,181.93) that remained unchanged for at least two consecutive years – FY2017, FY2018 and as of June 30, 2019. In FY2019, this information was provided to the Financial Management Services, Transportation and Public Works and Water Departments for follow-up. As of the end of FY2019, the retainage payable balances remained unchanged. Additional follow up was, therefore, deemed necessary to determine whether the account balances had changed during FY2020.

Results: As of September 30, 2020, \$278,533.14 (70%) of the \$399,181.93 had been cleared from the retainage payable account.

Acknowledgements

The Department of Internal Audit would like to thank all city departments for their cooperation, assistance and prompt follow-up to the results of our data analysis projects.