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2013 External Audit Follow-Up

November 21, 2014



**City of Fort Worth
Department of Internal Audit**

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The 2013 External Audit Follow-Up was conducted as part of the Department of Internal Audit's Fiscal Year 2014 Annual Audit Plan.

Audit Objectives

The objective of this audit was to determine the implementation status of audit recommendations made by the City of Fort Worth's external auditor for the fiscal year ended September 30, 2013.

Audit Scope

Our audit included activity since the annual audit release date of March 18, 2014.

Opportunity for Improvement

Modify active directory properties by disabling the "no expiration date" option.

Executive Summary

The Department of Internal Audit has conducted a follow-up to the FY2013 audit recommendations made by the City's external auditor, Deloitte and Touche, LLP. The external audit report was released on March 18, 2014.

Our audit was limited to external audit findings related to the City of Fort Worth's financial statements. Two significant deficiencies were reported.

➤ *Information Technology Access and Operations Security Controls – Fully Implemented*

Our audit results indicated that two Water Department user accounts (with access to the shared folder containing passwords to privileged accounts) had been properly removed, as recommended by Deloitte. We also confirmed that PeopleSoft job scheduler access, previously granted to Information Technology Solutions employees whose job functions did not require such access, had been properly revoked.

The Department of Internal Audit did, however, identify one terminated employee with an enabled active directory account that was noted to not have an expiration date.

Recommendation:

The Director of the Information Technology Solutions Department should disable the no expiration date option within properties of the active directory.

➤ *Accounting For Capital Assets – Partially Implemented*

Our audit results indicated that Financial Management Services personnel have improved communication concerning capital assets with operating departments via monthly Fiscal Accountability Committee meetings. Additionally, management has begun its process to automate the accounting for capital assets to help ensure accurate financial reporting.

The external auditor's recommendation to implement a more sophisticated system for accounting for capital assets (along with recommendations to perform quarterly reconciliations to the general ledger and require supervisory review of these reconciliations) will not be fully implemented until April 2015. At that time, a fully integrated system with the City's general ledger and capital assets within PeopleSoft, is to be fully functional. Finance management has indicated that the remaining component left to complete this process is underway and involves the conversion of accounting for construction in progress from spreadsheets to the PeopleSoft system.



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Objective

The objective of this audit was to determine the implementation status of audit recommendations made by the City of Fort Worth's external auditor for the fiscal year ended September 30, 2013.

Scope

Our scope included activity since the annual audit release date of March 18, 2014.

Methodology

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

- interviewed Information Technology Solutions staff and confirmed supporting documentation showed user accounts with access to the production PeopleSoft job scheduler were disabled;
- tested terminated employee active directory accounts to ensure access to the City's network were disabled in a timely manner; and
- contacted Financial Management Services staff to obtain information regarding the implementation status of the new ERP Phase II system for the Capital Asset tracking module and a formal reconciliation process for capital assets.

We conducted this audit in accordance with generally accepted government auditing standards, except for peer review. 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

DEFICIENCY	IMPLEMENTATION STATUS	
	Fully Implemented	Partially Implemented
Information Technology Access and Operations Security Controls	X	
Accounting For Capital Assets		X



Acknowledgements

The Department of Internal Audit would like to thank the Information Technology Solutions and Financial Management Services Departments for their assistance during this audit.