

# Proposed FY2016 Annual Audit Plan

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## **Purpose**

The purpose of the FY2016 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 FY2016 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 FY2016 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 FY2015 Annual Audit Plan that are not expected to be completed by the end of FY2015.

## **Audit Objectives**

Proposed audits for FY2016 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**

Alcoholic Beverage Permits	Golf Operations
Asset Verification	Hotel Occupancy Taxes
Auto Pound Operations	HUD Grants
Construction	Property Tax Abatements
Contract Management	Special Requests
Court Judicial Process	Street Maintenance and Repairs
Delinquent Accounts Collections	Trinity River Vision
ERP II Post-System Implementation	

## **Follow-Up Audits**

Annual External Audit	Hotel Occupancy Tax Revenue
Asset Forfeitures	HUD Grants
City Revenue Collection Process	Payroll Processing
Concession Revenue	Procurement Cards
Construction	

## **Carryover Audits\***

Planning and Development Software	Procurement Process
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\* Audits included in the FY2015 Annual Audit Plan, but not expected to be completed by FYE2015.

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>Alcoholic Beverage Permits</b>	To ensure that agencies are billed as required by City Ordinance and that permit revenue is accounted for and properly recorded				X	
<b>Asset Verification</b>	To confirm the physical existence of assets below the capital asset threshold, yet warranting departmental accountability on a routine basis		X			
<b>Auto Pound Operations</b>	To ensure the efficiency of auto pound operations and the effectiveness of internal controls over inventory and revenue collections	X		X	X	
<b>Construction</b>	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
<b>Contract Management</b>	To evaluate systems and processes that govern contract execution, necessary contract oversight, and proper maintenance of contract expirations		X			
<b>Court Judicial Process</b>	To evaluate the City's alternative disposition process for Class C misdemeanors				X	
<b>Delinquent Accounts Collections</b>	To determine whether internal and third party delinquent account collection efforts comply with applicable City policy and external regulations, and that delinquent account collection efforts achieve the City's collection goal(s)		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>ERP II Post-System Implementation</b>	To determine whether functional objectives and benefits were/are being met and that information generated from the system is complete, accurate and meets the City's needs		X			
<b>Golf Operations</b>	To evaluate the effectiveness and efficiency of golf operations and to ensure that revenue is properly accounted for, recorded and reported		X			
<b>Hotel Occupancy Taxes</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>HUD Grants</b>	To determine whether expenditures charged against Housing and Urban Development (HUD) grants were eligible, allocable and reasonable		X		X	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>Property Tax Abatements</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>Special Requests</b>	As directed by the Mayor, City Council or Audit Committee, and/or as requested by the City Manager	X	X	X	X	X
<b>Street Maintenance and Repairs</b>	To evaluate the process by which streets are identified and selected for maintenance and repair	X	X	X	X	X
<b>Trinity River Vision</b>	Audit Committee Request: To ensure that total City payments did not exceed the authorized spending limit	X	X	X		X
<b>Annual External Audit Follow-Up</b>	To determine implementation status of prior internal audit recommendations	X	X	X	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
<b>Asset Forfeitures Follow-Up</b>	To determine implementation status of prior internal audit recommendations		X			
<b>City Revenue Collections Process Follow-Up</b>	To determine implementation status of prior internal audit recommendations		X			
<b>Concession Revenue Follow-Up</b>	To determine implementation status of prior internal audit recommendations		X			
<b>Construction Follow-Up</b>	To determine implementation status of prior internal audit recommendations	X	X	X	X	X
<b>Hotel Occupancy Tax Revenue Follow-Up</b>	To determine implementation status of prior internal audit recommendations		X			
<b>HUD Grants Follow-Up</b>	To determine implementation status of prior internal audit recommendations				X	X
<b>Payroll Processing Follow-Up</b>	To determine implementation status of prior internal audit recommendations		X			
<b>Procurement Cards Follow-Up</b>	To determine implementation status of prior internal audit recommendations		X			

### **On-Going Data Analysis**

The FY2016 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.

## Audit Cycle

An objective of the Department of Internal Audit is to establish a cycle that ensures every department is audited at least once every five (5) years. The following table depicts our plan to accomplish this objective.

<b>Department</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>
Aviation				X	
City Attorney's Office			X		
City Manager's Office					X
City Secretary's Office			X		
Code Compliance				X	X
Economic Development <sup>1</sup>	X	X	X	X	X
Finance	X	X	X	X	X
Fire					X
Human Resources	X			X	
Information Technology	X				X
Library					X
Municipal Court	X		X		X
Neighborhood Services <sup>2</sup>	X	X	X	X	X
Parks			X		X
Planning and Development	X	X		X	
Police	X	X	X		
Property Management				X	X
Public Events		X			
Traffic/Public Works <sup>3</sup>	X	X	X	X	X
Water <sup>3</sup>	X	X	X	X	X
<b>City-Wide Audits</b>					
Petty Cash	X				
Revenue Collection Process		X			
ERP II Pre-System Implementation		X	X	X	X
PeopleSoft Payroll Processing		X			
Procurement Cards		X			
Asset Verifications			X		
Contract Management			X		
Delinquent Account Collections			X		
Employee Reimbursements				X	

<sup>1</sup> Annual departmental request

<sup>2</sup> Grant funds allocated annually, by the department, for grant audits

<sup>3</sup> Bond funds allocated annually, by the department, for construction audits