AUDIT COMMITTEE

Tuesday, May 12, 2020
2:00 pm
City Council Conference Room, City Hall, Room 290
200 Texas Street
Fort Worth, Texas 76102

This meeting will be broadcast live on the City’s ‘Fort Worth TV’ Cable Channel and livestreamed on the channel’s website.

Access the channel online via the “Watch Live Online” button on the City’s homepage (http://fortworthtexas.gov/) or directly via the following link: http://fortworthgov.granicus.com/MediaPlayer.php?publish_id=19

Committee Members
Council Member Cary Moon, Chair
Council Member Dennis Shingleton, Vice-Chair
Council Member Jungus Jordan
Council Member Brian Byrd

City Staff
Patrice Randle, City Auditor
John Riggs, Assistant City Auditor
Denis McElroy, Sr. Assistant City Attorney
Joanna Ramirez, Sr. Administrative Assistant

I. CALL TO ORDER

II. ACTION ITEMS
   A. Approval of March 3, 2020 meeting minutes

III. BRIEFINGS
   A. Update on Internal Audit Activities – Patrice Randle, City Auditor

IV. FUTURE AGENDA ITEMS
   A. Requests for future agenda items
   B. The next meeting is scheduled for June 9, 2020, 1:00 PM

V. ADJOURN

Members of the Committee may be participating remotely in compliance with the Texas Open Meetings Act or under the provisions provided by the Governor of Texas in conjunction with the Declaration of Disaster enacted March 13, 2020.

Please Note: Additional members of the Fort Worth City Council may be attending the meeting for information-gathering purposes. Any members of the Council who are not on the Committee will not be deliberating or voting on any Committee agenda items.

I, the undersigned authority do hereby certify that this Notice of Meeting was posted on the City of Fort Worth official website and said Notice was posted on the following date and time Friday, May 08, 2020 at 9:00 p.m., and remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

Mary J. Kayser
CALL TO ORDER

With a quorum of the Audit Committee Members present, Councilmember Moon called the regular session of the Audit Committee to order at 11:00 a.m. on Tuesday, March 3, 2020, in the City Council Conference Room, City Hall, Room 290, 200 Texas Street, Fort Worth, Texas 76102.

ACTION ITEMS

A. Approval of January 28, 2020 meeting minutes

Motion: Councilmember Dennis Shingleton made a motion, seconded by Councilmember Brian Byrd that the minutes of the Regular meeting of October 22, 2019, be approved. The motion carried unanimously 4 ayes to 0 nays.

BRIEFINGS

A. Fiscal Year 2019 External Audit – Kevin Sanford, Partner at Weaver

Mr. Kevin Sanford (with Weaver) presented the 2019 External Audit results. Mr. Sanford said that Weaver’s staff for the engagement included Philip Winfield, Leah K. Reeves and himself, in addition to five to ten Weaver staff members that were on-board in completing the engagement.

Mr. Sanford said that on February 7, 2020, the Independent Auditor’s Report was released. In addition, two supplemental audit reports were issued. Both the single audit and supplemental audits were conducted and reports issued in accordance with the Governmental Auditing Standards (GAGAS). Mr. Sanford said that the report on internal controls over financial reporting had two noted findings that were covered in the January 28, 2020 Audit Committee meeting. Mr. Sanford said the Single Audit report had one finding in the major programs for federal and state expenditures.

In addition, there were five separate agreed-upon procedures reports that are specialty projects or reports that are issued for specific procedures that were to be performed. Mr. Sanford stated that the following five agreed-upon procedures had no findings.
• Budget Compliance
• Investment Compliance
• Water and Sewer System Insurance
• TCEQ Compliance
• Water Excess Revenues Compliance

Mr. Sanford said in regards to the three findings mentioned earlier, two of the three findings are over the Financial Statement in accordance with the government auditing standards. Mr. Sanford said the first finding was over Logical Physical Access User review. Mr. Sanford said the City did not have a formalized or consistent documented process for the review of user access to information technology systems (ITS/IT) or physical access to information technology hardware and servers. Mr. Sanford said a corrective action plan has been developed and Weaver will continue to monitor in FY2020. Mr. Sanford said this finding is classified as a significant deficiency which is in the middle tier. Mr. Sanford said the tiers are control deficiency, significant deficiency and material weakness, which is the top level.

Mr. Sanford said the second finding is in regards to a duplicate recorded retainage payment on a construction project. Mr. Sanford said the City recorded a duplicate project cost with the retainage payment on a contract rather than a reduction of retainage payable, which resulted in an overstated schedule of expenditures of federal awards (SEFA). Mr. Sanford said the finding was a significant deficiency. Mr. Sanford said Weaver had also noted there were other projects that appeared to be closed, completed and placed in service but had an insignificant retainage amount accrued. Mr. Sanford said Weaver didn’t look into the amounts as they were small, but said it is a supplemental reason for having City staff take a detail review of closed projects. Mr. Sanford said that the City should take a closer look at the retainage accounts to make sure they are closed out. Mr. Sanford also said there is a corrective action plan that has been developed by City management and that this finding was reported as a significant deficiency.

Mr. Sanford said the next finding is in regards to the state highway 121 subaccount project. Mr. Sanford said this is an on-going project that is in various phases. He said Weaver had two items noted in the FY2020 completion project phase, as there was a closeout audit that was not completed within 120 days of completion. Mr. Sanford said there was some excess funds due back to the North Central Texas Council of Governments (NCTCOG), as some funds had not been returned. Mr. Sanford said there was a reconciliation being performed at all levels for the final amount. Mr. Sanford said the City should be recording the amount in separate accounts and accruing interest on those funds in order to make sure the amount that is to be remitted is appropriate.

Councilmember Jordan asked if Weaver knew the amount that was to be remitted to NCTCOG. Mr. Sanford said Weaver did not know the exact amount but it will be provided. Councilmember Byrd asked if a quick summary could be provided, as it sounded like the City had received some funds and was not allocated to the correct account. Mr. Sanford said the grants are unique as the money is given upfront. Mr. Sanford said that an amount of money is provided for the course of the project, and that once the project is completed and an amount is remaining that was not spent, the money is to be repaid to the granting agency. Mr. Sanford said Weaver looked into this issue and found that there was some reconciliation going on at the NCTCOG and that the City had actually repaid part of it and NCTCOG returned the funds. Mr. Sanford said NCTCOG had not reconciled at their end to determine how much was necessarily due back. Mr. Sanford said the City has those funds recorded as payable, and not a in a separate account accruing interest. Mr. Sanford said this is a significant deficiency finding.
Mr. Sanford said the three findings were all significant deficiency and none were material weaknesses. Mr. Sanford said the City will be dropping down in classification under the Single Audit classification under federal and state testing, and be called a low-risk auditee. Mr. Sanford said what that means is that 20% for Federal and 25% for State of thresholds will be tested next fiscal year and it helps with efficiency. Mr. Sanford said it also lowers the cost of Weaver for single audits.

Councilmember Moon said he had questions in regards to the construction finding (on slide 9 of the PowerPoint presentation). Councilmember Moon asked for clarification on the duplicate expense in retainage and expense side. Mr. Sanford said both expenses were recorded, therefore when the invoice was received, the amount was accrued as an expense and payable. Mr. Sanford said when the invoice was paid, it should have been recorded as a reduction in cash and payable. Instead, it was recorded as a payable that hit the project cost. Councilmember Moon clarified that the payment was not duplicated, but the entry was duplicated. Mr. Sanford said that was correct. The entry on the expense side was duplicated. Councilmember Moon asked if Mr. Sanford could provide the dollar amount of the error and show how relevant this amount was. Mr. Sanford said the error only happened once and the amount was about $1.7 million that was recorded as a duplicate cost. Mr. Sanford said other amounts were noted as needing to be reviewed, but did not warrant a review as it was anything from a few thousand up to $50,000.00. Mr. Sanford said these projects had a remaining payable, and listed as completed as well as noting that the asset has been placed into service.

Councilmember Jordan, said he heard from TPW and not sure if it is true, because of the favorable contracting market in bond packages and other construction that the surplus funds are being used for other projects. Councilmember Jordan requested that in a future date (maybe for the full Council), to have a presentation on budgeted contracts and what has been spent, to note the total accounting. Councilmember Moon agreed and said that in 2015, a policy was passed that required staff to bring to Council capital project funds for appropriation. Councilmember Moon agreed that it would be a good update to see the overages and underages for the various projects.

Mr. Sanford then presented the several audit standards that Weaver goes through. Mr. Sanford mentioned the following standards:

- General Accepted Auditing Standards (GAAS)
- Generally Accepted Government Auditing Standards (GAGAS)
- Uniform Guidance for federal grants
- State of Texas Uniform Grant Management Standards (UGMS) for state grants

Mr. Sanford said in addition to the aforementioned audit standards, Weaver uses a risk-based approach for the financial statements, as previously mentioned in the January 28, 2020 Audit Committee Meeting. Mr. Sanford said Weaver spends the majority of the time in the following five high risk-based areas, especially at the end of fieldwork.

- Capital projects, purchasing and compliance with bidding procedures
- Federal and state grant revenues and expenditures
- Long-term debt
- Revenue recognition and related receivables
- Payables, accrued liabilities (Pension, OPEB, IBNR) and expenditures
Mr. Sanford said with the amount of data in the City’s general ledger, payroll and operating disbursements databases, Weaver has to perform Computer Assisted Audit Techniques (CAATs). Mr. Sanford said Weaver staff works with their analytics group that is separate in their firm that helps support them and does some screening, scripts, reviews and provides data to further analyze. Mr. Sanford said Weaver reviews for duplicate payments, vendors not approved, top vendors, accounts payable disbursements matching to payroll or employees. Mr. Sanford also said Weaver looked at Payroll disbursements received, pay rates and overtime hours. Mr. Sanford that there was no issues but found a few things and with further discussion with Internal Audit Department, it was found they were already being worked. Mr. Sanford said Weaver would leave those issues to be reconciled with Internal Audit and City management, but nothing significant beyond that.

Mr. Sanford continued to communicate to Audit Committee members and those in charge of governance that the issued opinion given by Weaver was an unmodified opinion throughout the engagement. Mr. Sanford said that Weaver’s reports do not provide an opinion on internal controls. However, Weaver does have to bring forward anything found, which were items previously discussed. Mr. Sanford said there was one new accounting statement (GASB 89) this year. Mr. Sanford said Weaver noted no material errors or irregularities or illegal acts. Mr. Sanford said Weaver reported no material weaknesses in internal controls as previously discussed, and Weaver did not have an audit opinion to everything reported. Mr. Sanford said there were no difficulties or disagreements, City staff was very professional and there was no consultation with other accountants for second opinions.

Mr. Sanford said there is also a significant upcoming financial statement that goes in to effect FY2021, which is GASB 87, leases. Mr. Sanford said it is a standard that requires all leases (whether they are operating, capital or any other type of lease) to be recorded on the City’s balance sheet. Mr. Sanford said it is a pretty significant undertaking for the implementation, because it is going to require all leases that are operating (e.g., copiers, computers, equipment, buildings) to be recorded. Mr. Sanford said it is going to be a significant undertaking to get GASB 87 implemented and the City has begun with the process.

Councilmember Byrd thanked Mr. Sanford and Weaver for their work. Councilmember Byrd asked Weaver how well management is doing with training City staff in cybersecurity. Councilmember Byrd’s comment and concern was that the City doesn’t get dinged on an invoice that is misrepresented or a phishing scam. Mr. Sanford said Weaver has worked closely with the ITS team to make sure that the data that comes out of the general ledger and out of the financial reporting module is reliable. Mr. Sanford said that Weaver doesn’t do phishing or penetration testing, as it is not part of the scope of the financial statement audit. Ms. Randle said Internal Audit is conducting an audit on Cybersecurity.

Mr. Kevin Gunn, Interim Assistant City Manager, said the City does engage with 3rd party external vendors to perform testing outside the network to ensure that we have sufficient measures in place to protect our corporate resources. Mr. Gunn said that it is done regularly. Mr. Gunn also said that annual training is provided to employees to help them recognize phishing and other types of attacks in the event that they occur. Councilmember Byrd asked in terms of backing up City data, without going into too much detail due to security issues is this being done. Mr. Gunn said the City has multiple layers of redundancy and back-ups for sensitive data.

Councilmember Moon asked if an example could be provided in regards to (slide 19) management’s judgement on accounting estimate allowances for uncollected receivables. Mr. Sanford said an example would be the water sewer fund water bills that go out, there is an allowance
set for anything over 120 days outstanding that is allowed. Mr. Sanford said there is an allowance that is set forth by management and a policy followed for accruing an amount that will not ultimately be received on those amounts. Mr. Sanford said right now the City policy for all the enterprise funds on anything over 120 days outstanding is allowed as an allowance. Councilmember Moon asked if that was anything over 120 days. Mr. Sanford said correct. Councilmember Moon asked what the percentage is for the overall receivables. Mr. Sanford said it is less than 1%.

**B. Hotel Occupancy Tax Audits – John Samford, Assistant Finance Director & City Treasurer**

Mr. John Samford, Assistant Finance Director & City Treasurer briefed the Audit Committee on the upcoming Hotel Occupancy Tax Audits that Financial Management Services (FMS), would like to contract with a firm. Mr. Samford said FMS is taking action, an initiative from past audits by Internal Audit as there have been some hotels that have underreported. Mr. Samford also said some staff conducted data analytics to identify if there is a need to have a more stringent compliance program around hotel occupancy taxes (HOT) for reporting and collections.

Mr. Samford said that during the FY2020 budget process, staff pitched the idea of appropriating funds from the Cultural and Tourism funds to bring an outside firm to augment staff efforts to improve the HOT collection process. Mr. Samford said there is no blueprint for HOT audits at this time. Mr. Samford said FMS is working on bringing an outside firm for a phase, or phases depending on the outcome of the first year.

Mr. Samford said that FMS will reviewing and validating the firms’ hotel calculations and admitances. In addition, FMS will work with the 3rd party collection agency as needed to collect on any unpaid taxes as a result of the fieldwork. Mr. Samford said some of the key components of this initiative will include remote and site visits, and auditing their records (up to a four-year period as allowed by state law) to ensure the City is being paid taxes correctly. Mr. Samford said staff will work closely with the firm in conducting the audits, as one of the goals is to not disrupt their business operations. Mr. Samford said there will be an educational and training component that will allow lodging providers be compliant moving forward.

Mr. Samford said that FMS has submitted and requested qualified firms proposals and so far FMS has received four proposals. Mr. Samford said staff is in the process of evaluating the proposals and selecting a firm. Mr. Samford said once a firm is selected, FMS will move forward in negotiating a professional services agreement. Mr. Samford said once the agreement is finalized FMS will work closely with the firm to develop and formalize an audit plan approach. Councilmember Byrd asked Mr. Samford could provide a timeframe of when a firm be selected and how long FMS is going to give the firm to get this done. Mr. Samford said he anticipate that it would occur early to mid-March and have the firm come late March and start. Mr. Samford said there is funding to start for this year, unfortunately we have to come back during the budget process to continue this initiative. Councilmember Byrd asked if this was like a testing phase in a sense to see what we find. Mr. Samford said during the budget process he wasn’t sure what the structure would be and how much money it would take to do the initiative. Mr. Samford said this is to get a firm in and formalize an audit plan that has the expertise. Mr. Samford said it is to formalize a plan so we have plan for next year for budget purposes. Mr. Samford said the plan is to phase the hotels in a two-to-three year period and then take in-house or continue with this initiative and cycle through. Mr. Samford said the goal is to audit all the hotels in a two to three year-period. Councilmember Byrd asked Mr. Samford if he knew when was the last time the City conducted an
HOT audit. Mr. Samford said that Internal Audit has done HOT audits periodically as part of their audit plan.

Councilmember Moon asked Mr. Samford if he could explain the type of revenue tied to HOT. Mr. Samford said he didn’t want to misquote, but thought it was about $35 million. Councilmember Moon provided an example and asked if a person checks out of a hotel, will they be charged for HOT only or is there also a sales tax. Mr. Samford said there is also sales tax. Councilmember Moon asked when a person pays sales tax, does it go to the state. Mr. Samford said correct. Councilmember Moon asked if the HOT is reported to the City. Mr. Samford said the local portion only, as there is a state portion. Councilmember Moon asked, so when hotel reports to the state, they report that number, but what portion of the HOT is it. Mr. Samford said that the state portion is 6% and a 9% to the City (7% to city and 2% to Public Events). Mr. Samford also said that certain hotels that are in the tourism PID have a 2% PID assessment as well. Councilmember Moon asked if the hotels could have the state filings available to FMS and firm. Mr. Samford said that currently FMS is receiving a list of issued COs from the Planning and Development Department. Then FMS contacts the hotel to have them register to the HOT system, so the hotel is on file and able to remit online. Mr. Samford said there are a handful of hotels that still fill out the form and mail in their payment. However, the bulk file through the on-line system. Councilmember Moon commented that the City should start requiring to be filed electronically like the state. Councilmember Moon said as FMS works through the POS issues and finds common identifiers between projects, it would be a very easy add-on to add an HOT radio button as a future revenue source, so we don’t miss it.

C. Update on Internal Audit Activities – Patrice Randle, City Auditor

Ms. Patrice Randle, presented to the Audit Committee members an update on Internal Audit activities. Ms. Randle began with an update of the Revenue Estimates audit released on January 27, 2020 that included revenue estimates on Alcohol Beverage permits and Parking Revenue. Ms. Randle said these are not major revenue sources; however, prior year budgets for alcohol beverage permits were considered unreasonable. There were also recent changes in the number of revenue-generating parking spaces that were available. Ms. Randle said that for time saving purposes, Internal Audit conducted audits in these areas in the past, and staff was somewhat knowledgeable of the operations.

Ms. Randle said once the revenue sources were identified, Internal Audit developed assumptions and calculated a revenue estimate. Ms. Randle said Internal Audit’s estimate was then compared to the FY2020 budget. Ms. Randle said if the estimate exceeded 10%, the budgeted revenue was considered unreasonable. Ms. Randle said the reason Internal Audit used the 10% was that the Budget Department uses this variance threshold throughout the year. Ms. Randle said based on the comparisons of Internal Audit’s estimate to the budget, it was concluded that all the revenue sources were reasonable with the exception of the Surface Lot Parking. Ms. Randle said the reason for the variance was that management inadvertently included sales tax in there revenue estimate. Ms. Randle said the reason for this is, was that the department used an average parking rate, whereas Internal Audit used the actual parking rate. Ms. Randle said while this was not considered
Ms. Randle said the Water Utility Billing and Adjustments Audit was released on February 7, 2020. Ms. Randle said she wanted to take a moment and provide a general comment before going over the findings. Ms. Randle said that when you take into consideration the volume of water transactions, accounts that the Water Department process day in and day out, the audit findings represent a very small percentage. Ms. Randle said one of the things that Internal Audit found is that the Water Department did not bill some customers for water or wastewater. Ms. Randle said that a query was conducted on water data, and Internal Audit identified approximately 2,900 accounts not being billed for water or wastewater. Once Internal Audit identified those accounts, they conducted further analysis to remove any false positives. Ms. Randle said to remove false positives, as an example, Audit staff looked at accounts that were not billed for wastewater, then looked at the data to identify if each house on that particular street was billed for wastewater. Ms. Randle said the result was that for that particular street, wastewater services were not provided due to septic tank or other wastewater services from another City. Ms. Randle said this eliminated a lot of false positives and as a result, a total of 59 accounts were referred to the Water Department for follow-up. Ms. Randle also said that the 59 accounts where throughout the City and not confined to one particular area. The Water Department conducted research and determined that 35 of the 59 accounts were not needing to be billed, but 21 accounts should have been billed but were not. Ms. Randle said that the remaining three accounts could not be determined and required further research from the Water Department.

Ms. Randle said Internal Audit found that the City had 76 meters with zero consumption, and paid approximately $133K over a two-year period for those meters. Ms. Randle said the majority was from the Park and Recreation Department, and what Internal Audit found was that there was a verbal agreement. Ms. Randle said this verbal agreement was in lieu of a future impact fee credit. Although this agreement was not in writing, per staff, the agreement was either in the 1990’s or early 2000s. Ms. Randle also said that in May 2013, Park and Recreation Department paid $38,816.00 for impact fees that could have been avoided if impact fee credits had been used.

Ms. Randle said that there was also an untimely validation of recorded water consumption. Ms. Randle said that there was a $1.1 M of unauthorized consumption, and the delay in back-billing was one to seven months. Ms. Randle also said there were lack of written policies and procedures for goodwill adjustments.

Councilmember Byrd asked Ms. Randle if solutions were put in place for the recommendations. Ms. Randle said that the Water Department was working on them. Councilmember Byrd asked if the agreement was being resolved. Ms. Randle said yes, that Park and Recreation was working on documenting the agreement with the Water Department.

Councilmember Shingleton said it is a procedural and consistency issue, but asked if Internal Audit was going to go back and look at the recommendations. Ms. Randle said yes, Internal Audit does follow-ups.

Councilmember Jordan asked if there were meters that had no assigned account. Ms. Randle said that is correct.

Councilmember Moon said this was a favorable audit and with the Water Department’s volume, there could be some variances. Mr. Chris Harder, Water Department Director said he agreed with
Councilmember Moon and said some of the key takeaways are the accounts with unauthorized usage. Mr. Harder said that the department would like to go out and put a plug in the meter, so there is no water usage for a prolonged period of time. Mr. Harder also said there are some changes that have been placed already to address a few finding them. Mr. Harder also said agreed that policies should be placed for goodwill adjustments.

Councilmember Moon asked Mr. Harder about the smart meters that the City had invested, if it would impact some of the findings. Mr. Harder said the smart meters are a big change, and would help determine if there is a water leak early on versus at the end of the month. Also, information is available to customers at their fingertips, and going from a physical read to actual electronic read. Mr. Harder said the leak adjustment policy, high water usage policy is referenced in the agreement and it is something the Water Department will be reviewing in the future.

Ms. Randle said the following audits are completed, fieldwork completed, fieldwork substantially completed and in progress.

- **Completed - Exit Conference Held**
  - Vendor Access Controls
- **Fieldwork Completed**
  - Facility Rentals – Park and Recreation
  - Facility Rentals – Public Events
  - Sales Tax Paid by the City of Fort Worth
- **Fieldwork Substantially Completed**
  - Gas Utility Expense
- **In Progress**
  - Cybersecurity
  - Employee On-Boarding
  - Late Fees
  - Police Unclaimed Funds
  - Revenue Manual
  - Service Center Operations
  - Water Field Operations Inventory

**IV. EXECUTIVE SESSION**

None

**V. FUTURE AGENDA ITEMS**

A. **Requests for future agenda items**

None

B. **The next meeting is scheduled for April 14, 2020, 1:00 PM**

**VI. ADJOURN**
There being no further business, Councilmember Moon adjourned the meeting at 11:43a.m.
Update on Internal Audit Activities

Presented by Patrice Randle, City Auditor
Department of Internal Audit
May 12, 2020
Update on Internal Audit Activities

- Vendor Access Controls Audit
- Sales Tax Audit
- Data Analysis Projects
- Facility Rentals Audit – Public Events
- Facility Rentals Audit – Park and Recreation
### VENDOR ACCESS CONTROLS AUDIT

<table>
<thead>
<tr>
<th>Finding</th>
<th>Results</th>
</tr>
</thead>
</table>
| Management of network accounts | • Identified accounts that had not been used since the accounts were created  
• The majority of those accounts appeared to have been related to a 2011 emergency operations center exercise |
| Active user accounts assigned to former City employees | • Management deleted all 65 accounts during the audit  
• Similar finding noted by the external auditors |
Update on Internal Audit Activities (cont’d)

<table>
<thead>
<tr>
<th>Finding</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Taxes Paid</td>
<td>• Total of $11,407.73 paid</td>
</tr>
<tr>
<td></td>
<td>• Majority of sales tax ($9,383.91) was for IT-related expenses</td>
</tr>
<tr>
<td>Federal Excise Tax Paid</td>
<td>• Total of $2,439.13 paid</td>
</tr>
<tr>
<td></td>
<td>• Federal excise tax paid for IT-related expenses</td>
</tr>
</tbody>
</table>
Update on Internal Audit Activities (cont’d)

| Procurement Card Transaction: Lack of Competitive Bidding/Split Purchase |  
|---|---|
| **Finding** | **Results** |
|  
| Ø Vendor contracted to provide special event equipment, such as tents and tables.  
| Ø P-card used to lease generators from the vendor.  
| • Payments for three invoices totaled $8,763.75, and were paid over a two-day period.  
| | o Exceeded $3,000.00 competitive bidding threshold  
| • P-card charged a total of $3,905.50 ($2,000.00 and $1,905.50) on the same date, for the same rental contract.  
| | o Exceeded $3,000.00 single p-card transaction limit. |
### DATA ANALYSIS PROJECTS

<table>
<thead>
<tr>
<th>Project</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duplicate Payments</td>
<td>• Identified $7,089.44 in duplicate payments</td>
</tr>
<tr>
<td></td>
<td>• Procuring departments have requested invoice credits or refunds</td>
</tr>
<tr>
<td>Terminal Paychecks</td>
<td>• Reviewed term pays processed between 01/01/2020 and 03/31/2020</td>
</tr>
<tr>
<td></td>
<td>• No exceptions were noted</td>
</tr>
<tr>
<td>Procurement Card Transactions</td>
<td>• Currently reviewing March 2020 p-card transactions</td>
</tr>
</tbody>
</table>
### Update on Internal Audit Activities (cont’d)

<table>
<thead>
<tr>
<th>Project</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Vendors</td>
<td>• Currently reviewing procurement activity for vendors created in March 2020</td>
</tr>
<tr>
<td>Wire Transfers</td>
<td>• Currently reviewing wire transfers</td>
</tr>
</tbody>
</table>
## Update on Internal Audit Activities (cont’d)

### FACILITY RENTALS AUDITS
(Exit Conferences Held / Audit Reports Not Yet Released)

<table>
<thead>
<tr>
<th>Draft Findings</th>
<th>Draft Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies and Procedures</td>
<td>• Need to address documentation that is required to support fee adjustments (Public Events and PARD)</td>
</tr>
<tr>
<td>Untimely Revenue Recognition</td>
<td>• Permit statuses were not updated, so revenue was not recognized. Revenue has since been recognized. (PARD)</td>
</tr>
<tr>
<td>Rates Charged</td>
<td>• Some erroneous rates were charged, due to human error (PARD)</td>
</tr>
</tbody>
</table>
Update on Internal Audit Activities (cont’d)

- Employee On-Boarding
- Gas Utility Billing
- Late Fees Audit
- Police Unclaimed Funds Audit
# Update on Internal Audit Activities (cont’d)

<table>
<thead>
<tr>
<th>Audit Fieldwork Completed / Audit Reports Being Drafted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit</strong></td>
</tr>
<tr>
<td>Employee On-Boarding</td>
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<tr>
<td>Gas Utility Billing</td>
</tr>
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<tr>
<td>Police Unclaimed Funds</td>
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</tbody>
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### Update on Internal Audit Activities (cont’d)

#### OTHER AUDITS

<table>
<thead>
<tr>
<th>Audit</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Manual</td>
<td>Substantially Complete</td>
</tr>
<tr>
<td>Service Center Operations</td>
<td>Substantially Complete</td>
</tr>
<tr>
<td>Water Field Operations Inventory</td>
<td>Substantially Complete</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>In Progress</td>
</tr>
<tr>
<td>Employee Healthcare Invoices</td>
<td>Planning Phase</td>
</tr>
</tbody>
</table>
Questions/Comments