FY2019 Data Analysis Results

October 4, 2019

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FY2019 DATA ANALYSIS RESULTS

The Department of Internal Audit completed the following data analysis projects during fiscal year 2019. 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 to help identify functions that should be considered for audit.

**Property Tax Payments – Public Improvement Districts (PIDs)**

Internal Audit compared GIS data to property tax data maintained by the Tarrant Appraisal District. Results were then reviewed to determine whether property owners, within a specified PID, paid PID assessments.

**Results:** Based on our analysis, owners of 35 properties did not appear to have paid PID assessments for their specified PID.

**Action Taken:** The Financial Management Services Department was informed of these anomalies, which appeared in PIDs 1, 6, 11, 12, 15 and 17.

The Financial Management Services Department informed Internal Audit that owners of 14 properties questioned for PID 1 should have paid PID 1 assessments, but did not due to a 2014 replatting. As of 9/30/2019, the Tarrant County website indicated that a total of $6,201.28 was now due from owners of properties within PID 1.

Questioned properties within the remaining PIDs are to be researched by the Financial Management Services Department.

**Payroll Terminal Leave Payments**

Internal Audit judgmentally selected a sample of 31 terminal leave payments for the period 10/01/2018 through 07/30/2019. We then performed independent calculations to determine accuracy.

**Results:** Based on our recalculations and follow-up with applicable departments, 11 terminal payouts were miscalculated.

Nine (9) employees were overpaid a gross total of $323,104.62.

- Three of the overpayments (grossing a total of $265,095.84) had already been detected after one of the former employees reportedly informed City staff of the overpayment. City staff conducted research and identified two additional overpayments. Two of these three overpayments have been reimbursed to the City.

- Management was unaware of the remaining six overpayments.

We also identified two (2) underpayments. The underpaid gross terminal leave payments totaled $2,165.03.
**Action Taken:** The Financial Management Services, Human Resources, and Information Technology Solutions Departments were informed of the overpayments and underpayments. Management then determined why the overpayments and underpayments occurred.

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**Retainage Payable Accounts**

Internal Audit identified 36 retainage payable accounts, within the general ledger, that remained unchanged for over two consecutive fiscal years – FY2017, FY2018 and as of June 30, 2019.

**Results:** Based on our analysis, the 36 general ledger accounts (totaling $399,181.93) had retainage payable balances that remained unchanged for at least two consecutive years. Since retainage helps ensure that work is completed per the contract, Internal Audit concluded that these balances might represent amounts due to contractors -- although this would seem unlikely due to the amount of time that has elapsed. Alternatively, retainage balances not reduced to zero after a project is complete may have resulted from accounting errors, failure to properly close projects, contractor disputes and/or other circumstances. We did note that several of the unchanged balances were transferred from the MARS accounting system that was in use prior to the City’s transition to PeopleSoft that occurred in FY2015.

**Action Taken:** The 36 retainage payable accounts were listed and provided to the Financial Management Services, Transportation and Public Works and Water Departments for follow-up. As of 9/30/2019, the $399,181.93 remained unchanged.

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**Duplicate Payments**

Internal Audit judgmentally selected 54 payments to City vendors between July 2018 and August 2019. The judgmental selection was based on invoices that Internal Audit perceived as possible duplicates.

**Results:** Internal Audit identified $14,393.21 in duplicate payments that had not been detected by user departments.

- In two instances, duplicate payments resulted during a PeopleSoft transition, as one invoice was processed through the BuySpeed software and the other through PeopleSoft.
- Duplicate payments also resulted after the City’s alteration of the vendor’s invoice number or date. For example, one vendor’s invoice was paid using the date shown on the invoice. However, the duplicated invoice was paid using an invoice date that was changed by City staff. See Exhibit I.
- In other instances, duplicate payments of eight invoices resulted after the City paid the vendor’s final invoice, but also paid from a different document that was not labeled “final invoice” and appeared to have been a carbon. The “carbon” invoice included the same invoice description, invoice amount and root invoice number. However, the invoice number on the “carbon” invoice had preceding zeros. See an example at Exhibit II. In two of these instances, two different departments paid the same vendor invoices. A total of $294.30 was duplicated on the eight invoices.

Internal Audit identified an additional $5,371.96 in duplicate payments. However, departments had already identified these duplicates, and had thus received and/or requested refunds or invoice credits.

**Action Taken:** Departments were notified of the $14,393.21 in duplicates and began requesting refunds and/or invoice credits.
**Unclaimed Funds**
In February 2019, Internal Audit reviewed the State Comptroller’s website to identify escheated funds where the owner’s name was listed as the City of Fort Worth and/or were recorded under an address belonging to the City of Fort Worth.

**Results:** Based on our review, escheated funds totaling $85,107.49 were potentially due to the City of Fort Worth.

**Action Taken:** The Financial Management Services Department indicated that claims were submitted to the State Comptroller, but only $15,632.32 has been retrieved to-date. The Financial Management Services Department requested that the City Attorney’s Office assist in retrieving the remaining funds.

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**Delinquent Employee Citations**
Internal Audit conducted an analysis of Municipal Court data to identify City employees with delinquent citations on file within the Municipal Court.

**Results:** Approximately 50 City employees had delinquent citations on file with the Municipal Court.

**Action Taken:** The City Manager’s Office directed Department Heads to begin efforts to collect amounts due from City employees.

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**Wire Transfers**
Internal Audit identified and reviewed wire transfers recorded within PeopleSoft between 10/1/2018 and 6/19/2019.

**Results:** Internal Audit identified one wire transfer that appeared questionable. However, upon inquiry with management and review of additional documentation, the wire transfer appeared valid.

**Action Taken:** None. No exceptions noted.

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**Top 25 Vendors**
Internal Audit conducted an analysis of vendor payments (between 10/1/2018 and 7/30/2019 -- 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 Regional Water District, Internal Revenue Service, insurance, construction, telephone service, contractual supplies, office supplies, retirement fund, etc.).

**Results:** 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.

**Action Taken:** None. No exceptions noted.
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.
Exhibit I – Duplicate Payment (Invoice Date Changed)

NOTE: As shown in this illustration, the date on the vendor’s invoice was 6/10/2019.
Exhibit II – Duplicate Payment (Invoice Number With & Without Preceding Zeros)

Preceding zeros in invoice number

“FINAL INVOICE” appears on the invoice

No preceding zeros in invoice number

Carbon-like appearance. Doesn’t appear on the final invoice

“FINAL INVOICE” does not appear on invoice