

# FY2025 Data Analysis

## (Report 1 of 4)

February 7, 2025

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Mattie Parker

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Jeanette Martinez, District 11<sup>††</sup>

<sup>†</sup> Audit Committee Chair

<sup>††</sup> Audit Committee Member

### City of Fort Worth Department of Internal Audit

100 Fort Worth Trail  
Fort Worth, Texas 76102

### Internal Audit Staff

Patrice Randle, City Auditor

Sam King, Senior Business Process Analyst

Joanna Ramirez, Management Analyst

Vincent Leal, Senior Auditor

Kecia Rogers, Senior Auditor

Rejina Shrestha, Internal Auditor



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## BENEFITS PROVIDED TO NON-FULL-TIME EMPLOYEES

### Background

Part-time employees, with less than 19 hours per week, are not eligible for pension plan participation, healthcare insurance, paid leave benefits, tuition reimbursement, or disability supplement pay.

| Objective   | What We Found  |
|---|--|
| To ensure non-full-time employees, with less than 19 hours per week, did not receive benefits for which they are ineligible | <ul style="list-style-type: none"><li>No exceptions were noted. We did not identify benefits paid to ineligible employees.</li></ul> |



### Scope

October 2023 through August 2024

### Acknowledgements

The Department of Internal Audit would like to thank the Human Resources Department for their cooperation and assistance during this project.

## HOTEL OCCUPANCY TAX

### Background

- The City of Fort Worth (CFW) requires that hotel occupancy taxes be remitted on a monthly basis.
- For each hotel located within the boundaries of Fort Worth, the City levies a nine percent (9%) hotel occupancy tax on room rental or other hotel space where the cost of occupancy is at a rate of \$2.00 or more per day. A delinquency occurs if hotel occupancy tax is not remitted or if the hotel report is not filed or postmarked by the 25<sup>th</sup> day of each month, following the monthly collection/reporting period. Delinquent hotels are assessed a late penalty of 15%, with interest accruing at a rate of 10% per annum.

### Objective

To identify hotels that submitted hotel occupancy taxes to the State of Texas, but not to the City of Fort Worth

### What We Found

Our analysis identified three (3) hotels that remitted hotel occupancy taxes to the State of Texas, but not to the City of Fort Worth. Total room and taxable room receipts reported to the State of Texas, by these three hotels, both totaled approximately \$1.4M. Although state hotel exemptions differ from those at the City, hotel occupancy tax revenue totaling approximately \$126,000.00 (excluding penalties and interest) could be due to the City of Fort Worth.

| TOTAL ROOM RECEIPTS REPORTED BY THE STATE OF TEXAS |                     |                     |                     |                     |                     |                     |                     |                                      |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------------------------|
| Hotel Count  | Jan 2024 Room Rcpts | Feb 2024 Room Rcpts | Mar 2024 Room Rcpts | Apr 2024 Room Rcpts | May 2024 Room Rcpts | Jun 2024 Room Rcpts | Jul 2024 Room Rcpts | Total Room Rcpts (Jan2024 - Jul2024) |
| 1  | \$21,265.00         | \$28,431.00         | \$23,394.87         | \$36,360.06         | \$45,813.09         | \$0.00              | \$35,908.58         | \$191,172.60                         |
| 2  | \$102,118.20        | \$68,733.39         | \$74,328.14         | \$102,118.20        | \$102,118.20        | \$0.00              | \$53,141.84         | \$502,557.97                         |
| 3  | \$0.00              | \$0.00              | \$63,687.61         | \$0.00              | \$0.00              | \$698,203.00        | \$0.00              | \$761,890.61                         |
| <b>Totals</b>                                      | <b>\$123,383.20</b> | <b>\$97,164.39</b>  | <b>\$161,410.62</b> | <b>\$138,478.26</b> | <b>\$147,931.29</b> | <b>\$698,203.00</b> | <b>\$89,050.42</b>  | <b>\$1,455,621.18</b>                |

| TAXABLE ROOM RECEIPTS REPORTED BY THE STATE OF TEXAS |                             |                             |                             |                             |                             |                             |                             |  |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--|
| Hotel Count  | Jan 2024 Taxable Room Rcpts | Feb 2024 Taxable Room Rcpts | Mar 2024 Taxable Room Rcpts | Apr 2024 Taxable Room Rcpts | May 2024 Taxable Room Rcpts | Jun 2024 Taxable Room Rcpts | Jul 2024 Taxable Room Rcpts | Total Taxable Room Rcpts (Jan2024 - Jul2024) |
| 1  | \$21,265.00                 | \$28,431.00                 | \$23,394.87                 | \$36,360.06                 | \$37,337.69                 | \$0.00                      | \$35,908.58                 | \$182,697.20                                 |
| 2  | \$102,118.20                | \$68,733.39                 | \$74,328.14                 | \$102,118.20                | \$102,118.20                | \$0.00                      | \$53,141.84                 | \$502,557.97                                 |
| 3  | \$0.00                      | \$0.00                      | \$63,687.61                 | \$0.00                      | \$0.00                      | \$698,203.00                | \$0.00                      | \$761,890.61                                 |
| <b>Totals</b>  | <b>\$123,383.20</b>         | <b>\$97,164.39</b>          | <b>\$161,410.62</b>         | <b>\$138,478.26</b>         | <b>\$139,455.89</b>         | <b>\$698,203.00</b>         | <b>\$89,050.42</b>          | <b>\$1,447,145.78</b>                        |

Source: Texas State Comptroller's website

## HOTEL OCCUPANCY TAX (continued)

The State Comptroller reported hotel occupancy tax payments from nine (9) locations that did not pay the City and appeared to have been short-term rentals.

The City will not accept hotel occupancy tax payments from properties used as a short-term rental because the use is prohibited in residentially-zoned districts.

| Hotel Occupancy Tax Reported by the State Comptroller, for Non-Hotels |                     |                        |
|---|---------------------|------------------------|
| Count   | Total Room Receipts | Total Taxable Receipts |
| 1   | \$3,257.62          | \$3,257.62             |
| 2   | \$6,023.95          | \$1,401.00             |
| 3   | \$6,308.80          | \$6,308.80             |
| 4   | \$8,338.00          | \$8,338.00             |
| 5   | \$11,722.56         | \$11,722.56            |
| 6   | \$11,876.00         | \$1,643.96             |
| 7   | \$12,536.89         | \$12,536.89            |
| 8   | \$14,729.71         | \$3,036.00             |
| 9   | \$15,050.35         | \$15,050.35            |
| <b>Total</b>  | <b>\$89,843.88</b>  | <b>\$63,295.18</b>     |

Source: Texas State Comptroller's website

### Scope

October 2023 through July 2024

### Acknowledgements

The Department of Internal Audit would like to thank the Financial Management Services Department for their cooperation and assistance during this project.



## PROCUREMENT CARDS

### Background

- As stated within the City of Fort Worth (CFW) procurement card (p-card) policy, although many purchases require a formal, competitive process, other procurements can be made following a less rigorous process, such as procuring with p-cards.
- The CFW has the following dollar spending limits:
  - \$3,000.00 per transaction;
  - \$10,000.00 per month, combined transactions; and,
  - \$3,000.00 with any one vendor, annually as specified within Chapter 252 of the Texas Local Government Code.
- P-card spending limits may be increased if properly approved.
- JPMorgan Chase records indicate the CFW had 468 active p-cards as of November 15, 2024.

### Objective

To determine whether p-card transactions complied with the City’s p-card policy

### Methodology

For p-card transactions dated during our review period, Internal Audit:

- randomly selected a sample of 100 transactions from the **entire p-card population**;
- randomly-selected a total sample of 75 **Amazon** transactions (e.g., Amazon, Amazon Marketplace, Amazon.com);
- randomly selected a sample of 30 **PayPal** transactions;
- randomly selected a sample of 30 **Square** transactions;
- judgmentally selected three (3) transactions made with vendors **outside the United States**, and 27 **Sunday** transactions;
- judgmentally selected transactions with the **North Texas Tollway Authority (NTTA)**, **DirectTV**, **Dallas Morning News**, and **Textedly**;
- reviewed documentation supporting each sampled transaction, and compared sampled transactions to City policy; then,
- concluded as to compliance.

### What We Found

- No evidence of purchases for non-business purposes
- Departments did not always provide itemized receipts or a lost receipt form to support p-card transactions.
- A subscription was allowable, but was made via automated bill pay, which is prohibited.
- The City missed approximately \$8,000.00 in tollway savings due to use of North Texas toll roads in non-toll tagged vehicles.

### Scope

October 2023 through August 2024

### Acknowledgements

The Department of Internal Audit would like to thank all departments for their cooperation and assistance during this project.



## PROCUREMENT CARDS (continued)

### Transactions Not Adequately Supported (e.g., no supporting receipt/invoice)

The Purchasing Division appeared to have contributed to a lower number of p-card exceptions. We identified only 10 transactions with no supporting itemized receipts. Internal Audit was informed that the Purchasing Division previously reached out to procuring departments regarding support for five of these 10 transactions. The Purchasing Division had reviewed the remaining five (Amazon) transactions prior to departmental purchases.

### Unallowable Transactions

- *Automated Bill Pay:* City p-cards were used for services with Direct TV. However, City p-card payments were automatic, as the City was enrolled in DirectTV’s auto bill pay. Section V.B.5. of the City’s p-card policy says p-card holders should refrain from agreeing to automatic or recurring payments. Automated bill pays totaled approximately \$5,000.00 during our review period, with monthly billings ranging between \$140.00 and \$214.00.
- *Subscriptions:* A City p-card was used to purchase a subscription from Textedly, a texting service initially implemented during the City’s transition to a new online utility payment platform. Although payments to Textedly totaled approximately \$21,000.00 during our review period (with monthly billings totaling \$2,306.00/\$2,307.00), there was no evidence of a contract, as required. Payments to Textedly were discontinued as of September 2024, as the services were no longer deemed necessary.

### Transactions Not Pre-Approved by the Purchasing Division

- *International Purchases:* Based on our test results, City departments did not receive the P-Card Administrator’s pre-approval (Section VIII.A.9 of the p-card policy) of the three international purchases sampled during this review. One of the sampled purchases was an inadvertent charge that had been reimbursed to the City.

### Opportunity to Save Costs

- *Tollway Charges:* From October 2023 through August 2024, the North Texas Tollway Authority (NTTA) billed the City for toll road usage. Internal Audit had difficulty tracing some license plate numbers referenced on NTTA billings to City fleet records. However, after additional research, the Property Management Department provided information to support that the vehicles questioned by Internal Audit were City vehicles.
  - Internal Audit deemed it necessary to determine the extent of toll charges incurred by City vehicles with no toll tag. Based on our test results, the City could have saved approximately \$8,000.00 by equipping all City vehicles with toll tags.
    - *NTTA Invoices Billed by Vehicle:* Missed savings, specifically noted on NTTA invoices, totaled approximately \$6,000.00. These costs could have been saved if the vehicles had been equipped with toll tags.
    - *NTTA Invoices Billed in Bulk:* NTTA bulk invoices did not specifically note total missed savings. However, Internal Audit estimated an additional \$2,000.00 could have been saved had vehicles included in NTTA bulk billings been equipped with toll tags.

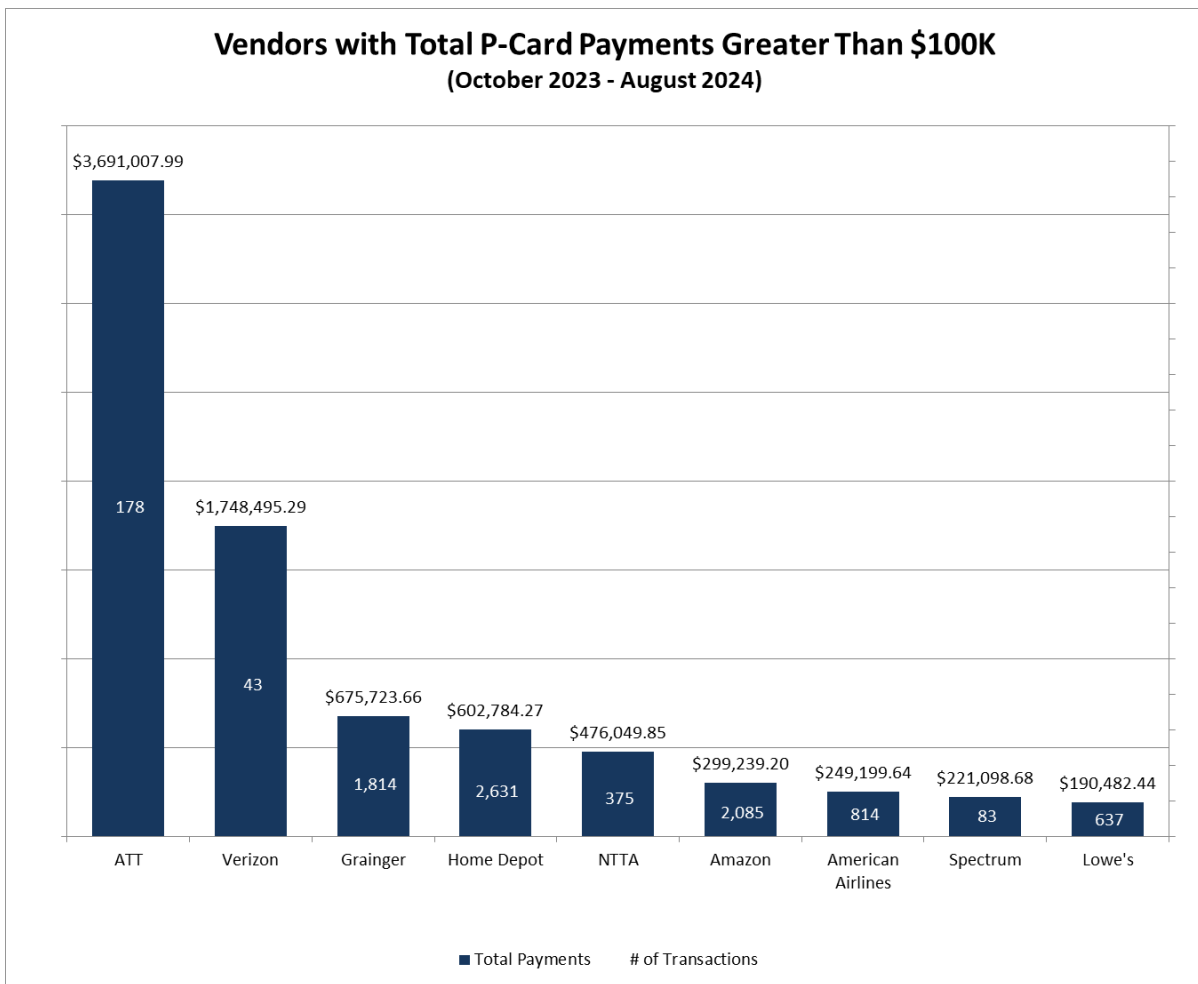
## PROCUREMENT CARDS (continued)

### Sales Tax Paid

We identified p-card transactions where sales tax was paid. However, those sales tax payments had been refunded to the City.

### Recommendations

1. The Fleet Services Division should consider placing toll tags on all City-owned vehicles.
2. City vehicle license plate information should be a required field within the fleet management system.
3. NTTA invoices should be reconciled to City fleet records (e.g., vehicle identifying information) prior to payment. Any discrepancies should be corrected immediately, including the updating of City fleet records.



Source: JP Morgan Chase





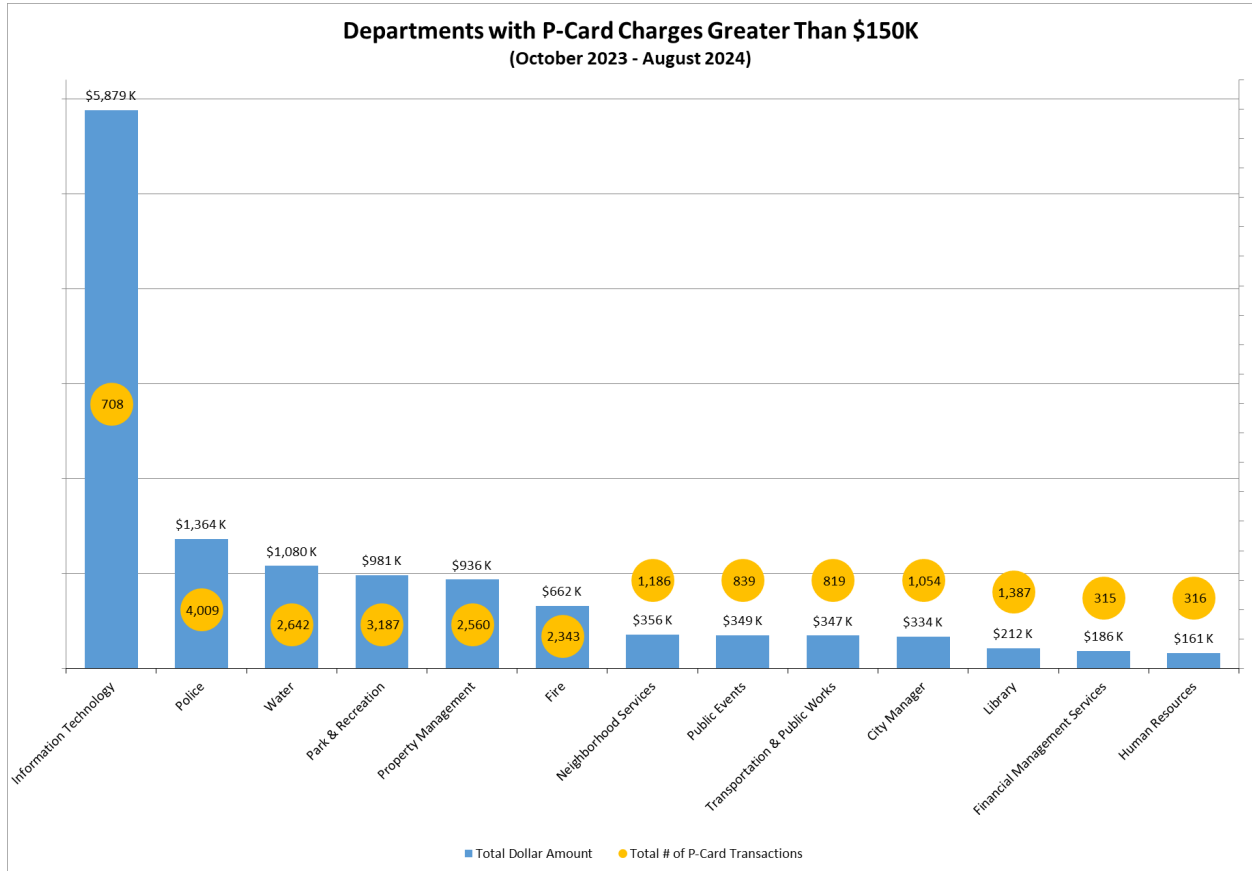
**PROCUREMENT CARDS (continued)**

| Total Active P-Cards by Department<br>As of 11/15/2024 |            |
|--|------------|
| Department   | Card Count |
| Police   | 98         |
| Park & Recreation                                      | 83         |
| Property Management                                    | 49         |
| Water  | 39         |
| Fire   | 31         |
| Neighborhood Services                                  | 22         |
| Transportation & Public Works                          | 21         |
| Public Events  | 19         |
| City Manager   | 16         |
| Diversity & Inclusion                                  | 11         |
| Library  | 11         |
| City Attorney  | 10         |
| Aviation   | 10         |
| Development Services                                   | 9          |
| Information Technology                                 | 8          |
| Communications & Public Engagement                     | 6          |
| Human Resources  | 6          |
| Municipal Court  | 5          |
| Code Compliance  | 4          |
| City Secretary   | 3          |
| Financial Management Services                          | 2          |
| Internal Audit   | 2          |
| Economic Development                                   | 2          |
| Environmental Services                                 | 1          |
| FWLab  | 0          |
| <b>Total</b>   | <b>468</b> |

Source: JP Morgan Chase



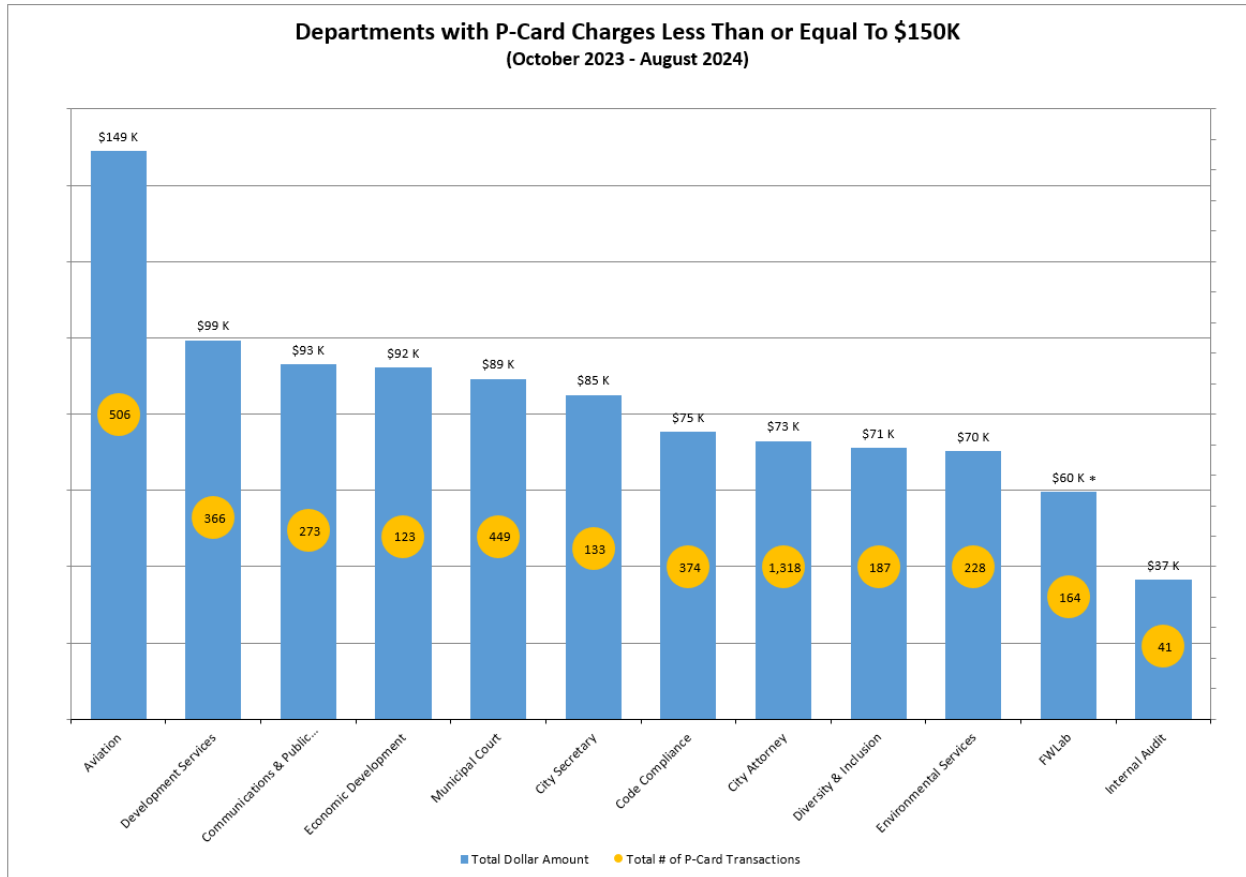
## PROCUREMENT CARDS (continued)



Source: JP Morgan Chase



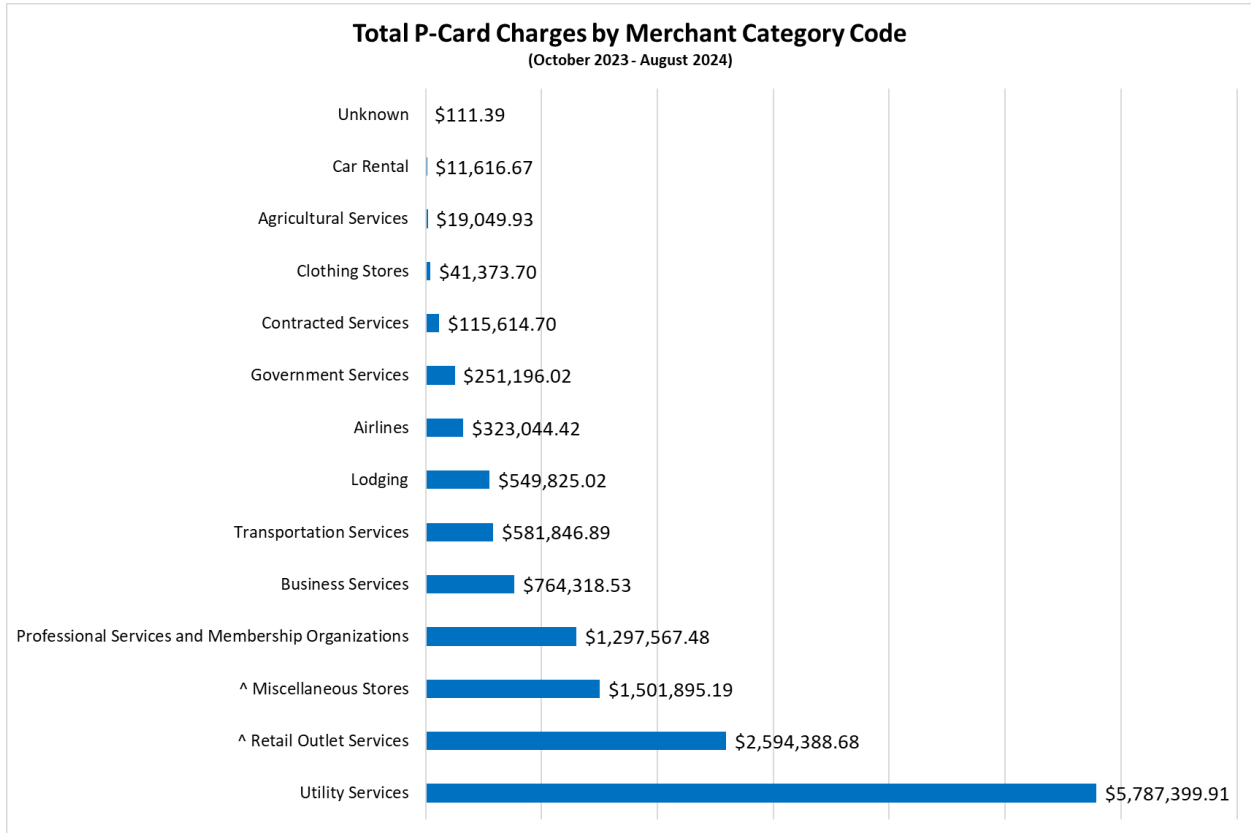
## PROCUREMENT CARDS (continued)



Source: JP Morgan Chase

\* These charges were incurred under a p-card that became inactive as of 11/8/2024, thus the rationale for zero p-cards on [page 7](#) of this report.

**PROCUREMENT CARDS (continued)**



Source: JP Morgan Chase

^ includes food and food-related purchases (Miscellaneous Stores: \$452,530.19 and Retail Outlet Services: \$91,778.86).

NOTE: Internal Audit did not review every food or food-related transaction. However, based on transactions that were reviewed, some “food” purchases were for community engagement events and programs (e.g., after-school and Code Blue) and City concessions. Examples of “food-related” purchases include plates, table décor, and parts needed to repair City appliances.



## SPLIT PROCUREMENTS

### Background

- The City is required to comply with competitive procurement requirements mandated by the State of Texas.
- Purchasing in a manner to avoid competitive bidding is prohibited by state law and City policy.
- Splitting purchases in order to avoid pre-established p-card limits set on an individual account is also prohibited by City policy.

| Objective   | What We Found   |
|---|---|
| To determine whether City procurements were “split” or separated into more than one purchase to avoid a competitive procurement | <ul style="list-style-type: none"><li>• We did not identify any procurements that were split to avoid the required competitive procurement process.</li></ul> |



### Scope

October 2023 through September 2024

### Acknowledgements

The Department of Internal Audit would like to thank the Fire, Information Technology Solutions, and Public Events Departments for their cooperation and assistance during this project.



## TOP 25 ACCOUNTS PAYABLE VENDORS

### Background

- The City’s procurement process is used to purchase goods, services, or a combination of goods and services.
- City purchases are to be completed through competitive bidding, unless purchases qualify as exempt procurements under state law.

### Objective

To determine whether the top 25 Accounts Payable vendors were companies whose types of services provided would deem them reasonably a top vendor at the City of Fort Worth.

### What We Found

- No exceptions were identified. As noted in the following table, the top 25 Accounts Payable vendors provided services such as banking, employee benefits, construction, waste management, etc.

| TOP 25 ACCOUNTS PAYABLE VENDORS<br>OCTOBER 2023 - AUGUST 2024 |                           |
|---|---------------------------|
| Vendor  | Total                     |
| Bokf Na   | \$310,127,485.38          |
| Employees Retirement Fund                                     | \$224,801,948.41          |
| Tarrant Regional Water District                               | \$95,588,647.22           |
| Internal Revenue Service                                      | \$68,756,325.87           |
| Linbeck Group, LLC  | \$59,822,021.25           |
| S J Louis Construction Of Texas Ltd                           | \$49,940,099.02           |
| Waste Management Of Texas Inc                                 | \$42,558,485.57           |
| William J Schultz Inc   | \$36,590,096.64           |
| Optumrx PBM Of Illinois Inc                                   | \$26,004,159.89           |
| Crescent Constructors, Inc                                    | \$24,987,036.05           |
| Trinity River Authority Of Texas                              | \$24,962,776.06           |
| Hunt-Byrne-Smith A Joint Venture                              | \$22,516,283.28           |
| NRG Energy Inc  | \$20,595,807.04           |
| Eagle Contracting, LLC  | \$20,336,646.07           |
| Sedalco Inc   | \$19,126,363.78           |
| Fort Worth Firefighters Healthcare Trust                      | \$18,636,539.39           |
| Fort Worth Convention & Visitors Bureau                       | \$17,072,386.00           |
| Teachers Insurance And Annuity Associat                       | \$16,044,347.30           |
| Alamo Title Company   | \$15,638,923.55           |
| Thalle Construction Company Inc                               | \$15,178,314.51           |
| Mcclendon Construction Company Inc                            | \$14,510,072.50           |
| Winner LLC  | \$14,415,465.40           |
| Kimley Horn And Associates Inc                                | \$13,933,452.10           |
| JP Morgan Chase Commercial Card                               | \$13,637,362.14           |
| Woody Contractors Inc   | \$13,270,375.59           |
| <b>TOTAL:</b>   | <b>\$1,199,051,420.01</b> |

Source: PeopleSoft

### Scope

October 2023 through August 2024

## WHY WE ANALYZED DATA

The Department of Internal Audit completed these data analysis projects to help evaluate risks throughout the City, and to help identify functions that should be considered for audit and/or activities that should be reviewed by City management.

Our data analysis does not constitute an audit and was therefore not conducted in accordance with government auditing standards.

## RESULTS AND WHAT HAPPENS NEXT

[Benefits Provided to Part-Time Employees](#) - No further action deemed necessary.

[Hotel Occupancy Tax](#) – Internal Audit will follow-up with the Financial Management Services Department to determine whether the three hotels submitted hotel occupancy tax payments to the City.

[Procurement Cards](#) – Due to risks associated with procurement cards in general, procurement card data will be routinely reviewed, as time permits.

[Split Procurements](#) - No further action deemed necessary.

[Top 25 Accounts Payable Vendors](#) – No further action deemed necessary.



The Department of Internal Audit will continue analyzing City data throughout the fiscal year.  
Data that is extracted and analyzed will vary with each data analysis report.