

A Resolution

NO. _____

APPROVING PROPOSED FISCAL YEAR 2024 ANNUAL AUDIT PLAN

WHEREAS, Section 2-37 of the Fort Worth City Code requires that, at least 30 days prior to the beginning of each fiscal year, the department of Internal Audit submit an annual audit plan to the City Council or its delegatee for review and comment; and

WHEREAS, under the City Code the plan is required to be based on (i) requests from City Council, the City Manager's Office, and department heads; (ii) a risk assessment of all City activities which shall be performed by Internal Audit prior to the completion of the annual audit plan; (iii) suggestions from Internal Audit staff based on their knowledge of City activities or observations made during the performance of other audits; and (iv) other relevant criteria agreed to by the City Council or its delegatee and the city internal auditor; and

WHEREAS, the City Code requires that the audit plan include a block of unassigned hours to be used to perform special audits, investigations and/or projects requested by the City Council and/or City Manager; and

WHEREAS, the attached audit plan was prepared in compliance with and meets the criteria specified by the City Code; and

WHEREAS, the attached plan was presented to the Fort Worth City Council on August 29, 2023 for review and comment, and was commented on favorably; and

WHEREAS, it is recommended that the attached document be adopted as the annual audit plan for the City of Fort Worth for Fiscal Year 2024; and

WHEREAS, as noted in the City Code, the adopted audit plan is subject to review and amendment throughout the year if and as needed to respond to any changes in circumstance.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FORT WORTH, TEXAS, THAT:

The document attached hereto as Exhibit A is hereby adopted and approved as the Annual Audit Plan for the City of Fort Worth for Fiscal Year 2024.

Adopted this _____ day of _____ 2023.

ATTEST:

By: _____
Jannette S. Goodall, City Secretary



Proposed
Annual Audit Plan
Fiscal Year 2024



PURPOSE

This Fiscal Year (FY) 2024 Annual Audit Plan (Plan) identifies activities to be conducted by the City of Fort Worth Department of Internal Audit (IA) during the fiscal year 2024. This Plan has been developed to (i) abide by professional standards for the practice of internal audit, and (ii) comply with actions required in Section 2-37 (b)(1) of City of Fort Worth Ordinance 24030-02-2020, which requires that “...no less than 30 days prior to the beginning of each fiscal year, the department of internal audit shall submit an annual audit plan to the city council...”.

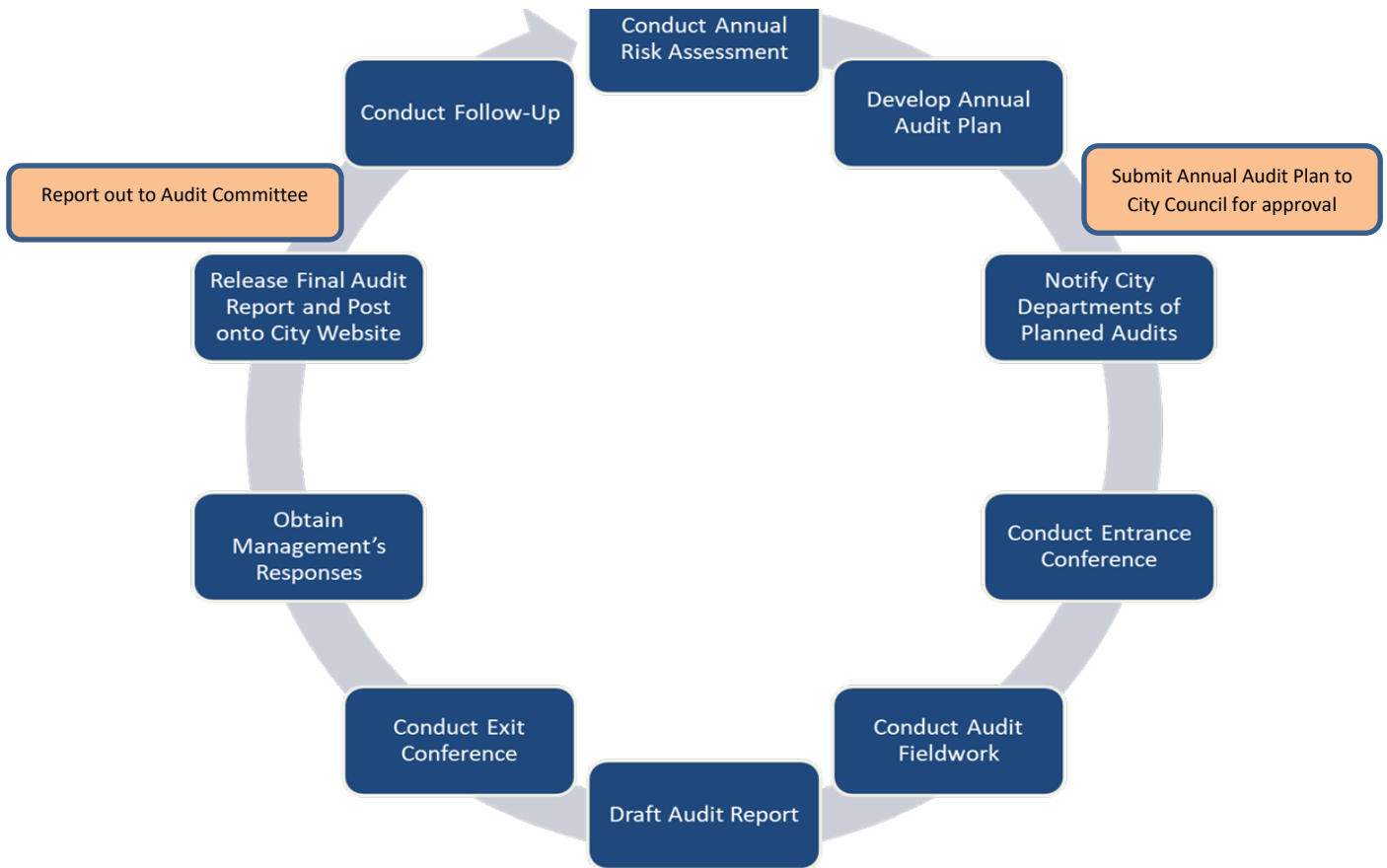
This Plan is a working document, and as such, the City Auditor may be required to modify this Plan, as deemed necessary in professional judgment, to respond to evolving, unanticipated risks and events as may arise from time to time during the course of the fiscal year; in such cases, the City Auditor shall notify the Audit Committee, timely, of significant modifications.

ENTERPRISE-LEVEL COVERAGE

Engagements included in this Plan were developed through an annual risk assessment process. Sources used to formulate the Schedule of Activities (identified later in this Plan) 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 received from the risk survey questionnaire which IA provided to City management during the May-June 2023 timeframe. This Plan includes engagements related to the assessment of operational effectiveness and efficiency, internal controls, compliance with applicable laws, obligations, policies, procedures and regulations, follow-up to prior internal and external audits, and on-going data analysis. The Schedule of Activities identified herein serve to evaluate the design and operating effectiveness of the current system of internal control in place in support of the City’s stated mission which includes “...building strong neighborhoods, developing a sound economy, providing a safe community and fostering a healthy environment” and the City’s stated objectives including “...building a safe community, making Fort Worth a better place to live, work and play, preserving the past and building the future, providing exceptional customer service.”

Engagement budgeted hours included in this Plan are based on estimated available IA staff hours during the fiscal year, and this Plan includes unassigned hours allocated to perform special audits, investigations, projects, etc. as may be directed by City Council.

STANDARD ENGAGEMENT PROCESS



ENGAGEMENT (PRELIMINARY) OBJECTIVES

Engagements proposed for FY2024 are listed, alphabetically, on the following Schedule of Activities. While preliminary engagement objectives are noted, these may evolve once IA has established more familiarity with a department or function being audited, and at such time, potential issues will be identified and the specific engagement-level objectives and methodology will be refined as deemed necessary. By their nature, not all engagements on the Schedule of Activities will result in a published audit report posted to the City's public website.

Schedule of Activities

Engagement Index Identifier	Engagement Name	Preliminary Audit Objective(s)	Budgeted Hours	New Or Carryover Engagement from Prior Year Audit Plan
2024-1	Audit Quality Control	Ensure conformance of Internal Audit's practices to Generally Accepted Government Auditing Standards (GAGAS). <i>This engagement requires that periodic assessments occur during the year to review auditors' work product and ensure activities and documentation conform to GAGAS requirements. This Activity is required of auditors by professional standards for the practice of internal audit.</i>	250	New
2024-2	City Hall Relocation	Review the design and assess effectiveness of controls with regard to ongoing contractor and/or vendor selection(s), capital investment/operating expenditure approvals and modifications, and project monitoring/reporting to Council.	700	New
2024-3	City Owned Vehicles	Review the design and assess effectiveness of controls in place which serve to limit use of city owned vehicles to city authorized activity.	600	New
2024-4	Construction (Property Management)	Assess whether construction projects were completed in accordance with contract terms and applicable laws.	600	New
2024-5	Construction (Transportation and Public Works)	Assess whether construction projects were completed in accordance with contract terms and applicable laws.	600	New
2024-6	Crime Control and Prevention District (CCPD)	Sample a set of transactions funded by the CCPD to evaluate compliance with the District's guiding policies and criteria for permissible disbursements.	600	New
2024-7	Data Analysis	Identify anomalies within City of Fort Worth automated human capital management (HCM) and other applicable systems; results may indicate a further need for an audit, which would be proposed to the Audit Committee, with a recommendation by City Auditor to amend this Annual Audit Plan at such time.	500	New
2024-8	Development Services	Assess and summarize key issues and current- state workflow practices, organizational structure, staffing levels, and technology needs for purpose of providing conclusions, recommendations and roadmap to enhance the efficiency and effectiveness of service offerings.	700	New
2024-9	Information Security	Sample a selection of hardware, and software applications in-use to evaluate the adequacy of controls and security safeguards with regards to (i) user identification/authorization, (ii) patch management-updates, (iii) incident response plan and incidence response training/testing/handling/monitoring/reporting, or other as determined by assigned auditor.	800	New

Schedule of Activities

Engagement Index Identifier	Engagement Name	Preliminary Audit Objective(s)	Budgeted Hours	New Or Carryover Engagement from Prior Year Audit Plan
2024-10	Library Programs and Services	Assess “current state” of a sample set of programs offered and services provided in relation to population served, common industry standards and good business practices for purpose of providing conclusions, recommendations and roadmap to enhance the efficiency and effectiveness of service offerings.	600	New
2024-11	Management Action Plan Follow Ups	Follow up on status of management action plans associated with audit report findings and recommendations from reports issued in prior years.	540	New
2024-12	Neighborhood Services – Affordable Housing	Review sample set of transaction documentation to assess the design and evaluate effectiveness of controls to ensure due- diligence procedures are in place that may reasonably demonstrate to interested stakeholders that disbursements are effectively managed.	600	New
2024-13	Revenue Estimates	Evaluate the reasonableness of assumptions and the revenue estimate for budgeted revenue.	600	New
2024-14	Social Media	Assess “current state” governance and oversight of City social media strategy and platforms against good business practices and standards, and evaluate whether controls over user access and effectiveness/performance monitoring and reporting are in place and functioning.	600	New
2024-15	Special Requests	As directed by the Mayor, City Council, Audit Committee, and/or as requested by the City Manager.	1,903	New
2024-16	Talent Management Lifecycle	Review “current state” talent management lifecycle strategy with focus on the Professional Development, Recruitment, Retention, and Succession Planning phases for the purpose of providing conclusions, recommendations and roadmap to enhance talent management lifecycle activities consistent with good business practices.	700	New



Schedule of Activities

Engagement Index Identifier	Engagement Name	Preliminary Audit Objective(s)	Budgeted Hours	New Or Carryover Engagement from Prior Year Audit Plan
2024-2023-29	Building Inspections/ Re-inspections	To determine whether existing controls help ensure that building inspections are completed as required by City policy and applicable legislation.	300	Carry Over-Started Not Completed
2024-2023-2	City Vehicle Accident Prevention	To determine whether prevention and mitigation strategies are adequate.	310	Carry Over-Started Not Completed
2024-2023-4	Construction (Transportation and Public Works)	To determine whether construction projects were completed in accordance with contract terms; To determine whether the project was performed in accordance with contract terms and applicable laws.	40	Carry-Over-Started Not Completed
2024-2023-5	Construction (Water)	To determine whether construction projects were completed in accordance with contract terms; To determine whether the project was performed in accordance with contract terms and applicable laws.	600	Carry Over-Not Started
2024-2023-6	Delinquent Accounts Collection	To evaluate the effectiveness of delinquent account collection efforts; To identify opportunities to improve collections.	300	Carry Over-Started Not Completed
2024-2023-7	Department Level Grants Management	To evaluate the effectiveness and efficiency of departmental grants management; to evaluate compliance w/grants requirements.	100	Carry Over-Started Not Completed
2024-2023-20	Expending of Transportation Impact Fees	To ensure that transportation impact fees were expended as required by City policy and applicable legislation.	600	Carry Over-Not Started
2024-2023-8	Inventory Controls	To evaluate the effectiveness and efficiency of controls over inventories; To verify general ledger balances.	260	Carry Over-Started Not Completed
2024-2023-9	Operational Resilience	To evaluate whether preparedness efforts are adequate for the City to function in an extended emergency.	600	Carry Over-Not Started
2024-2023-10	Ransomware Preparedness	To evaluate the adequacy of the City's security defenses against ransomware attacks.	600	Carry Over-Not Started
2024-2023-11	Revenue Estimates	To determine whether assumptions and the revenue estimate for budgeted revenue are reasonable.	200	Carry Over-Started Not Completed

Schedule of Activities

Engagement Index Identifier	Engagement Name	Preliminary Audit Objective(s)	Budgeted Hours	New Or Carryover Engagement from Prior Year Audit Plan
2024-2023-13	Tree Mitigation Fund	To determine the controls in place to ensure that the City collects all tree mitigation fees that should be collected.	600	Carry Over-Not Started
2024-2023-14	Utility Franchise Fees	To determine whether the City receives all franchise fees due.	120	Carry Over-Started Not Completed
2024-2023-15	Vendor Management and Controls	To verify that the process for adding, changing and removing vendor data is adequately controlled.	600	Carry Over-Not Started
TOTAL ANNUAL AUDIT PLAN BUDGET HOURS AVAILABLE			16,648	
TOTAL ANNUAL AUDIT PLAN BUDGET HOURS ALLOCATED TO ENGAGEMENTS			(16,123)	
RESERVE HOURS FOR UNANTICIPATED INCREASES WHICH MAY BE REQUIRED			525	

APPENDIX

Available Annual Internal Audit Plan Hours Calculation -FY2023 vs. FY2024

Annual Department Budget and Resources – FY2023 vs. FY2024

City Dept. Audit Rotation Cycle History – 5 Yr. History

Annual Audit Plan Schedule of Activities Tentative Calendar

Annual Audit Plan (estimated) Available Budget Hours Calculation-FY2023 vs. FY2024

FY2023

CITY OF FORT WORTH
DEPARTMENT OF INTERNAL AUDIT
ESTIMATED AVAILABLE HOURS FOR AUDIT PLAN

Staff Auditors:	FTE	Audit Hrs
Total Available Hours	2,080	
Less: Holidays		(72)
Personal Leave (vacation & sick)		(130)
Training (required CPE and CFW)		(64)
Administrative *		(240)
Military Leave		0
	1,574	9
		14,166

Programmer Analyst:	FTE	Audit Hrs
Total Available Hours	2,080	
Holidays		(72)
Personal Leave (vacation & sick)		(130)
Training (required CPE and CFW)		(64)
Administrative		(240)
Programming Specific/IT Support		(1,000)
	574	1
		574

Audit Manager:	FTE	Audit Hrs
Total Hours Available	2,080	
Holidays		(72)
Personal Leave (vacation & sick)		(130)
Training (required CPE and CFW)		(80)
Administrative (40%)		(660)
	1,138	2
		2,276

Asst. City Auditor:	FTE	Audit Hrs
Total Hours Available	2,080	
Holidays		(72)
Personal Leave (vacation & sick)		(130)
Training (required CPE and CFW)		(80)
Administrative (40%)		(832)
	966	1
		966

Non-Audit 2

Adjusted Hrs & FTE Available for Plan 15 17,982

FY2024

CITY OF FORT WORTH
DEPARTMENT OF INTERNAL AUDIT
ESTIMATED AVAILABLE HOURS FOR AUDIT PLAN

Staff Auditors:	FTE	Audit Hrs
Total Available Hours	2,080	
Less: Holidays		(72)
Personal Leave (vacation & sick)		(140)
Training (required CPE and CFW)		(64)
Administrative *		(280)
Military Leave		0
	1,524	8.67
		13,213

Programmer Analyst:	FTE	Audit Hrs
Total Available Hours	2,080	
Holidays		(72)
Personal Leave (vacation & sick)		(140)
Training (required CPE and CFW)		(64)
Administrative		(280)
Programming Specific/IT Support		(125)
	1,399	1
		1,399

Audit Manager:	FTE	Audit Hrs
Total Hours Available	2,080	
Holidays		(72)
Personal Leave (vacation & sick)		(140)
Training (required CPE and CFW)		(80)
Administrative (45%)		(936)
	852	2
		1,704

Asst. City Auditor:	FTE	Audit Hrs
Total Hours Available	2,080	
Holidays		(72)
Personal Leave (vacation & sick)		(140)
Training (required CPE and CFW)		(80)
Administrative (70%)		(1,456)
	332	1
		332

Non-Audit 2

Adjusted Hrs & FTE Available for Plan 14.67 16,648

NOTE: During FY2023 the Department of Internal Audit experienced a high level of staff vacancies (peaking at 47.3%) which caused adverse effects on planned FTE, available audit hours and annual audit plan completion rate. Consequently, many FY2023 engagements were required to be rolled forward into FY2024, as part of this proposed Annual Audit Plan.

Annual Department Budget and Resources –FY2023 vs. FY2024

FY 2023
(as published)

	FY2021	FY2022	FY2022	FY2023	Change from FY2022	
	Final	Adopted	Adjusted	CMO Recommended	Amount	%
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Salaries & Benefits	1,781,648	1,947,390	1,947,390	2,051,402	104,012	5.34%
Gen Operating & Maintenance	152,390	184,057	224,057	286,281	102,224	55.54%
Expenses	\$ 1,934,038	\$ 2,131,447	\$ 2,171,447	\$ 2,337,683	\$ 206,236	9.68%

Fund	2022		2023		Change	
	AP	FTE	AP	FTE	AP	FTE
General Fund	19.00	17.96	19.00	17.96	-	-
Total	19.00	17.96	19.00	17.96	-	-

Approved Positions
19

Approved Expenses
\$2,337,683

FY 2024
(as proposed)

	FY2021	FY2022	FY2022	FY2023	Change from FY2022	
	Final	Adopted	Adjusted	CMO Recommended	Amount	%
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Salaries & Benefits	1,781,648	1,947,390	1,947,390	2,051,402	104,012	5.34%
Gen Operating & Maintenance	152,390	184,057	224,057	286,281	102,224	55.54%
Expenses	\$ 1,934,038	\$ 2,131,447	\$ 2,171,447	\$ 2,337,683	\$ 206,236	9.68%

Fund	2022		2023		Change	
	AP	FTE	AP	FTE	AP	FTE
General Fund	19.00	17.96	19.00	17.96	-	-
Total	19.00	17.96	19.00	17.96	-	-

**FY2024
YET TO BE FINALIZED**

Approved Positions
18

Approved Expenses
\$2,523,477

City Department Audit Cycle History

A goal of IA is to establish a cycle by which operating departments are audited at least once every five (5) years. The following table depicts 5 year history of department cycle rotation.

Department	FY2020	FY2021	FY2022	FY2023	FY2024
Aviation				X	
Code Compliance		X	X	X	
Communications & Public Engagement					X
Development Services (formerly, Planning and Development)	X		X		X
Diversity & Inclusion					
Economic Development	X				
Financial Management Services	X	X	X	X	X
Fire		X			
Human Resources	X	X	X	X	X
Information Technology	X	X	X	X	X
Library		X			X
Municipal Court				X	
Neighborhood Services		X			X
Park and Recreation	X		X		
FW Lab (Formerly Planning and Data Analytics)			X	X	
Police	X		X	X	X
Property Management	X		X	X	X
Public Events	X				
Transportation and Public Works		X	X		X
Water		X	X	X	X

FY 2024 Annual Audit Plan Schedule of Activities Tentative Calendar*

Count	Engagement / Activity Name	Engagement Reference Index	Internal Audit Resource - Assignment	Scheduled Timeline												Activity Budgeted Hours (in current FY)
				Q1			Q2			Q3			Q4			
				Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	
1	Audit Quality Control	2024-1	Asst. City Auditor				←→						←→			250
2	City Hall Relocation	2024-2	Mike							←→						700
3	City Owned Vehicles	2024-3	Sam	←→												600
4	Construction - (Property Management)	2024-4	William				←→									600
5	Construction - (Transportation and Public Works)	2024-5	William							←→						600
6	Crime Control Prevention District	2024-6	Lisa							←→						600
7	Data Analysis	2024-7	Regina				←→			←→			←→			500
8	Development Services	2024-8	Sr. Auditor - 1							←→						700
9	Information Security	2024-9	IT Auditor							←→						800
10	Library Programs and Services	2024-10	Faith							←→						600
11	Management Action Plan Follow Ups	2024-11	All													540
12	Neighborhood Services - Affordable Housing	2024-12	Treauna				←→									600
13	Revenue Estimates	2024-13	Regina							←→						600
14	Social Media	2024-14	Auditor										←→			600
15	Special Requests	2024-15	All													1,903
16	Talent Management Lifecycle	2024-16	Sam							←→						700
17	Building Inspections/Re-Inspections	2024-2023-29	Treauna	←→												300
18	City Vehicle Accident Prevention	2024-2023-2	Sam	←→												310
19	Construction (Transportation and Public Works)	2023-2022-4	William	←→												40
20	Construction (Water)	2024-2023-5	William	←→												600
21	Delinquent Accounts Collection	2024-2023-6	Faith	←→												300
22	Department Level Grants Management	2024-2023-7	Sr. Auditor - 1	←→												100
23	Expending of Transportation Fees	2024-2023-20	Mike				←→									600
24	Inventory Controls	2024-2023-8	Mike	←→												260
25	Operational Resilience	2024-2023-9	Lisa	←→												600
26	Ransomware Preparedness	2024-2023-10	Treauna							←→						600
27	Revenue Estimates	2027-2023-11	Lisa	←→												200
28	Tree Mitigation Fund	2024-2023-13	Faith				←→									600
29	Utility Franchise Fees	2024-2023-14	Lisa	←→												120
30	Vendor Management Controls	2024-2023-15	Sr. Auditor - 1	←→												600
Total												16,123				

*May be subject to change depending on reprioritization and staff availability

Staffing and Resource Priorities in FY2024

- Finalize recruitment of three remaining vacant positions at beginning of fiscal year:
(i) Senior Auditor, (ii) Auditor, (iii) I.T. Auditor

- Completing Annual Audit Plan engagements by end of FY2024:
 - Operational Target: 75-84% Completion Rate
 - Performance Target: 85-89% Completion Rate
 - Aspirational Target: 90%+ Completion Rate

- Administer department operational to within or below financial budget assigned

- Enhance effectiveness of working relationships with key stakeholders through expanded communication and audit process transparency

- Implement AuditBoard workpapers software

- Develop a prototype internal controls training curriculum available to city staff upon request

- Strengthen staff competencies through 40 hours of continuing professional education in one or more of the following areas:
 - Systems Thinking (or Thinking in Systems),
 - Organizational Governance, Risk Assessment and Compliance Management
 - I.T. Administration and Operations,
 - Other closely related topic(s)



Prepared by:

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