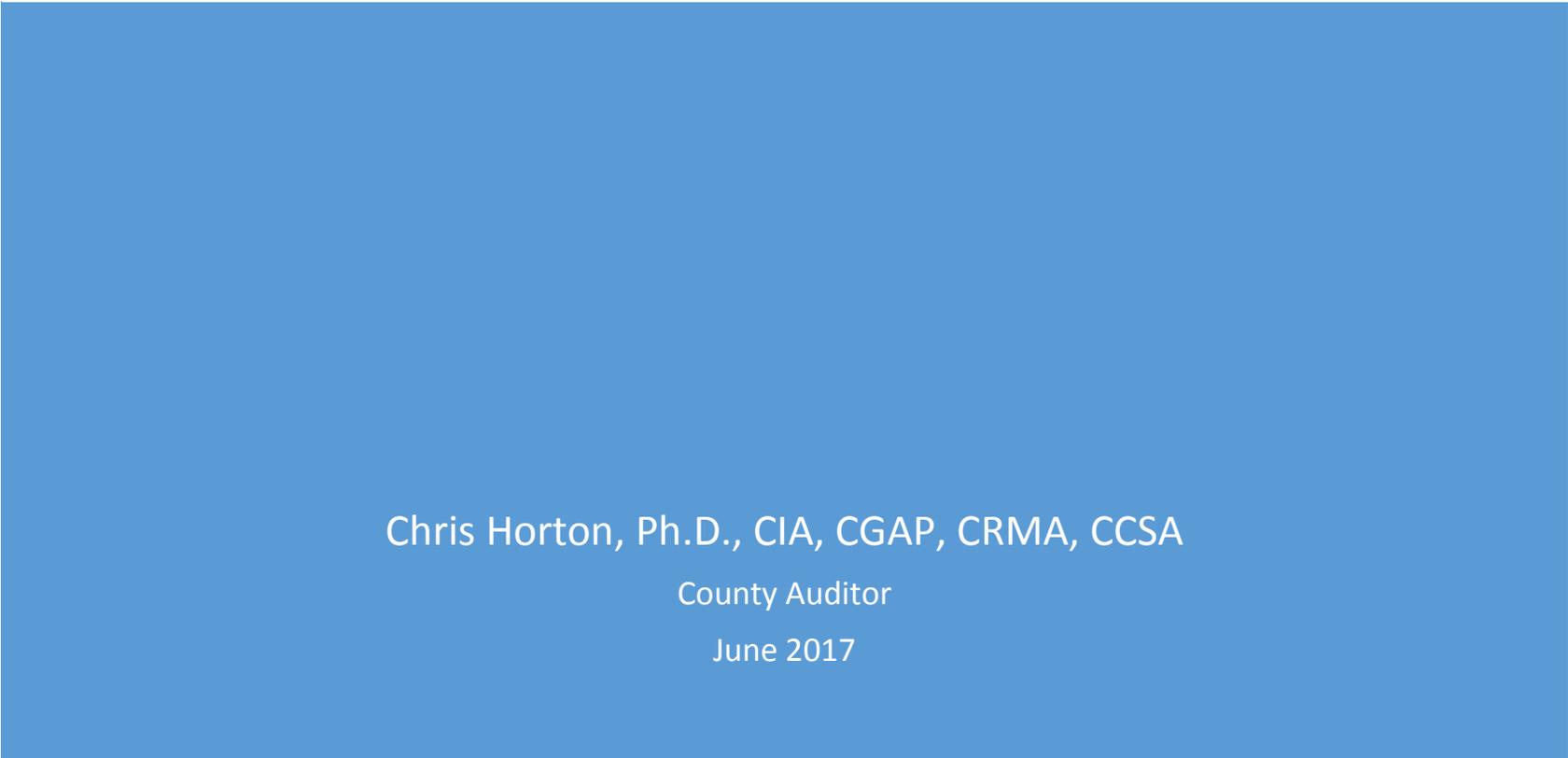


# ANNUAL AUDIT WORK PLAN FY 2018



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## Introduction

The Annual Audit Work Plan for Fiscal Year 2018 (FY 2018 Plan) comprises the work to be performed by the Arlington County Auditor for the year. The County Auditor reports to the County Board, independent of management, and is charged with conducting performance audits of departments, offices, boards, commissions, activities, and programs of Arlington County that directly or indirectly report, or are accountable to the County Board. Performance audits encompass a variety of scopes and objectives, including effectiveness and efficiency, economy, transparency, internal controls, and compliance.

**Risk Assessment**—The FY 2018 Plan is based on a risk assessment performed by the County Auditor, using a variety of sources. Sources included County data, such as budget documents, the Consolidated Annual Financial Report, County Board work sessions, analyses performed by the Fiscal Affairs Advisory Commission, and information gathered and analyzed in 2016 by the previous County Auditor. This previous information-gathering included direct public input. Other inputs for the FY 2018 Plan’s development were reviews of leading practice local government audit organizations’ work plans, discussions with County management, and discussions with Audit Committee and County Board members.

For the FY 2018 Plan, primary selection criteria were:

- The need to provide information that is timely and relevant for decision-makers, especially with respect to budget decisions;
- The possibility of improving efficiency in operations;
- The small size of the County Auditor function, and where the function is in its development; and
- The importance of addressing areas of key interest to the County Board or County management.

**Flexibility**—The FY 2018 Plan is approved by the County Board, and is designed to be flexible to respond to organizational needs as they arise. The FY 2018 Plan may be altered during the year, in consultation with the County Board, Audit Committee, and County management, if a significant reallocation of County Auditor resources is deemed necessary.

**Overview of the Document**—The FY 2018 Plan contains three parts. First are performance audits that would be conducted in FY 2018, and audits that are available to be conducted if capacity allows. Second is a brief overview of additional, non-audit efforts that the County Auditor will or may perform. Finally, the FY 2018 Plan presents an Audit Horizon, which lists audits that could be performed in future years.

## Performance Audits

Each audit listed included one or more expected objectives. These objectives are designed to give some initial insight into areas of interest regarding the audit topic, but do not limit the scope of the audit. Once an audit is formally begun, the County Auditor will gather key information regarding the audit topic during a preliminary survey period. After the period has concluded, the County Auditor will determine the final objectives that will be answered during the audit and addressed in the public report.

<b>Performance Audits – Expected to be Completed in FY 2018</b>		
<b>Audit Area</b>	<b>Department</b>	<b>Expected Objective</b>
Fleet Management	Department of Environmental Services	The expected objective is to assess the effectiveness of the County’s fleet management operations. Elements could include maintenance, fuel distribution, requests for fleet additions, usage patterns, parking, and the strategic planning process for future fleet needs. Depending on initial assessments during the audit, the scope may be limited to light duty fleet (smaller vehicles, such as cars and trucks).
Public Safety Overtime	Fire Department, Police Department, Sheriff’s Department, and Emergency Communications Center	The expected objectives are to assess the administration and use of overtime in the Fire, Police, and Sheriff’s Departments and the Emergency Communications Center. Elements could include the need for overtime, the use of effective overtime management techniques, the impact of current staffing levels and policies, and opportunities for potential savings. Given the scope of this audit, the work will be split into four smaller audits conducted and reported on separately.
<b>Supplemental Performance Audits if Capacity Allows</b>		
<b>Audit Area</b>	<b>Department</b>	<b>Expected Objective</b>
Business Improvement Districts and Partnerships	Arlington Economic Development	The expected objectives are to assess the effectiveness and efficiency of BIDs and partnerships in using County tax dollars. These objectives will likely focus on how well BIDs and partnerships are helping to meet the County’s goals, such as its economic development goals, and the effectiveness of the County’s guidance to these entities.

Neighborhood Conservation Advisory Commission (NCAC)	Community Planning, Housing and Development (staff)	The expected objective would be to assess the effectiveness of the NCAC processes and activities. Elements could include the project prioritization process, project scoping, and project execution.
Other audits as needed		The FY 2018 Work Plan is designed to be a flexible, dynamic document that allows for the addition of audits that address risks that may appear during the year, or whose priority to the organization may change during the year. In such cases, the County Auditor will assess these emerging risks, consulting with the County Board, Audit Committee, and County management, and make a determination regarding whether audit resources should be allocated to meet the emergent need.

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## Additional Non-Audit Efforts

In addition to conducting performance audits the County Auditor anticipates allocating certain period to other activities not directly attributable to an audit engagement.

Additional Efforts	
Activity	Purpose
Training and Development	Auditors are required to achieve 80 hours of continuing professional education every two years to maintain compliance with Government Auditing Standards
Risk Assessment	The County Auditor will conduct additional work in Spring 2018 to develop a proposed audit schedule for FY 2019
Follow-up Activities	The County Auditor will conduct follow-up work to identify and validate management's implementation of audit recommendations. Depending on when audits are issued in FY 2018, follow-up work may begin in late FY 2018.
Third Party Procurement and Oversight (if necessary)	If any audit work is performed by third parties, the County Auditor will be responsible for assisting with procurement and then ensuring that the individual(s) performs work in accordance with the terms of the agreement. Third parties may be experienced contractors or graduate school interns. Depending on the size of the audit contracted, and the skill level of the third parties, this procurement and oversight work is estimated to add approximately 50-100 hours per audit.

## Audit Horizon

The purpose of an Audit Horizon is to list audit areas that likely could be reviewed productively at the current time. Audits that appear on the Audit Horizon may appear on a future list of performance audits to be conducted, but being listed on the Audit Horizon does not guarantee that a program or function will be audited in the near future. A subsequent risk assessment process would be used to make that final determination. For convenience, The Audit Horizon is presented alphabetically.

<b>Audit Horizon</b>		
<b>Audit Area</b>	<b>Department</b>	<b>Expected Objective</b>
Affordable Housing	Community Planning, Housing and Development	The expected objective would be to assess the effectiveness of the County's affordable housing program. Elements could include Affordable Housing Investment Fund (AHIF), the oversight and impact of the housing grants program, and whether controls that would help to achieve the County's Affordable Housing Principles and Goals and in place and working.
Capital Construction	Department of Environmental Services	The expected objective would be to assess whether the County effectively manages CIP projects within budget and schedule. The audit may focus on a sample of CIP projects.
Capital Improvement Plan (CIP) Planning	Department of Management and Finance	The expected objective would be to assess the effectiveness of the capital improvement planning process. Elements could include whether the County effectively provides oversight and coordination of the process for identifying capital infrastructure needs and implementing projects; develops integrated, long-term CIP planning; and identifies needed capital infrastructure requirements.
Compensation and Benefits	Department of Human Resources	The expected objective would be to assess the effectiveness of County's compensation and benefits program. Elements could include testing the quality of compensation study practices.
DES - Permitting	Department of Environmental Services	The expected objective would be to assess the effectiveness of the permitting process within the Department of Environmental Services. Elements could include the consistency of information provides to permit applicants, the timeliness of permit application reviews, the effectiveness of technology used in the permitting process.

Economic Development Incentive Funds	Arlington Economic Development	The expected objective would be to assess the effectiveness of the economic development incentive funds in accomplishing the purpose for which they were dedicated. Elements could include compliance with economic development incentive fund requirements, the quality and frequency of economic development incentive fund reporting, and the quality and accuracy of the information used in the reports.
Facilities Management	Department of Environmental Services	The expected objective would be to assess the effectiveness of facilities management practices. Elements could include the adequacy and effectiveness of the work order processes; the timeliness of repairs; the alignment of preventative maintenance activities with relevant standards; and the impact of retrofitting facilities to meet energy standards.
Financial Condition Analysis	Department of Management and Finance	The expected objectives would be to: assess the City's current financial condition, such as revenues, debt, and capital assets; and the degree to which financial information is publicly reported in comparison to leading practice. The financial condition analysis would not be intended as a predictive (prospective) analysis or as a substitute for the annual financial audit, but rather as a broad analytical and diagnostic tool.
Information Technology – General Controls	Department of Technology Services	The expected objective would be to assess the effectiveness of general controls over information technology. Elements could include access controls; policies and procedures; physical and environmental security; change management; back-up and recovery procedures, and communication with users. <i>This audit is a candidate to use outside consultant assistance.</i>
Performance Measures	Department of Management and Finance	The expected objectives of the audit would be to assess the effectiveness of County's the performance measurement and reporting frameworks in: improving the effective management of resources in the achievement of the County's vision and mission; collecting, validating, and using performance information; and publicly reporting performance information.
Personally Identifiable Information (PII)	Department of Technology Services	The expected objective would be to assess the effectiveness of County strategy for the use of PII. An element of the audit would include whether adequate controls in place to safeguard PII collected by County functions including those within constitutional offices. <i>This audit is a candidate to use outside consultant assistance.</i>

Procurement	Department of Management and Finance	The expected objective would be to assess the effectiveness of County procurement practices. Elements could include timeliness and process efficiency, monitoring and oversight, contract provisions, communication, and inter-departmental coordination.
Public Safety Retirement	Retirement Investment Office	The expected objective would be to assess the effectiveness of oversight for public safety employees with respect to maintaining the sustainability of the benefit.
Recruiting Process	Department of Human Resources	The expected objective would be to assess the effectiveness of recruiting and hiring practices. Elements could include the goals and plan for the recruiting process; the timeliness of filling open positions; the consistency, objectivity, and fairness of the recruiting process; and management's monitoring and improvement of the recruiting process.
Site Plan Benefits	Community Planning, Housing and Development (CPHD)	The expected objective would be to assess the effectiveness of the community benefits. Elements could include whether these benefits are in alignment with leading practices and whether the community benefit compliance tracking is adequate.  Alternative approach is to limit the objective to an assessment of the effectiveness of community benefits tracking.
Street Maintenance	Department of Environmental Services	The expected objective would be to assess the effectiveness of the County's asphalt Maintenance, street marking, and street sweeping activities. Elements could include strategic planning for street maintenance, timeliness of completion, and monitoring of compliance with established standards. <i>This audit is a candidate to use outside consultant assistance.</i>
Traffic Signals	Department of Environmental Services	The expected objective would be to assess the effectiveness of traffic signal management, such as maintenance and new signal development and installation. <i>This audit is a candidate to use outside consultant assistance.</i>