

DRAFT

# Arlington County Auditor Fiscal Year 2017 Annual Audit Plan & 2018 – 2019 Audit Horizon

---

*Performance auditing has a vital role in providing decision makers and citizens with the information, analysis, and recommendations they need to respond to an increasingly complex and interconnected environment.*

Government Accountability Office

---

**Jessica A. Tucker, CPA, CISA**  
Arlington County Auditor

July 2016

## Table of Contents

Overview .....	3
Enabling Legislation.....	3
Audit Committee.....	3
Performance Audits.....	3
Annual Audit Plan .....	4
Annual Audit Plan Summary Table.....	5
Audit Descriptions and Timeframes.....	6
Appendix: “Suggest an Audit” Submissions .....	11

## Overview

The Arlington County Auditor serves as an independent audit function for the Arlington County Board and works under the direction of the Audit Committee. The County Auditor conducts independent performance and operational audits of County departments, programs, and services; focusing on program efficiency, effectiveness, and transparency.

## Enabling Legislation

Section 15.2-702.9 of the Virginia Code sets forth the purpose and scope of the Arlington County Auditor.

*“The board may appoint a county auditor for the audit and review of county agencies and county funded functions. **The county auditor shall have the power to make performance reviews of operations of county agencies or county-funded programs to ascertain that sums appropriated are expended for the purposes for which such appropriations were made and to evaluate the effectiveness of those agencies and programs.** The county auditor shall make such special studies and reports as the board directs.”*

## Audit Committee

The Audit Committee provides input on the development of the County Auditor’s annual audit plan. The Audit Committee is responsible for formally approving the annual audit plan; and in the future, may consider the development of a multi-year plan. In general, primary areas of focus include:

- Performance audits of County programs and operations to ensure program effectiveness and efficiency;
- Areas of management or policy concern;
- Areas identified by Fiscal Affairs Advisory Commission (FAAC) as part of their annual budget review; additional suggestions may be provided by other commissions, advisory groups, community organizations, and citizens;
- Reviews that make recommendations for service delivery alternatives such as contracting out or partnerships.

The Audit Committee is composed of two Arlington County Board members, three citizen members, the County Manager, and the Director of the Department of Management and Finance (DMF).

### AUDIT COMMITTEE MEMBERS

#### Co-Chairs

Jay Fiset, Board Vice Chair  
John Vihstadt, Board Member

#### Members

Mark Schwartz, County Manager  
Maria Meredith, Acting Director, DMF  
Tenley Peterson, Citizen Member  
Harold Steinberg, Citizen Member  
Nancy Tate, Citizen Member

## Performance Audits

Performance audits provide elected officials and government employees with an objective, third-party analysis of their operations to help them improve performance, reduce costs, and make informed, data-driven decisions. Performance audit objectives generally focus on the economy, efficiency, and effectiveness of programs and services. Audit objectives related to economy and efficiency typically address the costs and resources that are used to achieve program results, while audit objectives related to effectiveness typically measure the extent to which a program is achieving its goals and objectives. Within the context of performance auditing, the term “program” includes government entities, departments, organizations, programs, services, activities, and functions. Performance audits may also include an evaluation of internal controls and/or compliance with laws, regulations, contracts, and grant agreements.

## Annual Audit Plan

The Arlington County Auditor’s Annual Audit Plan represents input from the Advisory Commissions, Citizens, the County Auditor, and the County Manager. The Audit Plan includes a summary table listing each of the 30 audit areas by priority ranking and source (Advisory Commissions, Citizens, County Auditor, and County Manager); as well as a description of each audit and the anticipated completion timeframes.

Citizen suggestions were provided via the online “Suggest an Audit” form, which was implemented in April 2016. The form provides a constructive outlet for members of the public (and County employees) to submit suggestions for audits of County programs and services. From April 2016 through June 2016, the County Auditor received **81 submissions**. Of the total submissions, 15 were selected for inclusion in the Fiscal Year 2017 Annual Audit Plan. See the Appendix for copies of all “Suggest an Audit” forms submitted from April 2106 through June 2016.

For more information about the Audit Committee, please visit the County’s website:

### Audit Committee

<http://commissions.arlingtonva.us/audit-committee/>

## Annual Audit Plan Summary Table

	Audit Area	Fiscal Year	Priority Ranking	Advisory Commissions	Citizens (Online Form)	County Auditor	County Manager	Page #
1	Site Plan Process: Phase 1 – Conditions	2017	High	✓			✓	6
2	Site Plan Process: Phase 2 – Bonus Density and Incentives	2017	High	✓				6
3	Emergency Medical Services (Ambulance) Fees	2017	High			✓	✓	6
4	Capital Construction Projects	2017	High	✓	✓	✓		7
5	Procurement Process	2018	High	✓	✓	✓		8
6	Permits Process (Customer Service)	2017	High		✓			7
7	Neighborhood Conservation Program	2017	High	✓	✓			7
8	Affordable Housing Investment Fund (AHIF)	2017	High		✓	✓	✓	6
9	Fleet Management	2018	High		✓	✓		8
10	Pedestrian Safety	2017	High		✓	✓		6
11	Surplus Property	2018	High			✓		8
12	Overtime/FTE Trends	2019	Medium	✓				10
13	Land Acquisition/Land Valuation (Parkland)	2019	Medium	✓				9
14	Cost Sharing/Cost Allocation	2019	Medium	✓		✓		10
15	Performance Measures	2018	Medium	✓				8
16	Economic Development Incentives	2018	Medium	✓	✓			9
17	Employee Compensation Plans	2019	Medium	✓				9
18	Medical Services Reimbursements (DHS)	2018	Medium	✓				8
19	Business Improvement Districts (BIDs)	2017	Medium				✓	7
20	Reserves/Fund Balances	2018	Medium			✓		8
21	Parking Enforcement	2018	Medium		✓			8
22	Streetlight Program	2019	Medium		✓	✓		10
23	Crisis Intervention Center Referrals	2019	Medium	✓				9
24	Arlington County Schools (APS) – Budgeting Practices	2019	Medium		✓			10
25	Duplicative/Overlapping Functions	2018	Medium		✓			9
26	Developer Contributions (Rosslyn Fund)	2017	Medium		✓	✓		7
27	Sidewalks	2019	Low	✓	✓			10
28	Public-Private Partnerships	2019	Low	✓				9
29	Jail Medical Services (Follow-up)	2017	Low				✓	6
30	Signature Theater	2018	Low		✓			9

## Audit Descriptions and Timeframes

### Fiscal Year 2017 – 1 Full-Time-Equivalent (FTE) Employee

Audit Area	Department/Entity	Audit Description
Site Plan Process: Phase 1 – Conditions	Community Planning, Housing and Development	This audit will evaluate the County’s process for monitoring, tracking, and enforcing site plan conditions; with a specific focus on site plan conditions related to community benefits. This audit will also include an analysis of Administrative Changes, which can be approved by the Zoning Administrator without a separate review by the Planning Commission or the Board, and may result in site plan modifications that affect the community.
Site Plan Process: Phase 2 – Bonus Density and Incentives	Community Planning, Housing and Development	A density bonus is an incentive-based zoning tool that allows developers to exceed the maximum allowable density level on a property in exchange for community benefits, such as increased open space, pedestrian paths, public art, affordable housing, or monetary contributions. This audit will review the County’s process for negotiating density bonuses and other zoning incentives; as well as the process informing and engaging community groups before, during, and after the negotiations with the developers.
Emergency Medical Services (Ambulance) Fees	Fire Department	This audit will evaluate the effectiveness and efficiency of the County’s billing and collection process for ambulance fees; with a specific focus on best practices, revenue trends, write-offs, and oversight and monitoring of the County’s current billing and collection vendor (MED3000).
Jail Medical Services (Follow-up)	Sheriff’s Office	This audit will review the status of the recommendations from the January 2006 consultant’s report on Jail Medical Services; with a specific focus on recommendations related to cost mitigation strategies. This audit was requested by the County Manager.
Affordable Housing Investment Fund (AHIF)	Community Planning, Housing and Development	This audit will evaluate the effectiveness and efficiency of the County’s AHIF program; with a specific focus on the procedures for monitoring loan agreements, loan repayment terms, the project selection process, and financial disclosures. This audit will also include a follow-up review of the questions and concerns outlined in the March 2, 2015 memo from the County Attorney’s Office to the former County Manager regarding the AHIF loan portfolio.
Pedestrian Safety (Street Crossings)	Department of Environmental Services	This audit will assess the County’s criteria for determining the placement of crosswalks, pedestrian street crossing signage, and the overall pedestrian street crossing safety strategy. The audit will also include a review of traffic violations related to pedestrian encounters with vehicles as well as coordination with members of various civic associations and the Pedestrian Advisory Committee.

DRAFT

Audit Area	Department/Entity	Audit Description
Developer Contributions (Rosslyn Fund)	Various	This audit will review the County’s process for tracking, managing, and reporting monetary contributions from developers; with a specific focus on the “Rosslyn Fund” Trust and Agency account and other similar accounts. The audit will also include outreach to various civic associations and advisory commissions.

**Fiscal Year 2017 – Additional Staff Support (Contractors)**

Audit Area	Department/Entity	Audit Description
Neighborhood Conservation Program	Various	The Neighborhood Conservation Program allows citizens to identify and plan projects in their own neighborhoods. The Program provides funding for a variety of improvements, including the installation of sidewalks, streetlights, signs, park improvements, and neighborhood art. This audit will review the efficiency and effectiveness the process for evaluating, selecting, funding, and implementing projects. This audit was recommended by the Fiscal Affairs Advisory Commission (FAAC).
Permits Process (Customer Service)	Community Planning, Housing and Development	This audit will evaluate the effectiveness and efficiency of the County’s permits process; with a specific focus on timeliness, communication with members of the public, and current and planned initiatives to improve customer service.
Capital Construction Projects	Department of Environmental Services	This audit will review the County’s cost mitigation practices related to capital construction projects (facilities); with a specific focus on independent cost estimates, design standards and guidelines, and feasibility studies. In addition, the audit will review the average cost-per-square foot of similar facilities in other comparable jurisdictions as well as the County’s procedures for monitoring cost overruns. This audit will also include a follow-up of the findings and recommendations outlined in the, “Columbia Pike Prototype Super Stops: Performance Report and Financial Report,” issued by CliftonLarsonAllen in September 2014.
Business Improvement Districts (BIDs)	Rosslyn BID Crystal City BID Ballston BID	This audit will evaluate the controls over the revenues and expenditures of the County’s Business Improvement Districts (BIDs) and analyze the costs-benefits/return on investment for projects and initiatives undertaken by the BIDs. This audit was requested by the County Manager.

Fiscal Year 2018

Audit Area	Department/Entity	Audit Description
Procurement Process	Department of Management and Finance Various	This audit will evaluate the effectiveness and efficiency of the County’s procurement process; with a specific focus on best practices, internal policies and procedures, approval limits, monitoring and oversight, vendor selection criteria, inter-departmental coordination, standard contract terms, and process timelines (start-to-finish). This audit will also include a follow-up review of the findings and recommendations from the NGIP (Institute for Public Procurement) draft report on the Department of Management and Finance - Procurement Office.
Performance Measures	Various	This audit will evaluate the performance measure frameworks developed by various County departments and whether the measures are relevant to current practices and provide an actual measure of performance rather than a workload indicator. This audit was recommended by the Fiscal Affairs Advisory Commission (FAAC).
Surplus Property	Department of Environmental Services	This audit will review the effectiveness and efficiency of the County’s surplus property program; with a specific focus on inventory controls, storage and tracking, best practices in revenue maximization, and sales and disposition.
Reserves/Fund Balances	Various	This audit will evaluate the County’s reserves/fund balances; with a specific focus on trend analysis, internal and external requirements for minimum funding levels, best practices for managing reserves, and a comparative review of other local jurisdictions.
Medical Services Reimbursements (DHS)	Department of Human Services	This audit will review the effectiveness and efficiency of DHS’ practices for seeking third-party reimbursements for medical services; with a specific focus on insurance reimbursements from third-party payers, such as Medicaid and private insurance. This audit was recommended by the Fiscal Affairs Advisory Commission (FAAC).
Fleet Management	Department of Environmental Services (Equipment Bureau)	The County maintains a fleet of approximately 1,200 vehicles and related equipment. This audit will evaluate the effectiveness and efficiency of the County’s fleet management operations; including maintenance, fuel distribution, department requests for fleet additions, procedures for reviewing mileage/usage, and take-home vehicles.
Parking Enforcement	Various	This audit will review the effectiveness and efficiency of the County’s parking enforcement program; including an analysis of violations, revenue management, and the Residential Permit Parking Program.

**DRAFT**

Audit Area	Department/Entity	Audit Description
Economic Development Incentives	Arlington Economic Development	This audit will evaluate the costs-benefits and return on investment (ROI) for projects and initiatives funded by the Economic Development Incentive Fund. This audit was recommended by the Fiscal Affairs Advisory Commission (FAAC).
Duplicative/Overlapping Functions	Various	This audit will identify and evaluate similar/duplicative functions that are performed by different departments; with a specific focus on opportunities to streamline overlapping central service functions between Arlington Public Schools and the County.
Signature Theater	Various	This audit will review the County's ongoing financial support of the Signature Theater, including loan terms and deferred lease payments.

**Fiscal Year 2019**

Audit Area	Department/Entity	Audit Description
Employee Compensation Plans	Department of Human Resources	This audit will review the County's Employee compensation plans; with a specific focus on market studies for similar local jurisdictions. In addition, the audit will assess how benefits, such as Live Where You Work and tuition reimbursement, affect the employee decision making process. This audit was recommended by the Fiscal Affairs Advisory Commission (FAAC)
Crisis Intervention Center Referrals	Department of Human Services Police Department	The Crisis Intervention Center provides evaluations of individuals at-risk of misdemeanor charges where mental illness may have been a factor. The Arlington County Police Department brings these individuals to the Crisis Intervention Center or to the Virginia Hospital Center for evaluation by emergency services staff. This Audit will analyze arrest cases to determine if citizens could have been re-directed to the Crisis Intervention Center, thereby improving outcomes for those with mental illness. This audit was recommended by the Fiscal Affairs Advisory Commission (FAAC).
Land Acquisition/Land Valuation (Parkland)	Various	This audit will examine bond-funding that has been designated for land acquisition for parks to determine if that funding has been redirected for other purposes. In addition, this audit will review the County's process for valuing parcels of existing parkland that are being considered for development. This audit was requested by the Park and Recreation Commission.
Public-Private Partnerships	Various	This audit will evaluate the County's policies for identifying opportunities for public-private partnerships, similar to other neighboring jurisdictions. This audit was suggested by the Park and Recreation Commission and the Sports Commission.

DRAFT

Audit Area	Department/Entity	Audit Description
Streetlight Program	Department of Environmental Services	This audit will evaluate the efficiency and effectiveness of the County’s streetlight program; with a specific focus on troubleshooting (complaint management) and coordination with Dominion Power.
Sidewalks	Department of Environmental Services	This audit will evaluate the County’s process for selecting, monitoring, and overseeing sidewalk contractors; with a specific focus on requirements related to the quality of materials and repairs.
Arlington Public Schools (APS) – Budgeting Practices	Arlington Public Schools	This audit will evaluate the budgeting practices of Arlington Public Schools (APS); with a specific focus on estimates related to expenditures and budget disclosures related to operating costs.
Overtime/FTE Trends	Various	This audit will assess the appropriate balance of overtime and increases in Full-Time-Equivalent (FTE) employees in departments that consistently exceed their overtime budgets, with a specific focus on public safety. This audit was recommended by the Fiscal Affairs Advisory Commission (FAAC).
Cost Sharing/Cost Allocation	Various	This audit will evaluate the County’s cost sharing and cost allocation practices; with a specific focus on reimbursements to the General Fund for central services provided to other funds (e.g. Enterprise Funds) as well as cost sharing agreements with external organizations for shared services.

DRAFT

***\*\*Not for Public Release\*\****

Appendix: “Suggest an Audit” Submissions

April 2016 – June 2016

Subject	Submission Index
Procurement Process	1
Capital Construction Projects	2,3,4,5,6,7
Permits Process	8,9,10
Neighborhood Conservation Program	11
Affordable Housing Investment Fund (AHIF)	12
Fleet Management	13,14,15
Pedestrian Safety	17,18,19,20,21,22
Economic Development Incentives	23,24
Parking Enforcement	25
Streetlights	26
Arlington Public Schools (APS) Budgeting Practices	27,28
Duplicative/Overlapping Functions	29
Developer Contributions (Rosslyn Fund)	30
Sidewalks	31,32
Signature Theater	33
Other	34-88