



Arlington County Board

Audit Committee

Meeting Minutes

October 18, 2017

I. Call to order

Co-chair John Vihstadt called to order the regular meeting of the Audit Committee at 4:32 PM on October 18, 2017 in Room 300K of the Arlington County Courthouse Plaza building.

II. Roll call

All Audit Committee members were present for the meeting:

- **Jay Fisette** – Co-chair (arrived at 4:43)
- **John Vihstadt** – Co-chair
- **Mark Schwartz** – County Manager
- **Stephen Agostini** – Director, Department of Management and Finance (DMF)
- **Tenley Peterson** – Public Member
- **Hal Steinberg** – Public Member
- **Nancy Tate** – Public Member (arrived at 4:37)

Also in attendance were

- **Chris Horton**, County Auditor
- **Maria Meredith**, Deputy Director, Department of Management and Finance
- **Kevin Doyle**, Internal Auditor, Department of Management and Finance

III. Approval of minutes from last meeting

Vihstadt presented the draft minutes from the June 19, 2017 Audit Committee meeting. Some minor corrections to the draft minutes were suggested, such as typo corrections. Horton is responsible for the minutes and will make these changes. The minutes as amended were approved 6-0.

IV. Business



1) *Department of Management and Finance – Internal Audit:* Maria Meredith and Kevin Doyle of DMF presented a summary of recent audits and then provided an overview of the FY 2018 DMF internal audit plan.

- a) Meredith reviewed the recent audits, noting the following key items:
 - i) Audits are increasing over time;
 - ii) Since FY 2015 thirty audits have been completed, a combined total that counts audits completed by the DMF internal auditor and those completed by the audit contractor who supplements the DMF internal audit program;
 - iii) The audit types include purchase cards, funds handling, grant compliance, contract compliance, payroll/timekeeping, and inventory/asset management; and
 - iv) Follow-up is occurring to track implementations of corrective action plans.
- b) Several items regarding past audits were discussed:
 - i) Definitions of *High, Medium, and Low* risk ratings;
 - ii) Some trends going back over the last three years include lack of documented policies and procedures and segregation of duties issues, especially in smaller work units;
 - iii) There will be fewer p-card audits in future years based on lack of issues found in past audits.
- c) Meredith provided an overview of the FY 2018 DMF Internal Audit Plan. Audit topics will include cycle audits, such as contract compliance, payroll, and asset management. In addition, the Internal Audit program will audit sole source purchases, printing and mail services, county cell phones, and fuel cards, and will conduct follow up assessments.
- d) Several items regarding the audit plan were discussed:
 - i) the scope of the sole source purchases audit;
 - ii) whether the printing and mail services audit will look at consolidation with schools or contracting out; and
 - iii) the risk assessment survey shown in the audit plan.
- e) Vihstadt asked whether the Fuel Card audit will be able to build on learnings from the County Auditor’s Fleet Management audit. Meredith noted that she and Horton have discussed sharing the learnings from the Fleet Management audit for the Internal Audit’s fuel card audit.

2) *County Auditor Report:*

- a) Horton reviewed the County Auditor status report, covering the status of the current audits of Fleet Management and Emergency Communications Center (911) Overtime.



- b) Horton provided an overview of the audit process brochure that is provided to entities undergoing an audit.
- c) Horton provided a brief overview of the policies and procedures developed for the County Auditor function. These policies and procedures guide the day to day audit activities for the County Auditor, and implement the Audit Committee's plan for the development of audit protocols as discussed in the September 2016 Audit Committee meeting. Several suggestions for the improvement of policies and procedures were offered by various Audit Committee members. Some items discussed included:
 - i) clarifying when Audit Committee members receive the audit reports;
 - ii) making some additions to the discussion of types and sources of evidence;
 - iii) emphasizing how the County Auditor includes public input to the audit risk assessment process;
 - iv) expanding the discussion of audit objectives to include the reason(s) why an audit occurred in the first place, and;
 - v) clarifying the term "diversity of audit coverage."
- 3) *Unspent Funds Retention Proposal and Discussion:* Horton reviewed a proposal for using unspent funds that had accrued as of the end of FY 2017. The recommended option was to use the unspent funds to procure a contractor to work for the County Auditor in completing audits on the FY 2018 Audit Work Plan. Schwartz stated that he had included retaining approximately \$108,000 in unspent funds for the County Auditor in his carryover fund recommendations to the Board, based on the County Auditor function being a policy priority for the Board. Other Audit Committee members expressed support for having the unspent funds retained for the County Auditor to use for contracting assistance to complete the Audit Work Plan.
- 4) *Confirmation of next meeting date:* The next meeting will be held on November 30, 2017 at 6:00 PM in Rm 311 of the Arlington County Courthouse Plaza building.

V. Adjournment

Co-chair John Vihstadt adjourned the meeting at 6:23 PM.

Minutes submitted by: Chris Horton, County Auditor