

Audit Committee Meeting

Meeting Date & Time:

June 19, 2017

5:30 pm – 7:30 pm

Meeting Location:

Courthouse Plaza

2100 Clarendon Blvd., Room 311

Arlington VA, 22201

AGENDA

1. Approval of the April 3, 2017 Meeting Minutes
2. County Auditor report
3. Board Charge status
4. Annual Audit Plan Discussion
5. Other updates as applicable
6. Review and Action Items
7. Adjourn



Arlington County Board

Audit Committee

Meeting Minutes

April 3, 2017

I. Call to order

Co-chair Jay Fisette called to order the regular meeting of the Audit Committee at 5:35 PM on April 3, 2017 in Room 103 of the Arlington County Courthouse Plaza building.

II. Roll call

Fisette conducted a roll call. The following Audit Committee members were present or after the roll call:

- **Jay Fisette** – Co-chair
- **John Vihstadt** – Co-chair
- **Mark Schwartz** – County Manager
- **Stephen Agostini** – Director, Department of Management and Finance
- **Tenley Peterson** – Public Member
- **Hal Steinberg** – Public Member (arrived at 5:55 PM)
- **Nancy Tate** – Public Member

Also in attendance were

- **Chris Horton**, County Auditor
- **Maria Meredith**, Deputy Director, Department of Management and Finance
- One member of the public

III. Approval of minutes from last meeting

Fisette presented the draft minutes from the December 12, 2016 Audit Committee meeting. The minutes were approved 6-0 as presented.

IV. Business

- 1) *Review and approval of dates for remaining 2017 Audit Committee meetings:* Horton reviewed for the Audit Committee proposed dates for the three remaining quarterly meetings in 2017. These dates are:



- a) June 19, 2017 at 5:30 PM in Rm 311 of the Arlington County Courthouse Plaza building.
- b) September 25, 2017 at 5:30 PM in Rm 311 of the Arlington County Courthouse Plaza building.
- c) December 4, 2017 at 5:30 PM in Rm 103 of the Arlington County Courthouse Plaza building.

No Audit Committee member disagreed with these dates, and there was no formal vote. Fisette reminded members that the Audit Committee may meet on additional dates as needed.

2) *County Auditor Report:*

- a) Horton reviewed various work that he has conducted since the last audit committee meeting. Some key activities were completing introductory meetings with County leaders, developing the draft Board Charge revisions, developing a risk assessment for the purpose of finalizing a proposed audit plan, and attending to administrative activities, such as the 2017 training plan and the development of audit documentation materials.
- b) Horton reviewed key considerations in creating the Board charge, such as keeping with leading practices of the local government auditing community; enumerating the roles of the Audit Committee; and clarifying the scope of the County Auditor function.
- c) Horton also discussed key sources of information for his risk assessment, such as the draft audit plan developed for the July 2016 Audit Committee meeting; the RSM risk assessment of Arlington County issued in April 2016; other County documents such as the Consolidated Annual Financial Report; discussions with County leaders; other audits being performed in leading practice local government audit agencies; and Horton's professional experience and judgment.

3) *Discussion of the draft Board Charge revisions:* The Audit Committee members had a wide-ranging discussion of the draft Board charge. The Committee discussed the entire document, with specific focus on: powers and duties of the County Auditor; the scope of the County Auditor function considering the existence of an internal audit function within the Department of Management and Finance; independence; peer reviews; audit processes and the definition of a "written audit plan"; the management response process and timeframe; and the role and responsibilities of the Audit



Committee. Once this feedback was provided, the next steps are for suggested changes to the draft Board Charge revisions to be made, and for the Board members to consider a timeframe for assessment of the proposed changes and potential adoption.

V. Adjournment

Co-chair Jay Fisette adjourned the meeting at 7:30 PM.

Minutes submitted by: Chris Horton, County Auditor

DRAFT

COUNTY BOARD CHARGE: INDEPENDENT COUNTY AUDITOR

Adopted: July 21, 2015

Revised: X X, 2017

Authority

The County Auditor is appointed by the County Board under the authority of § 15.2-709.2 of the Code of Virginia, 1950, as amended. The County Auditor reports directly to the County Board.

Powers and Duties

The County Auditor shall have authority to conduct operational, or *performance*, audits of all departments, offices, boards, commissions, activities, and programs of Arlington County that directly or indirectly report, or are accountable, to the County Board in order to independently and objectively assess a wide variety of audit objectives.¹ Performance audit objectives include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses.² Examples of performance audit objectives include determining whether:

1. Activities and programs being implemented have been authorized by ordinance or Code, state law or applicable federal law or regulations as determined in consultation with the County Attorney, and are being conducted and funds expended in compliance with the criteria set forth in applicable laws;
2. The department, office, or program is acquiring, managing, protecting, and using its resources, including public funds, personnel, property, equipment, and space, economically, efficiently, equitably, and effectively and in a manner consistent with the objectives expressed by the authorizing entity or enabling legislation;
3. The entity, programs, activities, functions, or policies are effective, including the identification of any causes of inefficiencies or uneconomical practices;
4. The desired result or benefits of the programs are being achieved;
5. In the context of audit objectives related to items 1-4 above:
 - a. Financial and other reports are being provided to management that allow management to meet organizational performance objectives;
 - b. Management has established adequate operating and administrative procedures and practices; and
 - c. Management has implemented key internal system controls, such as for financial or information systems, and other relevant management controls.

¹ According to the Government Accountability Office's Government Auditing Standards, "[p]erformance audits are defined as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. See GAO-12-331G *Government Auditing Standards*, December 2011 17. (<http://www.gao.gov/assets/590/587281.pdf>)

² *Ibid*, 18.

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Independence

The County Auditor shall be fully independent to develop the scope, objectives, methodology, analysis and findings, and conclusions for audits on the approved annual audit work plan. The County Auditor shall have the final determination regarding when an audit conducted by the County Auditor is complete and is issued.

Internal Audit Function in the County

The County Auditor function exists in parallel fashion alongside the Internal Audit function within the Department of Management and Finance (DMF), in a dual office approach that reflects complementary functions. The Internal Audit function within DMF focuses on systematic core financial and compliance audits and internal controls reviews. The Internal Audit function will continue to work proactively with departments to improve business processes and minimize risk and fraud. DMF also performs the review of financial fraud, waste, and abuse referrals from the County hotline. The County Board intends that the County Auditor and the Internal Audit function will collaborate and cooperate in furthering their respective missions, including meeting and exchanging information and materials as appropriate.

Nonpartisanship

The position of the County Auditor shall be nonpartisan.

Accountability

The County Auditor is accountable to the County Board for the independent execution of the approved annual audit work plan. The County Board has final approval authority over the annual audit work plan. Annual performance reviews of the County Auditor will be conducted by the County Board, with optional written input from members of the Audit Committee as requested by the County Board (see *Audit Committee* section, p.6).

Standards

Audits shall be conducted in accordance with Government Accountability Office's Government Auditing Standards, also known as *Yellow Book* standards. The value of other leading practice standards is recognized, and portions of these standards may be adopted where appropriate in internal County Auditor processes.

Peer Reviews

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Adopted: July 21, 2015

Revised: X X, 2017

The audit activities of the County Auditor's office shall be subject to a peer review in accordance with applicable government auditing standards by a professional, nonpartisan objective group jointly determined by the County Auditor and the Audit Committee. A copy of the written report of this independent review shall be furnished to each member of the Audit Committee and the County Board, and shall be made available to the public (see *Audit Committee* section, p.6).

Qualifications

The County Auditor and any County Auditor staff shall possess adequate professional proficiency to complete the annual audit work plan in compliance with Yellow Book standards. Proficiency may be demonstrated by relevant certifications such as CIA (Certified Internal Auditor), CGAP (Certified Governmental Auditing Professional), CPA (Certified Public Accountant), CISA (Certified Information Systems Auditor), or CFE (Certified Fraud Examiner).

Funding

Sufficient funds shall be proposed by the County Manager, after consultation with the Audit Committee, for consideration by the County Board to carry out the County Auditor's annual audit work plan (See *Work Plan*, p.4). The County Auditor's budget shall reside within the budget of the County Board office.

Professional Development

Sufficient resources shall be made available to the County Auditor and any County Auditor staff to ensure appropriate professional development. Specifically, County Auditor and any staff reporting to the County Auditor will have sufficient resources to comply with professional development requirements within the government auditing standards and to comply with applicable certification requirements.

Access to Information and Confidentiality

Subject to state and federal confidentiality laws and regulations, the County Auditor shall have full, free, and unrestricted access to employees, information, property, facilities, and records (including electronic/computerized data) of Arlington County to conduct an audit or audit activities approved in the annual audit work plan by the County Board. The County Auditor and any audit assistants, employees, consultants, or other personnel shall maintain confidentiality in accordance with the Code of Virginia and professional ethical requirements. Audit access to the records of contractors is governed by applicable contract language, and "right-to-audit" clauses are strongly encouraged for each Arlington County contract.

Work Plan

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Adopted: July 21, 2015

Revised: X X, 2017

Prior to the beginning of each fiscal year, the Auditor shall submit an audit work plan that includes a one-to-three year audit schedule to the County Board for approval. In addition to the audit schedule, the work plan will also include other activities such as the annual risk assessment, audit follow-up work, and professional development. This work plan should reflect work that is reasonably concluded in a fiscal year.

Prior to submitting the work plan to the County Board, the audit schedule shall be submitted to the Audit Committee for review and comment (see *Audit Committee* section, p.6). The audit schedule shall include the proposed plan for auditing departments, offices, boards, commissions, activities, and programs of Arlington County that directly or indirectly report, or are accountable to the County Board.

Audit Reports

Each audit shall result in a written report, conforming with government auditing standards. For example, the report shall contain relevant background information; objective(s), scope, and methodologies; and findings and recommendations, and shall communicate audit results to the management of the audited area, Audit Committee, County Manager, County Board, and the public (see *Audit Committee* section, p.6).

Audit Processes

The County Auditor is responsible for drafting, implementing, and adhering to administrative processes regarding audit work and audit follow-up work. The key purposes for the administrative processes are to: help ensure compliance with Yellow Book standards; to provide clarity to auditors; and to establish communication and collaboration with management and staff regarding topics such as the audit scope, audit findings, potential audit impediments, and significant emerging issues.

Management Response

After oral communication of findings, conclusions, and potential recommendations is made to management of an audited area, an initial draft of the audit report will be forwarded to auditee management and the County Manager for *technical review*. The technical review allows auditee management to assess the factual content of the draft report, discuss the draft report with the auditor, and to provide the County Auditor additional documentation to support any proposed factual changes. The target timeframe to complete the technical review will be ten (10) business days.

Once the technical review is complete and the report draft is revised as applicable, the draft of the audit report will be forwarded to auditee management and the County Manager for a *final review* and *final response*. The final review is not limited to the factual content of the report, and allows auditee

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management to have further discussion of the draft report with the auditor. In the final response, auditee management must specify:

1. Agreement with audit recommendations or reasons for disagreement with recommendations;
2. Action plans for implementing recommendations;
3. A timetable to complete the action plans.

Auditee management shall provide a final response to the County Auditor within fifteen (15) business days of first receiving a draft report for *final review*. The County Auditor will review information included in the agency's response, and add the response to the audit report prior to issuing the final report. The County Auditor may respond to factual inaccuracies in the management response, and is expected to address these with applicable County management prior to the issuance of the final report.

If the County Auditor finds County staff or management to be unresponsive, the County Manager will be promptly notified and asked to intervene. If no final response is received in the 15 business day timeframe for the final review, and efforts to resolve this through the County Manager have been unproductive, the County Auditor may note the lack of a response in the audit report and issue the final report.

Report of Irregularities

If, during an audit, the County Auditor becomes aware of potential fraud, abuse, or illegal acts or indications of such acts that could affect the County, the County Auditor will follow up as appropriate under government auditing standards. If the potential irregularities are likely to have occurred, the County Auditor shall report the irregularities to the County Manager, the County Attorney, and Director of the Department of Management and Finance except that notification will not be given to individuals who are believed to be involved in these irregularities. If the irregularities involve individuals reporting to the County Board, then the County Board would also be notified. If it appears that the irregularity is criminal in nature, the Auditor shall notify the chief of police in addition to those officials previously cited (see *Audit Committee* section, p.6).

Audit Follow-up

The County Auditor shall follow up on audit recommendations annually and follow up activities will be included as an integral part of the annual audit work plan. The purpose of follow up activities is to determine if agreed upon corrective action has been taken by entities or individuals responsible for implementing recommended actions.

Annual Report

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Revised: X X, 2017

The County Auditor shall submit an annual report to the Audit Committee and County Board indicating audits completed, major findings, corrective actions taken by administrative managers, and other information deemed useful and necessary by the County Auditor or the County Board.

Audit Committee

An Audit Committee has been established by the County Board to provide advice to the Board regarding the exposure of Arlington County government and its component units to risk, such as financial, operational, and reputational risks. The Audit Committee consists of: two (2) County Board members, who serve as co-chairs, three (3) citizen members, the County Manager, and the Director of the Department of Management and Finance. The County Board shall appoint the citizen members to staggered terms, to take effect upon the completion of the terms ending January 31, 2018. Upon completion of the initial staggered term, appointments will be for a two-year term. Except in rare circumstances, citizen members are limited to six years on the Audit Committee. Citizen members shall have appropriate experience, including performance auditing, risk advisory services, enterprise risk management, government management, financial management, or membership on the Fiscal Affairs Advisory Committee

The Audit Committee shall meet as needed to perform its duties but shall not meet less than once quarterly and shall be responsible for:

1. Reviewing the County Auditor's draft annual audit schedule, and providing suggestions and comments to the County Auditor for consideration to be included in the audit work plan submitted to the County Board for approval;
2. Receiving final audit reports from the County Auditor and reviewing the results with the County Auditor;
3. Reviewing the County Auditor's draft annual audit plan, and providing suggestions and comments to the County Auditor for consideration to be included in the audit plan submitted to the County Board for approval;
4. Receiving and reviewing the County Auditor's periodic reports on follow-up regarding audit recommendations and corrective action taken by management;
5. Reporting to the County Board or Board members on problems or problem areas at such times as deemed appropriate;
6. Promoting the independence of the County Auditor;
7. Determining, jointly with the County Auditor, the nonpartisan objective group to provide peer review of the County Auditor and staff.
8. Evaluating the findings and recommendations of the County Auditor's peer review as required by recognized government auditing standards;

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9. Receiving an annual report from the external auditor on the results of the external audit, and providing feedback as needed to the County Board regarding the issues raised in the external audit;
10. Receiving an annual update regarding the results of the County's internal audit work;
11. Providing written performance assessment of the County Auditor as requested by the County Board, for the purpose of completing the Board's annual performance review of the County Auditor;
12. Maintaining confidentiality as required by issues that come before it.

Audit Committee meetings will be open to the public and conducted in accordance with the public meeting requirements of the Freedom of Information Act, §§2.2-3700 et seq. of the Code of Virginia, 1950, as amended.

The creation of the Audit Committee is not intended to materially alter the responsibility and authority of either the County Board or the County Manager.

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In furtherance of both the County Manager and the County Board's commitment to strengthening County operations and ensuring that public funds are utilized in a responsible, efficient and transparent manner, the County Board hereby directs the County Manager as follows:

The new independent County Auditor function will be created in parallel fashion alongside the existing Internal Audit function within the Department of Management and Finance (DMF) in a dual office approach that reflects complementary functions in both core financial audits and program / operational audits.

County Audit Function within CBO – Overseen by an Audit Committee, independent audits of County programs and operations, focused on program efficiency and effectiveness, often with the accompanying goal of increasing revenue or reducing expenditures.

Internal Audit Function within DMF – Continued focus on systematic core financial and compliance audits and internal controls reviews. Internal Audit staff of 1.5 FTEs plus consulting support will continue to work proactively with departments to improve business processes and minimize risk and fraud.

The County Board intends that the County Auditor and the Internal Audit group will collaborate and cooperate in furthering their respective missions, including meeting and exchanging information and materials as appropriate.

Additional details on each proposed function follow.

Audit Committee & County Auditor:

Mission:

To enhance the efficiency, effectiveness and transparency of County services and operations by conducting performance and operational audits.

Audit Committee Membership:

- Two County Board members
- County Manager or Deputy County Manager
- Director, DMF

--Up to three members from the Fiscal Affairs Advisory Commission or other members of the public with a suitable background in government finance, accounting or auditing

The County Board shall appoint two County Board members and the FAAC and citizen members to the Audit Committee in January of each year.

Staffing & Hiring Processes:

The Audit Committee will be staffed primarily by the new County Auditor position established in the FY 2016 budget. This position will be responsible for execution of the work plan. Additional staff support to the County Auditor may be provided by DMF or CMO as well as external contracting support with funds appropriated by the County Board. An initial budget allocation of \$200,000 has been appropriated to fund the new position and associated costs in FY 2016; in future years, savings identified by the program could fund or contribute to County Auditor program costs.

The County Auditor will serve at the pleasure of the County Board. Annual performance reviews will be conducted by the full County Board with written input from the County Manager. Compensation will be consistent with existing County pay scales. Day-to-day administrative guidance will be provided by the DMF Director and/or the Director of Human Resources (DHR), as appropriate. The intent of this guidance is limited to administrative matters such as bi-weekly payroll and leave request approval, expense reimbursement approvals, and assistance with procurement and hiring processes to the degree necessary. The administrative guidance would not include substantive direction on personnel evaluations, the conduct of audits by the Board Auditor or other material items. This structure is consistent with the recommendations of the Institute for Internal Auditors (IIA), an international organization dedicated solely to the advancement of the internal auditing profession.

A new position description for the County Auditor will be developed and posted for recruitment within thirty days of approval by the County Board. The DMF Director and County Manager will develop the description and do initial screening of candidates, with the final hiring decision to be made by the County Board. The recruitment will have natural synergies with the recruitment of the Internal Audit position within DMF. The County Board will have the opportunity to review all job applications received and participate in any interviews, whether telephonic or in person, and will ultimately hire the County Auditor.

Work Plan:

The County Auditor will prepare a proposed annual audit work plan with input from all members of the Audit Committee and all members of the County Board. The Audit Committee will formally

approve the annual work plan; and in the future, may consider the development of a multi-year work plan. In general, primary areas of focus will include:

- Performance audits of County programs and operations to ensure program effectiveness and efficiency
- Areas of management or policy concern
- Areas identified by 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

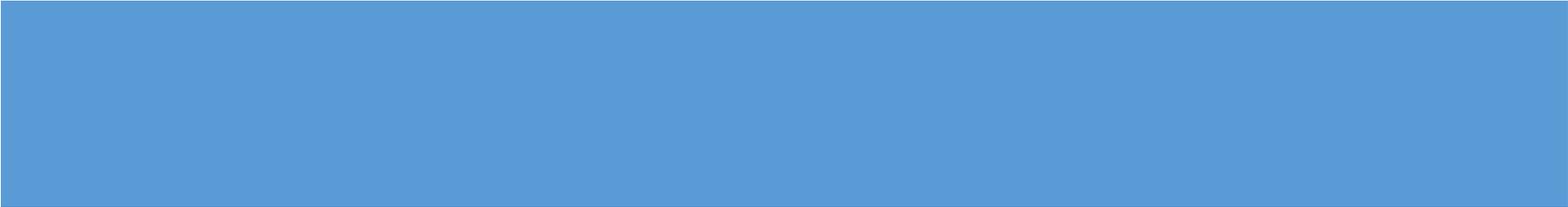
The Audit Committee will meet at least quarterly and at such other times as a majority of the Audit Committee deems appropriate. The Audit Committee will ensure that the County Board is updated on the status of any audits and performance reviews on a periodic basis and as may be requested by a Board member.

It will establish its own internal procedures and ensure compliance with HB 2308, the new County Auditor legislation enacted in 2015 (Code of Virginia Section 15.2-709.2).

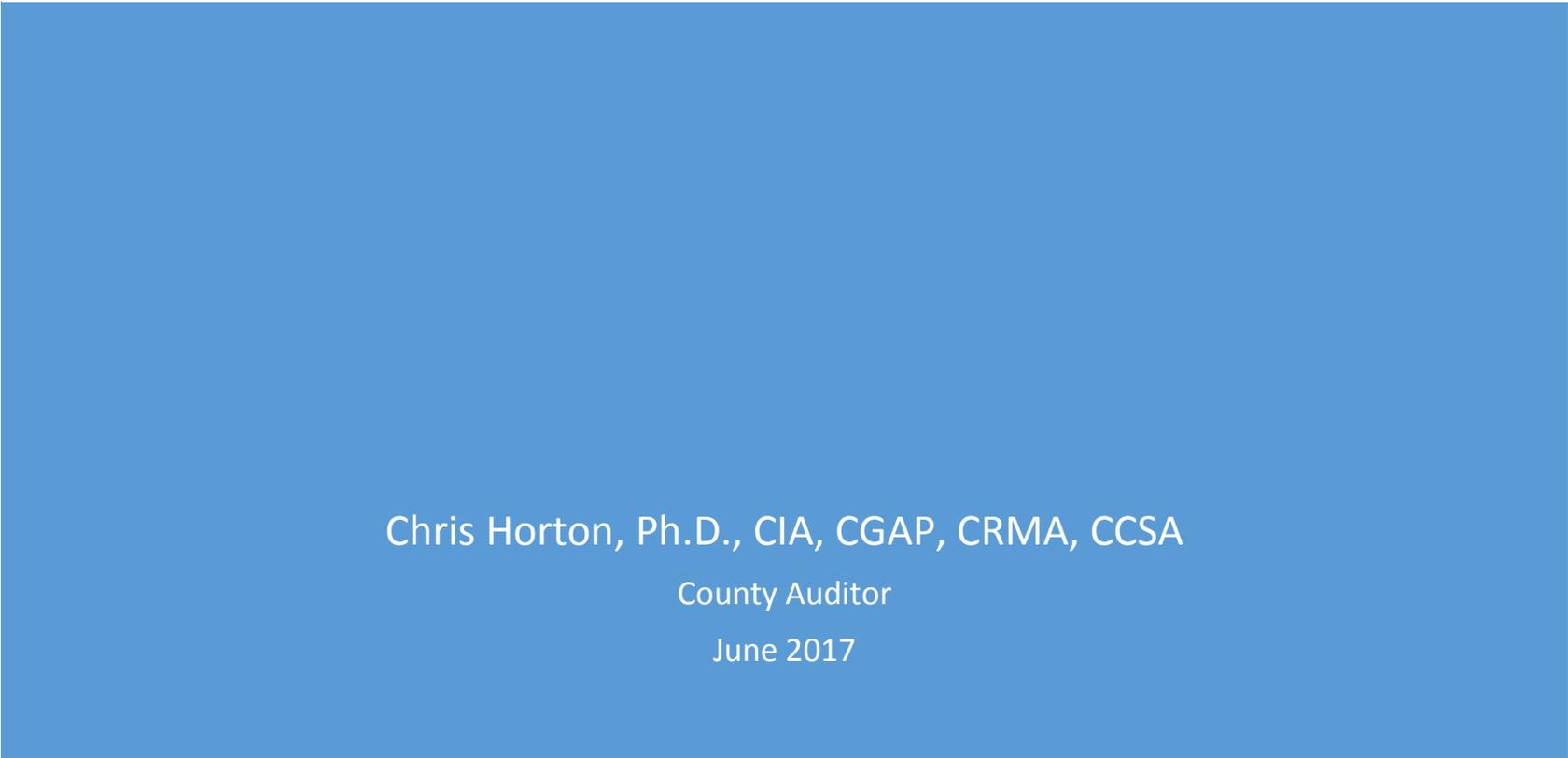
The County Auditor will follow the professional standards laid out by the Institute of Internal Auditors, including its "International Professional Practices Framework." The County Auditor will also follow other government auditing standards, such as those promulgated by the General Accountability Office (GAO), the American Institute of Certified Public Accountants, the Association of Local Government Auditors, and the Association of Government Accountants, among others. If there are conflicts in the standards of the various audit organizations, the County Auditor may determine the appropriate standard in consultation with the Audit Committee as needed.

After review by the County Board, results of audits and reviews will be made public and posted to the County website in a timely fashion. Audit Committee meetings will be open to the public and conducted in accordance with all county, state and federal statutes and regulations.

The creation of the Audit Committee is not intended to materially alter the responsibility and authority of either the County Board or the County Manager.



ANNUAL AUDIT WORK PLAN FY 2018



Chris Horton, Ph.D., CIA, CGAP, CRMA, CCSA

County Auditor

June 2017

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. The FY 2018 Plan is based on a risk assessment performed by the County Auditor, including but not limited to: reviews of County data; reviews of leading practice local government audit organizations' work plans; discussions with County management; and discussions with Audit Committee and County Board members.

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.

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.

Performance Audits – Expected to be Completed in FY 2018		
Audit Area	Department	Expected Objective
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 (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.
Supplemental Performance Audits if Capacity Allows		
Audit Area	Department	Expected Objective
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.

Audit Horizon		
Audit Area	Department	Expected Objective
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.

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: supporting 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)	<p>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.</p> <p>Alternative approach is to limit the objective to an assessment of the effectiveness of community benefits tracking.</p>
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>