Arlington County Board
Audit Committee
Meeting Minutes
September 27, 2018

I. Call to order

Co-chair John Vihstadt called to order the regular meeting of the Audit Committee at 4:32 PM on September 27, 2018 in Room 311 of the Arlington County Courthouse Plaza building.

II. Roll call

All Audit Committee members were present for the meeting:

- **John Vihstadt –** Co-chair
- **Erik Gutshall –** Co-chair
- **Mark Schwartz –** County Manager
- **Stephen Agostini –** Director, Department of Management and Finance (DMF)
- **Tenley Peterson –** Public member, Fiscal Affairs Advisory Committee representative
- **Hal Steinberg –** Public Member
- **Nancy Tate –** Public Member

Also in attendance were
- **Chris Horton—**County Auditor
- **Maria Meredith—**Deputy Director, DMF
- **Kevin Doyle—**DMF Internal Auditor
- **Sergio Enriquez –** Arlington resident

III. Approval of minutes from last meeting

a) **March 22, 2018 minutes:** Approved 7-0
b) **May 18, 2018:** Approved 7-0
c) **Discussion:** Hal Steinberg brought forward the question of whether the Audit Committee can see the County Auditor's draft audit report early enough to provide comments. Hal discussed some of the advantages he saw in providing feedback to the County Auditor while the audit report was still draft form. Chris reminded that the Audit Committee that this issue had been discussed during the

Board charge revision discussions in 2017, and the Board charge revisions regarding when the Audit Committee could see the report were made to strengthen the County Auditor's independence.

i) Erik Gutshall asked Hal to look at the Board Charge related to the Audit Committee to see how it could be adjusted as minimally as possible to account for the change Hal is seeking.

ii) Steve noted that it would be helpful to reference the type of membership in the Arlington Audit Committee (combination public, management, Board members). It would be helpful to find relevant comparisons.

iii) Hal will provide thoughts for next Audit Committee meeting.

IV. Business

1) *County Auditor Audit Status report*
   a) Audit Update on the audits
      i) Fleet Management – Chris provided update on the objectives of the Fleet Management audit.
      ii) Police and Fire Overtime – Chris provided an update on the status and confirmed that the reports will come out in time for the budget process.
      iii) Economic Development Incentive Funds:
         (1) FAAC has focused on the value of the EDIFs. Will this be part of the scope? (Tenley)
            (a) Focus is on the data collection and tracking, not the overall value.
         (2) It will be important to clarify the scope in the audit, and indicate that an overall value assessment may be coming in a future audit (Nancy)
      iv) Sheriff's Overtime
         (1) Will County Manager have an opportunity to comment on recommendations related to budget? (Mark)
            (a) We will work through this. This is the first audit of a constitutional office.
      v) Procurement
         (1) There are three stages in the procurement process. Will we not focus on contract management? (Hal)
            (a) Chris provided an update on which stage we will focus on – contract development and execution.
         (2) DMF also does contract compliance audits.
      vi) BIDs
         (1) Chris provided an update and clarification of timing and scope

2) *DMF Internal Audit briefing and discussion*
   a) First topic was a discussion about the FFWA program. Maria Meredith advised meeting members that protecting anonymity is a critical element of the program

and, as such, the discussion will be at a high level. ~~Began with a discussion of the limits of the whistleblower discussion to protect anonymity.~~

b) Financial Fraud, Waste, and Abuse Hotline (high-level information sharing)

   i) Both employees and public contact the same hotline.

   ii) Maria ~~Meredith~~ shared various statistics. One statistic indicates that upon review by the Committee many~~certain~~ complaints are not related to Financial Fraud, Waste and Abuse within Arlington County Government ~~subject to the FFWA criteria.~~ ~~There has been an uptick in reports that have nothing to do with County operation~~s. ~~For example~~As a result, they are not for the Committee's review. In ~~one result~~in some instances, ~~maybe~~ the Committee might ~~will~~ ~~We~~ redirect ~~people~~ the complainant, via the EA hot line ~~as needed, such as~~ to the non-emergency police line.

   iii) Ethical Advocate is an intake center. They do not screen or vet callers' information. They generate an email that goes to the Arlington County R~~r~~eview C~~c~~ommittee. The R~~r~~eview C~~c~~ommittee determines what to do next including but not limited to: ~~either~~ a referral to a department, an internal audit review or investigation, a referral to Human Resources or the Arlington County Police Department, ~~or~~ a link to somewhere else to report the issue. In many cases, the Review Committee asks the complainant via the Ethical Advocate system for additional information.

   iv) Anonymity in the process is maintained in many different ways. When a written complaint is submitted, ~~the~~ Ethical Advocate ~~site encourages~~requires the complaint to create ~~by providing~~ a userid and password ~~to the person reporting an issue.~~ The password is used for the ~~reporting individual~~complainant to access the case, for example to provide additional information. No email or phone information is collected.

   v) 86% of employees are reporting anonymously. According to Ethical Advocate in a typical jurisdiction 98% of employees report anonymously.

   vi) Questions:

     (1) If you find an internal control weakness does that inform the audit plan (John)

       (a) Yes. It is one element of many considerations.

     (2) Do you report back to the individual through the hotline? (Nancy)

       (a) Yes. May update the complainant that the matter is ~~report~~ in progress. Upon completion of the review and upon approval of closure by the Oversight Committee, the Review Committee will advise the complainant of its closure such as ~~or~~ substantiated, for example.

       (b) In some cases can't report anything, such as a personnel issue.

     (3) For substantiated or internal control weaknesses, are there any particular buckets that these fall into? (e.g., departments) (John)

       (a) No particular overarching themes (Kevin)

     (4) Did any substantiated complaints result in lasting reforms?

(a) Yes: In one case, a policy revision was needed.
(5) Any quantitative value ROI? (Tenley)
(a) ~~We haven't seen this (Steve)~~
(a) We have some specific qualitative improvements (Steve)
(b) In one instance ~~P~~urchase Card~~C~~ spen~~d~~t for a particular department decreased significantly, in another inventory controls increased (Kevin)
(c) The hotline is a "good hygiene" for organization [preventative control]. (Steve)

vii) Resources behind Hotline: What is the rough FTE resource that we are putting to this?
(1) Kevin and Maria spend a percentage of their time.
(2) There is a Review Committee that is an initial review of the hotline complaints. Make recommendation for whistleblower protection as appropriate.
(3) Oversight Committee: provides oversight of the Review Committee's work.

viii) Steve talked about the importance of having processes in place to protect the whistleblower protection aspect. Steve referenced his federal experience.
(1) It is important to focus on whistleblower retaliation protection, rather than whistleblowers' existence. (Hal)

ix) The County discusses the Financial, Fraud, Waste, Abuse Hotline in the orientation for new employees. Information is also included in the employee ethics training.

x) Do we need any adjustments or revisions to the whistleblower policy? (John)
(1) No, serving well (Maria)

c) Summary of FY 2018 audits
i) Resources: 1.5 FTE plus consultants though the .5FTE was just recently hired.
ii) Do we have a protocol or best practice for how long we can keep the internal auditor consultant? (Tenley)
(1) No (Maria, Chris)
~~(2) Can change if needed, in my experience (Steve)~~
iii) When audits are selected, we don't have a good sense of what we are going to find. So we may have results with no findings or with many. ~~that show no adverse observations.~~ We choose based on a risk assessment and by ~~Trying to review program~~reviewing processes that allow us to be good stewards of funds. ~~(Steve)~~
~~iv)~~ **Audit results, k**~~nowledge of other~~ ~~both~~ **internal audits and external audits completed (for example federal audits) aid**~~e~~ **Internal Audit in developing audit plans.** ~~Some audit areas may not receive as much attention from Internal Audit in the future based on previous findings or coverage by federal~~ ~~auditors. This could be revisited if circumstances change.~~

v)iv) Internal audit will start a data analytics review of P-cards. New half-time person will work on this. RSM has some tools to help with analytics.
    (1) Is there a specific algorithm? (John)
    (2) Steve reviewed specific risk criteria that would help to generate audits areas for P-card reviews.
vi)v) What does High, Medium, Low mean in the audits (Nancy)
    (1) Maria reviewed the definitions
vii)vi) Maria and Kevin reviewed table showing total findings since 2015, and their risk ranking.
  d) Other activities
    i) Internal Audit wants departments to see the value of offerings. Other internal audit activities (p. 18 of the internal audit report) were reviewed.
  e) FY 2019 Audit Plan for Internal Audit
    i) First half of the audit plan is in place
      (1) Cycle audit of contract compliance
      (2) Possible audit of utility taxes
        (a) E.g., make sure parcels are being charged commercial or residential rates as appropriate.
  f) First DMF risk assessment survey (high-level information sharing, p. 19 of the Internal Audit presentation)
    i) How do the audit findings of high risk map to the business risk categories? (John)
      (1) Not clean fit into the business risk categories (Steve)
      (2) Still developing the capacity for identifying and understanding risk. (Steve)
      (3) Survey is going to Executive Leadership Team, Extended Management Team, individuals with significant role in financial processes, and others. to division chiefs, deputies, constitutional officer leadership, and individuals reporting directly to the County Manager (about 200)
    ii) The survey is anonymous
    iii) Discussion
      (1) Federal government is getting into ERM in a broader way: reputation risks, and program delivery risks. If the risk survey is started and goes well, the survey can be expanded into broader ERM areas. (Hal)

3) **Status of Joint APS-County Audit Committee Meeting for discussion of APS Construction Costs audit**
  a) John reviewed the efforts to set up a joint meeting with APS Audit Committee and County Audit Committee.
  b) Schools construction cost audit expected to go public on 10/2 with a media release.
  c) After that point schools will start working to find a date to meet with the County Audit Committee jointly.

d) Potential issues:
      i) Public engagement process
      ii) Schools amenities
      iii) Use permit conditions
   e) Mark discussed the process of working with schools to streamline use permit conditions. Will apply to Reed School, coming before the Board in November.
   f) We also want to also learn what else the audit function at APS is working on.
4) **Next meeting:**
   a) Wednesday, December 19, 2018, Rm 311, 4:30-6:30 PM
   b) Anticipated topics: Briefing of issued County Auditor audit(s); External auditor briefing.

V. Adjournment

Co-chair Vihstadt adjourned the meeting at 6:35 PM.

Minutes submitted by: Chris Horton, County Auditor

Arlington County Board
Audit Committee
Meeting Minutes
December 19, 2018

I. Call to order

Co-chair John Vihstadt called to order the regular meeting of the Audit Committee at 4:30 PM on December 19, 2018 in Room 311 of the Arlington County Bozman Government Center building.

II. Roll call

All Audit Committee members were present for the meeting:

- **John Vihstadt –** Co-chair
- **Erik Gutshall –** Co-chair
- **Mark Schwartz –** County Manager
- **Stephen Agostini –** Director, Department of Management and Finance (DMF)
- **Tenley Peterson –** Public member, Fiscal Affairs Advisory Committee representative
- **Hal Steinberg –** Public Member
- **Nancy Tate –** Public Member

Also in attendance were
- **Chris Horton—**County Auditor
- **Maria Meredith—**Deputy Director, DMF
- **Krista Edoff—**Cherry Bekaert
- **Rahul Bhalla---**Comptroller, DMF
- **Terri Whitt—**Assistant Comptroller, DMF
- **Libby Garvey—**Board member

III. Approval of minutes from last meeting

a) **September 27, 2018:** Deferred to first meeting of 2019 pending suggested changes from DMF regarding the DMF internal audit presentation
b) **November 20, 2018:** Approved 7-0

IV. Business

1) *County Auditor Audit Status report*
    i) Horton provided an overview of the current audit status report included in the committee meeting packet.
    ii) Co-chairs Gutshall and Vihstadt and Horton provided an overview of the Board's planned strategy for the FY 2020 audit plan of using fiscal impact as a key framework for determining audit focus. The Audit Committee asked various questions, including was fiscal impact meant. It was noted that fiscal impact should be more than simply cost savings.

2) *External Auditor briefing*
    i) Krista provided an overview of the external audit (financial statement audit) for FY 2018.
    ii) Audit Committee members asked various questions about the audit and the County's finances, which Edoff, Agostini, and DMF staff addressed.

3) *Next meeting*
    a) The next meeting will be arranged by the County Auditor once new Audit Committee members are appointed.

V. Adjournment

Co-chair Gutshall noted that this was co-chair Vihstadt's last Audit Committee meeting. Tenley Peterson also noted that this was her last Audit Committee meeting. Both received kudos for their service.

Co-chair Vihstadt adjourned the meeting at 6:50 PM.

Minutes submitted by: Chris Horton, County Auditor

Arlington County Auditor

Annual Audit Work Plan FY 2020

Chris Horton, Ph.D., CIA, CGAP
County Auditor

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Introduction

The Annual Audit Work Plan for Fiscal Year 2020 (FY 2020 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.

Strategy

The County Board has determined that FY 2020 Plan should incorporate a focus on areas of high fiscal impact. For the purpose of the FY 2020 Plan, *fiscal impact* is defined as significant budget impact, and potential that improvements will yield cost savings. This strategy does not presuppose that cost savings will or should occur, nor does it diminish the importance of any potential improvements in operational effectiveness.

Risk Assessment

The FY 2020 Plan is based on a risk assessment performed by the County Auditor, using a variety of sources. These include County data, such as budget documents and the Consolidated Annual Financial Report; County Board work sessions; and analyses performed by the Fiscal Affairs Advisory Commission. Other inputs for the FY 2020 Plan's development were reviews of leading practice local government audit organizations' work plans, discussions with County management officials, and discussions with County Board members.

Flexibility

The FY 2020 Plan is approved by the County Board, and is designed to be flexible to respond to organizational needs as they arise. The FY 2020 Plan may be altered by the Board during the year, in consultation with the County Auditor, Audit Committee, and County management, if a significant reallocation of County Auditor resources is deemed necessary.

Change from Previous Audit Work Plans

In previous Audit Work Plans, the County Auditor audits that could be conducted if capacity allows. However, in both FY 2018 and FY 2019 none of these "if capacity allows" audits were conducted. In an effort to be more realistic and transparent about expected audit work, and recognizing that some FY 2019 audit will not be completed until FY 2020, the FY 2020 Plan lists no additional audits to be performed "if capacity allows."

Overview of the Document

The FY 2020 Plan contains three parts. In the first part are previously begun performance audits that will be completed in FY 2020. This part also lists audits that are carried over from FY 2019, and audits that are recommended to be initiated *and* conducted in FY 2020. Second is a brief overview of additional, non-audit activities that the County Auditor performs on an annual basis. Finally, the FY 2020 Plan presents an Audit Horizon, which lists audits that could be performed in future years.

Part 1: Proposed Performance Audits

In Part 1, the FY 2020 Plan provides an overview of proposed performance audits to be conducted. This section discusses audits to be carried over from the FY 2019 Plan, two new audits proposed for FY 2020, and a crosswalk of other audit topics from FY 2019 that are not proposed to be added to the FY 2020 Plan.

Each audit listed includes one or more *initial objectives*. These objectives are designed to give some insight into areas of interest regarding the audit topic, but do not prematurely identify audit findings. Once an audit is formally begun, the County Auditor will gather key information regarding the audit topic during the audit's planning phase. After this phase has concluded, the County Auditor will determine the *fieldwork objectives* that will be addressed during the fieldwork phase of the audit and contained in the public report.

Selection Criteria

For the FY 2020 Plan, some key selection criteria helped to guide the choice of the proposed audits. Each of the proposed audits fulfill the following criteria.

- Potential for fiscal impact, defined as significant budget impact and potential that improvements will yield cost savings;
- The need to provide information that is timely and relevant for decision-makers, especially with respect to budget decisions;
- The possibility of improving efficiency and effectiveness in operations; and
- The importance of providing audit coverage in different areas, when considered over multiple fiscal years.

The foregoing key selection criteria were also important for the Audit Horizon. The County Auditor other criteria, as discussed in the Auditor's policies and procedures, to develop the Audit Horizon. For example, another key criterion for the Audit Horizon was audits conducted recently in other leading practice local audit shops.

Audit Grouping

The FY 2020 Plan consists of two groups: carryover audits and new audits. Carryover audits are approved FY 2019 audits that were begun in FY 2019 but will not completed by the beginning of FY 2020.[1] New audits are those that will be kicked off in FY 2020. The FY 2020 Plan recognizes that the County Auditor by himself, and attempts to be realistic about how many new audits can be undertaken in FY 2020 that meet the County Board's strategy of having potential of for fiscal impact.

Four audits appeared on the FY 2019 Plan as new or supplemental audits, and were not begun as of April 1, 2019. As discussed further below, these audits are recommended for elimination from the FY 2020, and in the case of Procurement Practices, an audit of a separate procurement

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[1] For the April 1, 2019 Audit Committee meeting: Please note that audits of Fleet Management, Police Overtime, and Fire Overtime are on track for completion by June 30, 2019.

phase – Contract Administration – is recommended instead. For additional discussion, see the *Mapping to Previous Audit Work Plan* section on page 7.

Carryover Audits from the FY 2019 Annual Audit Work Plan

Two audits from the FY 2019 Plan are in the process of completion, and are anticipated to be complete in the 2nd Quarter of FY 2020 (October -December 2019). The table below provides the initial scope and objective for these audits and the audit phase as of the date of this FY 2020 Plan.

Audit Area	Department	Initial Objective and Scope	Phase as of 4/1/2019	Anticipated Completion
Public Safety Overtime	Sheriff's Department	The initial objective was to assess the administration and use of overtime in the Sheriff's Department. 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.	Planning	October-December 2019
Economic Development Incentive Funds	Arlington Economic Development (AED)	The initial objective was to assess AED's process for monitoring of economic development incentive funds for compliance with agreed-upon requirements. Additional elements could include the quality and frequency of economic development incentive fund reporting, the quality and accuracy of the information used in the reports, and root cause analysis for any issues identified in the audit. Note that the matter of economic development incentive funds' overall effectiveness would be excluded from the scope of this audit, and potentially included in a future audit once enough longitudinal data are available.	Planning	October - December 2019

New Performance Audits to be Completed in FY 2020

Two new performance audits are recommended for FY 2020. These are expected to be kicked off once the carryover audit draft reports are completed.

Audit Area	Department	Initial Objective and Scope
Contract Administration	Department of Technology Services (DTS)	The initial objective would be to assess the effectiveness of contract management within Technology Services. Contract management is decentralized within County government, so departments manage executed contracts within their purview. This audit would focus on DTS-wide contract management practices rather than only focusing on specific contracts.
Real Estate Assessment and Appeals	Department of Management and Finance	The primary objective of this audit would be to evaluate the real estate assessment and appeals process and the adequacy of related internal controls. Elements may include the processes for measuring performance, tracking appeals and resulting modifications, managing required approvals and exemptions, and the policies and procedures in place for all the foregoing. The scope would include the Board of Equalization, which conducts appeal hearings on property assessment disputes between taxpayers and the County Assessor.

Other Possible Audits with Fiscal Impact

The Audit Horizon identifies some other audits with potential for significant fiscal impact. These may be considered as part of the final audit plan.[2]

Audit Area	Department	Initial objective
Capital Construction – Contract Administration	Multiple departments, primarily Department of Environmental Services	The initial objective would be to assess whether the County effectively manages capital construction projects within budget and schedule. The audit would focus on a sample of contracts.
Contract Administration – Human Services	Department of Human Services	The initial objective would be to assess whether the Department effectively manages human services contracts. This audit would focus on DTS-wide contract management practices rather than only focusing on specific contracts.

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[2] This section is included to facilitate discussion during the FY 2020 Plan development process.

Facilities Management and Repair	Department of Environmental Services	The initial 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.
FMLA Leave Management	Department of Human Resources	The initial objective would be to determine whether the County complies with the Family and Medical Leave Act (FMLA) regulations and follows best practices. Elements of testing could include: reviewing and comparing the Family and Medical Leave Act and regulations and the County's FMLA policy; comparing County processes for FMLA management to leading practices; and reviewing timeliness of leave determinations.
Health Plan Dependent Eligibility	Department of Human Resources	The initial objective would be to verify that only those individuals qualified as health plan dependents are enrolled in the plan. Elements could include determining whether ineligible dependents enrolled in the City's health care plan, and whether the processes and controls used to enroll and maintain dependents in the health plan operating effectively?
Public Engagement	Parks and Recreation Department	The initial objective would be to determine for a selected period: whether the Parks and Recreation Department adheres to County guidelines for Public engagement for Parks projects; how well the County monitors and evaluates the impact of Parks and Recreation public engagement; and the cost in time and other resources to complete public engagement for Parks projects.

Mapping to Previous Audit Work Plan

To assist readers in following the disposition of audits that were approved in FY 2019, the following table provides a list of audit areas and initial objectives that were approved in the FY 2019 plan, but were not yet kicked off. These audits are not recommended to be carried over to the FY 2020 Plan.

The audit of Business Improvement District oversight may have yielded important managerial insights for the County, but was not expected to have significant fiscal impact. Consequently, The County Auditor recommends that this audit not be carried over. This audit was added to the Audit Horizon as a potential audit topic for future years.

The audit of Procurement Practices Efficiency was planned for kickoff no earlier than 4th Quarter of FY 2019. However, the new Director of Department of Management and Finance (DMF) has identified a quicker evaluation of procurement practices efficiency as a strategic managerial priority, and has engaged with the outside audit firm engaged as part of DMF's internal audit function to perform a substantially similar audit on a quicker timetable. While this outside audit does not prevent the County Auditor from performing a similar audit, the Auditor determined that this would not be a prudent use of scarce County resources, and recommends replacing the Procurement Practices Efficiency audit with an audit of Contract Administration, another highly important procurement process, as discussed in the previous section. The County Auditor proposes in the Audit Horizon to do some additional work to be determined in FY 2021 or later. This work, for example, could be a follow-up on DMF internal audit recommendations.

The audits that were listed under Supplemental Audits if Capacity Allows in the FY 2019 Plan are ones with public saliency and opportunities for improving efficiency and effectiveness. However, the County Auditor noted that neither of these proposed audit areas are expected to have significant fiscal impact. Both audits have been added to the Audit Horizon, as potential audits for future years.

Audit Area	Department	Initial Objective	Supplemental Audit "if Capacity Allows" on FY 2019 Plan
Business Improvement Districts oversight	Multiple departments, primarily Arlington Economic Development (AED)	The initial objectives would be to evaluate how well the County is overseeing the BIDs and whether the County should make improvements to facilitate the BIDs' strategic effectiveness. Elements could include whether the County is ensuring that the BIDs comply with current BID agreements, whether improvements are needed in BID agreements or work plans, the effectiveness of the County's guidance to the BIDs, and the timeliness and accuracy of fund transfers to the BIDs.	No

Procurement Practices Efficiency	Multiple departments, primarily Department of Management and Finance	The initial objective would be to assess the efficiency of County procurement practices from a department's initial request through contract completion. The initial request would incorporate the scope of services development process, while contract completion would occur when a contract is signed and ready for implementation. Audit elements would also include an analysis of root causes for any inefficiencies identified. While the Purchasing Office is contained within the Department of Management and Finance, this audit may include procurement process activities conducted by other offices or departments, such as the County Attorney's Office. Note that the process of strategic planning for a procurement, as well as the contract administration (contract management and monitoring process) would be excluded from the scope of this audit, and potentially included in a separate audit.	No
Neighborhood Conservation Advisory Commission (NCAC)	Multiple departments, primarily Community Planning, Housing and Development	The initial objective would be to assess the effectiveness of the NCAC projects, encompassing project selection, prioritization, scoping, and project execution. Elements could include a benchmarking of similar advisory commissions in other local jurisdictions, and reviewing a sample of current or completed projects to determine if there are opportunities for improvement.	Yes
Site Plan Benefits	Community Planning, Housing and Development	The initial objective would be to assess the effectiveness of controls to ensure that site plan benefits are tracked and followed-up through the implementation of benefits and any associated ongoing monitoring. Elements could include the quality and frequency of site plan benefits reporting, the quality and accuracy of the information used in the reports, and root cause analysis for any issues identified in the audit.	Yes

Part 2: Additional Non-Audit Efforts

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

Additional Efforts	
Activity	**Purpose**
Follow-up Activities	In FY 2020, the County Auditor will conduct follow-up work to identify and validate management's implementation of audit recommendations. Follow-up work generally occurs at the one year and two year points after audit report issuance. This allows departments sufficient time to implement recommendations. A public report to the Audit Committee will be developed after the completion of the two-year point. After two years, audit follow up work will occur only if determined necessary by the County Auditor in conjunction with the affected department(s), the County Manager's Office, or the County Board. The Audit Committee also will offer advice regarding the value of additional follow-up work.
Training and Development	The County Auditor policies and procedures call for the Auditor to complete 80 hours of continuing professional education in every two-year period, with at least 20 hours in each year of the two-year period to maintain compliance with Government Auditing Standards (Yellow Book). This level of training helps the County Auditor to maintain audit competencies, as required by Yellow Book, and also allows the County Auditor to maintain certifications required for the position
Risk Assessment	The County Auditor will conduct additional work beginning in January 2020 to develop a proposed Annual Audit Work Plan for FY 2021.
Professional Service	The County Auditors serves on the Board of the Association of Local Government Auditors (ALGA), and travels twice per year to Board meetings. These travel expenses are paid by ALGA. The County Auditors also periodically

	performs tasks associated with Board of Directors service.

Part 3: 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 by audit area. Audits marked with an asterisk (*) are new to the Audit Horizon in FY 2020. Audits marked with a double asterisk (**) were moved to the FY 2020 Audit Horizon from the FY 2019 Plan.

Audit Area	Department	Initial objective
Affordable Housing	Multiple departments, primarily Community Planning, Housing and Development	The initial objective would be to assess the effectiveness of the County's affordable housing program. Elements could include 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 are in place and effective.
Business Improvement Districts oversight**	Multiple departments, primarily Arlington Economic Development (AED)	The initial objectives would be to evaluate how well the County is overseeing the BIDs and whether the County should make improvements to facilitate the BIDs' strategic effectiveness. Elements could include whether the County is ensuring that the BIDs comply with current BID agreements, whether improvements are needed in BID agreements or work plans, the effectiveness of the County's guidance to the BIDs, and the timeliness and accuracy of fund transfers to the BIDs.
Contract Administration – Capital Construction*	Multiple departments, primarily Department of Environmental Services	The initial objective would be to assess whether the County effectively manages capital construction projects within budget and schedule. The audit would focus on a sample of contracts.
Contract Administration – Human Services*	Department of Human Services	The initial objective would be to assess whether the Department effectively manages human services contracts. This audit would focus on DTS-wide contract management practices rather than only focusing on specific contracts.
Compensation Practices	Department of Human Resources	The initial objective would be to assess the equity and effectiveness of County's compensation practices. Elements could include testing the equity of pay within the open range pay system, and assessing the effectiveness of support given to management to implementing pay for performance assessments

FMLA Leave Management*	Department of Human Resources	The initial objective would be to determine whether the County complies with the Family and Medical Leave Act (FMLA) regulations and follows best practices. Elements of testing could include: reviewing and comparing the Family and Medical Leave Act and regulations and the County's FMLA policy; comparing County processes for FMLA management to leading practices; and reviewing timeliness of leave determinations.
Facilities Management and Repair	Department of Environmental Services	The initial 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 initial objective 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.
Health Plan Dependent Eligibility*	Department of Human Resources	The initial objective would be to verify that only those individuals qualified as health plan dependents are enrolled in the plan. Elements could include determining whether ineligible dependents enrolled in the City's health care plan, and whether the processes and controls used to enroll and maintain dependents in the health plan operating effectively?
Information Technology – Security Management	Department of Technology Services	The initial objective would be to assess the effectiveness of general controls over information technology security management using a recognized source of audit guidance, such as the Federal Information Systems Control Audit Manual. The review of security management would help to address the controls over personally identifiable information of employees and community members that are held by County technology systems.
Neighborhood Conservation Advisory Commission (NCAC)**	Multiple departments, primarily Community Planning, Housing and Development	The initial objective would be to assess the effectiveness of the NCAC projects, encompassing project selection, prioritization, scoping, and project execution. Elements could include a benchmarking of similar advisory commissions in other local jurisdictions, and reviewing a sample of current or completed projects to determine if there are opportunities for improvement.

One Stop Arlington	Multiple Departments	The initial objective would be to assess the effectiveness and efficiency of the permitting process within One-Stop Arlington. Elements could include the consistency of information provided to permit applicants and the timeliness of permit application decisions. The One-Stop Arlington process is still being developed and implemented, and this audit may need to be broken into multiple pieces to match the phases of One-Stop Arlington implementation.
Performance Measures	Multiple departments, primarily Department of Management and Finance	The initial objectives would be to assess the effectiveness of County the performance measurement and reporting frameworks in collecting, validating, and using performance information; and publicly reporting performance information. The County Auditor notes that the Fiscal Affairs Advisory Commission performed a study of County performance measures in 2018 that could be useful for this audit.
Public Engagement*	Parks and Recreation Department	The initial objective would be to determine for a selected period: whether the Parks and Recreation Department adheres to County guidelines for Public engagement for Parks projects; how well the Parks and Recreation monitors and evaluates the impact of public engagement; and the cost in time and other resources to complete public engagement for Parks projects.
Procurement Practices Efficiency*	Multiple departments, primarily Department of Management and Finance	The initial objective would be determined based on the scope and findings of the planned audit of purchasing timeliness by DMF internal audit in 2019. The audit could be a follow-up review, or it could address areas outside the scope of the DMF internal audit.
Recruiting Process	Department of Human Resources	The initial 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	The initial objective would be to assess the effectiveness of controls to ensure that site plan benefits are tracked and followed-up through the implementation of benefits and any associated ongoing monitoring. Elements could include the quality and frequency of site plan benefits reporting, the quality and accuracy of the information used in the reports, and root cause analysis for any issues identified in the audit.
Street Maintenance	Department of Environmental Services	The initial 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. *This audit may require outside consultant assistance.*
Voter Registration and Outreach	Office of the Electoral Board and Voter Registration	The initial objectives would be to assess controls over the accuracy of the voter registration database, and the effectiveness of the outreach and education programs. Elements could include benchmarking other outreach and education efforts.

County Auditor Project Status Report – as of March 28, 2019

This project status report shows the current state of projects underway within the County Auditor's function. All primary projects within the Annual Audit Work Plan are shown. Supplemental projects are not shown until capacity allows these engagements to be initiated.

Audits Underway	Kickoff Date	Current Audit Phase		Projected Date for Final Report	Initial Objective on the Annual Audit Work Plan	Comments
Fleet Management	July 24, 2017	*Planning*		May 2019	The initial objective was to assess the effectiveness of the County's fleet management operations.	Fieldwork is focusing on the following areas: 1. *DES' process of evaluating fleet efficiency* 2. *Shop safety* 3. *Access to accurate fleet management data* 4. *Vehicle maintenance timeliness* 5. ~~*Auto auction*~~
		Fieldwork				
		Report Writing	✔			
		Management Review				
Public Safety Overtime – Police Department	May 2, 2018	*Planning*		May 2019	The initial objective is to assess the administration and use of overtime in the Police Department. 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.	Audit conducted in conjunction with SC&H Group.
		Fieldwork				
		Report Writing				
		Management Review	✔			
Public Safety Overtime – Fire Department	May 1, 2018	*Planning*		June 2019	The initial objective is to assess the administration and use of overtime in the Fire	Audit conducted in conjunction with SC&H Group.

		Fieldwork			Department. 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.	
		Report Writing	✔			
		Management Review				
Economic Development Incentive Funds	September 18, 2018	*Planning*	✔	October-December, 2019	The initial objective would be to assess AED's process for monitoring of economic development incentive funds for compliance with agreed-upon requirements. Additional elements could include the quality and frequency of economic development incentive fund reporting, the quality and accuracy of the information used in the reports, and root cause analysis for any issues identified in the audit. Note that the matter of economic development incentive funds' overall effectiveness would be excluded from the scope of this audit, and potentially included in a future audit once enough longitudinal data are available.	
		Fieldwork				
		Report Writing				
		Management Review				

County Auditor Project Status Report – as of March 28, 2019

Public Safety Overtime – Sheriff's Department	September 26, 2018	Planning	✓	October-December, 2019	The initial objective is to assess the administration and use of overtime in the Sheriff's Department. 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.	
		Fieldwork				
		Report Writing				
		Management Review				

Audits Not Yet Underway	Kickoff Date	Current Audit Phase		Projected Date for Final Report	Initial Objective on the Annual Audit Work Plan	Comments
Procurement Practices Efficiency	TBD	Planning		TBD	The initial objective would be to assess the efficiency of County procurement practices from a department's initial request through contract completion. The initial request would incorporate the scope of services development process, while contract completion would occur when a contract is signed and ready for implementation. Audit elements would also include an analysis of root causes for any inefficiencies identified.	**Note possible change to this audit topic in the DRAFT FY 2020 Audit Work Plan.**
		Fieldwork				
		Report Writing				
		Management Review				

					While the Purchasing Office is contained within the Department of Management and Finance, this audit may include procurement process activities conducted by other offices or departments, such as the County Attorney's Office.	
Business Improvement Districts	TBD	Planning		TBD	The initial objectives would be to evaluate how well the County is overseeing the BIDs and whether the County should make improvements to facilitate the BIDs' strategic effectiveness.	**Recommended for movement to Audit Horizon in FY 2020 Audit Work Plan**
		Fieldwork				
		Report Writing				
		Management Review				