



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

# Arlington County Auditor Annual Audit Work Plan FY 2022

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## Introduction

The Annual Audit Work Plan for Fiscal Year 2022 (FY 2022 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 FY 2022 Plan focuses on better balancing the County Auditor's proposed work with his available resources as a staff of one. The focus in FY 2022 will be completing carryover work from FY 2021. As a result, only one new audit is presented for FY 2022.

## Risk Assessment

The FY 2022 Plan proposes the addition of one new audit topic for FY 2022 and proposes the closing of one existing audit to create room for the new audit topic.

The new proposed audit topic, as well as additions to the Audit Horizon, were identified and developed using a variety of sources. These include County data, such as budget documents and the Comprehensive Annual Financial Report, reviews of leading practice local government audit organizations' work plans, discussions with County management officials and staff, and discussions with County Board members.

The County Auditor proposes topics that offer the possibility of improving efficiency and effectiveness in operations. These topics also may help to reveal potential inequitable impacts of County functions. Finally, the topics are proposed with a focus on opportunities to encourage innovation.

## Flexibility

The FY 2022 Plan is approved by the County Board and is designed to be flexible to respond to organizational needs as they arise. The FY 2022 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.

## Overview of the Document

The FY 2022 Plan contains four sections. Section 1 provides an overview of how the County Auditor plans to allocate hours for FY 2022. Section 2 also shows carryover audits from FY 2021. Section 3 presents the new audit planned for FY 2022. Section 4 presents the Audit Horizon, which are audits that could be performed in future years.

## County Board

Matt De Ferranti, Chair  
Katie Cristol, Vice-Chair  
Christian Dorsey  
Libby Garvey  
Takis Karantonis

## Audit Committee

Christian Dorsey, Co-chair  
Takis Karantonis, Co-chair  
Sonia Salinas, Community member  
Brian Sigritz, Community member (Fiscal Affairs Advisory Committee representative)  
John Vihstadt, Community member  
William (Bill) Wiggins, Community member  
Mark Schwartz, County Manager  
Maria Meredith, Director, Department of Management and Finance

## Section 1: Anticipated Allocation of County Auditor Hours for FY 2022

Section 1 provides an overview of how the County Auditor plans to allocate hours for FY 2022. For the purpose of budgeting, it is assumed that the allocation will equal 2,080 hours. These hours are based on a standard 40-hour week for 52 weeks of paid County time. Time such as vacation leave, sick leave, and holidays are included in the allocation, as shown below.

The information is broken into two sections: *Audit-Related Activities* and *Administrative and Support Activities*. Section 1a shows new audits for FY 2022, and the disposition of audits from the FY 2020 Plan. Audit related activities account for 1520 hours (73%) of the overall yearly allocation. Section 1b describes the variety of administrative activities anticipated for FY 2022. Administrative activities account for the remaining 560 hours (27%) of FY 2022 time.

### Section 1a: Audit-Related Activities (Total Hours – 1520)

Activity Areas	General Description	Additional Descriptive Information	Anticipated Hours
Carryover Audits	This category of work accounts for hours needed to complete audits that are carried over from FY 2021.	<p>The County Auditor has six audits ongoing or not yet begun (Objectives and estimated hours remaining to completion provided in Section 2).</p> <p><b>Proposed Closure:</b> The County Auditor proposes closing the Sheriff’s Department Overtime audit, which is currently in the Planning phase, due to: 1) additional allocation of resources to the Sheriff since the beginning of the audit; 2) the low likelihood of findings dissimilar to the findings already reported in Police and Fire Overtime audits, and; 3) the likelihood of adding value to County operations in a separate audit area. The audit closure recommendation stands irrespective of the new audit topic chosen for inclusion in the FY 2022 Annual Audit Work Plan.</p>	925

New Audits	This category of work accounts for hours needed to complete proposed audits for FY 2022.	The County Auditor proposes one audit to begin in FY 2022. (Objectives provided in Section 3.) <ul style="list-style-type: none"> <li>Specialized Transit for Arlington Residents (STAR) – (375 hours)</li> </ul>	375
Contingency	<i>Contingency</i> is hours not allocated to specific audit activities in the budget based on the expectation that budgeted hours may change due to unanticipated changes in the audit environment.		100
Follow-up Audit Work	Follow-up audit work entails going back to previously-audited entities to assess whether the audit recommendations have been implemented. This may involve gathering additional information to validate the implementation status.	The County Auditor anticipates follow-up work on four audits in FY 2022. <ul style="list-style-type: none"> <li>Police Department Overtime</li> <li>Fire Department Overtime</li> <li>DTS – Contract Management</li> <li>Fleet Management</li> </ul>	50
Special Advisory Reports (SARs)	SARs are non-audit, small-scope research reports that are intended to address relevant issues in a timely way. SARs would be initiated in consultation with the County Board, and the County Manager would be informed when the work is begun. SARs would be issued to the public in the same manner as audit reports.	No SARs are currently planned.  Possible SAR topics include public accessibility best practices for audit functions and for Audit Committees.	30
Risk Assessment for FY 2022	The County Auditor will conduct additional work beginning in January 2022 to develop a proposed Annual Audit Work Plan for FY 2022.	To develop the Audit Work Plan for an upcoming fiscal year additional risk assessment work is done.	40

Section 1b: Administrative or Support Activities (Total Hours – 560)

Activity	General Description	Additional Descriptive Information	Anticipated Hours
ALGA	County Auditor is the incoming President of the Association of Local Government Auditors (ALGA). ALGA is the pre-eminent professional association for local government auditors in the US and Canada and provides vital links to best practices, peer reviews, audit abstracts, and other key resources for local government auditors.		150
Training Hours	The County Auditor obtains 40 CPE of continuing education training per year to meet government auditing standards.	The County Auditor can obtain most training hours locally, but occasionally there are travel hours associated with attending trainings.	60
Leave Hours	Leave hours are hours that are paid hours for which the County Auditor is on leave. Leave hours includes holidays, vacation leave, and sick leave.		225
Other Administrative	There are some administrative activities that do not fit easily into other categories.	Administrative activities include supporting the Audit Committee. Other administrative activities include holding meetings with County Board members as needed, working with County information systems for various tasks (e.g., purchasing), and engaging with other local government auditors to help identify ways the County Auditor can better serve in his role. As a one-person audit shop the County Auditor relies on periodic meetings with other audit leaders to reflect on audit trends, audit issues, and strategic challenges.	125

		The County Auditor also serves on the Comptroller General's Domestic Working Group (1-2 meetings per year), and periodically is asked to provide support or insight for other inter-governmental working groups related to auditing.	
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## Section 2: Carryover Audit Topics for FY 2022

Audit Area	Department	Initial Objective	Reporting Outcome	Anticipated Hours Remaining
Risk Management	Cross-Departmental	The initial objectives would be to assess the strength and timeliness of County-wide risk management and mitigation efforts. This audit would not focus on the Risk Management function in Department of Human Resources, since that function's role is primarily related to Worker's Compensation and commercial insurance used by the County. Some discussion with the Risk Manager would be expected, though, in the course of the audit.	Audit Report	400
Housing Grants Program	Department of Human Services	The initial objective would be to assess the effectiveness of the Housing Grants program in reviewing applications timely and determining eligibility accurately.	Audit Report	350
COVID-19 Cost Reimbursement	Department of Human Services; Arlington Economic Development	The objective is to determine whether the County has an effective process for ensuring key requirements of receiving CARES Act reimbursements are met. The audit focuses on monies provided to non-profits through Department of Human Services and to Arlington small businesses through Arlington Economic Development. This audit is expected to be presented through two separate reports, one for each department.	Letter Reports	100
Non-Profit Funding	Cross-departmental	The objective is to conduct a limited scope engagement to answer the following question: <i>What practices are available for policymakers to make decisions on non-profit funding allocations?</i> This engagement would involve gathering information through methods primarily including benchmarking and academic studies.	Letter Report	50
Fleet Management	Department of Environmental Services	The objective is to assess the effectiveness of the County's fleet management operations.	Letter Report	25

### Section 3: New Audit Topic Proposed

Audit Area	Department	Initial Objective	Reporting Outcome	Anticipated Hours
Specialized Transit for Arlington Residents (STAR)	Department of Environmental Services	The initial objectives would be to describe STAR’s regulatory requirements, to assess the overall quality of customer service, and to evaluate STAR’s financial sustainability.	Audit Report	375

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## Section 4: FY 2022 Audit Horizon

The purpose of an Audit Horizon is to list audit areas that could be reviewed productively at the current time. Audits that appear on the Audit Horizon may be 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. Topic are listed in alphabetical order.

\* denotes audit areas that are new to the Audit Horizon in FY2022

<b>Audit Area</b>	<b>Department</b>	<b>Initial objective</b>
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 whether controls that would help to achieve the County's Affordable Housing Principles and Goals are in place and effective. The proposed Housing Grants program in FY 2022 would be the first County Auditor engagement to address affordable housing.
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	Department of Human Services  Department of Parks and Recreation	The initial objective would be to assess the effectiveness of contract management within either Parks and Recreation or Human Services. Contract management is decentralized within County government, so departments manage executed contracts within their purview. These two audits would focus on department-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. For this engagement the audit is expected to be limited County-owned buildings. 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.
Gender and Ethnic Diversity*	Department of Human Resources	The initial objective of this audit would be to assess the diversity of Arlington County employees as it compares to the diversity of Arlington County residents. This audit would use biennial reports required by Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, which requires all state and local governments that have 15 or more employees to keep records that prove compliance with the act, and to make reports to the Equal Employment Opportunity Commission.
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 are enrolled in the County'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	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 costs savings or improved effectiveness.
Permit Arlington	Multiple Departments	The initial objective would be to assess the effectiveness and efficiency of the permitting process within Permit Arlington. Elements could include the consistency of information provided to permit applicants and the timeliness of permit application decisions.
Performance Measures	Multiple departments, primarily Department of Management and Finance	The initial objectives would be to assess the effectiveness of County performance measurement and reporting frameworks in collecting, validating, and using performance information, and publicly reporting performance information.
Privacy*	Department of Technology Services	The initial objectives would be to identify and describe the laws and guidance that set privacy requirements for Arlington County and to assess the internal controls in place to comply with these requirements.
Public Engagement	Capital Projects	The initial objective would be to determine: whether for selected projects the process for capital projects engagement adheres to County guidelines for public engagement; how well the County monitors and evaluates the impact of public engagement; and the cost and benefits associated with completing public engagement (e.g., staff time and additional project amenities). The scope of the audit may be individual projects or all projects within selected departments, as indicated by an updated risk assessment.
Recruiting Process	Department of Human Resources	The initial objective would be to assess the effectiveness and equity of the County's 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 the management's monitoring and improvement of the recruiting process.
Short-Term Rental Regulation	Community Planning, Housing & Development	The initial audit objectives would be to determine the effectiveness of the County's short-term rental regulations, how the County evaluates the effects of short-term rentals on housing, the regulation enforcement process, and possible equity considerations with respect to short-term rental regulation.
Site Plan Benefits	Community Planning, Housing and Development	The initial objective would be to assess whether the site plan benefits the County is supposed to receive are tracked and followed-up effectively to ensure the benefits are obtained as intended. 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. <i>This audit may require outside consultant assistance.</i>
Real Estate Assessment and Appeals	Department of Management and Finance	The initial 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.
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.
Water and Sewer	Department of Environmental Services	The initial audit objectives could include: water and sewer billing issues; capital planning for water and sewer infrastructure upgrade and whether better value options exist for system upgrades.