# Arlington County Board

# Audit Committee

# Meeting Minutes

December 2, 2021

1. Call to order

Co-Chair Takis Karantonis called to order the virtual regular meeting of the Audit Committee at 5:00 PM on December 2, 2021.

1. Roll call

Members of the Audit Committee in attendance were

* Takis Karantonis – Co-chair
* Christian Dorsey – Co-chair
* Brian Sigritz – Public Member, FAAC Representative
* Bill Wiggins – Public Member
* John Vihstadt – Public Member
* Maria Meredith – Director, Department of Management and Finance (DMF)
* Mark Schwartz – County Manager

County Staff in attendance were:

* Chris Horton—County Auditor
* Lynne Porfiri – Chief of Staff
* Greg Emanuel – Department of Environmental Services
* Mike Collins – Department of Environmental Services
* Tyler Ann Smith – Department of Environmental Services
* Christopher Allison – Department of Environmental Services
* Moon Pacentrilli – Department of Management and Finance
* Kenneth Saccoccia – Department of Management and Finance

1. Approval of minutes from last meeting

On a motion by John Vihstadt, Member, seconded by Brian Sigritz, Member, the Audit Committee approved the minutes of the September 2nd, 2021 meeting, as amended. The motion passed by acclamation.

1. Audit Committee Vacancy

The committee discussed the current Public Member vacancy, with potential appointments to be considered at the January Organizational or Recessed County Board Meeting.

1. Business

Prior to regular business, Co-Chair Dorsey offered remarks in remembrance of founding Committee member Hal Steinberg.

1. *Department of Environmental Services – Fleet Management Audit*
   1. Chris Horton gave a presentation of the Fleet Management Audit. He noted four key observations and eight recommendations as part of his findings. He noted that the scope of this audit did not extend to the APS or ART Transit fleets and was focused on the DES Equipment Bureau.
      1. Observation 1 – Rental Book
         1. Mr. Horton found the rental book development process to be sound, noting collaboration between departments, maintenance costs for specific particular classes of vehicles limited to departments utilizing those classes, periodic review of the service life of fleet assets, and the use of a limited number of vehicle models to limit maintenance costs. Mr. Horton recommended a review of the feasibility of directly charging departments for costs incurred due to accidents, but noted that management did not agree with this recommendation.
      2. Observation 2 – Improvements to Fleet Utilization Policy
         1. Mr. Horton noted that during the course of this audit, the County issued the Amended and Restated Fleet Utilization Policy, and noted improvements or changes in the areas of take-home vehicle usage, development of a minimum use standard, and prioritization of the County Motor Pool for routine business. He recommended that the threshold for assessing low utilization should be assessed to determine effectiveness and revisit whether an increase in the threshold is warranted.
      3. Observation 3 – Maintenance Data and Timeliness
         1. Mr. Horton outlined possible improvements to maintenance timeliness, pertaining primarily to the administrative process of opening and closing work orders. He noted there are no established guidelines governing the time between the opening and closing of work orders, noting five days as a reasonable standard. He recommended the development of metrics for timely maintenance to include both “Work Finish” and “Closing” of work orders. He further recommended that management have access to current metrics to compare against these standards to enable periodic review and correction.
      4. Observation 4 – Safety Processes
         1. Mr. Horton noted a number of safety processes and personnel in place within DES. He noted a downward trend in workers compensation claims since 2017. He also noted a “Near-Miss” reporting system in place but noted that the system may not be well understood among Equipment Bureau staff. He further noted inconsistencies in the level of detail in safety inspection records, as well as limitations due to the use of paper records rather than electronic. He outlined four recommendations regarding training surrounding the “Near-Miss” reporting system, tracking of past safety inspection findings, training regarding the level of detail provided in safety inspection reports, and ensuring the completion of weekly supervisor inspections.
   2. Mr. Horton opened the floor to questions.
      1. Mr. Vihstadt – recalled an instance of use of a county vehicle that was in good repair for its age. Regarding the ART Fleet – does the equipment bureau manage ART assets and are they included in the overall count of County Vehicles? Mr. Horton – No, ART vehicles are managed separately under contract and their count is not included in this report.
      2. Mr. Vihstadt – are the vehicles discussed under this audit owned, or are any leased? Mr. Horton noted that at the time of the audit, all were owned, but in the succeeding time, ten vehicles have been acquired via a 24 month lease-purchase.
      3. Mr. Vihstadt – how was the determination made regarding lease vs. outright purchase? Ms. Smith – This was structured in order to take advantage of cost savings due to electric vehicle tax credits.
      4. Mr. Vihstadt – why were tangentially related components of fleet maintenance – i.e. fuel cards, parts storage, vehicle storage, wash stations, etc. omitted from the scope of this audit? Mr. Horton – while they were initially included during the planning phase, issues relative to these components were found to be of a de minimis nature relative to other areas examined under this audit. In addition, the fuel cards were audited by the DMF internal audit function after the fleet management audit began. Mr. Vihstadt – asks for staff input, Mr. Allison responded that due to preliminary conversations with Mr. Horton, some improvements to these ancillary functions have been realized.
      5. Mr. Sigritz – regarding the recommendation to explore directly charging departments for accident-related maintenance costs, who would be responsible for insurance costs? Mr. Allison responded outlining the driver policy and point system and process by which third party claims are reported and managed.
      6. Mr. Sigritz – regarding the recommendation concerning codification of maintenance timeliness standards, when tickets exceed a timely period, i.e. five days or more, what is the reporting process for management? Mr. Allison outlined an email process developed in conjunction with the ACPD fleet liaison used to establish and track custody maintenance records.
      7. Mr. Dorsey – regarding disagreement with recommendation 1.1, does disagreement stem from potential inequity between departments bearing costs or disincentivizing the need to address or correct individual problem driver behavior? Mr. Horton – noted that while there is currently an incentive to conduct driver trainings or correct behavior, that incentive would be increased or reinforced if individual departments bore a higher degree of financial responsibility for their own drivers.
      8. Mr. Dorsey, following up with Mr. Allison regarding at-fault claims and the point system - what specifically is the process? Mr. Allison outlined that in cases where the Accident Review Committee finds that a driver was at-fault, an escalating series of points and corresponding consequences are assessed, with varying degrees of consequence according to severity of an incident. Mr. Dorsey noted that this process seems targeted to individual operators, and inquired about Department- or organization- level opportunities for education or training. Mr. Allison further noted that vehicles are assigned specific classes according to their use and risk, and that maintenance and insurance costs are assessed accordingly. As an example, public safety vehicle use carries a different level of risk and so they are classed accordingly, with additional levels of incident review. Mr. Horton supplemented by noting that this classification system helps to alleviate inequities in costs borne by departments, as higher-risk classes are born specifically by departments using them. Mr. Karantonis further noted additional training and licensing requirements required by operators of these higher-risk classed vehicles.
      9. Mr. Vihstadt – related to the impact of COVID-19, what budgetary impacts have been observed? Has any measurable decrease in vehicle usage, fueling, or maintenance been observed? If there has been a measurable decrease in usage, could the lifespan of any fleet assets be extended? Ms. Smith replied that there have been impacts, and while situation is still evolving, there have been deferrals of replacements and assessments of whether vehicles can be turned in, but there have also been increases to maintenance costs due to inflation and deferrals that may offset cost savings.
      10. Mr. Vihstadt – has there been a reduction in the number of requests for take-home vehicles as a result of COVID-19? Mr. Allison and Ms. Smith noted that there has been a significant reduction in the number of take-home vehicles among non-public safety vehicles, from six to one. Public safety take-homes have remained constant. Mr. Allison returned to the prior question to note changes in consumption of gasoline and diesel and causes underlying those changes.
      11. Mr. Vihstadt – Regarding tax credits for electric vehicles, how will this factor into the County’s transition to electric vehicles, and has the County looked into autonomous vehicle technology? Mr. Allison noted that autonomous vehicles have not been pursued outside of safety and collision avoidance systems, and that factors such as human behavior and charging infrastructure underlying the transition to an electric fleet are still evolving.
      12. Mr. Karantonis -regarding the recommendation to assess low-utilization vehicle thresholds, are there thoughts regarding the discussed 4,000 miles per year threshold, in the context of COVID-19? Mr. Allison noted that an understanding of fleet vehicle usage in the context of COVID-19 is still evolving and that 1,500 miles is still an appropriate threshold, but that discussions and assessments are being taken proactively.
2. *Police Overtime Follow-Up Report*
   1. Mr. Horton presented the Police Overtime Follow-Up report, noting significant effort towards implementing recommendations of the Police Overtime Audit. Seventeen recommendations have been implemented, while two have been partially implemented but remain in process.
      1. Regarding additional reporting and automated interaction between the ACPD scheduling system and PRISM – ACPD has implemented to the best of their current ability but this recommendation will be kept open until full automation can be realized with PRISM replacement.
      2. Regarding development of a formal calculation model to communicate minimum staffing needs – a model has been developed, but recommendation will be kept open to allow for opportunity to apply it through the upcoming County budget process.
   2. Unrelated to the Police Overtime follow-up, Mr. Horton noted that several other audit follow-ups are either completed or in process and that a new reporting system will be implemented to disseminate information and recommendations related to them.
   3. Mr. Horton opened the floor to questions, none were presented.
3. *DMF Internal Audit Annual Review*
   1. Ms. Meredith introduced the County’s internal auditors, Mr. Saccoccia and Ms. Moon.
   2. Mr. Saccoccia presented the annual Internal Audit Review.
      1. 46 audits have been issued since FY2015, with 175 accompanying findings, covering the areas of contract management, purchase card compliance, funds handling, asset management, payroll/timekeeping, inventory, and special focus areas. Of the 175 findings as of December 2021, 141 are subject to follow-up. Emphasis placed on 27 high-risk recommendations.
      2. Mr. Saccoccia outlined the status and results of FY20/21 audits, specifically highlighting the summary of findings for the CIGNA Contract Compliance Audit and the DPR 55 & Over Program Audit. He further outlined other internal audit activities including departmental process oversight, investigations and P-Card review.
      3. Mr. Saccoccia outlined the FY2022 Audit Plan, in two parts.
         1. First half to include the CPHD Elevator Inspection Contract Compliance Audit, the HRD Dependent Eligibility Audit, County-Wide Interdepartmental Purchases, and DHS Purchase Card Expenses. Monitoring of P-Card Activity is ongoing. Follow up will include priority findings related to ART Bus Operations Contract Compliance.
         2. Second half to include County-wide invoice review and processing, County-wide evaluation and compliance with overtime policies, examination of revenue-generating processes and funds handling within ACFD, and ongoing Purchase Card Compliance. Follow-up on previous findings is also ongoing.
      4. Mr. Saccoccia reviewed submissions to the financial fraud, waste and abuse hotline, noting a general continuation of prior-year trends.
      5. Mr. Dorsey opened the floor to questions.
         1. Mr. Vihstadt – regarding the 55 & Over Program audit, and recurring findings – is this indicative of a leadership issue within the program? Ms. Meredith responded that there were issues identified under prior leadership which have been remedied under current leadership, and noted that issues were not systemic or of a high-risk nature, and were primarily related to documentation procedures rather than cost recovery.
         2. Mr. Vihstadt – with regards to CIGNA Contract Compliance Audit, are policies and procedures used to ensure compliance used as benchmarks in procurement decisions? Mr. Saccoccia clarified that the burden of compliance is on the County, rather than on the vendor, and the concern is with department performance monitoring.
         3. Mr. Vihstadt – what protective steps have we implemented to address deficiencies? Mr. Saccoccia noted that HRD is developing a monitoring process to check and verify data.
4. *County Auditor’s Status Report*
   1. Mr. Horton briefly presented his Audit Status Report, specifically highlighting follow up to occur on the Department of Technology Services Contract Management Audit, and noted that in this particular audit there were two recommendations with disagreement that will be followed up on.
   2. Mr. Horton opened the floor to questions.
      1. Mr. Karantonis noted that there are twelve recommendations yet to be implemented, in the Fire Department Overtime. Mr. Horton noted that follow up on these recommendations is in process.
5. *Proposed 2022 Audit Committee Meetings*

A motion was made by Mr. Vihstadt, Member, seconded by Mr. Karantonis, Co-Chair, to adopt the Calendar Year 2022 Audit Committee Meeting Schedule as set out below. The motion passed by acclamation.

The adopted schedule is as follows:

* 1. January 6, 2022
  2. April 7, 2022
  3. June 2, 2022
  4. September 1, 2022
  5. December 1, 2022

1. Adjournment

Co-Chair Dorsey adjourned the meeting at 6:31 P.M.

Minutes submitted by: Mason Kushnir, Deputy County Clerk