



Arlington County Board

Audit Committee

Meeting Minutes

April 7, 2022

I. Call to order

Co-Chair Takis Karantonis called to order the virtual regular meeting of the Audit Committee at 6:00 PM on April 7, 2022.

II. 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
- **Luanne Lohr** – Public Member
- **Maria Meredith** – Director, Department of Management and Finance (DMF)
- **Mark Schwartz** – County Manager

County Staff in attendance were:

- **Chris Horton**—County Auditor

Also attending were members of the public.

III. Approval of minutes from last meeting

On a motion by Christian Dorsey Co-Chair, seconded by Takis Karantonis, Co-Chair, the Audit Committee approved the minutes of the January 27, 2022 meeting. The motion passed by acclamation.

IV. Business

- 1) *County Auditor's FY2023 Annual Audit Plan*



- a) *Mr. Horton presented the preliminary draft of his FY2023 Audit Work Plan for review and discussion by the committee.*
- i) Mr. Horton provided an overview of his strategy and risk assessment process, noting that the plan and proposed topics are subject to alteration pending further consultation with relevant stakeholders.
 - ii) Mr. Horton noted that the primary focus of the FY23 Audit Work Plan is the completion of four carryover audits, with one new audit proposed focusing on compliance with Site Plan Conditions and Benefits, one Quick Response report focusing on the County’s recycling program, and up to ten follow-up audit reports to examine implementation of prior audit recommendations. He further outlined the balance of hours to be spent on risk assessment in the development of the FY24 Audit Work Plan, as well as administrative, training, or support activities to be conducted throughout the year.
 - iii) Mr. Horton provided a breakdown of carryover audit topics to be conducted in FY23, to include COVID-19 Cost Reimbursement, Risk Management, Housing Grants, Specialized Transit for Arlington Residents (STAR).
 - iv) Mr. Horton further elaborated on the proposed Audit of Site Plan Conditions and Benefits, focused on assessing compliance with and reporting on the implementation of County-imposed site plan conditions and benefits. Mr. Horton noted as well that there may be policy-level questions related to conditions imposed and benefits received, but that further investigation of these policies may necessitate additional resources.
 - v) Mr. Horton opened the floor to questions:
 - (1) Mr. Sigritz – Can you clarify the differences in scope between a Quick Response report or Letter Report, rather than a full audit? Mr. Horton noted that a full audit is conducted in compliance with professional audit standards and includes detailed background and methodology, whereas a quick response report aligns more closely with a memo that provides responsive or timely information on a topic of interest, without the inclusion of certain information typically required of a full audit.
 - (2) Mr. Vihstadt – The Work Plan identifies as many as ten follow up reports, of which five have been identified during this discussion – what will the



other five be composed of? Mr. Horton explained that he is conducting follow-ups on a six -month - rather than twelve-month – basis, and accordingly, there may be two separate follow-up reports issued for one audit in a given fiscal year.

- (3) Mr. Vihstadt – Can you explain the rationale behind the decision to move from twelve to six months between follow-up reports? Mr. Horton noted two primary reasons – first, a desire to report more timely on the significant efforts undertaken by departments to implement audit recommendations, and second, a desire to more closely track whether recommendations are being implemented timely in the first place.
- (4) Mr. Karantonis – Is it expected that management will proactively contact you to report on the status of implementation of audit recommendations? Mr. Horton noted that no, that is not an expectation, hence the desire to move towards more frequent follow-up reporting.
- (5) Mr. Vihstadt – Regarding your initial objectives for the Risk Management carryover audit, could you provide context for the sentence “this audit could not focus on the Risk Management function in the Department of Human Resources, since that function’s role is primarily related to Worker’s Compensation and commercial insurance used by the County?” Mr. Horton noted that the Risk Management function within DHR is very narrow in focus, and that the scope of the Risk Management audit is more broadly scoped to identify and discuss the process of identifying and managing risks across the enterprise.
- (6) Mr. Vihstadt – To what extent will this Risk Management audit report be informed by the various internal or contracted audit reports initiated by DMF? Mr. Horton noted a strong relationship with DMF and feels comfortable relying on these internal or contracted audits as a basis to inform relevant areas or topics in his work plan.
- (7) Mr. Sigritz – Are the hours remaining for carryover audit topics noted in section 2 of the work plan indicative of hours remaining as of March 31st, or as of the beginning of the Fiscal Year? Mr. Horton clarified that the hours remaining are as of March 31st and are subject to change in advance of the new fiscal year.



- (8) Mr. Wiggins – Is it your sense that the departments or organizations you plan to audit are back to full operational capacity post-COVID, and will be responsive to the timeframes and scope of work that have been laid out in this plan? Mr. Horton noted that it varies across departments but emphasized that responsiveness generally has not been an issue. Nevertheless, contingencies are in place to account for any delays or capacity issues.
- (9) Ms. Lohr – Related to the new audit proposed for Site plan Conditions and Benefits, can you explain the benefits process, and what benefits the County receives as part of a Site Plan? Mr. Dorsey explained that certain community benefits may be negotiated as part of the site plan process to help offset the potential negative impacts of a given development on the community. Mr. Vihstadt further noted that there has been significant interest in an analysis of these conditions and benefits, both among County and community stakeholders. Mr. Schwartz noted past efforts to assess the post-approval process for site plan developments, and that a number of recommendations were developed that have not been followed up on, given past and current resource constraints. He noted that this audit topic is both timely and could help inform policy related to post-approval enforcement.
- (10) Mr. Vihstadt – Who decides on the distinction between a major and minor site plan amendment, and on the appropriate level of community engagement when an amendment or modification is requested? Mr. Schwartz noted that this may be a deeper policy conversation to be conducted with the Board and Planning Commission.
- (11) Ms. Lohr – Is there an assessment done to determine the fair market value of a given benefit versus the quantitative harm a given development may impose on the community? And further, is analysis conducted to determine that those harmed by a given development are the ones primarily receiving the negotiated benefit? Mr. Horton noted that he is not in a position to answer to the technical aspects of this question, though it does highlight a potential issue of equity as it relates to the distributional impacts of a given Site Plan and those who are impacted by it. He also noted that while a full distributional analysis is outside the scope of this proposed audit, related work is underway at a County level to



identify and assess these impacts and is a topic for further policy discussion.

- (12) Mr. Vihstadt – Regarding the Manager’s mention of the 2006 study analyzing compliance with Site Plan conditions and mention of a request for follow-up from CPHD – has a follow-up study been completed, or is one in-process? Mr. Schwartz noted that a full follow-up study has not been completed, but rather a report on the status of the recommendations and their implementation. He further noted that the study and follow-up summary could serve as a stepping-off point for this proposed audit.
- (13) Mr. Sigritz – Can you outline the distinction between a Sector Plan and a Site Plan? Mr. Dorsey explained that a sector plan studies areas within the General Land Use Plan that may be the subject of certain special exception levels of development, whereas a site plan looks at individual parcels or proposed developments and is an entitlement process rather than a study. They are related but are not necessarily conditional on each other.
- (14) Mr. Sigritz – will you be in communication with the Planning Commission over the course of this audit? Mr. Horton responded that yes, they would be consulted.
- (15) Mr. Karantonis – Has consideration been given to a Quick Response Report on Privacy, rather than Recycling? Particularly given constituent interest on the subject of Privacy? Mr. Horton noted the interest.
- (16) Ms. Lohr – Related, and with regards to the Audit Horizon, is there a sense of prioritization of Short-Term Rental regulations? Anecdotally, there appear to be several areas of interest to the County that would merit a full audit. Mr. Horton noted the interest.
- (17) Mr. Sigritz – Related, and with regards to the Audit Horizon – have you given any thought to, or could you describe, which of these audits may entail a full audit versus a quick report, or is there a general sense of your prioritization? Mr. Horton noted that such analysis has not been done yet, though at a glance, all of the audits listed on the horizon



would entail either a full audit or letter report at minimum. Work will be done to help convey the potential scope of work for these future audits.

- (18) Mr. Vihstadt – Concurred with Mr. Sigritz’ thoughts, and Mr. Horton further explained his reasoning in including topics on the audit horizon even in such cases where resource limitations may preclude the ability to address them in this or upcoming fiscal years.
 - (19) Mr. Vihstadt – Have any items fallen off of the Audit Horizon other than Health Care Eligibility, and would there be any benefit to explaining the reasoning behind these audits dropping off? Mr. Horton noted that this information is generally contained in the introductory narrative to each section.
 - (20) Mr. Dorsey – circling back to Ms. Lohr’s questioning regarding Short Term Rentals, would it be possible to get an update from the Manager and Commissioner of Revenue as to the status of permitting and collection of fees? Mr. Schwartz responded in the affirmative.
- vi) Mr. Dorsey and Mr. Horton closed by affirming the committee’s interest in seeing work done on Privacy, rather than Recycling, and reaffirmed an interest in preliminary scoping of a Short-Term Rentals Audit.

2) *County Auditor’s Status Update*

- a) There were no questions posed regarding the County Auditor’s Status Update as presented on pages 20-22 of the April 7th Audit Committee Meeting Packet

3) *Next Meeting and Topics*

- a) The Committee will reconvene on June 2nd, 2022.

Adjournment

Co-Chair Dorsey adjourned the meeting at 7:22 P.M.

Minutes submitted by: Mason Kushnir, Deputy County Clerk