



# Arlington County Board

## Audit Committee

### *Meeting Minutes*

January 27, 2022

#### **I. Call to order**

Co-Chair Christian Dorsey called to order the virtual regular meeting of the Audit Committee at 5:00 PM on January 27, 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
- **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
- **David Powlitz** – Fire Chief
- **Michael Stewart** – Deputy Director, DMF
- **Rahul Bhalla** – Controller
- **Karen Spence** – Assistant Controller
- **Mason Kushnir** – Deputy Board Clerk

Other attendees:

- **Rob Churchman** – Partner, Cherry Bekaert
- **Brian Stockton** – Chief of Staff, Arlington Public Schools (APS)
- **John Mickevics** – Auditor, APS
- **Various community members**



### **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 December 2, 2021 meeting. The motion passed by acclamation.

### **IV. Business**

#### *1) External Audit Presentation and Discussion*

##### *a) Rob Churchman with Cherry Bekaert presented the FY 2022 Annual Financial Report*

- i) The audit covered areas relating to financial transactions and balances, including tests of underlying assumptions and significant estimates, and compliance with state and federal laws and regulations. The Report also includes introductory or supplementary information from un-audited sections that relate to finance or compliance.
- ii) Both Financial and Compliance components of the audit presented an unmodified opinion, with no material weaknesses found
- iii) There were no changes found in the County's accounting policies, other than to note a change in federal reporting requirements for GASB84 -Fiduciary Activities. There were no difficulties or disagreements over the course of the Audit, only two minor proposed adjustments recommended, and no finding of consultation with other auditors or accountants.
- iv) Mr. Churchman opened the floor to questions.
  - (1) Mr. Vihstadt – In previous years, the committee was presented as part of this report with certain non-material compliance matters, such as financial disclosure filing or improper access to county technological assets – were any such non-material compliance issues noted this year? Mr. Churchman noted that essentially no findings were noted this year, improvements have been made in the filing system for financial disclosures. Mr. Dorsey explained that financial disclosures are available for public inspection upon request.



- (2) Mr. Vihstadt – The report notes compliance testing with state and federal regulatory requirements in a number of areas, how would an individual learn more about the specifics of any one of those particular requirements? Mr. Churchman This is referring to the Audit Program Guide from the Virginia Auditor of Public Accounts. The guide is a roadmap outlining individual steps that should be taken to test given areas within an audit. A member of the public could, using this program guide as a basis, submit FOIA Requests for relevant records from the County. The audit standards themselves are also subject to a state level audit, for purposes of assuring the public of compliance with the standards laid out in the Audit Program Guide.
- (3) Mr. Wiggins – How are significant deficiencies handled and reported to management, if found? Mr. Churchman – Significant deficiencies must be reported if found, however, none were found in the course of this audit. Therefore, none were reported.

## 2) *Fire Department Overtime Follow-Up Report*

- a) Mr. Horton presented the results of the Fire Department Overtime Follow-Up Report.
- i) In April of 2021, two audit recommendations had been implemented. However, there are now 17 out of 23 recommendations that have been fully implemented.
- ii) Noting specific recommendations – related to recommendation 1.11, which calls for adoption of a formal policy when it is appropriate to request reimbursement for services, the unwritten preference of the current Fire Chief is not to charge for services rendered under a mutual aid agreement. Under this stated preference, the finding can be found to have been implemented, but should leadership or this policy change, the recommendation would need to be revisited.
- iii) There are three recommendations still outstanding, relating to billing processes for special events. Work on implementation has been delayed in part due to lack of special events during COVID-19.
- iv) Noting recommendations that have been partially implemented, specifically recommendation 3.1 – the partial implementation is due in part to outages



with the Telestaff system that impacted the ability to demonstrate implementation.

- v) Mr. Horton noted improvements that have been made to the ability to access and disseminate information through the PRISM and Telestaff systems
- vi) Mr. Dorsey opened the floor to questions.
  - (1) Mr. Sigriz – Related to the recommendation for special event cost recovery – is it the case that there is no cost recovery mechanism in place, and will a process be in place by the time events start to occur again? Chief Povlitz – Regarding 1.11, automation will take more time and a team is being assembled to explore implementation. Regarding 1.10 and 1.12, the Fire Department is working with Police to develop a fee schedule.
  - (2) Mr. Karantonis – Following on Mr. Sigriz’ question, how critical is the update of PRISM in enabling implementation and compliance with other recommendations? Chief Povlitz – Less critical, as the mechanism is currently in place, it’s just a manual process to reconcile between timekeeping and HR platforms and with Fire Department analysis systems. Regardless, progress is being made towards a Fire Department-oriented solution.
  - (3) Mr. Vihstadt – What are the implications for future Fire Department overtime, given the implementation of the Kelly Day? Chief Povlitz – To date, there has been minimal overtime and no holdovers (where staff are mandated to stay on after shift completion to meet minimum staffing). In addition, there has been a significant reduction in FLSA-mandated overtime. We will have a better understanding of cyclical overtime trends under the Kelly Day scheme in approximately six months. Mr. Vihstadt and Chief Povlitz also noted the improvements to recruiting and retention given the new Kelly Day policy.
  - (4) Mr. Dorsey – Regarding recommendation 1.11 – do we track the amount of mutual aid rendered, regardless of whether or not we request reimbursement? Chief Povlitz – Not necessarily, but it would not be difficult to do so.

### 3) *Update on Audit Committee Vacancy*



- a) Mr. Karantonis noted the reappointment of Mr. Vihstadt and the appointment of new member Dr. Luanne Lohr at the January County Board Meeting, and briefly outlined Dr. Lohr's background and qualifications. Both appointments are for two-year terms ending in January 2024.

4) *County Auditor's Status Report*

- a) Mr. Horton shared the Auditor Project Status Report through January 21<sup>st</sup>, noting specifically that the Non-Profit Funding audit will be available for review by the April Audit Committee Meeting, and that the COVID-19 Cost Reimbursement audit will be complete shortly thereafter. He also noted that the Risk Management audit should be completed by June of 2022
- b) Mr. Horton also noted a new spreadsheet posted to the Auditor and Audit Committee webpages that tracks all recommendations found under various audits, and shares status of their implementation. An update regarding this spreadsheet and its contents will be a regular component of the Auditor status report moving forward.
- c) Mr. Horton opened the floor to questions.
  - i) Mr. Sigritz – In the Audit Work Plan, you noted 50 hours to dedicate to the drafting of audit reports – are you finding this to be an appropriate allocation of time? Mr. Horton – 50 hours is roughly correct for this fiscal year, although in Calendar Year 2022 there will be between 6-8 reports issued, and additional time may be allocated to adjust in FY 23. The timeline for follow-up iterations has also been adjusted, from the initially planned 12-month timeframe down to 6-8 months.
  - ii) Mr. Vihstadt, to Mr. Schwartz – With respect to non-profit funding, how can you leverage the Auditor's work to further benefit County operations? Mr. Schwartz – The Board Chair and the Auditor are performing work that could be considered additive towards the development of a Notice of Funding Availability (NOFA) process. Mr. Horton is working in conjunction with the County Board Chair on her non-profit funding related project so that any work is complimentary and avoids redundancy.
  - iii) Mr. Vihstadt – Regarding the COVID-19 Cost Reimbursement audit, how is the work supplemental or additive to work already in progress by federal or state regulatory bodies, to avoid unnecessary redundancy? Mr. Horton –



Through leveraging relationships with peer organizations or associations, and by paying particular attention to work already being done at a state or federal level. Mr. Dorsey emphasized the need for this audit in the context of reputational risk should any inconsistencies be found.

- iv) Mr. Horton noted that he is interested in any feedback on the utility of the Audit Recommendation spreadsheet as a reporting tool. No specific feedback was given, other than to note a formatting issue on the webpage.

5) *Upcoming Meetings and Topics*

- a) The next meeting of the Audit Committee is scheduled for April 7<sup>th</sup>, 2022, to include review and comment on the draft Annual Audit Work Plan and discussion of any completed follow-ups or audits.

Adjournment

Mr. Karantonis adjourned the meeting at 6:57 P.M.

Minutes submitted by: Mason Kushnir, Deputy County Clerk