



Arlington County Auditor
Annual Audit Work Plan FY 2023

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Introduction

The Annual Audit Work Plan for Fiscal Year 2023 (FY 2023 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 and Risk Assessment

The Annual Audit Work Plan focuses on completing carryover audits with only two new topics proposed. The FY 2023 Plan is approved by the County Board and is designed to be flexible to respond to organizational needs as they arise. The FY 2023 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.

The FY 2023 Plan's new proposed topics, 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, reviews of County budget and Board discussions, and conversations with County Board members.

Overview of the Document

The FY 2023 Plan contains four sections. Section 1 provides an overview of the various County Auditor tasks for FY 2023. Section 2 shows carryover audits from FY 2022. Section 3 presents the new audit planned for FY 2023. Section 4 presents the Audit Horizon, which are audits that could be performed in future years.

County Board

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

Audit Committee

Christian Dorsey, Co-chair
Takis Karantonis, Co-chair
Luanne Lohr, 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 Resources for FY 2023

Section 1 provides an overview of how the County Auditor function will allocate time for FY 2023. The information is broken into two sections: *Audit-Related Activities* and *Administrative and Support Activities*. Section 1a shows new audits for FY 2023, and the disposition of audits from the FY 2022 Plan. Section 1b describes the variety of administrative activities anticipated for FY 2023. In previous years, the County Auditor included anticipated hours for various activities. Due to the gap between County Auditors that will occur in FY 2023, and the audit staff expected to be hired in January 2023, the hours for various activities cannot be reasonably estimated.

Section 1a: Audit-Related Activities

Activity Areas	General Description	Additional Descriptive Information
Carryover Audits	This category of work accounts for hours needed to complete audits that are carried over from FY 2022.	There are four audits ongoing or not yet begun (Objectives and estimated hours remaining to completion provided in Section 2).
New Audit	This category of work accounts for hours needed to complete proposed audits for FY 2023.	There is one full-scale audit proposed to begin in FY 2023: Site Plan Conditions and Benefits . The initial objectives are shown in Section 3.
Quick Response report (QRs)	QRs are non-audit, small-scope research reports that are intended to address relevant issues in a timely way. QRs would be issued to the public in the same manner as audit reports.	One QR report is proposed, focusing on a specific question about privacy, as shown in Section 3.
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.	With six audit reports complete as of the beginning of FY 2023, there will be several follow-up reports over the year.

Risk Assessment for FY 2024	The County Auditor generally begins work in January to develop a proposed Annual Audit Work Plan for the following fiscal year.	
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Section 1b: Administrative or Support Activities

Activity	General Description	Additional Descriptive Information
Training Hours	Audit staff obtain at least 40 hours 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.
Leave Hours	Leave hours are hours that are paid hours for which the audit staff is on leave. Leave hours includes holidays, vacation leave, and sick leave.	
Other Administrative	There are some administrative activities that do not fit easily into other categories.	<p>There will be numerous administrative hours in FY 2023 spent on the process of hiring two additional audit staff, funding for which is available beginning on January 1, 2023.</p> <p>Other administrative activities include supporting the Audit Committee, holding meetings with County Board members as needed, working with County information systems for various tasks (e.g., budget development and purchasing), overseeing any audit contractors, and engaging with other local government auditors to help identify ways to improve.</p>

Section 2: Carryover Audit Topics for FY 2023

Audit Area	Department	Initial Objective ¹
COVID-19 Cost Reimbursement	Department of Human Services; Arlington Economic Development	<p>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.</p> <p>This audit may be presented through two separate reports, one for each department.</p>
Risk Management	Cross-Departmental	<p>The initial objective is 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.</p>
Housing Grants Program	Department of Human Services	<p>The initial objective is to assess the effectiveness of the Housing Grants program in reviewing applications timely and determining eligibility accurately.</p>
Specialized Transit for Arlington Residents (STAR)	Department of Environmental Services	<p>The initial objective is to describe STAR's regulatory requirements, to assess the overall quality of customer service, and to evaluate STAR's financial sustainability.</p>

¹ The initial objective may change based on the results of the audit's planning phase.

Section 3: New Topics Proposed

Section 3 includes the proposed new topics for FY 2023. Both of these topics were on the FY 2022 Audit Horizon, although the initial objective for both has changed somewhat from the FY 2022 plan. Specifically, the *Site Plan Conditions and Benefits* audit adds specific reference to County benefits, while the *Privacy* quick response topic streamlines the focus of the work to the identification and tracking of laws and regulations governing privacy for Arlington County.

Audit Area	Department	Initial Objective ²
Site Plan Conditions and Benefits	Community Planning, Housing and Development	The initial objective would be to assess whether the site plan conditions the County imposes and benefits the County is supposed to receive are implemented, tracked, and followed-up effectively. 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.
Privacy (Quick Response Report)	Department of Technology Services	The limited-scope objective would be to determine whether the County has fully identified and appropriately tracked the laws and regulations governing privacy that are relevant to Arlington County.

² The initial objective may change based on the results of the audit’s planning phase.

Section 4: FY 2023 Audit Horizon

The purpose of an Audit Horizon is to list audit areas that could be assessed 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. There are no new audit topics on the FY 2023 Audit Horizon.

Updates

The following audit topics that appeared in the Audit Horizon for FY 2022 Work Plan are no longer on the Horizon. *The Health Plan Dependent Eligibility* topic will be substantially addressed by DMF Internal Audit team. The *Privacy* and *Site Plan Benefits* are added to FY 2023 Work Plan. Finally, the *Voter Registration and Outreach* topic was streamlined to focus on voter outreach and education efforts.

Topics are listed in alphabetical order.

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 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	Department of Human Services	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

	Department of Parks and Recreation	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.
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	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

	Planning, Housing and Development	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.
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.
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 Outreach	Office of the Electoral Board and Voter Registration	The initial objectives would be to assess 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.

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