



## ARLINGTON VIRGINIA

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*Arlington will be a diverse and inclusive world-class urban community with secure, attractive residential and commercial neighborhoods where people unite to form a caring, learning, participating, sustainable community in which each person is important.*

### **Meeting Minutes for 8<sup>th</sup> February 2024 Audit Committee Meeting**

#### **Audit Committee Members:**

*Takis Karantonis, Audit Committee Co-Chair (Present)*  
*Maureen Coffey, Audit Committee Co-Chair (Present)*  
*Mark Schwartz, County Manager (Present)*  
*Maria Meredith, Management & Finance Director (Present)*  
*John Tuohy, Community Member (Absent)*  
*Luanne Lohr, Community Member (Present via Video Conference)*  
*John Vihstadt, Community Member (Present)*  
*William (Bill) Wiggins, Community Member (Present)*

#### **Administrative Attendees:**

*Lynne Porfiri, Chief of Staff (Present via Video Conference)*  
*Mason Kushnir, County Board Deputy Clerk (Present)*  
*Sean Walker, CliftonLarsenAllen (Present)*  
*Karen Spence, Comptroller (Present)*  
*Lynda Mattocks, Management and Finance (Present)*  
*Michael Stewart, Management and Finance (Present)*  
*Kenneth Saccoccia, Internal Audit (Present)*  
*Moon Pacentrilli, Internal Audit (Present via Video Conference)*

*At 4:33 PM, Co-Chair Karantonis called to order the February 8<sup>th</sup> Audit Committee Meeting*

#### **Approval of Minutes from Prior Meeting:**

*Approval of the September 28<sup>th</sup>, 2023 meeting minutes was moved to the March 28<sup>th</sup>, 2024 Committee Meeting*

#### **Audit Committee Other Business:**

*Co-Chair Karantonis introduced incoming Co-Chair Coffey to members of the Audit Committee*

#### **Summary:**

*The Audit Committee met for purposes of receiving the CliftonLarsenAllen External Audit Update, the DMF Internal Audit Update, and a review of the Financial Fraud, Waste, and Abuse Hotline. The committee further discussed the vacant County Board Auditor position.*

#### **Discussion Items:**

*CliftonLarsenAllen External Audit Update*

Mr. Walker and Department of Management and Finance Staff presented the 2023 External Audit relative to the Annual Comprehensive Financial Report and Federal Grant Programs, resulting in a clean (unqualified) opinion. He shared an overview of audit processes and procedures, results of audits on the County's Financial Statements and administration of six federal program areas, an overview of required communications – including the location of and changes in accounting policies, an overview of any financial estimates, a report on conducting the Audit, and an overview of adjustments.

**Question & Answer Session:**

**Audit Committee Member Vihstadt:** on page 321, note 4 “loan programs” concerning federal expenditures for Community Development Block Grants and Home Investment Partnership Program – why the focus on these two HUD programs, and not other Federal loan programs? **Mr. Walker** - Disclosure of federally funded revolving loan programs is required, there were no others to disclose.

**Audit Committee Member Vihstadt:** What about County-administered loan programs, such as the Affordable Housing Investment Fund? Are they included in the Annual Comprehensive Financial Report? **Ms. Spence** – yes, refer to the first nine exhibits of the report covering major financial statements.

**Audit Committee Member Vihstadt:** Possibility of developing a more user-friendly version of this financial report for public consumption? **Ms. Spence** – a Popular Annual Financial Report (PAFR) could meet this need.

**Discussion Items:**

DMF Internal Audit and FFWA Hotline Annual Update

Mr. Saccoccia and Department of Management and Finance Staff presented an update on Internal Audit functions – to date, 54 audits have been conducted since FY15, with a resultant 198 findings. Audits covered areas of Contract Management, P-Card Compliance, Funds Handling, Asset Management, Payroll and Timekeeping, Inventory, and other special focus areas. He provided an overview of risk categorization, and an outline of the 165 audit findings subject to follow-up. He further provided an overview of recently completed audits, and FY24 audits in process.

Ms. Pacentrilli and Department of Management and Finance Staff presented an update on the Financial Fraud, Waste, and Abuse Hotline. There have been a total of 206 total complaints since implementation. She outlined the source of complaints, the percentages of those who returned to the reporting system for follow-up, the type and result of complaints, and the means by which the hotline is publicized.

**Question & Answer Session:**

**Audit Committee Member Vihstadt:** Context behind the twelve findings where testing is currently in process? **Mr. Saccoccia** – these are principally related to IT and Contract Management.

**Audit Committee Member Wiggins/Co-Chair Karantonis:** Reason for Contract Management findings categorized as high risk? **Mr. Saccoccia** – instances where terms and conditions of contracts were not met.

**Audit Committee Member Vihstadt:** How long will it take to complete the 58 items awaiting testing? **Mr. Saccoccia** – fair to estimate that 50% of these findings should be tested within the year, and there is an overall downward trend in outstanding and untested findings.

**Audit Committee Member Vihstadt:** how far back do some of these outstanding findings go? **Mr. Saccoccia** – some findings may go back several years, due to their complexity.

**Audit Committee Member Vihstadt:** Context behind the internal control follow-up reviews stemming from investigations? **Mr. Saccoccia** – these were reported through the FFWA hotline and were handled with departmental management.

**Audit Committee Member Vihstadt:** Context behind audit follow-ups of the DHS Adoption Program? **Mr. Saccoccia** – compliance with federal grants, certifications, financial documentation, etc.

**Members of the Audit Committee** discussed the scope of work related to the Dependent Eligibility and Nonprofit Contract Funds Audits.

**Audit Committee Member Lohr:** Clarifying that the scope of the DTS wireless device audit pertains to inventory controls, rather than an audit of usage or software? Ms. Pacentrelli responded in the affirmative.

**Audit Committee Member Vihstadt:** Has the post-pandemic environment presented any challenges with DTS asset management? **Ms. Meredith, Mr. Stewart** – to the contrary, due to better asset controls and device consolidation.

**Audit Committee Member Vihstadt:** Concerning the County's whistleblower protections, can you provide statistics? Number of times it has been invoked, etc.? **Ms. Meredith** – complaints are more often anonymous, in order to receive whistleblower protections, you must be named.

**Member of the Public Suzanne Sundburg (Via Teams Chat):** Now that the Whistleblower Policy is 9 years old, has staff considered reviewing it to see whether it offers sufficient protections to guarantee employees that they won't be subjected to harassment or retribution from management or co-workers? **Ms. Meredith** – this is currently under review. **Co-Chair Karantonis** – noted this as a discussion item for the March 28<sup>th</sup> Audit Committee Meeting.

**Discussion Items:**

Co-Chair Report on Audit Position Vacancy

Co-Chair Karantonis provided an overview of the transition, recruitment, and hiring plans for the new County Board Auditor, and requested feedback on the position posting language from members of the Audit Committee. He anticipated between two and three months to make the hire from the time of announcement, and anticipated the announcement being posted by the end of February. He provided a brief overview of the County Board Auditor's budget and staffing.

**General Discussion:**

Following a question from Audit Committee Member Vihstadt, there was discussion concerning the appropriate level of staffing and funding for the Internal Audit program, utilization of the County's contract with RMS, and the County's ability to leverage new technology to enhance audit functions.

**Next Audit Committee Meeting:**

The next meeting of the Audit Committee is scheduled for **March 28<sup>th</sup>, 2024 @ 4:30 pm.**

Adjournment

Without objection, at 5:59 pm, Co-Chair Karantonis adjourned the February 8<sup>th</sup>, 2024 Audit Committee Meeting.

Minutes submitted by: Mason Kushnir, Deputy County Clerk

~END~