



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 8th June 2023 Audit Committee Meeting

Audit Committee Members:

Christian Dorsey, Audit Committee Co-Chair (Present)
Takis Karantonis, Audit Committee Co-Chair (Present)
Mark Schwartz, County Manager (Present)
Maria Meredith, Management & Finance Director (Present via Video Conference)
John Tuohy, Community Member (Absent)
Luanne Lohr, Community Member (Present via Video Conference – arrived at 4:43 pm)
John Vihstadt, Community Member (Present)
William (Bill) Wiggins, Community Member (Present)

Citizen Participant:

Scott McCaffrey, The Gazette (Present)

Administrative Attendees:

Jim Shelton, County Auditor (Present)
Lynne Porfiri, Chief of Staff (Present via Video Conference)
Mason Kushnir, County Board Deputy Clerk (Present)
Kenneth Saccoccia, Internal Auditor (Present)
Moon Pacentrilli, Internal Auditor (Present)

At 4:36 PM, Co-Chair Karantonis called to order the June 8th Audit Committee Meeting

Approval of Minutes from Prior Meeting:

February 9th, 2023, Minutes – The Auditor amended the start of the FY24 Annual Audit Plan from the 1st quarter July 1, 2023, kick-off to a 2nd quarter 2023 October 1, 2023, kick-off. The February 23rd, 2023, Minutes were also amended to change unidentified to identified (3rd line).

Mr. Vihstadt moved to approve the meeting notes, which were seconded by Co-Chair Dorsey and approved unanimously by voice vote.

It was suggested that the FY24 Annual Audit Plan be presented at the upcoming Board Meeting.

The June 8, 2023, minutes will be submitted at the September 28, 2023, Audit Committee Meeting.

Audit Committee Other Business:

None Presented

Summary:

This meeting was held for the presentation and discussion of the FY2022 and 2023 Department of Management and Finance (DMF) Internal Audits, an update on the Financial Fraud, Waste, and Abuse Hotline, as well as a presentation of the draft FY2024 County Auditor Work Plan.

Discussion Items:

Internal Audit Presentation: Mr. Saccoccia and Ms. Pacentrilli shared the internal audit presentation outlining the status and results of the FY2022 and 2023 Audits and the summary of findings. In addition, Mr. Saccoccia and Ms. Pacentrilli shared a summary of the Financial Fraud, Waste, and Abuse Hotline activity

Question & Answer Session:

Audit Committee Community Member (Mr. Vihstadt) Questions: Regarding noncompliant or expired certificates of elevator inspections, have we identified who is not paying? Yes, the building operators weren't paying or paying on time. Who is responsible for monitoring elevator inspections within the County, does the State have any responsibility? It is a local responsibility. There were no safety implications here, but are these same inspections intended to elicit safety violations if there are any? Yes. Who maintains escalators and escalator inspections? The audit covered elevators rather than escalators. Regarding the DHS audit – have contractors ever issued P-cards, and did this audit include a review? No, contractors are not issued P-cards. Regarding the DES contract management audit – what were the contracts for, and what services were provided? Much of it was marketing for things like the commuter stores, bike share, walk to work, and more. What was the scope and breadth of the contract audit, and if interested parties wanted to know more, what would the appropriate means be? The best resource is to read the audit report, which is posted online. Regarding FIRE Billings, Receipts, and Funds Handling, can you give us context on services or a practical example? This is for fire inspections, e.g., a restaurant. Regarding the FFWA Hotline, what is the nature of “HR referred” complaints, e.g., personnel? Yes, often personnel. Is there a follow-up on these complaints? Yes, HR attends to them. Are the FFWA Hotline posters still displayed at County libraries? We aren't certain still in libraries but will follow up. **Statement:** Regarding the FFWA Hotline, examples would be helpful when discussing the substantiated complaints to demonstrate the continued value of the hotline.

Audit Committee Co-Chair (Mr. Dorsey) Questions: Regarding CPHD Contract Compliance – what level of review applies to determine if it is an appropriate contract and if services are aligned? The County is issuing an RFP for this service with our own requirements this time. Regarding the moderate findings from the DES Contract management audit – why are these not considered high-impact findings? This was a judgement call, and there were some excess requirements in the contract in some cases. Regarding the FFWA Hotline, for non-county complaints or similar – how are those handled or referred? Complaints are referred to the right organization, could be DHS or police or others. Have we benchmarked our FFWA Hotline results against other jurisdictions? Are rates comparable? We haven't done so recently but will.

Audit Committee Co-Chair (Mr. Karantonis) Questions: Now that everything is in Permit Arlington, is there some regular routine that flags things that need to be renewed at critical points? Yes. In the context of Transportation Demand Management (TDM) what informs your discretion (noting that we spend the most of jurisdictions in Virginia? In some cases, we didn't think the backup requirements were sufficient and in other cases it was probably too much. – Regarding the FFWA Hotline, what does “return to system” mean? The system allows for back-and-forth communication with the complainant to clarify questions while still allowing the complainant to remain anonymous. Are substantiated FFWA Hotline complaints categorized into risk categories in the same manner as audit findings? We do not classify them; we look at every single complaint and may notify the County Manager depending on the nature of the Complaint.

County Auditor (Mr. Shelton) Questions: In cases where contractors are billing constituents versus the county – what mechanisms exist for oversight? **Maria Meredith (DMF) Statement:** We have access to the bills and reports. What systems exist for billing? Internal Audit noted that Codepal is used for fire inspection billing, and Fire is currently soliciting a new system to replace Codepal. Why is cash held for ten days for sweeps

and deposits? Why not the same day, and what effect does this affect investment income? Are these small dollars that they are holding on to for ten days? There is a standard policy created with the Treasurer for the departments to follow. Typically, these are not large payments. IA will provide information on the size of inspection fees. The Manager noted that we are working with the Treasurer to eliminate the number of handwritten checks we get for payments, and the Treasurer is working on an expanded enterprise payment solution. Regarding Ambulance Billing historical data – when looking at contracts where the vendor is billing or taking payment on behalf of the County – do we examine what requirements exist for reporting back to the county for oversight purposes? Requirements are noted in the Audit Report.

Discussion Items:

County Auditor's FY24 Audit Committee Work Plan: Mr. Shelton shared a preliminary draft of the FY2024 Audit Work Plan.

Question & Answer Session:

Audit Committee Community Member (Ms. Lohr) Questions: Related to EMS billing, do the fees noted include or disaggregate air support services? **Statement:** Suggested checking mileage against a sample of vehicles and fuel receipts to confirm instances of partial refueling using county fuel vs. retail. **Clarifying Statement by Mr. Dorsey:** Such sampling would rely on the accuracy of mileage reporting, which is not currently validated.

Audit Committee Community Member (Mr. Wiggins) Questions: Regarding fuel cost review, what is the magnitude of funds being discussed? Are there guidelines governing when and where to refuel? Regarding DHS Medical Billing – requests clarification using an example. Is DHS doing a sufficient job of referring clients to State or Federal programs that could realize cost savings for the County?

Audit Committee Community Member (Mr. Vihstadt) Questions: Regarding the Fuel Cost Review audit – does this policy apply to constitutional offices? Did the prior Fleet Management audit explore aspects of this audit? Are School Buses operated by APS covered under the scope of this Audit? **The statement, corroborated by Mr. Dorsey:** Could be valuable to include a conclusion on the Fuel Cost audit noting that cost-containment aspects of fleet management related to maintenance and vehicle lifecycle were outside the scope of this audit and could be the subject of future review.

Audit Committee Co-Chair (Mr. Dorsey) Statement: Noting the County's planned transition to electric vehicles as part of its fleet and that scope of this audit will apply more to internal combustion public safety and Transit vehicles.

Audit Committee Community Member (Ms. Lohr) Questions: Regarding Ambulance Billing, who determines hardship adjustments? **Statement:** Potential value in examining individual instances of adjustments for broader trends.

The County Auditor's Responses: Regarding EMS billing – fees cover the comprehensive suite of services relative to ground-based equipment. Arlington does not operate air support services; it's not included in this audit. Regarding fueling guidelines, specific language is "must" use county-operated fuel pumps. The financial magnitude of the impacts of using retail fueling services is to be determined over the course of the Audit. The proposed Fuel Cost audit explores cost containment areas unrelated to the prior Fleet Management audit. Regarding DHS medical billing – referrals to external programs will be discovered through the course of the Audit. Hardship adjustment is generally handled at a departmental level, waivers and write-offs will be reviewed as part of this audit.

Next Audit Committee Meeting:

The next meeting of the Audit Committee is scheduled for **September 28, 2023, @ 4:30 p.m.** A 5th meeting was proposed for **January of 2024**, further details **TBD**. Draft Annual Audit Committee Work Plan will be presented to the County Board at the July 18, 2023, Recessed County Board Meeting

Adjournment

Without objection, at 6:24 pm, Co-Chair Dorsey adjourned the June 9th, 2023, Audit Committee Meeting. Minutes submitted by: Mason Kushnir, Deputy County Clerk

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