



Arlington County Board

Audit Committee

Meeting Minutes

June 19, 2017

I. Call to order

Co-chair John Vihstadt called to order the regular meeting of the Audit Committee at 5:33 PM on June 19, 2017 in Room 311 of the Arlington County Courthouse Plaza building.

II. Roll call

Vihstadt confirmed that all Audit Committee members were present:

- **Jay Fisette** – Co-chair
- **John Vihstadt** – Co-chair
- **Mark Schwartz** – County Manager
- **Stephen Agostini** – Director, Department of Management and Finance
- **Tenley Peterson** – Public Member, FAAC Representative
- **Hal Steinberg** – Public Member
- **Nancy Tate** – Public Member

Also in attendance were

- **Chris Horton**, County Auditor
- **Maria Meredith**, Deputy Director, Department of Management and Finance

III. Approval of minutes from last meeting

Vihstadt presented the draft minutes from the April 3, 2017 Audit Committee meeting. The minutes were approved 7-0 as presented.

IV. Business

1) *County Auditor Report:*

- a) Horton reviewed the ongoing development of County Auditor procedures. These are internal procedures that will structure the way that the County Auditor



function is run. Horton noted that the procedures build on protocols that were partially developed by RSM, the internal audit program's external consultant. The RSM protocols were requested by the Audit Committee in September 2016, prior to Horton's arrival. Horton reported that the first draft of the County Auditor policies and procedures would be in place by July 1, 2017. These would be offered to the Audit Committee co-chairs for advisory review this summer, and would be provided to the Audit Committee for advisory review in September 2017. Future changes to the County Auditor procedures will be at the discretion of the County Auditor.

- b) Vihstadt asked Horton to review community outreach about the County Auditor function that had occurred since April 2017. These included Horton's presentation to the Fiscal Affairs Advisory Commission on May 18, and his presentation to the Arlington Civic Federation on June 6. Both presentations provided an overview of the County Auditor position and current work, and featured a question and answer session. Horton reported that both sessions went well, with good questions being asked. In addition, Vihstadt and Horton noted that a presentation on the Emergency Medical Services fees audit recommendations and subsequent management actions occurred at the recessed Board meeting on May 23. Horton was not present at this discussion, and the discussion was led by Mark Schwartz, with Fire Department and Treasurer's Office also represented.
- 2) *Discussion of the draft Board Charge:* The Audit Committee members discussed the draft Board charge, which was scheduled for approval by the Board on June 20. Specific points of discussion are listed below.
- a) Audit Committee member suggestions, including:
 - i) adding "every three years" to the Peer Review section for clarification on the peer review cycle;
 - ii) adding the Certified Government Financial Manager (CGFM) designation under the Qualifications section in place of the Certified Public Accountant (CPA) designation;
 - iii) bringing forward two Audit Committee references occurring outside of the Audit Committee section into the enumerated list of Audit Committee roles and responsibilities; and
 - iv) clarifying that one of the citizen members would be drawn from the Fiscal Affairs Advisory Commission, as provided in the original County Auditor Board Charge.
 - b) There was a broad discussion regarding whether the Audit Committee would receive audit report before it was final, with an opportunity to provide comment



- on the findings, and some implications of this idea for the County Auditor and the Audit Committee. The Committee settled on a consensus that this was an issue to be addressed in the County Auditor procedures rather than the Board charge. Horton noted he would plan to provide the Audit Committee, Board members, and affected County management who did not already have a copy of the audit report with an advance final copy of the report 24 hours prior to its public issuance.
- c) The Audit Committee discussed the staggering of citizen member terms beginning in January 2018. No recommendation was made on how this would occur, but it might be via a random drawing of names.
 - d) The Audit Committee discussed the phrase “promoting the independence of the County Auditor” and suggested that a better action word would be “*upholding* the independence....”
 - e) The Audit Committee discussed the implications of receiving a report from the external auditor and what form feedback to the County Board would take regarding the issues raised in the external audit. Fisetete recommended striking this language in the enumerated list in the Audit Committee section, retaining the language regarding the Audit Committee *receiving* an annual report from the external auditor on the results of the external audit.
 - f) Since there was general consensus on making all the foregoing suggested changes to the Board Charge, Fisetete directed Horton to make a redlined version of the Board Charge with updates prior to the Board meeting to allow Board members to see changes created via the Audit Committee review process.
- 3) *Discussion of the draft Annual Audit Work Plan:* Horton reviewed the Annual Audit Work Plan (Work Plan) with the Audit Committee. Discussion ensued in various areas, including:
- a) The order of the phased Public Safety Overtime audits;
 - b) The usefulness of additional information about criteria for selecting the audits to be performed in FY 2018;
 - c) Suggested updates to the Audit Horizon, including Fisetete’s suggestion to add an audit of Economic Development Incentive Funds; and
 - d) A discussion of whether the Site Plan Benefits audit was still needed (the consensus was that it could stay on the Audit Horizon).

As a result of the discussion, Fisetete directed Horton to update Work Plan with additional information in the Introduction regarding the risk assessment process and the key criteria used to select the performance audits to be conducted in FY 2018; and



other changes as needed to reflect the Audit Committee consensus. These should appear in a redlined version of the Work Plan prior to the Board meeting to allow Board members to see changes created via the Audit Committee review process.

- 4) *Confirmation of next meeting date:* The next meeting will be held on September 25, 2017 at 5:30 PM in Rm 311 of the Arlington County Courthouse Plaza building.

V. Adjournment

Co-chair John Vihstadt adjourned the meeting at 7:35 PM.

Minutes submitted by: Chris Horton, County Auditor