



Arlington County Board

Audit Committee

Meeting Minutes

November 30, 2017

I. Call to order

Co-chair Fisette called to order the regular meeting of the Audit Committee at 6:00 PM on November 30, 2017 in Room 311 of the Arlington County Courthouse Plaza building.

II. Roll call

All Audit Committee members were present for the meeting:

- **Jay Fisette** – Co-chair
- **John Vihstadt** – Co-chair (arrived at 6:02, left at 6:49)
- **Mark Schwartz** – County Manager
- **Stephen Agostini** – Director, Department of Management and Finance (DMF)
- **Tenley Peterson** – Fiscal Affairs Advisory Committee representative
- **Hal Steinberg** – Public Member
- **Nancy Tate** – Public Member

Also in attendance were

- **Libby Garvey**, County Board member (arrived at 6:01, left at 6:49)
- **Chris Horton**, County Auditor
- **Maria Meredith**, Deputy Director, DMF
- **Bhavana Nichani**, Comptroller, DMF
- **Greg Bussink**, Principal, Clifton Larsen Allen (CLA)

III. Approval of minutes from last meeting

Co-Chair Fisette presented the draft minutes from the October 18, 2017 Audit Committee meeting. The minutes were approved 6-0.

IV. Business



- 1) *County Auditor report:* Chris Horton provided a status report for two ongoing audits. Both the Fleet Management audit and the Emergency Communications Center-Overtime audit are in the fieldwork phase. Horton reported that the carryover of unused FY 2017 County Auditor funds to FY 2018 was approved by the Board on November 28. These funds are to be used for audit contracting services. Horton reported that the process of identifying a vendor is underway.
- 2) *FY 2017 External audit report:* Greg Bussink from CLA made a presentation to the Audit Committee regarding the FY 2017 external audit. Bussink reported that the County received an unmodified, or *clean*, opinion regarding the County's financial statements, which are presented in the Comprehensive Annual Financial Report (CAFR). Bussink noted areas for which the auditor expresses an opinion, and some areas of the CAFR for which the auditor does not express an opinion (e.g., Management's Discussion and Analysis). Bussink noted that the County qualifies as a low-risk auditee, based on past findings, and that no adjustments to the financial statements were needed. Further, Bussink reviewed the "Other Matters" letter, also known as the management letter. This contained four minor observations, two of which were related to Arlington County and two to Arlington Public Schools.
 - a) Vihstadt asked about the observation in the Other Matters letter regarding some Statements of Economic Interest being turned in late.
 - i) Bussink noted that the auditors reviewed a sample of Statements for timeliness, and reviewed a sample of required submitters to see if they had turned in their Statement.
 - ii) There was general discussion regarding the Statements, as well as the penalty for turning them in late.
 - b) Vihstadt also asked how long CLA had been the County's external auditor, and how frequent the typical firm rotation is.
 - i) Bussink reported that CLA has done the external audit for the County for about 13 years. Agostini noted that during this time the County has gone back to the market for a re-bidding process at least once, and CLA has changed partners on the audit during its period of service to the County. Meredith reported that another re-bidding process will open to the public shortly. Bussink stated that at one point CLA lost the external audit contract with County during a re-bidding process, but later was asked to come back.
 - ii) Agostini discussed his experience at federal, state, and local jurisdictions. His observation was that contract lengths in local jurisdictions were typically for up to five years. In these cases, a re-bidding process would occur after five years.



- iii) In response to a discussion point about industry best practices and the Public Company Accounting Oversight Board (PCAOB), Steinberg noted that the PCAOB (which oversees the audits of publicly-traded companies) does not have an auditing firm rotation requirement. Steinberg observed that it is usually good to have a mandatory rotation of partners if the same auditing firm is retained over time.
- c) Peterson asked whether the external auditor reviews the actuarial projections related to schools. Bussink clarified that the auditors do not assess actuarial models for schools, or for the pension plan. Auditors sampled information used in the actuarial models for the pension plan to test the accuracy of some demographic information.
- d) Steinberg stated that he was impressed by the breadth and complexity of the County government after looking at the CAFR, and that there was more supplementary information in the County's CAFR than he had seen in other CAFRs.
- 3) *Next meeting date:* The 2018 Audit Committee meeting dates will be set once the composition of the 2018 Audit Committee is confirmed.

V. Adjournment

Co-chair Fisette adjourned the meeting at 6:56 PM.

Minutes submitted by: Chris Horton, County Auditor