Internal Audit Work Plan

Fiscal Year 2023

(2nd Half)

Department of Management and Finance

Internal Audit Services

Arlington County's Internal Audit Division is organizationally located in the Department of Management and Finance. Internal Audit is designed to add value and improve an organization's operations by utilizing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

Annually, Internal Audit compiles a work plan to guide the efforts of the division so that limited resources can be focused on the highest identified risk areas. To accomplish the Plan, the County employs both internal resources and external consulting services. The County Board has approved funding of 1.5 FTEs and the Division is fully staffed as of August 2021. RSM, LLC – a major provider of assurance, accounting and consulting services to government and corporations – will be working with the County to complete the plan. The RSM contract expires in April 2023 and an RFP was issued in November 2022 for a new contract. The proposals submitted in response to the RFP will be evaluated during 3rd Quarter FY 2023 with an expectation of a new contract award during the 4th Quarter FY 2023.

For the 2nd Half of the Fiscal Year 2023, in addition to evaluating the responses to the RFP, resources will be dedicated to completing several in-process audits and a comprehensive risk assessment to inform future audits. Resources will also be spent on following-up on the audit recommendations made in previously issued audits. The Work Plan also includes budgeted time for non-audit services, monitoring purchase card activity and internal administrative/quality assurance activities. The pages that follow provide an overview of the Internal Audit Work Plan with the caveat that the schedule is subject to change based on unexpected changes in risk that may affect the organization.

Risk Factors Considered for Selection in the Work Plan

Control Environment

- Existence of formalized policies and procedures, accountability, knowledge and training, operational changes,etc.

Materiality

- Revenues/expenditures, potential for loss, impact to the organization, etc.

Complexity of Activity/Business Process

- Level of complexity involved in day-to-day operations or conducting transactions, regulatory considerations, etc.

Information Technology Systems

- Utilization of automated systems to assist in achieving goals, help with decision-making, monitor progress, realize efficiencies, etc.

Management Concerns

- Management feedback on potential risks related to business operations and accomplishing the organization's mission.

Time Since Last Audit

- Time since last review or evaluation for the activity or department.

Internal Audits In-Process

During the 2nd Half of FY 2023, Internal Audit Resources will be dedicated to completing the following In-Process Audits

Contract Compliance Audit – Digitech

This contract compliance audit is focusing on the Arlington County Fire Department's (ACFD) contract with Digitech. Digitech provides ambulance billing services for customers of ACFD including claim submissions to Medicaid, Medicare and insurance companies. The contract compliance audit is evaluating the effectiveness of internal controls over the administration of the contract, compliance with County policies, and compliance with the terms of the contract.

Controls over Revenue Generating Activities and Funds Handling at Arlington County Fire Department

This audit is evaluating the controls over the Arlington County Fire Department (ACFD) revenue generating activities. The ACFD generates over $1 million in revenue per year for billable services provided including the issuance of permits and fire system testing. The audit includes evaluating for proper controls over funds handling and compliance with County policy and proper controls over the proper recording, invoicing and collecting for services provided by the ACFD.

Healthcare Costs - Dependent Eligibility

This audit is evaluating the dependent eligibility of members included in the County's health care programs. The primary objective of the audit is to ensure dependents covered under the County's health care plans meet the dependent eligibility requirements established by the County and identify potential weaknesses in controls over dependent eligibility.

Interdepartmental Purchases

This audit is evaluating the contract management and effectiveness of the County's interdepartmental contracting process. Interdepartmental contracts include contracts that are issued by one department and used by others. The audit is testing transactions to ensure usage of the contract by the other Departments meets the intent and expectations of the contract award (e.g., procured items align with the scope of the contract). The audit is evaluating whether the appropriate coordination is taking place between the primary contract project officer and the other Department personnel procuring goods and/or services from the contract. The audit is also testing to ensure multiple contracts are not being issued for the same general scope of work or goods and services.

Internal Audits – In Process

During the 2nd Half of FY 2023, Internal Audit Resources will be dedicated to completing the following In-Process Efforts

Invoice Review and Approval – County-wide

This audit is evaluating compliance with the County's Invoice Review and Approval policy. The policy requires invoice payments to be properly approved, well supported and compliant with contract terms. The review is being performed county-wide.

Risk Survey to Inform Future Audit Plans

Annually, Internal Audit compiles a work plan to guide the efforts of the division so that limited resources can be focused on the highest identified risk areas. Every three to five years, a comprehensive risk analysis is performed. This risk analysis has commenced with a survey that has been issued to selected County employees. The results are being summarized and analyzed and these results will be used to determined future audit areas.

Other Audit Services

Follow up on Prior Audits

Best Practices in Internal Audit require that Internal Audit establish a follow-up process to ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

Included within Management Responses in the previously issued internal audit reports is the targeted implementation date for remediation. Follow-up procedures are performed on those issues where the target dates have been reached, and ample time has passed under the new control (generally six months as resources allow) to verify and report the implementation status of the recommendations to the previously reported findings.

Monitoring Activities

Purchase Card Activity

The Internal Audit team performs continuous monitoring of purchase card transactions with the primary objectives to assist in identifying any misuse, misappropriation and/or potential fraud; identify opportunities to improve program effectiveness; and to ensure compliance with PCARD policies and procedures. PCARD transactional data is reviewed on a re-occurring basis using data analytics to identify transactions for a detailed review. The review results of the transactions are summarized and corrective actions and process improvements, if any identified, are initiated real-time.

Previously Completed Audits and In-Process

FY 2022
- [Contract Compliance – National Elevator Inspection Services](#)
- [DHS PCARD Purchases in Support of Client Services](#)
- **Invoice Review and Approval (In Process)**
- **Review of Controls over FIR Revenue Generating Activities (In Process)**
- **Contract Compliance – Digitech (FIR) (In Process)**
- **Interdepartmental Purchases (In Process)**
- **Health Benefit Dependent Eligibility Audit (In Process)**
- **Comprehensive Risk Assessment (In-Process)**

FY 2021
- [Affordable Housing Investment Funds](#)
- [CIGNA Medical and Pharmacy Claims Audit](#)
- [CIGNA Rebates Audit](#)
- [Contract Compliance - Department of Environmental Services- Arlington Commuter Services Contracts](#)

FY 2020
- [Contract Compliance – Department of Environmental Services – Transportation – Contract 513-15LW](#)
  [Contract Compliance – Department of Human Services – Contract 17-183-SS](#)
- Information Technology Governance and Risk Assessment - in process
- [Arlington 55 and Over Program](#)

Previously Completed Audits and In-Process

FY 2019
- Timekeeping Audit – Department of Human Services
- Contract Compliance – Department of Environmental Services – Facilities Design and Construction – Contract 16-368-RFP
- Server Inventory Audit – Department of Technology Services
- Contract Compliance – Department of Environmental Services – Facilities Design and Construction – Contract 17-223-RFP
- Purchasing Performance Audit
- Contract Compliance - CIGNA Administration
- Employee Expense Reimbursement Audit

FY 2018
- Contract Compliance – Department of Environmental Services – Equipment Bureau – Contract 580-13
- Contract Compliance – Department of Environmental Services – Water, Sewer and Streets – Contract 17-108-ITB
- Timekeeping – Department of Environmental Services – Facilities Maintenance Bureau
- Digital Production and Mail Center – Department of Environmental Services
- Sole Source Purchases
- County Wireless Devices
- Fuel Card Program
- End Point Device Inventory
- Vendor Management, Contract Compliance – Department of Environmental Services – ART Bus Operations

Previously Completed Audits

FY 2017

- Funds Handling – Department of Human Services: Child and Family Services and Financial Management Bureau
- Grant Compliance – Department of Human Services: catalog of Federal Domestic Assistance #93.659 – Adoption Assistance
- Contract Compliance – Department of Environmental Services – Contract 16-234-ITB
- Purchase Card – Department of Libraries
- Purchase Card – Department of Environmental Services – Water Pollution Control Plant
- Purchase Card – Department of Environmental Services: Transportation Division
- Contract Compliance – Department of Technology Services – Contract 582-14
- Purchase Card – Juvenile and Domestic Relations Court
- Funds Handling – Arlington Economic Development: Cultural Affairs Division
- Grant Compliance – Police Department – Seized Assets – Catalog of Federal Domestic Assistance #16.922 – Equitable Sharing Program
- Affordable Housing Investment Fund (AHIF) Multifamily Housing Loan Portfolio
- Inventory of Assets valued at Less than $5,000 – Department of Parks and Recreation
- Inventory of Assets valued at Less than $5,000 – Dept. of Environmental Services – Water, Sewer, Streets and Water Pollution Control Bureaus
- Payroll and Timekeeping – Human Resources, Department, Fire Department, Police Department, Department of Environmental Services (Water, Sewer Streets), Department of Parks and Recreation (Sports and Recreation Division), and Public Safety Communications and Emergency Management

Previously Completed Audits

FY 2016
- Department of Real Estate Assessments Administrative Appeals Process Review
- Purchase Card Review – Office of Emergency Management
- Purchase Card Review – Department of Police
- Purchase Card Review – Department of Community Planning, Housing and Development
- Purchase Card Review – Department of Parks and Recreation
- Purchase Card Review – Department of Human Resources

FY 2015
- Purchase Card Review of the Department of Environmental Services – Facilities Management and Equipment Bureaus
- Contract Compliance – Contract 596-14
- Cash Collection and Handling – Department of Libraries – Central Library
- Cash Collection and Handling – Department of Parks and Recreation – 3700 Four Mile Run Drive

Internal Audit Information

Internal Audit Mission:

- To strengthen County operations and minimize risk and fraud through systematic evaluation of operations and internal controls.

- To assist senior management and departments to effectively and efficiently implement County programs in compliance with financial, accounting and other County policies by conducting objective internal audits and reviews.

- To test internal controls to provide reasonable assurance that resources are safeguarded against waste and abuse.

- In conjunction with the County Manager's Office and other departments, implement the Financial Fraud, Waste and Abuse Hotline.

Copies of Audit Reports:

https://departments.arlingtonva.us/arlington-county-internal-audit-services/

Financial Fraud, Waste & Abuse Hotline:
Report suspected instances of fraud, waste or abuse

Phone: (866) 565-9206
Online: https://arlingtonva.ethicaladvocate.com