



Internal Audit Work Plan

Fiscal Year 2024

(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. 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 2nd Half of the Fiscal Year 2024 Work Plan includes audits identified by both a risk survey performed by RSM and a risk assessment process as detailed on the following page. The Work Plan also includes budgeted time for non-audit services, follow-up on previously issued audit recommendations, 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

Contract Funds Verification Audit

This audit will evaluate the funds disbursed by Arlington County's non-profit vendor Thrive under Contract 22-DHS-EP-8. The County has provided funds to Thrive for several years to provide financial assistance to eligible residents in need and those that may be at risk of becoming homeless. The audit will initially focus on FYs 2022 and 2023 where approximately \$10 million were distributed to those residents in need. The audit will review Thrive's records to verify the funds were disbursed per contractual terms and supported by source documents and funds were spent/dispursed within the limitations set by the contract. The audit will also verify the correct recording of the disbursements by fund and reconcile the funds disbursed to the reports provided to the County.

Key Risk Areas:

- Proper controls over the disbursement of funds
- Proper reporting to the County of funds spent/dispursed by fund

Contract Compliance Audit

This contract compliance audit will focus on a contract where the County utilizes a vendor to execute certain operations and provide services on the County's behalf.

A County Contract Administration Policy, updated in August 2020, provides guidance to Project Officers to assist with oversight responsibilities for an assigned contract. The contract compliance audit will focus on a specific contract and evaluate the effectiveness of internal controls over the administration of the contract, compliance with County policies, and compliance with the terms of the contract under audit. An internal contract compliance audit of a third party vendor may utilize the County's right to audit clause, and focus on reviewing vendor processes and related controls.

Key Risk Areas:

- Monitoring of vendor performance
- Accuracy of vendor reporting
- Appropriateness of expenditures per contract terms
- Compliance with County policies
- Quality of Services Provided

Internal Audits

Information Technology Access Controls Audit

Our comprehensive risk assessment performed last year identified potential risks related to data governance. Data governance includes the internal controls over the of the execution and management of County data to ensure strong security of data and reliable output for decision makers. Inherently high-risk exists wherever sensitive information is collected, stored and used. An access control audit will test one critical component of data governance. This audit will test the access management over selected sensitive County applications to include management for new/modified users and terminations and privileged users. The audit will also test the password management and the periodic validation of access to the applications and data.

Key Risk Area:

- Potential lack of consistency and rigor in the design and implementation of controls over management of access to certain key business applications

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 quarterly 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.

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>

Background

Listing of Completed Audits FY 2015- FY2024

Previously Completed Audits and In-Process

FY 2024

- [HDR Contract Compliance Helmsman Management Services Contract No. 19-147-RFP \(Worker's Compensation Portion\)](#)
- DHS – Funds Verification Review - Thrive Contract 22-DHS-EP-8. (In Process)
- DPR - Controls over Revenue Generating Activities and Funds Handling (In Process)

FY 2023

- [Invoice Review and Approval](#)
- [Review of Controls over FIR Billing, Revenue and Funds Handling](#)
- [FIR Contract Compliance – Digitech](#)
- [Interdepartmental Purchases](#)
- [Purchase Card Monitoring Executive Summary – December 2022](#)
- [Purchase Card Monitoring Executive Summary-September 2022](#)
- Health Benefit Dependent Eligibility Audit (In Process)

FY 2022

- [Contract Compliance – National Elevator Inspection Services](#)
- [DHS PCARD Purchases in Support of Client Services](#)
- [Purchase Card Monitoring Executive Summary – April 2022](#)
- [Purchase Card Monitoring Executive Summary – July 2021](#)

Previously Completed Audits and 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](#)
- [Purchase Card Monitoring Executive Summary – May 2021](#)
- [Purchase Card Monitoring Executive Summary – January 2021](#)
- [Purchase Card Monitoring Executive Summary –October 2020](#)

FY 2020

- [Contract Compliance – Department of Environmental Services –Transportation – Contract 513-15LW](#)
- [Contract Compliance – Department of Human Services – Contract 17-183-SS](#)
- [Arlington 55 and Over Program](#)
- [Purchase Card Monitoring Executive Summary – March 2020](#)

Previously Completed Audits

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](#)