

*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 26, September 2024**

**Audit Committee Meeting**

***Audit Committee Members:***

*Takis Karantonis, Audit Committee Co-Chair (Present)*

*Maureen Coffey, Audit Committee Co-Chair (Present)*

*Mark Schwartz, County Manager (Present)*

*Maria Meredith, Management & Finance Director (Present)*

*Thelma Askey, Community Member Present (Present via Video Conference at 5:15PM)*

*Luanne Lohr, Community Member (Present)*

*John Vihstadt, Community Member (Present)*

*William (Bill) Wiggins, Community Member (Present)*

***Administrative Attendees:***

*Wayne Scott, County Auditor (Present)*

*Mason Kushnir, County Board Clerk (Present)*

*Marjorie Sandoval Fonseca (Present)*

*At 4:35, Co-Chair Takis Karantonis called to order the September 26, 2024, Audit Committee Meeting*

***Summary:***

*The Audit Committee meeting included four items requiring Audit Committee approval and one informational item all of which are listed below. Item 7, Interim FY 2025 County Auditor Work Plan, was listed under Informational Items, but a vote was taken by the Committee to recommend the Work Plan be presented to the County Board for approval. Before proceeding into the action and information items, an introduction of the new County Auditor was made.*

***Item 2*** *-* ***Introduction of the County Auditor.***

*Mr. Scott provided an overview of his career, qualifications, and his strategy for conducting audits. He discussed his over 34 years of experience split between private industry and the public sector. Nearly all his previous work experience has been in the audit profession. His private industry experience was in the commercial aviation industry where he began his career as a Staff Auditor and over the years rising to an Audit Manager. During this time, he also served as an Acting Director until a permanent individual was identified. He explained his public sector experience included 17 years for a federal government not for profit corporation. Here he served as the head of the audit function and was responsible for building a large audit team performing performance and regulatory compliance audits. During his time in this role, he worked closely with the Federal Communications Commission Office of Inspector General, and several other large government agencies which included the General Accountability Office, Department of Education and Department of Interior.*

*Mr. Scott gave an overview of his educational background to include a BS in accounting, and he is a certified as both an Internal Auditor and an Information Systems Auditor. He described his audit strategy as a being client and team focused and following a detailed and thorough process when conducting audits.*

*Committee members welcomed Mr. Scott to Arlington County and said they will look forward to working with him.*

***Action Items:***

***Item 3 – Electronic Meeting Attendance Policy***

*Mr. Kushnir presented the new Electronic Meeting Attendance Policy, in response to the 2024 General Assembly legislation requiring all Board-adopted advisory commissions and committees to establish an annual policy for electronic participation in meetings. The policy outlines two scenarios for virtual participation:* ***All-Virtual Meetings****: Conditions must be met for the entire committee to meet virtually. Most of these conditions are not applicable to this committee.* ***Remote Participation****: Specific circumstances allow individual members to participate remotely. This includes: Personal matters communicated to the chair at least one day prior to the meeting, allowing for virtual participation in up to 25% of meetings or a maximum of two meetings in a calendar year and Temporary or permanent medical conditions affecting attendance, or caregiving responsibilities for a family member with similar conditions, as defined by Virginia code. The procedural requirements for virtual participation are detailed in the policy. To ensure compliance with regulatory changes, Mr. Kushnir recommended that the committee adopt this policy annually at the first meeting following July each year.*

***Question & Answer Session:***

***Mr. Karantonis:*** *Clarified that the committee needs to adopt the policy to comply with Virginia state law.*

***Mr. Kushnir:*** *Confirmed that the policy needs to be readopted annually, with a recommendation to do so at the first meeting after July 1st to address any changes from the recent General Assembly session.*

***Ms. Askey:*** *Asked if action was required today.*

***Mr. Kushnir:*** *Explained that a vote is necessary today for any member to participate virtually moving forward. He emphasized the need for arrangements to ensure members can be heard, and preferably seen, during meetings. A physical quorum must also be present for virtual participation to be valid.*

***Ms. Coffey:*** *Inquired if this aligns with previous requirements.*

***Mr. Kushnir:*** *Affirmed that the essential changes include updated definitions for caregivers and an increase in the maximum allowance for virtual meetings from 25% to 50% for the entire committee.*

***Mr. Karantonis:*** *Stressed that members participating online must have their cameras and microphones on when voting; otherwise, they will be marked absent for that duration.*

***Mr. Kushnir:*** *Acknowledged uncertainty about the application of the camera requirement for individual members participating virtually but offered to clarify.*

***Mr. Vihstadt:*** *Requested a link to the relevant statute or a summary for the full committee.*

***Mr. Kushnir:*** *Agreed to provide that information.*

*Moved by Mr. Schwartz, seconded by Ms. Coffey, approved unanimously, by voice vote.*

***Item 4*** *–* ***Approval of June 26, 2024, Meeting Minutes.***
*Committee Co-Chairs present this item.*

***Approval of Minutes from Prior Meeting:***

*June 27th, 2024- Amended to remove* ***“****findings and” from Page 2, third paragraph, to accurately reflect what was discussed in the meeting, to remove PRISM+ and substitute with Oracle because APS uses a different system, to replace “readopted” with “updated” to accurately reflect what the Board does, to replace “Mrs. Meredith” with “the review committee”, to replace “her departments” with “within the office”.*

*Moved by Mr. Vihstadt, seconded by M. Coffey, approved unanimously, by voice vote with Mr. Wiggins abstaining.*

*Minutes to be submitted on the* ***December 12, 2024,*** *Audit Committee Meeting.*

***Item 5*** *–* ***Approval of Proposed Revisions to County Board Charge.*** *Mr. Scott introduced this item to the Committee. In his presentation he discussed these proposed changes were developed in collaboration with Ms. Meredith. Mr. Scott provided a summary of the changes which included the following:*

* + *Revised the government audit standards reference footnote on page 1.*
	+ *Made some stylistic clarifications under the professional development section.*
	+ *Clarify the County Auditor responsibilities under the Management Response section.*
	+ *Revised references to community members versus residents. This change is to be consistent with the website.*
	+ *Moved the sentence for the Fiscal Affairs Advisory Commission to improve flow within the charter.*
	+ *Removed a duplicated responsibility section.*
	+ *Defined periodic as semi-annual with regards to audit follow up reporting.*
	+ *Clarification of external auditor reporting*
	+ *Added a requirement for annual review of the Board Charge*
	+ *Also, an annual meeting planner was created to assist with future meeting planning and compliance with the County Board Charge.*
	+ *Mr. Scott concluded his remarks and asked the Committee member what questions they have.*

***Question & Answer Session:***

***Discussion on Changes to Membership Language***

***Mr. Vihstadt:*** *Inquired about the change from "resident" to "community member," expressing a desire for clarity on the role and implications of this terminology.*

***Mr. Scott:*** *Suggested including a footnote definition of "community" to enhance clarity.*

***Mr. Vihstadt:*** *Expressed a preference for ensuring appointees are county residents, while allowing for some flexibility.*

***Ms. Coffey:*** *Stated that the change in language does not alter the approach to appointments, which are defined elsewhere.*

***Mr. Vihstadt:*** *Agreed with Ms. Coffey's perspective.*

***Ms. Askey:*** *Suggested that appointments could be evaluated on a case-by-case basis, particularly for individuals still active in the community despite living elsewhere.*

***Mr. Karantonis:*** *Emphasized the importance of clear engagement in advisory commissions.*

***Mr. Vihstadt:*** *Clarified that he is not advocating for a change back to "resident."*

***Mr. Karantonis:*** *Confirmed no strong objections to maintaining "community member."*

***Discussion on Peer Review Cycle***

***Mr. Wiggins:*** *Asked about the timing of peer reviews and their implications for the work plan.*

***Mr. Scott:*** *Explained that peer reviews are required every three years. Due to recent updates to standards, he does not recommend conducting a peer review at this time, as it would not meet the current standards.*

***Ms. Coffey:*** *Confirmed this assessment regarding standards.*

***Mr. Scott:*** *Mentioned that a gap analysis for the 2024 standards is ongoing and that the peer review could be scheduled to comply with the new standards by June 30, 2027.*

***Mr. Wiggins:*** *Suggested having a discussion item in advance of the deadline to prepare.*

***Mr. Scott:*** *Agreed that this would be a good idea.*

***Ms. Karantonis:*** *Highlighted the importance of reviews and certifications, noting the 2027 deadline.*

***Mr. Vihstadt:*** *Asked if the peer review requirement applies to other county functions, including internal audits.*

***Mr. Scott:*** *Clarified that the internal audit structure does not require a peer review due to independence and organizational considerations.*

***Ms. Meredith:*** *Added that while there is no formal peer review process, the internal auditors informally review each other's work.*

*Moved by Mr. Karantonis, seconded by Ms. Meredith, approved unanimously, by voice vote.*

***Information Items:***

***Item 6***– *Co-Chairs Report.*

***Ms. Coffey:*** *Expressed excitement about reaching this point in the meeting and confirmed ongoing collaboration with Mr. Scott on audit matters.*

***Mr. Karantonis:*** *Noted a positive return to normalcy in communication with the auditor and the audit function. He mentioned that the committee is currently preparing a report on the audits, which will be presented once finalized, indicating that they are in the final stages of preparation.*

***Question & Answer Session:***

*N/A*

***Item 7 – Interim FY 2025 County Auditor Work Plan******Summary:***

*Mr. Scott provided the background for developing the interim work plan. He explained a FY 2025 plan was not in place at the time of his July 23, 2024, appointment. He explained he held a series of meetings with County Board members, executive leadership of the County Manager’s staff to assist in a plan development.
The plan was developed by reviewing the prior audits plans for FY 2023 and FY 2024. This review noted nine total audits of which one was completed. All previously suggested audits were then evaluated based on risk, complexity, and relevancy. The plan was presented in three sections: Performance Audits – Audits scheduled within the Plan term, Follow Up Activities – Strategy and approach to clear prior audit recommendations. Office of County Auditor Infrastructure – Update policies, procedures, job aides, and staff recruitment. Mr. Scott explained the planned performance audit like Housing Grant program, Specialized Transit for Arlington Residents (STAR) and Site Plan Conditions and Benefits following up the audit activities like Emergency Communications Center Overtime, Police Overtime, Fire Overtime, Department of Technology Services, Feet Management, Nonprofit Funding, Emergency Medical Services.*

***Question & Answer Session:***

***Discussion on Audit Prioritization***

***Mr. Vihstadt:*** *Asked about the prioritization of audits, particularly whether those with fewer open items would be addressed first or if focus would be on those with more significant findings.*

***Mr. Scott:*** *Explained that a project plan has been developed to manage audits, scheduling two follow-up audits at a time. Initial audits will focus on fire overtime and emergency medical services. He aims to balance the workload and complete follow-up audits by the end of the fiscal year, emphasizing the need for solid committed dates for corrective actions before conducting full follow-up audits.*

***Ms. Askey:*** *Expressed concern over the lengthy duration of open audits from 2018 and 2019 and questioned whether this is typical.*

***Mr. Scott:*** *Acknowledged that the time frame can vary based on the nature of findings and resources available for implementation. He noted gaps in follow-up due to transitions between auditors, stressing the importance of prioritizing follow-ups.*

***Discussion on Audit Implementation and Monitoring***

***Ms. Askey:*** *Inquired how the follow-up process would address emerging issues and ensure timely resolution of recommendations.*

***Mr. Scott:*** *Responded that he plans to report on the status of findings biannually, incorporating any emerging issues into follow-up updates to maintain accountability.*

***Mr. Wiggins:*** *Suggested that during new audits, findings could be categorized by urgency for clearer prioritization.*

***Ms. Askey:*** *Highlighted the importance of monitoring overtime within key departments due to its complexities and potential issues.*

***Mr. Scott:*** *Agreed that large operations may require ongoing internal controls monitoring and acknowledged the need for regular audits in areas with significant expenditures.*

***Mr. Karantonis:*** *Discussed recent changes in overtime management and staffing challenges, emphasizing the county's focus on addressing these issues.*

***Audit Committee Member Updates***

***Mr. Vihstadt:*** *Expressed enthusiasm for a diverse audit focus across the county's operations.*

***Mr. Karantonis:*** *Clarified the distinction between different programs and the necessity for effective oversight, particularly in housing grant and eviction prevention initiatives.*

***Ms. Askey:*** *Brought up concerns regarding community impact due to private property expansions into public parks.*

***Mr. Vihstadt:*** *Requested clarification on the specific park mentioned.*

***Ms. Askey:*** *Identified Rock Spring Park as an area of concern.*

***Mr. Karantonis:*** *Offered to follow up on the issue.*

*Moved by Ms. Meredith, seconded by Ms. Coffey, recommend the work plan to the County Board for approval unanimously, by voice vote.*

***Next Audit Committee Meeting:***

*The next meeting of the Audit Committee is scheduled for* ***December 12, 2024****.*

*Adjournment*

*Without objection, at 6:24pm, Co-Chair Maureen Coffey adjourned the September 26, 2024, Audit Committee Meeting.*

*Minutes submitted by:**Marjorie Sandoval*

*~END~*