



ARLINGTON COUNTY AUDITOR FOLLOW UP AUDIT REPORT REPORT NO. DTS2025FL001

INTRODUCTION

In accordance with the FY 2025 Audit Plan, the Office of County Auditor (OCA) conducted a follow-up audit to the Department of Technology Services (DTS) audit report issued May 2021. The purpose of this follow-up audit was to assess whether the outstanding audit recommendations implemented by management effectively addressed the original findings identified by OCA.

BACKGROUND

As part of the FY 2020 Annual Audit Work Plan, OCA performed a performance audit (audit) of the contract management process in DTS. In Arlington County (the County), contract management is primarily the responsibility of a department that uses a contract, such as DTS. Contract management involves overseeing signed agreements between the County Purchasing Agent and vendors, fostering ongoing relationships to ensure contract compliance and maximize value for the County. Some DTS-managed contracts are also utilized by other departments. DTS assigns a primary owner, and sometimes a secondary owner, to each contract. These individuals are responsible for key management tasks and are selected based on their operational expertise to evaluate contract effectiveness.

In May 2022, OCA issued a follow-up audit report, noting that seven of the nine findings remained open. This follow-up aims to verify the status of these seven findings, as detailed in the "Audit Findings and Recommendation Status" section.

CONCLUSION

Management has addressed the audit findings and implemented corrective actions for six of the seven findings. Audit finding 1.6 will be monitored and verified after 4Q2025, with results reported to the Audit Committee.

The Office of County Auditor thanks DTS and DMF for their support during the follow-up process.

AUDIT FINDINGS AND RECOMMENDATION STATUS

Audit Finding 1.1	Effective contract management files are not adequate.	
Recommendation	Action Taken	Conclusion
DTS should review the current contract management maturity model and identify areas of improvement in both the short and long term. These should be incorporated into the department's strategic objectives to strengthen and enhance procedures in order to continue meeting the needs of other County departments and the public.	The May 2022 follow-up audit confirmed that DTS reviewed the contract maturity model, implemented process improvements with supporting documentation, and adopted a DTS Procurement Policy. DTS has since updated its policy to reference the Contract Administration appendix in the County Procurement Policy, revised the SharePoint site for contract management, and ensured Contract Administrator training records were accurate and well-maintained, as verified by OCA.	Implemented. No further action required by OCA

Audit Finding 1.2	Lack of in-depth contract management and ethics training for DTS staff.	
Recommendation	Action Taken	Conclusion
DTS should develop a schedule for refresher trainings related to contract management skills and ethics to be regularly administered to all contract management staff. DTS should also consider working in conjunction with the Purchasing Office to determine if this training can be administered to all County staff. DTS should maintain evidence of employees' completion of the initial contract management training, as well as any refresher trainings in training logs. These logs should detail the employees'	OCA reviewed staff training logs, detailing completed courses, dates, and upcoming refresher sessions. The Purchasing and Ethics Refresher Course and the Solicitations and Contracts Refresher Course require a minimum passing score of 70%. A sample comparison of Project Officers against	Implemented. No further action required by OCA.

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Audit Finding 1.2	Lack of in-depth contract management and ethics training for DTS staff.	
Recommendation	Action Taken	Conclusion
names, the course completed, and the date completed. Other County functions, such as the Human Resources Department, may be able to assist in maintaining this training log information and making it available upon request to DTS.	training logs revealed no discrepancies.	

Audit Finding 1.3	Contract management training does not cover skills required and proper governance.	
Recommendation	Action Taken	Conclusion
DTS should identify a supplementary contract management training that addresses skills and topics discussed in VPPA, as well as other best practice guidelines for contract management. Subsequently, DTS management should begin a process of systematically training all contract managers to ensure consistent practices are being performed across the department.	DMF Purchasing provides Project Officers with contract administration training covering oversight, governance, and performance management. The training content was reviewed and was found to be sufficient.	Implemented. No further action required by OCA.

Audit Finding 1.4	There are no department policies and procedures for contract management.	
Recommendation	Action Taken	Conclusion
DTS management should review and disseminate the revised County Contract Administration Policy to all contract managers to be utilized in the execution of contract administration procedures. County guidance should be adhered to by all contract managers and enforced by department management	The County Purchasing Manual, including the Contract Administration appendix, is readily available on <i>AC Commons</i> and accessible to all County employees. Additionally, the DTS Procurement Policy is published and accessible to all DTS employees on the DTS SharePoint site.	Implemented. No further action required by OCA.

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Audit Finding 1.5	Specific departmental contract management procedures are not established.		
Recommendation	Action Taken	Conclusion	
DTS management should develop department-specific contract management procedures that align with the County's Contract Administration Policy and best practices pertaining to the administration of technology contracts. Procedures should adhere to the overarching County policy, with specific guidance related to the types of contracts managed by the department. Working with the Purchasing Office would help to implement this recommendation.	The corrective actions noted under Audit Finding 1.1 resolved this recommendation.	Implemented. No further action required by OCA	

Audit Finding 1.6	Contract file management is not consistent.		
Recommendation	Action Taken	Conclusion	
DTS contract managers should review the County's Contract Administration Policy and update all contract records to align with the contract file requirements outlined. As new contracts are executed, contract files should be set up and maintained regularly by the assigned contract manager.	OCA conducted a review of the DTS contract SharePoint site to assess its completeness and accuracy. No exceptions were noted. However, six contracts were randomly selected to verify that proper documentation was maintained to ensure compliance with the Contract Administration Policy. Of these, three contracts could not be verified for compliance with policy requirements.	Continuing Action Required. Further follow-up activity will be performed post 4Q2025.	
		Management Response: DTS will create a Super Project Officer function within the DTS Finance team to oversee contract management across the department, review and audit processes and documentation and provide a level of assurance on compliance and standardization across the department. This function will be integrated into existing job responsibilities and will not require additional resources. DTS has made great efforts to improve the contract management functions and ensure all project officers are aware of the responsibilities of the role. In the fall of 2021, DTS implemented a purchase requisition process in ServiceNow with a workflow that requires approval of all requests by the DTS Procurement Officer and	

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Audit Finding 1.6		Contract file management is not consistent.	
Recommendation		Action Taken	Conclusion
			the DTS Finance Manager to verify that quotes and requests are in compliance with the terms of the contract and with the County's policy. In 2022 the DTS Finance team stood up monthly meetings with project officers to answer questions, provide updates on contract matters and policy changes. To address this most recent finding, DTS will be developing some standardized tools, such as check lists for reviewing invoices, guides for invoice review and contract management, and annual training to DTS project officers on use of these tools, DTS processes, and DTS contract management practices. Expected implementation will be 4Q2025.

Audit Finding 2.1		Contract Administration guidelines to provide specific guidance for Project Officers regarding when the inter-departmental coordination is needed prior to purchase approval is not included within the policy.	
Recommendation		Action Taken	Conclusion
DTS should work in conjunction with the Purchasing Office, and other departments that issue enterprise-wide contracts, to develop a risk-based set of standard procedures related to: interdepartmental communication pertaining to enterprise-wide contracts; the management of those contracts; and invoice processing requirements. Procedures should be included within the County Contract Administration Policy currently contained in the Purchasing Manual and disseminated to all departments for implementation.		The Contract Administration section has been updated with the agreed language between DMF and OCA and published on December 2, 2024.	Implemented. No further action required by OCA.

ABOUT US

Compliance Statement

The County Auditor conducted this follow up audit by applying the applicable principles of generally accepted government auditing standards. The government auditing standards do not cover follow up reviews. The County Auditor's follow-up work is informed especially by the principles articulated in the following key standards: evidence; documentation of auditor's work; communication with an audited entity; reporting of audit work to those charged with management and governance; and auditor professional judgment. The County Auditor employs a risk-based approach to follow-up work. The County Auditor requires verification of the implementation status for all recommendations that are initially reported by management to be implemented.

Authority

The County Auditor is appointed by the Arlington County Board under the authority of § 15.2-709.2 of the Code of Virginia, 1950, as amended.

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REPORT DISTRIBUTION

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