ARLINGTON
VIRGINIA

Audit of the County's Decentralized Procurement Process

9/2026

DMF2026PF001

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EXECUTIVE SUMMARY

Why We Did This Audit

The County has a decentralized procurement model requiring departments to follow applicable County policies and the VPPA.

Arlington County uses a hybrid procurement model, with the Department of Management and Finance (DMF) serving as the central procurement authority. Through its Purchasing Division, DMF provides procurement governance, oversight, and support and manages procurements requiring centralized administration due to their complexity, value, or other considerations. For purchasing smaller and less complex activities, the County uses a decentralized model that delegates purchasing authority to departments for certain procurement activities. Because departments are responsible for conducting procurements within established thresholds and requirements, it is important that procurement activities are administered consistently and in accordance with the County Purchasing Resolution, the Countywide Purchasing Manual, and applicable provisions of the Virginia Public Procurement Act (VPPA)[1].

Assess whether departments are operating within their delegated authority and controls are established to promote fair, competitive, and compliant procurements.

The Office of County Auditor (OCA) conducted this audit to assess whether departments were appropriately operating within their delegated purchasing authority, complying with applicable procurement requirements, and maintaining adequate documentation and oversight. The audit also evaluated whether procurement governance, internal controls, and training programs were effectively designed to promote fair and competitive purchasing, achieve best value, safeguard public resources, and protect the County's interests.

Audit testing included a sample of FY 2026 purchases across eight of twelve departments.

Audit testing included a sample of FY 2026 purchases exempt from competition under the $10,000 limit "X10" and Small Purchase Negotiation (SPN) procurements[2] which under the decentralized model, departments have a delegated authority for procurements up to $200,000, across eight County departments using the procurement process within PRISM+. Implemented in August 2025, PRISM+ is an Oracle based enterprise resource planning (ERP) system. Constitutional offices were excluded because they are outside of OCA's audit authority.

[1] Virginia Public Procurement Act, Va. Code Ann. §§ 2.2-4300–2.2-4377 (2026).
[2] X10 are procurements less than $10,000 which are exempt from competition and SPN are procurements less than $200,000.

What We Found

The County's procurement model is generally operating effectively. Minor opportunities to strengthen procedures and training were noted.

Overall, the audit found that Arlington County's decentralized procurement program is generally operating effectively. Across the areas reviewed, including procurement governance, oversight, internal controls, training, and testing of X10 transactions from the sampled departments, no significant compliance issues were identified. Minor opportunities to strengthen procurement procedures, guidance, and training were communicated to management to improve consistency and reinforce internal controls.

The SPNs were established under pre-PRISM+ procedures, and the issues identified indicate a need for stronger controls to ensure solicitations clearly define contract terms and requirements.

Despite the generally compliant state of decentralized procurement, the audit identified a significant issue within the Department of Parks and Recreation's (DPR) administration of certain SPN procurements. Among the five SPN procurements OCA sampled, all five solicitations did not clearly define the contract term and/or anticipated quantity of goods or services to be procured.

SPN procurements in DPR did not clearly define contract terms and/or anticipated goods or services to be procured.

Although the Purchase Orders for the five procurements fell within our test window, they were based on solicitations that were established before the test window under procedures that pre-dated the implementation of PRISM+. The issues identified highlight the need for enhanced controls to ensure solicitations consistently establish clear contract terms, quantities, and other key parameters necessary to define the County's requirements and support effective contract administration.

What We Recommend

DPR should review active SPNs, including those identified through OCA's testing, to determine whether they establish adequate contract terms, quantity or usage limits, cumulative value, scope,

DPR should review its active SPNs, including those identified through OCA's testing, to determine whether each establishes adequate contract terms, quantity or usage limits, and expiration parameters. DPR should also verify that none of the SPNs have exceeded threshold limits. Where existing solicitations do not establish adequate parameters, DPR should initiate a new procurement using the current Purchasing Manual and procurement processes.

OCA Summary of Management (DPR) Response

DPR agreed with each of the recommendations and committed to taking corrective action. DPR noted that most procurements reviewed were initiated before implementation of PRISM+ and were managed under the County Purchasing Manual and by staff who are no longer with the department. Since then, DPR has strengthened its procurement practices through enhanced PRISM+ functionality, additional internal oversight and controls, and training and guidance from the Purchasing Division. DPR believes these improvements will reduce the likelihood of recurrence and promote greater consistency, accountability, and compliance with County procurement requirements.

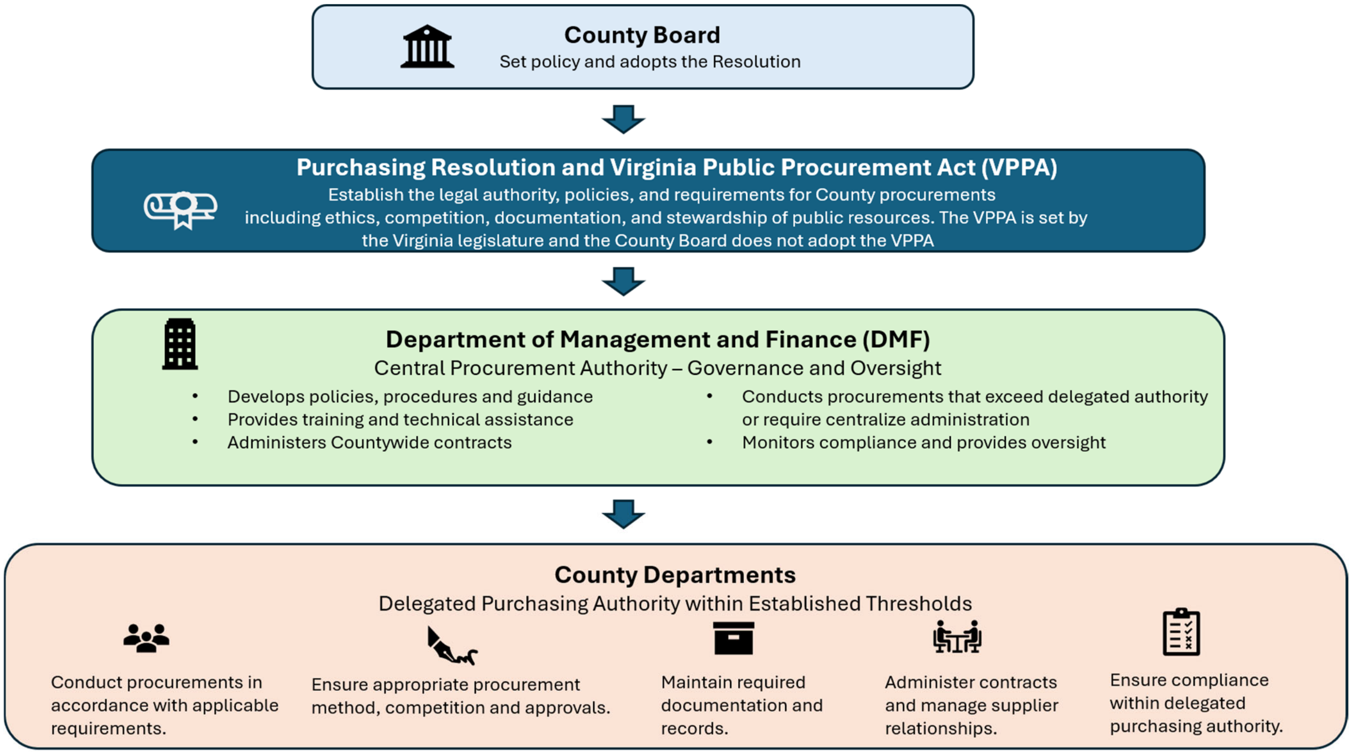
BACKGROUND

The Arlington County Board adopted the Purchasing Resolution[3] (Resolution) to establish the County's procurement framework and to implement applicable requirements of the Virginia Public Procurement Act (VPPA). The Resolution defines the authority, responsibilities, and procedures governing the procurement of goods, services, professional services, and construction, while promoting a procurement process that is fair, open, ethical, and conducted in the best interests of the County. The Resolution establishes policies intended to ensure public funds are expended responsibly through competition as appropriate, transparent decision-making, sound contract administration, and compliance with applicable federal, state, and local requirements. The Resolution is supplemented by the Countywide Purchasing Manual, which provides detailed procedures and guidance for County employees responsible for conducting procurements.

Arlington County operates a hybrid model with both centralized and decentralized procurements. The Department of Management and Finance (DMF), through its Purchasing Division, serves as the County's central procurement authority and provides governance, oversight, and procurement support. The Purchasing Division manages and coordinates procurements that involve complex acquisition methods, exceed certain dollar thresholds, or otherwise require centralized administration. The Purchasing Division also develops procurement policies and procedures, provides training to departmental procurement staff, administers Countywide contracts, and monitors compliance with procurement requirements.

Under the decentralized structure, purchasing authority is delegated to County departments for procurements within established monetary thresholds. Departmental staff are responsible for conducting procurements in accordance with the Purchasing Resolution, the Purchasing Manual, and other applicable requirements. Responsibilities include selecting the appropriate procurement method, maintaining required documentation, obtaining required approvals, ensuring adequate competition when required, and administering contracts within their delegated authority. This hybrid structure is intended to blend the operational efficiency of departmental purchasing with centralized oversight to promote compliance, consistency, transparency, and stewardship of public resources. The effectiveness of the decentralized procurement model therefore depends on clearly defined delegated authority, knowledgeable departmental personnel, adequate procurement documentation, adherence to ethical and competitive procurement requirements, and the Purchasing Division’s ongoing oversight of departmental activity.

[3] Arlington County Government. (2025, July). *Purchasing resolution.* https://www.arlingtonva.us/files/sharedassets/public/v/1/dmf/purchasing/purchasing-resolutions/purchasing-resolution-july-2025.pdf



Departmental Procurement Authority

DMF has delegated to departments the authority to independently conduct procurements valued up to $200,000, subject to applicable procurement thresholds, competition requirements, and County policies. The procurement method depends on the estimated value of the purchase:

- **Purchases Up to $10,000 (X10)[4].** Departments may purchase goods and services valued up to $10,000 without obtaining competitive quotations, although competition is encouraged. Departments remain responsible for ensuring that purchases are fair, reasonably priced, properly approved, and adequately documented. Departments must also comply with applicable conflict-of-interest, terms and conditions, and other County requirements and may not structure or divide purchases to circumvent competition or other procurement requirements.
- **Small Purchase Negotiation (SPN) Process ($10,001–$200,000).** Purchases between $10,001 and $200,000 generally require competition through the SPN process. Departments are responsible for publicly soliciting bids through PRISM+, an Oracle based enterprise resource planning (ERP) system, and posting an advertisement in eVA (Virginia's electronic procurement system); evaluating vendor responses using established criteria; documenting the procurement and award decision; and complying with applicable insurance, ethics, and other procurement requirements. The Purchasing Division may require a formal solicitation for procurements that are complex, high-risk, or otherwise warrant additional procurement oversight.

[4] The $10,000 threshold was increased to $15,000, effective July 1, 2026. The $10,000 threshold described above was applicable during the period reviewed by the audit.

Effective August 1, 2025, Arlington County implemented PRISM+ which replaced the former Quick Quote process for procurements under $200,000. Under the previous process, solicitations were both administered and advertised through eVA. Following implementation of PRISM+, SPNs became the County's replacement process for these procurements, with solicitation administration occurring within PRISM+ while public advertisement continues through eVA. As a result, procurement activities reviewed during the audit span both the legacy Quick Quote process and the current SPN process operating within the new ERP environment.

Other Responsibilities and Governance

Delegated purchasing authority places significant responsibility within departments. Departments are expected to manage the procurement from planning through contract administration and to maintain sufficient documentation to demonstrate compliance with applicable laws, regulations, and County policies. Responsibilities include developing clear and unbiased specifications and scopes of work; evaluating vendor qualifications and responses; verifying insurance and other required documentation; obtaining required approvals; administering contracts; monitoring contractor performance; and ensuring purchases remain within approved contracts, scopes, terms, and funding.

Because the decentralized model relies on departmental personnel to make procurement decisions, training is an important control. Employees involved in procurement activities are required to complete initial and recurring procurement training to maintain delegated purchasing authority and remain current on applicable requirements, systems, and legal obligations. Project Officers responsible for contract administration are also required to complete specialized training before managing contracts and periodic refresher training thereafter.

Sound ethical policies are another foundational control within the decentralized framework. Employees involved in procurement activities are expected to conduct procurements impartially, avoid actual or perceived conflicts of interest, safeguard confidential procurement information, and protect the integrity of the procurement process. County policies address conflicts of interest and restrict the acceptance of gifts, gratuities, or other items of value that could influence, or appear to influence, procurement decisions.

FINDING 1 – SMALL PURCHASE NEGOTIATIONS ADMINISTERED BY DPR WERE NOT COMPLIANT WITH THE PURCHASING MANUAL

Criteria

The Arlington County Purchasing Manual requires departments to comply with the following when performing Small Purchase Negotiations solicitations.

Purchasing Manual, October 2025
Departments must work closely with [the] Purchasing [Division] to fulfill the purchasing responsibilities delegated to them. Specifically, Departments must:

1. *Write clear requests to ensure equal opportunity to all Bidders/Offerors, writing specifications that do not restrict competition; Prepare technical specifications and scopes of work that clearly define the goods or services required to meet the Departments' needs (Purchasing Manual, see page 8).*
2. *Ensure contracts are used for work within the awarded Scope of Work and term, verify the correctness of Contractor's billing, delivery and receipt of goods and services ordered, process payments to Contractors in a timely manner (Purchasing Manual, see page 9).*

Purchasing Resolution, July 2025

3. *Any bidder, offeror or contractor refused permission to participate or disqualified from participating in public contracts shall be notified in writing. Such notice shall state the reasons for the action taken. This decision shall be final unless the bidder, offeror or contractor appeals within ten days of receipt by instituting legal action as provided in 7-108 of this resolution. (Purchasing Resolution, 7-101 Ineligibility of Bidder, Offeror, or Contractor).*

Purchasing Manual, January 2023

4. *Bid valid (days): Informs Bidders how long their price will be valid. Maximum selection is 360 days; if longer time period is needed, that requirement must be specifically stated in the Scope of Work/specifications. (Purchasing Manual, Creating a Quick Quote, page 28).*
5. *If the Bidder takes any exceptions to the Scope of Work/specifications, insurance requirements or terms and conditions of the Quick Quote, the quote is not responsive. If the Bidder indicates they cannot provide/perform the quoted goods/services, the quote must be rejected. Departments must notify, via email, any Bidder whose quote will be rejected and explain the reasons for rejection. The department must create a memo justifying the rejection and attach it to the Purchase Order for Purchasing's review and approval. It is highly recommended that users contact Purchasing before rejecting a Bidder's quote to ensure proper review and procedures are followed. (Purchasing Manual, Responsive and Responsible Bidder, page 31)*

Condition

The results of our testing identified the following exceptions:

1. **Solicitations did not clearly establish the parameters of the competitive award.** OCA randomly selected five FY 2026 Purchase Orders (POs) based on SPNs to verify compliance with the Purchasing Manual. All five procurements originated from prior SPNs (also referred to as Quick Quotes prior to the implementation of PRISM+) that did not clearly define a contract term and/or

anticipated quantity. As a result, the solicitations did not clearly and consistently establish the period or quantity limits for the goods or services being competitively solicited. While the POs were issued in FY 2026, the supporting SPNs on which they were based were established under the prior Quick Quote process and retained the deficiencies from the original solicitations. For example, one solicitation stated, *"Pricing must hold firm for the duration of the initial and all subsequent contract terms"*, without specifying the duration of those terms. Another stated, *"Quick Quote shall be awarded for up to a maximum (cumulative) contracted value of $200k, over the life of the award."* However, the solicitation did not otherwise clearly establish the anticipated quantity or specific period over which the award would remain available. Without defined contract periods and/or quantity limits, the solicitation documents did not clearly establish when the competitive award was exhausted or when additional competition should be conducted. (Criteria 1, 2, and 4).

2. **A non-responsive bidder was not notified of its bid disqualification.** OCA identified one procurement in which a bidder failed to comply with the solicitation requirements and was subsequently excluded from consideration. However, the procurement file did not contain documentation demonstrating that the bidder was notified of the reason for its disqualification. (Criteria 3 and 5).

3. **Goods were purchased outside the scope of the awarded solicitation.** OCA identified one instance in which a supplier associated with Purchase Order[5] provided goods that were not included within the proposal's scope of work. The procurement documentation did not demonstrate that the additional goods were competitively solicited or otherwise authorized under the original procurement. (Criteria 2 and 4).

Cause

DPR did not have adequate procedures and review controls to ensure that procurements were appropriately established, documented, and monitored throughout the procurement lifecycle. Specifically:

- **Solicitation development:** DPR procurement staff did not consistently establish clear and measurable parameters for the competitive award, including contract term, anticipated quantity or usage, cumulative value, and expiration or other conditions indicating when a new procurement was required.
- **Procurement review and documentation:** The procurement process did not include sufficient review to ensure required procurement actions and supporting documentation were completed and retained, including documentation of bidder disqualifications and the basis for those decisions.
- **Post-award monitoring:** DPR did not have sufficient controls in place to verify that subsequent purchases remained within the scope and applicable limits of the competitive award. As a result, purchases could be made without adequately determining whether the goods or services were included in the original solicitation or whether a new procurement was required.

[5] See Purchase Order number PO2601388.

These control weaknesses increased the risk that competitive awards could remain available beyond their intended parameters, procurement decisions would not be adequately supported, and purchases could be made outside the scope of the competitive process.

Effect

Without defined contract periods and/or quantity limits, awards may remain available for purchases beyond the period or volume reasonably contemplated by the original competition, potentially reducing opportunities for other qualified vendors to compete for the County's requirements. In addition, the absence of clear award limits increases the risk that purchases may be made under an expired or otherwise exhausted competitive procurement without obtaining additional competition or taking other procurement action as required.

Recommendations

1. Correct existing procurements. Review active SPNs/Quick Quotes, including the procurements identified through OCA's testing, to determine whether the solicitation establishes adequate contract term, quantity or usage, cumulative value, scope, and expiration parameters. DPR should verify that cumulative purchases under applicable SPNs/Quick Quotes have not exceeded the applicable procurement threshold of $200,000. Where an existing solicitation does not establish adequate parameters or purchases are outside the scope of the competitive award, DPR should initiate a new procurement using the current Purchasing Manual and procurement processes.

2. Strengthen procurement procedures and training. Update DPR's internal operating procedures and provide targeted training to procurement staff on developing and administering competitive procurements. Training should address establishing contract terms and quantity or usage limits; documenting cumulative value and expiration; determining when a new procurement is required; documenting bidder responsiveness and disqualification notifications; and ensuring purchases remain within the scope of the awarded solicitation.

3. Establish procurement review and monitoring controls. Implement documented pre-issuance and post-award review controls to ensure procurements are appropriately established and administered. Pre-issuance reviews should verify that solicitations contain defined award parameters and required procurement provisions. Post-award monitoring should verify that cumulative purchases remain within applicable thresholds and solicitation parameters and that purchases are within the awarded scope. The monitoring process should also include procedures for documenting bidder notifications and other required procurement actions.

Management Response

Overall Statement

The Department of Parks and Recreation (DPR) appreciates OCA's review and the opportunity to strengthen its procurement practices. It is important to note that the majority of the procurements included in the audit sample were initiated before the PRISM+ implementation and were managed under the process and procedures of the Purchasing Manual in 2022-2023 with oversight by staff who are no longer with DPR. Since that time, the County's procurement software modules and system processes have evolved, which includes the system implementation of the Small Purchase Negotiation (SPN) process (prior name - Quick Quote in eVA). The SPN allows for enhanced parameters for uploading documents for solicitations and purchasing activity and a better tracking mechanism housed in PRISM+. DPR has also strengthened its internal oversight and procurement practices and received additional guidance and training from the Purchasing Division to current purchasing staff.

While DPR acknowledges the findings identified through the audit and is committed to addressing the recommendations, the DPR believes the additional training of all DPR staff who have buying responsibility combined with the current staff structure, enhanced oversight, and additional controls described below, substantially reduce the likelihood of the issues identified in the audit recurring. DPR is confident that the current procurement framework and staff practices will provide greater consistency, accountability, and compliance with County procurement requirements going forward.

1. **Correct Existing Procurements - DPR Response**:

   DPR agrees with the recommendation and will review active SPNs and Quick Quotes to confirm that solicitation terms and actual purchasing activity are consistent with applicable procurement requirements to include contract terms, quantities or usage limitations, cumulative spending, scope, expiration and $200,000 procurement threshold. Where DPR identifies existing solicitations that do not adhere to the applicable procurement requirements, DPR will work with Purchasing to determine the appropriate corrective action, including initiating a new procurement when required.

   For the small purchases identified through OCA's review, DPR confirmed that, although the term of any resulting Purchase Order or Contract was not explicitly stated in the small purchase document itself, DPR's internal controls ensured that any resulting Purchase Order did not exceed the decentralized purchasing threshold of $200,000. With a better understanding of the SPN process, DPR will strengthen its procurement practices by ensuring that future solicitations include appropriate contract terms, not disclosing the budget, but ensuring a scope of work is issued that aligns with DPRs mission. DPR will ensure purchases remain within its delegated authority. and SPNs are awarded in a clear and competitive manner.

2. **Strengthen Procurement Procedures and Training - DPR Response:**

   DPR agrees with this recommendation and will strengthen its internal procurement procedures. DPR has already provided targeted guidance, and Purchasing has provided DPR-specific training to staff responsible for procurement activities. There will be ongoing internal training to ensure staff remain informed of applicable procurement requirements and procedures.

   DPR will also use guidance received from Purchasing and the results of the current procurement review to reinforce expectations and promote consistent practices across divisions. This will include opportunities for staff to discuss hypothetical purchasing scenarios and obtain guidance on the appropriate procurement process before proceeding.

   These efforts will promote a consistent understanding of procurement requirements and provide staff with clear procedures for appropriately initiating, administering, and monitoring procurements.

3. **Establish Procurement Review and Monitoring Controls – DPR Response**

   DPR agrees with this recommendation and will formalize internal pre- and post-award review and monitoring controls to provide greater oversight throughout the procurement lifecycle.

DPR will establish additional reviews before SPNs are posted to the public, and additional pre-award review processes to ensure award parameters, including applicable term, quantity or usage limitations, cumulative value, expiration, scope, and required procurement provisions, are appropriately addressed. DPR will also utilize Purchasing's offer to review solicitations as an additional layer of review to proactively identify potential issues before solicitations are finalized, at least until such time as DPR management feels their staff have a solid grasp of scope development and the SPN process.

DPR will strengthen post-award monitoring procedures to ensure cumulative purchases remain within applicable procurement thresholds and solicitation parameters. These controls will provide ongoing oversight and help ensure compliance with County procurement requirements throughout the procurement lifecycle.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The purpose of this audit was to assess whether County departments appropriately administer procurements within their delegated authority in accordance with the Purchasing Resolution, the Countywide Purchasing Manual (Purchasing Manual) and applicable requirements of the Virginia Public Procurement Act (VPPA), including compliance with established thresholds, documentation requirements, and escalation to the Finance Department when required. The audit evaluated whether procurement activities are conducted in a manner that promotes fair and competitive purchasing, achieves best value, and adequately protects the County's interests.

Scope

The audit focused on the County's decentralized procurement structure. Audit procedures were designed to assess the following areas:

- Whether departmental procurement processes were adequately designed and operating effectively to ensure compliance with the Purchasing Manual, Purchasing Resolution, applicable requirements, and delegated purchasing authority.
- Whether the procurement training curriculum was adequately designed and sufficiently comprehensive to address key internal controls and compliance requirements, including ethics, contract administration, and adherence to the Purchasing Manual.
- Whether procurement governance, oversight, and internal controls were adequately designed and operating effectively to mitigate risk, ensure compliance, and promote stewardship of public resources.

Audit procedures included testing X10 and SPN procurements from eight departments. Procurements within constitutional offices were excluded from testing because the OCA does not have audit authority over those areas.

The audit was conducted from January 2026 through August 2026 in accordance with Generally Accepted Government Auditing Standards.

Methodology

A. Evaluated whether departmental procurement processes and controls are designed and operating effectively to ensure compliance with procurement requirements and delegated purchasing authority within the County's decentralized procurement environment.

1. Obtained an understanding of the design of departmental controls over X10 and SPN purchasing by performing the following procedures:
    a. Inquired of selected departments regarding documented policies and procedures governing the administration of X10 and SPN purchases.
    b. Obtained and reviewed relevant policies and procedures related to procurement activities performed under delegated authority and evaluated whether they were aligned with the Purchasing Division policies and work instructions.

c. Inquired of department personnel regarding processes for communicating staffing changes to DMF-Purchasing Division and evaluated whether those processes were designed to ensure individuals performing procurement functions were appropriately authorized and trained.

2. Selected a random sample of X10 and SPN FY 2026 procurements across eight departments. The departments included within the sample represented over 75 percent of the FY 2026 purchasing volume of the County.

Department	X10	SPN[6]
Economic Development	-	2
Environmental Services	4	4
Fire	2	-
Human Services	5	2
Libraires	2	1
Parks and Recreation	3	5
Police	3	-
Technology Services	-	3
Total	19	17

OCA performed the following procedures for each sampled procurement:

a. Verified compliance with County procurement policies, including competition, justification, and approval requirements.
b. Assessed the adequacy of supporting documentation.
c. Verified procurements requiring additional departmental approvals were routed to the applicable departments for approval.
d. Reviewed vendor selection rationale for consistency, fairness, and supportability.

B. Evaluated the procurement training curriculum and related practices to determine whether training was comprehensive and sufficient to address key internal controls, compliance requirements, ethics, and contract administration responsibilities necessary to support effective operations within a decentralized procurement environment.

1. Obtained and reviewed the procurement training curriculum, materials, and course outlines to assess whether training adequately addressed key procurement control areas, including ethics and conflicts of interest, segregation of duties, competition requirements, contract administration, and Purchasing Manual compliance. Assessed whether course instructors possessed sufficient training and technical knowledge to effectively deliver the curriculum.
2. Compared training content to the Purchasing Manual, applicable regulations, and identified procurement risks to assess whether the curriculum reflected current requirements and addressed areas of elevated risk and potential control deficiencies.

[6] Many FY 2026 SPNs involved departments purchasing under contracts previously established by other departments. Because the audit objective was to assess compliance with the solicitation requirements for department-managed procurements, OCA excluded these purchases and identified 98 FY 2026 SPNs for which the department managed the solicitation process. This population was subject to testing.

3. Reviewed procurement training requirements by role to assess whether personnel with procurement responsibilities received training aligned with their assigned control duties. Compared procurement role assignments and issued purchase orders to training completion records to identify individuals performing procurement or project officer responsibilities who had not completed required training.
4. Obtained and reviewed training completion records for the audit period to assess whether required procurement training was completed timely and in accordance with policy. Evaluated management's monitoring and follow-up processes for instances of noncompliance.
5. Reviewed assessment results (test/ quizzes) to assess whether procurement training effectiveness and knowledge retention were measured. Analyzed trends in procurement errors, noncompliance, and audit findings to identify persistent training gaps and evaluated whether management periodically updated the curriculum based on identified risks and results.

C. Evaluated Arlington County's decentralized procurement framework to assess whether governance, accountability, and oversight responsibilities were clearly established at both the central and departmental levels.

1. We reviewed the County's procurement policies, procedures, and guidance governing decentralized procurements and compared them to the Purchasing Resolution and applicable requirements of the VPPA to assess alignment. We evaluated the governance framework by assessing whether roles, responsibilities, delegated authorities, and escalation protocols between the central procurement function and County departments were clearly defined. We also assessed whether the County had established minimum control requirements for decentralized procurements, including documentation, competition, and approval requirements, and evaluated the availability of standardized procurement tools and templates to support consistent procurement practices across departments.
2. We obtained and reviewed the County's procurement workflow rules report to evaluate whether procurements meeting specified criteria were routed to the appropriate approval workflow in accordance with established procurement requirements. Three of four specialized commodities, two X10 and one segregation of duties workflow, were selected to verify transactions will route to the appropriate department or individual for the required approvals. We performed control testing within the User Acceptance Testing (UAT) environment after verifying that the UAT environment was consistent with the Production environment by validating the system version and comparing workflow rule configurations to determine its suitability for reliance.

D. Fraud Risk Assessment.

1. Consistent with government audit procedures, we conducted interviews and performed an assessment with the Purchasing Division management to understand how the process mitigates the risk of fraud, abuse, or collusion within the procurement process. We also inquired about controls in place to detect and respond to such risks.

ABOUT US

Compliance Statement

The County Auditor conducted this performance audit in accordance with generally accepted government auditing standards, except for a peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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. The County Auditor initiated this audit as part of the FY 2026 Annual Audit Work Plan approved by County Board on July 22, 2025.

Office of County Auditor

Wayne M. Scott, CIA, CISA, County Auditor
Shirley Brothwell, Assistant County Auditor

The County Auditor reports to the County Board, independent of management, and is charged with conducting performance audits of departments, offices, boards, commissions, activities, and programs of Arlington County that directly or indirectly report, or are accountable, to the County Board. Performance audits encompass a variety of scopes and objectives, including effectiveness and efficiency, economy, transparency, internal controls, and compliance.

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APPENDIX A – OPPORTUNITIES FOR CONTINUOUS IMPROVEMENT

During the audit, OCA identified some opportunities to further strengthen procurement procedures, improve consistency, and support compliance with applicable requirements. These items are presented as suggestions for continuous improvement and do not represent audit findings requiring corrective action. In several instances, the Purchasing Division has already taken action to address the identified opportunities, as noted in the table below.

Process	Observation	Suggestion	Status
Training	While the Purchasing Manual references available training courses, a comprehensive, consolidated listing of all courses, required attendees, training schedules, and prerequisites does not exist.	Publish a "Training at a Glance" section for end users that provides a consolidated table of all training courses, including training objectives, required attendees, training schedules, prerequisites, and the frequency with which employees are required to complete or retake each course.	CPO will add "Training at a Glance" to the Purchasing Site on AC Commons by the end of October 2026.
Training	SPN Fundamental Course does not mention ethics and Gift Policy.	While covered in Purchasing 101, this refresher is a good reminder due to the decentralized nature of SPNs.	Complete. CPO updated the training course materials to include ethics and gifts.
Purchasing Manual	Compared the Purchasing Manual to the Purchasing Resolution and noted the following areas that were not aligned: 1. **Treatment of Unauthorized Purchases** - Resolution states all unauthorized purchases are void and further states the employee could be payroll deducted for the purchase. 2. **Exemption from Competition** - Resolution categories are fewer than what is in the Purchasing Manual. 3. **Cooperative Procurements** - Resolution restricts for architectural, engineering and	At the next Purchasing Manual revision, update accordingly. Item 1. Remove references to employee payroll deduction and the purchase being void from the Purchasing Resolution (PR) during the next update. Item 2. Update and clarify the language in the PR at the next update. The PR language will list some examples of exempt categories but will also state that the full list is regularly maintained in the Purchasing Manual	CPO will include these updates to the Purchasing Resolution in June 2027 as part of the annual update process.

Process	Observation	Suggestion	Status
	construction, but no restrictions in the manual.	and is consistent with the VPPA. Item 3. Add the clarifying language for these restrictions in the next update to the Purchasing Manual.	
Solicitation Evaluations	Identifying evaluation panel members for technical SPNs can be challenging, particularly when ensuring that panel members do not report to the same supervisor. This may affect the independence and effectiveness of the bid evaluation process.	Allow a process to obtain a waiver or revise the Purchasing Manual.	CPO will address the evaluation panel waiver with departments via a Purchasing Liaison Group (PLG) email, Relationship Meetings beginning with meetings in September, and as an update to the upcoming SPN training series.
Unauthorized Purchase Form	The Unauthorized Purchase form includes language that employees may be payroll deducted for purchases deemed to be unauthorized purchases.	Revise the form to remove references indicating that employees may be subject to payroll deductions for unauthorized purchases.	Complete. The form has been revised to remove the reference.
Unauthorized Purchase Tracking	The current monitoring process does not include a centralized mechanism to track report exceptions from identification through final resolution or document the status and disposition of each exception.	Given the low volume of exceptions, management should establish a streamlined tracking mechanism, such as a shared spreadsheet, to document exceptions from identification through resolution, including whether the transaction was reviewed, closed, or determined to be an unauthorized purchase.	CPO has recently created a tracking system in which all verified UPs will be documented and will continue to refine this system as needed. CPO staff are currently performing regular screenings of purchasing activity to identify potential UPs and further investigate that activity to identify which UPs are founded and which are unfounded. The new tracking system will begin with the September 2026 report and CPOs review and finding by October 2026. The spreadsheet will be monitored

Process	Observation	Suggestion	Status
			by management for repeat offenders.