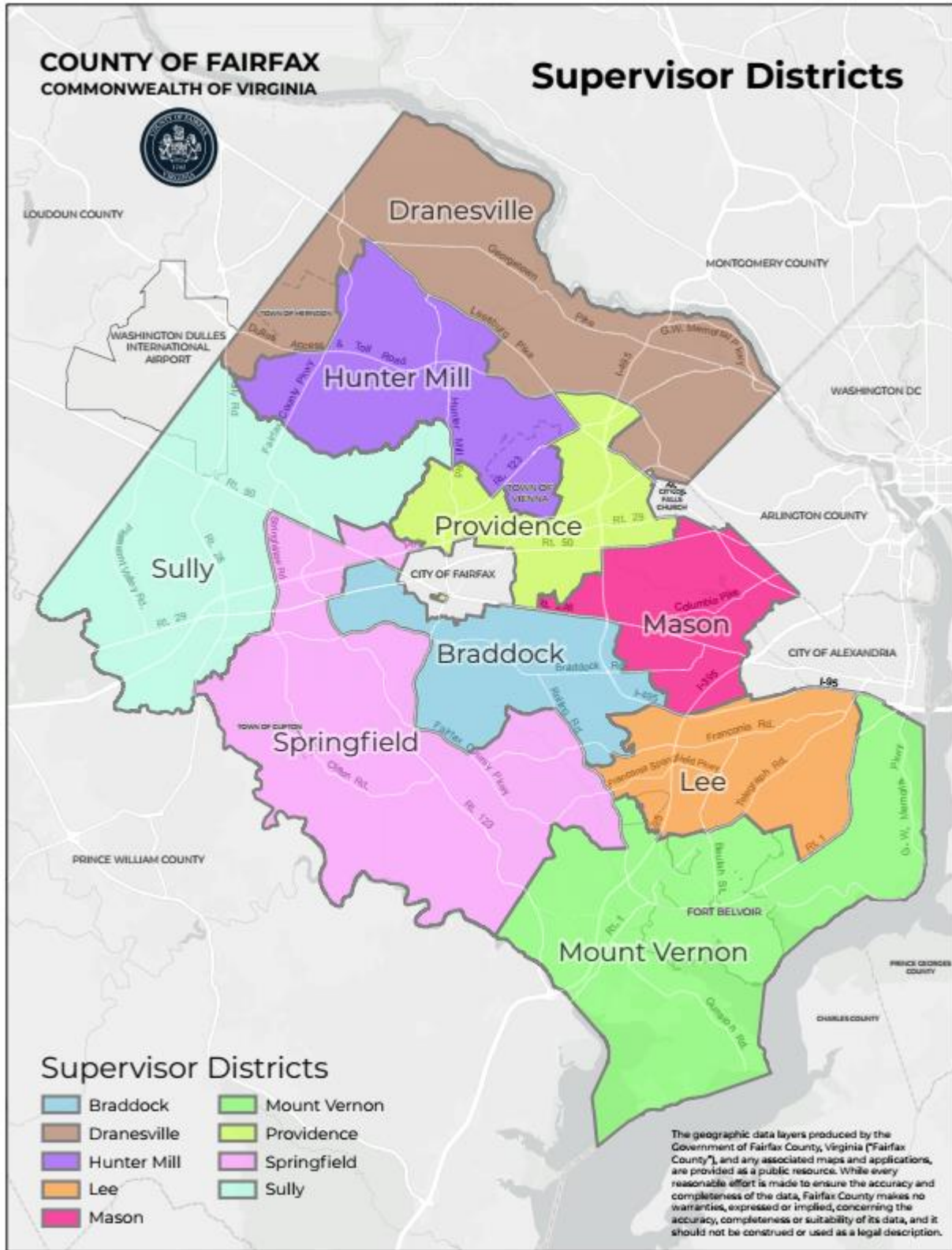


# FY2023 Approved & FY2024 Proposed *Annual Study Plan*



*Office of Financial & Program Audit*  
Jim Shelton, MBA, CRP  
Auditor of the Board



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## **ABSTRACT**

Working under the guidance and direction of the Audit Committee (AC), the Auditor of the Board provides an independent means for assessing management's compliance with policies, programs and resources authorized by the Board of Supervisors (BOS). Further to this process, efforts are made to gain reasonable assurance that management complies with all appropriate statutes, ordinances, and directives.

This agency plans, designs, and conducts studies, surveys, evaluations, and investigations of County agencies as assigned by the BOS or the AC. For each study conducted, the agency focuses primarily on the County's Corporate Stewardship vision elements. The agency does this by developing, whenever possible, information during the studies performed which are used to maximize County revenues or reduce County expenditures.

To assist the Office of Financial and Program Audit (OFPA) with executing the responsibilities under our charge, members of the Fairfax County BOS submit study recommendations of which the findings and management responses are included in published studies. This process is utilized to provide the constituents, BOS and management reasonable assurance that fiscal and physical controls exist within the County.

Additionally, this agency conducts follow-up work on prior period studies. As part of the post study work conducted, we review the agreed upon managements' action plans. To facilitate the process, we collaborate with management prior to completion of studies. Through this collaboration, timelines for the implementation of corrective action and status updates are documented for presentation at the upcoming AC Meetings.

The results of studies may not highlight all the risks/exposures, process gaps, revenue enhancements and/or expense reductions which could exist. Items reported are those which could be assessed within the scheduled timeframe, and overall organization's data-mining results. The execution of the OFPA's studies is facilitated through various processes such as sample selections whereby documents are selected, and support documentation is requested for compliance and other testing attributes.

There are several types of studies performed by OFPA, e.g., operational, financial, compliance, etc. To that end, it is important to note; OFPA staff reserves the option to perform a holistic financial and analytical data-mining process on all data for the organization being reviewed where appropriate. This practice is most often employed to perform reviews for highly transactional studies.

# **FY2023 APPROVED ANNUAL STUDY PLAN**

# THIRD QUARTER'S FY2023 APPROVED AUDIT COMMITTEE STUDY PLAN

## Study #1

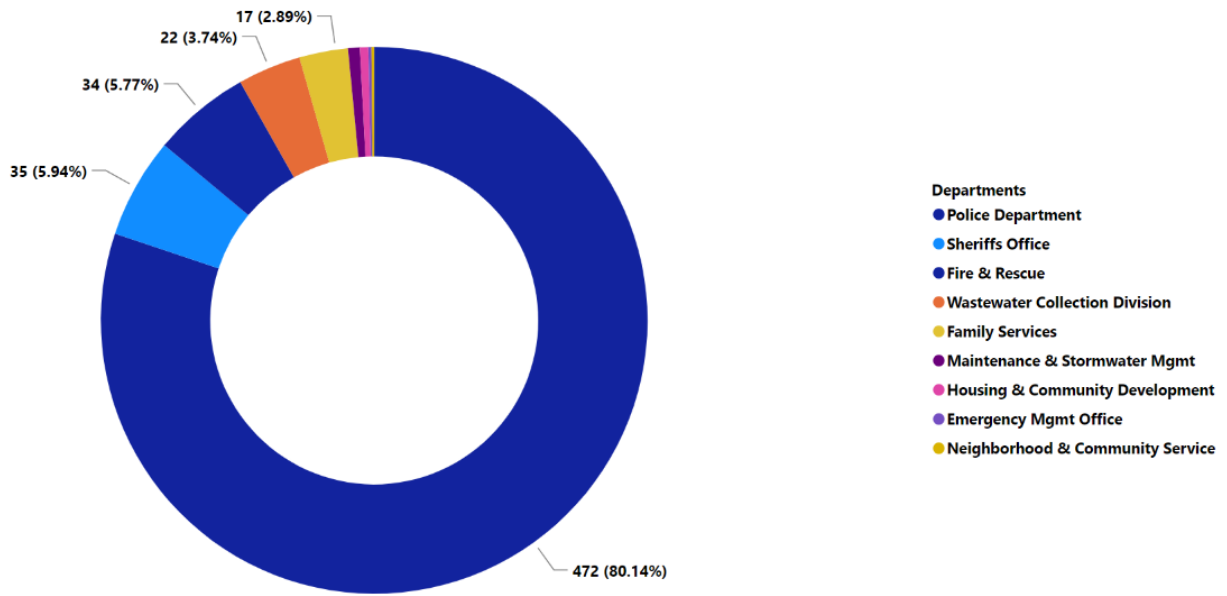
### Take-Home Vehicle Fleet Utilization Study

The Department of Vehicle Services (DVS) is responsible for maintaining County vehicles (3,667). Of these vehicles, 589 are take-home vehicles assigned to employees. Take-home vehicles are categorized into two classes based on business needs; Class I (*authorized for personal use without restriction*) and Class II (*assigned to on-call employees with few personal use exceptions e.g., errands, lunch, medical appointments, etc.*). Agencies requiring take-home vehicles must submit justification annually to DVS including: vehicle numbers, driver's name, vehicle descriptions, type of take-home authorization (Class I or II), number of call-outs (non-duty hours) during the past 12 months, and justifications that are specific to operating groups and/or individuals. Additionally, taxable compensation for take-home vehicles is also included on employee wage and tax statements.

Review Areas Including (*but not limited to*):

- Take-Home Fleet Utilization
- Vehicle Allowance vs Fleet Operational Costs
- Vehicle Fair Market Value Relative to Maintenance Costs

**Take Home Vehicles by Department**



## Study #2

### Northern Virginia Transportation Commission Study

The Northern Virginia Transportation Commission (NVTC) receives public funds for transit which are held in trust for the Washington Metropolitan Area Transit Authority (WMATA) member jurisdictions. The member jurisdictions include Fairfax County, City of Alexandria, Arlington County, City of Fairfax, City of Falls Church, and Loudoun County. NVTC maintains three primary sources of revenue for these jurisdictions in trust. The sources of funds are State Aid, Fuels Tax, and Interest of Fuel Tax. Trust funds are disbursed to jurisdictions on a reimbursement basis. FY21 Fairfax County Trust Fund receipts received by NVTC for transit projects was ~\$123.4M. In addition to these funds each member jurisdiction is assigned a portion of NVTC’s administrative budget based on its share of revenue received in the previous year. Fairfax County’s FY21 local share was ~\$163k.

Review Areas Including (*but not limited to*):

- Incurred Project Costs vs. Requests for Reimbursement
- Reimbursement Requests vs. Receipts
- Unreimbursed Projects and Effects on Investments in Pooled Cash

#### FY17 - FY21 NVTC Trust Fund Total Collections and County Use for Reimbursements

	Sources of Funds	Use of Funds	Outstanding Balance (Diff)
FY21	\$123,396,882	\$124,967,845	(\$1,570,963)
FY20	\$128,586,065	\$129,331,781	(\$745,716)
FY19	\$141,737,709	\$134,637,036	\$7,100,673
FY18	\$121,334,762	\$149,554,691	(\$28,219,929)
FY17	\$123,643,321	\$118,713,834	\$4,929,487



# FOURTH QUARTER'S FY2023 PROPOSED AMENDMENT AUDIT COMMITTEE STUDY PLAN

## Study #1

### Health Department Services Study

The Fairfax County Health Department (FCHD) provides several health-related services to constituents of the County, Cities of Fairfax and Falls Church and the Towns of Herndon, Vienna, and Clifton. FCHD is locally administered and operates under a Memorandum of Agreement (MOA) with the Virginia Department of Health to provide mandated public health services. The department has 13 Lines of Business to include: Pharmacy, Dental, Environmental, Community Health Development and Preparedness, Community Health Care Network, Maternal, Child, Laboratory, School, and other areas. With an annual budget of \$70M, more than 600 full-time staff, and 20 locations, FCHD is the largest public health department in Virginia serving 1.2M residents. FY21 FCHD revenues and expenditures were ~\$18.3M and ~\$47.9M, respectively.

Review Areas Including *(but not limited to)*:

- Shared Health Services Remittances to the County Based on MOAs
- Unbilled Health Services
- Unreimbursed Amounts from Insurance Companies

**Fairfax County Health Department FY2017-2021 Revenues and Expenditures**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Total Revenues</b>	\$19,486,650	\$19,830,502	\$21,595,863	\$19,393,601	\$18,291,956
<b>Total Expenditures</b>	(\$56,929,531)	(\$57,516,466)	(\$62,302,806)	(\$56,422,774)	(\$47,868,459)
<b>Net Total</b>	(\$37,442,881)	(\$37,685,964)	(\$40,706,943)	(\$37,029,173)	(\$29,576,503)
<b>Percent of Cost Recovery</b>	34.2%	34.5%	34.7%	34.4%	38.2%
<b>*City of Falls Church Rev</b>	\$332,703	\$381,348	\$377,144	\$387,660	\$375,888
<b>*City of Fairfax Rev</b>	\$1,256,740	\$1,180,625	\$1,387,057	\$1,224,274	\$1,450,963

\*Health Dept revenue for cities of Fairfax and Falls Church are included within Total Revenue  
 All Numbers are from the FY2019 through FY2023 Advertised Budget Plans using the FY2017 through FY2021 Actuals

## Study #2

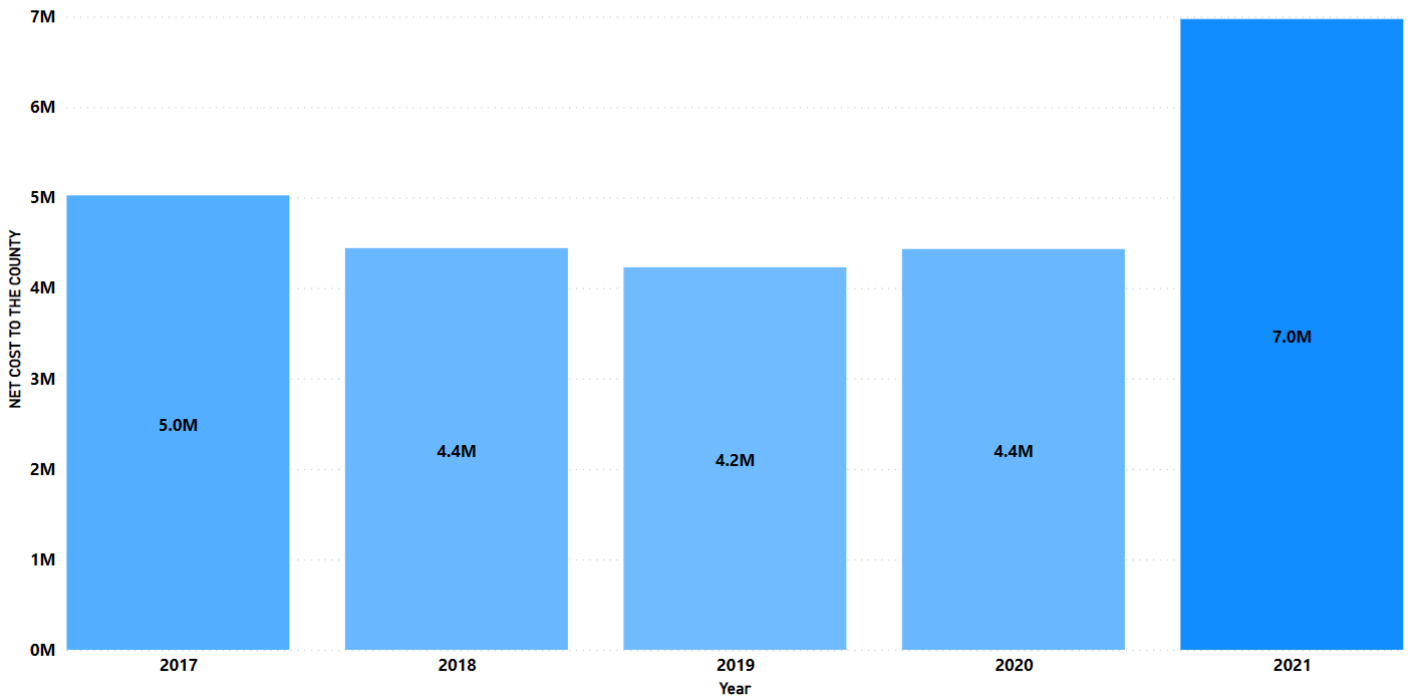
### Election Readiness Study

The Office of Elections is committed to providing each citizen of Fairfax County with the opportunity to exercise their right to vote in an efficient and equitable manner in accordance with the Constitutions of the United States and the Commonwealth of Virginia, as well as the Code of Virginia. In 2014, the Fairfax County Office of Elections purchased a new integrated voting system, which includes over 1,125 voting machines. This system, from Election Systems & Software (ES&S), includes 525 S200 electronically scanned paper ballot machines as well as 600 ExpressVote machines. The total cost for the machines was \$6.4 million. The new machines were first used countywide for the November 4, 2014 Election.

Review Areas Including (*but not limited to*):

- Voting Machine Maintenance Cost and Replacement Schedule
- Mail-In Voting: Dropbox Counts, Locations, Ease of Access
- Benchmarking Election Official Staffing vs. Registered Voter Population

### Office of Elections Net Cost to the County FY17-FY21



# **FY2024 PROPOSED ANNUAL STUDY PLAN**

# FIRST QUARTER'S FY2024 PROPOSED AUDIT COMMITTEE STUDY PLAN

## Study #1

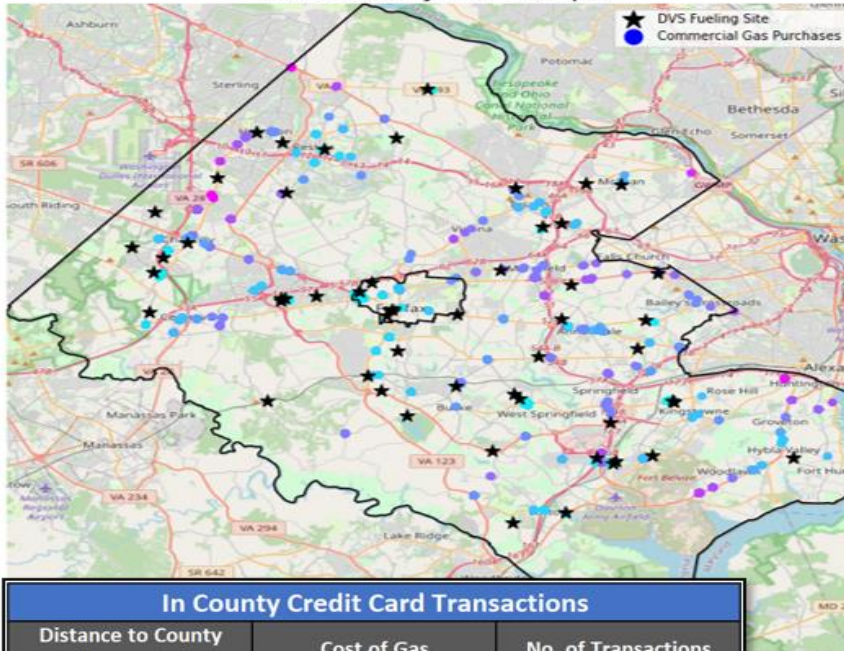
### Follow-Up DVS Vehicle Replacement Study

In the June 2022 Audit Committee Quarterly Report, OFPA identified 511 vehicles due for replacement. Department of Vehicle Services (DVS) management purported: 361 replacement vehicles were purchased or scheduled to be purchased in FY2022-FY2023. OFPA will review the replacement vehicle inventory provided for timely implementation, as well as credit card transaction data for fuel purchases, to support assertions made at the June 2022 Audit Committee Meeting.

Review Areas Including (*but not limited to*):

- Vehicles In Operation vs. Purchases/Scheduled for Replacement
- Data Provided to Support Fuel Purchases Assertions
- Improved Reporting by Voyager to Enhance Oversight

Unleaded Gas is Commonly Purchased at Commerical Stations Near County Fuel Pumps



In County Credit Card Transactions		
Distance to County Fuel Pump (Miles)	Cost of Gas	No. of Transactions
<i>Within 1</i>	\$72,118.74	2,243
<i>Between 1 and 5</i>	\$101,191.02	2,996
<i>Within 5</i>	\$173,309.76	5,239

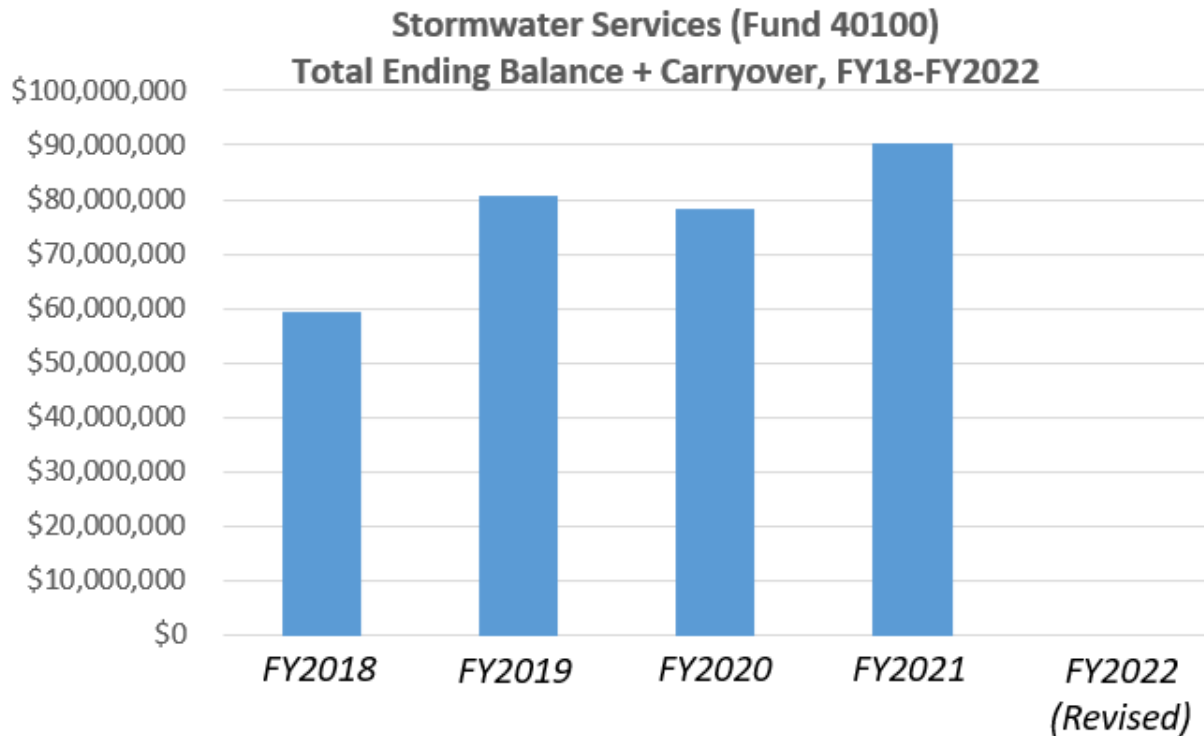
## Study #2

### Stormwater Services Special Revenue Study

The Stormwater Management Program protects water quality in 800+ miles of streams and protects property from flooding through planning, maintenance, water quality assessment, and pollution prevention, reporting and enforcement. Many projects have been completed through a partnership between Stormwater Management and other regional organizations. Among the entities that helped to build or make improvements to stormwater management facilities are Fairfax County Department of Public Works and Environmental Services, the Fairfax County Park Authority, and the Fairfax County Public School system. In FY2021, there was ~\$87M in revenue and ~\$74M in expenditures for the Stormwater Services fund.

Review Areas Including (*but not limited to*):

- Operational Expenditures vs. Revenues
- Ending Balances Carryover & General Fund Offset
- Benchmarking Rates to Comparable Jurisdictions



SECOND QUARTER'S FY2024 PROPOSED AUDIT COMMITTEE  
STUDY PLAN

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*Study #1*

FY2025 AUDIT COMMITTEE ANNUAL STUDY PLAN PROPOSAL

*DOCUMENT COMPILATION IN PROGRESS*

**Meeting Approach**

Presentation of Quarterly Studies

Overview of Objectives

Preliminary Graphical & Tabular Data Review

Presentation of FY2025 Study Alternatives

Audit Committee & Board Auditor Q&A Session

## Study #2

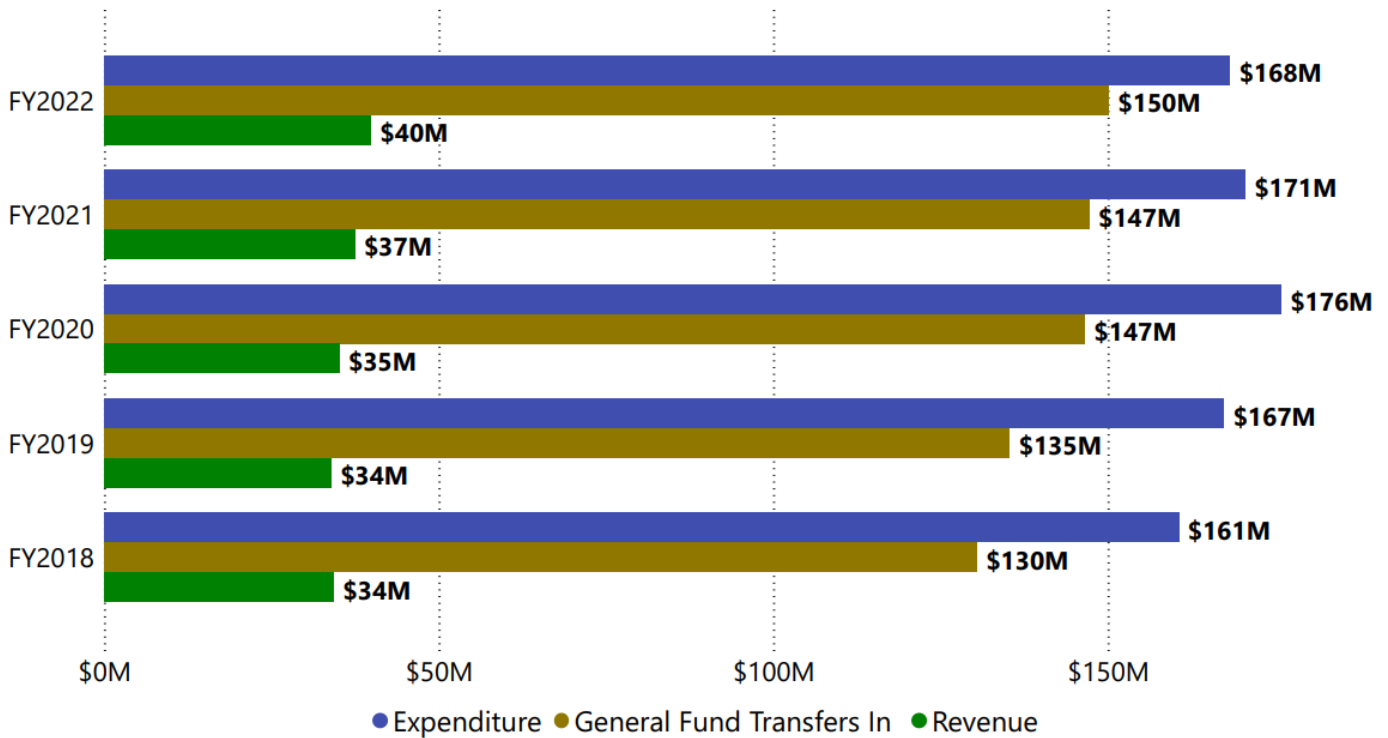
### Follow-Up CSB Revenue Analysis Study

The Fairfax-Falls Church Community Services Board (CSB) is the public provider of services and supports to people with developmental delay, developmental disabilities, serious emotional disturbance, mental illness, and/or substance use disorders in Fairfax County and the Cities of Fairfax and Falls Church. In FY 2022, the CSB’s expenditures were ~\$168M, and General Fund transfer in and offsets were ~\$150M and ~\$15M, respectively. Some services are provided at a fee, through Medicaid, Program/Client fees, CSA Pooled Funds totaling ~\$21M, and CSB received ~\$19M in grant revenue through local, state, and Federal. In the prior study OFPA reviewed time to bill and collect, shared service billings, and disallowed insurance claims and billing adjustments. OFPA will review the current transactional/billing data for exposures and follow up management responses from the September 2021 Audit Committee Meeting.

Review Areas Including (*but not limited to*):

- Time to Bill and Collect
- Insurance Claims and Billing Adjustments
- Mechanism Under Which Shared Service Billing is Performed

CSB Financial Summary by Fiscal Year



## THIRD QUARTER'S FY2024 PROPOSED AUDIT COMMITTEE STUDY PLAN

### Study #1

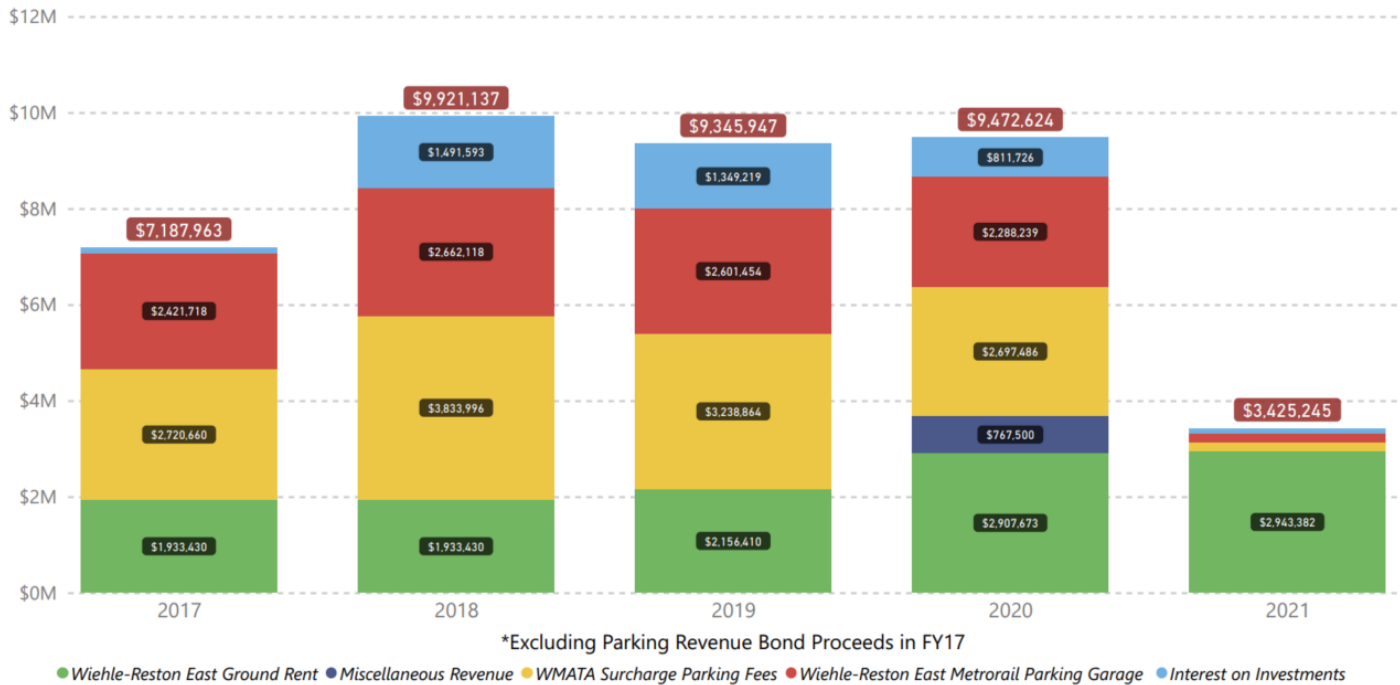
### Metrorail Parking System Study

The Metrorail Parking System Pledged Revenues Fund was established by the Board of Supervisors in 2014 to collect and disburse funds related to revenue-generating activities at Metrorail parking facilities owned by and located within the County. These funds are generated from fees paid at these parking facilities and used to pay operating, maintenance, and debt expenses of the facilities. The parking facilities at the Wiehle-Reston East, Herndon, and Innovation Center Metrorail Stations are owned by the County. In FY2021, ~\$3.4M revenue was generated by Wiehle-Reston East Ground Rent, parking fees, and interest on investments.

Review Areas Including (*but not limited to*):

- Revenue from Facilities & WMATA vs. Debt Service
- Parking Lot Rental Receivables
- Shared Funding Between Partners

### Metrorail Parking System Revenues by Fiscal Year\*





## Study #2

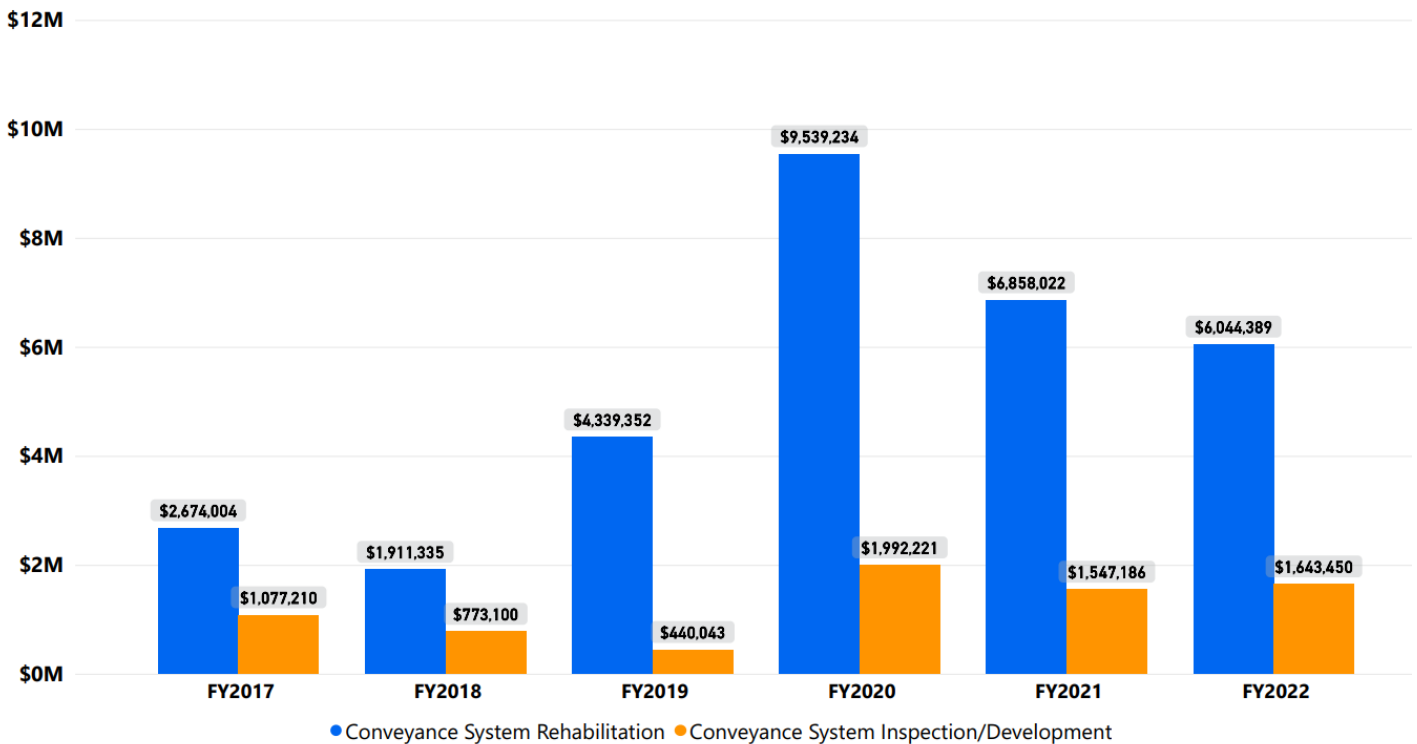
### Stormwater Conveyance System Study

The Maintenance and Stormwater Management Division (MSMD) operates and maintains approximately 1,500 miles of County-owned underground stormwater pipes, structures, outfalls, and improved channels that have an estimated replacement value of ~\$1.3 billion. As of FY2016, the internal pipe condition assessment results conducted with CCTV equipment show that about 3.5% of the pipes are in complete failure and an additional 10% require immediate repairs or maintenance. Past industry standards indicate that one dollar re-invested in infrastructure saves seven dollars in the asset’s life, and \$70 if asset failure occurs.

Review Areas Including (*but not limited to*):

- Inspections Performed Within 5-Year Life Cycle and Identifying Retrofits
- Cost Assessment of Retrofit vs. Proactive Repairs/Replacements of Pipe Systems
- Other Agency/Department Service Failures Contributing to Cost Increase

**Expenditures (Actuals) of Capital Project by Fiscal Year**



# FOURTH QUARTER'S FY2024 PROPOSED AUDIT COMMITTEE STUDY PLAN

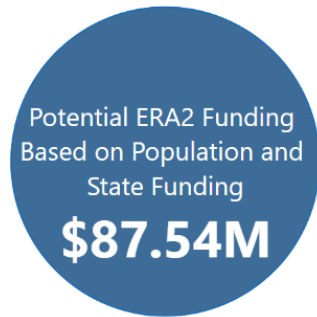
## Study #1

### Emergency Rental Assistance Program Study

The Department of Neighborhood and Community Services (DNCS) Coordinated Services Planning (CSP) is responsible for administering the ERA funding to residents, tenants, and landlords of the County. Congress passed two bills (ERA1 and ERA2) on December 27, 2020 and March 11, 2021 which contained rental assistance to be distributed to state and local governments. Jurisdictions with residents of **200k** or greater have the option to receive funds directly from the federal government, administer the program, and distribute the funds to constituents. Fairfax County was one of two jurisdictions in Virginia that received ERA1 funds directly. ERA1 funding allocated to Fairfax County and Virginia were **~\$34.5M** and **~\$524.6M**, respectively. ERA2 funding allocated to Fairfax County and Virginia were **~\$35.1M** and **~\$352.8M**, respectively. Lower ERA2 funds were allocated to the state of Virginia due to more counties directly taking ERA2 funds.

Review Areas Including *(but not limited to)*:

- Federal Funds Distributed to County vs Constituents Direct Requests to State
- Explore Cost Mitigation Areas for Administering the ERA Program
- Explore Effects of Undisbursed Time-Barred Funds



## Study #2

### School Aged Child Care Study

The SACC program is managed by the Department of Neighborhood and Community Services (DNCS). This program provides childcare services (before school, after school, and camps) for children in kindergarten through sixth grade, as well as older children with disabilities. The SACC program is available in **142** schools and serves approximately **~12,000** children per day. Program participants are charged based on an income-based sliding fee schedule. In FY2017 – FY2021, total SACC revenues ranged between **~\$5.8M** and **~\$47.3M**. The decrease in revenues for FY2021 were proportionally low due to COVID-19.

Review Areas Including (*but not limited to*):

- Current Enrollment vs. Maximum Facility Capacity
- Operational Costs Relative to Rate Setting
- Benchmarking to Public (Comparative Jurisdictions) and Private Rates

**FY17 - FY21 SACC Program Revenues and Expenditures**

	FY 2017	FY 2018	FY 2019	*FY 2020	*FY 2021
<b>SACC Revenue</b>	\$43,049,375	\$43,936,484	\$47,303,902	\$36,624,896	\$5,848,303
<b>SACC Expenditure</b>	\$48,560,293	\$49,715,453	\$52,036,097	\$46,652,846	\$48,677,016
<b>Net Total</b>	(\$5,510,918)	(\$5,778,969)	(\$4,732,195)	(\$10,027,950)	(\$42,828,713)
<b>Percent of Cost Recovery</b>	88.65%	88.38%	90.91%	78.51%	12.01%

\*Employee's Child Care Center fees are included in FY 2020 and FY 2021 (*Amounts not segregated in prior years*)

# FY2024 ALTERNATIVE STUDY PLAN



## ALTERNATIVE STUDY AREAS

### *Alternative Study #1*

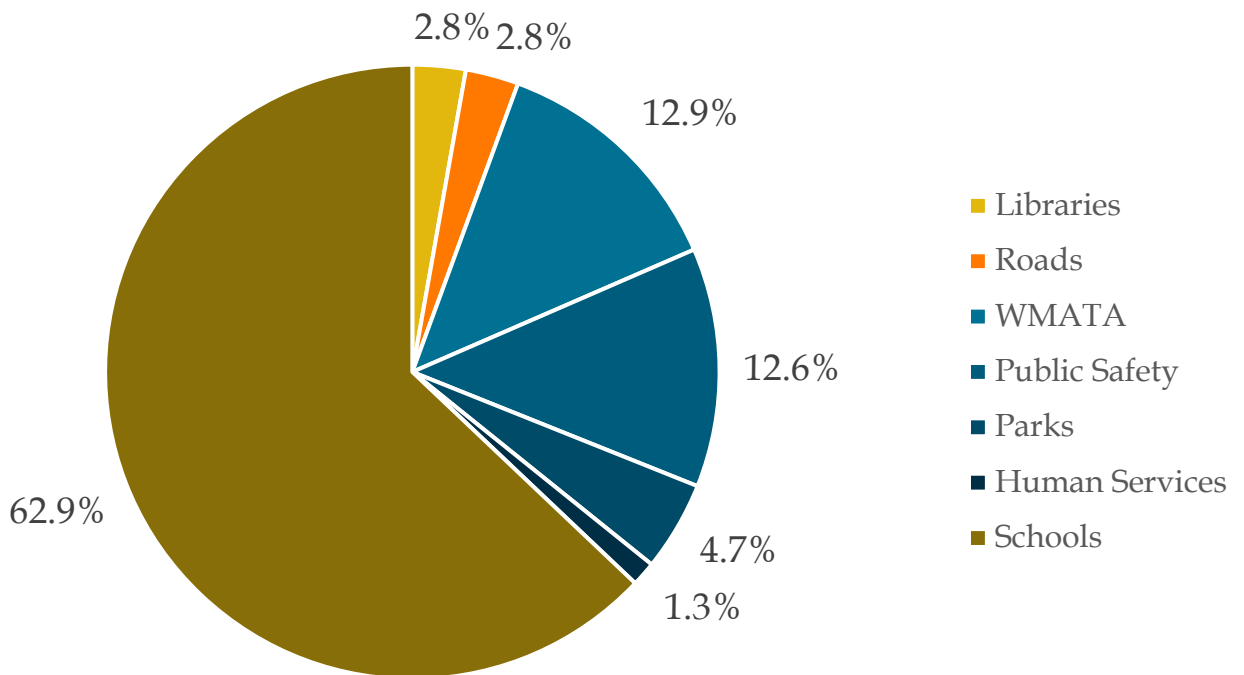
#### **General Obligation Bond Issuance and Drawdown Study**

Fairfax County sells general obligation (GO) bonds to pay for building, renovating, and expanding facilities. Voters must approve them through a referendum, and by law, the bonds, if approved, may only be used for purpose stated in the ballot question. Bonds sold by the County hold a Triple-A rating and sell at relatively low interest rates. Bond sales shall not exceed an average principal amount of \$300 million per year or \$1.5 billion over five years. The FY 2022-2026 Capital Improvement Program adopted by the Board of Supervisors on April 27, 2021 anticipates the issuance of an average of \$300 million of GO bonds per year. Of this amount, approximately \$180 million (60%) is for Fairfax County Public Schools, and \$120 million (40%) is for the County.

Review Areas Including (*but not limited to*):

- Bond Drawdown Review
- Bond Debt Service Review
- Effect of Debt Service on General Fund

**Allocations of GO bond in FY2022**



## Alternative Study #2

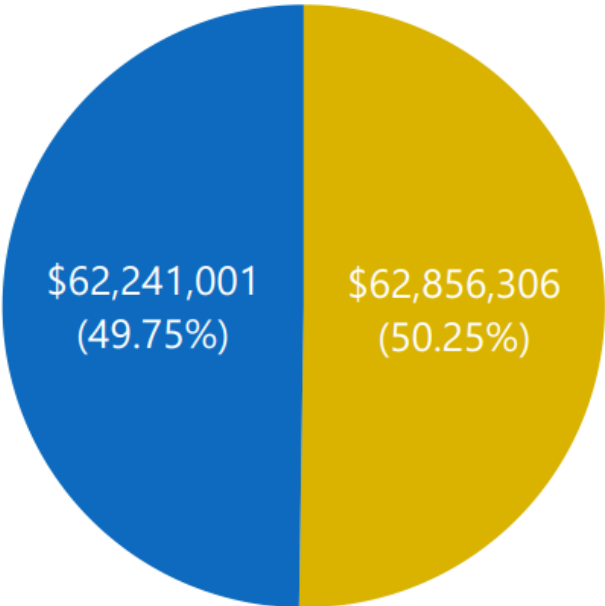
### Follow-Up FCDOT Cash Proffers Study

Cash Proffers are part of the rezoning process in Fairfax County. As part of this process, private developers, and individual property owners proffer funds with conditions on the use of these funds. At September 2021 Cash Proffers audit study, Fairfax County Department of Transportation (FCDOT) cash proffer balances were ~\$62.2M aged between calendar years 1973-2021 based on original receipt dates. In the prior study OFPA reviewed Proffer Posting Accuracy & Tracking, Age/Use of Unused Proffer Balances, Proffer Drawdowns & Closeouts, Proffer Developer Operating Status, Proffer Statement Assessment, and Escrows Labeled as Proffers. OFPA will review the current transactional data for exposures and follow up management responses from the September 2021 Audit Committee Meeting.

Review Areas Including (*but not limited to*):

- Age/Use of Unused Proffer Balances
- Proffer Posting Accuracy & Tracking
- Proffer Drawdowns & Closeouts

### FCDOT Cash Proffers Usage as of July 2021



● Used ● Unused

### Study #3

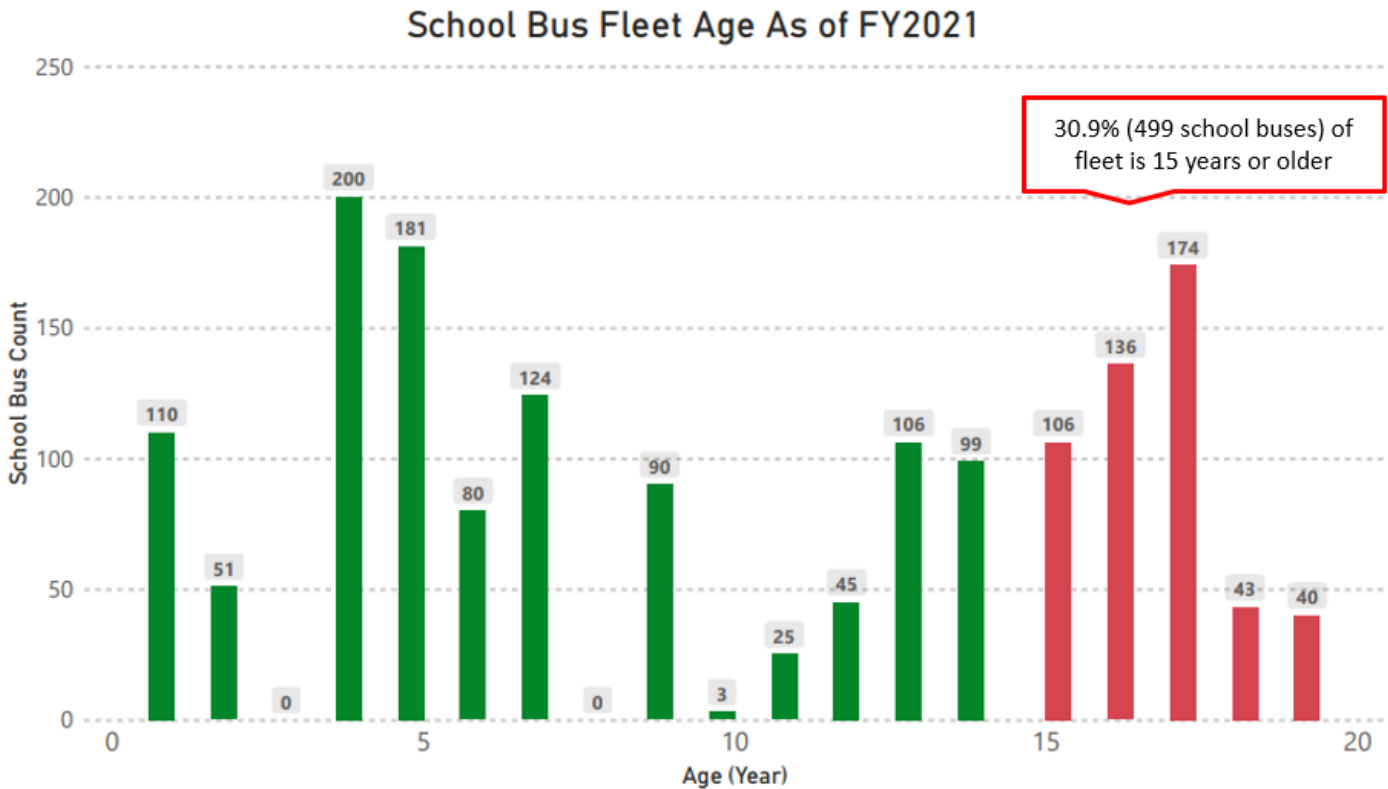
## FCPS School Bus Maintenance & Replacement Study

*(May Require Coordination between the County and School's Audit Committees)*

The Fairfax County Public Schools (FCPS) Office of Transportation Services is responsible for providing safe and efficient transportation of all eligible students to and from schools and school activities each day. Fairfax County School Board Policy 8611.4 requires that "school buses should be replaced after no more than 15 years of service." In FY2022, FCPS is projected to have 455 buses older than 15 years. The FY2022 budget for school bus replacement and purchase of additional buses is \$10.9 million.

Review Areas Including *(but not limited to)*:

- School Bus Fleet Maintenance Cost and Replacement Schedule
- Fuel Costs and Efficient Route Utilization
- Benchmarking Route Efficiency to Comparable School Districts





**FAIRFAX COUNTY BOARD OF SUPERVISORS  
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