



Prince William County, Virginia

Proposed Internal Audit Plan - Working Draft
Calendar Year Ending December 31, 2019

February 5, 2019



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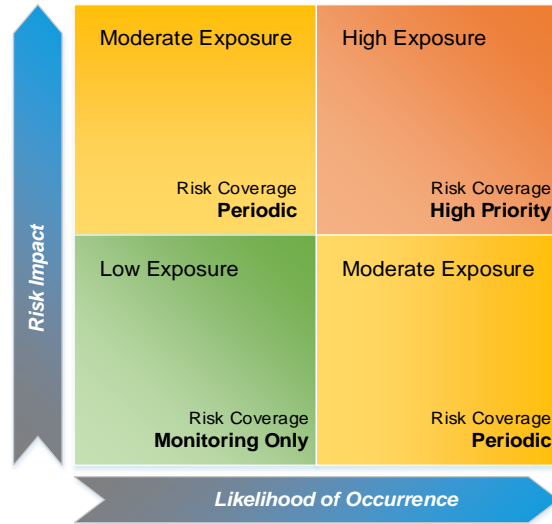
February 5, 2019

The Board Audit Committee of
Prince William County, Virginia
1 County Complex Court
Prince William, Virginia 22192

We hereby submit the proposed internal audit plan for calendar year (“CY”) ending December 31, 2019 for Prince William County, Virginia (“the County”) as determined by updating the risk assessment for the County. We applied a broad-based, business view of risk, linked to the annual budget, operations and the strategic plan. We conducted interviews with the Board of County Supervisors (“BOCS”) and the County Executive’s office to gain a high-level understanding of areas of concern/risk and narrow in on their objectives and identified risks. In addition, we conducted interviews with members of the Senior Leadership team and Department Directors within the County to identify opportunities and vulnerabilities. We drilled down in different departments and/or functional areas to understand risk from the perspective of the individuals responsible for controlling such risks. As in the past, when we talk about ‘risk’, we focus on Financial, Compliance, Performance/Operational and Public Perception. Functions included in the proposed internal audit plan does not mean ‘issues’ or concerns over controls exist, rather that the nature of the function has inherently high-risk. This proposed internal audit plan is *on-line real time* and will be consistently presented in *draft* form because it is a *living document*. As factors change and situations arise, this proposed internal audit plan can and will change.

Our risk assessment considers ‘inherent risk’, which is the risk of a function in an environment void of controls. The chart to the right illustrates the exposure environment for positioning PWC’s risks and evaluating the desired response based upon the likelihood of occurrence and priority of risk concerns.

The objective of this risk assessment is to develop a proposed internal audit plan, the purpose of which is to give the County sufficient and continuous internal audit coverage of those areas determined as having a relatively high-risk profile, or that otherwise require internal audit attention for various reasons. We have included the potential significant risks and internal audit strategy for each of the functions in the proposed internal audit plan in this report.



We would like to thank the BOCS, the County Executive’s office, Department Directors, and staff involved in assisting us with developing the proposed internal audit plan.

Respectfully Submitted,

RSM US LLP

RSM US LLP

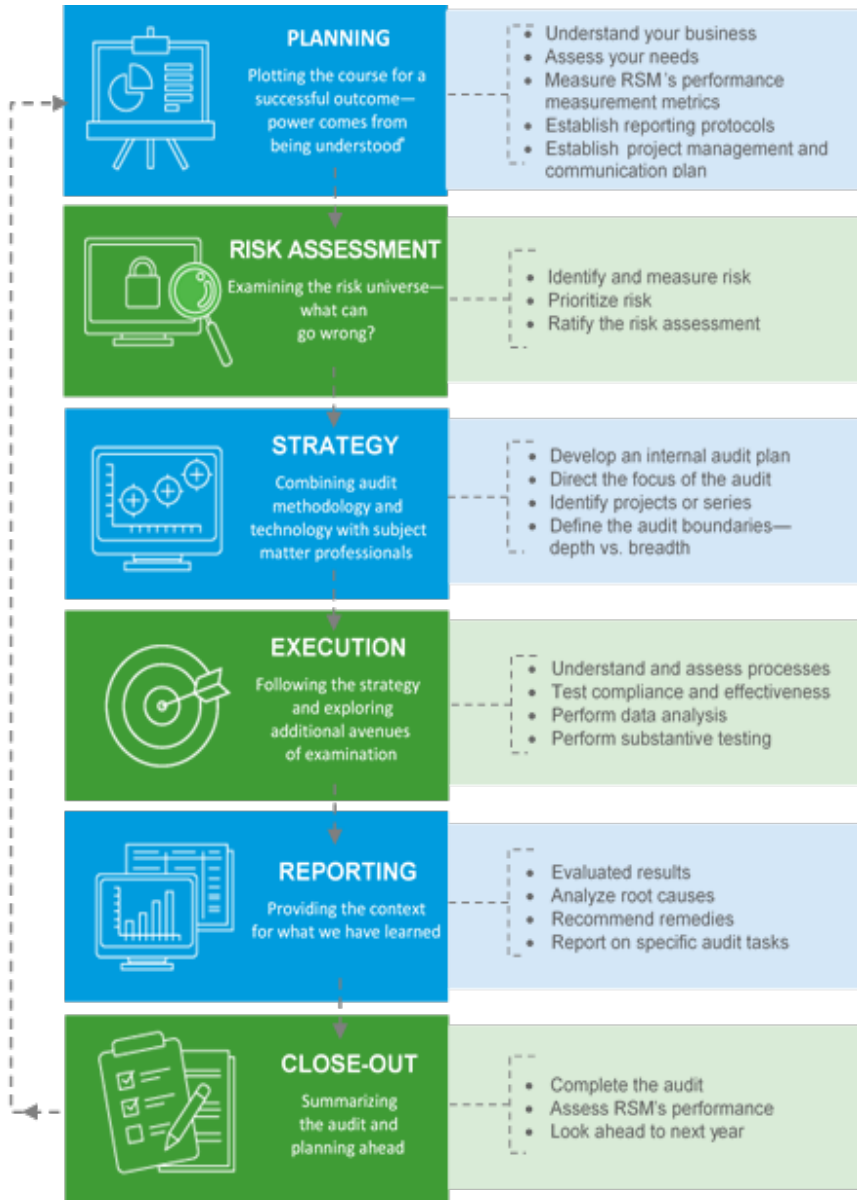


Internal Audit Methodology

A strong, high-functioning internal audit process has a balance of all types of internal audits and reviews. These should include systematic audits selected through the risk assessment process and ad hoc audits as new facts emerge, or by request from the BOCS, County Executive, or Senior Leadership.

RSM has a comprehensive internal audit methodology with a holistic approach to assessing your most critical risks. There is no one-size-fits-all internal audit project; therefore, we have a flexible methodology that helps internal audit evolve from a necessary process to assume a more strategic role within your organization. A high level overview is included in the matrix below.

We leverage proven processes and advanced technology to help mitigate risk, monitor compliance and add value to our Clients. Our methodology is grounded in understanding the organization’s needs and working with you to develop a responsive approach to meet and exceed those expectations. In addition, we integrate quality assurance and project management resources to increase visibility into your internal audit project, providing real-time results and insight into progress.

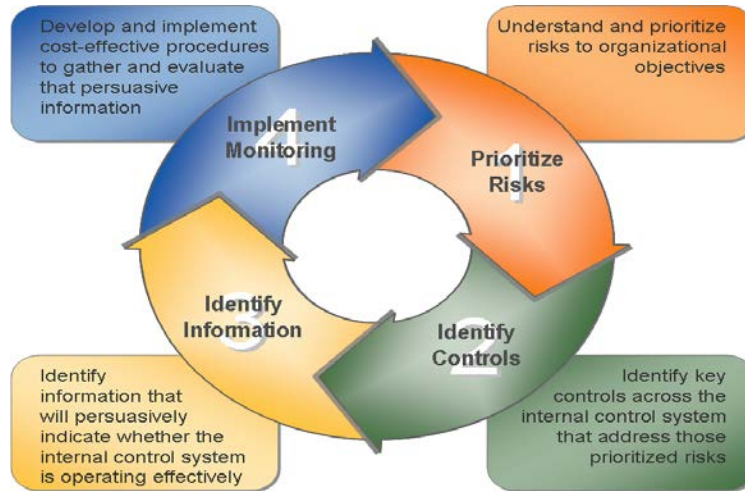




Risk Assessment

As previously mentioned, the objective of this assessment is to provide the County with a proposed internal audit plan that has sufficient and continuous internal audit coverage of those areas evaluated as having a relatively high-risk profile, or that otherwise require internal audit attention for various reasons.

Our approach is based on the widely-accepted Committee of Sponsoring Organizations (“COSO”) guidance on monitoring internal control systems as shown below:



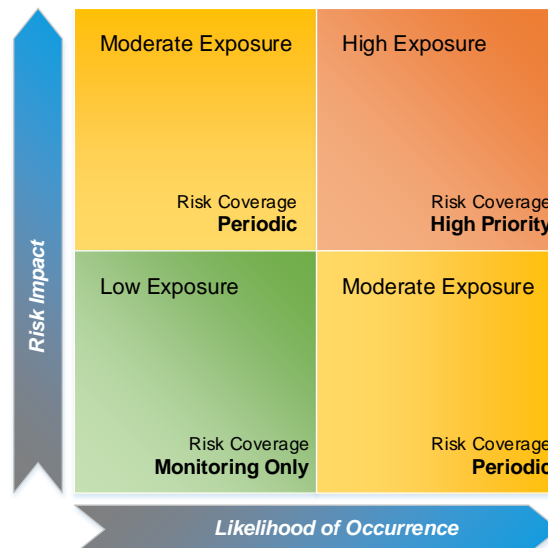
Preparing the proposed internal audit plan from the risk assessment will align resources to focus on areas of most concern to the County. Our risk assessment considers ‘inherent risk’, which is the risk of a function in an environment void of controls. Therefore, functions with inherently high-risk may be included in the proposed internal audit plan; although their inclusion does not mean ‘issues’ or concerns currently exist, but rather that the high-risk nature of the function is such that a higher potential exists for issues to develop. This proposed internal audit plan is *on-line real-time* and will be consistently presented in *draft* form because it is a *living document*. As factors change, situations arise, and as the County continues to embrace the internal audit function, this internal plan can and will change. The chart below illustrates the exposure environment for positioning the County’s risks and evaluating the desired response based upon the likelihood of occurrence and priority of risk concerns. The proposed internal audit plan focuses on areas or functions that are high exposure and high priority (the upper right quadrant).

Inherent Risk

- Risk of an occurrence before the effect of any existing controls.
- If you were building this process, what would you be concerned about?
- What can we not prevent?

Residual Risk

- Risk remaining after the application of controls.
- Potentially reduced impact or likelihood.





Risk Assessment - continued

Our risk assessment was conducted utilizing a broad-based entity-wide view of risk. We conducted interviews with the County Executive's office and contacted each BOCS in efforts to conduct interviews with each member to gain a high-level understanding of their perspective of risk at the County, focusing on their objectives in order to identify potential risks. We conducted interviews with the Deputy County Executives, and various Department Directors to identify risks, vulnerabilities and potential opportunities. We reviewed the adopted budget for Fiscal Year ("FY") 2019, the Comprehensive Annual Financial Reports ("CAFR") for fiscal year ended June 30, 2018, the FY 2018 - 2023 Capital Improvement Plan, the 2017-2020 Strategic Plan, news articles and BOCS meeting minutes.

The risk assessment process drives the planned scope of the internal audit function and forms the basis of the proposed internal audit plan. Our approach primarily defines 'Risk' in a public sector entity as Financial and Compliance-related risk, as well as Public Perception risk. Strategic, performance and operational risks are also considered. We evaluated the level of risk present in each area / function, across a standard spectrum of industry-accepted risk categories as follows:

- | | |
|-------------------------------------|---|
| Control Environment | Describes the overall tone and control consciousness of the process / function. It involves the integrity, ethical values, and competence of personnel as well as management philosophy and operating style. |
| Change | Addresses the extent to which change has impacted or is expected (in the near term) to impact the process / function, including changes in key personnel, statutes, the organization, its products, services, systems, or processes. |
| Process Risk | Addresses the inherent risk of the activities performed by the process / function, including the assets managed or in the custody of the process / function. Process risk addresses the extent of support the process / function provides to vital PWC functions, including the threat to continuity of PWC caused by failures or errors: the probability of failure due to the amount of judgment, academic, or technical skill required to manage the unit or perform key activities. |
| External Factors | Describes the environment in which the process / function operates and the type and amount of external interaction in which the process / function engages. Factors to consider include overall PWC and regulatory environment, the level of interaction with stakeholders and success in satisfying their requirements, the financial reporting environment, and results of regulatory compliance audits. |
| Revenue Source / Materiality | Describes resources available and expended by the process / function. Factors to consider include the originating source of funds for a process / function, function budget, function spend, availability and use of other resources, and significance of impact to the overall operation of PWC. |

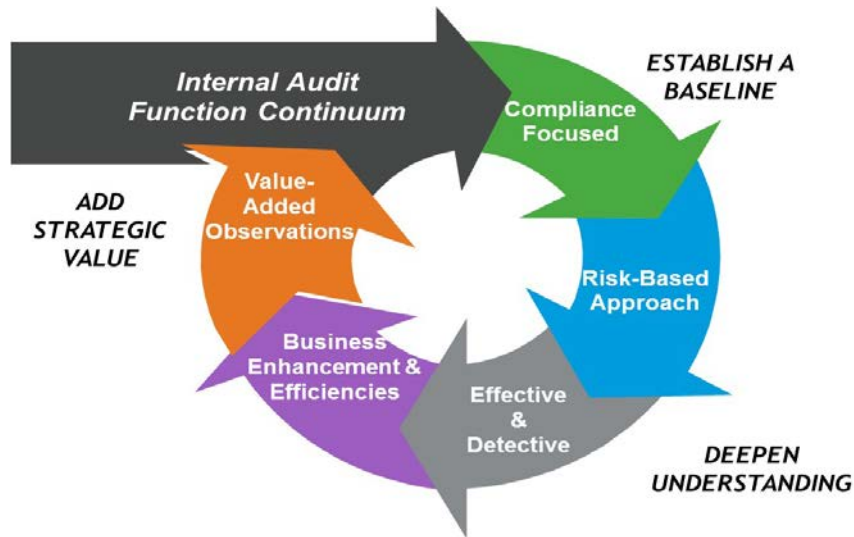


Risk Assessment – continued

A strong, high-functioning internal audit process has a balance of all types of internal audits, such as:



The types of audits performed for the County from FY 2012 – present have been hybrid focused audits.



We have attached a snapshot of then proposed internal audit plan working draft as well as a summary of the planned audit strategy for each audit, subject to modification during the initial planning stages of each audit and subsequent discussions with Management.

Proposed Internal Audit Plan Summary – Working Draft

| PRINCE WILLIAM COUNTY | | Prince William County, Virginia | | | | | | | | | | RSM | | | | |
|---|-----------------------------|-------------------------------------|----------------|-------------|---------------------|-----------------|---------------|-----------------|------------------|----------|----------|-------------|------------------|-----------------|-----------------------|--------|
| PRINCE WILLIAM COUNTY | | Item 2.A.2: Status update on audits | | | | | | | | | | | | | | |
| Proposed internal audit plan WORKING DRAFT February 5, 2019 | | | | | | | | | | | | | | | | |
| Cal Year | Department | Description of Audit | AUDIT CATEGORY | | | | TYPE OF AUDIT | | | | STATUS | | | | | |
| | | | Cycle | County-Wide | Individual Function | Special Request | Comp Audit | Financial Audit | Perf (Ops) Audit | IT Audit | Proposed | In Progress | Report Completed | Report Accepted | Follow-up In Progress | Closed |
| 2019 | Various | Cash Handling | X | | | | X | X | | | | | | | | |
| | Various | Timekeeping - Special Pay | X | | | | X | X | | | | | | | | |
| | Finance | Expense Reimbursement | | X | | | X | X | | | | | | | | |
| | Finance | Leases - GASB 87 | | X | | | X | X | | | | | | | | |
| | DoIT | Contract Administration | | X | | | X | X | | | | | | | | |
| | DoIT | IT Infrastructure Modernization | | X | | | X | | | X | | | | | | |
| | BOCS | Committees, Commissions, Boards | | | X | | X | | | X | | | | | | |
| | Fire & Rescue | EMS Billing | | | X | | X | X | | | | | | | | |
| | Parks, Recreation & Tourism | Operations | | | X | | X | X | X | | | | | | | |
| | Police | Personnel Policy Alignment | | | X | | X | | X | | | | | | | |
| | Public Works | Landfill | | | X | | X | X | X | | | | | | | |
| | Transportation | Year-end Process | | | X | | X | X | | | | | | | | |

Proposed Internal Audit Plan

A strong, high-functioning internal audit process has a balance of all types of internal audits and reviews. These should include systematic audits selected through the risk assessment, ad hoc audits as new facts emerge, or requests by the BOCS or Management. As such, the proposed internal audit plan includes Overall audit functions as required by the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, which are described below.

Overall Audit Functions

Risk Assessment and Proposed Internal Audit Plan / Updates

As required by the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* (Performance Standard #2010), the internal auditor uses risk assessment techniques in developing the internal audit activity's plan and in determining priorities for allocating internal audit resources. The Risk Assessment is used to examine auditable units and select areas for review to include in the internal audit activity's plan that have the greatest risk exposure.

Risk is not stagnant. It is constantly evolving. As factors change and situations arise, this plan can and will change. As required by the Institute for Internal Auditors and Government Auditing Standards, the risk assessment and proposed audit plan is required to be updated.

Follow-up

Per the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* (Performance Standard #2500), internal auditors "should establish a follow-up process to ensure that Management actions have been effectively implemented or that Management has accepted the risk of not taking action."

Included within each report provided, for each audit completed, a Management Response section has been and will be added for Management to respond and include an action plan for remediation (if needed), as well as a targeted date of completion. Follow-up procedures will be performed after the completion date noted by Management. Follow-up typically occurs after ample time has passed with the new control / procedure in place to verify and report the implementation status of the recommendations and Management's action with regard to the previously reported findings.

Objectives of the overall follow-up procedures will be to determine if open issues from previous audit reports have been properly remediated. Follow-up is meant to validate, on a sample basis, the effectiveness of the remediated controls of the previously reported open issue.



Quality Control

As required by the Institute of Internal Auditors' *International Standards for the Practice of Internal Auditing* (Performance Standard #1300), the internal auditors "must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity," including appropriate supervision, periodic internal assessments and ongoing monitoring of quality assurance. RSM US LLP's ("RSM") Quality Control processes specific to public sector clients include, when applicable, concurring partner review (independent of the engagement) and, when necessary, consultation with the County Attorney's office prior to reports being issued being finalized and available for the public record.



Proposed Internal Audit Plan – continued

Cycle Audits

Cycle Audits are relatively narrow in scope. The scope is very specific to inherently high risk decentralized functions and processes. Generally, the cycle audits provide testing and reassurance that policies and procedures are being followed within different departments, or that controls continue to be effective once it has been determined that they have been appropriately designed and implemented. Cycle audits will be repeated in subsequent years, as this is an area that deserves ongoing attention.

County-Wide Audits

County-Wide Audits address processes and/or functions that touch all or most departments within the County, such as Human Resources, Finance, Budgeting, Procurement, and Information Technology. These audits are designed to gain economies of scale by taking an entity-wide view, evaluating best practices and standards across the entity as a whole, rather than making department or function-specific recommendations that may not be consistently interpreted or applied.

Individual Function Audits

Individual Function Audits focus on unique scenarios or processes within specific departments or a more narrowly-defined portion of a larger process. For example, a County-Wide audit of cash management will focus on the overall treasury process for the County, while a Parks and Recreation cash collections / handling audit will focus specifically on the risks and controls of cash collections of fees and charges for services at the individual park facilities.

These audits will focus specifically on the risks and controls of a function or process within an individual department or area, and may include operational and performance focus.

Special Projects and Request

Our proposed audit plan focuses internal audit resources on areas or functions that are high exposure and high priority, as ranked using various risk components. From time to time, the BOCS, Audit Committee or Management may become aware of a situation or potential situation that may add to or amend the existing proposed internal audit plan. These projects are often specifically defined and narrowly focused, for the purpose of validating a specific assertion or conclude on a specific concern.



Cycle Audit

Cash Handling

Currently, there are over thirty (30) collection points across the County, which includes high value and volume of transactions. The decentralized structure of these collection points makes standardization of processes and controls more challenging, increasing the risk of asset misappropriation. The previously issued cash handling internal audit report was accepted by the Board Audit Committee and the BOCS on August 4, 2015. Since acceptance of the previously issued report, the Department of Finance revised the *Cash Handling and Cash Management Policy and Procedures*, effective date of July 1, 2017, which supersedes April 1, 2017. This cycle audit is a carry-over from the CY 2018 proposed internal audit plan, and will focus on the decentralized components of this function, as well as key financial control aspects of the County's recent transition to Wells Fargo for banking needs.

Potential Significant Risks

- Ineffective policies and procedures surrounding cash handling.
- Inadequate process for safeguarding and monitoring of assets.
- Inadequate segregation of duties.
- Non-compliance with the County's cash handling process.
- Inadequate documentation and audit trail of cash collections, deposits and reconciliations.

Internal Audit Strategy

The primary objective of this cycle audit will be to assess whether the system of internal controls over funds handling, at a selected collection point, is adequate and appropriate for promoting and encouraging the achievement of management's objectives for effective cash handling and safeguarding. In addition, the internal audit strategy will include data analytics, which will provide broader coverage of the population, identify anomalies over which focused investigation can be performed, and enhance Management's understanding of the value and types of transactions processed through the agency.

The selection of the collection points to be tested during this cycle audit will be based upon existing circumstances and conditions at the time and the results of the previous audit. As such, the selection will occur closer to the time of the cycle audit.

Contract Compliance

Contract compliance encompasses all contractual agreements including, but not limited to, vendor agreements. Although certain aspects of the Purchasing Function are centralized within the Purchasing Division within the Department of Finance, many of the high-risk areas like contract administration and monitoring are decentralized to the individual departments/agencies. Previously issued contract compliance internal audit reports were accepted by the Board Audit Committee and the BOCS on July 23, 2013 and August 4, 2015. Components of contract compliance were included in the facilities construction management internal audit report accepted by the Board Audit Committee and the BOCS on May 10, 2016. A contract compliance cycle audit has been completed as approved by the CY 2018 internal audit plan, but has not been accepted as of this date. This cycle audit will focus on the decentralized components of this function.

Potential Significant Risks

- Compromised transparency and accountability.
- Inappropriate spending due to non-compliance with contract.
- Damaged public perception of the County and vendors.
- Conflicts of interest.
- Un-identified non-compliance with contract provisions.
- Inadequate documentation and audit trail of projects and vendor history.

Internal Audit Strategy

This cycle audit will be designed to assess whether the system of internal controls is adequate and appropriate, at the department/agency level, for promoting and encouraging the achievement of management's objectives for effective contract monitoring and administration. The focus of this contract compliance cycle audit will be on contracts owned by the Department of Information Technology, and will be expanded to include additional aspects such as fee optimization.



Cycle Audit – continued

Timekeeping – Special Pay

The initial internal audit over timekeeping was accepted by the BOCS on February 18, 2014. Subsequent cycle audits have been performed and accepted by the BOCS on June 30, 2017 and September 18, 2018; follow-up from the previously accepted timekeeping reports was included in the scope for both. Timekeeping includes the tracking and documentation of employment-related hours for all employees of the County, both exempt and non-exempt, including work time, leave time, vacation time, holidays and all other employment related time, such as special pay. Special pay could include payments for performing duties outside of their normal duties, specialized job requirements etc. This cycle audit incorporates approving, tracking and monitoring the time in accordance with policies, contracts and statutes as well as time entry into the County's payroll system. The function is high risk due to the decentralized nature of the County, the significant budget impact (historically over 50% of County budget) and numerous classifications of employees and leave.

Potential Significant Risks

- Outdated, inadequate or undocumented policies and procedures.
- Inadequate controls to detect fraud, waste and abuse.
- Inadequate segregation of duties.
- Non-compliance with policies and procedures.
- Employees paid for time not worked or approved.
- Inadequate documentation of changes in timekeeping records.
- Ineffective accounting and administrative controls over timekeeping and reporting.

Internal Audit Strategy

This cycle audit is intended to validate ongoing compliance and control effectiveness over policies and procedures. Procedures will be narrow in scope compared to the full-scope audit and will vary based upon the results of that audit. We will conduct the following testing, and other procedures as deemed necessary, of detailed time records for a sample of selected departments/divisions, based on special pay utilized:

- Validate that controls over timekeeping include procedures and documents that assure the data used to generate payroll disbursements are adequate.
- Identify differing practices for timekeeping at individual departments and identify best practices for the timekeeping and reporting process.
- Determine that the records and documentation for timekeeping at individual departments are sufficient to establish the time was approved and an audit trail exists for all transactions involving employees' time.
- Evaluate controls to validate pay is accurately calculated, overpayment situations are identified and payroll data is accurately presented in the general ledger.



County-wide Audit

Finance: Expense Reimbursement

The Association of Certified Fraud Examiners reported in its *2012 Report to the Nations on Occupational Fraud and Abuse* that approximately 14.5% of all asset misappropriations investigated involved expense reimbursement fraud. The County offers employees the ability to receive reimbursements or cash advances for business travel expenses incurred on the job. Reimbursements function similarly to the Purchase Card (“PCard”) program, however employees are required to pay business expenses up front and be reimbursed after the expenses are incurred, rather than applying business expenses to a County issued PCard.

Potential Significant Risks

- Outdated, inadequate or undocumented policies and procedures.
- Inadequate controls to detect fraud, waste and abuse.
- Inadequate segregation of duties.
- Non-compliance with policies and procedures.
- Inadequate documentation to support related expense reimbursement.
- Inadequate justification, review and approval of expense reimbursements.

Internal Audit Strategy

The objective of this internal audit will be designed to evaluate the effectiveness and adequacy of key processes and control functions for expense reimbursements, and assess compliance with applicable County policies and procedures. This will involve the evaluation of the appropriateness of expenses reimbursed and the adequacy of program administration and oversight, including controls, to safeguard the County from errors, fraud, waste, and abuse. Specific procedures may include:

- Identify and assess the effectiveness of segregation of duties and access controls applicable to the in-scope processes and systems.
- Assess the adequacy of the applicable policies, procedures and guidelines.
- Assess the adequacy of document retention procedures related to expense reimbursement.
- Test a sample of expense reimbursements for proper justification, approval, and documentation of receipt by the responsible persons.
- Review of forms utilized.
- Data analytics, by combining data from applicable sources, to identify transactions with an elevated risk of fraud, misuse, and abuse.

Finance: Leases

The Government Accounting Standards Board (“GASB”) has published its new lease accounting standards for governments following GASB accounting standards (“GASB Lease Rules”). The new GASB Lease Rules were issued in June 2017 and will be effective for reporting periods beginning after December 15, 2019. In the GASB’s view, leases are all assumed to be capital financings of the underlying assets with only a narrow range of short-term equipment and motor vehicle leases treated as an “operating lease.” Consequently, GASB no longer contemplates the subjective determination/distinction between an “operating lease” and a “capital lease;” GASB now assumes all leases are “capital leases” except for the specific exceptions. GASB 87 will now require recognition of assets and liabilities for all leases (with some limited exceptions) whether or not they previously were accounted for as an operating or a capital lease noted. Total rental expense under operating leases of the primary government for the year ended June 30, 2018, was \$7.9 million.

Potential Significant Risks

- Inability to appropriately identify all lease arrangements.
- Lease records are inaccurate or incomplete.
- Leases are not adequately tracked and properly recorded.
- Non-compliance with the standard.

Internal Audit Strategy

It is anticipated that the assessment and implementation of GASB 87 will take a significant level of effort for many entities. As such, the objective of our internal audit will be to assist the County with this assessment. We will perform additional procedures on-site as deemed necessary to appropriately assess the operations and control environment.



County-wide Audit – continued

Department of Information Technology (“DoIT”): IT Infrastructure Modernization

DoIT leadership has identified and documented its key strategic initiative within its IT Modernization Plan, and is engaging strategy consultants to document the more pervasive departmental objectives. The IT Infrastructure Modernization Plan currently runs from FY 2019 – 2021 with an estimated cost of \$24.9 million categorized by: internet core; security infrastructure, data center infrastructure; and enterprise network (LAN/WAN).

Potential Significant Risks

- Inability to maintain the availability of existing systems.
- IT solutions do not meet the requirements of the business.
- Effective systems are not implemented.
- IT solutions do not scale timely in alignment with organizational needs.
- Misallocation of funding/resources for “fixes” that do not serve the long-term goals of the County.
- Poor customer satisfaction from employees and the public.

Internal Audit Strategy

As part of the IT Infrastructure Modernization, Internal Audit’s independent role will be to provide subject matter professionals, separate from the core Internal Audit team, acting on an advisory basis including independent verification & validation (“IV&V”) assistance. We will have monthly and as needed touchpoints with the DoIT to discuss the status of the IT Infrastructure Modernization and provide assistance where needed. Status of the IT Infrastructure Modernization project will be reported to the Board Audit Committee on a periodic basis.



Individual Function Audit

Board of County Supervisors: Boards, Committees and Commissions

Citizen participation in local government is essential. Local government is the form of government closest to us in our everyday lives, and thus the one we are most able to influence. Advisory bodies play an important role in county government, each having a specific purpose which requires representatives with specific skills and knowledge. There are over 70 Boards, Committees and Commissions currently listed on the County's website.

Potential Significant Risks

- Outdated, inadequate, inconsistent or undocumented policies and procedures.
- Inactive/ineffective board, committee and commission.
- Members without adequate specific skills and knowledge.
- Inappropriate reimbursements to members for non-performance.
- Damaged public perception of board, committee, and commission effectiveness.

Internal Audit Strategy

The objective of this internal audit will focus on reviewing aspects of the County's boards, committees and commissions such as:

- Compile an inventory of all County boards, committees and commissions, including attributes such as: composition, adopted charter, documented and accepted board meeting minutes, reimbursement policy and monitoring, term limits, etc.
- Review of respective charters and board meeting minutes.
- Submit self-assessment surveys to members.
- Assess performance and self-assessment by individual members.
- Assess the adequacy of document retention procedures related to expense reimbursement.
- Test a sample of expense reimbursements for proper justification, approval, and documentation of receipt by the responsible persons.
- Benchmark boards, committees and commission to comparable peer jurisdictions.

Fire and Rescue: Emergency Medical Services ("EMS") Billing Program

The EMS billing program is a revenue initiative for emergency medical service incidents, which result in the transport of a patient to the hospital. The patient's health insurance company will be billed for services rendered, similar to the process hospitals or doctors use now. Transport services are already included in insurance premium calculations and by not billing for these services already paid, Prince William County loses legitimate revenue. The County implemented the EMS billing program July 2011 and currently bills for related services through a contract with a vendor. Total charges for EMS related services for the year ended June 30, 2018, was \$5.8 million.

Potential Significant Risks

- Outdated, inadequate, inconsistent or undocumented policies and procedures.
- Missed fee revenue due to inaccurate, incomplete and untimely billings of services rendered.
- Un-identified non-compliance with contract provisions.
- Damaged public perception of operations and customer service.

Internal Audit Strategy

The primary objective of this internal audit will be to determine whether County emergency medical services was billed accurately and completely. To accomplish the internal audit objective, we will:

- Review the process that the County and vendor use to collect, store and transmit patient information during and after emergency medical incidents involving an ambulance.
- Obtain and test data relating to EMS billing.
- Analyze supporting documentation to determine whether the policies and procedures were adhered to.
- Assess process for evaluating the vendor's performance.
- Assess reasonableness of contract terms regarding compensation structure as compared to peer jurisdictions.
- Analyze policies and procedures to determine effectiveness.



Individual Function Audit – continued

Police: Personnel Policy Alignment

The County is currently going through the process of reviewing and updating County-wide personnel policies. The Police Department has their own personnel policies and procedures, which are not part of this process.

Potential Significant Risks

- Personnel policies are not aligned with the County policies.
- Inconsistent messaging to employees.
- The County's human resources function is not effectively utilized when necessary.

Internal Audit Strategy

The primary objective of this internal audit will be to review and analyze the Police Department's personnel policies as compared to the newly drafted County-wide personnel policies. We will perform additional procedures on-site as deemed necessary to appropriately assess the operations and control environment.

Parks, Recreation & Tourism: Operational Analysis

The Department of Parks, Recreation & Tourism enriches the quality of life for Prince William County's diverse community through citizen-driven recreational experiences, offered in an environmentally and fiscally responsible manner, and promotes the County as a tourism destination. The Department of Parks, Recreation & Tourism is a lead collaborator in driving outcomes for the 2017-2020 Strategic Plan in focus areas of Wellbeing, Robust Economy, Mobility, Quality Education and Workforce Development, and Safe and Secure Community, which are naturally integrated into all aspects of recreation and tourism provision. Per the adopted budget for the year ended June 30, 2019 total Parks, Recreation & Tourism expenditures is estimated at \$37.9 million. The department manages more than 4,000 acres of park land and recreational facilities. A performance audit of the County's contract with Billy Casper Golf, LLC was accepted by the BOCS May 10, 2016.

Potential Significant Risks

- Outdated, inadequate, inconsistent or undocumented policies and procedures.
- Performance and cost recovery goals are not adequate and not met.
- Program fees and revenue are not reasonable and maximized.
- Expenditures do not contribute to the goals and objectives of the department.
- Damaged public perception of operations and customer service.

Internal Audit Strategy

The primary objective of this internal audit will be an analysis focused on reviewing, benchmarking, and analyzing of comparative data of the County's parks and recreation operations by revenue source. We will perform additional procedures on-site as deemed necessary to appropriately assess the operations and control environment.

Individual Function Audit – continued

Public Works: Landfill

The Department of Public Works operates the approximately 1000-acre Sanitary Landfill. On September 1, 1998, the Board of County Supervisors established a County-wide solid waste fee to fund trash disposal, composting and recycling operations, as well as repay the debt incurred to purchase land to expand the landfill. The Board implemented the fee on January 1, 1999, which has not been increased since inception. Total charges for landfill services for the year ended June 30, 2018, was \$19.9 million.

Potential Significant Risks

- Non-compliance with Virginia Code, County policies and procedures, or other regulations, as applicable.
- Outdated, inadequate, inconsistent or undocumented policies and procedures.
- All property not identified and assessed.
- Unauthorized transactions.
- Inadequate/inaccurate performance goals.
- Performance not monitored.

Internal Audit Strategy

The primary objective of this internal audit will be to perform an analysis of the current residential and commercial fee structure, as compared to operational factors. We will perform additional procedures on-site as deemed necessary to appropriately assess the operations and control environment.

Transportation: Year-end Process

Year-end has many moving parts and deadlines. In addition to completing the normal day-to-day tasks, staff is also responsible for closing the fiscal year books and preparing for the year-end audit – a process that involves participation from all of the County's departments. It is imperative that all transactions are posted, allocations properly completed, support schedules updated, and accounts thoroughly reviewed. Historically, there have been transportation audit adjustments related to transactions not being identified and accurately captured in the proper period(s).

Potential Significant Risks

- Outdated, inadequate or undocumented policies and procedures.
- Inadequate segregation of duties.
- Non-compliance with policies and procedures.
- Transactions are not valid, accurately calculated and recorded in the applicable period.
- Completeness of transactions recorded and accounted for at period end.
- Period end deadlines, methodology, format, and frequency are not met.

Internal Audit Strategy

The primary objective of this internal audit will be to review the period end controls and determine if they are properly designed and operating effectively to mitigate the risk of transactions not being identified and recorded in the correct period.



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